



Global Entrepreneurship Monitor



# Global Entrepreneurship Monitor 2010 Flanders & Belgium Report

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## 1 Executive summary

This report has as its objective to provide an update of the state of entrepreneurship in Belgium and Flanders for 2010. What is new in 2010?

- In order to improve the rigour of the study, we have implemented a number of methodological changes that prove the robustness of the data from previous years.
- A number of indicators show that there is a strong revival of entrepreneurial attitudes in Flanders and Belgium, and in a way that is largely consistent with reference countries. More specifically, the number of individuals that indicate a willingness to set up a company within the next three years (prospective entrepreneurship) achieved an all-time high (8,81% in Flanders; 8,86 for Belgium) and almost 4 out of 10 Flemish and Belgians see opportunities for doing so as well. Compared to 2009, this is twice as many people. Interestingly, however, this number is very close to the number of people that saw opportunities in 2003/2004, also a post-crisis period.
- Along the same lines, entrepreneurship is perceived as a good career choice by about 6 out of 10 individuals. Compared to the traditionally 4,5 out of 10 and the resulting lowest appreciation of its kind across all innovation driven countries, this puts Flanders and Belgium in the middle of the pack for the first time. While less dramatic, this significant increase is also reflected in the slightly higher scores given to perceived positive status and media attention attributed to entrepreneurship.
- Contrary to earlier years, in which Flemish and Belgian people indicated to be far less obstructed by a fear of failure than people in our neighbouring countries, it seems that this fear has increased significantly (from 24% in 2009 to 33% in 2010), and getting to the level of 2003/2004. This may indicate a lower opportunity cost for entrepreneurship in years of crisis.
- Even though spirits for entrepreneurship are higher, the perception that there is relatively little cultural support for starting a business remains stable and low, especially compared to other countries.
- Consistent with earlier years, the levels of nascent and new entrepreneurship are not significantly different from previous years. This proves that, even with more rigorous methods, the TEA levels represent a fair image of the prevalence of early-stage entrepreneurship in Flanders and Belgium, as captured by the GEM questionnaire.
- Overall, the aspirations of the early-stage entrepreneurs in terms of job growth and innovativeness remain relatively stable compared to earlier year, yet less of their revenue seems to be coming from export since the financial crisis in 2008.

## 2 Introduction

Within the context of the Policy Research Centre for Entrepreneurship and International Entrepreneurship (STOIO), a set of databases are used to investigate and monitor entrepreneurship. Within these databases, The Global Entrepreneurship Monitor serves as the means to trace early-stage entrepreneurship, i.e. entrepreneurship that is the stage just before, during or just after founding, and compare its prevalence and characteristics with our neighboring countries. This report provides the updated figures of the core GEM indicators. Before presenting the results, we briefly introduce GEM, and in particular its philosophy and methodology.

### 2.1 GEM

#### 2.1.1 Background and philosophy

The Global Entrepreneurship Monitor (GEM) is an international research project that focuses on analysing entrepreneurial *processes*. The GEM is unique since it allows for cross-country analysis of entrepreneurship and does so by focusing on three objectives (Bosma & Levie, 2010):

- To measure differences in entrepreneurial attitudes, activity and aspirations across different countries.
- To identify the variables fuelling the above mentioned differences.
- Identify policies that could enhance entrepreneurial activity.

One of the most defining characteristics of GEM is that it uses the same definition for entrepreneurship in all of the countries that participate in the survey. While this may seem logical, this is not as evident as it seems. Databases that rely on administrative data for the registration of entrepreneurship, for example, may have difficulty in comparing between countries and also in time. Administrative requirements, such as the formal registration of a business, tend to be different in different countries and as such comparisons may not be reflecting actual entrepreneurial activity as much as they compare administrative requirements. Furthermore, administrative requirements may also evolve over time, and so the same remarks can be made within one country. In order to overcome these difficulties, GEM uses a survey-method that asks the same question in all countries. Among other questions, one of the most important questions for identifying start-up entrepreneurs is therefore:

*“You are, alone or with others, currently trying to start a new business, including any self-employment or selling any goods or services to others”* (answer Yes / No / Don’t know / Refuse).

By using this same question every year and across all countries participating in the GEM survey, the GEM data represent a very rigorous attempt to capture the true prevalence of entrepreneurial activity in a country. Moreover, the wording of the question is especially geared towards capturing behavioural activity, and as such employs an indirect method to understanding whether or not a person is an entrepreneur (instead of asking the question directly). While this results in very comparable observations across time and space, one should consider, however, that the notions “business” and “starting”, “selling”, etc may still be interpreted differently by different people in different parts of the world. Entrepreneurship, as measured by GEM, reflects a measurement of the

number of individuals in a population that *consider* themselves as being actively engaged in the startup of a business. As such, the data have an interpretative element in it.

Figure 1 - The GEM Model (source: GEM Global Report 2010)

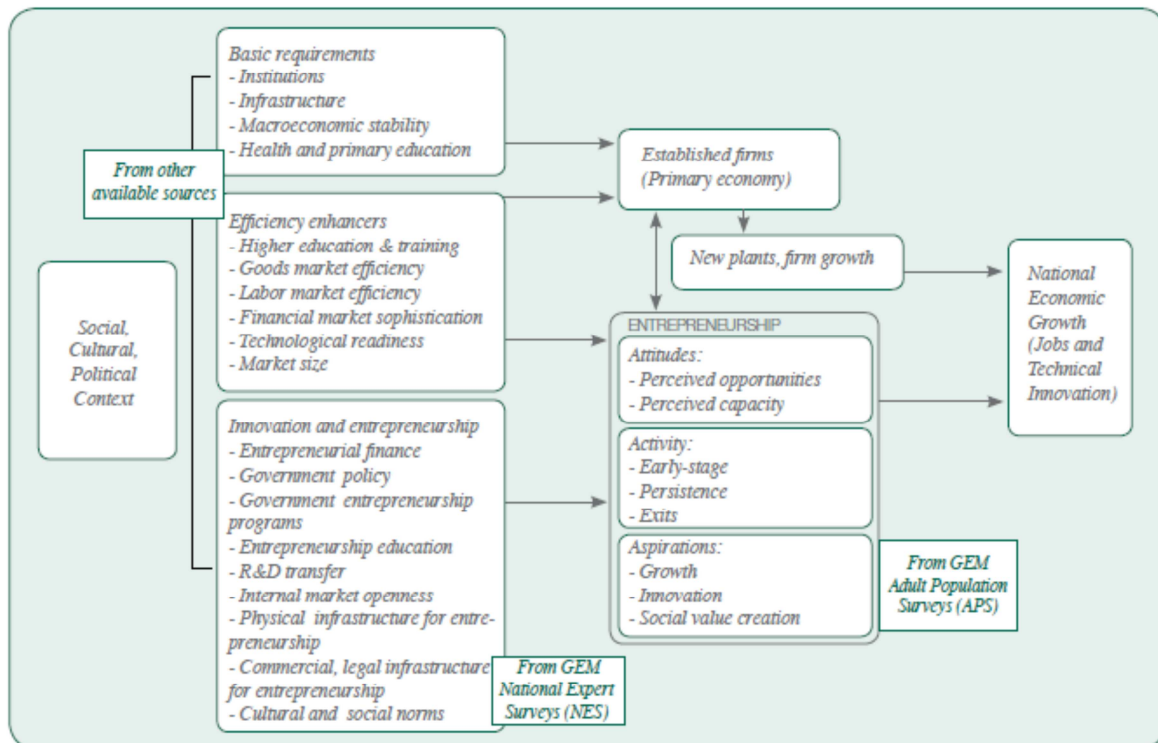


Figure 1 provides an overview of the theoretical GEM model, including the focal constructs of interest and the relations between them. At the core, GEM consists of two research strategies. A first research design is focused on monitoring the entrepreneurial activity and spirit within a country, by considering 3 components of entrepreneurship: activity (how many people start up, have or exit businesses?), attitudes (how do people look at entrepreneurship?) and aspirations (what growth, innovation or job-creation ambitions do entrepreneurs have?). These components are measured using the GEM Adult Population Surveys (Bosma & Levie, 2010). All participating countries are required to have at least 2000 respondents in this survey, but some countries like Spain and the UK go far beyond that level and have about 30000 and 10000 respondents respectively. In Belgium, the 2010 data included 2000 respondents. A second research strategy is dedicated to interviewing experts in the country about the “framework conditions”. These framework conditions provide the fertile – or not so fertile – soil for entrepreneurship to flourish or take root.

GEM started in 1999 with 10 participating countries, most of them high income. In 2010, over 175,000 people were included in the survey, from 59 economies. Together, this group represents one of the largest, and most geographically and economically diverse samples on entrepreneurship to date, covering over 52% of the world’s population and 84% of the world’s GDP. Table 1 gives an overview of the countries included in the 2010 survey, as classified by type of economy and geography. In order to classify these countries in subcategories, GEM follows the same classification as the World Economic Forum in its Global Competitiveness Index, namely factor-driven, efficiency-driven or innovation-driven (Porter & Schwab, 2008). The factor-driven phase is dominated by

subsistence agriculture and extraction businesses, relying heavily on labour and natural resources, while in efficiency-driven economies, further development is accompanied by industrialization and a dominance of capital-intensive large organizations exploiting efficiencies through economies of scale. More developed economies move into the innovation-driven phase, with businesses becoming more knowledge intensive, and an increasing dominance of the service sector. Table 1 provides an overview of countries by economic type and geographical area.

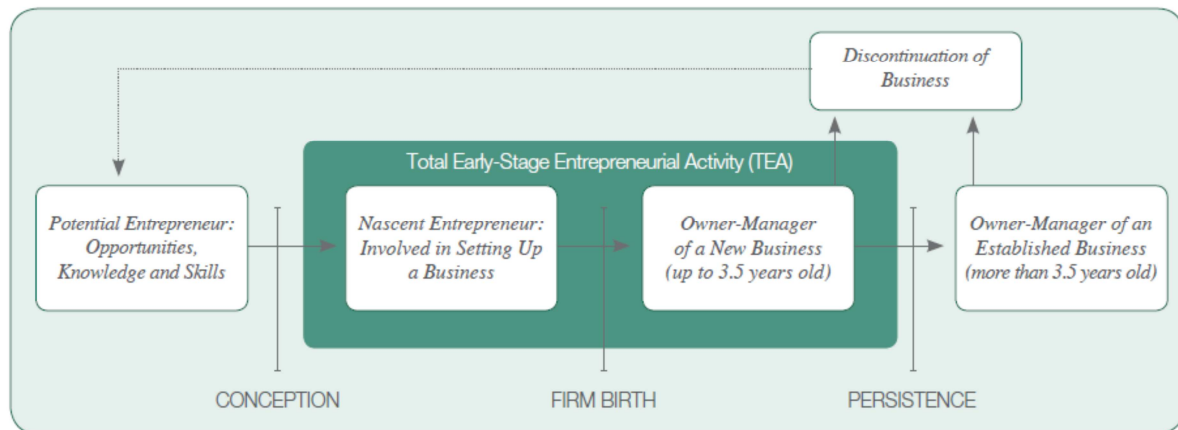
**Table 1 - GEM countries classified by Economy and Geography (source: GEM)**

	Factor-driven	Efficiency-driven	Innovation-driven
Sub-Saharan Africa	Angola*, Ghana, Uganda, Zambia	South-Africa	
Middle-East/North Africa – South Asia	Egypt*, Iran*, Pakistan, Saudi Arabia*, West Bank and Gaza	Tunisia	Israel
Latin America and Caribbean	Jamaica*, Guatemala*, Bolivia	Argentina, Brazil, Chile*, Colombia, Costa Rica, Ecuador, Mexico, Peru, Trinidad and Tobago*, Uruguay*	
Eastern Europe		Bosnia and Herzegovina, Croatia*, Hungary*, Latvia*, Macedonia, Montenegro, Romania, Russia, Turkey	Slovenia
Asia Pacific	Vanuatu	Malaysia, China, Taiwan*	Australia, Japan, Republic of Korea
United States and Western Europe			Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, United States
*In transition to next stage			

### 2.1.2 The entrepreneurial process

GEM looks at entrepreneurship as a process rather than an event. This is important, as the entire project is built on this idea. As Figure 2 points out, the entrepreneurial process begins with a “potential entrepreneur”, which is defined as a person that is considering starting up a business. As soon as someone is taking concrete action to set up a business, we talk about a “nascent entrepreneur”. The next category are owner-managers of new businesses that have been active up to 3,5 years (42 months), who are classified as “new entrepreneurs”. The people who own a business that is over 3,5 years old belong to the category of “established business” owner-managers. The obvious final step in the entrepreneurial process is the discontinuation of a business.

Figure 2 - The Entrepreneurial process and the GEM operational definitions (image from the GEM 2010 Global report)



With the intention to provide a cross-country comparison of the percentage of the population that is engaged in start-up activity, an important indicator in the GEM methodology is the Total Early-Stage Entrepreneurial Activity (TEA). Based on a survey of at least 2000 people in the country that probes respondents on how they perceive themselves related to start-up activity, the TEA represents a combination of both the nascent entrepreneurship and the level of new entrepreneurship in that country.

Our objective is to provide a comparative view, both in time, and in space. In order to compare with other countries, we made a summary statistic, where possible, based on neighboring countries called “reference countries” (Denmark, France, Germany, Spain, The Netherlands and the United Kingdom). While a summary with the “Innovation-Driven Countries” is mainly used in the global reporting on GEM statistics, we prefer to compare with these immediate reference countries for two reasons. First, the statistics are not always available for all innovation driven countries over time, so this would not enable us to compare relevantly across years. Second, comparing to immediate reference countries also enables to eliminate innovation-driven economies that have significantly different political, cultural or geographic circumstances, like for example the United Arab Emirates or South-Korea.

### 2.1.3 Optimizing the Belgian GEM survey

In previous years, the Belgian GEM survey was under scrutiny of various stakeholders because, in contrast to other datasets, the results of the GEM survey consistently placed Belgium at the very lowest levels of early-stage entrepreneurship in comparison to other neighboring countries (Sels, De Winne, & Booghman, 2008). Acknowledging these concerns, we wanted to ensure the greatest possible methodological rigor possible in the GEM 2010 survey. To this purpose, we engaged in the following improvements:

Before 2010 Survey	2010 Survey
Respondents exclusively called in the evening	Respondents called in the evening on first attempt
If respondent not present, respondent is called back twice in the evening	If respondent is not present, respondent is called back twice during evening times and another two times during day if still not present
Respondent is part of “omnibus”, where other	Respondent is part of sample exclusively drawn

questions beyond GEM survey are asked as well	for GEM survey
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While a sample representative of the general population was ensured both before and during 2010, these improvements should ensure a deeper penetration among those people who are also busy during evenings. As this is not atypical for entrepreneurs, this is an important improvement. Furthermore, as the additional call backs were done on top of those call backs already ensured in the previous years, this should also ensure that the current sampling is really an *improvement* on the previous years and not a different sampling strategy. As a final change, we also changed survey vendor to see if there would be an effect on the survey results.

As will be shown below in the results sections, the levels of Total Early-Stage Entrepreneurial Activity do not show any statistically significant differences with previous years, indicating that – within the limits of working with a sample size of 2000 individuals – the GEM results of previous years are not the result of a lack of methodological rigor. As was discussed in the previous GEM report, it is still required to integrate the GEM survey results with other datasets in order to get a full picture of the stage of entrepreneurship in Belgium.

### 3 Entrepreneurial attitudes

The GEM methodology looks at entrepreneurial attitudes by gauging a representative sample of the population 1) how many of them are considering entrepreneurship as a career choice, and 2) whether people perceive themselves armed with the right opportunities, social network and personal skills for doing so. The insights on entrepreneurial attitudes provide an enriched understanding of prospective entrepreneurship (i.e. individuals with an ambition to start up a business in the short term) and a broad perspective on the desirability and feasibility perceptions of the Flemish and Belgian population on entrepreneurship.

#### 3.1 Prospective entrepreneurship

Prospective entrepreneurship is measured with the question:

*“Are you, alone or with others, expecting to start a new business, including any type of self-employment, within the next three years?”.*

Answers to this question give an idea on the number of ventures that might come up soon, which are not yet traceable in administrative statistics. In addition, answers might lead to interpretations of the attitudes towards entrepreneurship.

Based on the figures below, we conclude that prospective entrepreneurship is rising sharply in Flanders, in line with the general tendency for 2010 for Belgium as a whole, and the reference countries. There seem to be more respondents expecting to start a business in the next 3 years, with an all time high of 8,81% for Flanders and 8,86% for Belgium.

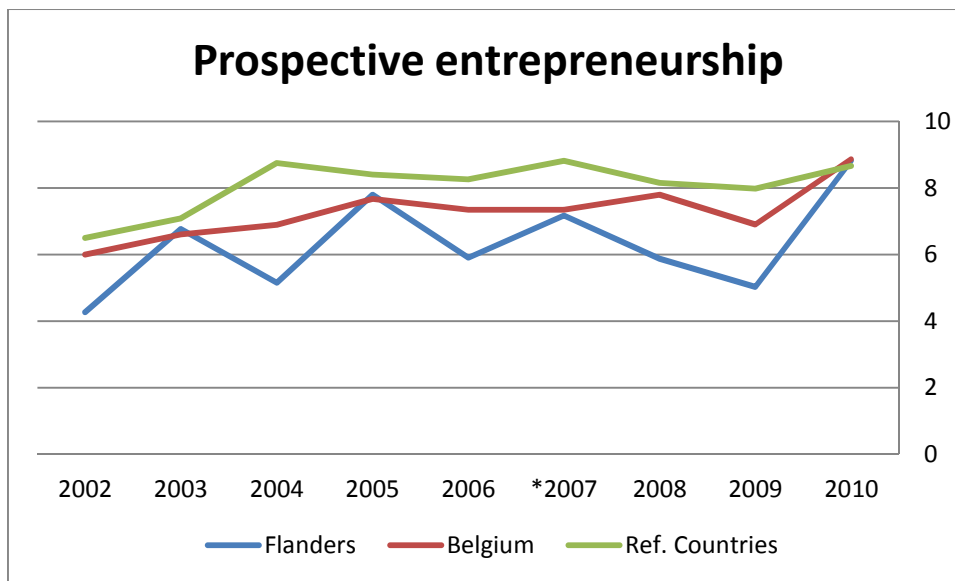
Table - Prospective entrepreneurship 2002-2010 (Source: GEM and STOIO)

in %	Prospective entrepreneurship			
	Year	Flanders	Belgium	Ref. Countries
	<b>2010</b>	8,81	8,86	8,66
	<b>2009</b>	5,03	6,90	7,98
	<b>2008</b>	5,88	7,79	8,15
	<b>*2007</b>	7,17	7,34	8,81
	<b>2006</b>	5,90	7,34	8,26
	<b>2005</b>	7,79	7,67	8,40
	<b>2004</b>	5,15	6,89	8,75
	<b>2003</b>	6,76	6,60	7,09
	<b>2002</b>	4,26	6,00	6,50
	<b>2001</b>	na	na	na

\* except Germany

Figure 3 shows the general positive trend in 2010, with an all time high in what seems to be a (cyclical) trend over the years.

Figure 3 - Prospective entrepreneurship (2002-2010) (Source: GEM and STOIO)



The next subsections deal with the desirability and perceived feasibility of entrepreneurship. These are important variables, as it is often assumed that these play a role in explaining the presence of entrepreneurial aspirations or intentions (Krueger, 1993; Peterman & Kennedy, 2003).

### 3.2 Perceived feasibility of entrepreneurship

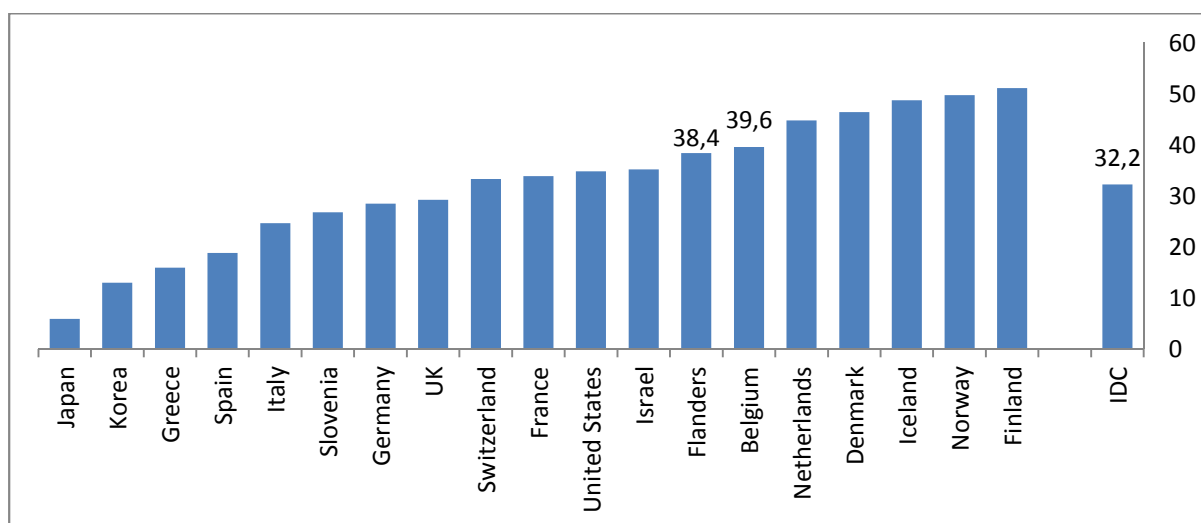
Whether or not people consider themselves able to start a company might contribute to their entrepreneurial attitudes. The perceived feasibility to succeed in entrepreneurship is measured by four variables: the level of opportunity detection, the fear of failure, entrepreneurs in the circle of acquaintances (social capital) and how individuals consider their own ability to start a company (human capital).

#### 3.2.1 Opportunity identification

Entrepreneurship relies on creativity and the identification and exploitation of opportunities to introduce new products, services, processes or organisational methods. People identify opportunities by recognizing the value of information to which they are exposed.

Figure 4 shows that about 38,4% of the Flemish and 39,6% of the Belgian population believes that there will be good opportunities for starting a business. In 2010, this level is higher than the average of the Innovation driven countries and the reference countries (see Table 2).

Figure 4 - In the next six months there will be good opportunities for starting a business in the area where you live (% of the population, 2010) (source: GEM)



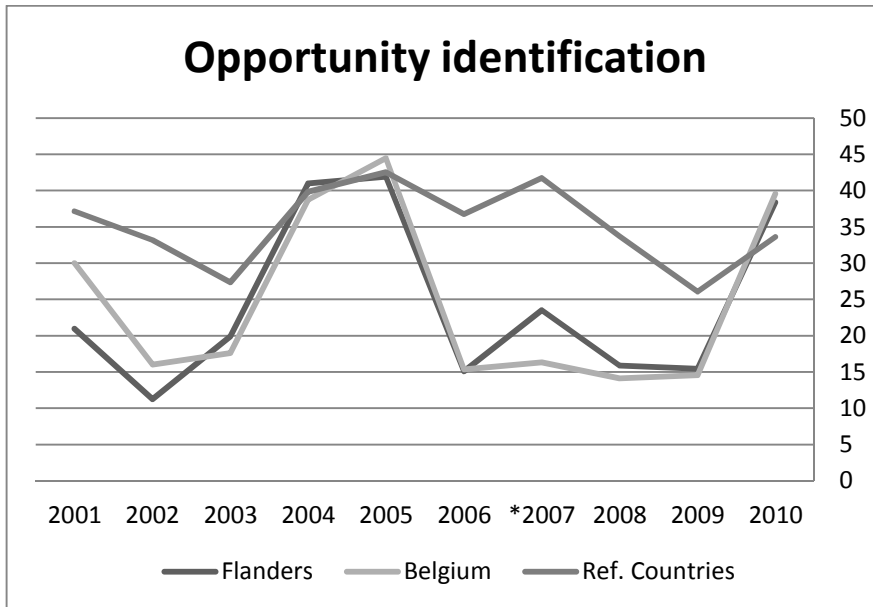
The evolution of opportunity identification over time and space shows interesting results for 2010. Whereas opportunity identification in Flanders and Belgium remained rather low compared to reference countries over the last few years, the current evolution stands out. The data for 2010 reveal that the percentage of the Flemish and the Belgian population that identifies opportunities for setting up businesses has more than doubled (i.e. 2,5 times) compared to 2009. Furthermore, for the first time, this percentage is also higher than the average percentage of neighbouring countries. Interestingly, the results for 2010 do come close to the exceptional results of 2004-2005, which may indicate that a “post-crisis” effect may be at play when it comes to opportunity identification. It has been suggested by Koellinger and Thurik (2009) that economic crises and revival are preceded by similar evolutions in the prevalence of early-stage entrepreneurship. While these effects are not visible in the evolution of early-stage entrepreneurship as measured with GEM data (see below), it may just be that the evolution of opportunity identification as measured with the GEM survey serves that purpose as well.

Table 2 - Opportunity identification 2001-2010 (Source: GEM and STOIO)

in %	Opportunity identification			
	Year	Flanders	Belgium	Ref. Countries
	2010	38,37	39,58	33,61
	2009	15,44	14,54	26,06
	2008	15,86	14,10	33,72
	*2007	23,51	16,31	41,71
	2006	15,10	15,37	36,77
	2005	41,91	44,49	42,55
	2004	40,96	38,75	39,82
	2003	19,88	17,60	27,36
	2002	11,25	16,00	33,17
	2001	20,93	30,00	37,17
* except Germany				

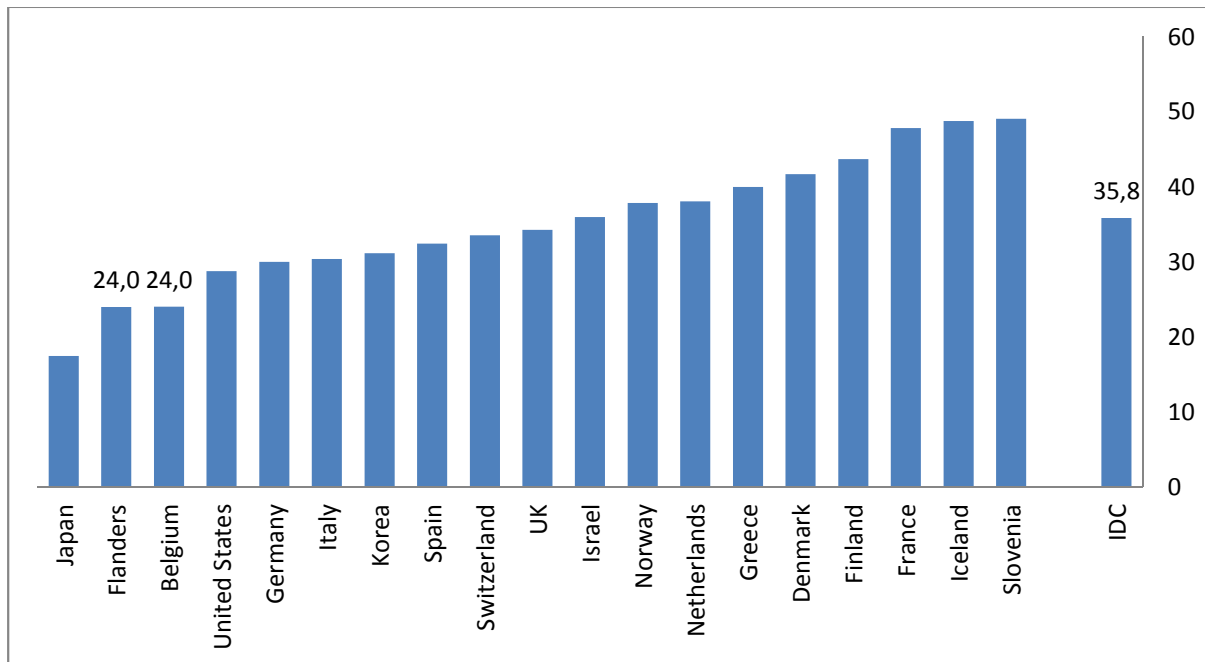
The previous report of 2009 associated the low opportunity identification with low levels of entrepreneurial activity. If this statement is correct, this would then lead to more entrepreneurial activity in the future. The increase of opportunity identification might also be related to a lower opportunity cost of becoming an entrepreneur, as the “employee” status became less attractive in times of crisis.

Figure 5 - Opportunity identification, % of the population (2001-2010) (Source: GEM and STOIO)



### 3.2.2 Social capital

According to Nahapiet & Ghoshal (1998), social capital encompasses the resources and capabilities that firms and individuals can tap into as a result of the (type of) networks they possess. One of the relevant dimensions of social capital to prospective entrepreneurs is whether they are exposed to entrepreneurial role models through their networks (Davidsson & Honig, 2003; Hoang & Antoncic, 2003). An obvious example is children of entrepreneurs showing higher intention towards entrepreneurship compared to children of non-entrepreneurs (Krueger, 1993; Peterman & Kennedy, 2003).

**Figure 6 - You know someone personally who started a business in the past 2 years (% of the population, 2010)**


In the GEM survey, social capital is measured with the question: “Do you know someone personally who started a business in the past 2 years?”. 24,0% of the Flemish and Belgians responded affirmatively to this question. As Figure 6 shows, this is more than 10% lower than the average in innovation driven countries and reference countries (see Table 3).

**Table 3 - Social capital 2001-2010 (Source: GEM and STOIO)**

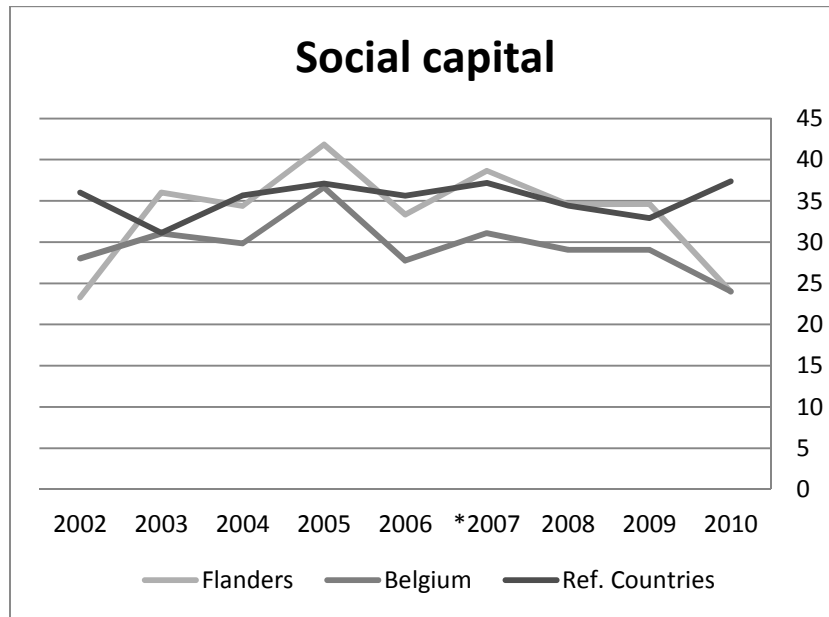
in % Year	social capital		
	Flanders	Belgium	Ref. Countries
<b>2010</b>	23,97	24,01	37,37
<b>2009</b>	34,63	29,08	32,91
<b>2008</b>	34,57	29,08	34,44
<b>*2007</b>	38,66	31,10	37,17
<b>2006</b>	33,33	27,74	35,63
<b>2005</b>	41,85	36,63	37,11
<b>2004</b>	34,40	29,85	35,66
<b>2003</b>	36,00	31,05	31,14
<b>2002</b>	23,26	28,00	36,00
<b>2001</b>	27,64	30,00	34,50

\* except Germany

Individuals in Flanders and Belgium thus indicate that they have few early stage entrepreneurs in their networks. Furthermore, when comparing the level of social capital over time and space, we notice a strong decrease in Flanders to the lowest level in 10 years, contrary to the highest level in the reference countries. This may be related to the fact that there is less entrepreneurial activity in Flanders and Belgium compared to the benchmark countries (see below), yet also depends on the

social mixing of entrepreneurs with non-entrepreneurs. Hence, it is not possible to draw solid conclusions in this regard.

Figure 7 - Social capital, % of the population (2001-2010) (Source: GEM and STOIO)

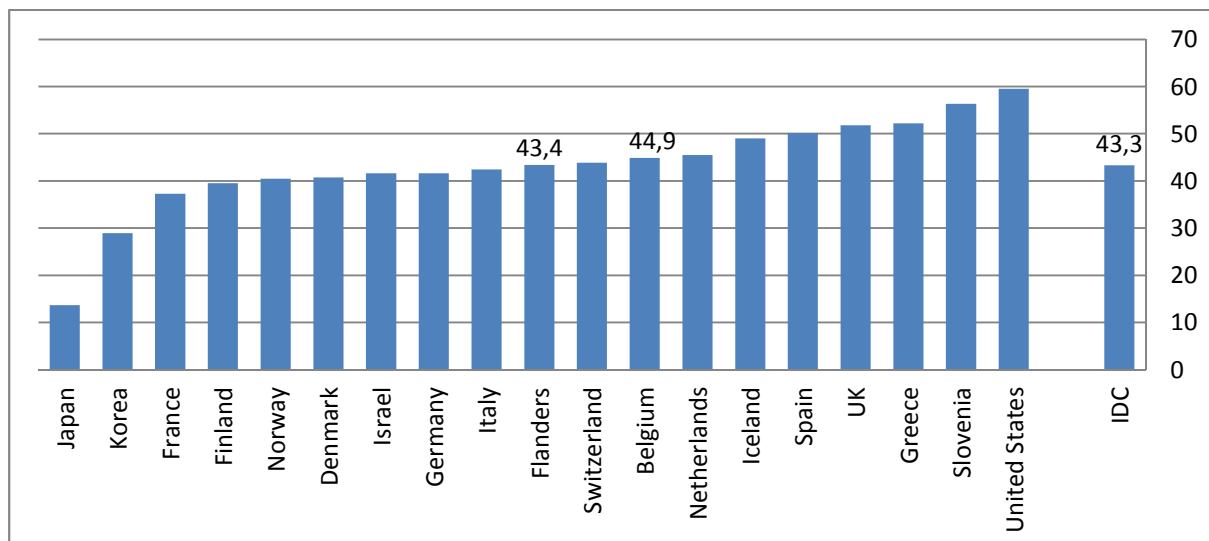


### 3.2.3 Human capital

In the GEM survey, human capital refers to the degree that people believe they possess the knowledge, skill and experience required to start a new business. In fact, research demonstrates that people tend to start a business more often when they believe they possess the required abilities to become a successful entrepreneur (Arenius & Minniti, 2005; Koellinger, Minniti & Schade, 2007).

Human capital is measured by asking the question: “Do you have the knowledge, skill and experience required to start a new business?” 43,4% of the Flemish and 44,9% of the Belgians believe they have the required human capital to start a business. This is very similar to the average in innovation driven countries.

Figure 8 - You have the knowledge, skill and experience required to start a new business (% of the population, 2010)



After a strong increase in Flanders in the period 2002-2005 (to 53%) , the level of human capital of Flanders in 2010 is just above its average (42,10) of the past 10 years, which is higher than the average level of human capital of Belgium (36,01) and the reference countries (37,9). In other words, almost half of the Belgian and Flemish population considers itself competent to start up a business, and as such barely differs from its surrounding country populations.

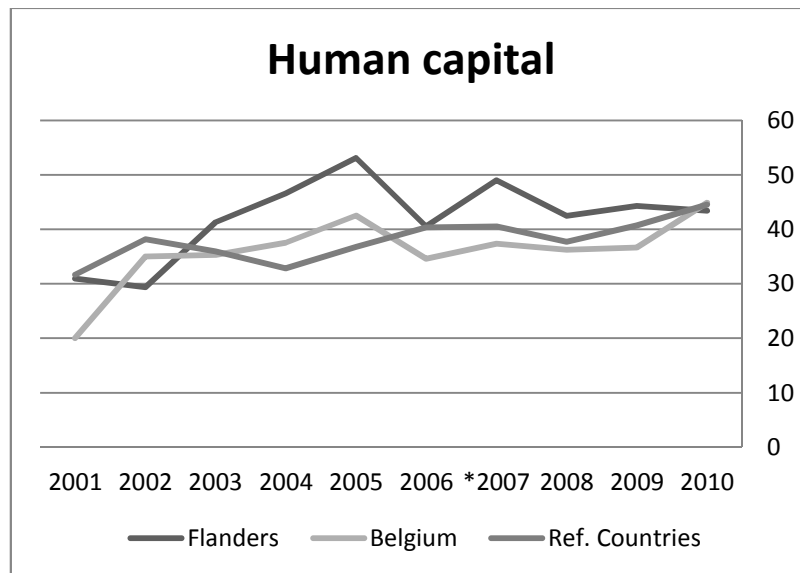
Table 4 - Perceived knowledge, skill and experience to start a business,

2001-2010 (Source: GEM and STOIO)

Year	human capital		
	Flanders	Belgium	Ref. Countries
2010	43,38	44,86	44,53
2009	44,27	36,65	40,71
2008	42,47	36,26	37,70
*2007	48,98	37,37	40,52
2006	40,56	34,59	40,35
2005	53,08	42,51	36,78
2004	46,58	37,52	32,84
2003	41,32	35,30	35,94
2002	29,35	35,00	38,17
2001	30,97	20,00	31,67

\* except Germany

Figure 9 - Human capital, % of the population (2001-2010) (Source: GEM and STOIO)

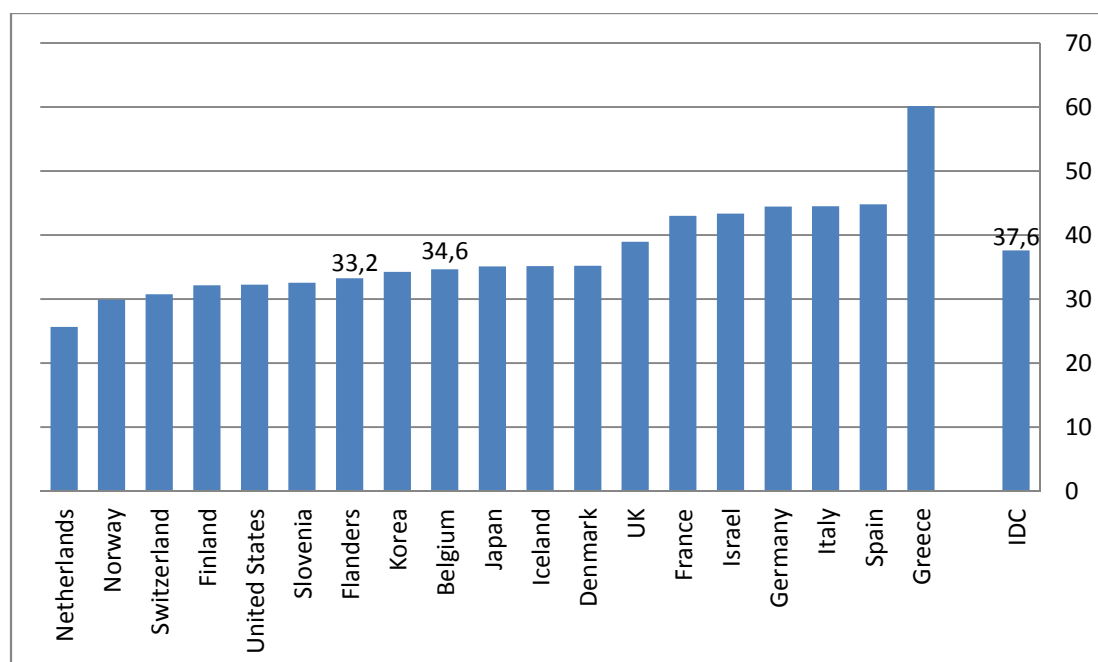


### 3.2.4 Fear of failure

Failure is an inherent potential risk for entrepreneurs, and as such may serve as a constraint between the dream of starting a new organization and actually doing it. Failure, generally referring to “discontinuation” instead of “bankruptcy” involving big economic losses, is especially problematic from a social and psychological point of view. Failure has different consequences in different cultures. For example, fear of the negative social consequences of failure could hold people back

from starting a business. In this regard, fear of failure might then be a threshold as a degree to which individuals let themselves in with entrepreneurship or not.

Figure 10 - Fear of failure would prevent you from starting a business (% of the population, 2010)



Fear of failure is measured by asking the following question: “Would fear of failure prevent you from starting a business?” While the fear of failure in Flanders (33,2) and Belgium (34,6) is lower than the average in Innovation driven countries (37,6), it is a lot higher than the levels of previous years. When we compare the fear of failure of Flanders and Belgium over time and space, we can see an increase of fear of failure in Flanders and Belgium. Interestingly, the increase in fear of failure follows the same pattern as the evolutions of prospective entrepreneurship and opportunity identification. In this regard, one could argue that fear of failure becomes more important once entrepreneurship is more seriously considered as a viable career alternative.

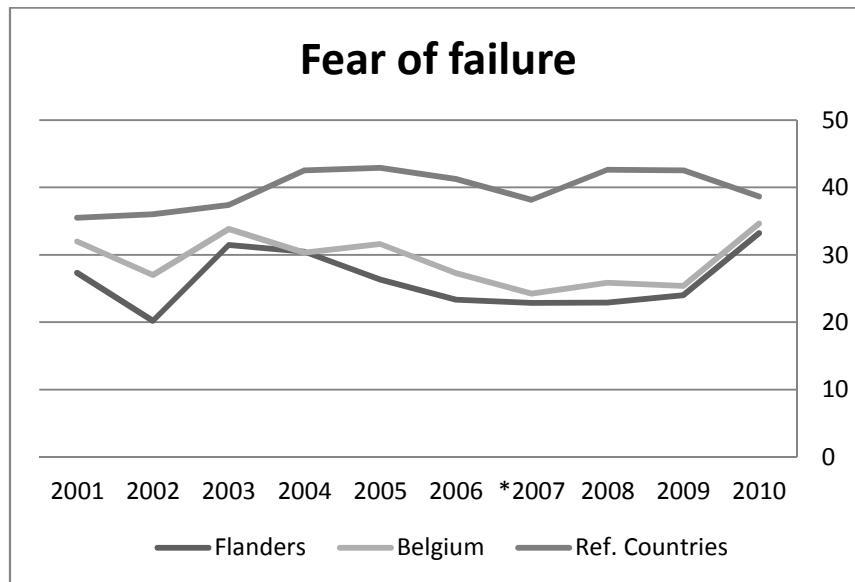
Table 5 - Fear of failure, % of the population (2001-2010) (Source: GEM and STOIO)

in % Year	fear of failure		
	Flanders	Belgium	Ref. Countries
2010	33,21	34,63	38,65
2009	24,00	25,35	42,52
2008	22,92	25,85	42,63
*2007	22,87	24,23	38,13
2006	23,33	27,28	41,23
2005	26,34	31,61	42,92
2004	30,47	30,33	42,52
2003	31,46	33,84	37,39
2002	20,22	27,00	36,00
2001	27,32	32,00	35,50

\* except Germany

The data also show that the fear of failure-level assumes a level similar to the 2003/2004 post-crisis period. Whether this is as a result of individuals perceiving job security no longer as a certainty and that hence the opportunity cost of failure of a startup may be a long quest for a job, or that the opportunity cost of not having the social security of employment becomes higher, is not easy to determine.

Figure 11 - Fear of failure, % of the population (2001-2010) (Source: GEM and STOIO)



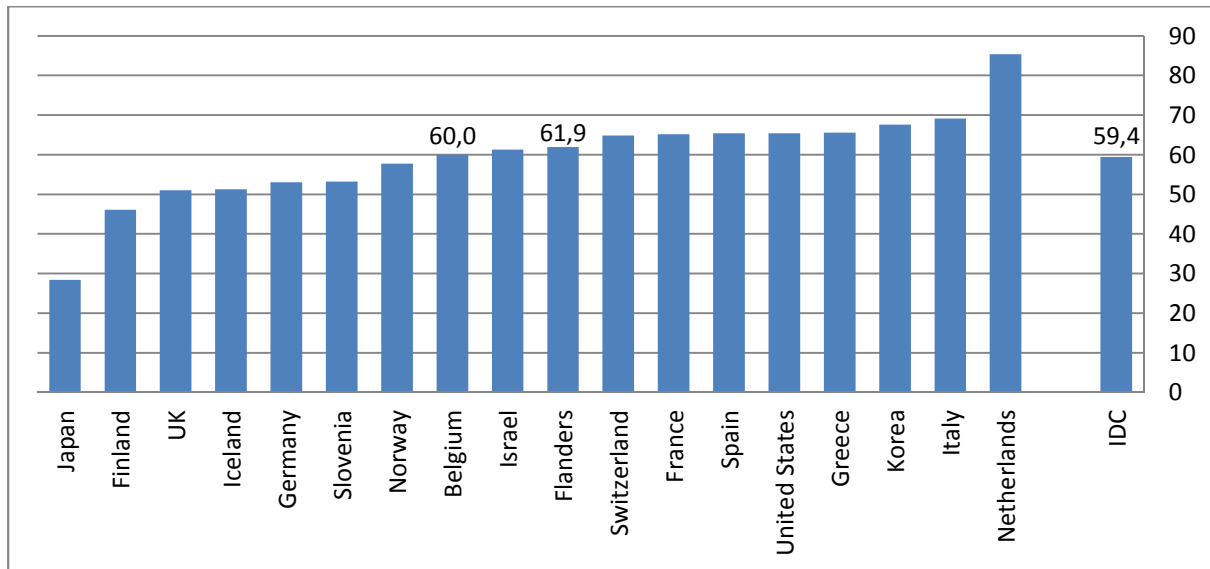
### 3.3 Desirability of entrepreneurship

The GEM model also looks at the desirability of becoming an entrepreneur, following the assumption that this will influence to what degree individuals will take part in prospective or early-stage entrepreneurship. Importantly, these questions gauge an individual’s *perception* of the social and cultural *support* that exists for entrepreneurship within the country or region.

#### 3.3.1 Desirability as a career choice

Desirability as a career choice is measured by asking a (positive/negative) reaction to the following statement: “*In your country, most people consider starting a new business a desirable career choice*”. 61,9% of the answers were positive for Flanders, which is slightly above the 60,0% for Belgium. In 2010, this is very close to the average of 59,4% for innovation drive countries.

Figure 12 - In your country, most people consider starting a new business a desirable career choice (% of the population, 2010)

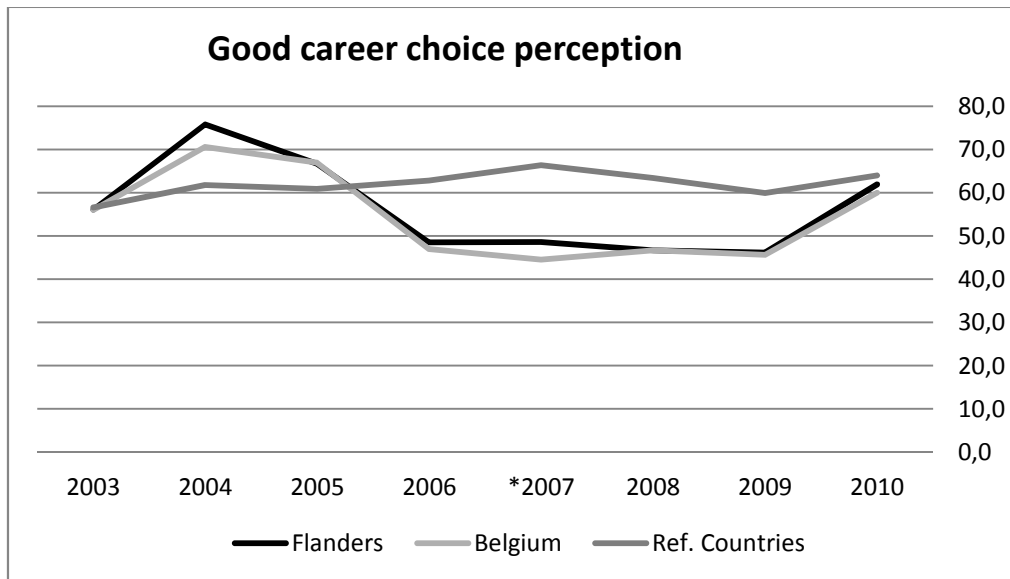


Comparing these numbers across time and space, these numbers reflect a significant breach with the past. Whereas the Belgian and Flemish population are traditionally less enthused by entrepreneurship as a career choice, especially compared to surrounding countries (also see Eurobarometer, 2009), this is not the case in 2010. About 6 out of every 10 Belgians and Flemish consider entrepreneurship a desirable career choice, which is very close to the level of reference countries. Once more, this level comes close to the levels assumed in 2003/2004, which again provides support that there may be post-crisis effect at play giving entrepreneurship a more favourable position.

Table 6 – Entrepreneurship as a desirable career choice,  
% of the population (2001-2010) (Source: GEM and STOIO)

<i>in %</i>	Good career choice perception			
	Year	Flanders	Belgium	Ref. Countries
<b>2010</b>		61,92	60,02	64,01
<b>2009</b>		46,17	45,63	59,97
<b>2008</b>		46,68	46,66	63,44
<b>*2007</b>		48,59	44,52	66,40
<b>2006</b>		48,55	46,99	62,85
<b>2005</b>		66,66	67,00	60,88
<b>2004</b>		75,75	70,57	61,78
<b>2003</b>		56,08	55,98	56,62

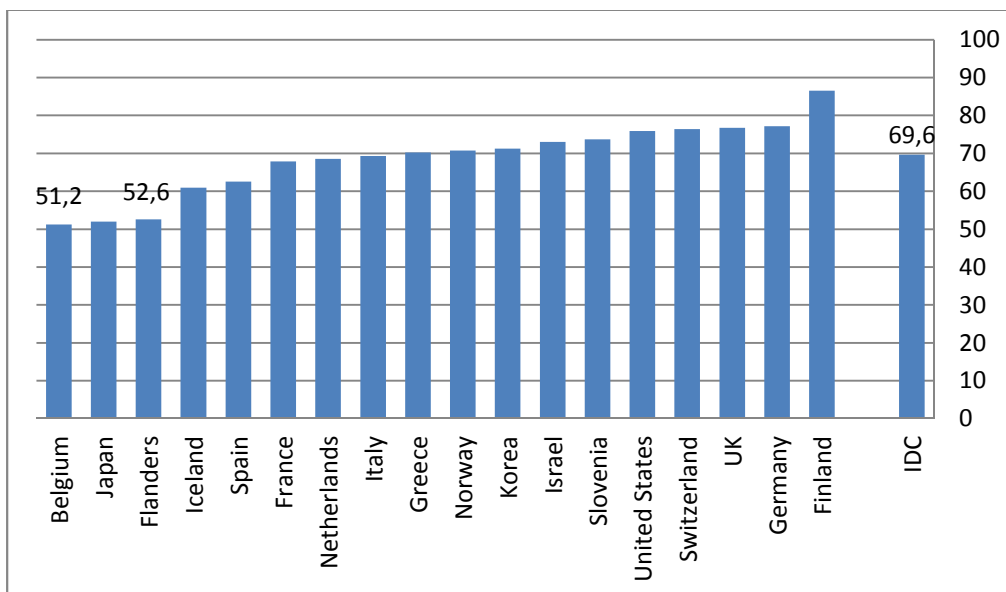
Figure 13 – Entrepreneurship as a desirable career choice, % of the population (2001-2010) (Source: GEM and STOIO)



### 3.3.2 Status of entrepreneurs

In contrast to the perception of how entrepreneurship is perceived as a desirable career choice, it seems to come with a significant social cost. Flanders and Belgium do not seem to culturally support starting entrepreneurs as much as the other innovation driven countries. Whereas about half of the Flemish and Belgian population believes that those successful at starting a new business have a high level of status and respect, this is the lowest level of all innovation driven countries and remarkably much below the innovation driven countries level of 69,5%.

Figure 14 - In your country, those successful at starting a new business have a high level of status and respect (% of the population, 2010)



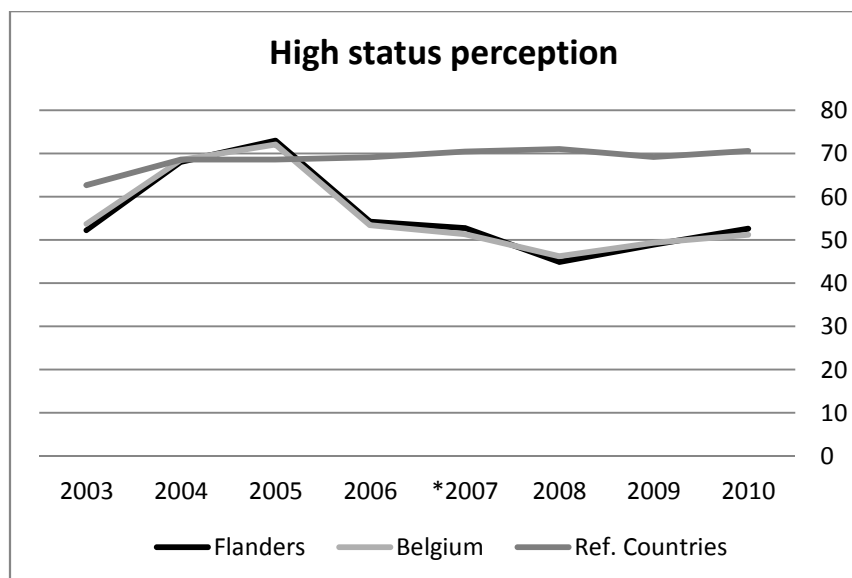
Interestingly, whereas the social status of founding a business was also perceived to be more favourable in the 2003/2004 period, this effect does not seem to be present in 2010. Social norms,

however, tend to be notoriously stable, as can also be seen in the level of the reference countries. The data therefore seem to indicate that, although there is a general enthusiasm for the prospect of setting up a business and exploiting an opportunity, people still perceive a lack of social backup once the decision would be made.

**Table 7 - Status perception of founding a startup,  
% of the population (2001-2010) (Source: GEM and STOIO)**

<i>in %</i>	High status perception		
	Flanders	Belgium	Ref. Countries
Year			
2010	52,62	51,22	70,56
2009	48,92	49,37	69,16
2008	44,89	46,26	71,02
*2007	52,74	51,33	70,45
2006	54,21	53,39	69,11
2005	72,95	72,10	68,59
2004	68,11	68,53	68,56
2003	52,24	53,70	62,67

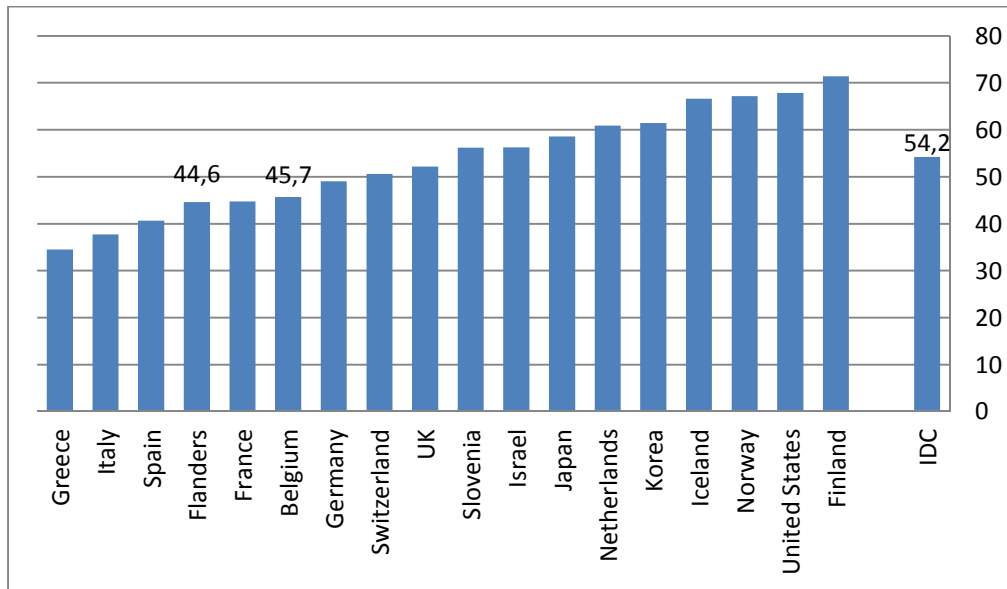
**Figure 15 - Status perception of founding a startup, % of the population (2001-2010) (Source: GEM and STOIO)**



### 3.3.3 Media attention to entrepreneurship

GEM also asks the interviewees about the perceived level of media attention for entrepreneurship. Many governmental programs are geared towards entrepreneurship, in order to sensitize the population for entrepreneurship. About 45% of Flemish and Belgians indicate that there is a lot of media attention to entrepreneurship. This is again below the average in innovation driven countries, with an overall average of about 55%.

Figure 16 - In your country, there is a lot of media attention to entrepreneurship, % of the population (Source: GEM and STOIO)



More interesting, however, is to compare the perception about media attention given to entrepreneurship over time. Although there was a short increase in the perception of media attention for entrepreneurship in 2005 in Flanders (maybe as a result of such programs as “Kinderen van Dewindt”, which ran in 2005), the general perception about the media attention for entrepreneurship has been rather stable over the years since, both in Belgium, Flanders and the reference countries.

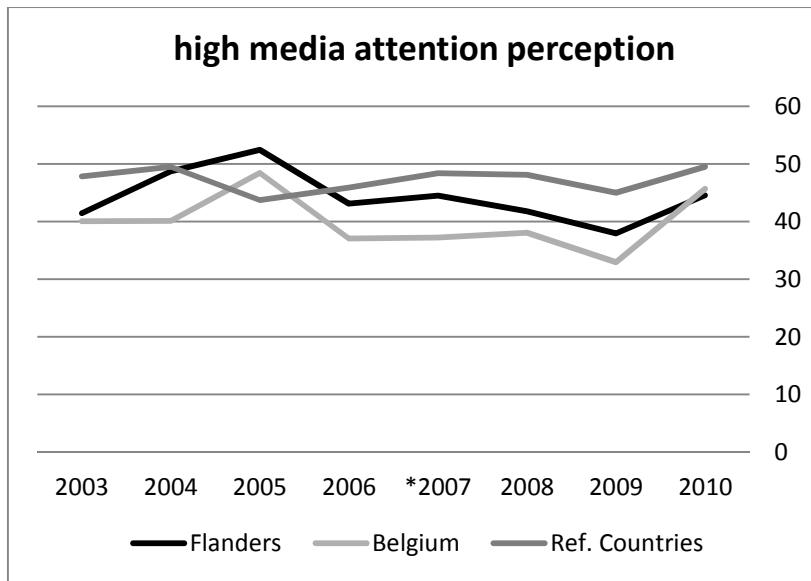
Table 8 - In your country, there is a lot of media attention to entrepreneurship, % of the population (Source: GEM and STOIO)

in %	high media attention perception		
	Year	Flanders	Belgium
<b>2010</b>	44,57	45,67	49,50
<b>2009</b>	37,96	32,94	44,99
<b>2008</b>	41,80	38,07	48,11
<b>*2007</b>	44,51	37,25	48,37
<b>2006</b>	43,09	37,07	45,87
<b>2005</b>	52,47	48,47	43,73
<b>2004</b>	48,73	40,12	49,52
<b>2003</b>	41,47	40,06	47,86



Figure 17 - In your country, there is a lot of media attention to entrepreneurship,

% of the population (Source: GEM and STOIO)



## 4 Entrepreneurial activity

This part focuses on the actual activity as measured by the GEM methodology. For this measurement, GEM uses three main indicators: nascent entrepreneurship (activity less than 3 months), new entrepreneurship (between 3 and 42 months) and the combination of both, the Total Early-Stage Entrepreneurial Activity (TEA). Before looking at the established entrepreneurship rate, the next subsection hones in on the three indicators, which reveal interesting results in times of the crisis.

### 4.1 Start-up activity

In 2010, the level of TEA amounted to 3,62 for Flanders and 3,67 for Belgium. This means that almost 4% of the active population considers itself to be active in launching a new business. The notion of “considers” is an important one, as not everyone considers herself/himself as an entrepreneur. For example, a dentist that would be picked up by administrative data as a new entrepreneur, might not indicate that it considers to be so in the GEM data because s/he does not self-identify with the notion of starting up a business. Table 9 and Figure 18 give an overview of these levels between 2001 and 2010 for Flanders, Belgium and the reference countries.

**Table 9 - The levels of early-stage entrepreneurial activity in Flanders, Belgium and reference countries 2001-2010 (source: GEM and STOIO)**

<i>in %</i>	Nascent entrepreneurship			New business ownership			Total Entrepreneurial Activity		
	Year	Flanders	Belgium	Ref. Countries	Flanders	Belgium	Ref. Countries	Flanders	Belgium
<b>2010</b>	2,33	2,55	2,92	1,29	1,25	2,47	3,62	3,67	5,74
<b>2009</b>	1,59	1,96	2,52	1,79	1,57	2,61	3,33	3,51	5,02
<b>2008</b>	2,09	2,02	2,82	0,95	0,88	2,60	3,04	2,85	5,33
<b>*2007</b>	2,78	2,71	2,75	0,67	0,44	2,71	3,45	3,15	5,38
<b>2006</b>	2,04	1,82	3,22	1,11	1,11	2,37	3,06	2,73	5,40
<b>2005</b>	2,69	2,89	3,10	1,29	1,17	2,34	3,76	3,93	5,29
<b>2004</b>	1,55	2,21	3,21	1,20	1,36	2,50	2,71	3,47	5,49
<b>2003</b>	2,94	2,83	2,83	1,24	1,21	2,29	4,01	3,87	4,91
<b>2002</b>	1,27	2,13	2,81	0,90	1,08	2,29	2,02	2,99	4,91
<b>2001</b>	3,01	3,08	4,25	1,22	1,20	2,30	4,17	4,19	6,32

\*Except Germany

Figure 18 - Nascent, new and total early-stage entrepreneurial activity (source: GEM and STOIO)

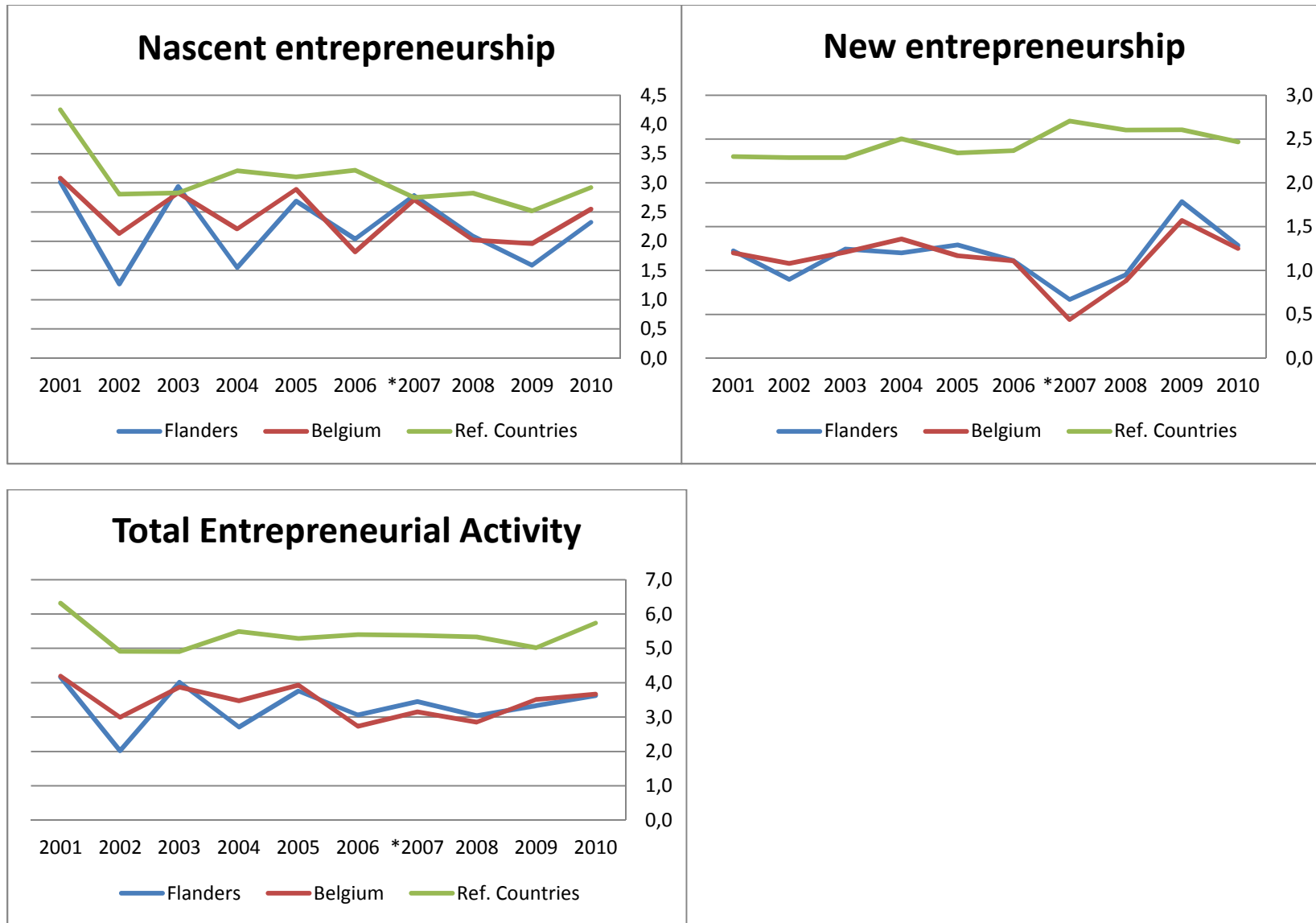
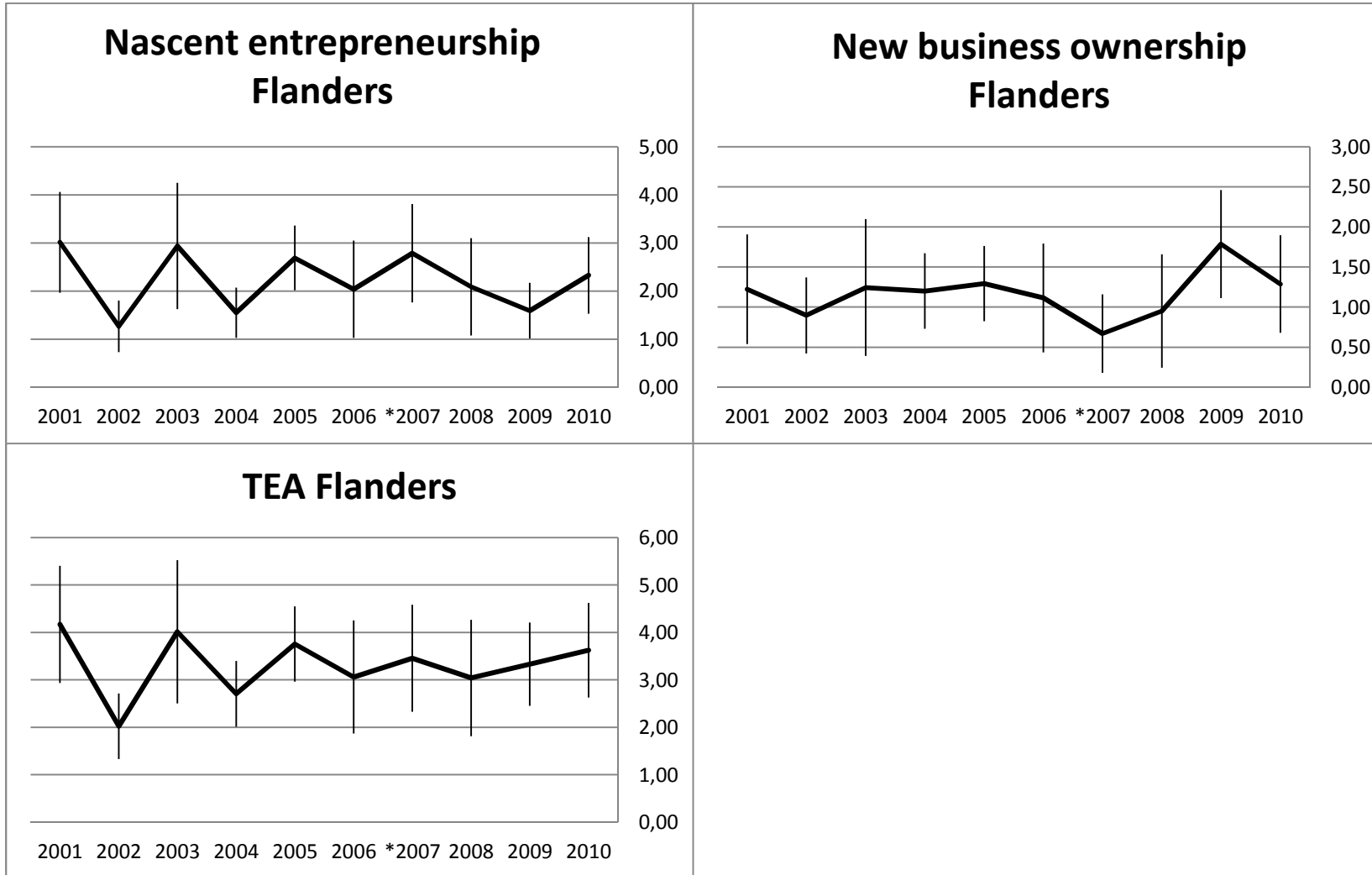


Figure 19 - Nascent, new and total early-stage entrepreneurial activity with 95% confidence intervals in Flanders (2001-2009) (source: GEM and STOIO)



Consistent with the results of previous years, our data show that the level of early-stage entrepreneurial activity, as measured with GEM data is rather stable. Even though the levels of nascent entrepreneurship are slightly higher, they fall within the 95% confidence interval and hence the difference is not statistically significant. In order to get a more refined picture of evolutions in startup activity, it is necessary to use a broader variety of indicators as suggested in Lepoutre et al. (2010).

## 4.2 The level of established entrepreneurship

From a societal point of view, start-up activity is only important if it actually leads to new and sustained value creation. As Table 9 shows, Flanders continues to lag behind the reference countries, which actually experience the largest levels over the past nine years. Table 9 also shows the seemingly contrary evolutions per year: negative evolutions in Flanders and Belgium are countered by positive figures for the reference countries, and vice versa.

**Table 10- % of the population involved in established entrepreneurship  
in Flanders, Belgium and reference countries (2002-2010)**

in % Year	Established entrepreneurship		
	Flanders	Belgium	Ref. Countries
<b>2010</b>	2,49	2,69	6,14
<b>2009</b>	2,61	2,51	6,21
<b>2008</b>	2,90	2,63	5,58
<b>*2007</b>	1,68	1,40	5,12
<b>2006</b>	2,01	2,12	4,52
<b>2005</b>	7,22	5,63	4,88
<b>2004</b>	5,55	4,03	4,97
<b>2003</b>	2,71	2,21	4,38
<b>2002</b>	1,68	2,24	5,01

These results for established entrepreneurship are a puzzling part of the Global Entrepreneurship Monitor. If one compares the numbers of Table 5 with the general statistics on established entrepreneurship, which typically suggest that about 8% of the Flemish and Belgian population is involved in entrepreneurship, then how is it possible to make sense of such very different results? An important element in this perspective is the notion that the Global Entrepreneurship Monitor uses a *perception* of entrepreneurship. Again, a person that is self-employed as a lawyer, doctor or independent member of a board of directors, for example, may not perceive him/herself as an entrepreneur, although administratively s/he is. Why these numbers were so much higher in 2004 and 2005 is not clear, and would require more in-depth research to understand the particular differences of the established entrepreneurial population at that time.

Figure 20 - Established entrepreneurship in Belgium, Flanders and reference countries (2002-2010)

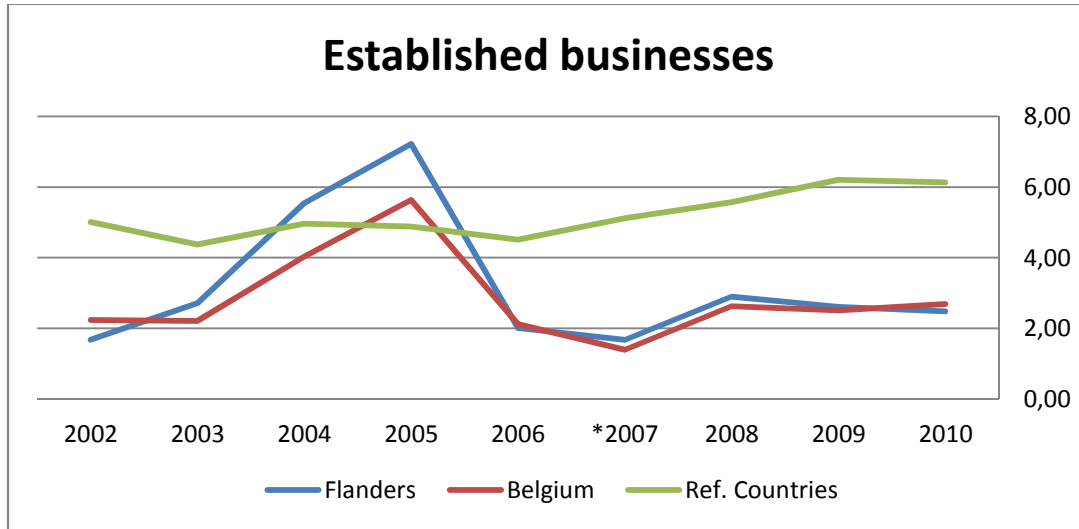
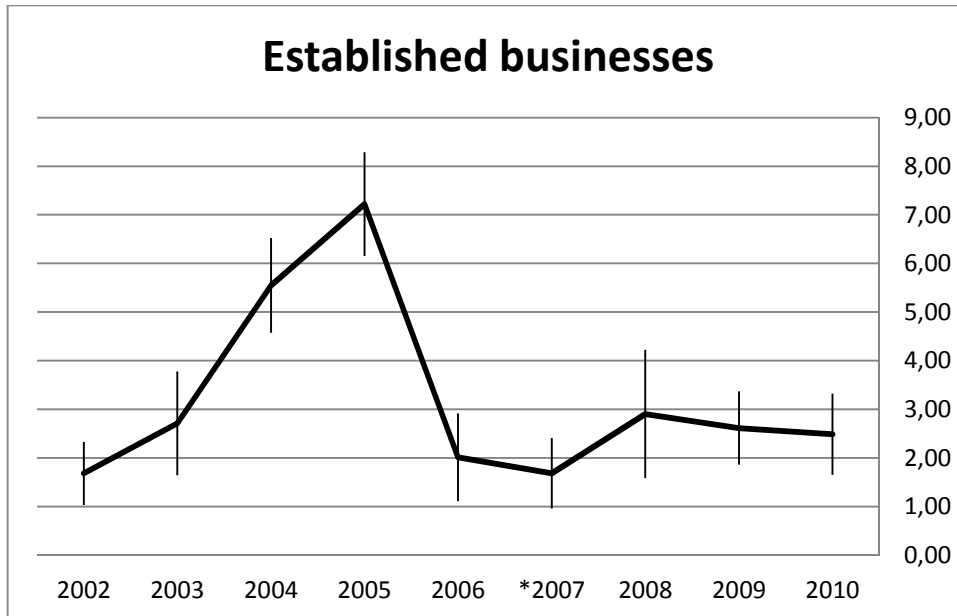


Figure 21 - Established business in Flanders (2002-2010) with confidence interval



## 5 Entrepreneurial aspirations

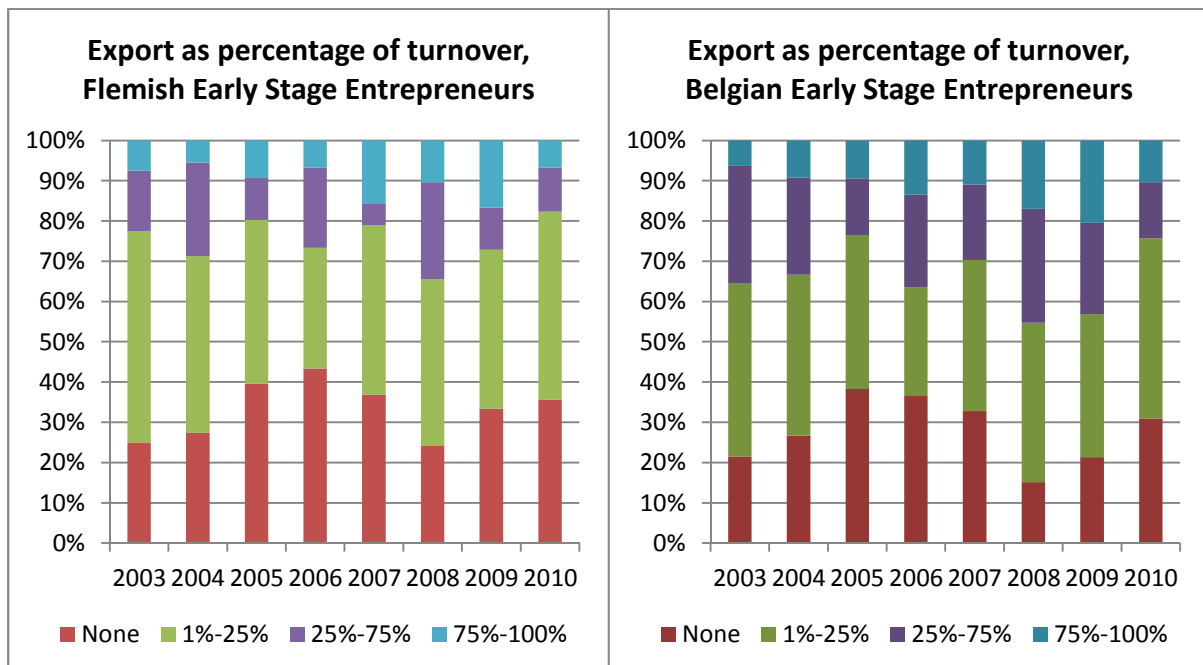
Entrepreneurship, in itself, is not necessarily linked with economic growth. Several studies have shown that in innovation driven countries, only variations in the level of entrepreneurship characterized by high ambitions in terms of job growth, innovation or internationalization leads to higher or lower levels of economic growth (Wong, Ho, & Autio, 2005; Acs, 2006).

In order to capture the ambition of the entrepreneurial population of Belgium and Flanders, we asked each of the early-stage entrepreneurs to what extent they envisioned an expansion of their organization in terms of international scope or employment base, but also to what extent they considered their product or service to be different from current offerings. These numbers, however, should be interpreted with much caution, especially when making comparisons with other countries and making comparisons across time. Since only about 3% of the entire surveyed Belgian and Flemish sample comes out as a start-up, we are differentiating the ambitions of only +/- 60 (Belgium) and +/- 30 (Flanders) individuals. Over time, however, certain trends can nevertheless be observed, which can give a general indication of the ambition level of Belgian and Flemish entrepreneurs.

### 5.1 Internationalization

One important way for companies to grow is to expand their markets to outside the Flemish or Belgian borders. This, in turn, can lead to economic growth as this has a positive effect on a country's trade balance. A first indication of the internationalization of Flemish and Belgian Early Stage Entrepreneurs is given in Figure 22, as the percentage of turnover that they generate abroad. As can be seen, exports fluctuate slightly over time, but on average less than 30% of entrepreneurs realize more than 25% of their turnover abroad.

Figure 22 – Export as a percentage of turnover for Flemish and Belgian Early-Stage Entrepreneurs, 2002 - 2010



If we compare this with reference countries (Figure 23), however, it is clear that Early Stage Entrepreneurs are generally more internationally oriented in Flanders (and especially in Wallonia, given the higher Belgian figures) than in reference countries. Given the small country size and the

many neighbouring countries, this should not come as a surprise. Figure 23 also shows, however, that substantially fewer early-stage entrepreneurs have been able to get more than 25% of their turnover from exports since 2008, a trend which is happening both in Flanders/Belgium and the reference countries. In order to minimize the effects of the small sample size of early-stage entrepreneurs, we averaged out data by two years.

Figure 23 - Percentage of Early-Stage Entrepreneurs with at least 25% turnover realized abroad, 2003-2010 in 2 year averages

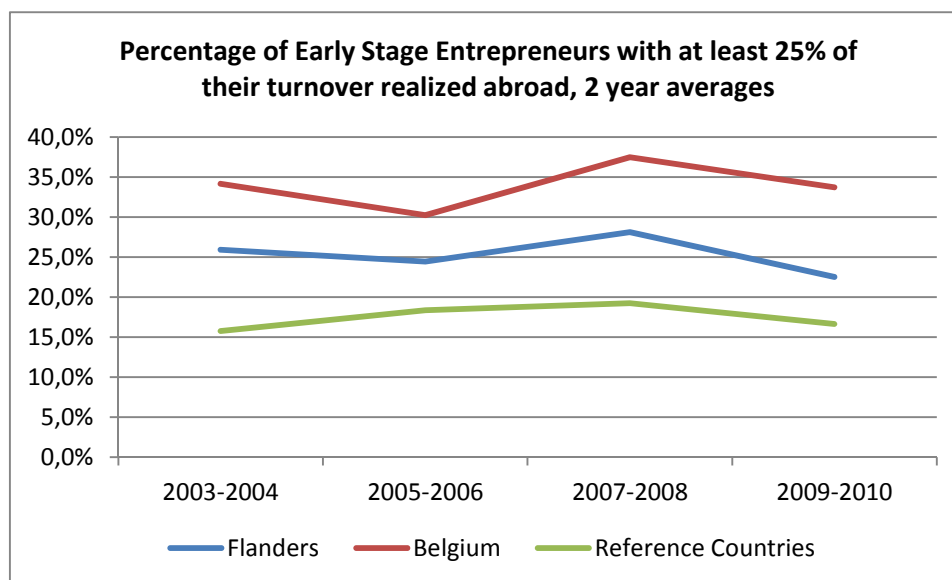


Table 11 - Percentage of Early-Stage Entrepreneurs with at least 25% of turnover realized abroad

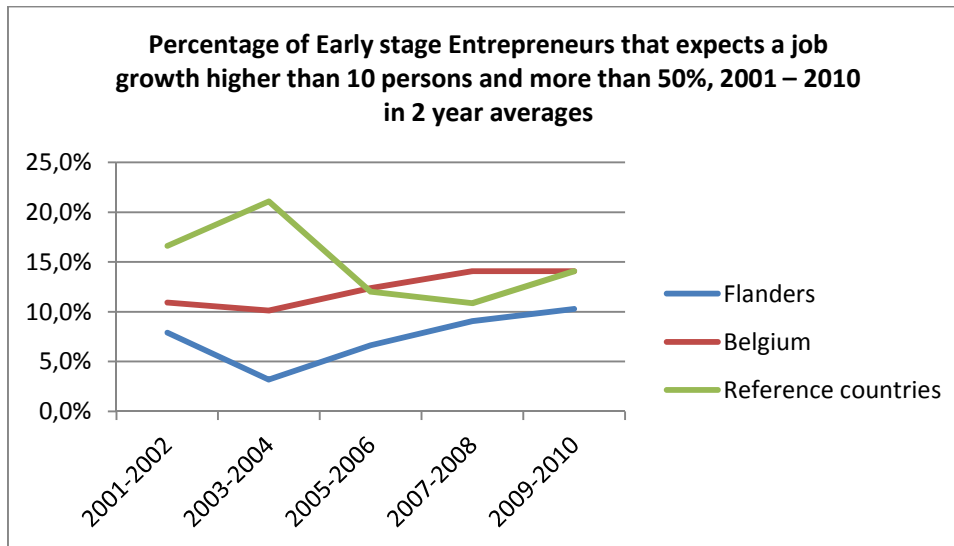
	Flanders	Belgium	Reference Countries
2003	22,0%	35,0%	13,3%
2004	29,9%	33,3%	18,2%
2005	21,1%	23,5%	18,2%
2006	27,8%	37,0%	18,6%
2007	25,0%	29,7%	18,4%
2008	31,3%	45,3%	20,1%
2009	27,2%	43,1%	19,6%
2010	17,9%	24,3%	13,7%

## 5.2 Job growth

A second indicator for entrepreneurial ambition is the extent to which entrepreneurs expect to grow and hire employees in the future. Although small businesses are often lauded for their job creation effects, not all early-stage entrepreneurs have job creation as their objective. When asked about their job growth ambitions, only about 10% of Flemish and about 13% of Belgian early-stage entrepreneurs envision their employment base grow to more than 10 persons, representing an increase of jobs above 50%. As can be seen in Figure 24, these numbers are

quite comparable to those of our neighbouring reference countries, and not statistically significantly different in the last 6 years.

**Figure 24 – Percentage of Early stage Entrepreneurs that expects a job growth higher than 10 persons and more than 50%, 2001 – 2010 in 2 year averages**



**Table 12 – Percentage of Early-stage Entrepreneurs that expects more than 10 employees and +50% employment growth in 5 years' time**

	Flanders	Belgium	Reference countries
2001	12,6%	11,8%	12,2%
2002	3,2%	10,1%	21,1%
2003	16,8%	14,7%	15,7%
2004	9,6%	7,1%	13,2%
2005	7,1%	10,7%	10,4%
2006	6,1%	14,0%	13,6%
2007	11,6%	10,0%	12,4%
2008	6,6%	18,2%	9,3%
2009	13,1%	18,0%	14,7%
2010	7,5%	10,1%	13,5%

### 5.3 Innovation

The final aspect of entrepreneurial ambitions goes back to the notion that entrepreneurs contribute to economic development through “creative destruction”: by providing the world with new products and service, they cater to previously unmet needs and make inefficient solutions obsolete (Schumpeter, 1934). To get a sense of the innovativeness of the early-stage entrepreneurs, we therefore asked to what extent their activities involved selling products or services that were new to at least some of their customers. As can be seen in Figure 25, on average almost half of the early-stage entrepreneurs indicates their product is new to at least some customers. These numbers are

rather stable and are also comparable for Flemish and Belgian entrepreneurs, as well as with those of reference countries.

Figure 25 – Percentage of Early Stage Entrepreneurs with products new to some/many customers, 2003-2010 in 2 year averages

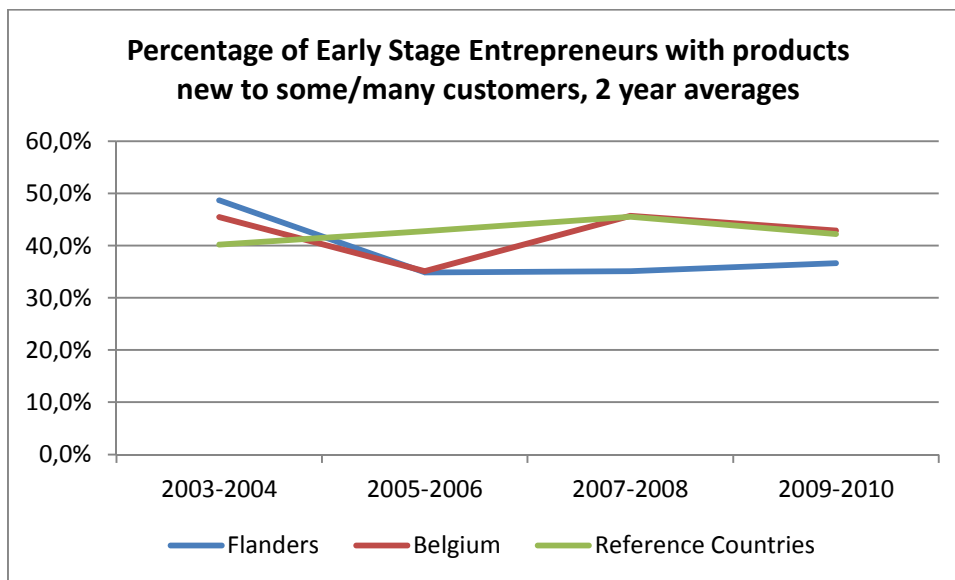


Table 13 – Percentage of Early-stage Entrepreneurs with products new to some/many customers

	Flanders	Belgium	Reference Countries
2002	51,4%	49,1%	39,2%
2003	53,9%	51,5%	39,7%
2004	43,4%	39,4%	40,6%
2005	33,9%	33,9%	41,6%
2006	35,8%	36,3%	43,9%
2007	45,4%	48,9%	42,1%
2008	24,7%	42,5%	48,9%
2009	38,6%	45,0%	43,8%
2010	34,7%	40,7%	40,6%

## 6 Conclusion

This report updates the GEM figures for the year 2010. The finding that there are no significant changes to be noted in terms of entrepreneurial activity, despite an effort to maximize the methodological rigour of the Belgian GEM survey in 2010, shows that the findings of earlier years can be considered robust and that the perceived entrepreneurial activity of Flemish and Belgian entrepreneurs remains among the lowest compared to our reference countries.

Yet the sequence of the 2009 and 2010 reports, in which we have taken the opportunity to leverage the availability of 10 years of GEM and take a more longitudinal perspective to the data, also points at the “attitude” measures as one of the more interesting elements of the data. In this year’s update, for example, we clearly see that the spirits for entrepreneurship were higher than previous years, and reaching comparable levels of the 2003/2004 post-crisis years. This “spirit for entrepreneurship” was not only reflected in a higher number of people indicating that entrepreneurship is a desirable career choice in Flanders and Belgium (about 60% in 2010), but also that more people saw opportunities for starting up a business (about 40% in 2010). Interestingly, the notion that this evolution might be fuelled by the impact of the financial crisis is to some extent supported by the much higher levels of “fear of failure” to start up a company. While the financial crisis may make the odds of failure bigger indeed, it also decreases the opportunity cost of entrepreneurship: the security of having a paid job becomes smaller, which may as such explain why people are more open to seeing opportunities for entrepreneurship on the one hand, but are more afraid of the implications of failure if such an outcome would occur.

These reported changes in the attitude vis à vis entrepreneurship have important implications for the potential to have an impact on how entrepreneurship is perceived by the Flemish and Belgian populations. The data clearly shows that the attitudes individuals hold about entrepreneurship are not entirely cast in stone. If contextual changes can make people reconsider how they think of entrepreneurship, this opens the possibility for policy makers, educators and various stakeholders to have an impact on these perceptions towards the future.

Finally, the impact of the financial crisis is also quite clear from the internationalization aspirations of early stage entrepreneurs: fewer entrepreneurs seem to find a way to sell their products or services abroad than before 2008. At the time of writing this report, the 2011 GEM data were in the process of being collected, at the same time of heightened worry about a looming new crisis. The 2011 GEM data will therefore provide the opportunity to find further support or explanation for some of the findings in this report.

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