The Long Road to the Entrepreneurial Society

Global Entrepreneurship Monitor 2001
The Netherlands

Niels Bosma
Heleen Stigter
Sander Wennekers

Zoetermeer, March, 2002
This report is part of the research programme SMEs and Entrepreneurship, which is financed by the Netherlands Ministry of Economic Affairs.

Most recent EIM reports and much more about SMEs and Entrepreneurship can be found at: www.eim.nl/mkb-en-ondernemerschap/.

The responsibility for the contents of this report lies with EIM. Quoting numbers or text in papers, essays and books is permitted only when the source is clearly mentioned. No part of this publication may be copied and/or published in any form or by any means, or stored in a retrieval system, without the prior written permission of EIM.

EIM does not accept responsibility for printing errors and/or other imperfections.
# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>5</td>
</tr>
<tr>
<td>Samenvatting</td>
<td>7</td>
</tr>
<tr>
<td>Abstract</td>
<td>11</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>13</td>
</tr>
<tr>
<td><strong>1 Introduction</strong></td>
<td>15</td>
</tr>
<tr>
<td>1.1 Objectives</td>
<td>15</td>
</tr>
<tr>
<td>1.2 Participating countries</td>
<td>15</td>
</tr>
<tr>
<td>1.3 Model and methodology</td>
<td>16</td>
</tr>
<tr>
<td>1.4 Content of this report</td>
<td>18</td>
</tr>
<tr>
<td><strong>2 Entrepreneurial activity in the Netherlands: a historical perspective</strong></td>
<td>19</td>
</tr>
<tr>
<td>2.1 Introduction</td>
<td>19</td>
</tr>
<tr>
<td>2.2 Entrepreneurship in the Netherlands through the years</td>
<td>19</td>
</tr>
<tr>
<td>2.3 Other dimensions of Dutch entrepreneurial activity</td>
<td>22</td>
</tr>
<tr>
<td>2.4 Public policy on entrepreneurship</td>
<td>23</td>
</tr>
<tr>
<td>2.5 Current entrepreneurial activity</td>
<td>24</td>
</tr>
<tr>
<td>2.6 Concluding remarks</td>
<td>27</td>
</tr>
<tr>
<td><strong>3 Dutch Entrepreneurial Activity in 2001</strong></td>
<td>29</td>
</tr>
<tr>
<td>3.1 Introduction</td>
<td>29</td>
</tr>
<tr>
<td>3.2 Elaboration of entrepreneurial activity in the Netherlands</td>
<td>29</td>
</tr>
<tr>
<td>3.3 Venture Capital</td>
<td>31</td>
</tr>
<tr>
<td>3.4 Concluding remarks</td>
<td>33</td>
</tr>
<tr>
<td><strong>4 Assessment of the Dutch Entrepreneurial Climate</strong></td>
<td>35</td>
</tr>
<tr>
<td>4.1 Introduction</td>
<td>35</td>
</tr>
<tr>
<td>4.2 The Entrepreneurial Framework Conditions</td>
<td>35</td>
</tr>
<tr>
<td>4.3 Concluding remarks</td>
<td>46</td>
</tr>
<tr>
<td><strong>5 Entrepreneurship in the Netherlands: attitudes and education</strong></td>
<td>49</td>
</tr>
<tr>
<td>5.1 Introduction</td>
<td>49</td>
</tr>
<tr>
<td>5.2 Framework</td>
<td>49</td>
</tr>
<tr>
<td>5.3 Attitude towards entrepreneurship</td>
<td>51</td>
</tr>
<tr>
<td>5.4 Needed entrepreneurial qualities and skills</td>
<td>58</td>
</tr>
<tr>
<td>5.5 Educational attention for entrepreneurship</td>
<td>62</td>
</tr>
<tr>
<td><strong>6 Synthesis</strong></td>
<td>77</td>
</tr>
</tbody>
</table>
Annexes

I  List of interviewed experts  85
II  GEM Methodology  87
    Other EIM publications  89
Foreword

Good, better, best
The Netherlands is an enterprising nation. Entrepreneurship is all about competition: about being better, faster and more cost-efficient than your competitor. That applies for businesses, but also for countries. Which country has the best business climate? That is the key question in the Global Entrepreneurship Monitor. This report contains current results for the Netherlands, which is taking part in this international benchmark for the first time.

Two issues receive special attention in this report: education and socio-cultural attitudes to entrepreneurship. Both are extremely important drivers for the motivation of both young and older people to start their own businesses.

Attitudes to enterprise in the Netherlands are notably more positive than 15 years ago, when many Dutch people were still fairly unenthusiastic about entrepreneurship. But in the field of education, there is still a very long way to go. Entrepreneurship still receives little attention in most phases of education. And unfamiliarity leads to unpopularity. In order to improve this situation, I actively encourage initiatives that increase attention for entrepreneurship within the education world.

Another point requiring attention is the transfer of knowledge from universities to new businesses. This must become more effective, so that valuable knowledge is not left on the shelf. Our policy of creating good conditions for new technology based firms can help here. There are also areas where the Netherlands compares well in international terms, such as the supply of financial capital, and policy aimed at increasing competition and lowering barriers to entrepreneurship.

Just like an entrepreneur, an entrepreneurial society is always making critical reassessments of itself. What could be better, sharper or more innovative? Experts show that entrepreneurship policy responds positively to the obstacles and opportunities for entrepreneurs. I regard this Monitor as an incentive to continue on this basis.

Gerrit Ybema,
State Secretary of Economic Affairs
Samenvatting

De Global Entrepreneurship Monitor
Nog slechts twintig jaar geleden kenmerkten hoge werkloosheid, een hoog financieringskort van het rijk, geringe winstgevendheid van het bedrijfsleven en een afkalvend zelfstandig ondernemerschap de Nederlandse economie. Sindsdien is er op al deze punten veel ten goede veranderd, mede onder invloed van een uitgebreid pakket van beleidsmaatregelen gericht op verlaging van loonkosten, lastenverlichting, lagere dremnels voor ondernemerschap, meer flexibiliteit en meer concurrentie. Over ondernemerschap wordt anno 2002 weer positief gedacht en het aantal mensen dat jaarlijks een eigen bedrijf begint is bijna verdubbeld ten opzichte van 15 jaar geleden. Het aantal zelfstandige ondernemers als percentage van de Nederlandse beroepsbevolking is hiermee, na decennialang te zijn gedaald, sinds midden jaren tachtig weer fors toegenomen. Algemeen wordt ook erkend dat ondernemerschap bevorderlijk is voor economische voorspoed.

Niettemin is uit eerder uitgevoerde benchmarks bekend dat Nederland qua ondernemerschap internationaal vergeleken nog hooguit een middenpositie inneemt, waarbij de beleidsinspanning op dit terrein internationaal vergelijken wel hoge ogen lijkt te gooiien. In het kader van de Global Entrepreneurship Monitor (GEM) heeft een brede, systematische vergelijking van de ondernemersdynamiek en de institutionele voorwaarden voor ondernemerschap in Nederland plaatsgevonden. In alle 29 deelnemende landen zijn vorig jaar gestandaardiseerde enquêtes onder de volwassen bevolking gehouden om nieuwe informatie te verzamelen over het niveau van ondernemersactiviteiten. De voor ondernemerschap relevante instituties zijn in elk deelnemend land in beeld gebracht via interviews met experts op het gebied van negen onderscheiden themavelden zoals financiering, R&D transfer, overheidsprogramma’s en training en opleiding, alsmede met materiaal uit secundaire bronnen.

Mate van ondernemerschap
De mate waarin Nederlanders betrokken zijn bij activiteiten om alleen of met anderen een eigen bedrijf op te richten (het zogenaamde ‘nascent entrepreneurship’), komt ook in dit onderzoek als zeer bescheiden uit de bus, zeker vergeleken met landen als Australië, Nieuw Zeeland en de Verenigde Staten. Maar ook binnen Europa behoort Nederland op dit punt niet tot de koplopers. Ook de mate waarin Nederlanders als ‘informal investor’ geld investeren in een door een ander opgericht nieuw bedrijf kwam internationaal vergelijken als bescheiden naar voren.

Anderzijds werden in de steekproef relatief veel mensen aangetroffen die als ondernemer leiding geven aan een korter dan drie jaar geleden opgericht bedrijf. Dit ondersteunt de bevindingen van eerder onderzoek, dat de overlevingskansen van starters in Nederland hoger zijn dan in veel andere landen.

Voorts lijkt het aantal (startende) ondernemers, dat uit noodzaak of bij gebrek aan een alternatief heeft gekozen voor een eigen bedrijf, in Nederland extreem laag te zijn (alleen in Noorwegen werd een nog lager percentage gevonden). Ruim een derde van de

in de steekproef aangetroffen nascent entrepreneurs en starters is vrouw, een cijfer dat eerder onderzoek bevestigt en niet sterk afwijkt van hetgeen in de meeste andere landen werd gevonden.

**Klimaat voor ondernemerschap**
De Global Entrepreneurship Monitor bestudeert negen themavelden om het klimaat voor ondernemerschap in beeld te brengen, de zogenaamde ‘entrepreneurial framework conditions’, waarbij met behulp van een factoranalyse soms meerdere factoren per veld zijn onderscheiden. Door middel van interviews met in totaal 36 experts op deze terreinen, het laten invullen van gestandaardiseerde vragenlijsten door deze deskundigen en raadpleging van tal van secundaire bronnen werd in beeld gebracht waar Nederland momenteel staat ten aanzien van elk van deze gebieden. Ook is vastgesteld hoe de expert opinies over Nederland zich verhouden tot hoe de in andere landen geraadpleegde deskundigen oordelen over het klimaat voor ondernemerschap in hun eigen land.

Als meest gunstige factoren werden in Nederland beoordeeld de beschikbaarheid van vreemd en eigen vermogen voor nieuwe en groeiende bedrijven, de positieve houding van enige jonge mensen ten opzichte van arbeidsmobiliteit, een goede fysieke infrastructuur en de sterk verminderde belemmeringen voor toetreding en concurrentie. Een kanttekening bij de fysieke infrastructuur factor vormt de toenemende schaarste aan goede bedrijfslocaties, met name in het westen van Nederland. Ook in vergelijking met de opvattingen in andere landen zijn de rapportcijfers die de Nederlandse experts aan deze velden gaven tamelijk hoog.

Als minst gunstige factoren in Nederland kwamen uit de bus de kennisoverdracht (R&D transfer) van universiteiten en andere publieke kennisinstellingen aan nieuwe en groeiende bedrijven, de administratieve lasten en belemmeringen voor starters, de aandacht voor ondernemerschap in het onderwijs en de mate waarin de sociale zekerheid mensen prikkelt tot zelfstandigheid en initiatief. Vergeleken met de “self-assessments” in andere landen waren de oordelen van de Nederlandse experts over deze factoren relatief mild, met uitzondering van de R&D transfer in Nederland die ook relatief gesproken negatief werd beoordeeld.

De overige velden, zoals de specifieke overheidsprogramma’s voor ondersteuning van ondernemerschap en MKB en de commerciële en professionele infrastructuur voor starters en groeiende bedrijven werden neutraal beoordeeld.

**Attitudes, onderwijs en ondernemerschap**
In het kader van de Global Entrepreneurship Monitor zijn twee ‘entrepreneurial framework conditions’ nader bestudeerd, te weten attitudes en opvattingen ten aanzien van ondernemerschap, en de aandacht die in het onderwijs wordt gegeven aan ondernemerschap. In vergelijking met een aantal decennia geleden, is de houding van burgers ten opzichte van ondernemerschap duidelijk verbeterd. Er is meer waardering voor ondernemende mensen en succesvol ondernemerschap wordt beschouwd als een legitieme manier om hogerop te komen op de maatschappelijke ladder. De gunstige economische ontwikkeling, de uitgebreidere aandacht in de media voor ondernemerschap en het overheidsbeleid gericht op stimulering van ondernemerschap hebben zeker bijgedragen aan verbetering van het imago van ondernemerschap in Nederland. Internationaal bezien scoort Nederland op dit veld bovengemiddeld.
Tegelijkertijd echter blijft Nederland achter als het gaat om het voornemen van mensen om zelf ondernemer te worden. Studenten in Nederland zijn in vergelijking met studenten in andere Europese landen en de VS bijvoorbeeld veel minder geneigd om binnen enkele jaren na het afstuderen een eigen bedrijf te beginnen. Een mogelijke verklaring hiervoor ligt besloten in het huidige onderwijsysteem in Nederland, dat met name gericht is op de voorbereiding van leerlingen en studenten op een baan in loondienst. Persoonskenmerken als creativiteit, zelfstandigheid en risicobereidheid, die typerend zijn voor veel ondernemers, worden in het onderwijs vooralsnog nauwelijks ontwikkeld, hoewel hier recentelijk wel veranderingen ten goede hebben plaatsgevonden (bijvoorbeeld binnen het Studiehuis). De constatering dat in alle onderwijssectoren de aandacht voor ondernemerschap, zowel in termen van aanleren van een ondernemende houding, als het overbrengen van kennis over ondernemerschap en het bijbrengen van ondernemerschapvaardigheden, tamelijk beperkt is, kent een aantal oorzaken. Het onderwijsysteem is volgens experts bureaucratisch en weinig flexibel in het aanpassen van het curriculum aan maatschappelijke behoeften. Daar komt nog bij dat het onderwijs in de afgelopen jaren sterk onderhevig is geweest aan allerlei veranderingen, waardoor de bereidheid van (school)besturen om nogmaals een veranderingsslag te realiseren sterk is gedaald. Bovendien is de overgrote meerderheid van het onderwijzend personeel niet voorbereid op een ondernemende wijze van doceren en hebben zij zelf ook weinig tot geen (praktijk)kennis en ervaring met ondernemerschap.

De ministeries van OC&W en EZ zijn van mening dat de aandacht voor ondernemerschap in het onderwijs moet worden vergroot. Daarom hebben zij in 2000 de commissie Ondernemerschap & Onderwijs in het leven geroepen die primair als taak heeft het creëren van draagvlak en bewustzijn, het bevorderen van ondernemendheid door het starten van pilotprojecten en het doen van voorstellen om belemmeringen voor de stimulering van ondernemerschap in het onderwijs weg te nemen. Voorbeeldprojecten, zoals ‘de ondernemende stad’, mini-ondernemingen en ‘de ondernemende universiteit’ (Twente), proberen binnen verschillende onderwijssectoren leerlingen en studenten te attenderen op de meerwaarde van ondernemerschap en hen te laten ervaren wat het betekent om zelf ondernemer te zijn.

Nederland staat nog aan het begin van het versterken van de aandacht voor ondernemerschap in het onderwijs. Niettemin is de oprichting van de commissie Ondernemerschap & Onderwijs een stap in de goede richting. Leerervaringen uit andere landen met betrekking tot kansen en belemmeringen bij het ondernemender maken van het onderwijs, kunnen zeer nuttig zijn om het proces in Nederland nader vorm en invulling te geven.

**Conclusie in hoofdlijnen**

In hoofdlijnen is de conclusie van dit onderzoek dat er de afgelopen jaren zeer veel is verbeterd ten aanzien van het ondernemersklimaat en de ondernemersdynamiek in Nederland, maar dat er zeker nog ruimte is voor verdere verbetering. Al het materiaal overzien kan geconcludeerd worden dat veel Nederlanders tegenwoordig weliswaar positief denken over ondernemerschap, maar het nog niet als een serieuze optie voor de eigen loopbaan beschouwen. Ook de nadere studie naar de de aandacht voor ondernemerschap in het onderwijs maakt duidelijk dat Nederland op weg is naar “De Ondernemende Samenleving” (van de in 1999 door Staatssecretaris Ybema van Economische Zaken uitgebrachte nota), maar dat het einddoel nog niet is bereikt. Het is een lange weg.
Abstract

In the Netherlands the number of annual business start-ups has almost doubled since 1987, and the business ownership rate in the labor force has now recovered the ground lost in the period between 1972 and 1984. Nonetheless, an international investigation carried out within the framework of the Global Entrepreneurship Monitor (GEM) last year, indicates that the extent to which people in the Netherlands are actively involved in setting up a business (so-called nascent entrepreneurial activity) is still modest by international standards. On the other hand, Dutch nascent entrepreneurs seem to have a relatively high chance to pull through.

The GEM also included an assessment of the framework conditions for entrepreneurship. The experts consulted for this assessment regarded the following aspects of the Dutch entrepreneurial climate as most favorable: the availability of financial capital, the positive attitude of young people to labor mobility, the access to physical infrastructure and the diminished regulatory barriers for entrepreneurship. Least favorable are the transfer of knowledge from universities to new and small enterprises, the administrative barriers for business start-ups and the extent to which both the Dutch welfare state and the educational system provide encouragement for people to take initiative and be self-sufficient.

Two of these entrepreneurial framework conditions were studied in more detail, these being attitudes to entrepreneurship and the role of the educational system. Attitudes to entrepreneurship are clearly more positive than they were 20 years ago. Nonetheless, most Dutch people, even among students, do not regard entrepreneurship as a serious career goal for themselves. A paid job as an employee is still the dominant perspective in Dutch society. One reason for this might be that the Dutch educational system still pays little attention to preparing young people for a career as an entrepreneur. Schools do little to raise awareness of entrepreneurship as a career alternative and they offer Dutch students very few opportunities to meet an entrepreneur in person. The educational system also pays little attention to the development of entrepreneurial qualities, although there are hopeful developments taking place in this respect. The National Program on Entrepreneurship and Education, jointly launched by the Department of Economic Affairs and that of Education, Culture and Sciences in 2000, is another good example of a step in the right direction.

In retrospect, the Dutch government has systematically invested in improving the institutional environment for business start-ups. Over the past two decades, it removed impediments, introduced more incentives, promoted entrepreneurship in the media and, more recently, launched the National Program on Entrepreneurship and Education. Nonetheless, the mission has not yet been completed. In spite of the much more favorable attitude to entrepreneurship within the Dutch population, the willingness to pursue a personal career as an entrepreneur is still relatively weak. Many remnants of a ‘job culture’ have remained, the opportunity costs of entrepreneurship are still high and regulatory barriers for business start-ups remain serious. The road to the entrepreneurial society is a long one.

1 For a more comprehensive summary we refer to the synthesis in chapter 6.
Acknowledgements

The authors first of all express their gratitude to the 36 experts interviewed for this project, who willingly shared their valuable insights into the state of entrepreneurship in the Netherlands. They are also grateful to Anne Bruins, Maarten Overweel, Pim van der Valk and Wim Verhoeven for their active contribution to the collection of data and the expert interviews, to Roy Thurik, Wim Verhoeven and several staff members of the Department of Economic Affairs for commenting on an earlier version of this report, and to Paul Reynolds and his staff at the London Business School, for their guidance and comments. Finally, the financing of this project, as part of EIM’s Research Program on Entrepreneurship and SMEs, by the Department of Economic Affairs is gratefully acknowledged.
1 Introduction

1.1 Objectives

For several years now, evidence has accumulated that documents the significant relationship between entrepreneurship and national economic adaptation and expansion. Young businesses have accounted for a major part of job growth (Caves, 1998; Audretsch, Carree and Thurik, 2001). Furthermore, high firm dynamics (entry and exit of businesses) are believed to induce economic growth according to Schumpeter’s creative destruction theory. Its relevance is particularly appropriate for the past 25 years characterized by rapid changes in knowledge transfer and information technology. Elison (1995), Nickell (1996) and Carree and Thurik (1998 and 1999) provide evidence from largely differing standpoints.

As a result, the rate of public and private investments devoted to entrepreneurial activity has exploded in the hopes of accelerating innovation, technology development and job creation benefits. Despite the increased attention, however, there have been few systematic cross-national comparisons of the level of entrepreneurship, its association with national economic growth, or the factors that influence it over time.

The central aim of the Global Entrepreneurship Monitor (GEM) is to find an answer to three compelling questions:

1. Does the level of entrepreneurial activity vary between countries?
2. Are the differences in entrepreneurial activity associated with national economic growth?
3. What national characteristics are related to differences in the level of entrepreneurial activity?

1.2 Participating countries

The third annual assessment of these issues has been completed with twenty-nine countries involved in the Global Entrepreneurship Monitor program. Leading scholars from Babson College and the London Business School initiated GEM in 1997. In 1999, the first year of the assessments, ten countries participated. Twenty-one countries participated in 2000 and twenty-nine countries in 2001. The Netherlands took part in GEM for the first time in 2001. The countries included in the 2001 assessment are:

European Region
Belgium, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden and the United Kingdom.

Asian Region
India, Japan, Korea and Singapore

Latin American Region
Argentina, Brazil and Mexico

A more elaborate description of the project can be found in Reynolds, P.D. et al., 2001, Global Entrepreneurship Monitor 2001; Executive Report, Kansas City, MO: Ewing Marion Kauffman Foundation, Kauffman Center for Entrepreneurial Leadership.
1.3 Model and methodology

**Conceptual model GEM**

The GEM research program was derived from an underlying conceptual model summarizing the major causal mechanisms affecting national economies. The model has three primary features:

- It focuses on explaining why some national economies are stronger than others.
- It assumes that all economic processes take place in a relatively stable political, social and historical context.
- Two distinct but complementary mechanisms are considered to be the primary sources of national economic progress (i.e. the role of large established firms that provide national representation in international trade and the role of entrepreneurship as the creation and growth of new firms). The latter mechanism is set out in figure 1.

**figure 1** The role of entrepreneurship through the creation and growth of new firms


A more elaborate discussion of the relationship between entrepreneurship and economic growth was presented by Roy Thurik and Sander Wennekers, in 2001, Entrepreneurship, economic growth and the significance of the GEM project, Global Entrepreneurship Monitor 2001 Summary Report, Appendix I.

**Data**

Four types of data have been assembled for the GEM 2001 assessment:

1. Representative population surveys of adults in each GEM 2001 country.
2. Detailed personal interviews with national experts on entrepreneurship.
3. Standardized questionnaires completed by the 36 experts in each country.
4. Standardized data assembled on each country.
Ad1) In each country about 2,000 adults took part in a telephone interview. One part of the questionnaire consisted of items related to participation in entrepreneurial activities. These activities refer to starting a new firm, owning and managing a new firm and informally investing in another’s new firm (informal investors). The other part of the questionnaire was to assess attitudes toward and knowledge of the entrepreneurial climate.

Ad2) The face-to-face interviews were held with experts that had been chosen by reputation and referrals to represent the nine entrepreneurial framework dimensions in the GEM model. These nine dimensions are:

- Financial support.
- Government policies.
- Government programs.
- Education and training.
- R&D transfer.
- Commercial and professional infrastructure.
- Internal market openness.
- Access to physical infrastructure.
- Attitudes, and cultural and social norms.

In the Netherlands four interviews were completed for each of these nine dimensions. A list of interviewees can be found in Appendix I. First of all the experts were asked to describe the importance of the framework dimension they are expert on, especially with respect to its contribution to entrepreneurial activity. Furthermore in the interviews the three most important successes and three most important problems facing entrepreneurship with respect to that particular framework dimension were discussed, as well as suggestions for improvement. Finally the experts were asked to consider all other framework dimensions and discuss their importance for entrepreneurial development.

Ad3) The experts were also asked to fill in a questionnaire, which on the one hand contained some questions about their own participation in entrepreneurial activities (see also adult population survey), and on the other hand a series of almost 70 statements concerning the nine entrepreneurial framework dimensions. With respect to these statements experts were asked to assess national conditions influencing entrepreneurial activity in the Netherlands.

Ad4) The GEM 2001 co-ordination team assembled standardized cross-national data on a variety of national characteristics and attributes (e.g. growth in GDP) from a wide range of harmonized international sources.

Sources for the country report of the Netherlands
The country report for the Netherlands draws upon two major sources. First, many new data and insights were collected from the adult population surveys, the key informant interviews and the harmonized international sources of GEM, as described above. Second, the Dutch report draws upon the large knowledge resources within EIM, developed through many earlier projects in the framework of EIM’s public research program on SMEs and entrepreneurship (see box 1) and through EIM’s contract research in this field.
EIM carries out a longstanding research program on small and medium sized enterprises (SMEs) and entrepreneurship, which is being financed by the Dutch Ministry of Economic Affairs. Over the years this research program has created a unique, authoritative and publicly available knowledge base regarding the economic performance of small and new enterprises, with a special focus on the Netherlands. Main activities are the collection and processing of survey data and statistics, scientific analysis, publication of research findings and various activities to distribute the findings to a greater public. The scientific analyses into entrepreneurship are carried out in cooperation with academic researchers from the CASBEC-group of the Erasmus University Rotterdam, and with many other distinguished scholars. The findings are published in working papers, research reports, strategic studies, and in articles in academic journals. In the past years a major effort has been devoted to gain more insight in the process of entrepreneurial venture creation and the role of entrepreneurship at macro-economic level. EIM’s research reports and strategic studies published since 1998 can be downloaded free of charge from www.eim.nl/smes-and-entrepreneurship/.

1.4 Content of this report

Based on the data assembled for the Netherlands, this report will focus on the rate of entrepreneurial activity in the Netherlands, compared to the other participating countries in GEM 2001. We will start by describing the issue from a historical point of view and have a close look at the attention that policy makers in the Netherlands have paid to enhancing entrepreneurial activity during the last two decades. Chapter 3 presents the GEM 2001 global results. Here we will compare the relevant results for the Netherlands with those in the other GEM 2001 countries. In chapter 4 attention will be paid to the Netherlands' position on the nine entrepreneurial framework dimensions. This chapter will also highlight the main successes and problems for each of these dimensions mentioned by the experts. In chapter 5 we will pay special attention to two of those entrepreneurial framework dimensions, i.e. education and training, and attitudes, cultural and social norms. A synthesis including some implications for future policy is presented in chapter 6.
2 Entrepreneurial activity in the Netherlands: a historical perspective

2.1 Introduction
During the last decades a huge amount of research has been carried out revealing the important contribution of entrepreneurship to economic growth and development. Nowadays not many will deny business’ contribution to creating employment, innovation, development of new markets, emancipation and integration. Coming to this conclusion has enormously affected the mindset of policy makers and government officials. They started fostering and promoting entrepreneurship, under the assumption that the more people that start their own business, the more this will contribute to economic welfare and prosperity. High rates of business owners in the labor force are often linked to economic growth. However, a business ownership rate that is above its (country specific) optimum level may have an adverse effect on economic growth (Audretsch et al., 2002).

Entrepreneurial activity in the Netherlands and the way in which public policy has contributed to this is the main focus of this chapter. We will give an overview of the changes and developments in entrepreneurial activity throughout the last decades and will have a look at the changing competitive advantages of the Dutch economy. The final section of the present chapter will discuss the current entrepreneurial activity in the Netherlands, compared to other countries, based on the GEM 2001 Global results. Subsequently, chapter 3 will discuss the present state of entrepreneurial activity in the Netherlands in more detail.

2.2 Entrepreneurship in the Netherlands through the years

Increase in total number of businesses during the period 1987-2001
Recent figures on the total number of businesses in the Netherlands show that by the middle of 2001 the Dutch economy accounted for almost 775,000 businesses in the private sector. Compared to 1987, when the total number of businesses added up to 420,000, this means an 80% increase within 15 years. Figure 2 shows the results. At the same time the annual number of business start-ups has almost doubled from less than 28,000 to more than 50,000 in the year 2000\(^1\). Although the total number of business closures has increased as well (from about 17,000 in 1987 to over 36,000 in 1999), this number remains significantly below the total number of start-ups. The increase in business start-ups apparent particularly in construction, transport, business services and other commercial services.

---

\(^1\) These new business start-ups do not include the annual number of new subsidiaries, that has also seen a tremendous increase over the past 15 years.
U-shape in the number of business owners relative to the labor force

Internationally comparable data\(^1\) for most OECD countries make clear that this development in the Netherlands can be characterized as catching up to the ‘normal’ or average figures for the EU-15. This implies that the Netherlands has come from a very low point in the early 1980s. If we set out the number of business owners relative to the labor force (the ‘business ownership rate’), we see a U-shaped development as presented in figure 3. This pattern is not unique for the Netherlands; it can be observed in many Western countries, for example the United States, the United Kingdom and Sweden\(^2\).

In the Netherlands the business ownership rate dropped from 10% in 1972 to 8% in 1984. In this period the total number of businesses decreased by more than 10%. There are several underlying conditions that might explain this development. Economies of scale and a negative attitude towards entrepreneurship can be considered two important aspects in this respect. At the same time the working population increased by almost 10%. A similar decline, though not always during the same period, took place in many other OECD countries.

At a particular point of time, however, business ownership rates in most countries started to rise again. The first country to show this reversal was the United States (during the 1970s), followed by Australia, the United Kingdom and New Zealand. However, countries like France and Japan lagged behind substantially, as they experienced a continuously shrinking business ownership rate during most of the period 1972-1998.

In the Netherlands the turn was observed in the mid 1980s. Compared to the period before, the increase in the number of business owners in the Netherlands was much higher (more than 55%) than the increase in the working population (more than 20%). Consequently business ownership in the Netherlands rose again to just above 10% of the labor force in 1998. The expectations implied a further increase. Nonetheless, we have to acknowledge that in the Netherlands the business ownership rate in 1998 was hardly higher than it was in 1972. The change in the period 1984-1998 can among others things be attributed to a growing importance of the business services sector, the increased attention of public policy for improving the entrepreneurial climate and the more favorable attitude towards entrepreneurship within the population at large.

\(^1\) Based on the EIM Compendia database and the International Bechmark Entrepreneurship 2001, EIM.

Entry and exit in the period 1992-2000

In the Netherlands the entry rate was lagging behind compared to countries like the UK and Germany. Although this rate has risen since 1997, up to 11% in 2000 in the Netherlands, the UK and Germany realized an entry rate of at least 12%. A similar pattern can be displayed with respect to the exit rate. There appears to be a considerable difference between the Netherlands (and Belgium) on the one hand and Denmark, the UK and the US on the other hand. Although in the Netherlands the exit rate rose slowly to almost 6% in 2000 (in 1992 the exit rate amounted to 5%), the other countries were characterized by much higher rates (8-11%). Particularly the number of bankruptcies was rather low in the Netherlands, although it increased recently.

However, the data reveal that during the period 1992-1999 the entry and exit rates in the Netherlands rose, while in the UK and the US these rates were quite stable or even fell. This implies that turbulence in the Netherlands increased, which is a stimulating element for innovation and economic dynamism.

Survival rates

The Netherlands has, relative to other developed countries, a high survival rate of young businesses. This is the more remarkable because the Dutch Establishment Act was made less restrictive in 1996. Unlike the predictions of some critics that this change would lead to reckless start-ups, so far it does not seem to have influenced the survival rates in a downward direction.

Concluding remarks

Based on the available international data we may conclude that over a nine-year period the Netherlands experienced an increase in entrepreneurial dynamism (more start-ups and more business closures). Although the exit rate rose through the years, it is still rather low, whereas the entry rate rose quite substantially. More people start a business

---

these days, and a relatively small proportion of these new businesses drop out in the first years of their existence.

### 2.3 Other dimensions of Dutch entrepreneurial activity

#### Traditional competitive advantages

For several decades, the Netherlands could be characterized as a managed economy. According to Audretsch and Thurik, comparative advantages were generally attained through large-scale production, which facilitated low-cost production through exploiting scale economies\(^1\). They assert that the comparative advantage of the Netherlands lay particularly in the large-scale production of moderate-technology products in traditional industries.

#### The ‘new economy’

Due to various global trends, like information technology, increased competition from low wage countries and the growing importance of creating new products and processes, the traditional competitive advantages are changing dramatically. This ‘new economy’ makes different demands on incumbent entrepreneurs and start-ups. Long-term opportunities seem to lie for example in the further adaptation of products and services to meet the total requirements of consumers of business clients\(^2\). So, basic research and innovation, using the opportunities offered by ICT, appear to be essential elements to retain a competitive advantage.

#### R&D-expenditure

In the early 1980s R&D-expenditure by businesses in the Netherlands amounted to approximately 1% of GDP. Although R&D-expenditures increased in the following years, this percentage dropped in 1992 to less than one percent a year. In the nineties, due to the abovementioned developments, the necessity to invest more heavily in knowledge and new processes and products, became apparent. This led to an increase in the R&D-expenditures, which amounted to 2.12% of GDP in 1997 (compared to a 1.83% average in the EU). Nonetheless, the Netherlands lagged behind the US, Japan and Germany with respect to the development of the knowledge-based economy\(^3\).

#### Fast-growing companies

One of the possible expressions is the number of hyper growth companies in a country. In the Netherlands almost 10% of all medium sized enterprises\(^4\) can be characterized as a hyper growth company\(^5\). Compared to the US this percentage is rather low, as more than a quarter of all medium sized enterprises were fast growing. The UK also scored

---


\(^4\) Companies with 10 – 99 employees.

\(^5\) Hyper growth is defined as at least 60% growth in employment within three years.
very high (22%), but in other countries, like Denmark and Germany, the relative numbers of hyper growth companies were comparable with the Netherlands (13%).

In the Netherlands, the total number of hyper growth companies increased substantially during the last couple of years, but this trend, due to a booming economy in Europe and the US, is also observed in the other benchmark countries. The exception is Japan that accounted for only 5% hyper growth companies.

2.4 Public policy on entrepreneurship

Public policy 1950-1987

Looking at the policy papers that the Dutch government has published since 1950, one can conclude that the government’s attitude towards entrepreneurship also changed. Up till the late eighties, the policy papers were relatively neutral and focused particularly on incumbent small businesses. Verheul et al. (2002) argue that with respect to new business ventures government policy was restrictive as it aimed at preventing business failure by a range of start-up requirements. The main focus was to preserve entrepreneurial quality and to stimulate growth of incumbent enterprises.

A gradual change in this type of public policy which began in the mid 1980s was related to the so-called ‘Dutch Disease’ of the late 1970s and early 1980s. After two serious economic recessions the Netherlands was faced with a high wage rate, low profit shares, high unemployment rates and a huge government deficit. This situation required a new policy that aimed at removing labour market rigidities and adapting the institutional environment.

Public policy 1987-2000

In 1987 the word ‘entrepreneurship’ was used for the first time in the title of a policy document. The white paper ‘Creating room for entrepreneurship’ marks a shift in policy thinking: entrepreneurial activity is now considered to be an important contributor to job creation and innovation. Instead of focusing on start-up requirements, the aim is to stimulate new business by creating opportunities and removing obstacles. The underlying philosophy of public policy has become to intervene in markets only when there is some kind of market failure. In such cases public policy should try to remove these market imperfections.

The objectives of public policy have changed quite dramatically compared to the period 1950-1987. Nowadays public measures are often related to the transition to the entrepreneurial economy, e.g. removing rigidities and deregulating the institutional environment.

In the policy document ‘Creating room for entrepreneurship’ emphasis was placed on certain target groups, such as women and ethnic groups. In the subsequent policy documents (Jobs through entrepreneurship, 1995; The Entrepreneurial Society, 1999) this focus was abandoned and no longer are specific groups actively stimulated to start a business. Public policy towards entrepreneurship has become more holistic.

1 Algemene Rekenkamer, 2001.

Stevenson and Lundström define holistic entrepreneurship policy as a cohesive entrepreneurship approach, encompassing all kinds of policy objectives and measures, embedded in several government departments. Stevenson argues that a holistic entrepreneurship policy comprises the following objectives: ‘create a stronger entrepreneurship culture; increase the supply of new entrepreneurs; increase the entry rate of new firms; entrepreneurship for everyone; address market failures; social failures; education failures, labour market and regulatory failures; reduce gaps between attitudes and actions. In her research she acknowledged that this kind of entrepreneurship policy is most clearly visibly present in the Netherlands, Finland and the UK (Source: Stevenson, L. and A. Lundström, 2001, Entrepreneurship policy for the future, (pp. 41-47) Stockholm).

In the current entrepreneurial policy in the Netherlands three areas of attention have been defined:
- Market structure (provision of an efficient market structure).
- Regulatory framework (provision of adequate rules and regulations with minimum administrative and other burdens for businesses).
- Business climate (the government must provide a productive business climate in the areas of tax, finance, education, regional and local policy).

2.5 Current entrepreneurial activity

The Global Entrepreneurship Monitor provides a harmonized comparison of entrepreneurial activity among the 29 participating countries. In figure 4 the Total Entrepreneurial Activity (TEA) indices are shown for all GEM 2001 countries. The TEA index is a combination of identifying (i) people currently involved in setting up a new business; and (ii) people currently owning a business that is less than 42 months old (a ‘young business’). See also box 3. Defined in this manner, entrepreneurial activity in the Netherlands seems to be rather low in international perspective. With a TEA index of 6.4 The Netherlands takes the 5th lowest position. However, figure 4 also indicates that the Dutch number of people owning or managing a business less than 42 months old is relatively high; if we compare the new firm indices only (the black components in figure 4), the Netherlands has the 9th highest position. This rank is – after Ireland - the second highest among all European countries taking part in GEM 2001, and the young firm participation rate in the Netherlands is even slightly higher than in the United States.

1 The methodology used in calculating the Total Entrepreneurial Activity indices is explained briefly in Appendix II. See also Reynolds, P.D. et al., 2001, Global Entrepreneurship Monitor 2001; Executive Report, Kansas City, MO: Ewig Marion Kauffman Foundation, Kauffman Center for Entrepreneurial Leadership.
Box 3  Definitions applying to entrepreneurial activity in this report

The reader should bear in mind that the different indicators of entrepreneurial activity used in this report are very distinct and cannot be used interchangeably. Throughout the report we refer to the following terms, each having its own, straightforward interpretation:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>business ownership rate</td>
<td>This refers to the total number of business owners relative to labor force.</td>
</tr>
<tr>
<td>nascent participation rate</td>
<td>The number of people currently involved in setting up a business, relative to national population aged 18-64. Source: GEM adult population surveys, Summer 2001</td>
</tr>
<tr>
<td>young firm participation rate</td>
<td>The number of people being owner or manager of a business less than 42 months old, relative to national population aged 18-64. Source: GEM adult population surveys, Summer 2001</td>
</tr>
<tr>
<td>TEA (total entrepreneurial activity) index</td>
<td>This is the sum of the nascent participation rate and the young firm participation rate. Source: GEM adult population surveys, Summer 2001</td>
</tr>
</tbody>
</table>

Figure 4  Total Entrepreneurial Activity Indices by country, split into owners/managers of young firms and nascent entrepreneurs currently setting up a business

Nascent participation versus young firm participation

The share of nascent entrepreneurs within total entrepreneurial activity is strikingly low. The Dutch participation rate found for people involved in setting up a business (nascent participation rate) equals 2.6. This may be partly due to the relatively small sample\(^1\), although it remains within the range of the nascent participation rates found in an earlier extensive study conducted in 1998\(^2\).

The Dutch young firm participation rate (actual startups younger than 42 months) in GEM 2001 equals 3.8. This figure can also be mirrored to findings from earlier EIM research: in the Netherlands, the number of realized startups (including new subsidiaries)

---

\(^1\) In this sample of 2,013 people, a standard deviation of about 0.5 percent point should be kept in mind for the nascent participation rate and the young business participation rate. Therefore, no firm conclusions can be drawn concerning the ratio of baby businesses and nascent start-ups in the Netherlands.

\(^2\) EIM, 1999, Ontluikend Ondernemerschap. This study encompassed a large representative sample of 21,393 Dutch inhabitants between 18 and 64 years old. Depending on the definition used, the nascent participation rate found in this study ranged from 2.5 to 3.2.
would, after eliminating the estimated dropouts, account for 1.8 percent of the population aged 18-64 if a single owner is assumed for every firm. The average number of owners per firm in the sample is 2. Combining these figures, this would indeed amount to 3.6 percent of owners/managers in the population between 18-64 years of age. However, the sample average of 2 owners/managers per young firm does seem to be quite high, as single-ownership is indicated for about 90 percent of registered Dutch start-ups.

Having made these proviso remarks, the Netherlands can probably still be considered as a country with a relatively high number of people actually running a young business compared to people currently preparing to establish one. What does this mean? First of all it may indicate that Dutch people actively involved in setting up a business (nascent entrepreneurs) have a relatively high chance to pull through. The high survival rates of new business start-ups in the Netherlands, already mentioned in section 2.2, also support this view. These arguments suggest that (nascent) entrepreneurs in the Netherlands are well prepared and have a very supportive business environment. Secondly, and apart from this, it could also be the case that Dutch people are very cautious before they attempt (or claim to attempt) to start a business.

Untapped entrepreneurial resources

All together, the findings indicate that the Dutch find entrepreneurial conditions to be favorable in The Netherlands and that fear of failure would not prevent them from starting a business (see table 1). Considering this attitude and confronting it with the relatively low nascent rates seen in figure 4, their entrepreneurial behavior seems to be somewhat risk avoiding and cautious. It gives rise to the notion that more can be made of the reservoir of available candidates for entrepreneurship, a large part of which still seems to be untapped. This is also the special focus of this year’s report in chapter 5. This chapter concentrates on the (changing) Dutch attitudes towards entrepreneurship and the role of education and training.

---

1 Annual data on Dutch start-ups are published in Bangma and Verhoeven (2001), Het belang van bedrijfstypen voor de werkgelegenheid, EIM: Zoetermeer. The estimated dropouts are adapted from cohort survival rates published in Benchmark Ondernemerschap (2001), EIM: Zoetermeer.

2 Israel is the only country with a more extreme pattern in this respect; it has by far the highest share of actual start-ups compared to people currently involved in nascent activity.

3 The Dutch study on nascent entrepreneurs mentioned above identified 552 nascent entrepreneurs whose performance could be traced. Almost 50 percent succeeded in getting their business started within one year (Van Gelderen et al., 2001, Setting up a business in the Netherlands; who starts, who fails, who is still trying? EIM: Zoetermeer).
table 1  GEM 2001 indicators

| Q1. You know someone personally who started a business in the past 2 years. | Scores: Percentage answering “Yes” to the question |
|---|---|---|---|---|---|---|---|
| Dutch | GEM | EU-12 | Country | Country |
| Scores | Median | Average | Lowest | Highest |
| Q1. | 33% | 36% | 37% | India (15%) | New Zealand (53%) |
| Q2. | 37% | 40% | 38% | Japan (11%) | New Zealand (65%) |
| Q3. | 42% | 31% | 34% | France (7%) | Norway (59%) |
| Q4. | 25% | 34% | 36% | United States (21%) | Germany (53%) |

Q1. You know someone personally who started a business in the past 2 years.
Q2. You have the knowledge, skill and experience required to start a new business.
Q3. In the next 6 months good opportunities will have developed for starting a business in the area where you live.
Q4. Fear of failure would prevent you from starting a business.

2.6  Concluding remarks

The Netherlands has seen an upswing in entrepreneurship in the past fifteen years. The number of businesses has substantially increased, also relative to the growth in population. The period before 1987, however, was characterized by a decrease in the number of business owners relative to labor force. The reversal of the trend in the mid 1980s was partly the result of a radical change in government policy towards entrepreneurship. Instead of impeding business start-ups and preferring to focus on (lifetime) employment, a policy of innovative entrepreneurship is increasingly being enabled and stimulated. Combined with the increased interest of the Dutch people in entrepreneurship as a career choice, this policy has led to an impressive increase in annual start-ups, and at the same time survival rates of these start-ups remained at a high level. It should also be noted that the Netherlands came from a very low point; and even now, the percentage of business owners relative to labor force is still only at medium level in international perspective.

The results of GEM 2001 also place the Netherlands in a modest position. Participation of persons between 18 and 64 years old in entrepreneurial activity is found to be the fifth lowest of the 29 participating countries. However, of these people the group that has actually started a business - in comparison to the group preparing to start a business - is larger than in most other countries.

One explanation of this particular structure could be that Dutch people actively involved in setting up a business (nascents) have higher chances of pulling through, for example through their preparation or the quality of the business environment supporting nascent entrepreneurs. It could also be the case that Dutch people are very cautious before they attempt (or claim to attempt) to start a business. Finally, the findings give rise to the assumption that more can be made of the reservoir of available candidates for entrepreneurship, a large part of which still seems to be untapped. The current sample size precludes firm conclusions concerning the ratio of baby businesses and nascent start-ups in the Netherlands and its underlying determinants, but this matter certainly deserves to be followed in future research.
3 Dutch Entrepreneurial Activity in 2001

3.1 Introduction

In the previous chapter, the Total Entrepreneurial Activity indices for the 29 countries participating in GEM 2001 were presented. These indices can be considered as the main annual output of the GEM project in international perspective. Appendix II describes the methodology used to derive the Total Entrepreneurial Activity indices. In this chapter we will further elaborate on Dutch entrepreneurial activity in 2001. Section 3.2 deals with detailed characteristics of the observed nascent and young firm activity in the Netherlands. Section 3.3 takes a look at business angel activity and the Dutch venture capital market. This chapter ends with concluding remarks.

3.2 Elaboration of entrepreneurial activity in the Netherlands

*Nascent participation and young firm participation*

In the previous chapter it was seen that the Netherlands scored poorly on the TEA component that measures the activity of people who are currently involved in setting up a business. The other component of total entrepreneurial activity, measuring the activity of people owning or managing young businesses, was reasonably high. However, the combination of both components resulted in a TEA index of 6.4, the 5th lowest among the GEM 2001 countries. The separate scores for nascent participation rates and young business participation rates are shown in figure 5 and figure 6 respectively. In addition the observation that the ranking of the Netherlands is quite different in these figures, there are more interesting results. It is seen that the Dutch young business participation rate exceeds the rates of most European countries as well as the rate of the United States. Close neighbours Belgium, France and Germany have significantly fewer young businesses relative to the 18-65 population. Australia and New Zealand have particularly high scores for both the nascent and the young business participation rates. In the remainder of this section, more information on entrepreneurial activity in the Netherlands, in an international perspective, is presented.

![Figure 5: Nascent participation rate](image-url)
3.2.1 *Opportunity versus necessity*

An important aspect of the Dutch sample is that it contains relatively many entrepreneurially active people who indicated that they are taking advantage of an opportunity, and very few that became entrepreneur out of necessity. This is demonstrated in figure 7 in which total TEA index values are also printed. The Dutch ‘necessity’ participation rate is a small 0.4 while the opportunity participation rate lies at 5.4\(^1\). The distinction between opportunity and necessity also puts the TEA indices of some other, less developed countries into perspective. For instance, India, Mexico, Brazil, Poland and Hungary have many people engaging in entrepreneurial activities out of necessity.

The experts were also questioned about opportunities and access for new firms. Five statements were given, for which the experts indicated, on a five-points-scale, whether they agreed or disagreed:

*In my country:*

Q1. People see lots of good opportunities for the creation of new firms.
Q2. There are more good opportunities for the creation of new firms than people able to take advantage of them.
Q3. Good opportunities for new firms have considerably increased in the past five years.
Q4. It is easy to get the information required to assess business opportunities.
Q5. There are many opportunities to create truly high growth firms.

\(^1\) The necessity TEA index and opportunity TEA index do not necessarily add up to the total TEA index, as some entrepreneurs could not be classified in either of these categories.
The Dutch experts were fairly positive on all five questions. The Dutch aggregate score on this topic is the 5th highest among the GEM 2001 countries (most opportunities were seen in the United States, Ireland and Finland; least favorable are Italy, Hungary and Argentina). It is also interesting to see how the values given by the experts relate to the actual opportunity TEA indices shown in figure 7. When controlling for the total TEA values (which sets the focus somewhat more on relative opportunity instead of absolute opportunity), the correlations of opportunity TEA with Q2 and Q4 are significant at the 5% level. The aggregate score (using factor analysis) for the five questions above correlates with the opportunity TEA indices on the 10% level. This means that opportunities perceived by the experts tend to go together with observed entrepreneurial behavior related to opportunity.

3.2.2 Gender

The Dutch dataset contains 95 people that are entrepreneurially active, of which 61 are male and 34 are female. The total sample contains somewhat more female respondents than male. After weighing, the female TEA index is about half of its male equivalent, a finding that is average among the countries involved in GEM 2001. See figure 8 for the female participation rates and the male participation rates for all GEM 2001 countries. The three countries with the highest female/male ratio are respectively Italy (97 percent), New Zealand (78 percent) and Spain (72 percent). Lowest female/male ratios were found in Singapore (28 percent), India (31 percent) and Argentina (38 percent). Working activity differs considerably between the female and male entrepreneurs; female entrepreneurs indicated that they worked part-time significantly more than the male entrepreneurs.

3.3 Venture Capital

**Informal Venture Capital**

If the respondents indicated that they had personally provided funds for a new business startup that was not theirs, they were asked the following additional questions:

- How much money had they provided over three years?
- What sort of business was their most recent investment?
- What was the relationship with their most recent investee?

The Dutch informal venture capital market is relatively underdeveloped. Banks form the most important source of finance. In the Netherlands, banks are more risk-averse than
in other developed countries. Moreover, there are fewer options available to starting entrepreneurs and banks require strong commitments from companies. The Dutch venture capital market has most resemblance with the bank-oriented system, as the stock market is relatively underdeveloped and banks play an important role in capital provision (Borger, Janssen and Van Noort, 2002). As can be seen in figure 9, the angel investment participation rate in the Dutch sample is very low (3rd lowest behind Brazil and India) in international context. If we look at the average amount invested by these angels, the findings are that the average amount is 9th highest (and the median 5th highest) among the countries involved in GEM. Combining these averages with the low participation rates, the per capita amount of informal capital in 2001 is about $100, an amount that is ranked 17th out of the 29 GEM countries.

Figure 9 Angel investment participation in percentage of the adult population

---

**Formal Venture Capital**

On the Dutch formal venture capital market the institutional investors, such as pension funds and insurance companies have a dominant position. In 1998 Dutch banks and insurance companies provided 25 percent of the total amount of raised capital. The rapid growth of the venture capital market in the Netherlands started in the beginning of the 1980s and at present the Dutch venture capital market is relatively well developed and one of the most successful venture capital markets in Europe (Borger, Janssen and Van Noort, 2002). It is important to consider the stage of development of the investments. Venture capitalists in the Netherlands are inclined to invest in relatively later-stage projects instead of seed and start-up projects as compared to American venture capitalists (OECD, 2000). The striking level of the amount of investments that is observed in the United Kingdom can also be attributed to a relatively high proportion of later-stage investments, such as management buyouts (MBOs). Considering early-stage financing and expansion capital (as a percentage of GDP) only, the United Kingdom would lag behind the United States and the Netherlands.

Measures have been taken to reduce the finance gap for (start-up) businesses by directly stimulating the supply of venture capital. These measures include the *Tante Agaath* agreement, designed in 1996 to increase the supply of (venture) capital by private persons through tax deductibility of venture capital investments, the ‘Technostarters Fund’, aimed at providing venture capital and managing participations in new technology businesses (OECD, 1997b), and the ‘Twinning Centers’ supporting early-stage Dutch ICT businesses by providing them with support and advice, housing

---

and capital. However, the Dutch government fails to stimulate the development of the venture capital market by indirect measures, such as stimulating venture capital networks and the secondary capital market (Borger, Janssen and Van Noort, 2002).

3.4 Concluding remarks

As was concluded in the previous chapter, the nascent participation rate is rather low in the Netherlands. The young business participation rate was found to be fairly high. In this chapter we observed that relatively many chose for entrepreneurship because the opportunities were there, while very few became entrepreneur out of necessity. In other words, while perceived opportunity was a reason for most people to choose for entrepreneurship, the opportunity costs of entrepreneurship (i.e. strong social security system and strongly protected employee status) still seem to be high as well. This paradox may be one of the explanations for the relatively low position of Dutch entrepreneurial activity in international context.

The male participation rate is about twice as high as the female participation rate, which is about average among the participating countries. Male entrepreneurs are also more inclined to full-time entrepreneurship than women.

Angel investment activity is at a low level in the Netherlands. Most financial support comes from formalized institutions such as banks. In this, the Dutch banks exhibit risk-averse strategies. In the past few years, the formal venture capital market has developed well.
4 Assessment of the Dutch Entrepreneurial Climate

4.1 Introduction

In the GEM conceptual model (see chapter 1) nine entrepreneurial framework conditions affect entrepreneurial opportunities and entrepreneurial capacity, leading in turn to business churning. All research teams from the participating countries interviewed experts who were selected on the basis of their knowledge of at least one of the nine framework conditions. They were also given the opportunity to comment on the other framework conditions. In the Netherlands, 36 people were interviewed. The list of interviewees in the Netherlands is provided in the Annex. The interviews were semi-structured; besides being given the opportunity to speak freely about their opinions relating to the entrepreneurial climate in the Netherlands, the experts were asked to name their top three:

- key determinants important for entrepreneurial activity in the Netherlands;
- key successes in stimulating entrepreneurial activity in the Netherlands;
- key problems hindering Dutch entrepreneurial activity.

Moreover, the experts in all GEM countries completed a questionnaire that consisted of statements about the entrepreneurial climate.

In the next section each entrepreneurial framework condition is assessed in three parts:

1. Description of the framework condition and its relevance for the Netherlands; some background information from other research.
2. International comparison of the results from the expert questionnaires: comparing the assessments given by the Dutch experts to those in other countries.
3. The views of the Dutch experts as expressed in the face-to-face interviews; their opinions on the problems, successes and challenges relevant to the framework condition.

Finally the nine framework conditions are summarized in a concluding section.

4.2 The Entrepreneurial Framework Conditions

In this section all Entrepreneurial Framework Conditions (EFCs) are investigated. These are: financial support; government policy; government programs; education and training; research and development transfer; commercial and professional infrastructure; internal market openness; physical infrastructure; and cultural and social norms.

The experts indicated whether they agreed or disagreed with the statement on a scale of 1 (completely false) to 5 (completely true), with a score of 3 indicating a neutral opinion. In the next part of this chapter the Dutch aggregate country results (to which we will refer as ‘the Dutch scores’) are compared to those of the other countries. In this comparison, cultural differences should be taken into account (see box 4).

The facts given include the ranks of the Dutch scores relative to those of the other countries. In this, the country that has been assigned value 1 is ranked first, meaning that - on aggregate - experts from that country agreed most to the statement under investigation. Country names are abbreviated according to the list in table 2.
box 4 International comparison of expert opinions

Although the experts in all participating countries were given the exact same questions, thus providing a useful benchmark of the Dutch entrepreneurial climate, comparing the results over the countries should be treated with some caution. This is because:

(i) The survey questions are about the assessments of the national entrepreneurial climate according to opinions of experts.
(ii) Cultural differences may also explain part of variations across counties. For instance, based upon the same objective information, experts from the United States may value their own country’s business climate higher than their Dutch colleagues would.
(iii) Opinions may be affected by exogenous forces. A good example might be the case of Argentina. The “tango crisis” may have influenced the experts’ opinions adversely.

table 2 Abbreviations of the participating countries

| AR | Argentina | HU | Hungary | NZ | New Zealand |
| AU | Australia  | IE | Ireland | PL | Poland      |
| BE | Belgium    | IL | Israel   | PT | Portugal    |
| BR | Brazil     | IN | India    | RU | Russia      |
| CA | Canada     | IT | Italy    | SE | Sweden      |
| DE | Germany    | JP | Japan    | SG | Singapore   |
| DK | Denmark    | KR | South Korea | UK | UK         |
| ES | Spain      | MX | Mexico   | US | USA         |
| FI | Finland    | NL | Netherlands | ZA | South Africa |
| FR | France     | NO | Norway   |

* EU country. The unweighted average of these twelve EU countries participating in GEM 2001 form a so-called EU-12 average

b Canada, Poland and Russia are left out in the EFC international comparison analyses, no expert questionnaires were available.

4.2.1 Financial support

The Financial Support framework condition describes the supply and demand of financial resources, especially for new and expanding businesses. One component is the venture capital market, which was dealt with separately in section 3.3.

Findings from the expert surveys, in international perspective

The experts are in general quite positive about the availability of finance in the Netherlands, especially considering equity, debt capital and government subsidies. This can be seen in table 3. Initial Public Offerings are considered less important. It is striking that the financial support of private persons is fairly important, while the actual participation rate of people investing in businesses (informal capital) was seen to be very low in the Netherlands (see section 3.3). The experts from the United States are clearly most positive about the financial support for entrepreneurs. Argentina shows the most pessimistic view of financial support. This, of course, is connected to the economic crisis and the restraining actions that were taken by the banks in Argentina.
### Table 3: Financial Support: Judgments by experts

<table>
<thead>
<tr>
<th>Scores EFC 1:</th>
<th>Dutch scores (rank)</th>
<th>GEM overall median</th>
<th>EU-12 average</th>
<th>Country with highest score</th>
<th>Country with lowest score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>4.0 (3)</td>
<td>3.1</td>
<td>3.6</td>
<td>US (4.2)</td>
<td>AR (2.2)</td>
</tr>
<tr>
<td>Q2</td>
<td>4.0 (2)</td>
<td>3.0</td>
<td>3.3</td>
<td>US (4.2)</td>
<td>AR (1.8)</td>
</tr>
<tr>
<td>Q3</td>
<td>4.0 (2)</td>
<td>3.1</td>
<td>3.4</td>
<td>US (4.2)</td>
<td>AR (1.4)</td>
</tr>
<tr>
<td>Q4</td>
<td>3.8 (6)</td>
<td>3.3</td>
<td>3.3</td>
<td>DE (4.6)</td>
<td>BR (1.9)</td>
</tr>
<tr>
<td>Q5</td>
<td>3.8 (6)</td>
<td>3.4</td>
<td>3.3</td>
<td>US (4.6)</td>
<td>IT (1.9)</td>
</tr>
<tr>
<td>Q6</td>
<td>2.7 (15)</td>
<td>2.8</td>
<td>2.6</td>
<td>US (4.3)</td>
<td>BR (1.3)</td>
</tr>
</tbody>
</table>

In my country:

Q1. There is sufficient equity funding available for new and growing firms.
Q2. There is sufficient debt funding available for new and growing firms.
Q3. There are sufficient government subsidies available for new and growing firms.
Q4. Private individuals (other than founders) are an important source of financial support for new and growing firms.
Q5. Venture capitalists are an important source of private support for new and growing firms.
Q6. Initial public offerings (IPOs) are an important source of equity for new and growing firms.


#### Findings from the Dutch expert interviews

In general, the experts agree that supply of financial capital is adequate. Over the past 10 years the venture capital sector in the Netherlands expanded and matured. Problems for the Dutch financial market do not relate to availability, rather to the transparency of the (venture) capital market for starting entrepreneurs. There seems to be some uncertainty about which direction they should go for their appliances, which is partly caused by a shortage of specialized venture capitalists with relevant sector expertise.

Venture capitalists are not always very positive about the quality of the people applying for investments. Their business plans are often not well prepared and they often see the venture capitalist as an opposition party, instead of a party that is also very much interested in making a success of the firm.

#### 4.2.2 Government Policy

This entrepreneurial framework condition relates to the extent to which government policies seen, as a whole, influence new and growing firms. This includes the tax regime, labor market regulation, social security legislation as well as regulations and schemes that specifically aim at the business sector (these partly overlap with the government programs discussed in the next section).

Generally speaking policy changes in the past decades have aimed at reducing the government deficit and the national debt (‘restoring sustainable government finance’), trimming the social security system, creating a more flexible labor market and enhancing competition. Additionally, beginning with the government white paper in 1987 (EZ, 1987) the focus on entrepreneurship has been a major priority of the policy agenda. The Netherlands may be a best practice in entrepreneurship policy development.

Current generic government policy towards entrepreneurship focuses on start-ups, high-growth potentials and technology based firms. Specific policy for SMEs in general is being abolished, the emphasis is placed on enabling entrepreneurship through removing barriers, including administrative burdens. The Dutch procurement policy also receives

---

more attention. There is increasing transparency in the tenders set out by the government. This is, of course, on par with the government’s emphasis on stimulating competition and providing opportunities for new and growing firms.

**Findings from the expert surveys, in international perspective**

A slightly inconsistent pattern emerges from table 4. On the one hand, the Dutch governments’ high priority of supporting new and growing businesses – confirming the line of reasoning above – was clearly recognized by the experts, although the score is somewhat lower at regional and local level. At the same time, the Dutch government scores about average on consistently favoring new and growing firms in its own (procurement) policies. On the other hand, obtaining permits and licenses necessary to start a business is still considered to be a major problem in the Netherlands, as in many other countries. The Dutch experts are neither positive nor negative about the tax burden and the consistency of taxes and other regulations, whereas the experts in most other countries are more negative. Singapore has the fewest problems with tax and other regulatory burdens.

### Table 4: Government Policy: Judgments by experts

<table>
<thead>
<tr>
<th>Scores EFC 2:</th>
<th>Dutch scores (rank)</th>
<th>GEM overall median</th>
<th>EU-12 average</th>
<th>Country with highest score</th>
<th>Country with lowest score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>2.3 (12)</td>
<td>2.2</td>
<td>2.3</td>
<td>US (3.0)</td>
<td>AR (1.4)</td>
</tr>
<tr>
<td>Q2</td>
<td>3.6 (3)</td>
<td>3.0</td>
<td>3.0</td>
<td>UK (3.8)</td>
<td>AR (1.3)</td>
</tr>
<tr>
<td>Q3</td>
<td>3.2 (9)</td>
<td>3.0</td>
<td>3.2</td>
<td>FI (3.6)</td>
<td>AR (1.5)</td>
</tr>
<tr>
<td>Q4</td>
<td>1.7 (14)</td>
<td>1.8</td>
<td>2.0</td>
<td>SG (3.2)</td>
<td>AR (1.1)</td>
</tr>
<tr>
<td>Q5</td>
<td>2.9 (4)</td>
<td>2.4</td>
<td>2.5</td>
<td>SG (3.7)</td>
<td>AR (1.4)</td>
</tr>
<tr>
<td>Q6</td>
<td>3.1 (6)</td>
<td>2.4</td>
<td>2.7</td>
<td>SG (4.1)</td>
<td>AR (1.2)</td>
</tr>
</tbody>
</table>

**In my country:**

Q1. Government policies (e.g., public procurement) consistently favor new firms.
Q2. The support for new and growing firms is a high priority for policy at the national government level.
Q3. The support for new and growing firms is a high priority for policy at the local government level.
Q4. New firms can get most of the required permits and licenses in about a week.
Q5. The amount of taxes is not a burden for new and growing firms.
Q6. Taxes and other government regulations are applied to new and growing firms in a predictable and consistent way.

*Source: GEM expert surveys, summer 2001.*

**Findings from the expert interviews**

Many experts mentioned that government policy in the Netherlands has been firm and solid in the past fifteen years: “the Department of Economic Affairs has given many impulses for entrepreneurship; “government finance has been brought under control, tax rates are lower and stable”; “the tax system now stimulates people to become an entrepreneur”. At the same time it was stressed that the exceptional macro-economic climate of the past decade also helped a lot in reaching these successes. Some points still requiring attention were also mentioned. At local level, service for starting entrepreneurs is often of low quality. Furthermore, the complexity of rules and the slowness in the realization of plans and schemes by the government are considered to be matters that should be dealt with. Finally, some experts also placed question marks regarding the government policies aiming at the promotion of entrepreneurship. They suggest that the government is undertaking too many efforts to support starting entrepreneurs (especially financially); they are worried that, with the money spent on these efforts, people lacking entrepreneurial abilities are also encouraged to start businesses.
4.2.3 Government programs

The Government Programs framework condition relates to the presence of programs (at national and regional levels) and other initiatives to support new and growing firms. In the Netherlands during the past decade several established programs have been modernized and new initiatives have been taken. For instance, the Establishment Act was made less restrictive and providing capital to new business start-ups was made attractive through tax-deduction schemes. For an overview of many of these entrepreneurship-related policy programs in the Netherlands, see Stevenson and Lundström (2001) and Verheul et al. (2002).

In this area, the Dutch government also pays ample attention to monitoring and benchmarking the progress and effect of its entrepreneurship and SME policy. Stevenson and Lundström (2001), who have carried out an elaborate international comparison of entrepreneurship/SME policy in ten countries including the Netherlands, conclude that the Dutch government is committed to evaluating the impact of its entrepreneurship policy measures1. On the other hand, a recent assessment of this policy domain by the Dutch Algemene Rekenkamer (Netherlands Court of Audit), concludes that there is room for improvement regarding the formulation of testable policy goals and the systematic evaluation of policy measures2.

Findings from the expert surveys, in international perspective

Taken together, the scores given by the Dutch interviewees are about average when compared to the countries participating in GEM as a whole. The experts in Denmark are among the most positive about the support programs in their own country, while their Argentinean colleagues are clearly most negative.

<table>
<thead>
<tr>
<th>Table 5 Government Programs: Judgments by experts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scores EFC 3: 1= completely false, 3 = neutral, 5= completely true</td>
</tr>
<tr>
<td>Dutch</td>
</tr>
<tr>
<td>scores (rank)</td>
</tr>
<tr>
<td>Q1</td>
</tr>
<tr>
<td>Q2</td>
</tr>
<tr>
<td>Q3</td>
</tr>
<tr>
<td>Q4</td>
</tr>
<tr>
<td>Q5</td>
</tr>
</tbody>
</table>

In my country:

Q1. A wide range of government assistance for new and growing firms can be obtained through contact with a single agency.
Q2. Science parks and business incubators provide effective support for new and growing firms.
Q3. There is an adequate number of government programs for new and growing businesses.
Q4. The people working for government agencies are competent and effective in supporting new and growing firms.
Q5. Almost anyone who needs help from government programs for a new or growing business can find what they need.


1 A good example is the Ondernemerschapsmonitor (Entrepreneurship monitor), published four times a year.

Findings from the expert interviews
The experts were content with the attention for entrepreneurship in Dutch policy programs. However, the interviews also revealed that the large diversity of government programs causes some dissatisfaction among Dutch experts regarding its coherence. Some of the critical comments1 of the Dutch experts were: “the programs of governments do not always have the impact as intended”; “the balance of programs is biased towards programs that do not function well”; “coordination between programs is organized badly”; “programs are often too general and not sufficiently focused on target groups”; “due to the large number of government programs, firms have sometimes lost sight on what these programs can mean for them”. It was, however, also mentioned that the start of a new trend towards more coordination between government programs is now visible.
Furthermore, although the creation of a single agency (one stop shop) for new entrepreneurs is being promoted by the Dutch government through a pilot project, some experts have doubts as to its effectiveness.
Finally, it was also said that there are some good government programs stimulating R&D transfer to SMEs (this is dealt with in a separate framework condition in section 4.2.5).

4.2.4 Education and training
The entrepreneurial framework condition Education and Training relates to the extent to which entrepreneurship and entrepreneurial qualities receive attention in all phases of the educational and training system. In the Netherlands, attention for entrepreneurship in education was mainly lacking until the 1990s. A special Commission on Entrepreneurship and Education started its work in 2000. This framework condition is discussed in depth in the next chapter.

Findings from the expert surveys, in international perspective
The worldwide experts’ opinions on Education and Training in table 6 demonstrate that they assess the attention for entrepreneurship and entrepreneurial qualities as being very poor across most countries, except for the ratings on business and management education. Considering the commonly felt dissatisfaction, the slightly negative Dutch scores (a score of three is neutral) are still among the highest of all GEM countries and well above average. It is conceivable that the new national program on entrepreneurship and education has positively influenced the Dutch experts’ opinions. The Portuguese experts are the most negative about their country’s attention for entrepreneurship in education and training.

1 It was not always clear to what extent these remarks concern local, regional and/or national policy programs.
## Findings from the expert interviews

The existing dissatisfaction regarding education and training was expressed mostly by general remarks indicating that attention towards entrepreneurship is lacking at all educational levels. However, there are some bright spots. First of all, a start has been made concerning learning about entrepreneurship at school. Some good practices in improving entrepreneurial attitude within the school system have been formed (New Venture, Foundation for mini-enterprises) and students are stimulated more and more to start businesses.

### 4.2.5 Research and Development Transfer

This framework condition refers to the extent to which national research and development will lead to new commercial opportunities and whether or not these are available for new, small, and growing firms.

Both formal and informal R&D cooperation is found in the Netherlands (Den Hertog and Thurik, 1993; Huijshoff and Snel, 1997). These relationships are prevalent between and in high-technology firms. Due to R&D investment high-technology firms tend to outperform less research-intensive firms. Especially among new ventures is this the case. It has been observed that employment growth for these firms is approximately 120 percent after two years. For firms that are not involved in R&D, employment growth over the same time period is close to 20 percent (EZ/EIM, 1998).

As compared to other countries the Netherlands is slow with respect to the development and application of new technological knowledge (Klomp and Verspagen, 1999). However, after years of stagnation, national expenditure on R&D is increasing. Moreover, when measured by immaterial investments, including R&D expenditures, education and software, and the share of the labor force involved in scientific and technological areas, the knowledge economy in the Netherlands is internationally competitive. In 1997, the total R&D expenditure of businesses, universities and research institutions (R&D intensity) amounted to 2.12 percent of the GDP, as compared to a 1.83 percent average of the European Community and a 2.21 percent average of the OECD-countries. With respect to the development of the knowledge economy the Netherlands lags behind the United States, Japan and Germany (Klomp and Verspagen, 1999). This

### Table 6: Education and Training Judgments by Experts

<table>
<thead>
<tr>
<th>Country</th>
<th>Score</th>
<th>Rank</th>
<th>Median</th>
<th>Average</th>
<th>Country with highest score</th>
<th>Country with lowest score</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>2.9</td>
<td>2.7</td>
<td>2.2</td>
<td>2.3</td>
<td>US</td>
<td>PT</td>
</tr>
<tr>
<td>IE</td>
<td>2.6</td>
<td>2.6</td>
<td>1.9</td>
<td>2.0</td>
<td>IE</td>
<td>PT</td>
</tr>
<tr>
<td>SG</td>
<td>3.2</td>
<td>3.2</td>
<td>1.6</td>
<td>1.8</td>
<td>SG</td>
<td>PT</td>
</tr>
<tr>
<td>ES</td>
<td>4.0</td>
<td>3.6</td>
<td>2.9</td>
<td>3.1</td>
<td>ES</td>
<td>JP</td>
</tr>
</tbody>
</table>

**In my country:**

Q1. Teaching in primary and secondary education encourages creativity, self-sufficiency, and personal initiative.
Q2. Teaching in primary and secondary education provides adequate instruction in market economic principles.
Q3. Teaching in primary and secondary education provides adequate attention for entrepreneurship and new firm creation.
Q4. Colleges and universities have enough courses and programs on entrepreneurship.
Q5. The level of business and management education is truly world-class.

*Source: GEM expert surveys, summer 2001.*
knowledge ‘gap’ is attributable to the relatively low share of high-tech industry in the Netherlands.

**Findings from the expert surveys, in international perspective**

The results in table 7 show that the Dutch experts are dissatisfied with this framework condition. All scores for the Netherlands are below the EU-12 average. Especially the access of small firms to new research and technology is considered to be poor. Belgium, having a low TEA index, is ranked 1st.

### Table 7  Research and Development Transfer: Judgments by experts

<table>
<thead>
<tr>
<th></th>
<th>Scores EFC: 1=completely false, 3=neutral, 5=completely true</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dutch scores (rank)</td>
</tr>
<tr>
<td>Q1</td>
<td>2.3 (15)</td>
</tr>
<tr>
<td>Q2</td>
<td>1.9 (19)</td>
</tr>
<tr>
<td>Q3</td>
<td>2.2 (14)</td>
</tr>
<tr>
<td>Q4</td>
<td>2.3 (14)</td>
</tr>
<tr>
<td>Q5</td>
<td>3.0 (18)</td>
</tr>
</tbody>
</table>

In my country:

- Q1. New technology, science, and other knowledge is efficiently transferred from universities and public research centers to new and growing firms.
- Q2. New and growing firms have just as much access to new research and technology as large, established firms.
- Q3. New and growing firms can afford the latest technology.
- Q4. There are adequate government subsidies for new and growing firms to acquire new technology.
- Q5. The science and technology base efficiently supports the creation of world-class new technology-based ventures in at least one area.

**Source:** GEM expert surveys, summer 2001.

**Findings from the expert interviews**

The experts indicate that universities are not flexible enough and do not show a strong urge to engage activities outside the public domain. As a consequence universities may not be fully aware of the advantages of sharing their knowledge and working together with small, innovating companies. Some remarks in this respect: “The universities and other knowledge centers should listen to the needs of the entrepreneurs, often they don’t”; “the capacity of the institutions for the improvement of R&D transfer is less than it should be”; universities are not always willing to do research for enterprises, because this may conflict with their academic targets”; “R&D transfer is not well developed; government has a directing role at universities”.

However, there are some positive sounds as well: “R&D transfer is becoming more embedded in the broader field of knowledge transfer”; “some high tech sectors have developed in the Netherlands, stimulating R&D activities”; “there are many links between knowledge intensive startups and knowledge centers such as universities”; “university spin off enterprises have had good results”; “there is an upsurge of innovative start-ups”.

### 4.2.6 Commercial and professional infrastructure

Commercial and professional infrastructure refers to the presence of commercial, accounting, and other legal services and institutions that allow or promote the emergence of new, small, or growing businesses.
Findings from the expert surveys, in international perspective

The Dutch experts are predominantly positive about the Dutch commercial and professional infrastructure. From table 8 it appears that this is the case for many countries. The Dutch scores are close to median. The United States’ experts are most positive on their commercial and professional infrastructure, while the Japanese are quite negative.

Table 8. Commercial and professional infrastructure: Judgments by experts

<table>
<thead>
<tr>
<th>Q1</th>
<th>Dutch scores (rank)</th>
<th>GEM overall</th>
<th>EU-12 average</th>
<th>Country with highest score</th>
<th>Country with lowest score</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.8 (5)</td>
<td>3.5</td>
<td>3.5</td>
<td>US (4.4)</td>
<td>JP (2.1)</td>
</tr>
<tr>
<td>Q2</td>
<td>2.6 (19)</td>
<td>2.8</td>
<td>2.8</td>
<td>ES (3.3)</td>
<td>JP (2.2)</td>
</tr>
<tr>
<td>Q3</td>
<td>3.1 (12)</td>
<td>3.1</td>
<td>3.1</td>
<td>BE (3.8)</td>
<td>JP (1.8)</td>
</tr>
<tr>
<td>Q4</td>
<td>3.6 (13)</td>
<td>3.6</td>
<td>3.6</td>
<td>US (4.1)</td>
<td>JP (2.2)</td>
</tr>
<tr>
<td>Q5</td>
<td>3.4 (10)</td>
<td>3.3</td>
<td>3.3</td>
<td>US (4.1)</td>
<td>JP (1.4)</td>
</tr>
</tbody>
</table>

In my country:
Q1. There are enough subcontractors, suppliers, and consultants to support new and growing firms.
Q2. New and growing firms can afford the cost of using subcontractors, suppliers, and consultants.
Q3. It is easy for new and growing firms to get good subcontractors, suppliers, and consultants.
Q4. It is easy for new and growing firms to get good, professional legal and accounting services.
Q5. It is easy for new and growing firms to get good banking services (checking accounts, foreign exchange transactions, letters of credit, and the like).


Findings from the expert interviews

The good thing is that in general the commercial and professional infrastructure is well developed in the Netherlands, according to the experts. A specific remark was that payment systems in the Netherlands are very good. However, there seem to be so many institutions and organizations, all having their own objectives while none is independent: “there is so much supply from professional organizations that the entrepreneurs do not know how and who to choose”. There is also competition between free advisors and commercial advisors. “Often you see entrepreneurs who can afford to pay going to the free advice and the other way round”. Focusing on small businesses it was said that SMEs are not taken seriously by some commercial and professional advisors and that there is a lack of knowledge as to what kind of services SMEs need; there is not a well-organized network for primary information.

4.2.7 Market Openness

Market Openness refers to the extent to which commercial arrangements undergo constant change and redeployment as new and growing firms compete and replace existing suppliers, subcontractors, and consultants. In the Netherlands, much attention was paid to overcoming improper barriers to competition in the 1990s. This is reflected in a strongly simplified Establishment Act and the institution of a National Competition Authority (NMa).

Findings from the expert surveys, in international perspective

The Dutch scores in table 9 all indicate positive judgments on the six questions relating to internal market openness. The six questions can be summarized in assessing (i) the rapid market change (Q1. and Q2.) and (ii) the major barriers to entrepreneurship. The Netherlands is ranked 6th for the first part (highest: South Korea and Japan) and 3rd for the second part (highest: United States and United Kingdom).
# Market Openness: Judgments by experts

<table>
<thead>
<tr>
<th>Scores EFC 7:</th>
<th>1=completely false, 3 =neutral, 5=completely true</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dutch scores (rank)</td>
</tr>
<tr>
<td>Q1</td>
<td>3.2 (8)</td>
</tr>
<tr>
<td>Q2</td>
<td>3.2 (3)</td>
</tr>
<tr>
<td>Q3</td>
<td>3.6 (2)</td>
</tr>
<tr>
<td>Q4</td>
<td>3.2 (3)</td>
</tr>
<tr>
<td>Q5</td>
<td>3.3 (6)</td>
</tr>
<tr>
<td>Q6</td>
<td>3.5 (3)</td>
</tr>
</tbody>
</table>

In my country:

Q1. The markets for consumer goods and services change dramatically from year to year.
Q2. The markets for business-to-business goods and services change dramatically from year to year.
Q3. New and growing firms can easily enter new markets.
Q4. New and growing firms can afford the cost of market entry.
Q5. New and growing firms can enter markets without being unfairly blocked by established firms.
Q6. The anti-trust legislation is effective and well enforced.


Findings from the expert interviews

If there had been a question on administrative burdens in the expert survey, the Dutch experts would have been very negative. Many experts mention it in the interviews. In the period between 1994 and 1999, the Dutch government reduced the administrative burden by 5.5 percent and further reductions are planned. The pronounced aim to reduce the administrative burden by 25 percent in the period between 1994 and 2002 is not yet within sight (Boog et al., 2000). Other problems mentioned are the shortage of (especially skilled) labor, the complexity of regulation and the observation that more competition could have a negative connotation again.

Successes are that – indeed - many entry barriers to the product market have been removed and that the labor market is much more flexible now than ten years ago. Most relevant information is regarded as readily available, though one expert claims that this is not the case for small firms.

## 4.2.8 Access to Physical infrastructure

Physical Infrastructure refers to the presence of and access to available physical resources – communication, utilities, transportation, land or space – at a price that does not discriminate against new, small or growing firms.

The infrastructure relating to transportation is currently under pressure in the Netherlands. Being a compact country, distances are small. However, the increased density in the urban regions in combination with the increased activity has created a situation in which traffic jams increasingly result in frustration; though similar problems are also apparent in neighboring countries. The Dutch Railway has been privatized and has not been able to cope with the increased demand very well.

Communication infrastructure is generally well developed in the Netherlands. The amount of Internet use is one of the highest in Europe. Businesses also make use of the Internet. This is used mostly for providing information: online purchasing still seems to be mostly a perspective for the future.

---

1 The recently observed economic slowdown takes off some of the pressure in this respect.
Being a geographically small country with, however 16 million inhabitants, land and space are very scarce. It is increasingly difficult to find good locations for firms. Most new businesses start at home and this is also made possible by the availability of modern communication opportunities.

**Findings from the expert surveys, in international perspective**

The scores in table 10 reveal that the experts from most countries taking part in GEM do not see the physical infrastructure as a problem. When a combined score is constructed for this framework condition (see section 4.3 for the summary picturing all combined scores) the lowest value is 2.9 for India, which indicates a neutral position (not negative, not positive). The Netherlands performs about average, witness the first block in the table. This framework condition would become more critical if more underdeveloped countries were taken into account.

**Table 10 Access to Physical Infrastructure: Judgments by experts**

<table>
<thead>
<tr>
<th>Scores EFC: 1=completely false, 3=neutral, 5=completely true</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dutch (rank)</td>
</tr>
<tr>
<td>Q1</td>
</tr>
<tr>
<td>Q2</td>
</tr>
<tr>
<td>Q3</td>
</tr>
<tr>
<td>Q4</td>
</tr>
<tr>
<td>Q5</td>
</tr>
</tbody>
</table>

*In my country:*  
Q1. There are enough subcontractors, suppliers, and consultants to support new and growing firms.  
Q2. New and growing firms can afford the cost of using subcontractors, suppliers, and consultants.  
Q3. It is easy for new and growing firms to get good subcontractors, suppliers, and consultants.  
Q4. It is easy for new and growing firms to get good, professional legal and accounting services.  
Q5. It is easy for new and growing firms to get good banking services (checking accounts, foreign exchange transactions, letters of credit, and the like).

*Source: GEM expert surveys, summer 2001.*

**Findings from the expert interviews**

The Netherlands has to deal with a tremendously dense population, especially in the western part around Amsterdam, Rotterdam, The Hague and Utrecht. The transportation infrastructure is hard pressed in these areas and it is also hard to get good locations for firms at reasonable prices. One expert also said that there is no guarantee that there will be enough space for enterprises in the future.

Successes mentioned are that physical conditions for enterprises are becoming better and that enterprise buildings are more often made multifunctional, enabling enterprises to expand on-site. The development of business park management has been good and towns and provinces are cooperating better and better in this respect. The ICT infrastructure is also considered to be favorable.

**4.2.9 Culture and social norms**

This framework condition refers to the extent to which existing social and cultural norms encourage, or do not discourage, individual actions that may lead to new ways of conducting businesses or economic activities and may, in turn, lead to greater dispersion of personal wealth and income. Cultural and social norms receive special attention in chapter 5.
**Findings from the expert surveys, in international perspective**

The Dutch picture shown in table 11 would have been very different if the same questions had been posed about twenty years ago. The appreciation of independence and self-sufficiency has increased, as described in detail in the next chapter. The Netherlands, however, still has a low tolerance level regarding differences in the standard of living. This egalitarian culture is also reinforced by the social security system and the progressive tax system. Moreover, there is an annual debate about the justification of the increase in earnings of top managers as compared to employees. The United States’ experts are very positive about their entrepreneurial culture.

**table 11 Cultural and Social Norms: Judgments by experts**

<table>
<thead>
<tr>
<th>Scores EFC 9: 1=completely false, 3=neutral, 5=completely true</th>
<th>Dutch scores (rank)</th>
<th>GEM overall median</th>
<th>EU-12 average</th>
<th>Country with highest score</th>
<th>Country with lowest score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1. The social security and welfare systems provide appropriate encouragement for people to take the initiative and be self-sufficient.</td>
<td>2.3 (9)</td>
<td>2.1</td>
<td>2.3</td>
<td>US (3.2)</td>
<td>BR (1.8)</td>
</tr>
<tr>
<td>Q2. A high value is placed on self-sufficiency, autonomy, individualism, and personal initiative.</td>
<td>3.1 (5)</td>
<td>2.8</td>
<td>2.6</td>
<td>US (4.2)</td>
<td>PT (1.6)</td>
</tr>
<tr>
<td>Q3. Differences in standard of living are tolerated well.</td>
<td>2.6 (16)</td>
<td>2.8</td>
<td>2.7</td>
<td>US (3.6)</td>
<td>SE (1.9)</td>
</tr>
<tr>
<td>Q4. Most young people believe they should not rely too heavily on the government.</td>
<td>3.4 (7)</td>
<td>3.2</td>
<td>3.2</td>
<td>US (3.9)</td>
<td>ZA (2.4)</td>
</tr>
<tr>
<td>Q5. Younger people expect to change jobs and occupations many times before they retire.</td>
<td>4.0 (9)</td>
<td>3.9</td>
<td>3.8</td>
<td>US (4.7)</td>
<td>JP (2.7)</td>
</tr>
<tr>
<td>Q6. People prefer to work for new firms rather than for well-established organizations.</td>
<td>2.7 (9)</td>
<td>2.3</td>
<td>2.6</td>
<td>AU (3.7)</td>
<td>JP (1.8)</td>
</tr>
</tbody>
</table>

**In my country:**

- Q1. The social security and welfare systems provide appropriate encouragement for people to take the initiative and be self-sufficient.
- Q2. A high value is placed on self-sufficiency, autonomy, individualism, and personal initiative.
- Q3. Differences in standard of living are tolerated well.
- Q4. Most young people believe they should not rely too heavily on the government.
- Q5. Younger people expect to change jobs and occupations many times before they retire.
- Q6. People prefer to work for new firms rather than for well-established organizations.


**Findings from the expert interviews**

Most experts mentioned the significant increase in attention and appreciation for entrepreneurship in the past fifteen years. This development goes together with the rising awareness that economic prosperity originates from the private sector and that an entrepreneurial attitude is needed. It was also said that the Dutch labor force includes a large number of hard working, pragmatic and innovative people.

The transformation from a negative to a positive attitude is indeed an important achievement. Still, there are some barriers left that should be overcome. The Dutch culture still seems to be somewhat uneasy with success. Also, many talented people (women; people aged over 55) do not participate in the labor market. A stigma on failure is also clearly existent, although earlier claims of huge differences between the attitude to failure in the US compared to Europe were somewhat overdone, according to an expert living in both the United States and the Netherlands. This was also seen in the GEM adult survey results. The percentage of people indicating that fear of failure would prevent them from starting a business is 21 in the United States and 25 in the Netherlands. Most European countries in GEM 2001 score between 30 and 40 percent.

**4.3 Concluding remarks**

In the previous sections nine entrepreneurial framework conditions (EFCs) were assessed, using the information from the GEM expert surveys and the expert interviews. In the expert surveys, the EFCs were dealt with by judging a number of statements on
their appropriateness for the country. Using factor analyses, summarizing indicators were constructed for all EFCs. For four EFCs the statements were categorized into two summarizing indicators. These EFCs are Financial Support, Government Policies, Internal Market Openness and Cultural and Social Norms. The five other framework conditions are expressed as a single factor score. From table 12 it is seen that having a high score does not necessarily imply a high ranking position in international context, and vice versa.

**table 12  Summarizing scores for entrepreneurial framework conditions for the Netherlands**

<table>
<thead>
<tr>
<th>Entrepreneurial Framework Condition</th>
<th>Dutch Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a Financial Support: access to debt, equity</td>
<td>4.0</td>
<td>3</td>
</tr>
<tr>
<td>9b Cultural and Social Norms: acceptance of job churning</td>
<td>3.7</td>
<td>5</td>
</tr>
<tr>
<td>8 Access to Physical Infrastructure</td>
<td>3.7</td>
<td>15</td>
</tr>
<tr>
<td>1b Financial Support: venture capital and equity</td>
<td>3.5</td>
<td>8</td>
</tr>
<tr>
<td>7b Internal Market Openness: major barriers</td>
<td>3.4</td>
<td>3</td>
</tr>
<tr>
<td>6 Commercial and Professional Infrastructure</td>
<td>3.3</td>
<td>11</td>
</tr>
<tr>
<td>7a Internal Market Openness: rapid market change</td>
<td>3.2</td>
<td>6</td>
</tr>
<tr>
<td>2a Government Policies: procurement policy, emphasis on small firms</td>
<td>3.1</td>
<td>8</td>
</tr>
<tr>
<td>3 Government Programs</td>
<td>2.7</td>
<td>13</td>
</tr>
<tr>
<td>9a Cultural and Social Norms: value of independence</td>
<td>2.6</td>
<td>10</td>
</tr>
<tr>
<td>4 Education and Training</td>
<td>2.6</td>
<td>4</td>
</tr>
<tr>
<td>2b Government Policies: regulatory, ease, speed</td>
<td>2.5</td>
<td>8</td>
</tr>
<tr>
<td>5 Research and Development Transfer</td>
<td>2.3</td>
<td>18</td>
</tr>
</tbody>
</table>


Using table 12, we may classify the summarizing EFC scores in three groups: (i) **positive** (scores 3.4 and higher); (ii) **twilight zone** (scores 2.7 – 3.3); and (iii) **negative** (scores 2.6 and lower). If we link the scores to the conclusions from the expert interviews to put them into perspective, some general conclusions can be made about the Dutch entrepreneurial climate:

**Entrepreneurial framework conditions considered positive**
- Supply of financial capital is adequate in the Netherlands, especially the “classic” types of capital. The venture capital market is also developing well. Relative to the other GEM 2001 countries, Dutch financial support is at a high level.
- Cultural and social norms are judged positive with respect to acceptance of job churning and esteem for entrepreneurs. This was very different fifteen years ago and the Dutch government played an important part in changing this attitude.
- The access to physical infrastructure is fairly good. However, this is the case in most GEM countries. There is a lack of good locations for new enterprises in some areas, particularly in the western part of the Netherlands.
- The Dutch economic policy of the past decade is generally found to have been successful in increasing competition and lowering barriers to entrepreneurship; earlier barriers (especially regulatory ones) to entrepreneurship have been overcome for a large part.

**Entrepreneurial framework conditions in the twilight zone**
- Commercial and professional infrastructure is considered to be sufficient in the Netherlands, but certainly not top-class.
Markets do not change dramatically in the Netherlands. However, relative to other countries, adjustment to changes is fairly good and new firms can quite easily enter new markets.

Procurement policy and the emphasis on small firms: the government does pay attention to new and growing firms in general. However, this should be more apparent in the procurement policy as well.

All together, the Dutch experts are neutral on the survey questions dealing with government programs. From the interviews it was found that the existing, separate government programs should be evaluated and made more focused, transparent and mutually consistent.

Entrepreneurial framework conditions considered negative

The Dutch social security and welfare system provides limited encouragement for people to take the initiative and be self-sufficient. Acceptance of differences in standard of living is still not very high by international comparison.

Education still pays little attention to entrepreneurship in most educational phases and, in particular, lacks practical application. At present, much effort is put into filling this gap. In 2000, the Ministry of Economic Affairs and the Ministry of Education, Culture and Science installed a Commission on Entrepreneurship and Education. Entrepreneurship education is now a major pillar of the Dutch government’s entrepreneurship policy. Opinions about this EFC are negative across the entire set of countries involved in GEM.

The administrative barriers for start-ups should be lowered. It also takes a long time before new regulations are implemented due to the culture of deliberation.

Greater effort is needed to accomplish a good transfer of knowledge from universities to new and small enterprises.
5 Entrepreneurship in the Netherlands: attitudes and education

5.1 Introduction

In chapter 4 we acknowledged that in the past decade, the Netherlands successfully worked on improving its business environment. In 2001, the Netherlands was ranked first in the business climate list, published by the Economist Intelligence Unit. At present, the Dutch attitude towards entrepreneurship is far more positive than it was about ten years ago. However, the total entrepreneurial activity is still rather low in the Netherlands and a relatively small number of students intend to start a business within a couple years after graduation. It is, therefore, useful to have a closer look at the factor determining the attitude of the public towards entrepreneurship and the changes that have already been made. At the same time we will also focus on the role education plays – or should play – in improving this attitude and enhancing the entrepreneurial activity in the Netherlands. In order to establish the role education should play, we will take into account the opinion of nascent and starting entrepreneurs about their preparation to become an entrepreneur and their suggestions for educational attention on entrepreneurship.

First of all we will present a framework in which attitude, education and entrepreneurial needs are brought together (section 5.2). Here we will explain how these elements are linked so that each of these three elements can be discussed separately in depth in section 5.3 – 5.5.

5.2 Framework

In figure 10 the three elements, attitude, education and entrepreneurial needs are brought together. We distinguish three relationships:
1. The influence of attitude on education.
2. The influence of education on attitude.
3. The influence of entrepreneurial needs on education.

In this section each of these three relationships will be discussed.

figure 10 Framework

5.2.1 *Influence of attitude on education*

Various studies have been carried out in the last few years to improve insight in the complex relation between entrepreneurship and economic growth. For an overview see Thurik and Wennekers (2001). The information revealed has led to a better understanding of the importance of entrepreneurship and has contributed to a more positive attitude among both policy makers and the general public towards entrepreneurs and their businesses.

Based on this positive attitude policy makers are dedicating a great deal of energy to creating a business environment that encourages people to start a business, by removing impediments and creating more opportunities. This policy is particularly aimed at actual start-ups and incumbent enterprises. However, policy makers are also of the opinion that (young) people should develop a more entrepreneurial attitude in order to improve their employability. To enhance the number of future start-ups, one of the main policy interests now is to make students more familiar with entrepreneurship.

Traditionally, the educational system inhibited, to some extent, the development of entrepreneurial qualities since it was teacher and content oriented, it had programmed sessions and it created a reactive student prepared to become an employee. To create a more entrepreneurial society, the educational system will need to pay more attention to alternative career choices.

5.2.2 *Influence of education on attitude*

The importance of education can not be denied. It prepares children and students to become knowledgeable citizens and well-equipped workers that can and will contribute to economic growth and prosperity. One of the basic features of the educational system in the Netherlands is that its main focus is on preparing students to become employees rather than starting a business. Even today, a lot of starting entrepreneurs did not become acquainted with entrepreneurship during their education; they were never told about the possibilities of and requirements for starting a business and automatically applied for a paid job after they finished their studies.

This way of thinking has undoubtedly influenced the mindset of people regarding entrepreneurship, either in their attitude to becoming entrepreneurs themselves or in their attitude towards entrepreneurship in general.

Education can play an important part in changing this mindset by making children and students more aware of entrepreneurship and developing their entrepreneurial qualities. New knowledge, experiences and ideas are some factors that affect people’s attitude. This certainly does not imply that everyone should become an entrepreneur. However, placing emphasis on stimulating independence, creativity, risk taking and initiative will also help a person to become a more independent and enterprising employee, which is also required on the job market nowadays.

5.2.3 *Influence of needed entrepreneurial qualities and skills on education*

One of the main motives to pay more attention to entrepreneurship in education is to raise awareness of entrepreneurship as a career alternative. Additionally various researchers have devoted time to investigating what characterises entrepreneurs and

---

what features and skills can and should be taught in schools to ‘make’ people more entrepreneurial. At the same time valuable information can be obtained from entrepreneurs themselves. Their experience as to what skills are needed and what elements were lacking in their education, can be an input for redesigning the educational system.

**box 5 Terminology**

In this chapter various aspects concerning entrepreneurial attention within the educational system will be reviewed. Here we give a brief explanation of the terms that will frequently be used within this context.

The first term is awareness, which is at the base of the pyramid. The explanation for this lies in the notion that everyone should be taught and told about the importance of and contribution by entrepreneurship to society and economic welfare (enhancing general awareness).

The next step is to stimulate a positive attitude to entrepreneurship among children and students, and to stimulate and develop their entrepreneurial qualities. These entrepreneurial qualities refer to personal characteristics such as creativity, risk-taking, initiative and goal setting. Developing these qualities could even start at primary school.

The last step is to train students in certain entrepreneurial skills. These skills refer to e.g. management skills, financial management and compiling a business plan. Teaching these skills can be seen as preparing students to become an entrepreneur themselves. This kind of training can be given in vocational education and universities.

Within this context we will also use the term entrepreneurial needs. This is referring to qualities and skills incumbent entrepreneurs consider necessary in order to become a (successful) entrepreneur. In stimulating entrepreneurial qualities and training entrepreneurial skills, these needs should be taken into account.

**5.3 Attitude towards entrepreneurship**

*Introduction*

In the previous section we introduced the framework of this chapter by explaining the relationships between attitude, education and entrepreneurial needs. In order to make recommendations how to improve the entrepreneurial climate in the Netherlands, we will pay close attention to the current situation with respect to these three elements. We will make use of the Dutch GEM 2001 results in combination with other data sources. In this case special attention will be given to international benchmarking and best practices.

The attitude towards entrepreneurship changed significantly in the last decades. According to one of the experts, ‘in the seventies and eighties talking about entrepreneur-
ship was common only in family businesses, while today more than ever people are discussing entrepreneurship at the dinner table'. An interesting question is what has caused this positive change in thinking about entrepreneurship.

5.3.1 *What has made the change?*

The answer to this question is far from easy. Several factors may have contributed to this, although it is quite difficult to indicate their importance. Undoubtedly, the attention policy makers, politicians and researchers have devoted to entrepreneurship in recent years, has created more awareness about the contributions of entrepreneurship to job creation, innovation and economic growth. In the beginning of the nineties for example, the Ministry of Economic Affairs launched a campaign ('Onderneem 't maar!) to inform people about the possibilities and stimulate them – focussing on women and minorities for example - to start a business. A more recent policy document, 'The Entrepreneurial Society', published in 1999, focussed the attention being paid to entrepreneurship by defining a couple of policy areas, like the regulatory framework, market structure and the business climate.

The attention policy makers are devoting to entrepreneurship is also reflected in the media. Various programs pay attention to entrepreneurship by offering people a guide how to start a business or by discussing the subject with successful entrepreneurs. The interviewed experts that were asked to judge whether you see stories in public media about successful entrepreneurs endorse this fact. More than half of them thought this statement somewhat true and 20% fully agreed with this. There is also an increasing number of commercials that, in one way or another, refer to entrepreneurship or business ownership.

The economic situation in the Netherlands has also influenced the attitude towards entrepreneurship. Since the early nineties the Dutch economy has been booming and unemployment rates have been lower than ever before. For some people this has been an impetus to take their chances to start their own business. Should things go wrong, it would be quite simple to go back to a salaried job. The perception of risk was therefore quite low. Society seems to appreciate these initiatives, as according to the policy document 'The Entrepreneurial Society', nearly 90% of Dutch people are inclined to entrepreneurs and entrepreneurship favourably.

At the same time the number of role models has increased as well, as the total number of entrepreneurs has almost doubled within 15 years (see chapter 2). Being an entrepreneur has become a more common profession, and this might have had a positive effect on other people to start their own business.

Various trends are also influencing the business environment. For instance individualism has had an enormous impact on business’ products and services. Consumers want to exert more influence on what will be produced and what they are being offered. They express their own needs and wishes and look for businesses that offer them a tailor-made package of products or services. There is no doubt that this trend has also affected the attitude towards entrepreneurship as people appreciate firms that seek such opportunities.

1 Although people seem to be more willing to take a risk in setting up a business during a period of economic growth, there are also many people that start a business when the economy is declining, e.g. in order to avoid unemployment.
5.3.2 Limits to the Dutch attitude towards entrepreneurship

An important feature of the attitude towards entrepreneurship has to do with Dutch culture. The Dutch cultural, political and social structure is primarily based on finding common and collective solutions to major problems in society, the so-called Polder-model. In essence this structure is characterized by equality, meaning that everybody involved may take part in discussing the issues raised and at the same time that no one person - or group of persons - is more important than another. This Polder-model is an expression of Dutch culture that can be referred to as a distributive society, emphasizing stability, consultation and distribution of economic wealth. It can be stated that this model also influences public opinion about entrepreneurship; i.e. as an entrepreneur you are allowed to make a lot of money, but it should not be an extravagant amount. When there is a notion that entrepreneurs enrich themselves excessively, this will, according to one of the interviewees, undoubtedly upset the current positive public feeling about entrepreneurship. In that case it will not matter whether these situations occur only in large companies, as the public will not make a distinction between entrepreneurs in small or large firms.

Another expert interviewed mentioned that a critical condition for the acceptance of success and wealth lies in the return of some part of this to society. Sponsoring, donating money to welfare organisations or supporting social or cultural activities could express this. This could also explain the current attention being given to Social and Corporate Responsibility (Maatschappelijk Verantwoord Ondernemen).

5.3.3 How positive are we really?

In order to obtain a better view of the current attitude to entrepreneurship in the Netherlands, the experts were confronted with some statements referring to this matter. Figure 11 shows that the public attitude is indeed quite positive about independency.

Figure 11 Public attitude towards entrepreneurship in the Netherlands (according to Dutch experts)

A= In the Netherlands the creation of a new venture is considered an appropriate way to become rich.
B= In the Netherlands most people consider becoming an entrepreneur as a desirable career choice.
C= In the Netherlands successful entrepreneurs have a high level of status and respect.
D= In the Netherlands you will often see stories in the public media about successful entrepreneurs.
E= In the Netherlands most people think that people start new firms only if they cannot find a good job.


Figure 11 reveals that the perception of Dutch citizens as to why people start their own business is, in most cases, dictated by opportunity based aspects. Eighty percent of all experts are of the opinion that most people consider becoming an entrepreneur as a desirable career choice and just more than 10% have the impression that in the Netherlands most people think that one starts a new firm only if he/she cannot find a good job. These results are comparable with the results of the Dutch start-up panels. Based on data from start-ups in 1994 and start-ups in 1998, we can conclude that more than 70% of all new entrepreneurs start their own business as a result to pull factors. These factors include for example the challenge and wish to be independent, better possibilities to combine work and family, and the expectation to earn more money. At the end of the nineties more people started a business based on these positive factors than in the beginning of the nineties (77% vs. 71%). Push factors for becoming independent (so called necessity entrepreneurship) refer to dissatisfaction about the current paid job, (threat of) unemployment and necessity due to personal circumstances.

Success and status
The experts do not agree upon the statement that in the Netherlands the creation of a new venture is considered an appropriate way to become rich. Almost 40% of them consider the statement to be true but 35% have exactly the opposite opinion. In the expert interviews this subject was also dealt with. Here it was said that the attitude towards successful entrepreneurship is quite positive; compared to some decades ago, earning (a lot of) money and showing it is no longer ‘not done’. Nonetheless the attitude is interdependent with the tax system; as long as there is a progressive tax system, society as a whole benefits from these successful entrepreneurs.

Successful entrepreneurs do not automatically have a high level of status and respect in the Netherlands. This attitude might be based on the principle that people in the Netherlands are not used to putting others on a pedestal (except sportsmen and sportswomen maybe). However, entrepreneurship can be a way to achieve a better position and status. According to one of the experts, there is more appreciation when someone reaches a certain position through hard work, instead of obtaining status automatically.

Failure
Compared to the quite positive attitude towards successful entrepreneurship, we must acknowledge that the general attitude towards failure is a much more sensitive subject. Hence, it is necessary to make a distinction between failure and bankruptcy. Entrepreneurs can terminate their business due to, for example, a lack of clients. Although this might be considered a failure, the impact for the entrepreneur and/or other stakeholders could be very limited. However, the impact for all parties involved, could be much greater in case of a bankruptcy. Reviewing the general attitude towards failure, we have to keep in mind that this refers particularly to the attitude towards bankruptcy.

Bankruptcies are still a taboo in the Netherlands. Failing entrepreneurs going bankrupt are associated with dramatic situations, with misery and fate, according to one of the experts. In the Netherlands there still seems to be an enormous stigma on failure. Although people seem to have some sympathy for entrepreneurs that fail, as the effect can be very great, the general attitude towards failure is rather critical; people actually put the blame on the entrepreneur him/herself. This applies particularly to failing dot-com companies.

1 ING, Ondernemers op herhaling, herstarten in Nederland, Economisch Bureau, 1998.
The notion that once you fail, you have failed forever, can be deduced from the fact that Dutch citizens seem to be afraid of failure. Almost a quarter of the adult population states that some kind of fear of failure prevents them starting their own business. At the same time the public is critical of entrepreneurs that nonetheless have taken the risk and finally failed. An important consequence of this attitude lies in the attitude towards re-starters. Instead of advancing these re-starters as people who have learnt from experiences, they are still confronted with their failure in the Netherlands. According to Blom, in the Netherlands we have a loser’s mentality whereas in the US the public regards re-starters as winners.

Although a critical public approach towards failing entrepreneurs will make start-ups more aware of the risks and consequences should they not be successful, the aversion to risk taking could also act as a deterrent to economic growth and may stifle innovation and initiative.

5.3.4 Where do we stand internationally?

So far, we have discussed only the Dutch attitude to entrepreneurship. There is also international data available on this subject. In the previous chapter we paid attention to the ranking of the Netherlands in the GEM 2001 global results concerning the entrepreneurial climate. The data reveal that, on the one hand, the Netherlands is in the top of the ranking with respect to the attitude regarding job churning but that on the other in the Netherlands the value of independence is rather low compared to the other, GEM-countries (see 4.3). In this paragraph we will look more closely at some of the international results.

In September 2000 the European Commission conducted a survey to measure the general public opinion regarding entrepreneurial activity within the European Union and the United States. Some of the survey results, published in the Flash Eurobarometer, are presented below.

Difficulties in starting a business

The general European attitude towards starting a business is slightly more positive than the attitude of the Americans, although the differences are not so impressive; both populations judge it rather difficult to start a business. There are, however, quite some differences within Europe. People in Finland and the Netherlands view the task of starting a business in their country as being least difficult, whereas people in Italy and Ireland have a far less positive attitude. Nonetheless, more than six Dutch citizens out of ten are still of the opinion that starting a successful small business is, to some degree, difficult. The reasons behind this general notion are related to the lack of available financial support and complex administrative procedures when starting a business.

---

1 R.J. Blom, 2000, Faillissement, Surseance en Schuldsanering, Graydon Nederland, Amsterdam.

2 EU, Commission staff working document, Benchmarking enterprise policy; first results from the scoreboard, Brussels, 2000.

3 Gallup Europe, Flash Eurobarometer 83 ‘Entrepreneurship’, Results and comments, september 2000. The results are based on a telephonic survey among 8.063 European and 507 American citizens. In the Netherlands a total number of 496 citizens answered the questionnaire. This number is comparable with the total number of respondents in the other European countries.
It is however striking that in both cases Dutch citizens view these issues with far less concern than people in other European countries and in the US. Apparently, compared to other countries, there are fewer barriers to starting a business in the Netherlands. This is remarkable, as the total entrepreneurial activity index (see chapter 3) is very modest in the Netherlands, especially with respect to the relative amount of nascent entrepreneurs.

**Attitude to risk**

The possible explanation for these results for the Netherlands can be found in the attitude to risk. The Flash Eurobarometer shows that, similar to the European average, more than half of the Dutch citizens agree with the statement that one should not start a business if there is a risk it might fail. Ireland is by far the least averse to risk taking. This could also be reflected in the fact that they are the best scoring European country with respect to TEA-index in the GEM 2001 Global results.

Another way to measure the attitude towards risk is by looking at public tolerance when offering a second chance to people who failed to set up a successful business. In the Netherlands people seem to be quite pitiless towards failing entrepreneurs. Figure 12 shows the results in the benchmark countries.

**figure 12 Attitude towards failing entrepreneurs in EU-15 and US (in 2000; in percentages)**


With the exception of Sweden, the Nordic countries in Europe seem to be more sceptical about giving failed entrepreneurs a second chance compared to countries in the southern regions of Europe.
Entrepreneurship as a possible career goal

Almost the same pattern can be distinguished by looking at the preferred professional career people in these countries consider for themselves. In the northern part of Europe the average of people preferring to be independent varies between 27 and 44%, whereas in the southern European countries this percentage is far above half. On average 51% of European citizens would prefer to be independent; in the US this percentage is as high as 69%.

Within the framework of identifying the entrepreneurial ambitions of students, a Swedish organisation, Universum, examines the attitude of graduate students within several European countries and the US every year. Students from different educational institutions (colleges and universities) and areas of study are represented in the survey. The 1999 results reveal that graduate students are less inclined to become independent. Only 6% of all Dutch students regard entrepreneurship as a career choice. Dutch students are not more reserved than students in other European countries. In the US however, this percentages is 10%.

The attitude to starting a business among graduate students is also reflected in their priorities during the three years after graduation. Seven percent of all Dutch students intend to start a business, although more than 80% thinks about career development. In comparison to other (European) students surveyed, Dutch students are slightly more likely to prioritise their career development and personal growth.

Comparisons with non-European countries

The positive attitude towards entrepreneurship in the Netherlands, apart from the aversion to risk, still holds when comparing the results with countries outside Europe. According to the GEM 2001 Australian Report, Australia - ranked 22nd in the motivation index (see chapter 3) - ‘lacks a social legitimacy of entrepreneurship’. That is, the majority of the population does not see entrepreneurship as something to aspire. ‘A higher value is placed on a professional career such as law, medicine, accounting and consulting, and perceptions of entrepreneurship are driven by unrealistic media portrayal’.

New Zealand is another good example of a country with a high total entrepreneurial activity where cultural and social norms are considered to be a major problem for successful entrepreneurship. Experts in New Zealand state that an entrepreneur’s success is seen as being at the expense of other people, that positive role models for entrepreneurs are lacking and that whether you succeed or fail ‘you get whacked around the ears’.

Concluding remarks

The two examples given above reflect almost the reverse situation compared with the Netherlands, where cultural and social norms are positive, but where total entrepreneurial activity is lagging behind. However, similar to the Dutch situation, in Australia and New Zealand people are risk averse and there seems to be a fear of failure (‘failure was not accepted as an inevitable part of the learning process’). One conclusion might be that the attitude towards entrepreneurship and the total entrepreneurial activity does not significantly correlate. It could be that one should go beyond these elements to find

---

1 Hindle and Rushworth, 2001.
explanations. Studying the cultural development in several countries in depth might produce more valid conclusions as to what could be the cause of these differences. However, it might be necessary to make a distinction between the general attitude towards entrepreneurship and the attitude of people to becoming an entrepreneur themselves. The general attitude to entrepreneurship seems to be rather positive in the Netherlands. There has been quite a change in the approach as a result of more public and governmental attention towards entrepreneurs, and the changing society. On the other hand there still is a reserve with respect to failure and excessive wealth. The attitude to start a business yourself also seems to be less positive. People are much more self-critical as to whether they would be able to start and manage a business of their own. Fear of risk and failure could be one of the considerations that lead people to abandon the idea of becoming an entrepreneur. A ‘job-culture’ seems to be deeply engrained in Dutch society. In this respect many experts consider education and training as an essential pre-condition and critical element for enhancing the willingness of the Dutch population to pursue entrepreneurship as a career goal.

5.4 **Needed entrepreneurial qualities and skills**

*Introduction*

The importance of education in creating awareness, stimulating a critical attitude and teaching skills can not be denied. Education does shape people in certain ways, and this has a great impact on general attitudes, social and cultural norms. One of the Dutch experts states that the attitude of young people towards entrepreneurship and small businesses is deteriorating, as they are told little about their own responsibilities. Because of this lacking of a sense of responsibility, they have little understanding of and respect for independence and entrepreneurship. Education can play an important part in changing this attitude and ‘creating’ independent and enterprising citizens. This is not necessary only with respect to changing the public attitude towards entrepreneurship; the job market also demands more ‘entrepreneurial’ employees.

Before looking at the attention the educational system is currently dedicating to teaching entrepreneurial qualities, we will focus on the entrepreneurial needs. What entrepreneurial skills are required, what is the experience of entrepreneurs with respect to their educational preparation for starting their own business and to what extent can (and should) these skills be taught?

*Entrepreneurial qualities*

Entrepreneurial features are being identified in various studies. Many of these qualities are related to personal characteristics. Based on a detailed literature search, Van der Kuip has composed a set of ten entrepreneurial qualities:

- Achievement motivation.
- Need for autonomy.

---

1 See *Entrepreneurship in the Netherlands, edition 2001*, contribution by Paul Reynolds.


Research has led to the conclusion that these personal characteristics, as well as competences, determine successful entrepreneurship more than, for example, the sector of education\(^1\).

**To what extent are entrepreneurs prepared for running their own business?**

To what extent entrepreneurs really possess these qualities, can be partly deduced from panel data on nascent entrepreneurs and start-ups in the Netherlands. In the panel study starting entrepreneurs have been asked to judge to what extent they possess certain entrepreneurial qualities and skills. Figure 13 shows the main results.

Figure 13 shows that a large proportion of start-ups (86%) consider themselves to be strong in that they have an open mind for new developments which can be regarded as seizing opportunities to seek for new chances in the market. Risk taking is also an important feature of entrepreneurship. It refers to the acceptance of a certain degree of risk in certain circumstances. Almost two third of all starting entrepreneurs state that they are willing to take risks, although this does not imply that their behavior is risk-seeking. Many business founders believe they have the capacity required to become a successful entrepreneur.

At the same time, the results indicate that start-ups are more insecure in their interaction with various other parties in their surroundings, such as with other entrepreneurs in networks or banks to obtain capital. This outcome is in line with several other studies that reveal that only a fraction of the (starting) entrepreneurs exchange information

\(^1\) University Nyenrode, 2000, *Succesvol ondernemen: eerder een kwestie van karakter dan van kennis*, Breukelen.
about their own experience with their counterparts in networks. According to one of the experts ‘regional or local networks are desirable to help entrepreneurs to gain some kind of interacting and coaching, although they often think they know it all’. ‘Entrepreneurs are addicted to their work and sometimes lose sight of what is best actions for them to take; networking can help them to become more focused and to pay more attention to what is happening around them’. 

Apart from these rather personal characteristics, entrepreneurial qualities also include having the right skills to run the business. This is, for example, related to sector experience, financial management and marketing management. Research indicates that more than three out of four entrepreneurs start their business in a sector with which they are, to a greater or lesser extent, familiar. Prior to the start many entrepreneurs spend some time in learning to understand the various fiscal aspects of running a business (72%), as well as on financial management (62%).

**What is missing in education according to entrepreneurs?**

The extent to which education has contributed to the current success of incumbent entrepreneurs is very limited. Two entrepreneurs out of three are of the opinion that their education did not in any respect prepare them for becoming an entrepreneur. In the first place several entrepreneurs state that their education has not paid any attention to entrepreneurship as a choice of career. This complaint is heard quite often; in the Netherlands, the educational system is still rather traditional, which means that it ‘teaches young people to obey, reproduce facts and to engage in wage-employment after finishing their education’. Creating awareness of what entrepreneurship means and the important contribution of entrepreneurship to society seems to be of minor importance in the educational system, according to entrepreneurs.

Related to this lack of awareness a large majority of entrepreneurs (more than 80%) were never in touch with a single entrepreneur during their education. Very few entrepreneurs have had the experience of listening to an entrepreneur giving a lecture about what it means to be independent and to run your own business. Most entrepreneurs mention that they originally became acquainted with entrepreneurship, because they grew up in a family business or other members of the family were running their own business.

Finally, entrepreneurs state that during their education only little attention was paid to training entrepreneurial skills, such as writing a business plan, increasing knowledge about entrepreneurship through working experience or setting up your own business.

---

1. Fewer than one third of all start-ups co-operate with other entrepreneurs in a formal network; half of all start-ups have contact with other entrepreneurs in informal networks (EIM, Start-up panel 1998; Entrepreneurship Monitor, spring 2000).

2. EIM panel of start-ups 1998.

3. ibidem.

4. Data are derived from the Entrepreneurship Monitor, Ministry of Economic Affairs, spring 2000.

There seem to be quite some differences within the educational system as entrepreneurs who finished a study in vocational training are least negative about the attention given to entrepreneurship. Almost a quarter are of the opinion that they have been quite well prepared for becoming independent. Entrepreneurs who studied at university are much more critical about the contribution of their study to their current profession, especially with respect to awareness and attitude towards entrepreneurship. However, some of them consider their education useful as they developed various educational skills.

**What could be improved in the attention paid to entrepreneurship in education according to entrepreneurs**

In order to enhance the educational attention for entrepreneurship and improve the preparation for becoming independent, incumbent entrepreneurs were asked to make comments and suggestions. A variety of possible measures were put forward. These were not only addressed to creating awareness for entrepreneurship as a possible career choice, but also to incorporate entrepreneurship more into the educational system by organizing meetings in which students can enter into discussion with entrepreneurs or by encouraging students to train in a small company for a few months. Figure 14 gives an overview of the set of suggestions.

**Figure 14 Suggestions for improving educational attention for entrepreneurship (according to incumbent entrepreneurs)**

![Figure 14](image)


According to entrepreneurs the current educational systems is too much focussed on theoretical concepts and transferring knowledge, instead of giving more practical relevance to the theory and training communicational and presentational skills. Another suggestion is related to the entrepreneurial experience of the teachers; 'schools should be more aware of what is going on in businesses, by contracting teachers that have worked in trade and industry themselves for example'.

**Concluding remarks**

The experience of incumbent entrepreneurs is worthwhile taking into account when discussing ways to improve educational attention paid to entrepreneurship. Based on research, we may conclude that various elements of entrepreneurship should be given more attention, on the one hand to make people aware of the possibilities and contributions of entrepreneurship, and on the other hand to improve the preparation of future entrepreneurs.
5.5 Educational attention for entrepreneurship

Introduction
In the previous section we shed light on the entrepreneurial needs with respect to educational attention for entrepreneurship. Although we have to keep in mind that these incumbent entrepreneurs were reflecting on their own education, which could be quite some years ago, it nonetheless makes clear there is a lot of room for improvement. Policy makers have picked up this notion and are dedicating time and money to promoting an independent attitude and facilitating schools to spend more time on educating entrepreneurial skills. According to the Dutch Ministry of Economic Affairs ‘the government believes that, in principle, a student does not need to be taught to be an excellent entrepreneur. Rather, it tries to achieve a change in attitude: an atmosphere needs to be created in which greater independence and more willingness to take risks are rewarded and the positive image of paid employment is no longer a matter of course. Students should be able to become acquainted with the profession, so that they can experience what it is like to be an entrepreneur’¹. Based on these basic principles, we will focus our attention in this section on where we stand with respect to educational attention to entrepreneurship in the Netherlands. Information is given about best practices but also about barriers hindering entrepreneurial attention within the present system of education. Benchmarking and learning from best practices from countries elsewhere in the world will also have a prominent place in this section.

5.5.1 Budget for education

International data reveal that the Netherlands spent some 5% of GNI on public education in 1996. Compared to the Nordic countries of Europe this is rather low. Figure 15 shows the results. Total public expenditure on education adds up to more than 17 billion euro in the Netherlands every year. This is by far the largest amount of public expenditure (about 20% of total public expenditure).

The total budget is divided among several sectors of education, such as primary schools, secondary schools, vocational training and universities. Schools receive a lump sum from the Ministry of Education to finance their activities; they are, to a large extent, free to use the budget as they wish. In this we encounter one of the barriers with respect to using educational budget for enhancing entrepreneurial attention: when schools are not willing to allocate some of the budget, to organise debate meetings with entrepreneurs or set up a subject to teach how to write a business plan for example. Such kinds of initiatives can only be stimulated by the Ministry, but cannot be enforced.

5.5.2 Current situation in different levels of education

Primary and secondary schools

The basic notion behind the current attention being given to enhancing entrepreneurial awareness and improving entrepreneurial qualities among children and students is related to the assumption that entrepreneurship can be taught or trained, even though these entrepreneurial qualities seem to be closely connected with personal identity and character. Therefore entrepreneurship should be taught at an early age, when a person’s character is being developed. Hence, education for entrepreneurship, specifically focussing on creating awareness and stimulating a critical attitude, should take place in primary and secondary schools. According to one of the leading scholars on this subject, the entire curriculum should be ‘taught’ in an entrepreneurial fashion, stimulating and coaching young people to think systematically and act in an entrepreneurial way.

---

Empirical evidence reveals that the Netherlands is only at the beginning of helping children to develop entrepreneurial qualities. The educational system is still rather traditional, focusing more on content than on process, and where the teacher is the expert instead of the facilitator teaching children how they should do things, rather than what they should do\textsuperscript{1}. Entrepreneurial learning means that the educational methods rely more on students acting independently and learning by doing. As Confucius once said: ‘I hear and I forget, I see and I remember, I do and then I understand’.

According to Dutch experts, the current educational system in primary and secondary schools is, for example, hardly equipped for encouraging children to gain self-reliance, independence and personal initiative (see figure 16). Almost half of them consider that these issues scarcely get the attention needed. The same pattern holds for teaching information about market economic principles in primary and secondary schools.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure16.png}
\caption{Public opinion on the educational attention towards entrepreneurship (according to Dutch experts)}
\end{figure}

\textbf{A= }In the Netherlands teaching in primary and secondary education encourages creativity, self-sufficiency, and personal initiative.

\textbf{B= }In the Netherlands teaching in primary and secondary education provides adequate instruction for market economic principles.

\textbf{C= }In the Netherlands teaching in primary and secondary education provides adequate attention for entrepreneurship and new firm creation.

\textbf{D= }In the Netherlands colleges and universities have enough courses and programs on entrepreneurship.

\textbf{E= }In the Netherlands the level of business and management education is truly world-class.

Source: EIM, expert interviews GEM 2001, the Netherlands, 2001 (elaboration of table 6; chapter 4).

As figure 16 reveals, Dutch experts disagree greatly with the statement that in the Netherlands, teaching in primary and secondary education provides adequate attention for entrepreneurship and new firm creation. More than seven experts out of ten judge this as completely or somewhat false.

Looking at these results it is easy to state that there is quite some room for improvement. We should, however, be aware that only a few years ago the ‘studiehuis’ (study house) has been introduced in the upper levels of secondary schools and that various ad hoc initiatives were taken to enhance educational attention for entrepreneurship in these sectors of education. The more positive opinions of some experts might originate

\textsuperscript{1} Ibidem.
from some good practices, such as ‘the entrepreneurial city’ in primary schools and ‘entrepreneurship: something for me?’ in secondary schools (see text boxes).

**Good practice: The Entrepreneurial City**
The Entrepreneurial City is a good practice in dedicating more attention to entrepreneurship in primary schools. The project is based on Confucius’ saying, mentioned previously, that it is better to learn things by doing them yourself rather than merely consuming knowledge. This has been put into practice by creating various ‘learning landscapes’ in the Entrepreneurial City. A learning landscape can be seen as a major project in which children are trying to accomplish a certain goal, e.g. setting up their own power station at school or starting their own third world shop. These projects appeal to basic entrepreneurial qualities, such as independence, creativity and cooperation. A critical success factor is the involvement of people not only within the school, but also people outside the school (parents, entrepreneurs, etc). Nowadays more than 30 educational landscapes have been developed and meanwhile several schools in different parts of the Netherlands have participated.

**Good practice: Entrepreneurship: something for me?**
Another good example of introducing more entrepreneurial elements in the educational system is a teacher’s initiative at a secondary school in Rotterdam. Being an entrepreneur himself he introduced an educational project in which students devise their own fictitious business and write a business plan. The aim is to take advantage of children’s personal characteristics, like creativity and perseverance, and at the same time enhance their entrepreneurial knowledge and capacities. Teachers facilitate the project and are supported by students in Small Business and Retail Management at a regional university. Within the framework of the project several tools and instruments are being developed, such as a study book, a cd-rom, a training for teachers, a website and a set of criteria to mark the value of the business plans. The project has been adopted by schools throughout the Netherlands.

It is worth mentioning that some years ago a new educational programme was introduced for children in the final years of their education at secondary school. This ‘studiehuis’ focuses on self-learning and self-management instead of attending lectures all day. Pupils have, for example, the opportunity to do their homework at school, as some hours are reserved for this, they are working more independently or in groups with other pupils and an important part of their curriculum is devoted to research and writing papers. This results in the curriculum being more flexible and more student-oriented, which can be envisaged as a way of entrepreneurial learning.

**Universities, vocational education and colleges**
Experts agree that attention to entrepreneurship is more developed in vocational education and at universities, compared to primary and secondary schools. Figure 16 reveals that one third of the Dutch experts consider it more of less true that colleges and universities have enough courses and programs on entrepreneurship. Nonetheless 50% of all experts disagree with this statement.

Especially in middle and higher professional education various subjects and lectures concerning small business education and projects aimed at setting up your own business, have been introduced in these educational levels in recent years. Generally the aim is to enhance (theoretical) knowledge of entrepreneurship and small businesses. This will create more awareness of the economic importance and value of entrepreneurship,
which will probably have an effect on the general attitude towards entrepreneurial activities.

Some colleges and universities have gone further in their expressions and ambitions to dedicate more attention to entrepreneurship in education. In the curriculum they have incorporated courses in which students learn practical skills, like writing a business plan, marketing management or even setting up a business themselves. These courses are intended to assist in learning entrepreneurial qualities and to become more familiar what it entails to be an entrepreneur. However, most of these courses are optional for students and are not part of the obliged curriculum.

**Universities**

In the Netherlands there are 13 universities; five of them have established a (special) chair in (innovative) entrepreneurship (and SMEs). Apart from these chairs, almost all universities have introduced courses to improve the transfer of knowledge about entrepreneurship and SMEs or teach entrepreneurial skills. Nonetheless, Dutch experts are of the opinion that these initiatives are still in their infancy and that an integrated concept is missing; the current initiatives are hardly geared to one another. A positive exception in this respect is the University of Twente.

**Good practice: entrepreneurial university**

The University of Twente characterises itself as an entrepreneurial university. ‘The entrepreneurial attitude permeates the university: from our students to our professors. It is a state of mind, a mental approach to science and society, which allows us to respond rapidly to new ideas and challenges’ (website University of Twente). This entrepreneurial attitude finds expression in the possibilities students are being offered to compose their own educational programme, based on their own needs and interests. Another example is the TOP-arrangement for start-ups, in which the university offers support to graduate students and other people who have an innovative idea. This support consists of advice, coaching, networking and finance. They also facilitate graduates in their search for accommodation, as they are offered a working place at university for one year, during which they can make use of all available facilities and knowledge.

**Vocational education**

Colleges in the Netherlands, about 70 in total, are characterized by a large diversity of programmes. Research has indicated that within 30 of these colleges the educational programme pays attention to entrepreneurship, especially programmes with respect to management. The training ‘small business and retail management’ has assumed some proportion in recent years. This training focuses mainly on small and medium sized enterprises and aims to prepare students to become an entrepreneur. Although the attention for entrepreneurship comes back in different levels of professional education, it might be considered as fragmented and non-structured. According to experts, up to now the link is missing between those initiatives, as each school or college seems to re-invent a good practice. There seems, however, to be no discussion about the importance of the project ‘mini-enterprises’ for learning entrepreneurial qualities and for creating more understanding for entrepreneurship.

---

1 These are: Universiteit Wageningen, Vrije Universiteit Amsterdam, Katholieke Universiteit Nijmegen, Universiteit Twente and Technische Universiteit Eindhoven. EZ, Entrepreneurship Monitor: fall 2000 (unpublished information).

**Good practice: mini-enterprises**

The whole idea behind mini-enterprises originates from the Junior Achievement Programme in the US, where students were given the opportunity to set up and run their own business in an after-school program. The mini-enterprises were launched in some parts of professional education in the Netherlands (middelbaar beroepsonderwijs) in 1990. The main objective is to enhance entrepreneurial knowledge and learn entrepreneurial qualities. It is not at all necessary that everyone should become an entrepreneur after setting up a mini-enterprise; rather, it should contribute to an entrepreneurial attitude and to a better understanding of the importance of entrepreneurship for economic welfare. Each mini-enterprise lasts for at least six months during which a group of students set up and run their own business. They receive support from teachers and from coaches. These coaches are former businessmen and –women, who place their practical knowledge and expertise at these students’ disposal. During this period of time, each student holds a position in the business (e.g. director, marketing manager, financial manager, staff manager), which rotates to give everyone the opportunity to experience different responsibilities and duties. There is a possibility, after six months, to continue the business in reality. In a period of ten years the Foundation of mini-enterprises Netherlands has performed more than 225 projects (see figure 17), in which almost 3,000 students took part.

**figure 17** number of mini-enterprises in the Netherlands 1990-2000

<table>
<thead>
<tr>
<th>Year</th>
<th>Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999/2000</td>
<td>215</td>
</tr>
<tr>
<td>1998/1999</td>
<td>203</td>
</tr>
<tr>
<td>1997/1998</td>
<td>175</td>
</tr>
<tr>
<td>1996/1997</td>
<td>141</td>
</tr>
<tr>
<td>1995/1996</td>
<td>95</td>
</tr>
<tr>
<td>1994/1995</td>
<td>72</td>
</tr>
<tr>
<td>1993/1994</td>
<td>53</td>
</tr>
<tr>
<td>1992/1993</td>
<td>41</td>
</tr>
<tr>
<td>1991/1992</td>
<td>31</td>
</tr>
<tr>
<td>1990/1991</td>
<td>10</td>
</tr>
</tbody>
</table>


### 5.5.3 Barriers to success

The previous section described the current situation with respect to entrepreneurial attention in various levels of the educational system. It reveals that the amount of new initiatives is expanding, but that schools shape their own courses, which means that schools mainly set up initiatives separately and only a few projects have a broader range of application. Since learning entrepreneurial qualities in a certain way is, usually, not part of an obliged curriculum, it depends heavily on the eagerness of several actors within schools and universities to initiate relevant projects. In this section we will have a close look at the barriers to introducing more entrepreneurial elements in the educational system.

**The educational system itself**

According to some experts, the Dutch educational system is rather bureaucratic which hinders development and change. ‘When a primary or secondary school intends to in-
troduce more entrepreneurial elements, it first of all needs to start a discussion about the examination programme and requirements. As several committees have to tackle this issue and the Ministry of Education has to approve the changes, this will result in a delay of at least six years! This hinders change and innovation and reveals a lack of decision. A way to improve the current situation would be to broaden the authority of primary and secondary schools to determine the curriculum, according to one of the experts, although this would also take quite a long time.

**Education and business**

At the moment a discussion is taking place about the role of education in society, particularly the relationship and interaction of schools and universities with business. On the one hand there are people that favour (secondary) schools having more influence in determining the curriculum and to choose subjects of their own discretion. The ministry of education, for example, seems to support this approach, which would make it possible for schools to take advantage of the needs and requirements of society, business for example. One of the experts made the suggestion of moving on to a situation in which education is more driven by market demands and financial support is determined by output delivery.

On the other hand there are people who are against the idea of focussing on business needs and requirements. They fear that schools will be influenced too much by business, with the risk that the independency of schools is no longer guaranteed. Hence, the educational programme might be converted to pay a lot more attention to practical issues instead of general education. Secondary schools, for example, do not agree at all with the aforementioned proposal, as in their opinion, this would mean returning to the situation before the introduction of the study house (studiehuis) in 1999. Universities share this sceptical attitude as they are apprehensive about losing their scientific standard and quality if there is too much businesses interference in their educational programme.

The expert interviews and current public discussions reveal the existence of an area of tension about the role businesses should play in the educational system. Students should be prepared more thoroughly for the labour market by learning more practical skills, but this should not be accomplished at the expense of the quality of the educational system. The developments with respect to more educational attention to entrepreneurship seems to fit perfectly in this debate as it indeed demands, among other things, more attention to practical skills. According to one of the experts, business’ participation in the educational system raises the question where to draw the line between common interest and business promotion.

Possible ways to meet both sides is to spend more time on guest lectures from businesses, compulsory training in businesses or drawing businesses into projects like mini-enterprises. Moreover, communication between schools and business is very important to discover each other’s needs and interests. So far, however, there appears to be a lack of energy to achieve this, as both parties consider co-operation unimportant.

**Management of schools**

We have argued that changes in the educational system are rather difficult to accomplish and that it takes years before they take shape. At the same time this could be ex-

---

1 De Volkskrant, 9 January 2002.
actly the reason why the educational system seems to be forever on the move. It did indeed take years to transform the educational approach in secondary schools to the study house approach there is nowadays. This is just an example, as in all levels of education changes seem to be the order of the day. This continuous turbulence within the educational system leads experts to conclude that schools are less willing to be involved in with yet another development.

**Teachers**

‘The attitude of teachers, as well as students and parents, can be characterized by a strong inner urge for security, which means graduation’. This approach is based on the basic principles of the Dutch educational system: to prepare pupils and students for a paid job in the labour market. The experts agree with each other that the educational system can be traced back to job descriptions in the labour market. Schools have included these requirements in various vocational training programmes, which consequently has shaped the (traditional) teacher training as well. We may therefore conclude that teachers are not equipped to use an entrepreneurial learning method, in which they are no longer the expert, but a facilitator in the learning process of pupils and students.

There is, however, not only a mismatch between teacher training and the current educational requirements to focus more closely on learning educational qualities, teachers themselves lack practical experience; ‘they graduate and become a teacher immediately afterwards’. ‘They lack experience in the business world and, in particular, they have no feeling for entrepreneurial activities’. How can they be enthusiastic when they are not at all familiar with entrepreneurship? One of the experts indicates that it is not about teachers’ expert knowledge, but more about the presence of an entrepreneurial attitude, an open mind for innovative ideas and a more commercial bias.

The foundation of mini-enterprises Netherlands remarks that it depends heavily on the attitude of schools and teachers when introducing the project. The willingness to implement the project into the educational program is often derived from teachers’ own practical experiences. The foundation is the opinion that teachers’ commitment to the educational system has diminished in recent years, partly due to the changes they have been gone through. This attitude results in a reserve, especially for things they are not familiar with.

What needs to be done to improve teachers’ attitude, as nowadays this seems to act as a deterrent for innovation and the introduction of new learning methods? It is important to acknowledge that the issue cannot easily be solved; the transition from a traditional learning method to a more entrepreneurial mode of learning implies a fundamental change in attitude and approach. Especially when this means adapting the standard curriculum at various school levels.

Hence there is no doubt that, to start with, teacher training should pay more attention to teaching entrepreneurial qualities. The introduction of a new program will, however, take quite some years. In order to realize improvements at short notice, it is necessary to search for incentives to make schools and teachers more enthusiastic. One of the experts suggests making use of regional meetings where teachers, management and students come together regularly to exchange information about programmes and curricula. It seems to be a minor step to start a debate there about the way to dedicate more time to creating awareness and stimulating entrepreneurial qualities by means of ad hoc projects. There are already several good practices, and these should be shared
among others. The Dutch government has accepted this idea with open arms and is giving the issue a great deal of attention in their entrepreneurship policy. In the following section we will explore these governmental initiatives in more detail.

5.5.4 Public policy

Reason

In 2000 the Ministry of Economic Affairs and the Ministry of Education have launched the National Entrepreneurship Education Program. The initiative was taken based on the notion that ‘the boundaries between employeeship and entrepreneurship are gradually dissolving. An entrepreneurial attitude will be one of the core skills for each worker. Although for many people lifetime employment is no longer a given fact, the educational system does not adequately reflect this, as it is generally geared towards preparing people for employment and less towards preparing them for entrepreneurship. In order to encourage a reversal of this trend, both ministries have established a broad-based consultative Commission on Entrepreneurship and Education’.

The Entrepreneurial Society

In the policy document 'The Entrepreneurial Society', released in fall 1999, the Ministry of Economic Affairs gabe the integration of entrepreneurship education at all levels of the educational system a prominent place on the policy agenda. The basic principle for fostering and preparing for entrepreneurship, however, differs depending on the educational level. According to the policy document, the attention to entrepreneurship in education has three facets:

- Students must be made aware of the opportunities which entrepreneurship offers as a serious alternative to working in paid employment.
- Students must be able to develop the personality traits, that contribute to successful entrepreneurship, such as creativity and drive.
- Students must be introduced to aspects necessary to engage in entrepreneurship, such as knowledge of market analysis, financial management and technical matters; in this way they can learn what an entrepreneur has to deal with.

The Ministry has formulated several policy actions to meet these aims. The policy actions place considerable emphasis on exchanging best practices and placing entrepreneurship on the agenda of several meetings with all kinds of actors in the educational system (teachers, coaches, student counsellors, school management and national authorities).

Commission Entrepreneurship and Education

One of the main policy actions regarding this topic was the establishment of the interdepartmental commission Entrepreneurship and Education. The objective is threefold:

- Creating more awareness within the educational system.
- Drafting proposals for the development and implementation of promising projects.
- Drafting proposals to eliminate educational obstacles which impede the move to entrepreneurship.


The Dutch government has reserved a budget of €5.9 mln for a Subsidy Scheme on Entrepreneurship for the period 2000-2002. Schools can apply for a subsidy for pilot projects or for developing new learning methods to incorporate entrepreneurial elements within the curriculum. The commission judges to what extent the proposal contributes to stimulating an entrepreneurial attitude and whether it can be considered as a good practice. Up to now almost 100 projects have been considered for a subsidy, varying from projects that focus on creating awareness, to projects that are aimed at enhancing knowledge or developing entrepreneurial skills. In order to spread these good practices throughout the country, the commission has launched a special Internet site (www.lerenondernemen.nl). Other ways that are being used to enhance knowledge about good practices are through seminars, publications etc.

The future

The experts that were interviewed were quite positive about the initiatives that have been taken to dedicate more attention on entrepreneurship and education. These efforts however, should be the start of a more fundamental change within the educational system to adjust learning methods and to accomplish an actual shift to a more entrepreneurial society.

This shift should take place in all levels of education, with the main focus on primary and secondary schools, as the development of personality and competences take place in the first educational stages. As yet teacher training needs to be revised as well and should incorporate more entrepreneurial elements. So far, only limited attention has been given to this issue. The experts argue that teachers should be offered additional training facilities to become better acquainted with entrepreneurship. More knowledge and understanding of entrepreneurship among teachers will definitely lead to increased interest in entrepreneurship among their pupils.

According to the interviewees the Netherlands is an average country regarding entrepreneurial attention within the educational system within the international scene. The Global results of GEM 2001 endorse this assumption as the Netherlands is in fourth position on the entrepreneurial framework condition ‘Education & Training’ (see chapter 4). This does not, however, imply that we cannot learn from other countries. Therefore the following section will spotlight some good practices elsewhere in the world and will offer some suggestions for Dutch policy on entrepreneurship and education.

5.5.5 International attention for entrepreneurship and education

Some good practices

A recent study on patterns and trends in entrepreneurship policy in ten countries reveals that most of these countries have formulated policy actions regarding entrepreneurship and education. Public attention for enhancing and improving entrepreneurial activities within the educational system appears to be a hot topic. According to Stevenson, most economies realize that ad hoc effects to expose youth to entrepreneurship will not be sufficient to build a strong entrepreneurial culture. Integration of entrepre-

---

1 Swedish Employers’ Confederation, 2001, Young Entrepreneurs: Europe’s challenge for tomorrow, Stockholm. The following countries participated in this research: Australia, Canada, Finland, Republic of Ireland, the Netherlands, Spain, Sweden, Taiwan, UK and the US.

neural elements within the curriculum is therefore a necessity. Comparing public programs with respect to entrepreneurship and education in these ten countries, Stevenson earmarks the Netherlands’ initiative for a Commission on Entrepreneurship and Education, as a good example in this respect. However, Australia is one of the countries in which this process is the most advanced.

**Australia**

**Good practice: Enterprise Education in Schools (Australia)**

In 1996 the Australian Department of Education, Training and Youth Affairs (DETYA) initiated a program, called Enterprise Education in Schools. The EES aims to support initiatives designed to develop enterprising attitudes in students to achieve three objectives:

- Develop a greater understanding of economics and how businesses and other enterprises operate.
- Acquire competences, including skills and attitudes, to be enterprising.
- Use enterprising experiences to learn any part of the curriculum.

Over a three-year period a range of initiatives have been funded (for more than € 8 mln) under the EES. Examples of these initiatives are: an information kit containing a booklet, purpose-made video and cd-rom on enterprise education for all Australian schools; information and resource materials for schools, like a quarterly newsletter on enterprise education; development of resources for teachers’ professional development; development of the Australian Business Week Schools Programme; launch of an enterprise education website and a web-page providing career information for students about opportunities in small business.

In 1999 the EES project was evaluated. Some key findings are summed up below.

- The resources produced are regarded as valuable, useful and of high quality.
- Mailing-out resources is not a particularly effective way of attracting principals’ attention to a new initiative, such as enterprise education.
- Schools most likely to become involved in these projects had a principal or teacher who was highly committed to the concept of enterprise education; had a strong pre-existing enterprise education and had good pre-existing networks with local business.
- Support for the concept of enterprise education among school principals is generally high, but a substantial proportion of principals still have little knowledge or understanding of the concepts.
- There is a considerable way to go in educating parents about enterprise education and convincing them about its values and benefits.
- The most pressing need is to be more enterprising about the methods of marketing enterprise education to schools, and about providing further impetus to help schools implement enterprising activities and approaches.
- Further enhance links between schools, business and the community.
- Promote the benefits of enterprise education to all stakeholders and increase their capacity to implement it.

It is rather striking that the results reveal very much the same barriers as we have already acknowledged with respect to the Dutch situation. Success of enterprise educa-

---

tion depends heavily on the attitude, knowledge and skills of school principals and teachers. At the same time schools should recognise that enterprise education requires a different teaching approach, with a significant cultural change in schools in teaching content and methods.

**Canada**

In her research Stevenson also marks the efforts of the Canadian government to improve the educational attention to entrepreneurship as a good practice. According to Stevenson, the Atlantic Region of Canada has had the longest experience in integrating entrepreneurship education in schools. Within a period of less than ten years, more than 60% of all students had the potential to be exposed to entrepreneurship in their educational program. During these years more than € 30 mln was invested in e.g. research, evaluation, resource materials, teacher’s guides, teacher in-service, symposia, business-education partnerships and student venture programs.

**United States**

Attention to entrepreneurship and education is increasing in many countries. As in the Netherlands, universities in several countries are dedicating more time to entrepreneurial courses in which students gain knowledge about the importance of SMEs and learn entrepreneurial skills. The United States undoubtedly leads the way in this field. A recent study by the University of Arizona indicates that entrepreneurship education is highly advantageous not only for the graduates, but also for the companies they lead or work for. In the Entrepreneurship Education Impact Study, researchers revealed that compared to other graduates, students that took part in entrepreneurship education make more money and their firms grow more rapidly. Besides, they are more likely to work for high-tech companies and they are instrumental in new product development. Entrepreneurship graduates appear to be three times more likely to start a new business and are three times more likely to be self-employed.

The abovementioned results indicate that entrepreneurial attention in education is effective. Nonetheless, one critical element still needs to be in place: the positive attitude of various actors within and related to the educational system. Even a country like Australia makes clear that the culture of the educational system is not conducive to teaching entrepreneurship or fostering an entrepreneurial attitude. It is therefore not surprising that the GEM 2001 Global results reveal that none of the 29 countries involved in the project are satisfied about the quality of educational attention being given to entrepreneurship.

**European comparison**

The statement that the current situation in the Netherlands, with respect to entrepreneurship and education, is quite similar to those in other countries may seem reassuring. It is, however, useful to benchmark countries based on some identical factors to judge where we actually stand. The Swedish Employers’ Confederation and the Federation of Swedish Industries recently funded a study to benchmark entrepreneurship.

---


among young people in Europe\(^1\). In this study three elements of entrepreneurship and education have been examined.

- The extent to which the students’ curriculum offers the possibility to have contact with enterprises or entrepreneurs.
- The extent to which the education of teachers gives an understanding of enterprises and entrepreneurs and teaches them how to stimulate students in these senses.
- The extent to which teachers have the possibility to educate themselves further in business/entrepreneurship related subjects while they are working as a teacher.

In the research a distinction is made between three levels of education: compulsory school, upper secondary school and tertiary school. The results are shown in tables 13-15.

**Table 13  Contact between student and enterprises (in ten European countries in 2001)**

<table>
<thead>
<tr>
<th></th>
<th>Compulsory school</th>
<th>Upper secondary school</th>
<th>Tertiary school</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>+/-</td>
<td>+/-</td>
<td>+/-</td>
</tr>
<tr>
<td>Denmark</td>
<td>+</td>
<td>+/-</td>
<td>+/-</td>
</tr>
<tr>
<td>Finland</td>
<td>+</td>
<td>+</td>
<td>+/-</td>
</tr>
<tr>
<td>France</td>
<td>+</td>
<td>+/-</td>
<td>+/-</td>
</tr>
<tr>
<td>Germany</td>
<td>+/-</td>
<td>+/-</td>
<td>+/-</td>
</tr>
<tr>
<td>Ireland</td>
<td>+/-</td>
<td>+</td>
<td>+/-</td>
</tr>
<tr>
<td>Spain</td>
<td>-</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>Sweden</td>
<td>-</td>
<td>+/-</td>
<td>+/-</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>-</td>
<td>-</td>
<td>+/-</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>+/-</td>
<td>+/-</td>
<td>+/-</td>
</tr>
</tbody>
</table>

*Legend:*  
+ = yes  
+/- = yes, for some/voluntary basis  
- = no  

*Source: Karlsson, 2001, Young Entrepreneurs: Europe’s challenge for tomorrow,*

Table 13 reveals that Finland and Ireland score highest with respect to possible contacts between students and entrepreneurs at different levels of education. In this respect there seems to be a lot of room for improvement in the Netherlands, as the results show that there are hardly any chances that students have contact with entrepreneurs as part of their curriculum.

In table 14 the results are shown with respect to the attention teacher training programs pay to entrepreneurship. It is striking to see that in most countries teachers are not at all prepared to teach pupils and students entrepreneurial qualities, as in their own education hardly any attention is given to this issue. The positive exceptions are the Anglo-Saxon countries, Ireland and the United Kingdom.

\(^1\) This initiative is in accordance with the Swedish policy objective to promote youth entrepreneurship.
### Table 14: Entrepreneurship in Education of Teachers (in Ten European Countries in 2001)

<table>
<thead>
<tr>
<th></th>
<th>Compulsory School</th>
<th>Upper Secondary School</th>
<th>Tertiary School</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>+/-</td>
<td>+/-</td>
<td>+/-</td>
</tr>
<tr>
<td>Denmark</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Finland</td>
<td>+/-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>France</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Germany</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ireland</td>
<td>+/-</td>
<td>+/-</td>
<td>+/-</td>
</tr>
<tr>
<td>Spain</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sweden</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>+/-</td>
<td>+/-</td>
<td>+/-</td>
</tr>
</tbody>
</table>

**Legend:**

+ = yes
+/- = yes, for some voluntary basis
- = no

**Source:** Karlsson, 2001, *Young Entrepreneurs: Europe’s challenge for tomorrow.*

Finally, table 15 reveals the possibilities for teachers to educate themselves further in entrepreneurial knowledge and skills.

### Table 15: Entrepreneurship in Further Training for Teachers (in Ten European Countries in 2001)

<table>
<thead>
<tr>
<th></th>
<th>Compulsory School</th>
<th>Upper Secondary School</th>
<th>Tertiary School</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>+/-</td>
<td>+/-</td>
<td>+/-</td>
</tr>
<tr>
<td>Denmark</td>
<td>+/-</td>
<td>+/-</td>
<td>+/-</td>
</tr>
<tr>
<td>Finland</td>
<td>+/-</td>
<td>+</td>
<td>+/-</td>
</tr>
<tr>
<td>France</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Germany</td>
<td>-</td>
<td>+/-</td>
<td>+/-</td>
</tr>
<tr>
<td>Ireland</td>
<td>+/-</td>
<td>+</td>
<td>+/-</td>
</tr>
<tr>
<td>Spain</td>
<td>-</td>
<td>-</td>
<td>+/-</td>
</tr>
<tr>
<td>Sweden</td>
<td>+/-</td>
<td>+/-</td>
<td>+/-</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>+/-</td>
<td>+/-</td>
<td>+/-</td>
</tr>
</tbody>
</table>

**Legend:**

+ = yes
+/- = yes, for some voluntary basis
- = no

**Source:** Karlsson, 2001, *Young Entrepreneurs: Europe’s challenge for tomorrow.*

From table 15 it appears that a majority of the countries involved offers teachers in various levels of education the possibility to educate themselves further on entrepreneurial issues, taking into account that in Ireland this is a real opportunity only for teachers.
in upper secondary school. In other cases the possibility exists on a ‘some or voluntary’ basis. The Dutch results are again below average; in not one single educational level are there additional training facilities for teachers to learn or brush up entrepreneurial knowledge and skills.

5.5.6 Concluding remarks

In this paragraph we discussed the current situation in the Netherlands with respect to the attention being given to entrepreneurship in different levels of education. Taking into account that this issue has been on the political agenda for only two years now, we conclude that many initiatives have been unfolded, varying from creating awareness to promoting entrepreneurial skills. We can distinguish some good practices, like mini-enterprises, that spread across the country and at various levels of education within ten years of their existence.

At the same time we have to acknowledge that we are just at the beginning of a long-term process, in which the educational system has to transform from a knowledge-based to a action-based learning method. This is not a process without a struggle. On the contrary, all actors within the educational system have to become receptive for this new approach and must be trained to be able to help pupils and students to develop entrepreneurial qualities.

At this moment there appear to be quite some serious barriers that hinder the implementation of good practices in other schools. A negative attitude towards another proposed change in the educational system, hardly any knowledge about the importance of entrepreneurship for economic welfare and the lack of entrepreneurial skills among teachers, like innovation, initiative and risk taking, undermines the introduction of an entrepreneurial learning method.

The public initiative to set up a commission to gather good practices, to stimulate schools to apply for a subsidy by tendering a proposal for a pilot project and promote cooperation between schools and business, is a valuable first step in this process, but subsequent steps will be necessary to realize structural reform of the Dutch educational system in this respect. A lot can be learnt from experience and good practices in other countries as well. Facilitating and supporting teachers in carrying through this process of change is extremely important if this change is to be completed successfully.
6 Synthesis

From Dutch disease to Dutch cure
It is only two decades ago that the Dutch economy was characterized by a dismal combination of high wages, high unemployment, a high government deficit, low labor participation, low business profitability and a low point in business ownership. This predicament was partly related to the abundant availability of natural gas in the Netherlands, sustaining excessive policy attention for income equality and a neglect of the national productive capacity. In those days, and outside the Netherlands, this was often referred to as “Dutch disease”. During the twenty years since the deep recession of 1982 and the ensuing trilateral agreement between the employers’ organizations, the labor unions and the government (an agreement fully compatible with the so-called Dutch “Polder model”), a great deal has been accomplished in terms of wage moderation, the pruning of social security, enhanced labor market flexibility, tax reform, improved functioning of markets and the promotion of entrepreneurship and competition. Concurrently the macro-economic performance of the Dutch economy has been remarkably vital, particularly in terms of job creation and to a lesser extent also in terms of economic growth. Furthermore, the number of enterprises almost doubled in the past 15 years. As early as in 1999 this success had caught wide attention from policymakers in other countries, who referred to it in terms of a “Dutch cure” and/or “Dutch delight” (see The Economist, May 22nd 1999, page 97). Others called it the “Dutch miracle”. Finally, in 2001 a notable milestone was reached when the Netherlands was ranked first on the business climate list published by the Economist Intelligence Unit.

Job culture is disappearing but slowly
In spite of this economic success, the research carried out for the Global Entrepreneurship Monitor 2001 confronts us with some puzzling results. First, prevalence of nascent entrepreneurship in the Dutch adult population was found to be low relative to the rate reported by most other countries participating in GEM. The prevalence rate found in the Netherlands (2.6% of the population of 18-65 years of age) is quite consistent with the results from a larger survey study published in 1999, and thus appears to be a solid finding. The low relative ranking of nascent entrepreneurship in the Netherlands is however remarkable, and so is the fact that the Low Countries received a much higher relative ranking in terms of the prevalence of “baby businesses” that are actually up and running. In itself the latter result may reflect the high survival rates of new business start-ups in the Netherlands, as discussed earlier in the present report. Could it be that the Dutch only attempt to start a business when they are pretty sure that they will pull it through? Or are these high survival rates rather due to the emphasis in the Netherlands on the preparation of a business start-up and to many positive framework conditions for young firms in the Netherlands? The current sample size precludes firm conclusions concerning the ratio of baby businesses and nascent start-ups in the Netherlands and its underlying determinants, but this matter certainly deserves following up in future research.

Secondly, a paradox is found in the area of attitudes and preferences towards entrepreneurship. Undeniably, attitudes towards entrepreneurship in the Netherlands are now quite favorable, certainly compared to twenty years ago. This report has presented ample evidence thereof, from several sources and concerning various groups of the population. An entrepreneur is again well respected in the Netherlands and often even admired for his/her initiative, courage and success. On the other hand, in terms of risk
aversion the Netherlands holds at best an average position. Even more disconcerting is the finding that the willingness to pursue entrepreneurship as a personal career goal seems to be relatively weak, particularly among graduate students. As put by some of the experts interviewed for this report, the Netherlands is still characterized by a job culture. Probably related to this, it was also noted by the experts that failing is still not regarded as a "learning experience". On the other hand, labor market flexibility has increased, and job churning now seems well accepted among young people. Although cultural change is on its way, it is apparently a slow process, which may take one or two generations to bear fruit.

**Education and entrepreneurship**

While cultural change in itself takes time, the speed of this process is also dependent upon institutions. The most direct relationship is probably that with the educational system, but regulatory thresholds for business start-ups and incentive structures maintaining high opportunity costs of entrepreneurship also play their part (see below). First we will now have a closer look at the relationship between education and the cultural dimension. As was elaborated in chapter 5 of this report, the educational system plays a major role in perpetuating the Dutch job culture. This is first of all anchored in its teaching goals that are usually derived from dated job descriptions in the labor market. Second, the basic inner drive of teachers, parents and pupils alike is one for security, meaning graduation. Third, the educational system is historically very much centered on teaching content rather than on developing skills, although in recent years much has changed in this respect. Fourth, contacts between schools and business are scant, except in some vocational schools. Most pupils and students never meet a real life entrepreneur through school. Finally, Dutch teachers as a rule have themselves very little knowledge and awareness of entrepreneurship. The National Program on Entrepreneurship and Education, jointly launched by the Department of Economic Affairs and that of Education, Culture and Sciences in 2000, is in itself a major step in the right direction. However, it seems crucial that after completing the pilot phase by the end of 2002, a next step will be taken to prepare and implement structural changes in the educational system itself. This would include a further diffusion of good practices, and a modernization of teacher training that is up to tomorrow’s needs.

**Other remaining institutional impediments**

Three other major problems were found in our research concerning the entrepreneurial framework conditions. First, obtaining all the required permits and licenses, registering a new firm with all the relevant authorities, including the tax office and social security, still creates quite a burden in the Netherlands. Second, there are some indications that the opportunity costs of entrepreneurship are still quite high in the Netherlands. A first indication is the extremely low prevalence of “necessity entrepreneurship”, second only to Norway. This signals that probably the Netherlands has not yet reached an optimal balance between economic security and self-sufficiency. A related problem is that so many talented people in the Netherlands, including women in general and well-educated, experienced people above 55 years in particular, do not participate in the labor process. Finally, the experts gave R&D transfer from universities and public research centers to new and growing firms in the Netherlands the lowest absolute score of all framework dimensions, while this assessment was also below average when compared to the other countries. A major problem in this area is the fact that new and growing firms have less access to new research technology than do large, established firms.
At the same time, it is good to be aware of the mutual reinforcements that exist between culture and institutions. In the 1970s and the early 1980s these reinforcements had created a vicious circle leading to a structural decline of entrepreneurship. Fully reversing this process asks for a systemic or holistic approach\(^1\) encompassing both the cultural and the institutional domain.

**Major successes**

Meanwhile, many successes have already been accomplished. Several entrepreneurial framework conditions in the Netherlands now seem to be quite well developed. This concerns the financial support structure of entrepreneurship, the openness of the internal market to entry, and the access to the physical infrastructure, except that in some areas, particularly in the western part of the country, there is a lack of good locations for new enterprises. Furthermore, the commercial and professional infrastructure, the protection of intellectual property rights, government procurement and government programs to support new and growing firms received average assessment scores from the experts. Viewed from an historical perspective, the general business climate and labor market flexibility have improved, and many barriers to entry and to competition have been removed.

**The long road to the entrepreneurial society**

As we have seen in the previous chapters, over the past two decades, the Dutch government has systematically invested in improving the institutional environment for business start-ups, by removing impediments and by introducing more incentives\(^2\). At the same time, the government has also addressed the cultural domain, at first mainly through the promotion of entrepreneurship in the media and more recently by launching the National Program on Entrepreneurship and Education. Meanwhile the number of annual business start-ups has almost doubled since 1987, and the business ownership rate has recovered the ground lost in the period between 1972 and 1984. So the availability of entrepreneurial role models has also grown substantially. Nonetheless, the mission has not yet been completed. In spite of the much more favorable attitude towards entrepreneurship within the Dutch population, the willingness to pursue a personal career as an entrepreneur is still relatively weak. Many remnants of the previous job culture have remained, the opportunity costs of entrepreneurship are still high and regulatory barriers for business start-ups remain serious. The road to the entrepreneurial society is a long one. But as the goal comes closer, the large untapped reservoir of entrepreneurial talent and energy available in the Netherlands is gradually being allocated in an economically more productive manner. Fully developing and using these resources now is one of the most promising challenges for the Dutch economy.

\(^1\) On this see also Stevenson and Lundström, 2001.

References


CINOP, 2000, *Onderwijs en ondernemerschap*, Den Bosch


EU, 2000, Benchmarking enterprise policy; first results from the scoreboard, *Commission staff working document*, Brussels.


Universiteit Nyenrode, 2000, *Succesvol ondernemen: eerder een kwestie van karakter dan van kennis*, Breukelen.


Annex I  List of interviewed experts

The following Dutch experts were interviewed for GEM 2001:

Mr. Sander Baljé, Ministerie van Economische Zaken
Mrs. Brecht Bleeker, Stichting Mini-Ondernemingen
Mr. Piet Bond, Gemeente Waddinxveen
Dr. Brigitte van der Burg, Raad voor Zelfstandig Ondernemerschap (RZO)
Dr. Martin Carree, Erasmus Universiteit Rotterdam
Mr. Pieter van Essen, Participatiemaatschappij Mainport Rotterdam
Mr. Aard Groen, Universiteit Twente
Mr. Boris van der Gijp, Neprom
Mr. Michiel Hillen, Stichting Maatschappij en Onderneming (SMO)
Mr. Jan Hoogkamer, VVK
Mrs. Pauline van der Kleijn, Ministerie van Economische Zaken
Mr. Janco Kazatzidis, Amsterdam Science Park
Dr. Ron Kemp, Wageningen Universiteit en Researchcentrum
Mr. Aad Kleijweg, NMa
Mrs. Linda Kluver, MKB adviseurs
Mr. Gerard Kroon, Gemeente Den Haag
Mr. Jan Meijer, Stichting Mini-Ondernemingen
Mrs. Nelleke Meijer, Raad voor Zelfstandig Ondernemerschap (RZO)
Mr. Peter Mertens, Deloitte & Touche
Mr. Hans Molenaar, Hogeschool Rotterdam
Mr. Piet Nobel, Deloitte & Touche
Prof. Martin Mulder, Commissie Ondernemerschap en Onderwijs
Mr. Benne van Popta, MKB Nederland
Mr. Joep Rats, MKB Nederland
Prof. Karel Samsom, Universiteit Nyenrode
Mr. Dick Scherjon, VNO-NCW
Mrs. Rita ter Steeg, VNO-NCW
Mr. Paul van Steen, Rijksuniversiteit Groningen
Mr. Albert Sijsma, Shell International
Prof. Roy Thurik, Erasmus Universiteit Rotterdam
Dr. Jaap van Tilburg, Van der Meer & Van Tilburg
Mr. Johan van der Tuin, Ministerie van Economische Zaken
Mr. Leo Valk, Ondernemersdesk Den Haag
Prof. Ruud Vergoossen, NIVRA
Mr. Pieter Waasdorp, Ministerie van Economische Zaken
Dr. Jaap Wolf, Gemeente Bleiswijk
Mr. Robin van Uperen, Ministerie van Economische Zaken
Mr. Ton Zondervan, Rabobank
Annex II  GEM Methodology

The principal focus of the GEM project is to explore the differences in entrepreneurial activity between countries. A national population survey was held in every country involved in GEM. The Total Entrepreneurial Activity (TEA) index is directly derived from the national survey.

Organization
The survey questions were coordinated by the central GEM team in London, headed by professor Paul Reynolds. The central team also performed the harmonized data processing for all countries. This ensures that all possible efforts are taken to provide the most reliable TEA benchmarks within the scope of the GEM project. In each country, a random sample of approximately 2000 adults was contacted by telephone. The Dutch survey was conducted by Survey@Marktonderzoek. Resulting data were weighed according to the actual distribution of the Dutch population over gender and age categories. A response of 2000 implies a sample variability of 2.2 percent at the 95 percent confidence level for aggregate values. The reader should constantly bear this in mind.

The only country for which the GEM team experienced problems in assembling a representative sample was Mexico, as only one third of the Mexican population could be reached by telephone. Therefore the survey data for Mexico must be treated with caution.

What is Entrepreneurial Activity?
In the GEM framework, entrepreneurial activity includes people that (i) are actively involved in young or nascent businesses themselves (these people form the TEA index) and (ii) make financial investments in businesses (angel investors). The TEA index consists of two components:
- nascent participation: participation in current, genuine business startups (paying wages no longer than three months) and
- young firm participation: participation (as part or full owner/manager) in new firms that are less than 42 months old at the time of the survey (i.e. established in 1998 or later).

The combined index of Total Entrepreneurial Activity adds these separate components, while eliminating double counting (as some people indicate being involved both in a startup and a new firm) and adjusting for people who answered “don’t know” to screening items. The entire calculation procedure followed is explained in the GEM 2001 Global Executive Report (Reynolds et al. 2001). The abbreviation TEA will appear frequently in the remainder of this report. As the TEA indices are the result of processing national survey data, they are not figures having a concrete explanation attached, but rather indices that compare entrepreneurial performances among countries.

The index of angel investors (also referred to as people providing informal venture capital) can be interpreted more easily; it measures participation in business angel investment, in the adult population.

Below, the procedure used for classifying respondents in the different components of entrepreneurial activity is set out.
Nascent participation

Nascent participation was derived from the following questions:

1. You are, alone or with others, currently trying to start a new business; and
2. You are, alone or with others, trying to start a new business or venture for your employer – an effort that is part of your normal work.

An affirmative response to either of these questions led to three supplementary questions to determine whether the startup venture was genuine:

a. Over the past 12 months, have you done anything to help start this new business, such as looking for equipment or a location, organizing a startup team, working on a business plan, beginning to save money, or any other activity that would help launch the business?

b. Will you personally own all, part, or none of the business?

c. Has the new business paid any full-time salaries or wages, including your own, for more than three months?

To be a candidate for a genuine current startup, an affirmative response to question a. and an ‘all’ or ‘part’ response to question b. was required, in combination with a ‘no’ to question c. If the respondent answered ‘yes’ to question c. and thereafter indicated that the first wages were paid in 1998 or later the respondent was a candidate for a new firm owner or manager.

Questions 1. and 2. separate the respondents classified as independent startup participants from the ones classified as firm-sponsored startup participants.

Young firm participation

Participation in young firms was measured by the question:

3. You are, alone or with others, the owner of a company you help manage.

Again, the respondents answering ‘yes’ to this question were asked when the first wages were paid. If this was in 1998 or later they were classified as new firm participants, if it was less than three months ago they were classified as current startup participants.

Angel investors

Finally, to be classified as an angel investor, the respondent should have answered ‘yes’ to the question:

4. You have, in the past three years, personally provided funds for a new business start-up that was not your own. This would not include buying shares in a stock or mutual fund.
Other EIM publications

The results of EIM’s Research Programme on SMEs and Entrepreneurship are published in the following series: Research Reports, Strategic Studies and Publieksrapportages. The most recent publications of all three series may be downloaded at: www.eim.nl/mkb-en-ondernemerschap/

Recent ‘Publieksrapportages’

| A200114 | 3-4-2002 | Monitor Administratieve Lasten Bedrijven 2000 |
| A200113 | 2-14-2002 | Voor wie niet altijd ‘Kleinduimpje’ in ondernemersland wil blijven |
| A200112 | 3-7-2002 | Entrepreneurship in the Netherlands; Innovative Entrepreneurship. New Policy Challenges! |
| A200111 | 1-23-2002 | Waarom investeren jonge bedrijven? |
| A200110 | 1-17-2002 | Stimulering van het MKB |
| A200109 | 1-22-2002 | Ondernemen in de Diensten 2002 |
| A200108 | 1-22-2002 | Ondernemen in de Detailhandel 2002 |
| A200107 | 1-9-2002 | Ondernemen in de Groothandel 2002 |
| A200106 | 12-17-2001 | Ondernemen in de Industrie 2002 |
| A200105 | 12-17-2001 | Ondernemen in het Ambacht 2002 |
| A200104 | 12-17-2001 | De opbrengsten van bedrijfsopleidingen |
| A200103 | 8-28-2001 | Zelfstandigen Zonder Personeel: waarheden en mythes |
| A200102 | 8-13-2001 | Small business, big markets, one world |
| A200101 | 7-12-2001 | Kleinschalig ondernemen 2001 |
| A200021 | 5-3-2001 | Hoe ‘groen’ is het MKB-milieubeleid? |
| A200020 | 4-10-2001 | Het voorbereidingsproces: van start tot finish? |
| A200019 | 4-24-2001 | De MKB-ondernemer en de inzet van en zorg voor personeel |
| A200018 | 3-8-2001 | De ontwikkeling van de arbeidskosten in de jaren negentig |
| A200017 | 3-5-2001 | De innovativiteit van de Nederlandse industrie |
| A200016 | 2-19-2001 | Jonge ondernemingen in 2000 |
| A200015 | 2-15-2001 | Regionale clusters nader bekeken |
| A200014 | 3-8-2001 | Entrepreneurship in the Netherlands; New economy: new entrepreneurs! |
| A200013 | 1-22-2001 | Het belang van bedrijfstypen voor de werkgelegenheidsontwikkeling, Editie 2000 |
| A200012 | 2-6-2001 | Reductie administratieve lasten door ICT |
| A200011 | 1-11-2001 | Wat betekent ICT voor vernieuwingen in het MKB? |
| A200010 | 1-8-2001 | Ondernemen in de groothandel 2001; Sectorscope |
| A200009 | 1-8-2001 | Ondernemen in de diensten 2001; Sectorscope |
| A200008 | 12-18-2000 | Ondernemen in de industrie 2001; Sectorscope |
| A200007 | 12-18-2000 | Ondernemen in het ambacht 2001; Sectorscope |
| A200006 | 12-13-2000 | Bedrijvendynamiek, snelgroeïrende bedrijven en regionaal-economische ontwikkeling |
| A200005 | 12-5-2000 | Ondernemen in de detailhandel 2001; Sectorscope |
| A200004 | 8-16-2000 | Wat bepaalt het succes van een starter? |
| A200003 | 7-6-2000 | Het belang van bedrijfstypen voor de werkgelegenheidsontwikkelingen |
| A200002 | 6-15-2000 | Groeipatronen van bedrijven |
| A200001 | 6-16-2000 | Kleinschalig ondernemen 2000 |
A199923 5-16-2000 Bedrijfsleven in beeld: het particulier beveiligingsbedrijf
A199921 4-26-2000 Scholing van werknemers
A199920 3-2-2000 Ondernemerschap in de grote steden
A199919 2-29-2000 De innovativiteit van de Nederlandse dienstensector
A199918 2-28-2000 MKB-kenniscircels
A199917 2-22-2000 Signalen uit de netwerkeconomie: samenwerken op Internet
A199916 2-15-2000 Financiering van startende vrouwelijke ondernemers
A199915 2-16-2000 Ondernemen in de diensten 2000; Sectorscope
A199914 2-16-2000 Ondernemen in de industrie 2000; Sectorscope
A199913 2-10-2000 Ondernemen in het ambacht 2000; Sectorscope
A199912 1-24-2000 Ondernemen in de groothandel 2000; Sectorscope
A199911 1-24-2000 Ondernemen in de detailhandel 2000; Sectorscope
A199909 1-24-2000 Benchmark ondernemerschap
A199908 1-12-2000 Entrepreneurship in the Netherlands: Opportunities and threats to nascent entrepreneurship