

# Press Conference GEM 2007 Flanders & Belgium

Brussels, January 18, 2008

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the Autonomous Management School of  
Ghent University and Katholieke Universiteit Leuven



# [ What is GEM? ]

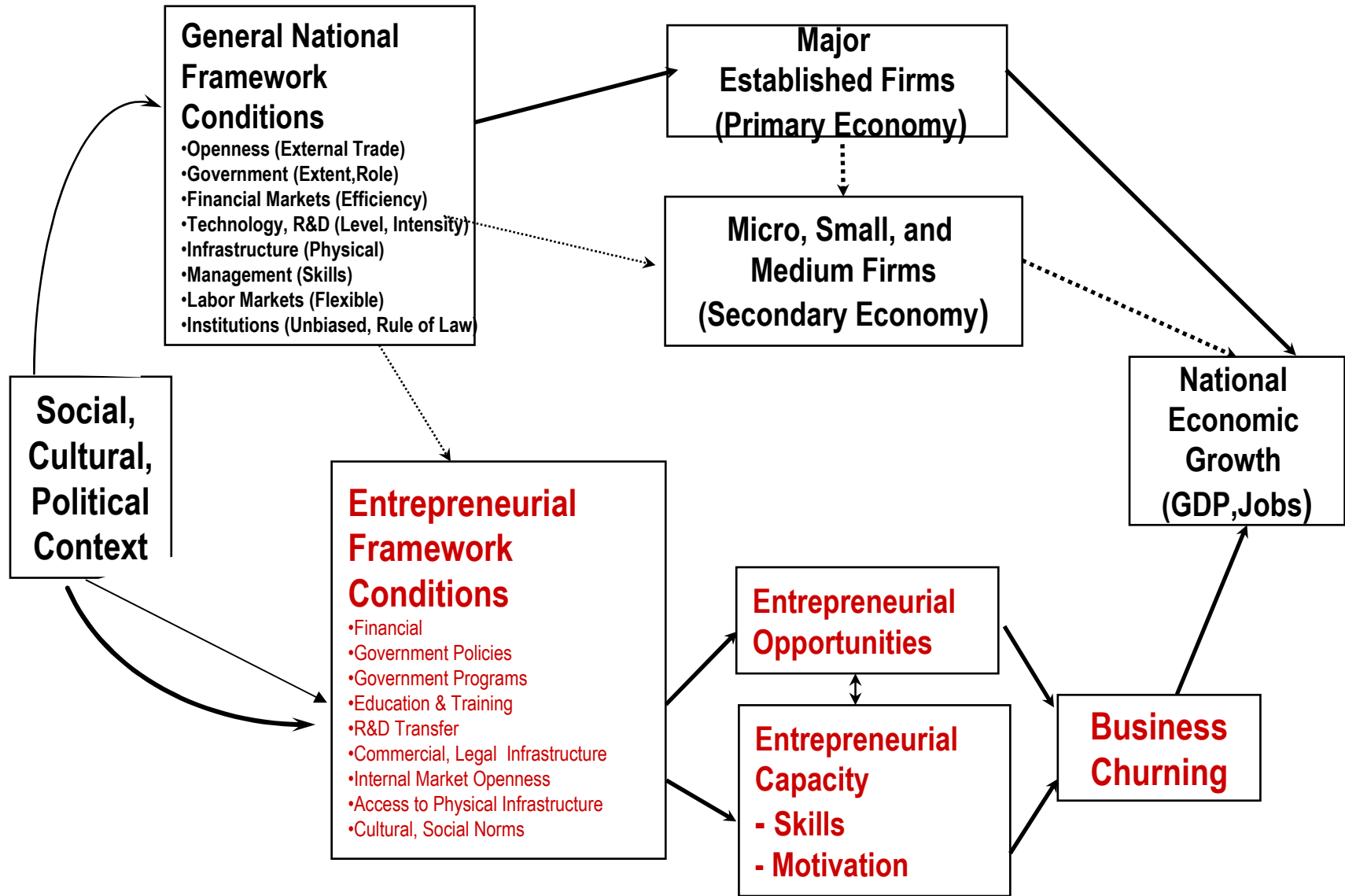
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- Global Entrepreneurship Monitor
  - Worldwide research on new entrepreneurship
    - In 2007 carried out in 42 countries (17 EU countries)
    - Coordinated by London Business School (UK) and Babson College (US)
  - Flanders & Belgium
    - Vlerick Leuven Gent Management School by order of Steunpunt Ondernemen en Internationaal Ondernemen (survey by TNS Dimarso)

# Important Questions

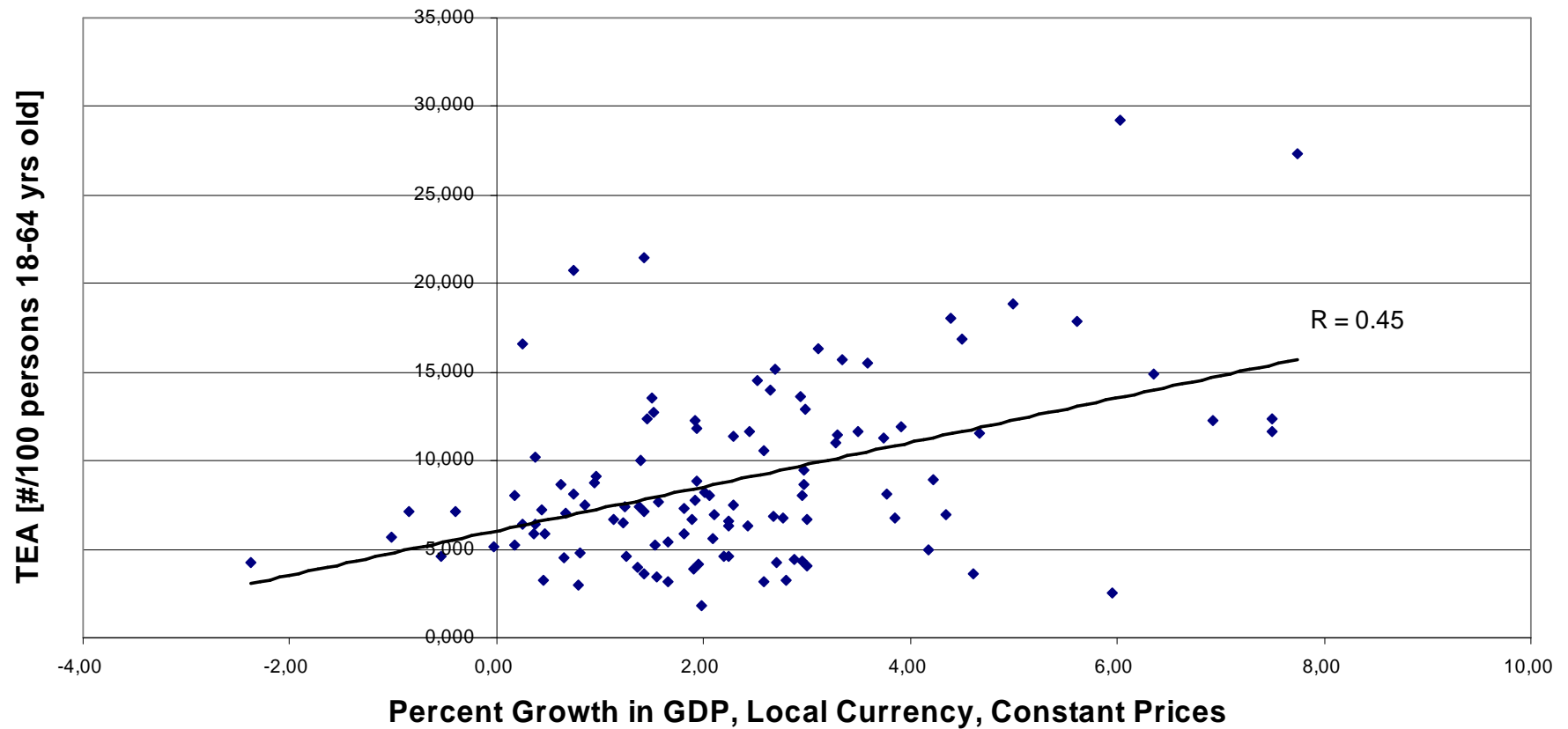
- **Are there national differences in entrepreneurial activity?**
  - **National consequences of entrepreneurial activity [scope, job creation, growth]?**
  - **Why are some countries more entrepreneurial than others?**
- **What can be done to enhance entrepreneurial activity?**

# The GEM Model



# TEA and economic growth

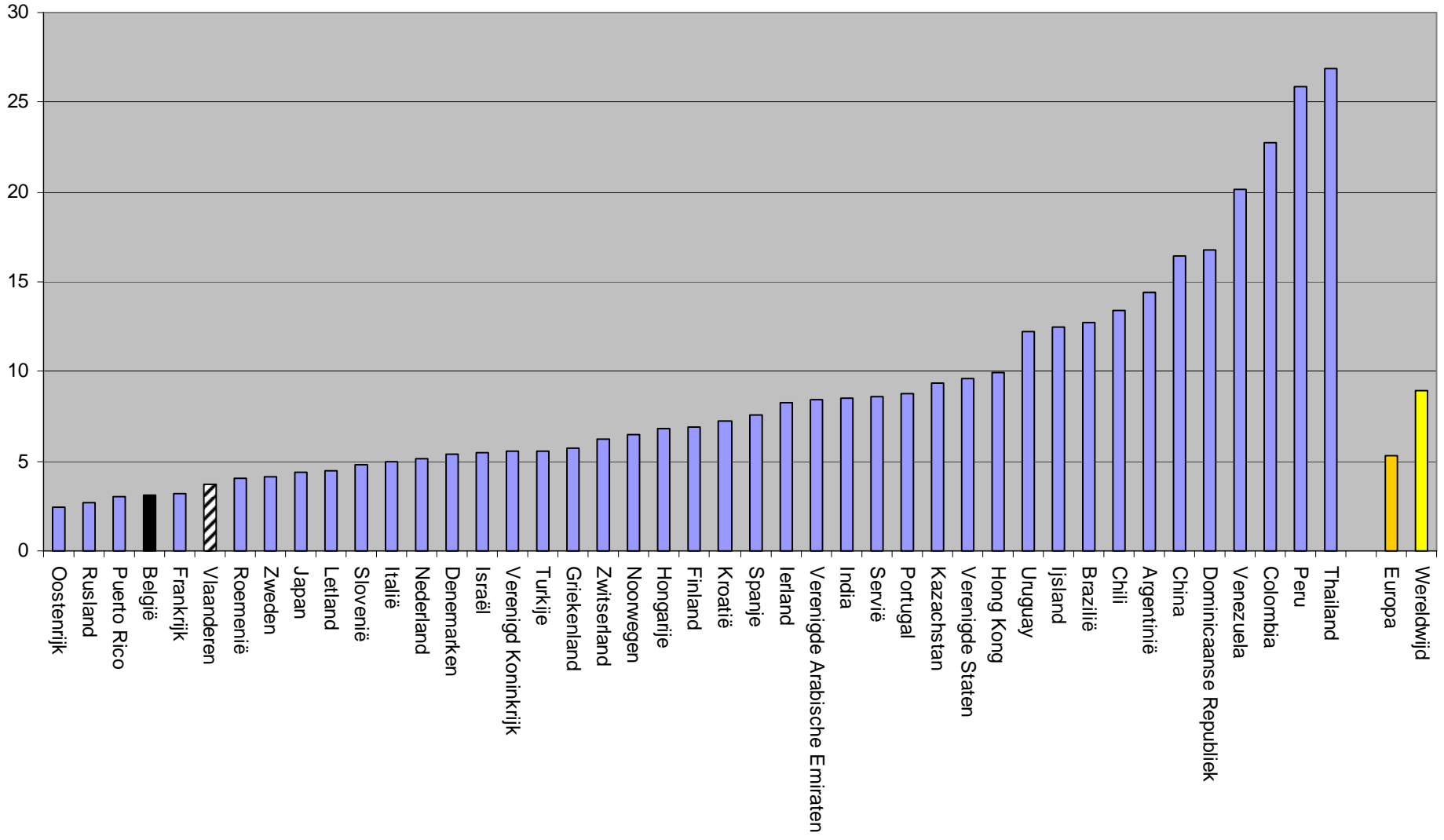
TEA Rates and National Economic Growth: 1 Year Lag [Pooled data]



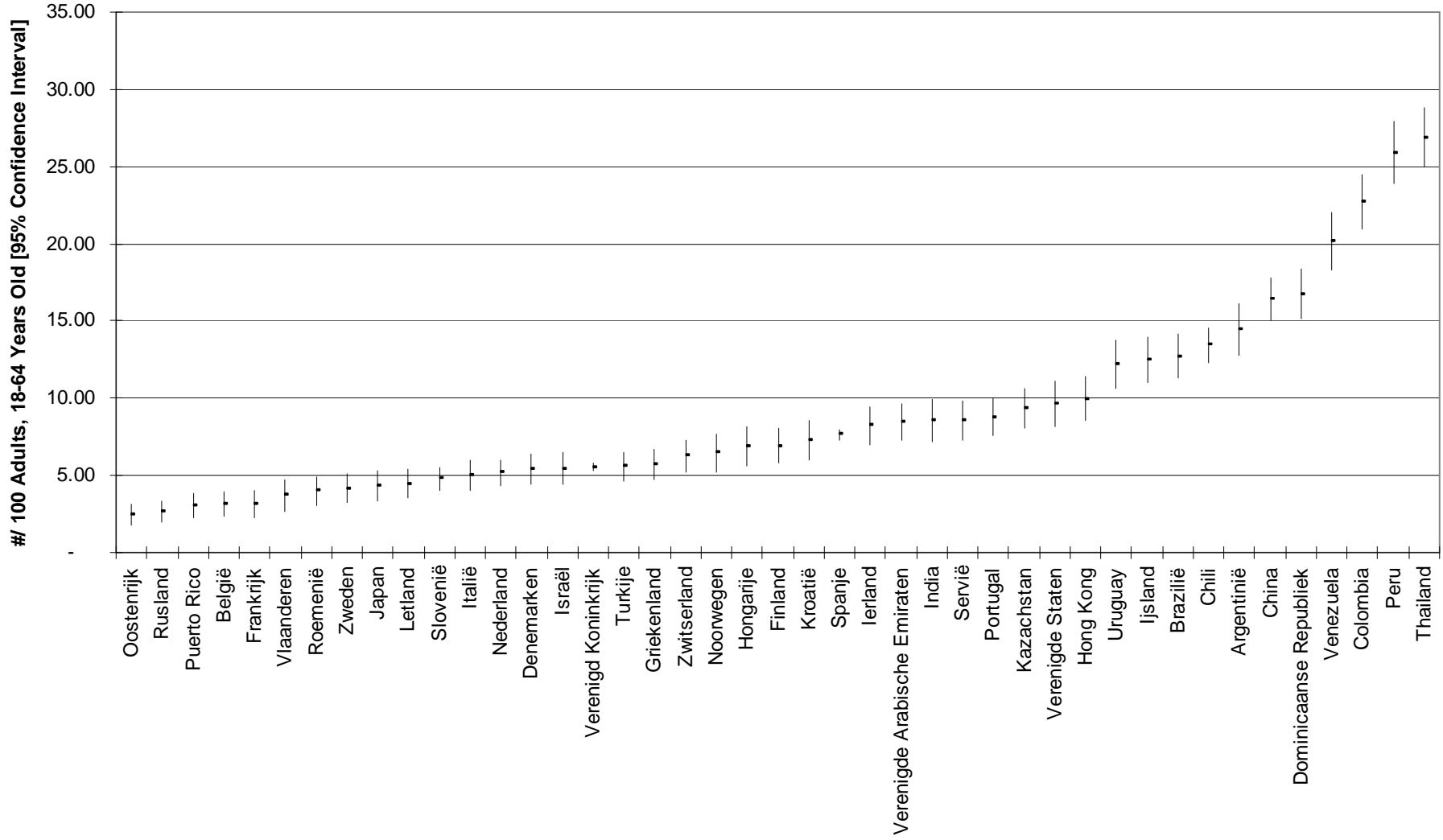
# Total Entrepreneurial Activity 2007

- Total Entrepreneurial Activity (TEA):
  - Percentage of adult population involved as owner/manager in:
    - **Nascent firms:** less than 3 months operational, *or*
    - **New firms:** between 3 and 42 months operational
- Belgium: 3.15% (2,73% in 2006)
- Flanders: 3,71% (3.05% in 2006)
- EU: 5.27% (5,01% in 2006)
- Worldwide: 8.94% (9.29% in 2006)

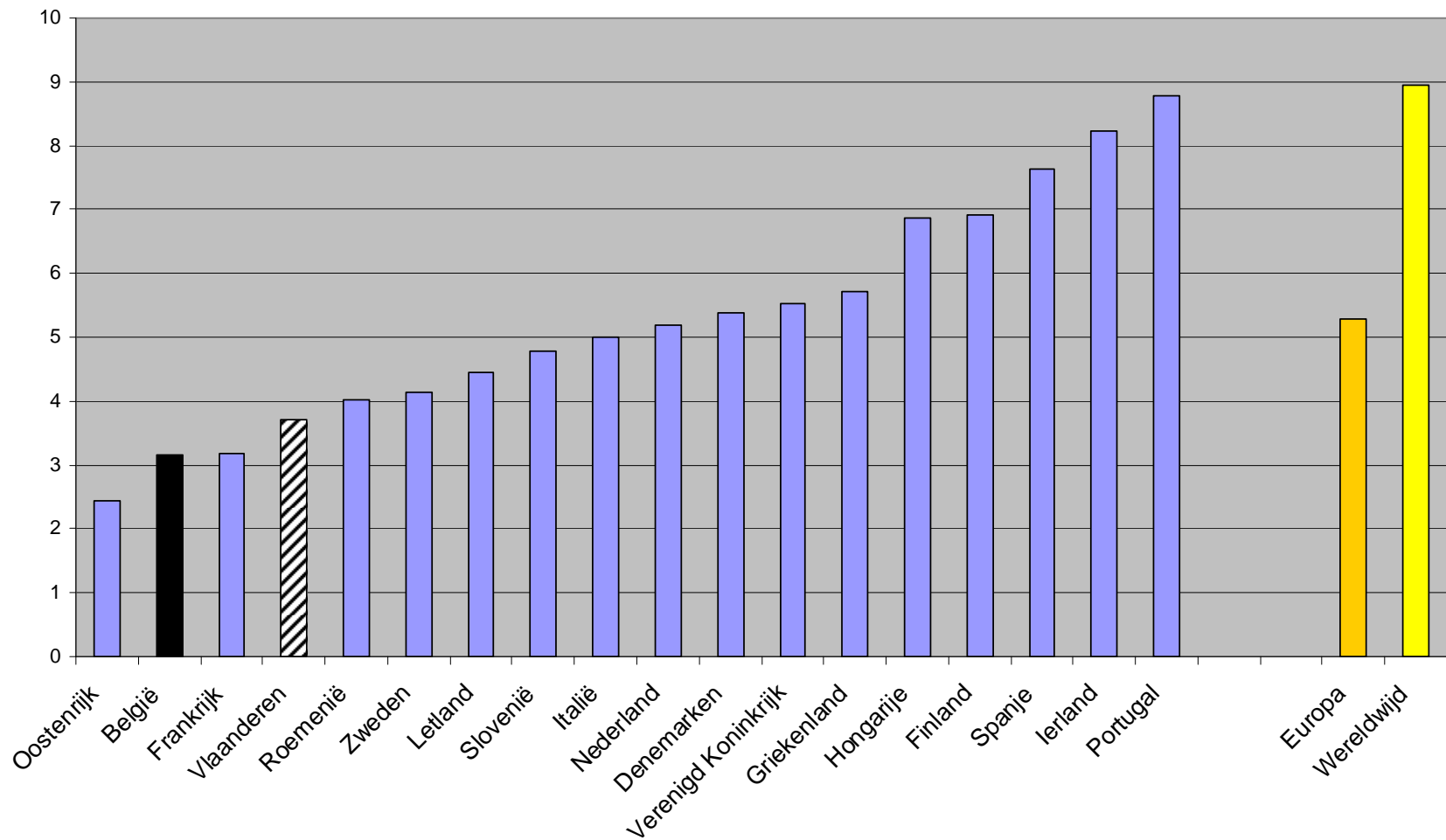
# TEA: Worldwide



# TEA Worldwide - confidence intervals !



# TEA: The European context



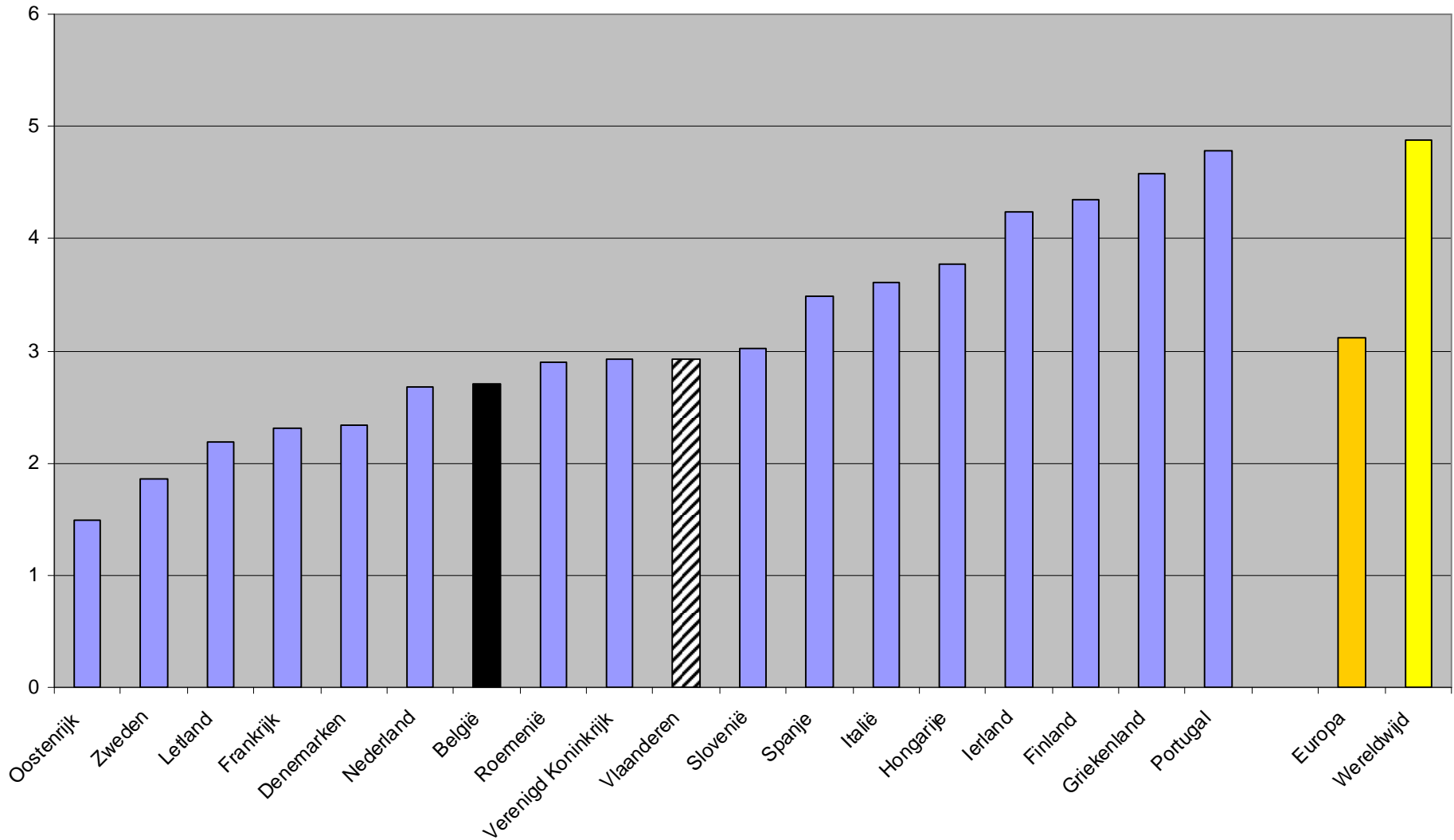
# [ Evolution of TEA ]

België			Vlaanderen			EU
2007	2006	2005	2007	2006	2005	2007
<b>3.15</b> <b>(100)</b>	2,73 (100)	3,93 (100)	<b>3.70</b> <b>(100)</b>	3,05 (100)	3,71 (100)	<b>5,01</b> <b>(100)</b>

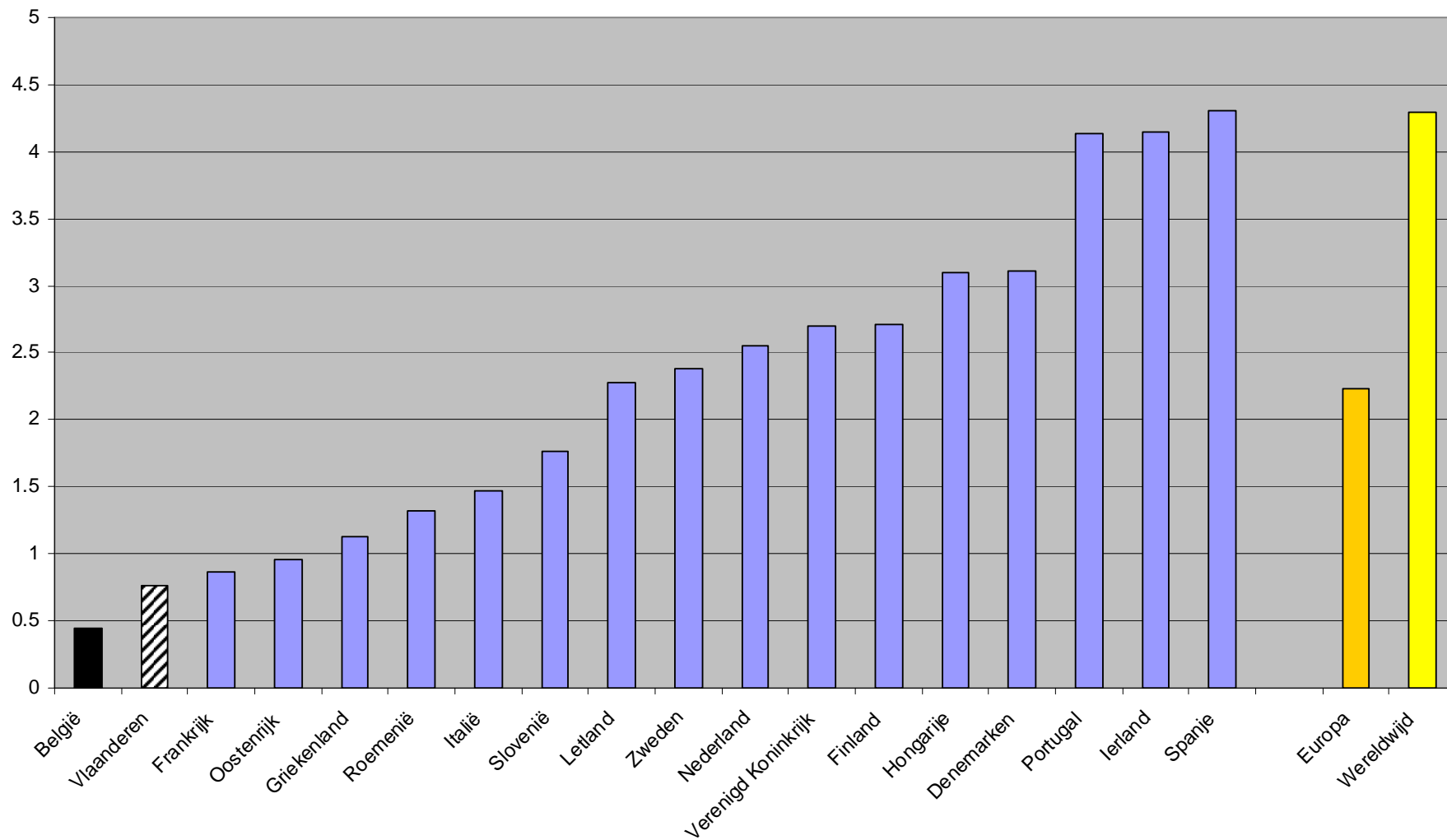
# Nascent entrepreneurship

- Total Entrepreneurial Activity (TEA):
  - Percentage of adult population involved as owner/manager in:
    - **Nascent firms:** less than 3 months operational, *or*
    - **New firms:** between 3 and 42 months operational
- Nascent entrepreneurship:
  - Belgium: 2.71% (1.81% in 2006)
  - Flanders: 2.93% (1.73% in 2006)

# Nascent entrepreneurship Europe



# New firms Europe



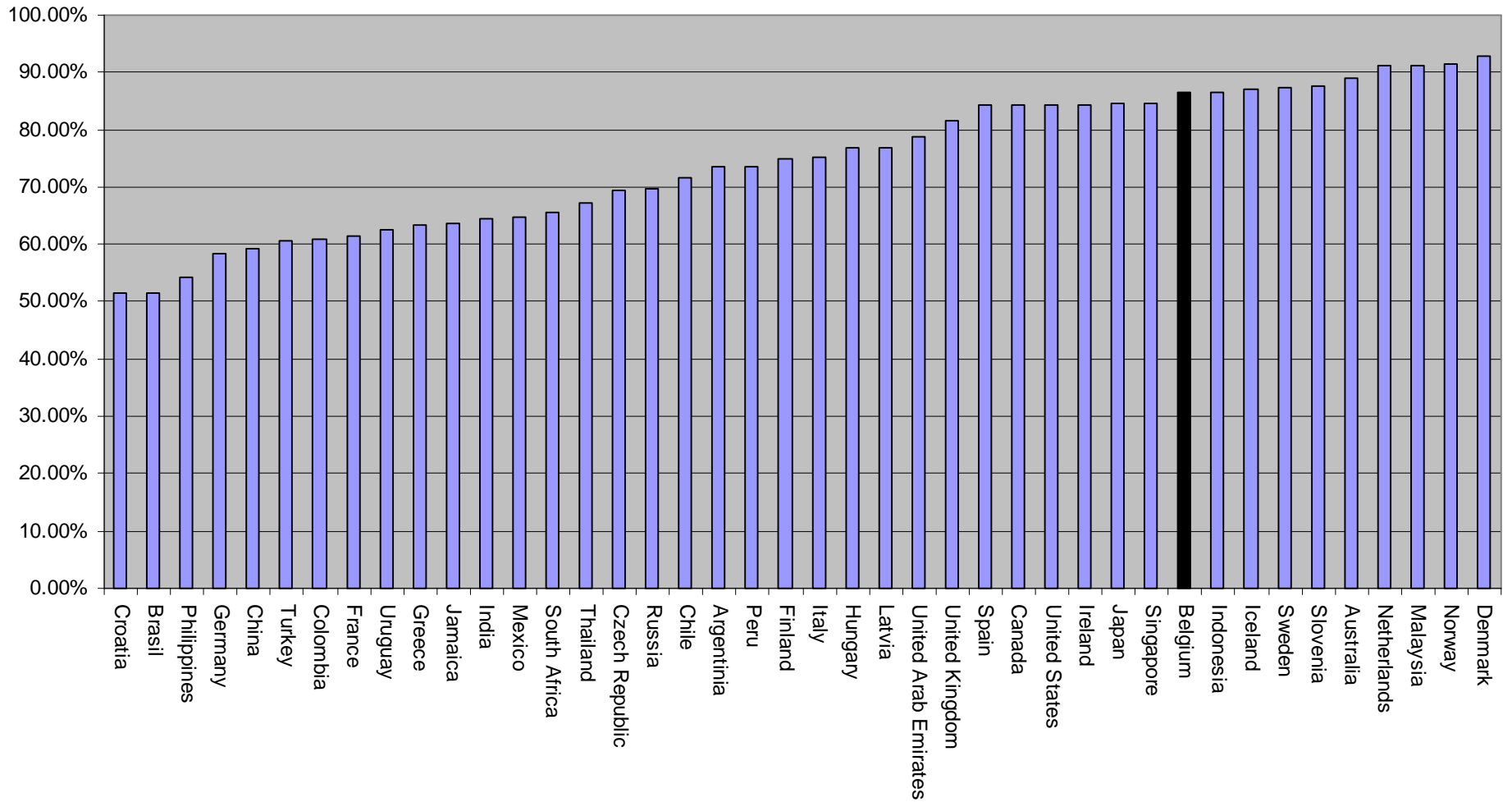
# [ Why starting a company? ]

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- Opportunity – necessity entrepreneurship
  - Mainly driven by opportunities in Flanders and Belgium (>85%)
  - Low necessity entrepreneurship (Necessity is not driving towards entrepreneurship)

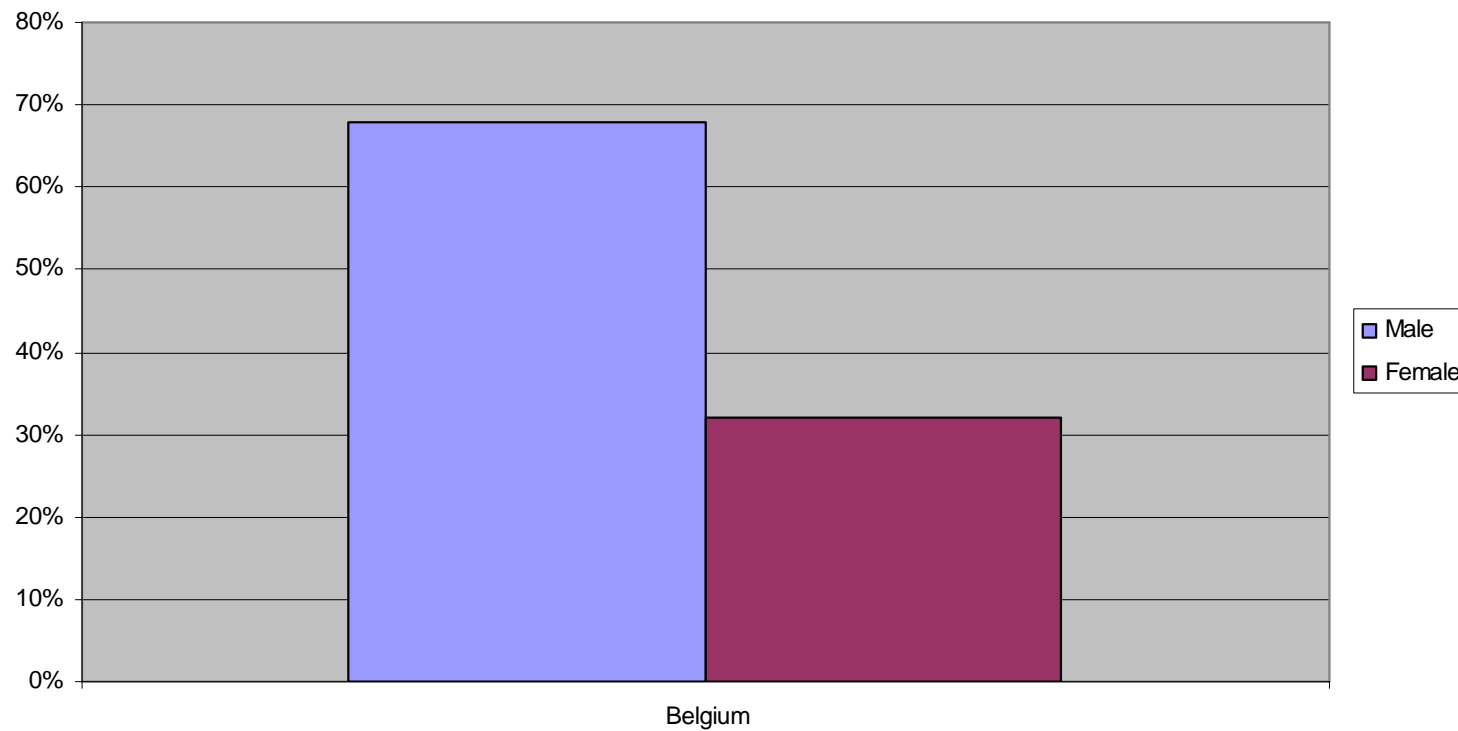
# Why starting a company?

Opportunity entrepreneurship



# Who are these entrepreneurs?

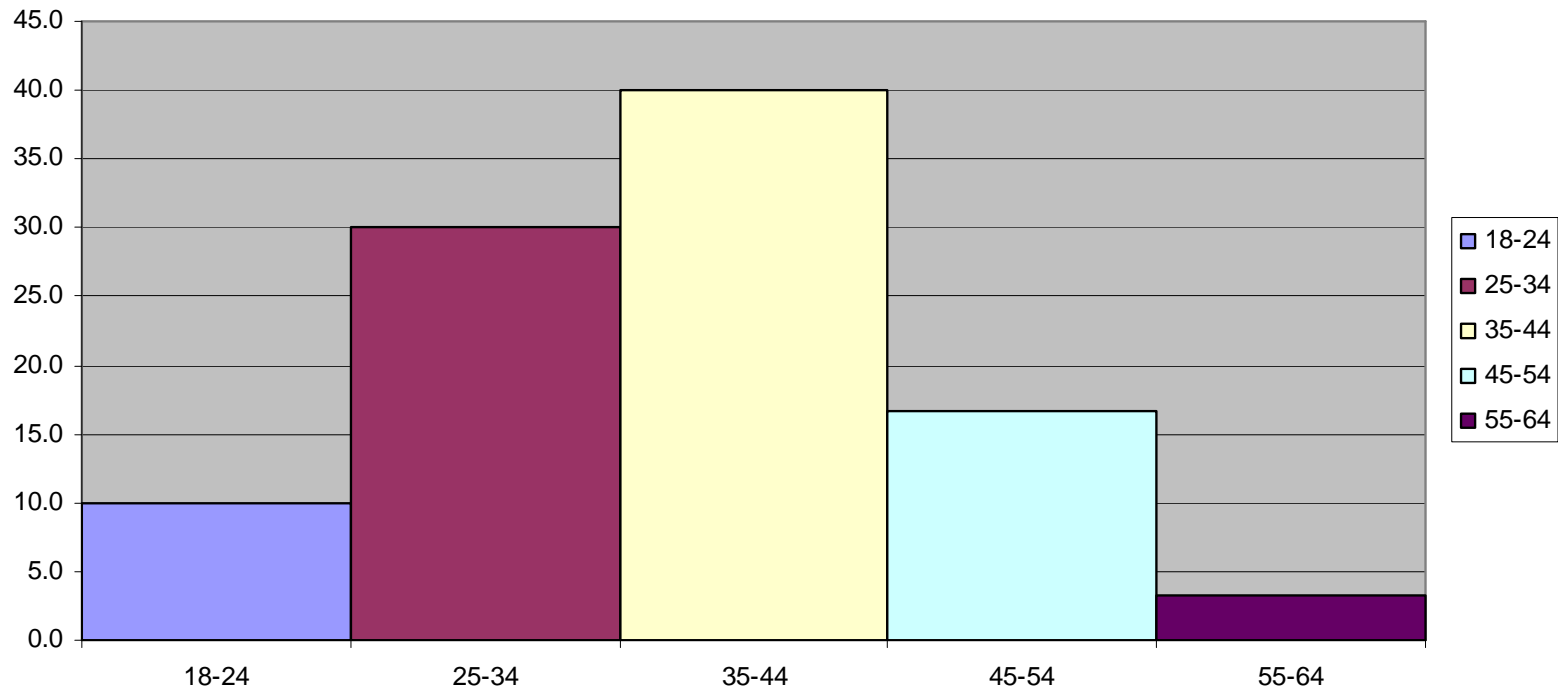
## A. Gender



# Who are these entrepreneurs?

## B. Age

TEA: distribution gender (%)



# [ Who are these new entrepreneurs? ]

- Conclusion:

- Majority male entrepreneurs, but positive trend in number of female entrepreneurs
- Average age is between 25 and 45 years
- Trend towards higher education

# What type of companies for new entrepreneurship ?

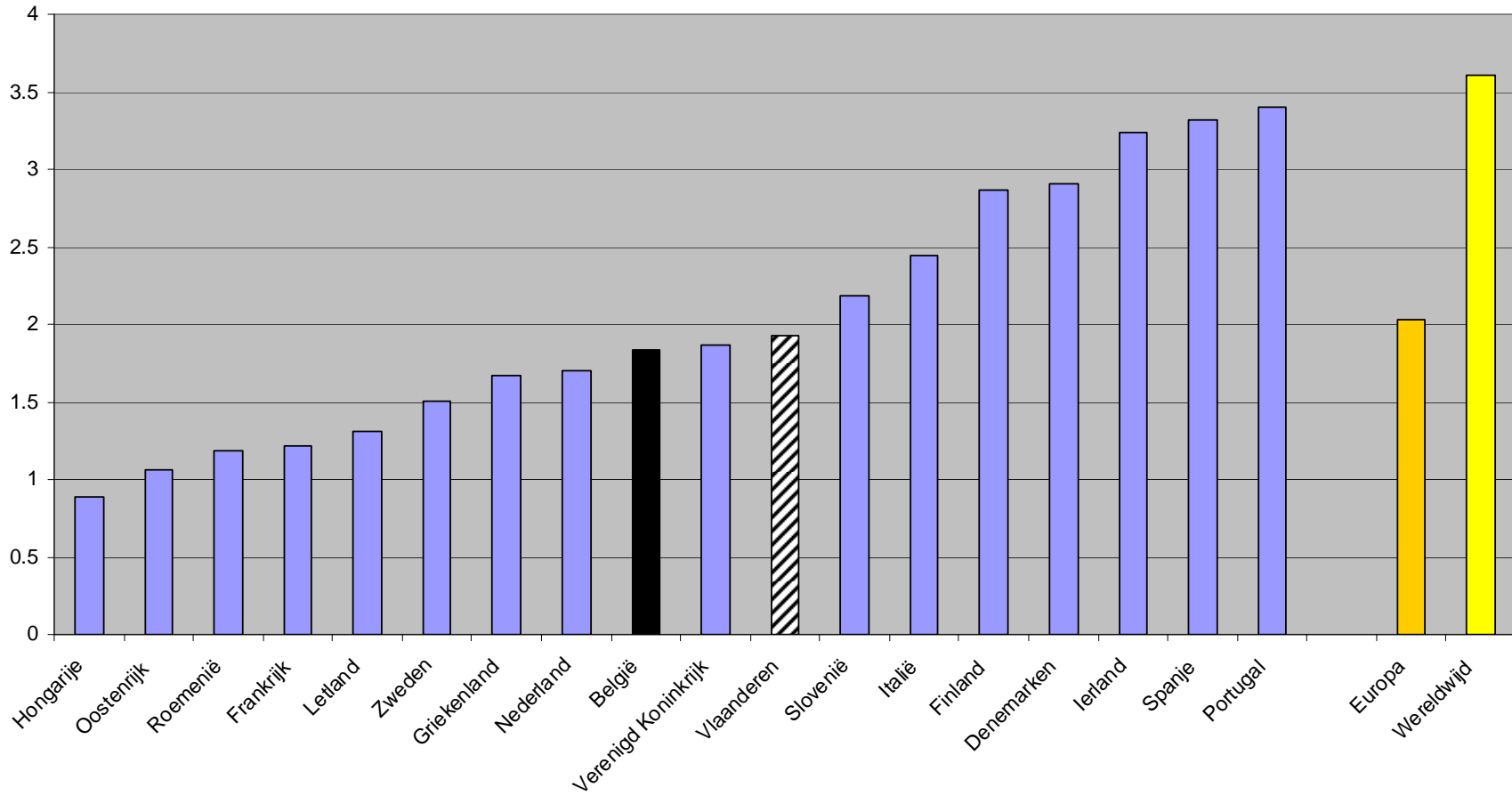
- High potential character of the new businesses is crucial for economic growth.
- High potential companies can be described along 3 components:
  - Innovation (TEA-innovation index)
  - Job creation (TEA-job creation index)
  - Internationalization (TEA-internationalization index)

# What type of companies for new entrepreneurship ?

	België			Vlaanderen			EU
	2007	2006	2005	2007	2006	2005	2007
TEA (N = 2000)	<b>3.15</b> <b>(100)</b>	2,73 (100)	3,93 (100)	<b>3.70</b> <b>(100)</b>	3,05 (100)	3,71 (100)	<b>5,01</b> <b>(100)</b>
TEA-innovatie (N = 60)	<b>1.82</b> <b>(57.8)</b>	1.34 (49.1)	0.98 (24.9)	<b>1.93</b> <b>(52.1)</b>	1.53 (50.2)	0.84 (22.6)	<b>2.02</b> <b>(39.4)</b>
TEA-jobcreatie (N=60)	<b>0.22</b> <b>(6.9)</b>	0.29 (10.6)	0.16 (4.1)	<b>0.39</b> <b>(10.8)</b>	0.35 (11.5)	0.15 (4,0)	<b>0.48</b> <b>(9.6)</b>
TEA-internationalisatie (N=60)	<b>0.93</b> <b>(29.8)</b>	1.05 (38.5)	0.89 (22.6)	<b>0.79</b> <b>(21.6)</b>	0.82 (26.9)	0.64 (17.3)	<b>0.98</b> <b>(19.6)</b>

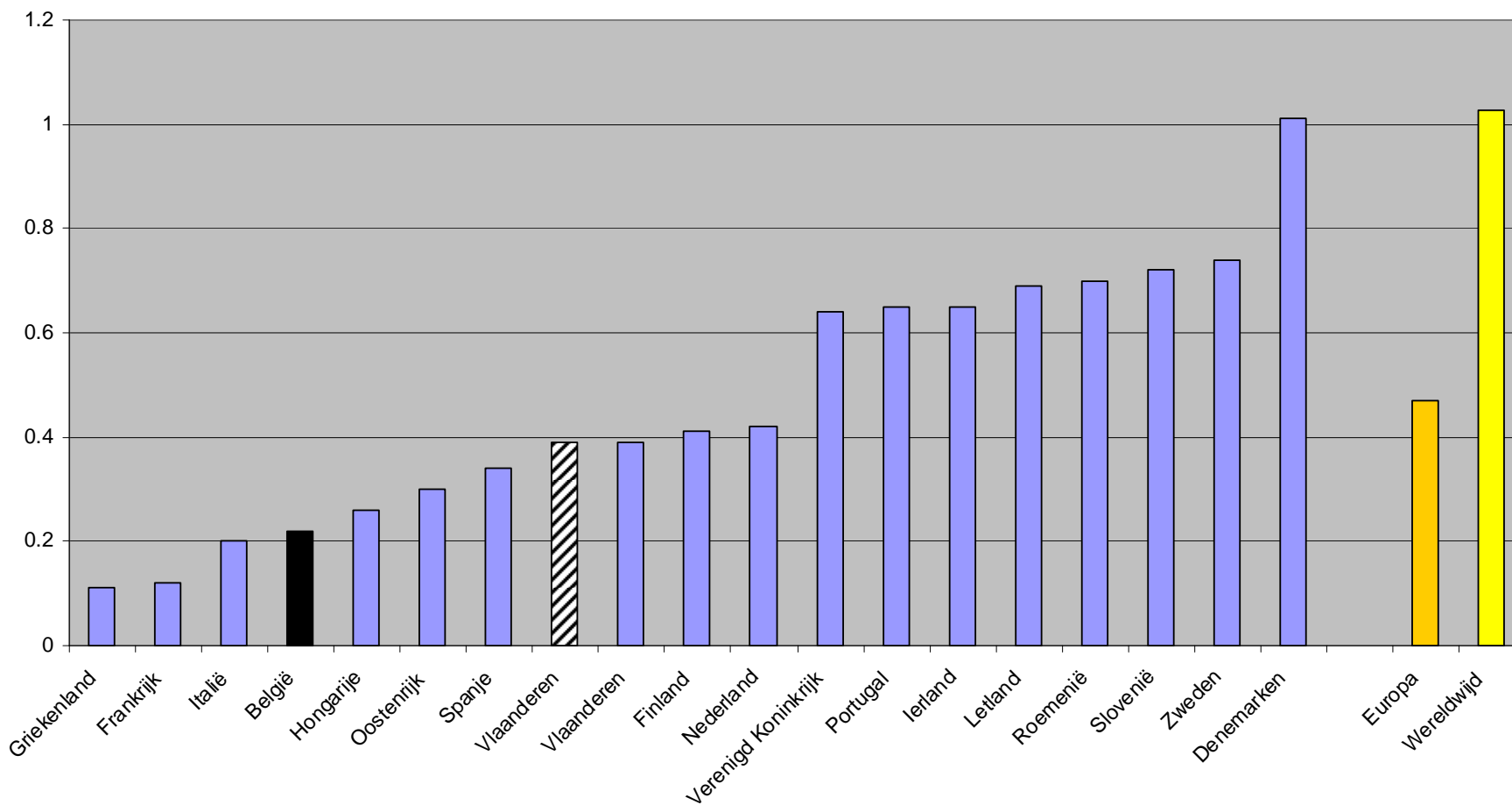
# TEA innovation

TEA 06 Innovation Index - EU

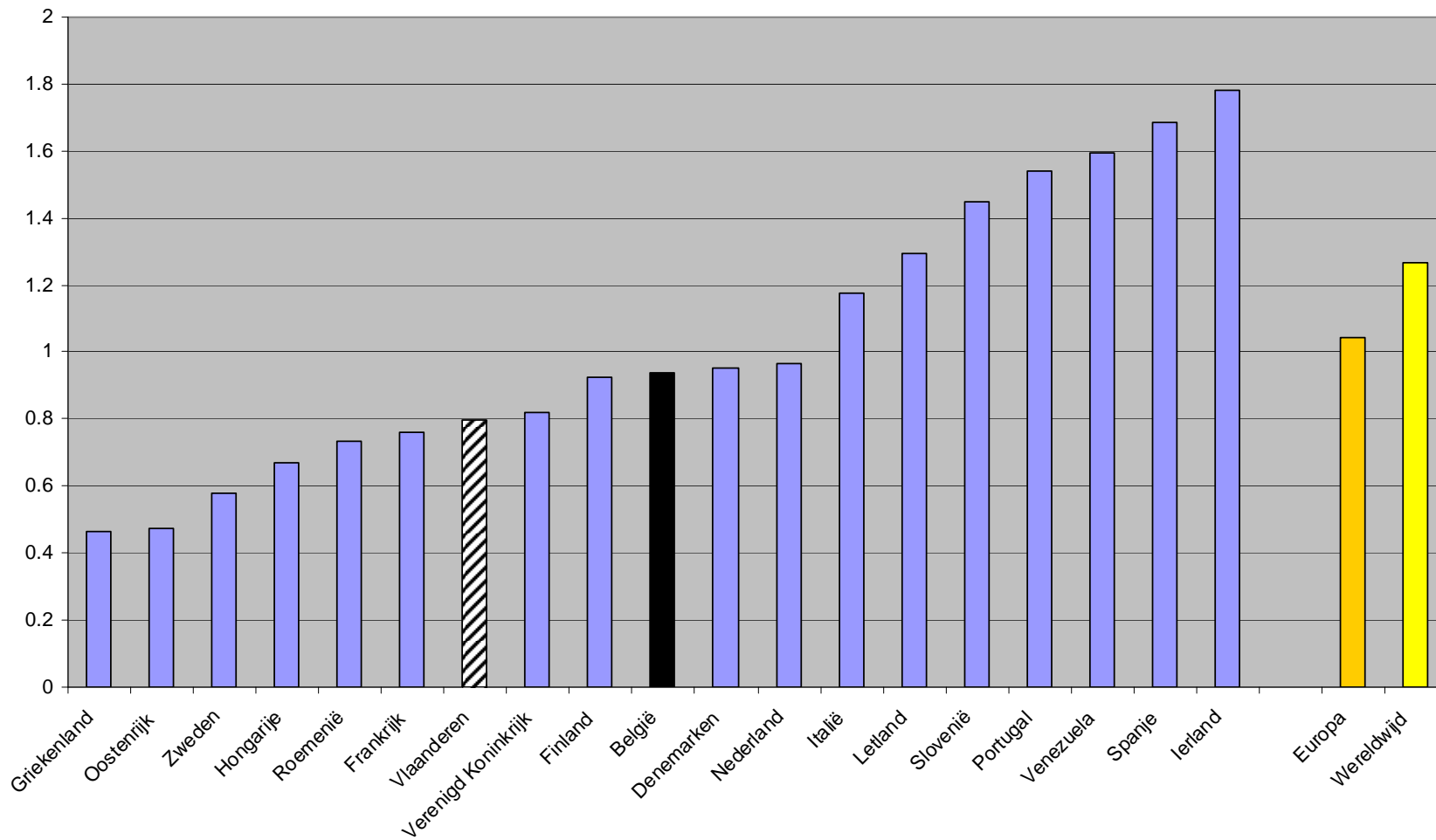


# TEA job creation

TEA 06 Job creation - EU



# TEA internationalisation



# What type of companies for entrepreneurship ?

- Conclusion

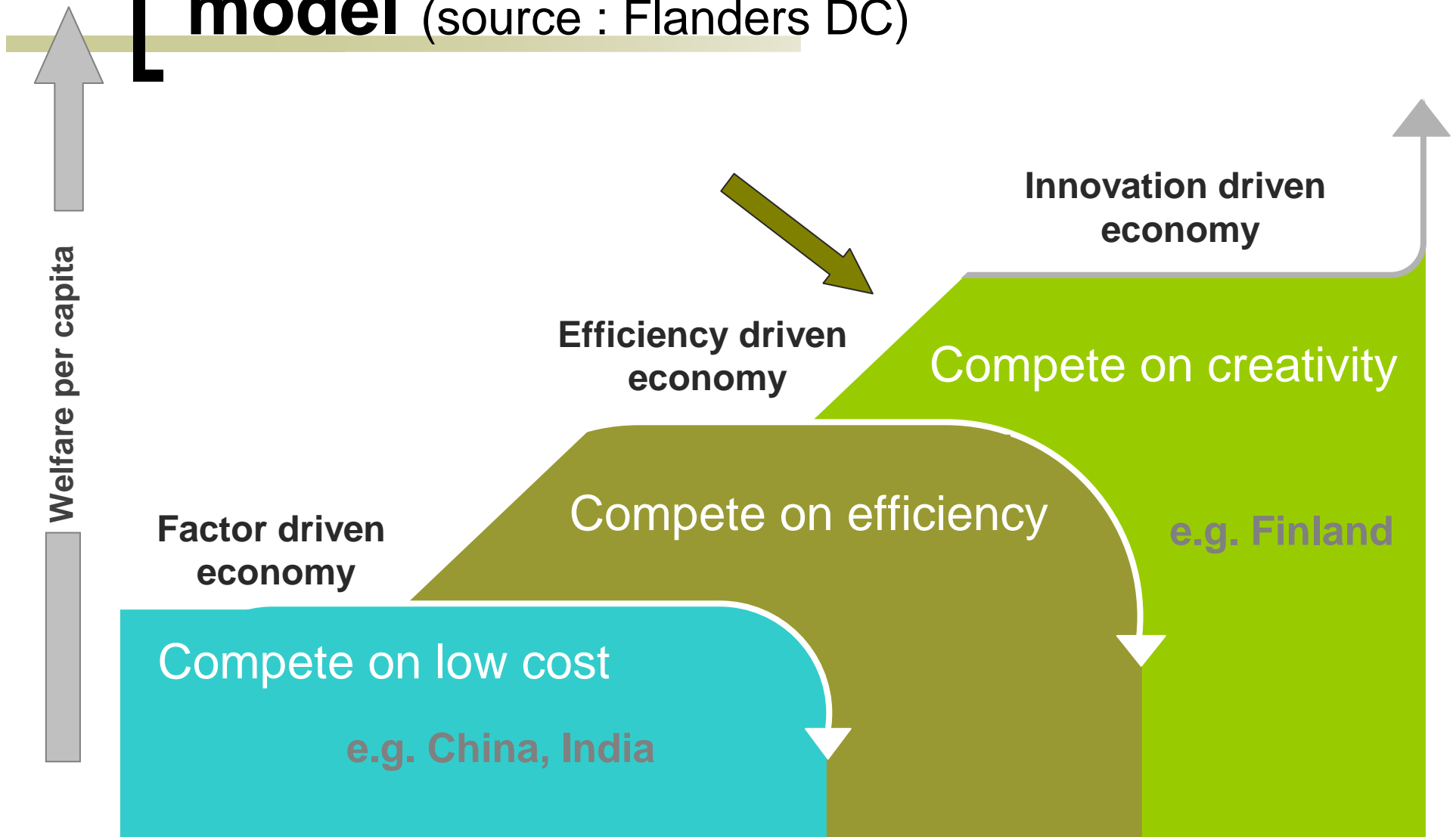
- More and more innovative companies
- Job creation potential still limited ( $FL > B$ )
- Small decline in international focus ( $FL < B$ )



Low quantity of start-ups but relatively high quality!

- High potential companies mainly started by male entrepreneurs

# Regional development: a staged model (source : Flanders DC)



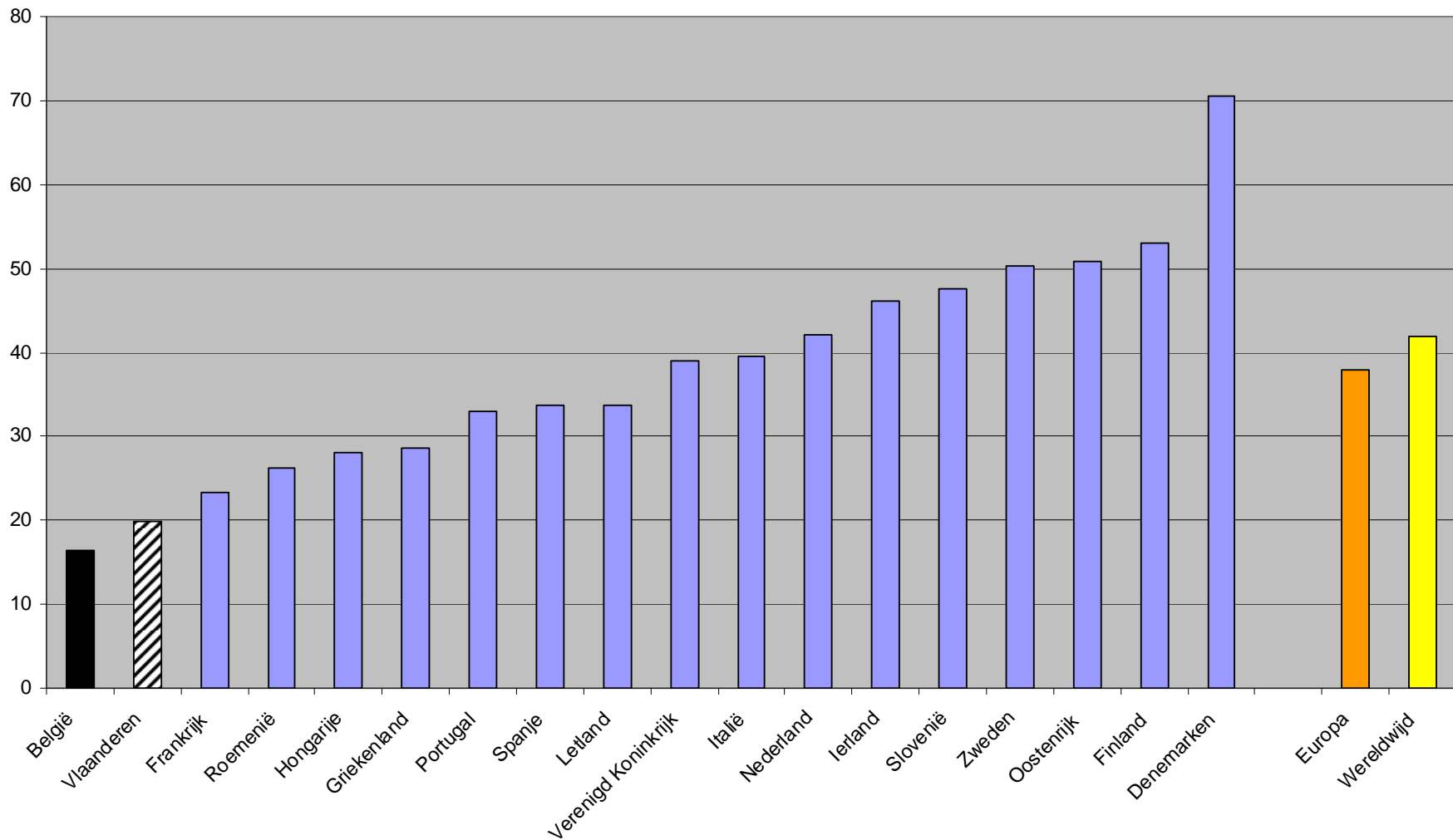
# Perceptions about the entrepreneurial environment

**Vlerick Leuven Gent  
Management School**

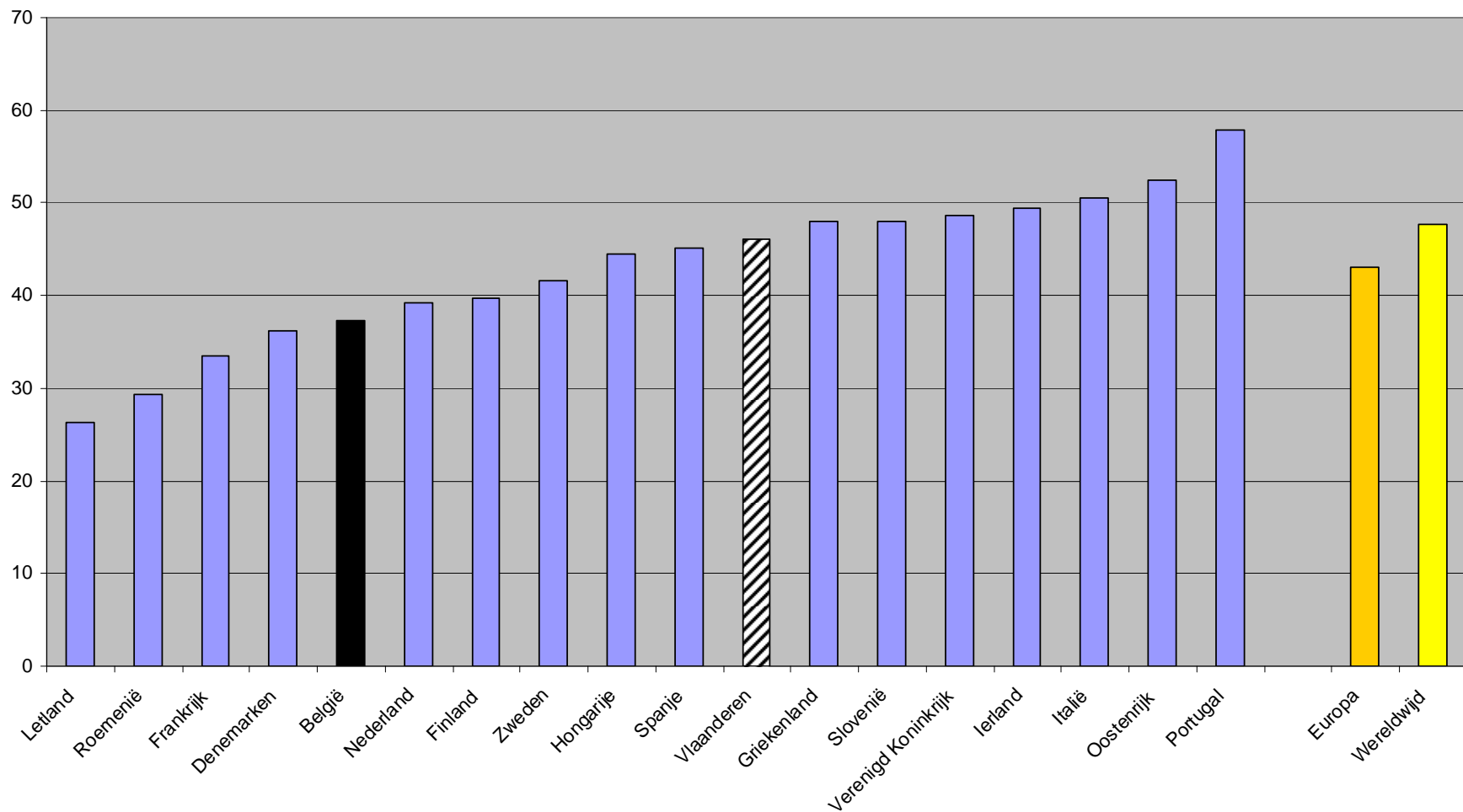
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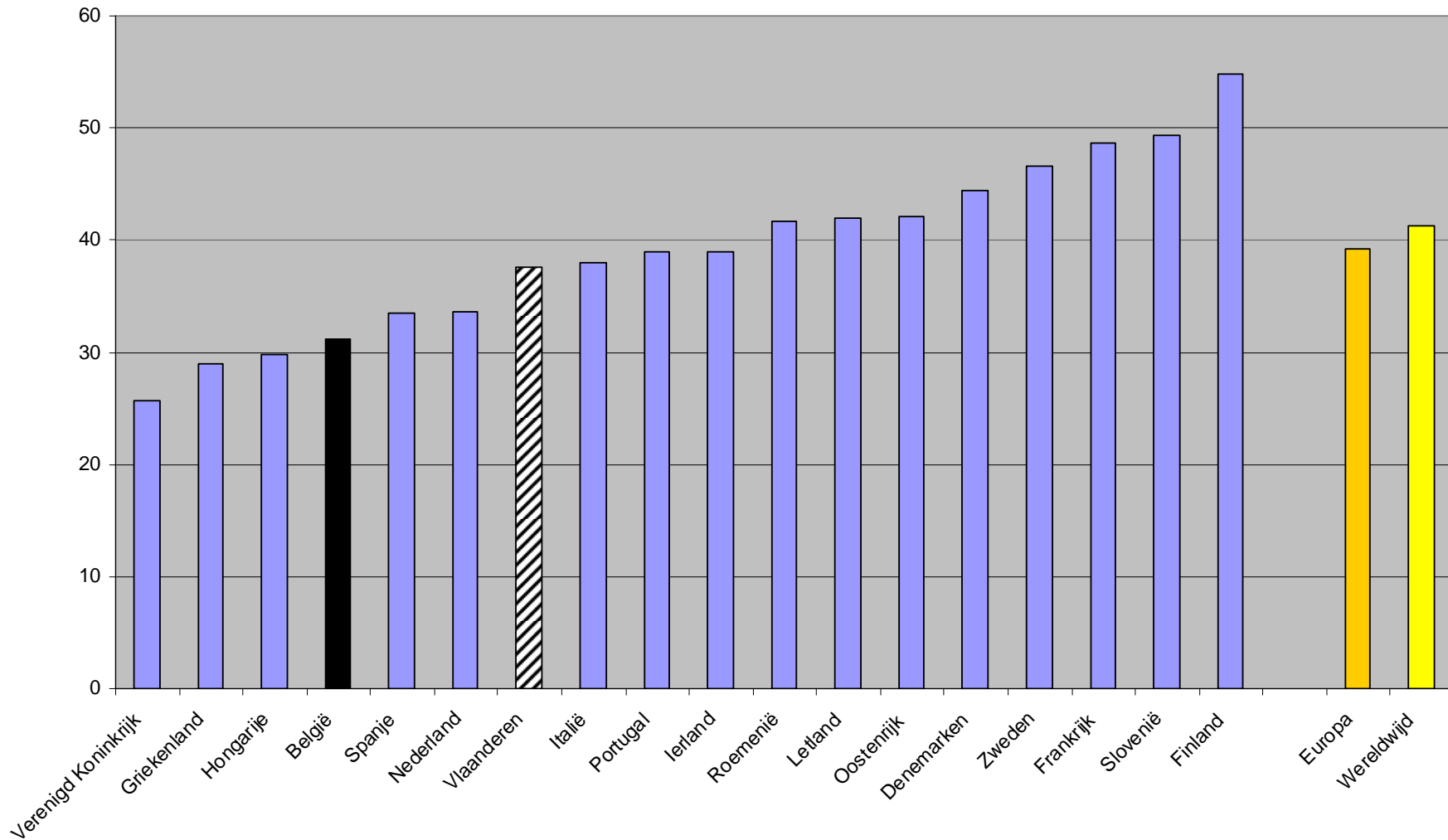
# Do you see good start-up opportunities in the next six months?



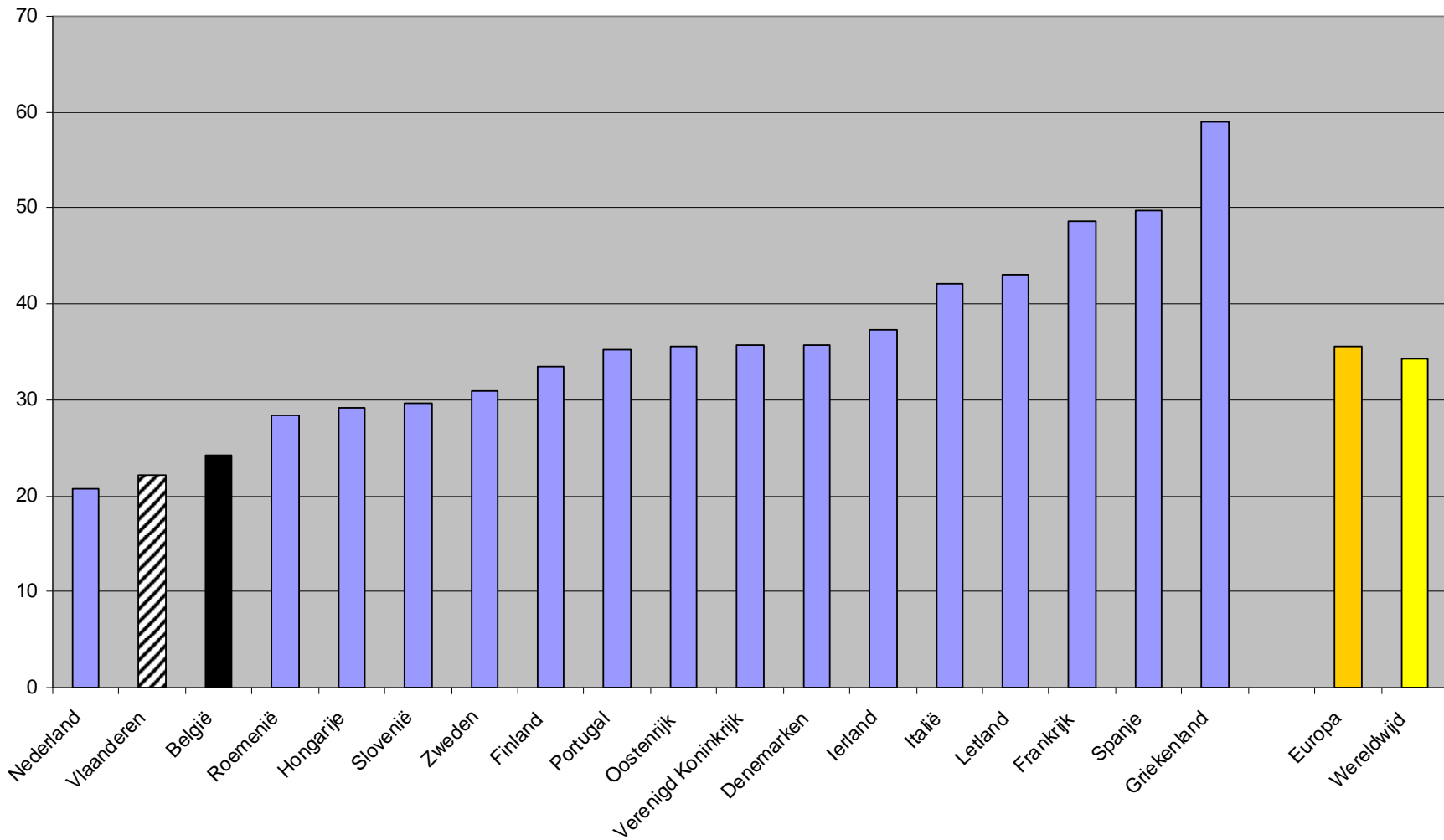
# Do you believe to have the skills and knowledge to start a business?



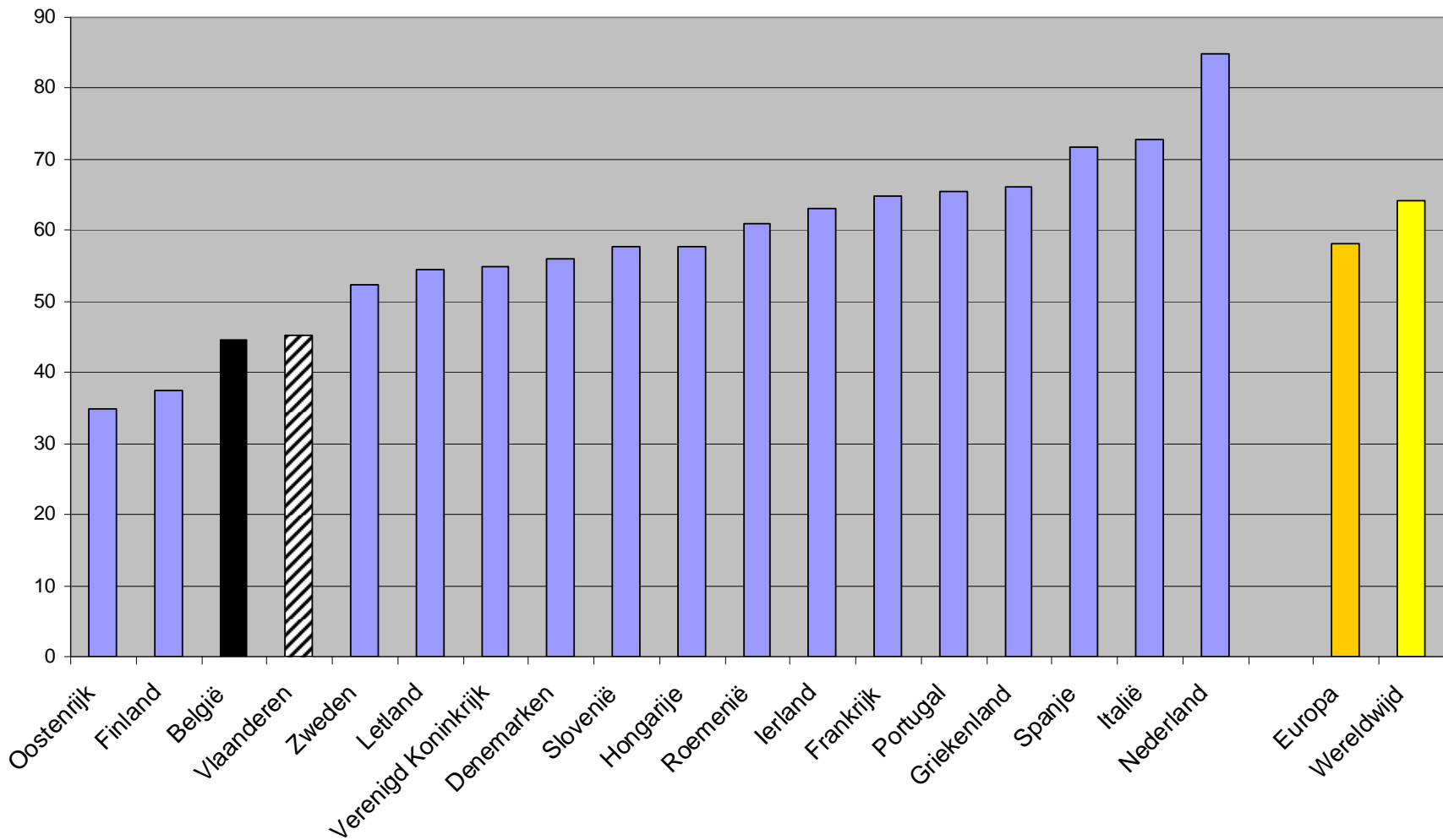
# Do you personally know an entrepreneur?



# Does fear of failure prevent you from starting up a business?



# Do you consider becoming an entrepreneur a desirable career choice?

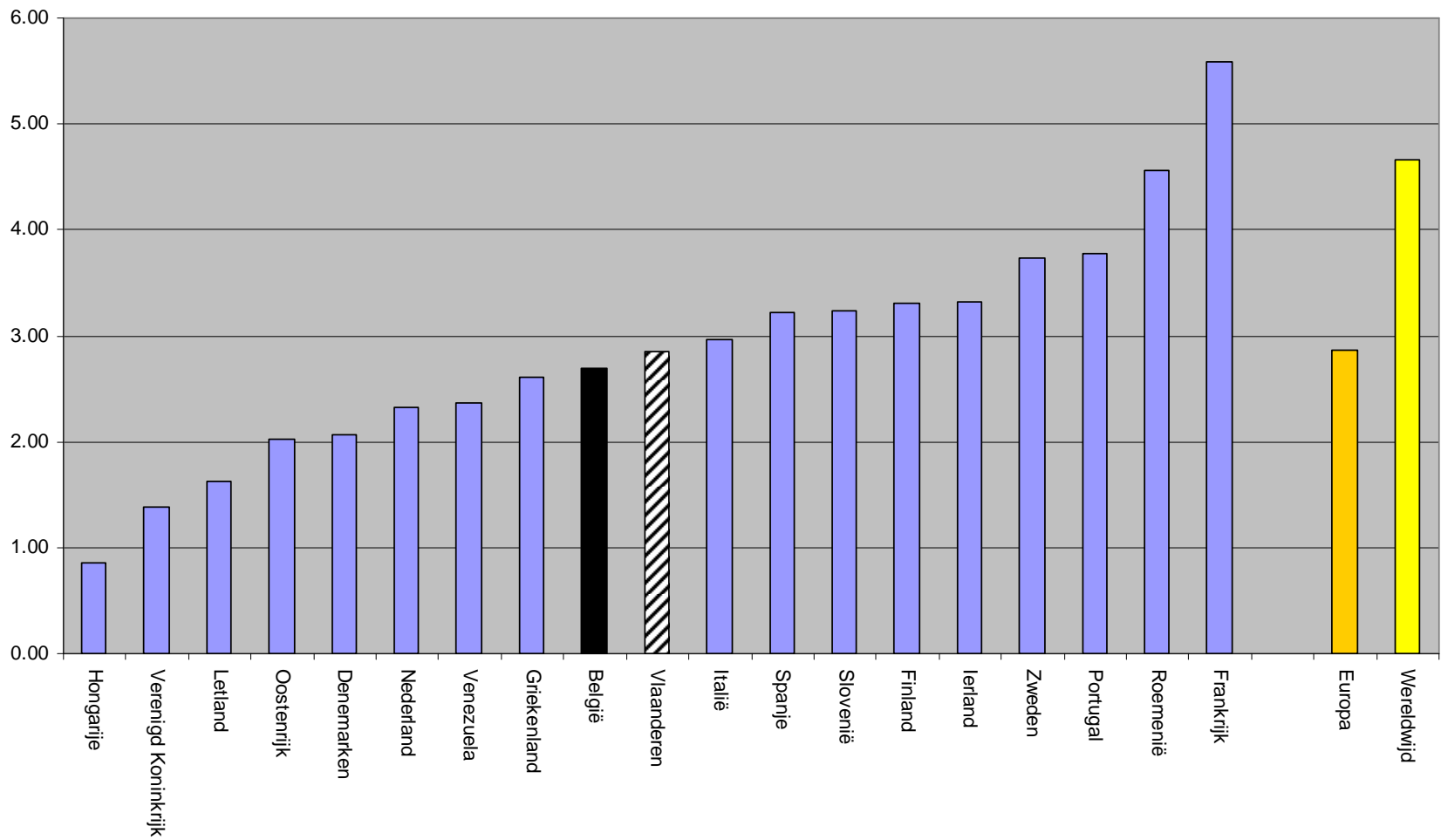


# Perceptions about the entrepreneurial environment: Conclusion

- The entrepreneurial “mindset” improved slightly in Belgium and Flanders
  - Small increase in number of observed entrepreneurial opportunities
  - Increase in perceived ability to start a company in Flanders
  - Perceived desirability of entrepreneurial career remains stable
- Fear of failure is not preventing most Belgians to start up a business!

# Availability of financial resources

■ Informal investors



# [ Availability of financial resources ]

- Expert interviews indicate that there is a higher availability of
  - Venture capital
  - Bank financing
  - Equity capital
  - Financing through stock market

## [ Main conclusions GEM 2007 (1) ]

- New entrepreneurship (TEA07) saw a small increase in 2007 (compared to 2006)
  - Mainly driven by an increase in “nascent” entrepreneurial activity
  - Mainly in Flanders (FL > B)
- Belgium still at the tail of the EU countries
  - Low opportunity recognition
  - Low necessity entrepreneurship (FL < B)
  - Low conversion rate (from intention to reality)

# [ Main conclusions GEM 2007 (2) ]

- Positive evolutions
  - Small improvement in entrepreneurial “mindset”
  - Quality of new entrepreneurship increases relatively
  - Increase in number of innovative start-ups
  - Positive trend in availability of financial resources
  - Positive trend in educational activities
  - Female entrepreneurship still underrepresented but positive trend

Thank you - Dank u – Merci beaucoup

Questions? Vragen ? Questions ?



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