



Roadmaps to Competitive Advantage The Dutch approach

**Another perspective on and use of indicators,
complementary to the
Entrepreneurship Indicators Project**

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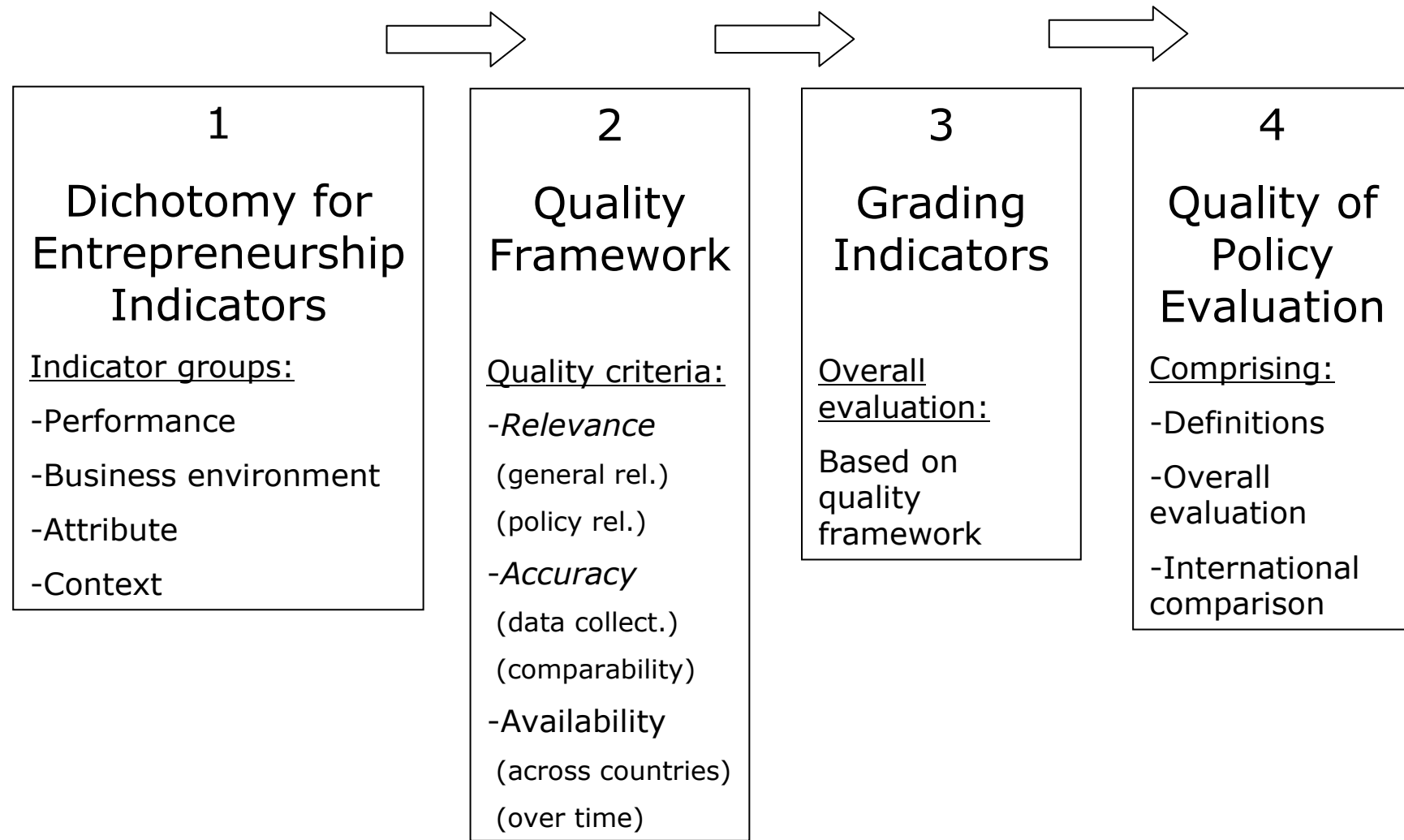
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_Agenda

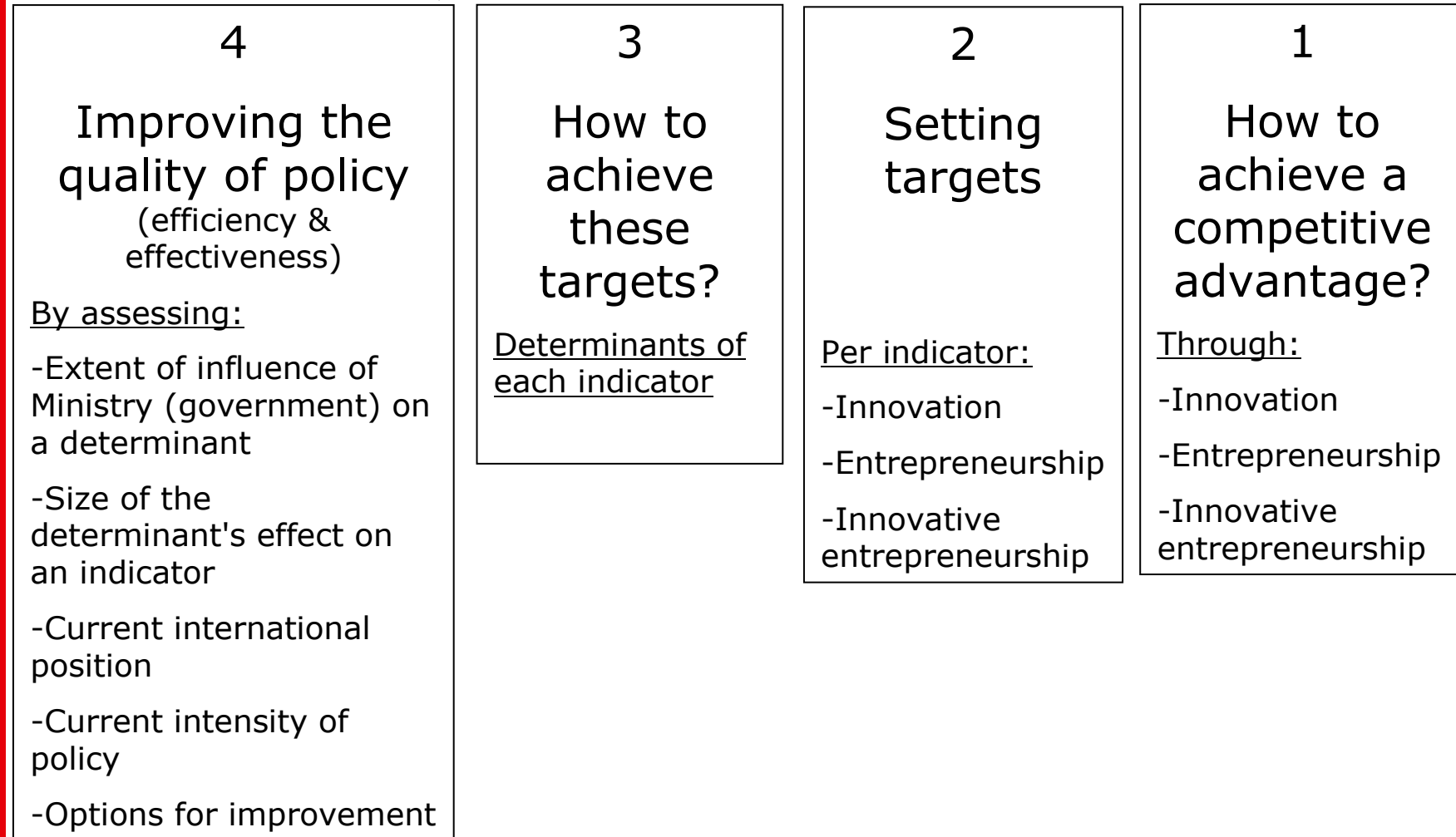
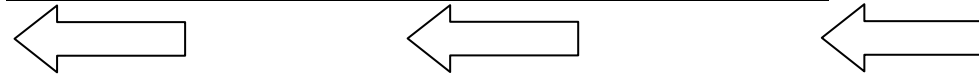


- The Entrepreneurship Indicators Project
 - Outline of the process
- The Roadmaps project
 - Outline of the process
 - The indicators (policy targets)
 - The roadmaps to get there
 - Outcomes of the roadmaps project
- Conclusion / Discussion

Outline of the process



Outline of the Process





Phase 1:

How to achieve competitive advantage

- Based on:
 - > Lisbon Agenda (National Reformation Plan Lisbon)
 - > Ministry's budget for 2007
 - > Earlier Ministry budgets

- Three themes:
 - Innovation
 - Entrepreneurship
 - Innovative entrepreneurship



Phase 2:

Setting targets

- Innovation
 - Private R&D intensity
 - > (as % of GDP, 2% in 2010)
 - Public R&D intensity
 - > (as % of GDP, 1% in 2010)
 - Turnover of new / improved products
 - > (as % of total turnover, top 5 EU for industry and services)
- Entrepreneurship
 - Nascent entrepreneurship
 - > (# adults actively involved in setting up a business as % of total population, top-5 EU-15 in 2010)
 - Starters/new firms
 - > (# of startups as % of labour force, 25% growth)
 - Entrepreneurship quota / business ownership rate
 - > (# of entrepreneurs as % of labour force, 0.5%-points / min. 10%)
- Innovative entrepreneurship
 - Realised turnover of technostarters
 - > (absolute # in €, doubled in 2010 to 2.65 bill.)
 - Share of high growth firms with 50-1000 employees
 - > (as % of business population, mean of 10 benchmark countries)



Phase 3:

How to achieve these targets?

- Searching for determinants of each target indicator
 - Scientific publications
 - Working papers (published / unpublished)
 - Policy related papers
- Subdivision of determinants found
 - Ministry's (Government's) influence
 - Quantitative vs. Qualitative nature

Phase 4:



Improving the quality of policy

Target Indicator

<u>Determinants</u>	<u>Qualitative effect</u>	<u>Quantitative effect</u>	<u>International position NL</u>	<u>Intensity current policy</u>	<u>Potential room for improvement</u>
<i>Quantitative determinants</i>					
#1	++/+/0/-/--	% change in determinant leads to % change in target indicator	-Ranking lists -Absolute # -Comparison to: EU15, EU25, OECD.	0/+/++ Including current policy projects	0/+/++ Including possible projects
#1+n	++/+/0/-/--			0/+/++	0/+/++
<i>Non-quantitative determinants</i>					
#1	++/+/0/-/--			0/+/++	0/+/++
#1+n	++/+/0/-/--			0/+/++	0/+/++
<i>Determinants which are difficult to influence by Ministry (Government)</i>					
#1	++/+/0/-/--			0/+/++	0/+/++
#1+n	++/+/0/-/--			0/+/++	0/+/++

Phase 4: An example



Theme: Entrepreneurship
Target indicator: Nascent entrepreneurship

<u>Determinants</u>	<u>Qualitative effect</u>	<u>Quantitative effect</u>	<u>International position NL</u>	<u>Intensity current policy</u>	<u>Potential room for improvement</u>
<i>Quantitative determinants</i>					
Social security unemployment benefits (unemployment replacement rate = benefits / last earned salary)	--	Lowering unemployment benefit with 10% leads to increase of nascent entrepreneurship rate with 0.41%-point. For NL this results in an increase from 2.5% to 2.91% (# nascent entrepreneurs as % of total population)	NL: 82% M all countries: 59% M EU15: 58%	0 -Starting a business out of unemployment -Pension saving through 'old' employer	++ -Transition employee to entrepreneur -Reform social security system -Make labour market more flexible

- Entrepreneurship
 - › Nascent entrepreneurship
 - › Starters/new businesses
 - › Business ownership rate
 - 5 Pillars, main opportunities for policy:
 - › Social security system (Risk-reward of entrepreneurship)
 - › Administrative burdens
 - › Human capital
 - › Culture
 - › Labour market regulation
 - Other promising issues:
 - › Capital market
 - › Industry intensity
 - › Advice and support
 - › Bankruptcy law

Outcomes of the Roadmaps (2)

- Innovative entrepreneurship
 - > Realised turnover of technostarters
 - > Share of high growth firms with 50-1000 employees
 - Main opportunities for policy on technostarters:
 - > Startups
 - > Spin-offs
 - > R&D expenses and innovativeness
 - > Graduates in technical education
 - Main opportunities for policy on high growth firms:
 - > Ambitions of entrepreneurs
 - > Capital availability
 - > Qualified employees
 - > Coaching
 - > Innovation policy government
 - > Interaction with knowledge institutions
 - > Administrative burden

Outcomes of the Roadmaps (3)

- Innovation
 - Main opportunities for policy on private R&D intensity:
 - > R&D subsidies
 - > R&D fiscal incentives
 - > Competition
 - > R&D climate for business establishment
 - > Decrease of economic regulation
 - > Public R&D expenses
 - Main opportunities for policy on public R&D intensity:
 - > Public financing of R&D of universities & research institutions
 - > Public-private interaction
 - Main opportunities for policy on new / improved products:
 - > Commercial goals of Dutch firms
 - > Competition
 - > Entrepreneurial culture

_Conclusion / discussion



- Complementarity of EIP & Roadmaps
- Overall issues/areas for attention
 - High growth firms
 - Innovation (valorisation)
 - Risk-Reward profile of entrepreneurs
 - Human capital (education)
 - Culture
 - Public private interaction
 - Capital market
 - Administrative burdens
- Questions?