

1-1-2008

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## Recommended Citation

Ballanco, Michael, "The State of Entrepreneurship in Belgium and the Netherlands" (2008). *Benelux: integration and individuality*. Paper 9.  
<http://preserve.lehigh.edu/perspectives-v26/9>

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# THE STATE OF ENTREPRENEURSHIP IN BELGIUM AND THE NETHERLANDS

*Michael Ballanco*



## **Introduction**

The growth and development of the European Union as an economic power over the past decade has been staggering. The euro has become one of the most widely-held international reserve currencies, and the European Union has surpassed the United States as the greatest economic power in the world in terms of GDP. (International Monetary Fund) However, one area that has been a challenge for the European Union is attaining a high level of entrepreneurship. In fact, the Lisbon Strategy (a framework of economic reforms in the EU) places a great deal of importance on promoting a better environment for entrepreneurs in the EU. (Kok, p. 28)

Two EU member states that have had a particularly difficult time generating a culture of entrepreneurship are Belgium and the Netherlands. These countries are both vital components of the EU's economy, but have managed to become such without a particularly

strong entrepreneurial sector. The purpose of this article is to provide an analysis of why these countries struggle with entrepreneurship and then to present the initiatives that are being brought forth to promote entrepreneurship. I begin by first describing what entrepreneurship is and its importance to a nation's economy. Then I discuss the entrepreneurial condition in each of these countries.

## **Entrepreneurship: Determinants and Importance**

Nearly all academic writing on the subject of entrepreneurship begins by stating that entrepreneurship is one of the most elusive and hard-to-define terms in the business environment. That being said, at a very basic level entrepreneurship can be described as the use of resources to exploit new business opportunities. Most commonly this definition is understood to mean that entrepreneurship refers to the development of new and quite often (but not lim-

ited to) small businesses. (OECD, 1998, p. 41) Other interpretations tend to be more general and include what is known as “intrapreneurship” (or the creation of new business ideas inside an already functioning company) as a form of entrepreneurship. However, intrapreneurship falls out of the scope of this article.

With a term that is as hard to define as entrepreneurship, it is not surprising that measuring levels of entrepreneurship is also difficult. While several models exist to analyze rates of entrepreneurship, none can be considered complete; at best, each provides only a snapshot of a country’s entrepreneurial activity. Perhaps the most accurate model is that of Total Entrepreneurial Activity (TEA). The TEA of a country is calculated yearly by the Global Entrepreneurship Monitor<sup>1</sup> through a survey that polls a sample of adults in a country as to whether or not they are in the process of starting or have started a new business within the past 42 months. The percentage that responds “yes” is that country’s TEA. (Stel, p. 149)

In market-based economies, entrepreneurship is absolutely essential for a country’s economic growth and success. The major reason why entrepreneurship is such a powerful market force is the effect it has upon employment. It is easy to view the relationship by analyzing the role that small new businesses have in creating jobs. A 1997 U.S. study showed that 85 percent of all net new jobs were created by companies with 100 or fewer workers. (OECD, 1998, p. 46) Furthermore, the same study showed that companies that are classified as “gazelles” (rapidly growing young firms) make up only 3 percent of all firms but provide for 70 percent of gross job growth. This is significant because the great majority of gazelle firms are entrepreneurial in nature.

Another quality that makes entrepreneurship so important is that it allows for innovation. In highly entrepreneurial economies, innovative products and services are essential for a firm to remain competitive. However, it is also important to mention that innovation does not necessarily pertain to new products and

services exclusively. Many entrepreneurial ventures occur in industries that already have well-developed products and services. The way these ventures differentiate themselves from the competition is by the innovative ways they choose to market and distribute their products and services. Countries with high rates of entrepreneurship also have high “turbulence” in their economies, a measure of a firm’s ability to quickly enter and exit the marketplace. (OECD, 1998, p. 43) These points indicate that an economy’s scarce resources will be allocated as efficiently as possible when high levels of entrepreneurship exist.

An often overlooked benefit of entrepreneurship is the information that it provides. By starting a new business, an entrepreneur shows the rest of the marketplace what the actual demand for a product or service is and what practices may or may not work in certain industries. The interesting part about this benefit of entrepreneurship is that these data are still provided regardless of whether or not the business succeeds. In fact, some argue that even more important information is provided to the market when an entrepreneurial venture fails.

The rapid pace of globalization in recent years has led to entrepreneurship being more important now than ever before. Developed nations are seeing many of their jobs becoming outsourced to countries where labor is cheaper. The economies of these developed nations are desperate for entrepreneurs to create businesses that will provide new jobs for displaced workers. Furthermore, starting a business has become easier in the globalized world simply because of the rise of the internet. This has removed many barriers to entry that had previously existed and has given large companies less of an “economies-of-scale” advantage over startups.

Governments are eager to have high rates of entrepreneurial activity not purely for the economic benefits but also because of the aid that entrepreneurship can provide in relieving social ills. For example, businesses started by entrepreneurs can help to revitalize distressed urban areas by bringing jobs and money into the neighborhood. Also, fostering entrepreneurship can help reduce dependency and strain on the welfare state by creating more jobs in the private sector. Finally, governments prosper from

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<sup>1</sup>The Global Entrepreneurship Monitor (GEM) is a group spearheaded by Babson University and the London Business School that produces annual research analyzing entrepreneurship in over 40 developed and developing countries.

high rates of entrepreneurship and innovation because they make their country a more favorable location for foreign investment. I now turn to the problems faced by Belgium in its attempts to encourage entrepreneurship.

## **Entrepreneurship in Belgium**

Belgium is a country that has long prospered as a critical business center for Europe, giving it the 17th highest gross national income per capita in the world. (World Bank) Its service-based economy in the north, coupled with an industrial southern economy, gives Belgium a diverse market structure that keeps it competitive. Additionally, Belgium's location in the heart of the EU and its distinction as the EU's political headquarters have made it an even more attractive place for business to flourish. Belgium is also known for having a highly-educated population and is home to several major European universities.

All of these factors would seem to provide the framework for Belgium to be a country bustling with entrepreneurial activity. On the contrary, almost the exact opposite is true. Belgium has a history of low rates of entrepreneurship — not only below the world average, but also below the already low European average. In its 2007 report, the Global Entrepreneurship Monitor rated Belgium's TEA at 2.7 percent, the 4th lowest of all the 42 countries studied. The report also placed Belgium's rate of established business ownership at the 5th lowest position. (Levie et al., p. 16) The results were similar for previous years: GEM reported Belgium's TEA at 2.7 percent (lowest) in 2006 (Harding and Bosma, p. 7) and 3.9 percent (3rd lowest) in 2005. (Minniti et al., p. 18)

### **Reasons for Low Entrepreneurship in Belgium**

There are several important factors that explain Belgium's poor entrepreneurial performance. A good place to start is the culture of Belgium as it relates to entrepreneurship. To begin, I look at the decades' worth of research that Geert Hofstede, the well-known Dutch writer on social interactions, has conducted on national cultures and has documented in his seminal work *Culture's Consequences*. (2001)

Hofstede identifies four cultural dimensions by which nations can be assessed. One of these dimensions is known as "uncertainty avoidance." Uncertainty avoidance is based upon the notion that most societies have an understanding of the uncertainty of the future. Cultures with low uncertainty avoidance may see this uncertainty as an opportunity and teach that one may capitalize on the risk associated with uncertainty to better oneself. Conversely, cultures with high uncertainty avoidance may deal with this uncertainty by creating social structures that are very stable and limit the amount of risk that its members must endure.

High uncertainty avoidance cultures generally have members with an external "locus of control." Locus of control is a psychological term used to describe the degree to which one believes he or she can affect his or her own fate. Thus, external locus of control describes the belief that one has little control over his or her own destiny based upon his or her actions. Cultures whose members think with an external-locus-of-control mindset view those who try to be individualistic and change their own future as having little chance of succeeding. Therefore, becoming an entrepreneur is looked down upon because entrepreneurs are viewed as somewhat hopeless. (Thomas and Mueller)

High uncertainty avoidance and external-locus-of-control thinking most certainly apply to Belgium. In Hofstede's 2001 study, Belgium received a high uncertainty avoidance index value of 94 out of 100. This is markedly above the EU average of 74 and ranked as the 5th highest of the 64 countries examined. Again, high uncertainty avoidance is associated with low levels of entrepreneurship. (Thomas and Mueller)

Belgium's high uncertainty avoidance is certainly not the only cultural element that has a bearing on its level of entrepreneurship. A 2004 Gallup poll conducted for the European Commission produced a number of revealing results for Belgium. For example, an unusually high number of poll respondents in Belgium (58 percent) stated that they would rather be employees than self-employed. Even more telling was the 78 percent of Belgium respondents who said that they didn't think it would be desirable to start a business within the next five years. When compared to the already high

European average of 63 percent who don't believe entrepreneurship is a desirable career choice, the picture becomes clearer. Also, 68 percent of Belgians responded that becoming an entrepreneur had at no point in their lives ever crossed their minds. (TNS/EOS Gallup Europe) Perhaps the cultural view of entrepreneurship in Belgium is best articulated by a poll respondent who said that "entrepreneurship is often associated with making money, and brings about the danger that one's family or social life will be neglected." (Zegers et al., p. 71)

Besides cultural factors, there are several other reasons why Belgium has low rates of entrepreneurship. One has to do with R&D in Belgium, of which there is a great deal. In 2005, 2.09 percent of Belgium's GDP was spent on R&D, which is among the highest rates in all of Europe. The Belgian government has committed to increasing this figure to 3 percent by 2010. Much of Belgium's R&D is done in the four public strategic centers run by the government: the Interuniversity Microelectronics Centre, the Flanders Institute for Biotechnology, the Flemish Institute for Technological Research and the Interdisciplinary Institute for Broadband Technology. Each of these centers focuses on a different area (e.g. microelectronics, biotechnology) and altogether they receive about (135 million per year. (Moerman, p. 46)

Usually large amounts of R&D generate many entrepreneurs who are looking to bring new products to market. However, in Belgium there is a problem with transforming the results of R&D into marketable products that an entrepreneur could use to start a new business. There are two major reasons for this. The first is that a larger-than-normal percentage of R&D spending in Belgium is given directly to universities for academic research. The problem with this is that academic research typically focuses more upon testing hypotheses and advancing knowledge rather than developing a product. (Moerman, p. 47)

The second reason for the R&D-entrepreneur hurdle has to do with the type of R&D that occurs in Belgium. Most Belgium R&D projects are high-tech in nature. According to the 2005 GEM report, of the 42 countries studied only the United States and Ireland had more high-tech venture capital than did Belgium.

(Minniti et al., p. 50) Looking at the big picture, this strong focus on high-tech R&D is beneficial to a country; the drawback is that high-tech products are usually more expensive and riskier to bring to market than more conventional ones. This added risk, paired with Belgium's already high uncertainty avoidance, explains why many of these high-tech ideas are not brought to market in Belgium.

Still other explanations for Belgium's low rate of entrepreneurial activity include Belgium's relatively high per capita wealth, which means that far fewer people become entrepreneurs because of need. In fact, the 2005 GEM report showed that as few as 11 percent of Belgian entrepreneurs decided to start their own business out of necessity. (Minniti et al., p. 21) Another determining factor in low Belgian entrepreneurship is the perception among Belgian citizens that the government makes it difficult to start a business. In the 2004 Gallup poll, 71 percent of Belgians listed the complex administrative process involved with starting a business to be a major factor discouraging them from becoming an entrepreneur. (TNS/EOS Gallup Europe) And finally, according to the 2003 GEM report, a substantial number of Belgians said that there was little-to-no communication from the Belgian government about the types of financing and support systems offered to entrepreneurs. (Zegers et al., p. 76)

### **What Is Belgium Doing to Promote Entrepreneurship?**

The Belgian government is very aware of its country's entrepreneurial shortcomings. To address this problem, it has made the encouragement of entrepreneurship one of the pillars of its national economic strategic plan. Many of the programs that the government has undertaken in the past few years directly address the causes for low entrepreneurship that have just been identified.

To begin with, the Belgian government is making great strides to bridge the gap between R&D and entrepreneurship. Legislation was passed in 2004 to establish the Industrial Research Fund. With an annual budget of (11 million, the fund will provide money for grants at Belgium's six major universities. The main

criterion for receiving funding is to present research ideas that will develop into easily marketable products. After initial funds are granted to a certain project, additional funds will be contingent upon such matters as the number of patent applications the project produced in the previous year. (Moerman, p. 48) The key feature of this program is that it allows Belgium to continue to concentrate much of its R&D funding on university spending while it also ensures that R&D funds are being used to create products that will be brought to market by entrepreneurs.

In association with the Industrial Research Fund, Belgium has created Technology Transfer Offices at all of the universities that receive grants. The purpose of these offices is to streamline the process of patenting ideas and products that come from R&D. Also, the offices offer support for obtaining intellectual property rights. By having these offices located directly on the campuses where the R&D is taking place and by staffing them with patent experts, the entrepreneurial process is made even easier for researchers and academics. (Moerman, p. 48)

The Belgian government's third R&D initiative is to have policymakers sit in with researchers on R&D projects. The goal is to have policymakers experience R&D firsthand so they have a better idea about how to make effective policy decisions regulating R&D. Specifically, the policymakers are hoping to come up with fresh ideas on how to stimulate entrepreneurship among researchers. (Moerman, p. 50)

Another area that has received much attention from the Belgian government is the easing of administrative burdens on the entrepreneurial process. Perhaps the greatest achievement in this area has been the establishment of what are known as "one-stop shops." These shops, located throughout Belgium, provide a single location where everything that needs to be done to start a business can be accomplished quickly. Prior to the existence of these shops, it would take about three months for an entrepreneur to start a new business. The shops initially brought this time down to one month. (Agency for Administrative Simplification, p. 4) However, the Belgian government unveiled in 2007 what is known as an eDEPOT application. These applications allow notaries to file documents electronically. With the eDEPOT

application, new businesses can now be formed in Belgium in as little as three days. (Federal Planning Bureau, p. 30)

While the creation of one-stop shops sought to alleviate the administrative burden from the bottom up, much is also being done from the top down. For example, in 2006 the government policy-making units that regulated innovation and entrepreneurship were merged into a single body in order to create a more focused approach. Furthermore, in Flanders the Flemish Agency for Entrepreneurship was launched. This agency provides potential entrepreneurs with an easy way to get information regarding entrepreneurship directly from government officials. (Van der Veen et al., p. 3) Finally, legislation has been proposed that would consolidate all of the different financial aid packages available for entrepreneurs into one single package. (Federal Planning Bureau, p. 31) Currently, these aid packages must be obtained individually from many different government departments.

A major concern for many would-be entrepreneurs in Belgium is the financing of startups, especially because, as noted above, many startups in Belgium involve high-tech products that are expensive to launch. The most significant initiative achieved in this area was the creation of the Arkimedes Fund in 2005. The fund, which has a total of ( 110 million available for entrepreneurs, was financed entirely by Belgian citizens. Investments into the fund could be made by either purchasing bonds or stocks. The bonds come with a 100 percent capital return guarantee in 13 years at a fixed rate of 3.45 percent. The stocks offer a 90 percent capital return guarantee in 13 years and tax breaks for any stock purchase up to (2,500. (Minniti et al., p. 41)

Another funding solution that began in the Brussels region in 2007 was the Brussels Regional Investment Company. This lending body is comprised of half public and half private funds that are made available to entrepreneurs. The Brussels government invested (25 million in the company with the hopes of having at least this amount matched by institutional investors. (Federal Planning Bureau, p. 33)

In addition to providing funds for entrepreneurs, Belgium has developed two other ini-

tiatives to help with financing new companies. The first was the creation of the Business Angels Network. This network, which has been approved for annual grants until at least 2011, gives entrepreneurs an easy way to meet and network with venture capitalists and “angels” who are interested in financing new companies. (Van der Veen et al., p. 55) The second was the establishment of a program that provides certified public accountants at the Brussels Enterprise Agency to help entrepreneurs plan financially for their company (e.g., creating budgets and using balance sheets). This is particularly helpful for entrepreneurs who are trying to put together a business plan but do not know much about finance or accounting. (Federal Planning Bureau, p. 33)

There are two final initiatives the Belgian government has pushed to help entrepreneurs. It has made it a priority for the education department to begin hiring more entrepreneurship specialists to teach at universities and secondary schools throughout the country. Also, all unemployment officers are now instructed to try to discover entrepreneurial potential in those who are receiving unemployment benefits. If someone appears to be a suitable entrepreneur candidate, he or she is strongly encouraged to pursue this option. To make the process even easier, the government will allow the person’s unemployment benefits to continue during the early stages of the business setup process. (Federal Planning Bureau, p. 50)

It is clear that the Belgian government is doing much to assist entrepreneurs and potential entrepreneurs. The one thing that it cannot directly change, however, is the attitude of the Belgian people toward entrepreneurship. On the other hand, if all of its other initiatives begin to work, a gradual change in public opinion toward entrepreneurship may occur. In the next section, I will look at the state of entrepreneurship in the Netherlands and the initiatives being put forth to help entrepreneurs there.

## **Entrepreneurship in the Netherlands**

The Netherlands is a nation with a rich history in entrepreneurship and innovation, dating back to the Dutch Golden Age in the seventeenth century. In modern times, the Nether-

lands has boasted one of Europe’s strongest economies, and most analysts consider the Dutch economy to be a very free and open capitalist system. This framework is quite favorable for entrepreneurs, as is demonstrated by the extremely high success rate of Dutch entrepreneurs. Close to 60 percent of Dutch entrepreneurs are still in business after five years of starting their business, one of the highest rates in Europe. (OECD, 1998, p. 170)

As with Belgium, one might be tempted to assume that the Netherlands has strong entrepreneurial activity. This is not the case, however; while Dutch rates of entrepreneurship are higher than those of Belgium, they are still low. The 2007 Total Entrepreneurship Activity of the Netherlands as rated by GEM was 5.2 percent, well below the world average of 9.2 percent and the EU average of 6.0 percent. (Levie et al., p. 16) The statistics from 2006 illustrate a similar situation with the Dutch TEA at 5.4 percent, lagging behind the world average of 9.5 percent and the EU average of 6.1 percent. (Harding and Bosma, p. 7) Finally, in 2005, the Dutch TEA was 4.4 percent, the 6th lowest of the 42 countries examined by GEM. (Miniti et al., p. 18)

### **Reasons for Low Entrepreneurship in the Netherlands**

There are many qualities of the Netherlands that may be responsible for its relatively low levels of entrepreneurship. Cultural qualities are certainly one. When the Dutch were polled by the Gallup Organization in 2004, the second highest percentage in the EU, 66 percent, said that they would rather be employees than self-employed. Furthermore, only 16 percent of those polled believed it was feasible to become self-employed in the next 5 years, the second lowest percentage in the EU. A high level of uncertainty avoidance seems to characterize the Netherlands just as it does Belgium, with 44 percent of the Dutch polled saying that they fear the income uncertainty associated with entrepreneurship, which is the 3rd highest percentage in the EU. (TNS/EOS Gallup Europe)

However, some cultural attitudes in the Netherlands do provide an opportunity for entrepreneurship to flourish. In fact, according to a 2003 GEM report, nearly 80 percent of

Dutch citizens believe becoming an entrepreneur is a good career choice, one of the highest percentages in Europe. Moreover, 70 percent of Dutch citizens said that having a successful new business projects a high social status, also one of the highest European percentages. (Wennekers and Bosma) Considering all these data, it becomes apparent the Dutch aren't vehemently opposed to becoming entrepreneurs, but perhaps are just overly concerned with the possibility of failing.

On the surface, financing does not appear to be an impediment to entrepreneurship in the Netherlands. All surveys related to entrepreneurship conducted in the Netherlands seem to indicate that lack of financing is not viewed as a major barrier to starting a business. This response is most likely based on the fact that the amount of venture capital is quite high in the Netherlands. Upon closer investigation, however, this venture capital might not be as easy to obtain as some would-be entrepreneurs might anticipate. The reason is that approximately two-thirds of venture capital in the Netherlands comes from banks, a fraction about twice as high as in the rest of Europe. Banks are generally very hesitant to invest in early-stage business startups; instead they prefer to direct their funds toward late-stage development or development within an already established company. (OECD, 1998, p. 176)

Besides venture capital, a very important source of funding for entrepreneurs is from so-called "informal investors" — generally friends and family members of the entrepreneur who invest money into the business. The amount of informal investment in the Netherlands is low, the lowest of all OECD countries, in fact. (Wennekers and Bosma, p. 42) What is frustrating about this for would-be Dutch entrepreneurs is that rates of household saving and investing in the Netherlands are quite high, but the types of investments made by the Dutch are more along the lines of pension funds and bonds. This type of risk-averse investing behavior again exemplifies the uncertainty avoidance nature of the Dutch.

One issue that has certainly affected the rate of entrepreneurship in the Netherlands is bankruptcy legislation. Bankruptcy law in the Netherlands has historically been written to protect the creditor rather than the debtor, allow-

ing the creditor to continue collecting from the debtor until the principal is repaid in full, regardless of how long this might take. This means that if one were to go bankrupt while trying to start a business, he or she could be liable for the debts incurred for the rest of his or her life. Also, even if the debts are repaid in full, the debtor will forever have a difficult time gaining any sort of credit. (Kilborn, p. 81)

A 2003 poll of entrepreneurs in the Netherlands found that they believed the major bottleneck they experienced in starting a business was government regulation. (Wennekers and Bosma, p. 39) This view can partly be attributed to the Dutch Establishment Law, which requires that nearly 50 percent of all new businesses obtain a special license from the Chamber of Commerce in order to operate. These licenses can, in some cases, take an extremely long time to obtain and can be costly as well. Additionally, at one point in time the Establishment Law required that as many as 88 separate tasks be performed to start a business, most of which consisted of bureaucratic forms and paperwork. (OECD, 1998, p. 183)

Another regulation problem that has been detrimental to the entrepreneurial environment in the Netherlands is patent protection. Patent applications overall are low in the Netherlands. This might be due to their cost, but more likely it is due to the notion that many Dutch do not trust the protection they are granted by patents. A staggering 47 percent of Dutch citizens polled considered protection against imitation offered by patents to be "insignificant." (OECD, 1998, p. 179)

Finally, education in the Netherlands is yet another potential hindrance to entrepreneurship. Successful entrepreneurs in the Netherlands are generally quite well educated, with the majority having a college degree. (Wennekers and Bosma, p. 35) Of entrepreneurs surveyed in the Netherlands by GEM, however, about two-thirds agreed that their education at no point in time prepared them to become entrepreneurs. In addition to this, over 80 percent of respondents in the survey said they never had contact with an entrepreneur during their education. About the same number of entrepreneurs, 84 percent, said that they believe contact with an entrepreneur, either through lectures or spe-

cial projects, would have had a very positive impact on their view of entrepreneurship and the likelihood of their becoming an entrepreneur. (Wennekers, Bosma, and Stigter, p. 60)

### **What Is the Netherlands Doing to Promote Entrepreneurship?**

The government of the Netherlands has long recognized the importance of entrepreneurship. This is reflected in its contemporary entrepreneurship policy, which can be viewed as officially beginning in 1987 with the publication of the white paper "Creating Room for Entrepreneurship." (Wennekers, Bosma, and Stigter, p. 23) At the crux of this white paper was the Dutch government's admission that, in order to remain competitive, the Netherlands needed to take measures to produce more entrepreneurs. Perhaps the most significant paper regarding the shaping of current entrepreneurship policy in the Netherlands was the 1999 paper "The Entrepreneurial Society," which established a framework for many of the initiatives that have taken place in the Netherlands during the past decade that I will discuss in this section. (Wennekers, Bosma, and Stigter, p. 70)

With regards to financing, the Dutch government has instituted several programs aimed directly at helping entrepreneurs fund their businesses, especially in the early stages. To encourage informal investment, which is low in the Netherlands as noted before, the government has enacted what has been called an "Aunt Agatha" system. This provides those who invest in startups with significant tax advantages (e.g. they are exempt from paying taxes on capital gains up to about (2,500 and may also credit about (25,000 of losses from an investment against their income tax). This tax break lasts for the first eight years of the investment. (OECD, 1998, p. 182)

The Dutch government has also been trying to encourage banks to invest venture capital funds into startups. What it has done is to institute a program known as the "SME Credit Guarantees Decree," which guarantees a return to banks on loans they issue to startup businesses that would normally not have enough collateral to be considered creditworthy. This program has been deemed successful because it has led to hundreds of millions of euros in loans,

while the Dutch government has had to pay only a small fraction of its guarantees because of the high success rate of new businesses in the Netherlands. (OECD, 1998, p. 187)

Finally, the Dutch government has begun a program that offers direct financial assistance to entrepreneurs. Entrepreneurs may now apply to receive financial packages from the Dutch government, with the amount given in the package dependent upon the government's opinion on how much the proposed business will help the future of the Dutch economy. Entrepreneurs who do receive the package end up getting more than just capital, however. The package comes with assistance and advice from several different private agencies, organized through regional "Entrepreneurs Forums." The government has been trying to make this assistance available through a digital portal on the internet. (OECD, 1998, p. 115)

The government has worked diligently to lessen the severity of repercussions faced by debtors who go bankrupt. After a long six-year process in the Dutch Parliament, the first major bankruptcy reform bill since 1896 was passed in the Netherlands in 1998. This bill gave debtors the ability to start over again much more simply than did the old code by allowing debtors to be forgiven of their debts and by granting them the right to again receive lines of credit. (Kilborn, p. 93) Furthermore, the Dutch government modified the bankruptcy law again in 2006, providing even more protection to debtors, especially those involved in non-fraudulent bankruptcies. (Bassie)

The Netherlands has also worked to rid its country of some of the burdensome regulations that have stymied entrepreneurship. The best example of this is the work the government has done with the "Establishment Law," which has long been considered overly bureaucratic. In 1996, a major overhaul of the law reduced the number of required steps to start a new business from 88 to eight. This was done by eliminating much the paperwork that was deemed unnecessary and combining many of the steps that were more-or-less redundant. This did not achieve the simplification the Dutch government had hoped for, so in 2007 the law was repealed altogether, thus further reducing the administrative burden in starting a new business. (Puntman)

One area of special concern in the Netherlands has been introducing entrepreneurship education into the schooling system. In fact, with the release of "The Entrepreneurial Society" white paper in 1999, a Commission on Entrepreneurship and Education was formed. The Commission was given approximately (5 million in order to introduce entrepreneurship education into the classroom, from primary schools through universities. The result has been several successful pilot programs at selected schools that will most likely be duplicated at other schools throughout the country. (Wennekers, Bosma, and Stigter, p. 70) One such program is the "TOP" program at the University of Twente, a prominent Dutch University. This comprehensive program gives students with a good business idea access to interest-free loans, to advice from professors and business people, and to the university's ample facilities for research and development. Not only are current students eligible, but the program also provides alumni with the chance to work for one year at the university helping to develop a new business. (Stevenson and Lundström, p. 122)

As mentioned before, the entrepreneurship education initiative is not just limited to universities, but extends through all levels of the education system. In many primary schools throughout the Netherlands, a program called "The Entrepreneurial City" has been launched. This program encourages students to engage in a fictional project doing something entrepreneurial (e.g. opening their own candy store). The goal of the initiative is to get students to start thinking about entrepreneurship at a young age. At the secondary education level, efforts are being made to improve entrepreneurial awareness as well. A program called "Entrepreneurship: Something for Me?" was piloted by a certain entrepreneur-turned-teacher at a secondary school in Rotterdam. He had students create an idea for a business and develop a business plan with the assistance of business students at a nearby university. To help train teachers who have expressed interest in running the program at their respective schools, the teacher has documented his project methodology in a book and has also put together a website and CD-ROM. (Wennekers, Bosma, and Stigter, p. 65)

Besides attempting to overcome the impediments to entrepreneurship described in the previous section, the Dutch government has worked on several other initiatives to improve the national rate of entrepreneurship. For example, in 1996 the government started several entrepreneurship programs geared specifically toward the unemployed. One such program allows those receiving unemployment benefits to delay mandated job search activities if they are attempting to start their own business. (OECD, 1998, p. 187) Also, the Netherlands is one of the pioneers in implementing the "one-stop shop" concept of entrepreneurial assistance. As mentioned earlier in this article, one-stop shops are single locations where many of the steps to start a business may be performed. These one-stop shops can be found at Chambers of Commerce and Small Business Centers throughout the country. (Stevenson and Lundström, p. 123)

All in all, the Dutch government has been one of the leaders among European countries in providing logical and comprehensive entrepreneurship assistance. These efforts have yet to make a significant difference in the rate of entrepreneurship in the Netherlands. However, because of the nature of many of the changes, the effects may take some time to occur. Yet, the youth of the Netherlands are growing up in a much more positive environment for entrepreneurship than did their parents. Due to less regulation, more lenient bankruptcy codes, and more entrepreneurial education, young people today are much more likely to cross the bridge of uncertainty that hindered so many of their parents from starting their own businesses or investing in startup companies.

## Conclusions

Belgium and the Netherlands can benefit one another by working collaboratively to strengthen entrepreneurship. Just as Belgium adopted the idea of one-stop shops from the Dutch, there is room for more policy sharing. Personally, I believe that Belgium should seriously consider implementing some of the Netherlands' entrepreneurial education initiatives. Since culture has such a profound impact on entrepreneurship in Belgium, I believe that education at an early age pro-

moting entrepreneurship would be extremely beneficial.

The Dutch can also look to their neighbors in Belgium for ideas on enhancing entrepreneurship. For one, the Dutch have not done much to address the problem of the public not trusting the protection provided by patents.

The Belgians, on the other hand, have a patent system in which people have much confidence. Also, the Dutch might consider creating a network of “angels” as the Belgians did as a way to compensate for the shortage of informal investors.

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