How ambitious is the Dutch entrepreneur?

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Thinking Bigger

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Content

Executive Summary

The Netherlands has become one of the best start-up ecosystems in the world.[1] However, relatively few startups transform into scaleups and unicorns.[2] A culture that enables the growth of startups seems to be missing. It is called the Dutch entrepreneurship paradox: we build strong innovative businesses, but we don't focus on growth for businesses to become scaleups and unicorns and create large economic and societal value.

The Netherlands needs ambitious entrepreneurs to engage in startups and create as much value as possible. Is the culture of 'just act normal, that is crazy enough as it is' limiting us? Are groups of people similar in age, education and gender missing opportunities? Can entrepreneurial experience circumvent this cultural barrier? We explore the largest global dataset on entrepreneurship, the Global Entrepreneurship Monitor, to answer these questions based on empirical evidence: within the Netherlands, over time, and globally.

The scaleup ecosystem seems to succeed less than it could. Starting a business and being self-employed is highly valued in the Netherlands, and a low fear of failure partially explains the many startups that are born. However, successful entrepreneurship is not as highly valued as self-employment. In other words, starting a business is more admirable than growing it successfully. The Dutch population less often has the ambition to grow their business than entrepreneurs in other benchmark countries (i.e. Switzerland, Israel, UK and US).

This report dives deeper into different demographics, searching for unused potential in building the businesses of tomorrow. Our findings show that entrepreneurial activity in general decreases with age, increases with educational level, and is higher for males than for females. Especially the younger generation stands out. Age in general shows a 'hill' shaped relation with ambition, but 18-24 year olds in the Netherlands participate in startups and show relatively high ambition.

The Netherlands is underperforming in their female ambition level compared internationally. Notwithstanding previous efforts to promote women entrepreneurship, this report finds that women still experience higher hurdles in the Dutch culture to build and scale a business. Positive news is that the gender gap has decreased over time, from 50% less female entrepreneurs in the early 2000s to about 33% less female entrepreneurs in 2019. However, women report a higher fear of failure than men and are substantially less confident in their ability to start and run a business. This aligns with other studies that indicate women feel more pressed to show their capabilities before taking the plunge to start, let alone to start as an ambitious entrepreneur and raise capital in doing so. Additionally, fast-growing fields of innovation and technology are male-dominated, both in education and startups. Given that technological innovation often is a key characteristic of unicorns, we are missing potential female entrepreneurial role models.

We must transcend the culture of 'Just act normal, that is crazy enough as it is' and give entrepreneurs the possibilities to set their ambitions high

In creating the right culture for male and female entrepreneurs to thrive, failing and learning is key. That is why we compared entrepreneurs that have run, sold or discontinued a company over the past 12 months (serial entrepreneurs) with people without founding experiences. Serial entrepreneurs are much more likely to be growth-oriented, have a lower fear of failure and more often perceive business opportunities in tech and innovation. The gender gap is much smaller once female entrepreneurs had experience building a business. Serial female entrepreneurs are substantially more confident in their skills and knowledge to start a new business than first-time female entrepreneurs. They triple their confidence, to be on par with serial male entrepreneurs.

There is much that we can do as a society. One idea is to foster a culture of sharing and paying it forward between experienced and first-time founders. The experience of failure, an essential part of the entrepreneurial process, can be very important in future (fruitful) attempts at ambitious entrepreneurship. By paying more positive attention to entrepreneurs who have discontinued their first entrepreneurial ventures, serial entrepreneurs might be better incentivised to share and build upon their learnings.

Financial policies to capitalise on learnt experiences and accumulated resources may be fruitful for triggering this specific part of the untapped potential for entrepreneurship. Make it attractive for serial entrepreneurs to get involved again in startups and scaleups. As an example, a fiscal incentive is a suitable instrument for improving investment by private individuals.

In addition, it will be important to enable ambitious, young, highly educated talent to enter the startup space. A policy opportunity here is to create the possibility for a residence permit for an orientation year for employees with specific tech and/or entrepreneurial experience. This will allow the Netherlands to distinguish itself in the battle for brains.

These policy measures should enhance a virtuous cycle in which successful entrepreneurs become role models for next generations, and also improve the scaleup ecosystem with their experience, networks and capital, not the least for (potential) female entrepreneurs.

Empower Dutch leaders in Tech to build great companies for a better world

Introduction

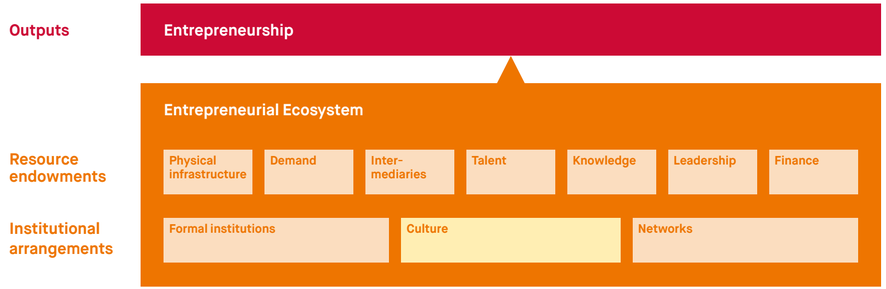
Chapter 1

Entrepreneurship comes in many shapes and forms, and not all of them are equally relevant for long term economic development. One way to distinguish types of entrepreneurs is to look at the level of ambition for new value creation. An ambitious entrepreneur is someone who engages in the entrepreneurial process with the aim to create as much value as possible.[3] In contrast, a non-ambitious entrepreneur is someone that just makes a living with her or his own business.

One way to measure growth-oriented entrepreneurship is by asking to what (employment) size a founder expects to grow the new business. Having the ambition to grow a new business is not a sufficient condition for realising a scaleup, but it is close to a necessary condition. Many attempts to build a scaleup fail, but startups without the ambition to grow hardly ever turn into a scaleup. A large number of scientific studies have shown that growth-oriented entrepreneurship is a more important driver of economic growth than startups or self-employment per se.[4]

Figure 1.1
The entrepreneurial ecosystem

Adapted from
Stam & Van de Ven, 2021 [5]



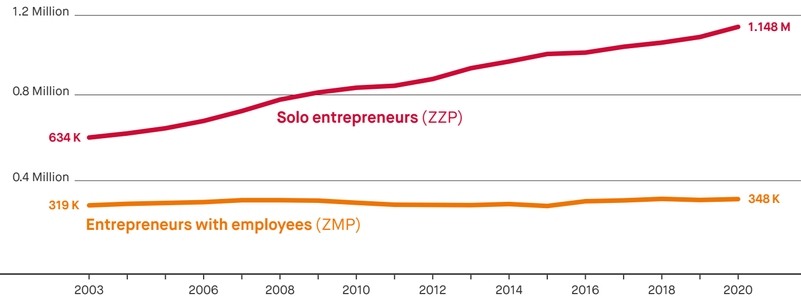
Startups and scaleups do not emerge and evolve in a vacuum. Their prevalence very much depends on the quality of the ecosystem in which they are located: an interdependent set of actors and factors that is governed in such a way that they enable entrepreneurship in a particular territory (see Figure 1.1).[6] The Netherlands has one of the best ecosystems for startups, which has also resulted in relatively high numbers of startups and self-employed (see Figure 1.2). However, it has a relatively low number of growth-oriented entrepreneurs (see Figure 1.3) and unicorns.[7]

In this report we take a deep dive into the culture element of the Dutch entrepreneurial ecosystem to better understand the causes of the low levels of growth-oriented entrepreneurship and unicorns in the Netherlands.

The Netherlands has a low number of ambitious entrepreneurs

Figure 1.2
Solo entrepreneurs and employer entrepreneurs in the Netherlands 2003–2020

The rise of solo entrepreneurship in the Netherlands



Techleap.nl, CBS data 2021

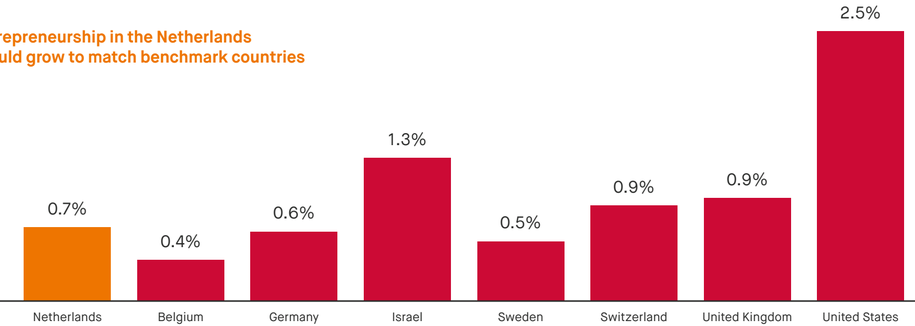
Most entrepreneurs are not focussed on scaling their business models. This is especially the case for the Netherlands. Data from the Global Entrepreneurship Monitor (GEM) shows that compared internationally the Dutch place higher value on self-employment and starting your own business than growing it successfully (see Figure 1.4).

The Dutch place higher value on starting their own business than growing it successfully

This is referred to as the *Dutch Entrepreneurship Paradox*. The Dutch have a relatively low fear of failure paired with high appreciation of entrepreneurship as a career choice, but their appreciation for successful entrepreneurship has not reached similar enabling levels. This suggests that there is still untapped potential to leverage the benefits of scaling up.

Figure 1.3
Desire to grow a business ambitiously across the adult population

Entrepreneurship in the Netherlands should grow to match benchmark countries



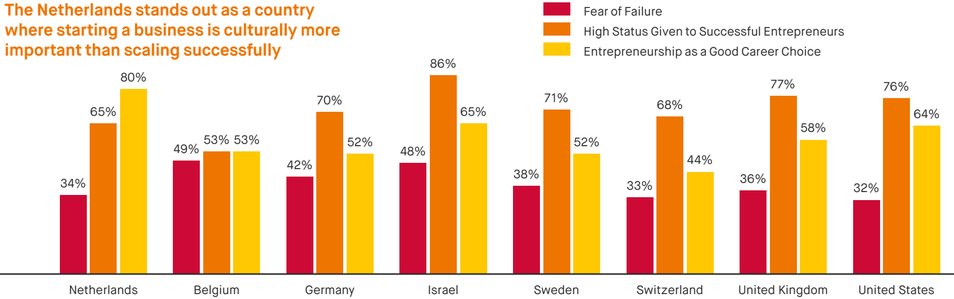
Having established a paradox, this report aims to dives deep into the bottlenecks of the Dutch entrepreneurial culture and ways to improve the scaleup ecosystem. We do this by first 'peeling off' demographic characteristics of (ambitious) entrepreneurship in the Netherlands, adopting merged data from the Global Entrepreneurship Monitor.[8] Do we observe differences across age, gender and education levels when it comes to ambitious entrepreneurship?

Second, we compare overall measures of (ambitious) entrepreneurship across a set of countries that are considered as relevant benchmark economies: Germany, Israel, Sweden, Switzerland, United Kingdom and United States. Third, we examine the potential reinforcing effect of serial entrepreneurs: to what extent do entrepreneurs with prior experience in entrepreneurship show different levels of ambition?

Two out of three cultural ingredients are there to build a strong scaleup ecosystem

Figure 1.4
Dimensions of entrepreneurial culture in the Netherlands and benchmark countries

The Netherlands stands out as a country where starting a business is culturally more important than scaling successfully



How the entrepreneurial culture differs in demographics

Chapter 2

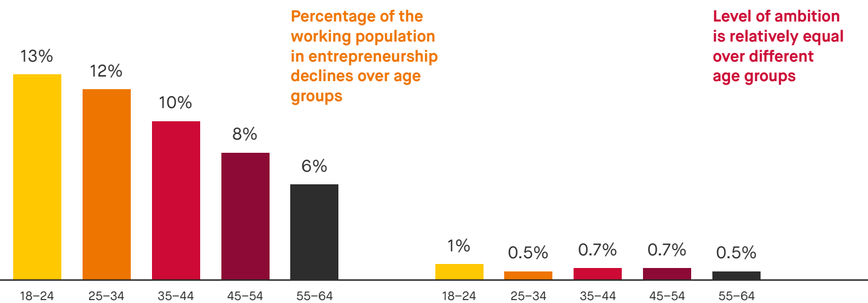
Do we observe higher ambitions in certain segments of the Dutch population? In the GEM adult population surveys, early-stage entrepreneurs (those actively preparing a new business or in the first 42 months since the startup generated its first revenues) have been asked about their ambition to grow their business in the next 5 years. The incidence rate of what we call ambitious entrepreneurship is expecting to create 20+ jobs. To paint a more nuanced picture of the Dutch entrepreneurial culture, this chapter examines demographic characteristics of early-stage entrepreneurs in the Netherlands.

2.1 How ambitious are people of different ages and education levels?

Usually, the probability of getting involved in entrepreneurial activity first increases and then decreases with age.[9] Younger entrepreneurs tend to feel at ease taking some level of risk, having relatively few responsibilities. As time goes by, risk versus reward assessments increasingly favour entrepreneurship over employment as individuals complete their education and accumulate knowledge, skills and relevant working experience, which reduce risks and improve rewards. At higher ages, commitments towards family and mortgages don't favour the risks of being an entrepreneur.

Earlier research suggests that young entrepreneurs tend to have higher job growth expectations than older ones.[10] Figure 2.1, based on GEM 2014-2018 data for the Netherlands, confirms that younger people (18-34) in the Netherlands tend to be more involved in early-stage entrepreneurial activity. However, young entrepreneurs are not more ambitious than their older peers. The incidence rate of ambitious entrepreneurs expecting to create 20 or more jobs over the next five years is comparable to other age groups, even though among the 18-24 age group involvement in ambitious entrepreneurship appears to be more likely than with the 25-35 age group.

Figure 2.1
Age Patterns of total entrepreneurial activity and Ambitious Entrepreneurship in the Netherlands

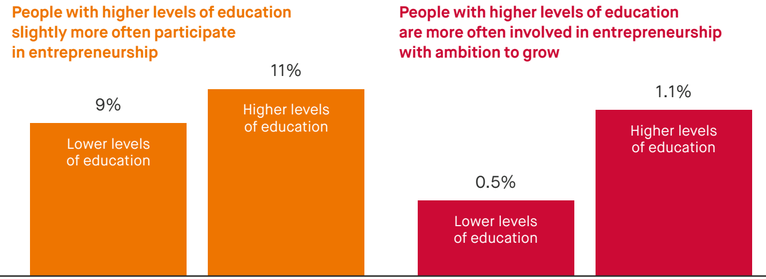


This concludes that while younger people are more often entrepreneurs, the ambition to grow their business substantially does not differ significantly over age. As a next step, these insights are repeated and extended by analysing education levels.The existing literature largely shows a positive link between education levels and ambitious or successful entrepreneurship, meaning that education could lead to more ambitious and more successful businesses.

Formal education enables individuals to recognise business opportunities and helps them access resources and relevant information better.[11] In addition, they also create social networks which are helpful for the development of the business itself.[12] We therefore expect that when we analyse entrepreneurship rates by education level,[13] we observe more pronounced differences for ambitious entrepreneurship than for overall early-stage entrepreneurship.

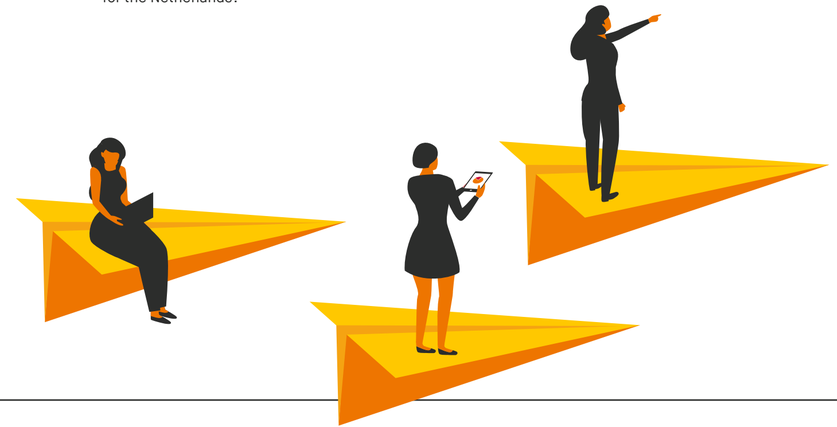
Figure 2.2 confirms this. In overall entrepreneurial activity, the 'education gap' is relatively small (11.2% versus 9.3%), but the data shows a difference in ambitious entrepreneurship. Individuals with high levels of education tend to have higher ambition levels (1.1% ambitious entrepreneurship rate for higher educated, 0.5% for lower educated).[14] Though, it should be stressed that ambitious entrepreneurship can also be found among lower educated individuals. When we connect this to the age analysis we find a more noticeable outcome. The highly educated 18-24 year olds have an incidence rate of as much as 3.4% ambitious entrepreneurs.[15] Meaning that age combined with a higher education level does impact the level of ambition in entrepreneurs.

Figure 2.2
Total early-stage Entrepreneurial Activity (TEA) and Ambitious early-stage Entrepreneurial Activity in the Netherlands for lower and higher (completion of post-secondary, tertiary) levels of education



2.2
Is the gender gap in ambitious entrepreneurship decreasing?

There is a wide documentation of gender gaps in entrepreneurship. There are fewer female entrepreneurs and they lead fewer successful tech startups.[16] This next section takes a deeper dive into female entrepreneurship and ambitious entrepreneurship in the Netherlands. We show several characteristics of female entrepreneurship: is the gender gap in entrepreneurial activity decreasing? To what extent are observed gender gaps similar for ambitious or regular entrepreneurship? How does this compare to other countries that may serve as a benchmark for the Netherlands?

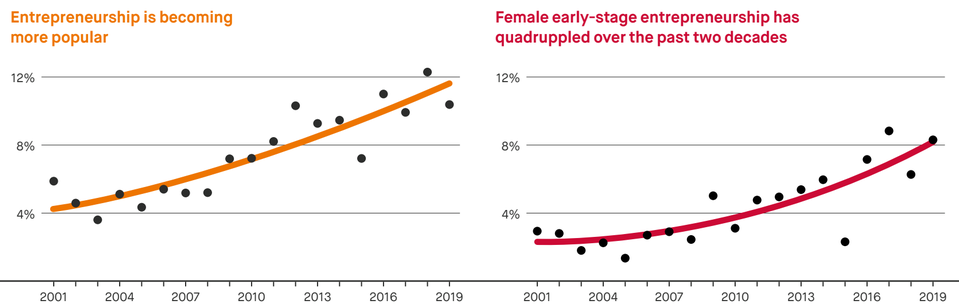


2.2.1 Female entrepreneurship and gender gaps over time

Overall, the popularity of entrepreneurship has increased in the past 20 years. More and more people are active as entrepreneurs, sometimes on their own and sometimes with employees. This is shown in both Statistics Netherlands[17] and the Global Entrepreneurship Monitor data (entrepreneurial activity based on adult population surveys). Figure 2.3 (left hand side panel) shows that at least twice as many individuals are involved in early-stage entrepreneurial activity in comparison to 2001–2005.

Entrepreneurship has become more popular in particular for women. Since 2005, female involvement in early-stage entrepreneurial activity has grown from about 2% to 8% of the adult population between 18-64 years (right hand side panel Figure 2.3). Whereas at the beginning of this century, females were only half as likely to be involved in early-stage entrepreneurial activity, this has increased to about two-thirds based on GEM data. The trend mirrors the development of the number of female self-employed (which has nearly doubled since 2003), whereas growth in the number of male self-employed was about 60%.[19]

Figure 2.3
Development of total entrepreneurial activity, and specifically for women, over time 2001–2020[18]

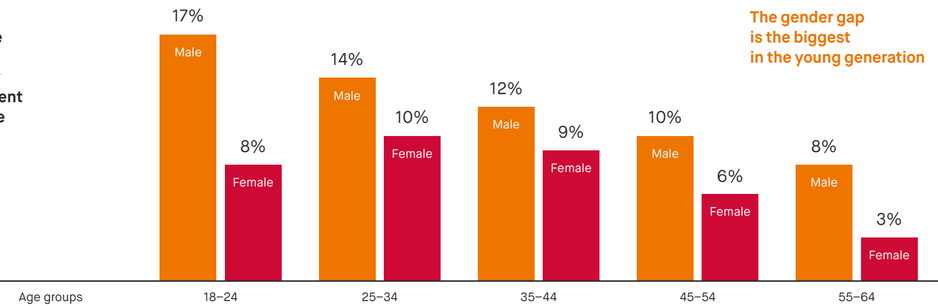


2.2.2 Female entrepreneurship in different groups of the population

Given that section 2.1 showed the relevance of linking early-stage (ambitious) entrepreneurship to different age groups, we also analyse the difference between men and women and their activity in startups throughout the different age groups. The last five years[20] reflects an overall gender gap of about 60%: for every ten male entrepreneurs there are six female ones.[21] Interestingly, we observe that the biggest gender gap exists in the lowest age category identified by GEM (18–24 years).

This gap could potentially be related to the general thought that women might feel pressed to show more skills, talents, or accomplishments before taking the risk of entrepreneurship. The lowest gap appears to be in the 35-44 range, which could potentially be related to being able to combine entrepreneurship with taking care of children (for both females and males). However, more research would be needed to further probe these effects.

Figure 2.4
Total early-stage Entrepreneurial Activity (TEA) by gender for different age groups in the Netherlands

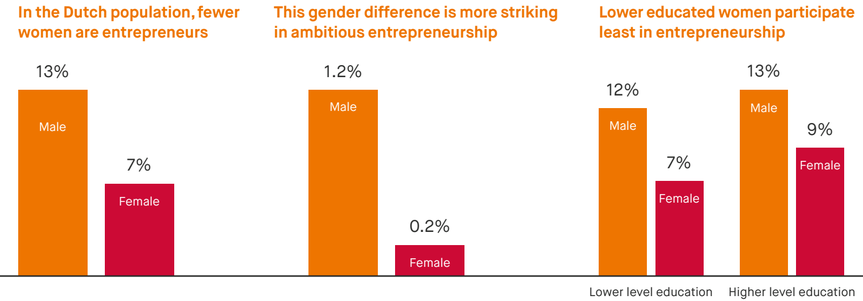


There are also notable differences when linking gender to education levels. First of all, it is striking to see that the gender gap is much wider for ambitious entrepreneurship in comparison to overall early-stage entrepreneurial activity. Meaning that, while similar numbers of men and women might start a business, men show higher levels of ambition to grow their companies. Second, whereas the overall gender gap is quite similar for lower and higher educated entrepreneurs, there appears to be practically no ambitious entrepreneurship among lower educated women.

The most urgent question that follows is 'why'. Why are women less ambitious than male entrepreneurs? First of all, this report is based on self reported data. The survey asked for 'ambitious entrepreneurship' through the measure of expected employee growth in the upcoming 5 years. Gender might impact the way this question is interpreted and answered. Women and men might think about ambition in different ways. Expected employee growth is only one of the variables to measure ambition. Though employee growth is the only one used in this research due to data limitations, other ambition measures might be capital growth, social impact, international expansion, etc.

Secondly, there could be a discrepancy between men and women in their communication of their ambitions (e.g. modesty). Some experts in the field have previously mentioned this as a hurdle in attracting VC capital, stating that men tend to present bolder forecasts with more confidence – whereas women tend to present conservative (perhaps more realistic) forecasts in a more modest manner. Then it follows that conservative projections lead to conservative fundraising expectations and end in conservative investments.

Figure 2.5
Total early-stage Entrepreneurial Activity (TEA) and ambitious entrepreneurial activity by gender and education levels in the Netherlands

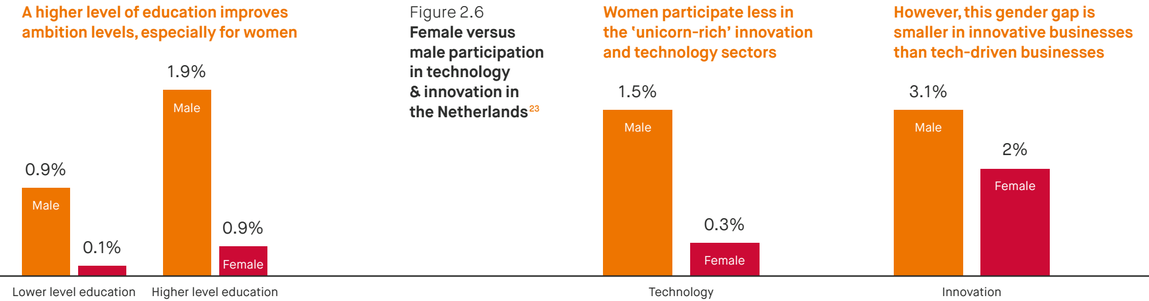


Thirdly, recent research shows that women – more than men – are willing to take a chance when it comes to social-impact issues.[22] Women might thrive in sectors that not only raise challenges of financial and growth success, but also focus on betting on people, addressing social problems, or trying to find the right balance among conflicting interests.

2.2.3 Technical innovations and gender

Another challenge in translating ambition levels to success is the industry in which entrepreneurs are active. The biggest and fastest growing companies today are tech-driven companies. Dutch female entrepreneurs, however, are less frequently involved in technology- or innovation-related activities than male entrepreneurs. Figure 2.6 highlights this gender difference in tech- and innovation-driven entrepreneurship. The two categories partially overlap, but both hold a big potential for economic growth. This is an important indicator, as these industries are most likely to scale and positively influence economic renewal.

Figure 2.6
Female versus male participation in technology & innovation in the Netherlands[23]



To understand where this lack of women in tech and innovation comes from, we have researched the women graduated in Science, Technology, Engineering and Mathematics education, the women active in the tech workforce, tech startups with at least 1 female founder and the percentage of female compared to male founders. Figure 2.6 shows that the percentage of women in STEM education is low compared to peer countries. With that in mind, it is actually positive to see that the percentage of female founders in the Netherlands is comparable to France.

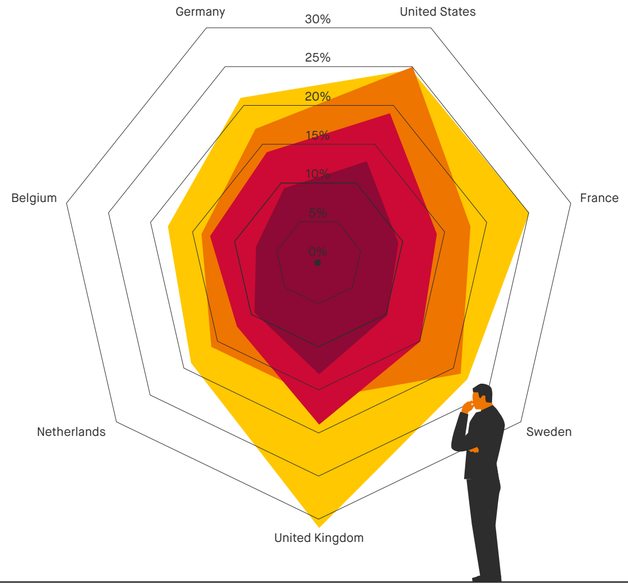


Figure 2.7
Spider diagram showing the percentage of women in different groups of society compared internationally[24]

Women participation in entrepreneurship behaves like a funnel: gender diversity decreases as criteria become more specific

- Women in STEM education
- Women in the Tech workforce
- Mixed gender & women founded startups
- Women founders

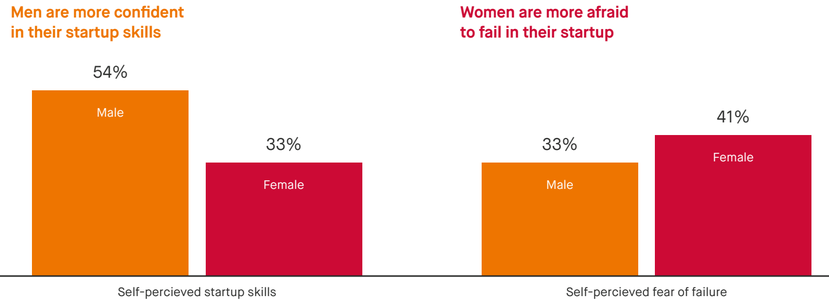
Dealroom, 2021; Honeypot, 2018

Previous graphs have shown that men and women are underrepresented in tech entrepreneurship and groups of ambitious entrepreneurs. To understand if this is rooted in a cultural issue, Figure 2.8 shows the relative difference between male and female's perceived confidence to start and run a business as well as their fear of failure. Dutch women have a higher fear of failure than men, though the differences are even higher for the perceived confidence to start and run a business. With a difference of more than 20%, Dutch women are far less confident in terms of startup skills than men.

Overall, there is clearly much untapped potential in the Netherlands when it comes to female ambitious entrepreneurship. Even though the numbers of women entrepreneurs are growing, those aiming for substantial growth are still rare. Even though solving this issue is far from straightforward, ecosystem support should probably focus more on facilitating ambitious female entrepreneurship to enhance their ability to attract venture capital and grow large, valuable businesses. In the next section we look abroad to see how the Netherlands compares with benchmark countries such as the UK and Germany.

Women entrepreneurship is growing, but society can help them aim higher

Figure 2.8
Self-reported male and female perception rates: 'perceived knowledge and skills to start a business' and 'fear of failure would stop you from starting a business' in the Netherlands



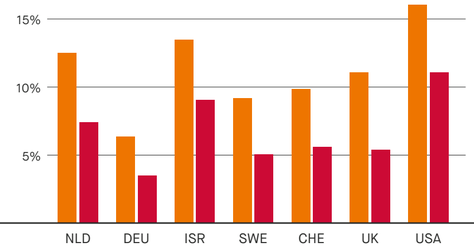
2.3 How does the Netherlands compare internationally?

Earlier we found that the gender gap was bigger for ambitious entrepreneurship. Women self-report that they have less ambition to grow their business. This is an important indicator for policy makers, and a pattern that we observe in all benchmark countries. In figure 2.9, we see that the gender gaps in overall early-stage entrepreneurship (left hand side chart) to be smaller compared to gender gaps in ambitious, growth oriented early-stage entrepreneurship. 13% of the Dutch male population (18-64 year old) are active in early-stage entrepreneurial activity, versus 7% of the women. For ambitious entrepreneurship men show a 1.2% activity versus women at 0.2%.

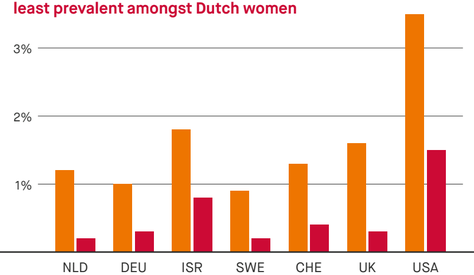
When we take this a level deeper, to the culture prevalent in different countries, we see that the Netherlands performs in line with other countries when it comes to the gender gap of fear of failure. However, when looking into ambitious entrepreneurship we see that the gender gap is still relatively high in the Netherlands. Israelian women (0.8%) and women from the U.S. (1.5%) outperform the Dutch women. Also, the gender gaps in tech and innovative businesses appear to be largest in Germany and the Netherlands. In contrast, the United States stands out in innovativeness, and women in Israel participate more in technology-driven companies.

Figure 2.9
Gender differences in (ambitious) early-stage entrepreneurial activity

The gender gap in entrepreneurship is evident in all benchmark countries



Growth-oriented entrepreneurship least prevalent amongst Dutch women



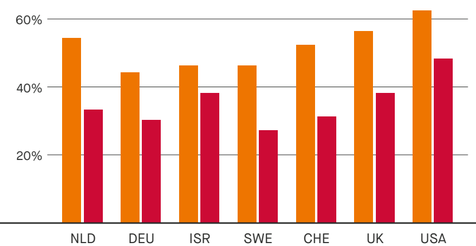
As mentioned previously in figure 2.8 Dutch women have a higher fear of failure than men. The difference between men and women entrepreneurs is smallest in Israel, and highest in Germany, with the Netherlands comparing to the United States and Switzerland.

Alarming: The gender gap for ambitious entrepreneurs is highest in the Netherlands

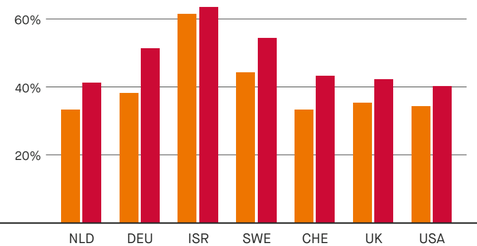
When it comes to the difference of perceived confidence to start and run a business, the Netherlands finds itself in the group of countries with higher gender gaps. Dutch women experience a relatively bigger hurdle to start in entrepreneurship, which is in line with the aggregated result that this report shows: we are not leveraging all the added value of a bigger and more diverse entrepreneurial workforce.

Figure 2.10
Gender differences in self-reported male and female perception rates: 'perceived knowledge and skills to start a business' and 'fear of failure would stop you from starting a business'

The U.S. outperforms in the population's perceived startup skills, with Israel showing more equality in gender



Dutch men and women perform well in their low fear of failure



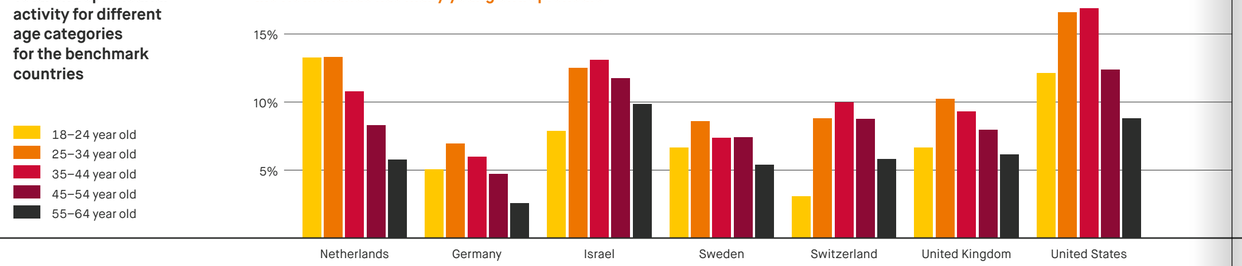
Young (female) entrepreneurs could kickstart a new Dutch startup culture

The general trend follows in all the countries in our comparison: older categories of the workforce are less involved as entrepreneurs compared to young people, especially for the ages from 18-34 years (figure 2.11). The Netherlands makes a particularly interesting case in this light since the highest entrepreneurial activity is observed for young people between the ages of 18-24 years. This is not the case for the rest of the benchmark countries. For the United Kingdom, Sweden and Germany, people aged 25-34 years are most engaged in entrepreneurial activity; for Israel and Switzerland and the United States, this peak is for people of ages 35-44 years in the workforce.

In the Netherlands the percentage of people that are involved in entrepreneurial activities does not change between the ages of 18-24 and 25-34 year old individuals. In most other countries the age group of 35-44 years old is more entrepreneurial than the 18-24 year olds. Older age groups more often participate in entrepreneurship abroad than in the Netherlands, and previously it was established that the scaling percentage is higher abroad. This has invited us to look into the concept of serial entrepreneurship in the next chapter.

Figure 2.11
Total entrepreneurial activity for different age categories for the benchmark countries

Unlike the usual age shape of entrepreneurial activity, the Netherlands has many young entrepreneurs



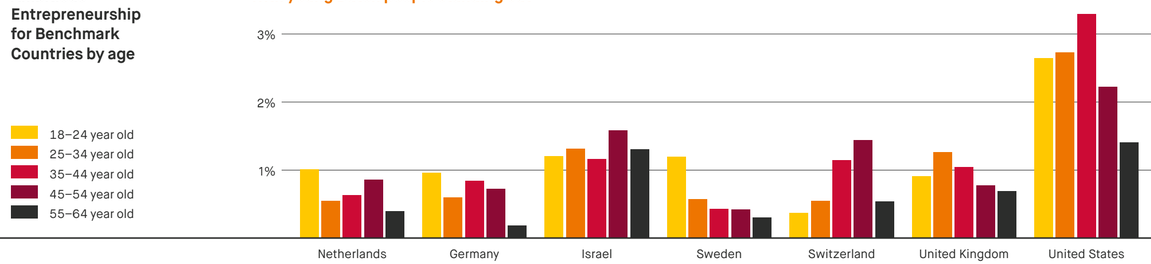
In figure 2.12 we assess the incidence rates of ambitious entrepreneurship broken down by age group. Entrepreneurship over age generally shows an inverse U-shaped pattern that we see for most countries, however it does not hold for ambitious entrepreneurship. While 13% of the population aged 18-24 are involved in entrepreneurial activity in the Netherlands, only 1% expect more than 20 jobs in 5 years' time.

2.4 Which demographic groups show untapped potential in the Netherlands?

Ambitious entrepreneurship has hardly risen over time in the Netherlands, unlike the general trend of more people and a higher share of women in entrepreneurship. Ambitious entrepreneurship is seen to be highest among the younger, male and higher educated part of the Dutch working age population. Based on the analysis in this chapter, we conclude that there is still a lot of untapped potential, especially when it comes to women entrepreneurship. This concerns the involvement in overall early-stage entrepreneurial activity, which has risen among women over the past two decades, but even more so the involvement in ambitious entrepreneurship that appears to be below par in comparison to the countries used as benchmark in this report.

Figure 2.12
Ambitious Entrepreneurship for Benchmark Countries by age

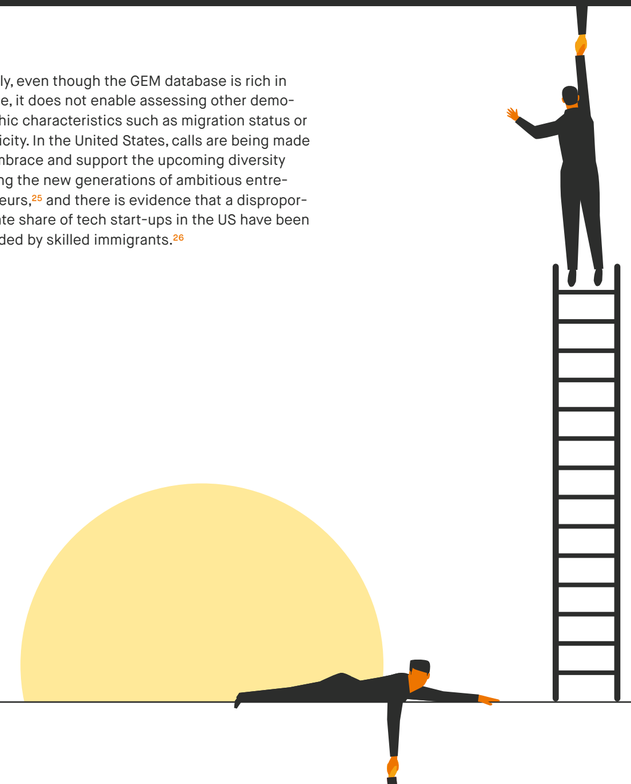
Other countries outperform the Netherlands in ambition, with young Dutch people standing out



For the Netherlands, the exposed high gender gap in *ambitious* entrepreneurship suggests that measures should especially be taken to stimulate ambitious women in entrepreneurship. This effort needs to be twofold: stimulate more women to enter in STEM and entrepreneurial education, and encourage them throughout the funnel. The Netherlands lags behind in both, but especially the former.

Not every ambition leads to success, but without ambition it is hard to be successful. It should be acknowledged that ambitious entrepreneurship does not equal successful entrepreneurship, however hardly any business scales without having growth ambitions at the start. Now, since this report is based on self-reporting data, it may be the case that women are more modest and perhaps more realistic than men when it comes to reporting their growth expectations. However, this line of communication could be negative for the success of the venture, as can impact opportunities to acquire funding.

Finally, even though the GEM database is rich in scope, it does not enable assessing other demographic characteristics such as migration status or ethnicity. In the United States, calls are being made to embrace and support the upcoming diversity among the new generations of ambitious entrepreneurs,[25] and there is evidence that a disproportionate share of tech start-ups in the US have been founded by skilled immigrants.[26]



Can serial entrepreneurs kickstart an ambitious culture?

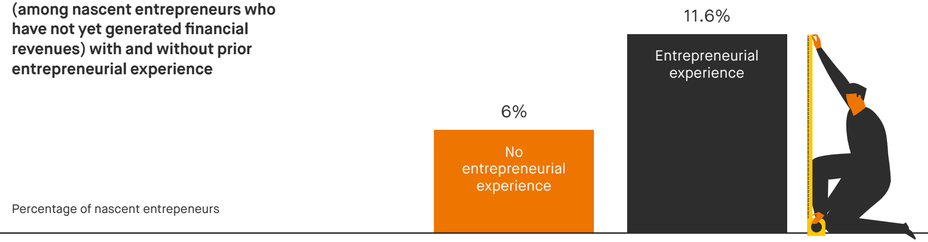
Chapter 3

One of the most relevant components of human capital in the entrepreneurship domain is prior entrepreneurial experience. Prior experience in entrepreneurship has been linked to growth ambitions and entrepreneurial success.[27] In addition to the human capital aspect, prior entrepreneurs self-selecting into positions of entrepreneurial activity, confidence in their own abilities to run and manage a business and the benefits of social networks for entrepreneurs merits this analysis.

This presence of social networks facilitates the transfer of knowledge, both in terms of benefits and challenges of being entrepreneurs, which feeds into the culture of entrepreneurship. For this section, we again focus on the gender difference in indicators of entrepreneurial experiences and how this manifests into present entrepreneurial activity. We again make use of the GEM data from 2014-2018 and define prior entrepreneurial experience if it fits the following criteria: (I) if an individual has shut down, sold, discontinued or quit a business in the previous 12 months; (II) if an individual owns a new and/or established business.

Figure 3.1
Dutch ambitious entrepreneurship (among nascent entrepreneurs who have not yet generated financial revenues) with and without prior entrepreneurial experience

Prior experience signals higher level of entrepreneurial ambition



This means we are somewhat restricted in that we cannot capture entrepreneurial experience based on activities that have been stopped by the respondent longer than one year before answering the GEM survey. Still, by linking recent entrepreneurial experience to involvements in (and ambition levels of) new startups that have not yet led to income from business activities, the analysis aids in demonstrating the relevance of prior experience in entrepreneurship, which could in turn add to the culture of ambitious entrepreneurship.

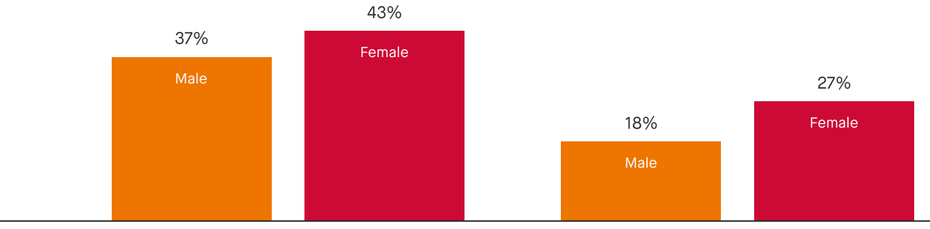
In the Netherlands, we observe that ambition levels of entrepreneurs who are just starting with their business is 6% when they have no prior entrepreneurial experience, but this ambition level rises to 11.6% for entrepreneurs with past experience.

What drives entrepreneurs with prior experience to engage in entrepreneurial activities all over again? It is possible that this previous experience instills more confidence in entrepreneurs about their individual skills and knowledge of running businesses, a greater sense of confidence and lower fear of failure as well as being more vigilant about potential and smart business opportunities.

Below we examine the correlation of these factors for entrepreneurs, male and female, with and without prior experience. Similar to the analysis in Chapter 2, effects presented here are correlations; causal relations cannot be directly inferred. As an example, individuals with past experiences could self-select into entrepreneurship, which may be one of the reasons for the significant differences between entrepreneurs with and without past experiences.

Figure 3.2
Self perception of 'fear of failure when it comes to starting a business' in the Netherlands, by entrepreneurial experience and gender

Prior experience in entrepreneurship linked to lower fear of failure among men and women



Fear of failure is one of those attitudinal variables that is majorly influenced by whether an individual has previous experience of running a business or not. In general, both male and female entrepreneurs who have previous entrepreneurial experience have indicated a lower fear of failure rate than those without any form of prior experience. This lower fear of failure credited to having prior experience is more prominent for male entrepreneurs than female entrepreneurs in the Netherlands. That is, a drop of 51% for male entrepreneurs and 37% for female entrepreneurs that mention having an associated fear of failure of the business when they have prior entrepreneurial experience.

Previously experienced individuals also share the belief that they identify available business opportunities in the market better than entrepreneurs who lack past experiences in the Netherlands. Within this as well, there is a gender difference in perceiving business opportunities with and without prior experience of entrepreneurship. This difference is higher for females than males in the Netherlands. More specifically, 10% more male entrepreneurs report a higher ability to recognise business opportunities when they come in with prior experience, whereas this difference is 20% for female entrepreneurs in the Netherlands.

When enabled, people can learn how to be a founder

Figure 3.3
Perceived opportunities to start a business, by entrepreneurial experience and gender

Men (+10%) and women (+20%) perceive more opportunities to start and grow a business

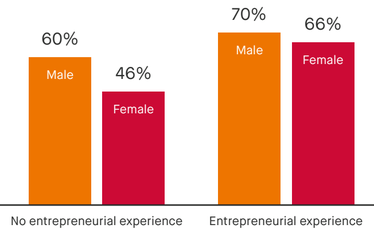
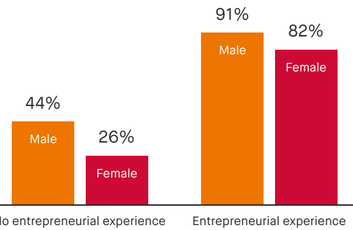


Figure 3.4
self-perceived confidence to start and run a business by entrepreneurial experience and gender

After startup experience, the percentage entrepreneurs who belief they can build a startup doubled for men and tripled for women



Regardless of whether individuals consciously become entrepreneurs or unexpectedly, prior entrepreneurial experience helps develop the skills and knowledge required to run a business. What follows is that this awareness of skills and knowledge can heighten the confidence in individual abilities of being successful as entrepreneurs. Individuals of the working population in the Netherlands also believe that they have a larger degree of the skills and knowledge to start and run a business when equipped with prior entrepreneurial experience than without. However, the change in this perception is more drastic for women than men in the Netherlands, with 55% more women indicating confidence in their entrepreneurial skills after they have had previous experience of the same.

Having started a business before correlates with the level of innovation that Dutch entrepreneurs show. Having seen the general do's and don'ts in the business might give entrepreneurs the freedom to think more creatively about the next steps for their business. Next to the human capital accumulated through prior experience, social capital can also be expected to be more developed for entrepreneurs with prior experience. These entrepreneurs can tap into more networks, are better connected to potential investors and may have a better client base to start with. The GEM data suggests entrepreneurs with prior experience tend to be more innovative (with 47%) as compared to entrepreneurs who do not have such experience.

Trial and error sparks innovative and creative thinking

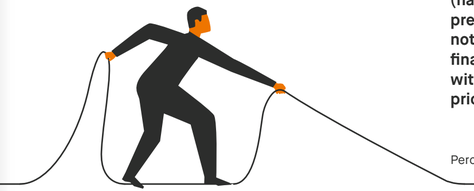
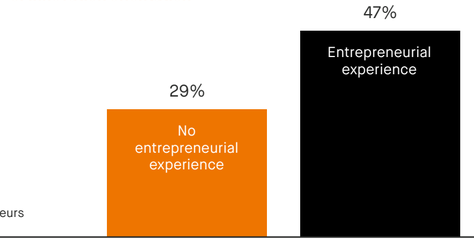


Figure 3.5
Level of Innovation among Dutch Entrepreneurs (nascent entrepreneurs who have not yet generated financial revenues) with and without prior experience.

Prior experience signals higher level of innovation orientation



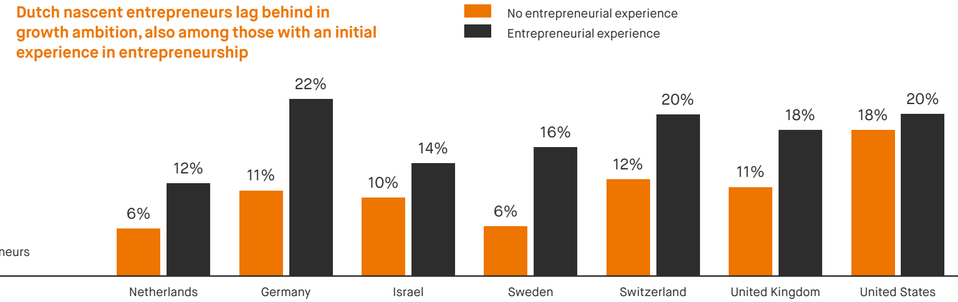
Entrepreneurs with prior experience show a greater confidence in growing their business in the up-coming 5 years than people without. This signals that serial entrepreneurs can be classified as more ambitious or even self-proclaimed more successful than founders without such experience.

When compared internationally, the Netherlands could still take steps to improve the growth ambition of Dutch serial entrepreneurs (see figure 3.6). Germany, Switzerland and the United States show the highest percentages in their ambition to grow among the group of entrepreneurs with prior entrepreneurial experience and currently in the process of setting up a business (nascent entrepreneur).

We call out to Dutch role models: Speak up and encourage big ambitions

Figure 3.6
Entrepreneurial Growth Ambition (among nascent entrepreneurs who have not yet generated financial revenues) with and without prior experience for benchmark countries

Dutch nascent entrepreneurs lag behind in growth ambition, also among those with an initial experience in entrepreneurship



Conclusion

Chapter 4

In this report we have provided empirical evidence on entrepreneurship in the Netherlands and particularly the culture of ambitious entrepreneurship, based on the largest global dataset on entrepreneurship, the Global Entrepreneurship Monitor. This also enabled us to trace patterns over time and space, comparing the Netherlands with a set of benchmark countries. We have highlighted differences along the demographic dimensions of age, gender and education, and also the involvement in tech and innovation. We also took a deep dive into serial entrepreneurship. In this chapter we summarize and discuss the findings of the report.

Starting a business and being self-employed is highly valued in the Netherlands, and a low fear of failure partially explains the many startups that are born. However, successful entrepreneurship is not as highly valued as self-employment. In the Netherlands, starting a business is more admirable than growing it successfully. Entrepreneurs in the Netherlands have less ambition to grow their business than entrepreneurs in other benchmark countries (Germany, Israel, Sweden, Switzerland, UK and the US).

Our deep dives in the demographic dimensions of age, education and gender show that entrepreneurial activity in general reduces over age, increases with educational level, and is higher for males than females. The high level of entrepreneurship amongst younger Dutch people is an international anomaly: in general there is a 'hill' shaped relation between age and the prevalence of entrepreneurship. The gender gap is bigger for lower educated women than for higher educated, and for younger and older women (not so much for women between 25-44 years). But the gender gap has decreased over time, from 50% less female entrepreneurs in the early 2000s to about 33% less female entrepreneurs in 2019.

The picture is reinforced for growth-oriented entrepreneurship (defined as early-stage entrepreneurs with the expectation to create 20 or more jobs over the next five years), with the highest rate in the age category 18-24 years. The rate of growth-oriented entrepreneurship is substantially higher for higher educated than lower educated, and substantially higher for men than for women. The gender gap in growth-oriented entrepreneurship is also bigger for lower educated women than for higher educated women, even though a big gap still remains for the latter group of higher educated women.

Notwithstanding previous efforts to promote women entrepreneurship, women report a higher fear of failure than men and are substantially less confident in their ability to start and run a business. Fast-growing fields of innovation and technology are also male-dominated, both in education, startups and investor atmospheres. Given that technological innovation often is a key characteristic of unicorns, we are missing potential female entrepreneurial role models.

Serial entrepreneurship is generally seen as an important ingredient of thriving scaleup ecosystems. To gain more insight into serial entrepreneurship, we compared entrepreneurs that have run, sold or discontinued a company over the past 12 months with first time entrepreneurs. Serial entrepreneurs are much more likely to be growth-oriented, have a lower fear of failure and more often perceive business opportunities in tech and innovation. The gender gap is much smaller for female entrepreneurs with experience. Serial female entrepreneurs are substantially more confident in their skills and knowledge to start a new business than other female entrepreneurs, bringing them to a similar level of confidence as serial male entrepreneurs.

Summarizing, the Netherlands may be one of the best economies to start a business, but it is not yet thriving as a scaleup ecosystem. This report indicates that the entrepreneurial ecosystem enables young entrepreneurs and increasingly female entrepreneurs as well. This is partly explained by the very low fear of failure and the very high appreciation of self-employment as a career choice. We need more ambitious entrepreneurship to develop a thriving scaleup ecosystem. The Dutch culture seems to be a substantial constraint. Changing a culture is a difficult task that probably takes a long time. But in order to get there, we need to start improving the scaleup ecosystem today.

We need to start improving the scaleup ecosystem today

Discussions on how culture is changing and what we can do to accelerate startups

Previous chapters gave a snapshot of the Dutch culture as it is measurable today. People, however, are continuously changing and culture is an adaptive thing. A report about the Dutch culture could therefore not do without a chapter about ongoing societal movements. This chapter includes the previous initiatives and ongoing discussions in the field of entrepreneurial ecosystems.

It will be important to enable new, ambitious, young, highly educated talent to enter the startup space. A policy opportunity here is to create the possibility for a residence permit for an orientation year for employees with specific tech and/or entrepreneurial experience, and to attract ambitious entrepreneurial students from abroad. This will allow the Netherlands to distinguish itself in the battle for brains.

Entrepreneurship at universities (of applied sciences) has been a growing topic, both within student curricula and in academic research. This enables more collaborations between academics, incubators, accelerators and private companies. However, the entrepreneurial culture at Dutch universities is still underdeveloped. Research by Dialogic[28] noted that researchers who leave university, even if part time, are often looked down upon in the academic world; scaling innovations through business is hardly validated in academic performance criteria. Also, strict limitations are in place on the amount of shares that scientists can have in a startup. Hence, starting a business essentially necessitates stepping out of academia. By giving researchers more reasons and opportunities to get involved in the application of their knowledge, a notable growth in societal impact can be expected.

Another solution to increase entrepreneurship numbers is by improving minority entrepreneurs in the startup ecosystem. Diversity initiatives to enable economic growth by startups are rising. Codam, TechGrounds, #FundRight are successful examples. Having female role models of entrepreneurship for girls and women is an effective tool.[29] VHTO, Female Tech Heroes and RISE (recent investment of €750.000 by the municipality of Amsterdam) are examples in this field. However we should not think that the low number of female entrepreneurs is on its way to being solved and doesn't need additional effort. By saying that gender inequality exists elsewhere (1), in the past (2), incidents had nothing to do with gender (3), and women are getting gender-based advantages (4), people have acknowledged that they are experiencing fatigue.[30] Let us see these initiatives as a learning opportunity. Through role models and allies we can improve Dutch entrepreneurial activity.

Finally, the status ranking of entrepreneurs is positively linked to an individual's willingness to and likelihood of becoming an entrepreneur.[31] Positive media coverage and higher international collaborations are effective ways of leveraging human capital that is ambitious about running business and fostering productive innovations in the economy.

Through role models and allies we can improve dutch entrepreneurial activity

Financial policies to capitalise on learnt experiences and accumulated resources may be fruitful for triggering the untapped potential for serial entrepreneurs to stimulate further entrepreneurship by themselves and others. First of all, make it attractive for serial entrepreneurs to get involved again in startups and scaleups. Secondly, examples abroad show interaction between different generations through tax incentives and the government as an enabler for community creation. This culture benefits both the transfer of knowledge and skills to the younger generations. As an example, a fiscal incentive is a suitable instrument for improving investment by private individuals. The EIS and SEIS initiatives in the United Kingdom have proven to be effective instruments over the years.

These policy measures should enhance a virtuous cycle in which successful entrepreneurs become role models for next generations, and also improve the scaleup ecosystem with their experience, networks and capital, not the least for (potential) female entrepreneurs.

About Us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The mission of Utrecht University School of Economics (U.S.E.) is to contribute to an economy where people flourish. We enrich economics with other disciplines to better solve problems and identify opportunities, from a business and a government point of view. Scientifically rigorous and societally relevant. The real world perspective.

Techleap.nl

At Techleap.nl, it is our mission to establish the Netherlands as the ideal place to start, scale, and internationalise innovative businesses. With our unique connection to the government, corporations, investment funds, startups, and innovation hubs, we aim to merge the Dutch startup ecosystem into one single connected and ambitious hub. We break down barriers and improve access to talent, capital and markets.

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Methodology

This has been a joint research by the Utrecht University School of Economics and Techleap.nl. For most of the quantitative analysis in this report, adult population survey data from the Global Entrepreneurship Monitor (GEM) have been used. GEM carries out survey-based research on entrepreneurship (based on adult population surveys) and entrepreneurial ecosystems (based on expert surveys) around the world. The Dutch data is collected by Panteia: financed by the Dutch Ministry of Economic Affairs and Climate. GEM is a networked consortium of national country teams primarily associated with top academic institutes; for more information: see www.gemconsortium.org.

In numbers, GEM represents:

- 22 years of data, allowing longitudinal analysis in and across geographies on multiple levels
- Up to 200,000+ interviews annually with experts and adult populations including entrepreneurs of all ages (including self-employed)
- Data from 115 economies on all continents

This research was kicked off by a geographical comparison and longitudinal analysis on the general insights of culture: fear of failure, high status to successful entrepreneurs and entrepreneurship as a good career choice. The core questions in this survey have remained the same over the years. Due to the method used (surveying), values can slightly fluctuate over time around a base value. This is seen in the first chapter of this report.

To counter these fluctuations, the report takes the average over 2014 till 2018 and draws a more robust picture of the entrepreneurial culture of the Netherlands and benchmark countries. Statistical analysis has been done to ensure the relevance of these comparisons. The annual GEM adult population surveys are administered to a minimum of 2000 adults in each economy, ensuring that it is nationally representative. Some economies have far larger samples than this, providing regional and city-level insights. For this research no regional or city-level analysis has been done for the Netherlands.

Fear of Failure Rate: Percentage of 18-64 population (individuals involved in any stage of entrepreneurial activity excluded) who indicate that fear of failure would prevent them from setting up a business.
High Status to Successful Entrepreneurs Rate: Percentage of 18-64 population who agree with the statement that in their country, successful entrepreneurs receive high status.[32]

Entrepreneurship as a Good Career Choice Rate: Percentage of 18-64 population who agree with the statement that in their country, most people consider starting a business as a desirable career choice.
Total early-stage Entrepreneurial Activity (TEA) Rate: Percentage of 18-64 population who are either a nascent entrepreneur (pursuing concrete activities to start a new business) or owner-manager of a new business (operational for up to 42 months after generating the first revenues).

Notes in text

1 Startup Genome Ecosystem Ranking 2021. https://startupgenome.com/article/the-explosive-growth-of-the-amsterdam-delta-startup-ecosystem

2 The State of Dutch Tech 2020, Techleap.nl https://youtu.be/PNbOnhzdTL8

3 Stam, E., Bosma, N., Van Witteloostuijn, A., De Jong, J., Bogaert, S., Edwards, N., & Jaspers, F. (2012): 26. *Ambitious entrepreneurship. A Review of the Academic Literature and New Directions for Public Policy*, Report for the Advisory Council for Science and Technology Policy (AWT) and the Flemish Council for Science and Innovation (VRWI).

4 Bosma, N. S. (2009). *The geography of entrepreneurial activity and regional economic development: Multilevel analyses for Dutch and European regions*. Utrecht University. Stam, E., & Van Stel, A. (2011). Types of entrepreneurship and economic growth. Entrepreneurship, innovation, and economic development, 78-95. Valliere, D. & Peterson, R. (2009). Entrepreneurship and economic growth: Evidence from emerging and developed countries. *Entrepreneurship & Regional Development* 21 (5-6), 459-480.

5 Stam, E., & Van de Ven, A. (2021). Entrepreneurial ecosystem elements. *Small Business Economics*, 56(2), 809-832.

6 Leendertse, J., Schrijvers, M., & Stam, E. (2021). Measure twice, cut once: Entrepreneurial ecosystem metrics. Research Policy, https://doi.org/10.1016/j.respol.2021.104336; Wurth, B., Stam, E. & Spigel, B. (2021) Toward an Entrepreneurial Ecosystem Research Program. *Entrepreneurship Theory & Practice* https://doi.org/10.1177%2F1042258721998948

7 see Stam, E. (2021) *A Culture of Ambitious Entrepreneurship*. USE Working Paper.

8 The Global Entrepreneurship Monitor (GEM) is the world's largest international data collection effort. See www.gemconsortium.org. In the report we primarily use the merged 2014-2018 data in order to derive demographic patterns with more precision. Checks have been made to ensure that the 2014-2018 did not exhibit significant differences between the first and second half of this timeframe.

9 Levesque, M., & Minniti, M. (2006). The effect of aging on entrepreneurial behavior. *Journal of Business Venturing*, 21(2), 177-194.

10 Verheul, I., & Van Mil, L. (2011). What determines the growth ambition of Dutch early-stage entrepreneurs?. *International Journal of Entrepreneurial Venturing*, 3(2), 183-207.

11 Shane, S. (2000). Prior knowledge and the discovery of entrepreneurial opportunities. *Organization Science*, 11(4), 448-469. Capelleras, J. L., & Greene, F. J. (2008). The determinants and growth implications of venture creation speed. *Entrepreneurship and Regional Development*, 20(4), 317-343.

12 Bosma, N., Van Praag, M., Thurik, R., & De Wit, G. (2004). The value of human and social capital investments for the business performance of startups. *Small Business Economics*, 23(3), 227-236.

13 For this analysis, we classify post-secondary level or 1st/2nd tertiary level education as high education level.

14 This is based on a sample of 10.575 Dutch individuals, of which 4.011 classified in the higher education level.

15 In sum, 300 individuals in the sample are highly educated and between 18-24, hence this incidence rate cannot be stated with high precision.

16 See e.g. Halabisky, D. (2018), 'Policy Brief on Women's Entrepreneurship', OECD SME and Entrepreneurship Papers, No. 8, OECD Publishing, Paris, https://doi.org/10.1787/dd2d79e7-en

17 See e.g the *Gender Scan in Entrepreneurship* published by Statistics Netherlands.

18 Both graphs present smoothed trends based on the annual rates published by GEM.

19 See the *Gender Scan in Entrepreneurship* published by Statistics Netherlands.

20 Again, this analysis has been done on five years of GEM data: 2014-2018.

21 Female incidence rate of total early-stage entrepreneurial activity as percentage of the male incidence rate.

22 Alemany, L., Scarlata, M., & Zacharakis, A. (2020). How the Gender Balance of Investment Teams Shapes the Risks They Take. *Harvard Business Review*, December 24, 2020.

23 Tech entrepreneurship is defined by early-stage entrepreneurship in (medium) high technology sectors according to the *OECD classification*. Innovative orientation implies that the early-stage entrepreneur reports that the product or service s/he develops is new to at least some customers, and that not many competitors offer the same product.

24 Startup and founder data by Dealroom, 2021. Education and workforce data by Honeypot, 2018.

25 See e.g Levine, Z. & McBride, E. (2021). *The New Builders: Face to Face With the True Future of Business*. Wiley Publishers; and Kelley, D., Majbouri, M. and Rudolph, A. (2021). Black Women Are More Likely to Start a Business than White Men. *Harvard Business Review*, May 211th.

26 Wadhwa, Vivek and Saxenian, AnnaLee and Rissing, Ben A. and Gereffi, Gary, Skilled Immigration and Economic Growth (2008). Applied Research in Economic Development, Vol. 5, No. 1, pp. 6-14, 2008, Available at SSRN: https://ssrn.com/abstract=1141190

27 See e.g. Bosma, N., Van Praag, M., Thurik, R., & De Wit, G. (2004). The value of human and social capital investments for the business performance of startups. *Small Business Economics*, 23(3), 227-236; and Rauch, A., & Rijsdijk, S. A. (2013). The effects of general and specific human capital on long–term growth and failure of newly founded businesses. Entrepreneurship Theory and Practice, 37(4), 923-941.

28 Onderzoeks- en innovatie-ecosystemen in Nederland, Dialogic 2020. https://www.rijksoverheid.nl/documenten/rapporten/2020/10/19/onderzoeks--en-innovatieecosystemen-in-nederland

29 De 10 inzichten in Gender en STEM (2018) VHTO. https://issuu.com/vhtoamsterdam/docs/print_vhto_10_inzichten_los

30 Kelan, Harvard Business Review, 2020

31 van Praag 2011

32 This is a percentage of those seeing good opportunities, and not the total adult population.

Colophon

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Disclaimer
Responsibility of the content of this report, including interpretation results, lie with the authors of the report.

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Utrecht University

Core to all our successful Dutch entrepreneurs is the culture they grew up in. Many factors impact us over the years, but what if our culture does not enable but rather limits us?

Today we rise from a gut feeling to data-driven insights into the effects of our culture. We add numbers to the Dutch level of ambition in the population and in entrepreneurs specifically. This report helps us understand the developments of the Dutch culture over time and how it compares internationally. By knowing this, we empower entrepreneurs, policy makers and ourselves to find that room to be ambitious.

Thinking Bigger is a call for action. It quantifies how ambitious the Dutch population is, and where we find unused potential. Let's empower Dutch leaders in Tech to build companies for a better world.