

# Entrepreneurship Survey of the EU (25 Member States), United States, Iceland and Norway

## Summary

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This survey was requested by Directorate-General for Enterprise and Industry E/1: Entrepreneurship, and coordinated by Directorate General Press and Communication

This document does not represent the views of the European Commission.  
The interpretations and opinions contained in it are solely those of the authors.

Flash EB Series #192

# Entrepreneurship Survey of the EU (25 Member States), United States, Iceland and Norway

Conducted by  
The Gallup Organization Hungary/Europe  
upon the request of the European Commission  
Directorate-General for Enterprise and Industry E/1:  
Entrepreneurship



Survey organised and managed by the  
Eurobarometer Team of the European Commission  
(Directorate-General Communication)

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**THE GALLUP ORGANIZATION**

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## Main findings

- Overall, since 2004, there has been no change in the percentage of Europeans wishing to become self-employed. Forty-five percent still prefer to be self-employed, while 50% opt for employment (see Chart 1.). The potential European entrepreneur is most likely to be young, male, still in education at this time and with one or both parents having had self-employment experience (see Annex Tables for answers to Q.1).
- Looking at the American picture, the entrepreneurial urge still predominates. The percentage of Americans wanting to do their own thing (61%) is still higher than in any individual EU Member State (see Chart 1.). However the Americans seem to lose some ground concerning the preference of becoming an employee which has risen to 37 % (from 34 % in 2004) whereas in the EU25 the development remains stable at 50 % (see Chart 1). Looking at the mindsets on both sides of the Atlantic, we see that almost half of Europeans have never even thought about starting up a business. This is almost double the corresponding U.S. figure (see Chart 11b).
- Among those who are not self-employed there appears to have been a reduction in the attractiveness of becoming an entrepreneur in the EU, down three points to 30% (see Chart 5.). Meanwhile, the feasibility of starting up a business remains flat in the EU25 and EU15 (31% and 30%, respectively), with increases only in the NMS10 countries (a 5% increase, see Chart 7). There, in particular, dramatic increases in confidence have been seen in Slovakia (up to 39% from 17%) and Latvia (up to 42% from 24%).
- To retain its competitiveness, Europe needs more entrepreneurs. In this regard, it is a positive sign for the future that over half (51%) of 15-24 year-olds are likely to follow the entrepreneurial route (see Chart 6). This is especially the case in the NMS10 countries, where the number rises to 62%. This objective to be an entrepreneur is shared by exactly half of those still in the educational system (also shown in Chart 6).
- Another positive sign for Europe is that many of those 15-24 year-olds (44%) feel that their education played a predominant role in giving them an interest in becoming an entrepreneur. Even slightly higher figures are seen for those currently benefiting from the European educational system (see Chart 8.).
- There are also grounds for optimism when one looks to see if people see the road to self-employment as an opportunity or something to be considered more out of necessity. Almost 60% of those starting up a business consider this as an opportunity rather than a necessity (see Chart 10). This is especially true in the new Member States. The Americans are ahead in this regard, but the Europeans are certainly gaining ground.
- Bankruptcy is the greatest fear on both sides of the Atlantic, especially for young Europeans (see Chart 14 and the Annex Tables for answers to Q.15). However, this could be seen as a mature outlook on the part of today's young people.
- In terms of problems that might stop someone deciding to take the entrepreneurial road, a lack of finance is the main barrier. However, everything is perceived as being harder in the EU – there is a lack of money, too much complexity and insufficient

information. All three factors have increased in Europe, albeit slightly, in the past two years (see Chart 15.).

## Introduction

A total of 20,674 people were interviewed by telephone for this survey, between 9<sup>th</sup> of January and 16<sup>th</sup> of January, 2007.

- 18,665 EU citizens (of which 9% are already self-employed),
- 1,009 U.S. citizens (8% self-employed),
- 500 Icelanders (15% self-employed),
- 500 Norwegians (6% self-employed).

The methodology used was that of the FLASH EUROBAROMETER of the Directorate-General Press and Communication (Opinion Polls, Press Reviews, Europe Direct Unit), whose team assisted in the questionnaire's development and managed the work. A technical note on the interviews, from the Gallup Organization, is annexed to this document – as well as to each volume of results published in a Flash Eurobarometer. This technical note specifies the interview methodology as well as the confidence intervals of measurements.

The aim of this report is to present the main results obtained during the survey, and to put them into perspective by comparing them with the results obtained in previous ones.

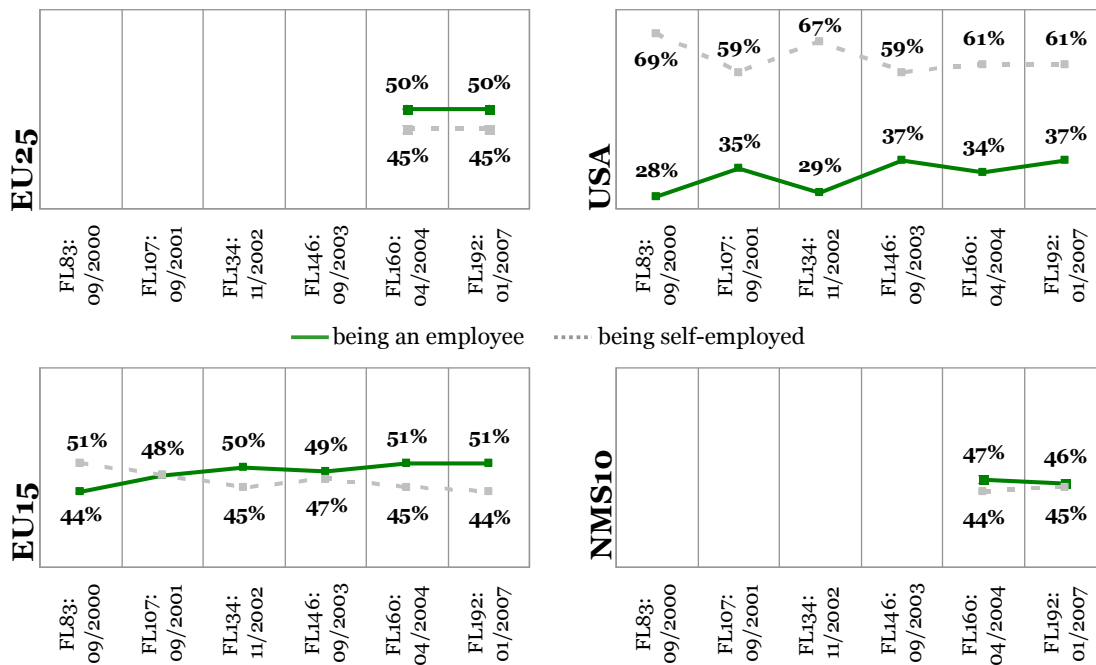
Throughout the report, the various results are analysed in various ways and in several categories, these include groupings such as:

- the EU25 (all the EU Member States following the 2004 enlargement)
- the NMS10 (the 10 new Member States following the 2004 enlargement)
- the United States, Norway and Iceland
- the socio-demographic characteristics of the people interviewed in the EU25 and the other three countries under review (gender, age, level of education completed, occupation, parents' occupation and locality – urban or rural).

## Employed or self-employed?

When it comes to a choice between being employed or self-employed, Europeans still prefer the former, while across the Atlantic, the entrepreneurial urge still predominates. In fact, there has been a slight decrease in the gap between the EU25 and the United States, with 3% more Americans (up from 34% in 2004) now preferring to be employed. However, the percentage of Americans wanting to do their own thing (61%) is still higher than in any of the other 27 countries under review (see Chart 1 and the Annex Tables for answers to Q.1).

Chart 1. The choice of status: self-employed or employee, 2000-2007



Source:  
FLASH EB 192  
December 2006 - January 2007

Q1. Suppose you could choose between different kinds of jobs, which one would you prefer:...

Base: all respondents

### Is the EU catching up?

So while the US's pioneering spirit is alive and well, the question must be – is the EU citizen developing a similar sense of entrepreneurial adventure?

At the EU level, disappointingly, there has been no change since 2004, with 50% of respondents preferring the employed route and 45% opting for self-employment<sup>1</sup> (see Chart 1). Looking at the responses, the potential European entrepreneur is likely to be male, young, still in education and with one or both parents having been self-employed (see the Annex Table for the answers to Q.1).

Although at the EU25 level, there has been no change, individual Member States have seen dramatic swings (see Chart 2 and the Annex Tables for the answers to Q.1). Since 2000, Spain has gone from a country where its citizens strongly favoured being entrepreneurs, to one where a steady job is the preferred option (a change here from 34% to 52%). Luxembourg is another Member State where fewer people than ever before now have a

<sup>1</sup> The total number of EU interviewees (18665) includes 9% already self-employed. Of this latter figure, 73% say that given a choice, they prefer to be (remain) self-employed.

desire to be self-employed, while in Finland, the opposite is true. This appears to be influencing its Baltic neighbours, with all of them seeing increases in the number of citizens preferring the self-employed route.

Chart 2. The choice of status in EU25: self-employed or employee, 2000-2007



Source: FLASH EB 192  
December 2006 - January 2007

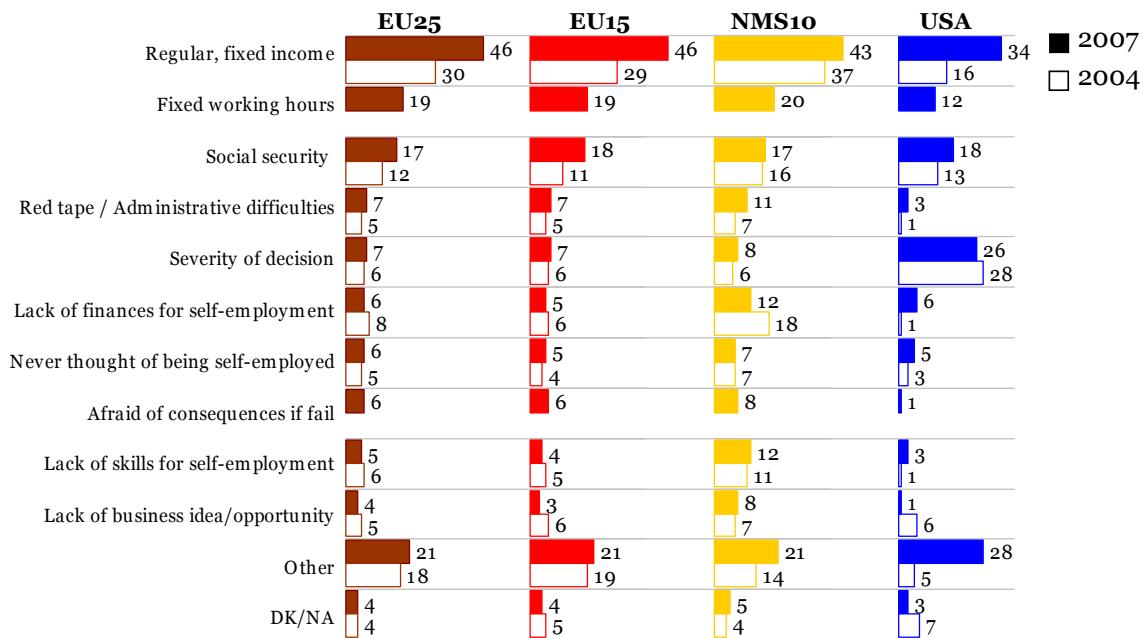
Q1. Suppose you could choose between different kinds of jobs, which one would you prefer...  
Base: all respondents, by country

### What do people want?

As there has been no dramatic increase in the desire for EU citizens to become entrepreneurs, it's necessary to look at why people prefer to be employed. Firstly, Europeans like the idea of a fixed income, hinting at the need for security. It should be noted that more

Americans now hold this opinion. In the newer Member States (the NMS10), there is still a worrying lack of finance for self-employment. Although this was mentioned less frequently than in 2004, it is still twice the average in the EU15 (see Chart 3.).

Chart 3. Preference for employee status, 2004-2007

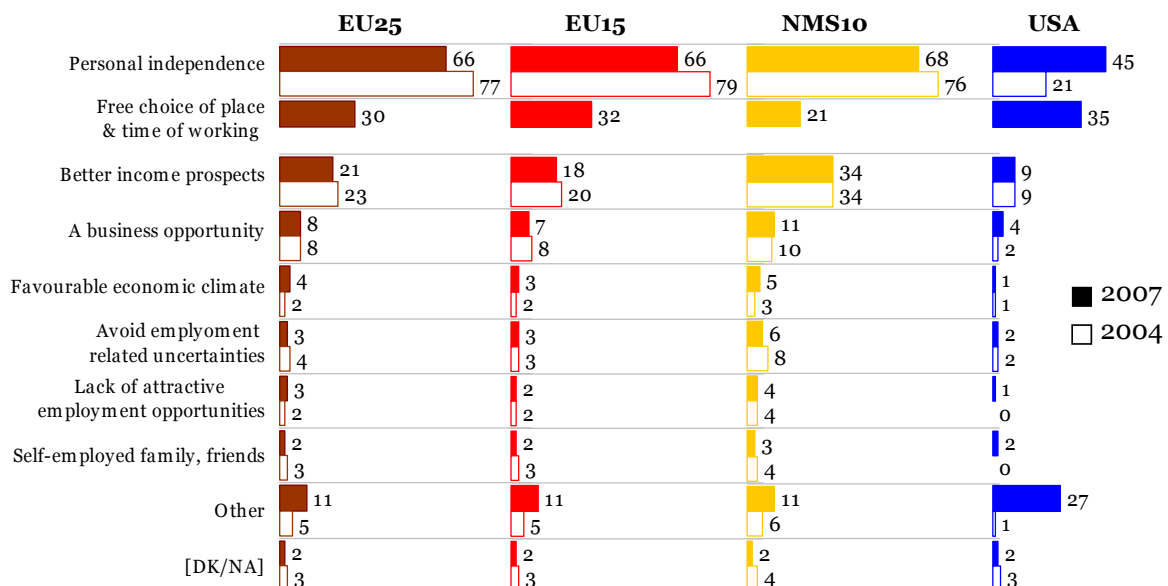


Source:  
FLASH EB 192  
December 2006 - January 2007

Q2. Why would you prefer to be an employee rather than self-employed?  
Base: those who answered „employee“ in Q1

Self-fulfilment and independence are still the main reasons to think about branching out on one's own, while NMS10 citizens also appreciate the prospect of a better income. That is certainly not the case in the United States – where the decision to develop one's own business is all about freedom and independence (80% - 45%+35% - , see Chart 4.).

Chart 4. Preference for self-employed status, 2004-2007



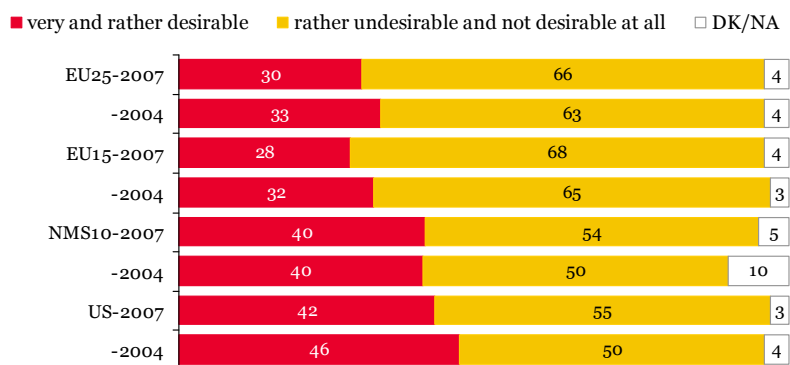
Source:  
FLASH EB 192  
December 2006 - January 2007

Q3. Why would you prefer to be self-employed rather than an employee?  
Base: those who answered „self-employed“ in Q1

## Self-employment: how attractive, how feasible?

Entrepreneurs have a positive image across all 28 of the countries under review, as they are primarily seen as job creators. However, of concern on both sides of the Atlantic is the reduction in the attractiveness of becoming an entrepreneur, down three points to 30% in the EU and down four points in the US to 42%. There has been no change in the newer Member States (see Chart 5.).

Chart 5. The desire to become self-employed, 2004-2007



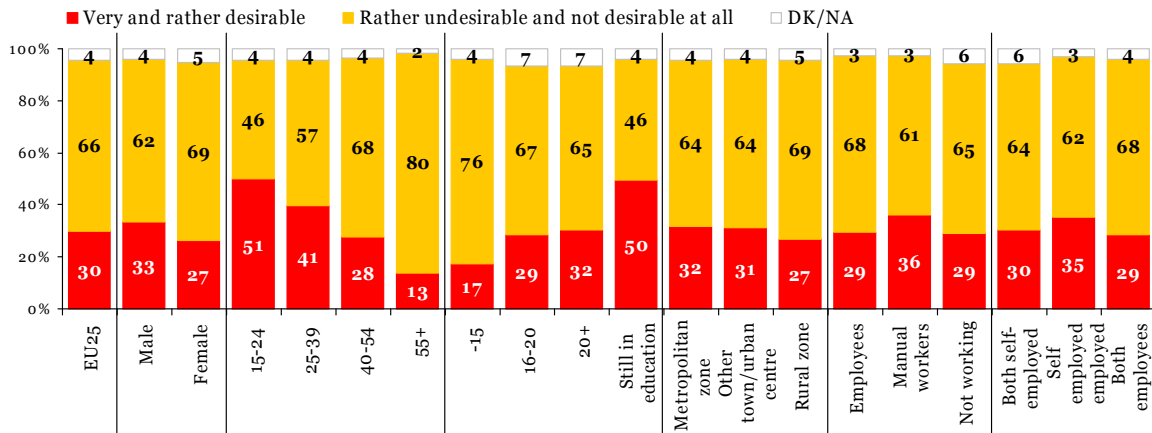
Source: FLASH EB 192 December 2006 - January 2007

Q5. Personally, how desirable is it for you to become self-employed within the next 5 years?  
Base: those who did not answer "self-employed" in D4

Indeed, the desire for Europeans to be self-employed is decreasing, especially in the EU15. Focusing on the older Member States, less than 20% of the citizens in two of the Union's founder members – Germany and Belgium - find it an attractive prospect (see Annex Tables for answers to Q.5).

Excluding the already self-employed, the data shows that younger citizens are more attracted to self-employment throughout the EU25 – with over half of the 15-24 year-olds and half of those still in education preferring to follow an entrepreneurial route (see Chart 6.). Note that over the age of 55, very few people (13%) desire to be self-employed in the next five years, with the exception of several of the newer Member States, where citizens show a desire to be self-employed even though they are over 55.

Chart 6. The desire to become self-employed



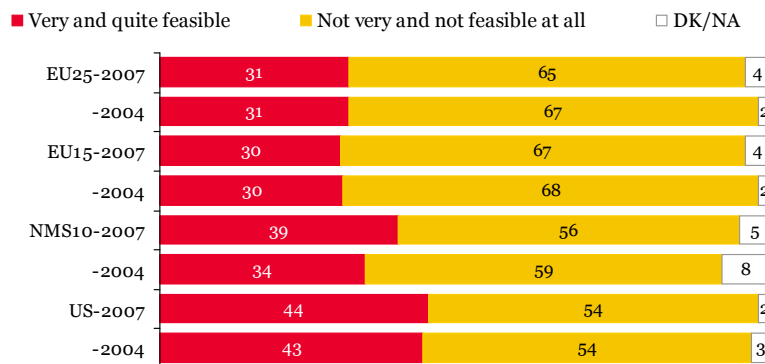
Source: FLASH EB 192 December 2006 - January 2007

Q5. Personally, how desirable is it for you to become self-employed within the next 5 years?  
Base: those who did not answer "self-employed" in D4

In terms of the feasibility of starting up a business in Europe, there has been no change in opinions except in the NMS10 (a 5% increase, see Chart 7. and the Annex Tables for the answers to Q.6). There, especially, Slovakia has seen a dramatic increase, up to 39% from 17%, and Latvia up to 42% from 24%.

It is still seen as being significantly more feasible to start up a business in the US, and the gap between the US and the EU15, in particular, is widening. Exceptions to the rule are the Scandinavian countries (especially Sweden and Denmark, and outside of the EU, Norway), where citizens do see self-employment as a feasible option. Overall, older EU citizens and those with less time spent in the educational system do not feel that self-employed is a feasible option. One reason, stated above all others, is the lack of available finance to take this route.

Chart 7. The degree of feasibility of becoming self-employed, 2004-2007



Source: FLASH EB 192 December 2006 - January 2007

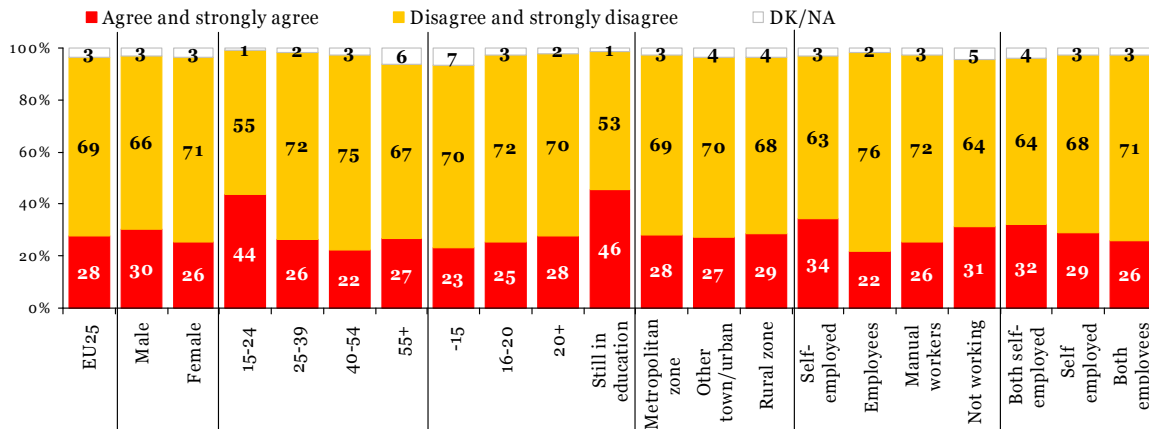
Q6. Regardless of whether or not you would like to become self-employed, would it be feasible for you to be self-employed within the next 5 years?  
Base: those who didn't answer "self-employed" in D4

## The entrepreneurial spirit is alive in Europe

This survey examined the role played by education generally in developing entrepreneurs and asked the student population for their views on entrepreneurial courses available today.

There is good news for Europe. Looking at age as a factor, the under-40s are more likely than the older generation to feel that their education did help them to develop an entrepreneurial attitude (being about 5% points above the EU25 average). In fact, the 15-24 year-olds are even more certain that their educational system has prepared them for an entrepreneurial life, with scores consistently above the EU25 average scores (by some + 16%) and also above the US averages. Similar figures are seen for those still in the educational system (see Chart 8 and Annex Table for answers to Q.9c).

Chart 8. „My school education made me interested to become an entrepreneur”



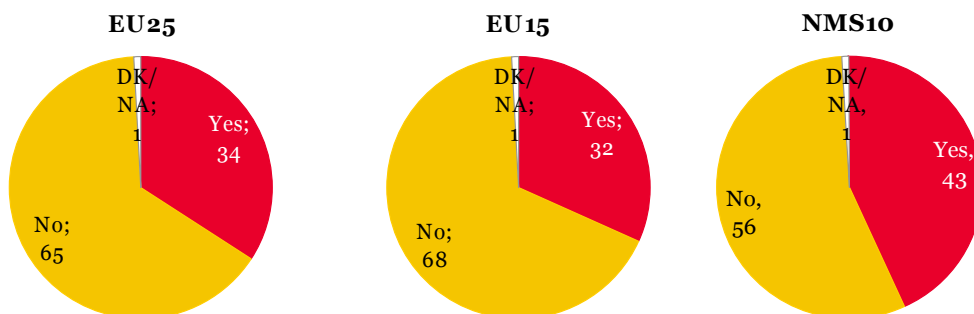
Source: FLASH EB 192 December 2006 - January 2007

Q9c. I will read you a list of statements. Please tell me, do you ... with the following statements? Base: all respondents

This is a positive trend for Europe’s future. However, there was quite a large difference between men and women, with the latter less likely to become interested in becoming an entrepreneur following their time in Europe’s educational systems (30% versus 26%, see Chart 8.).

In regard to relevant courses having been followed, by today’s student body, they appear to be more prevalent in the NMS10 than in the EU15 group of countries (see Chart 9.). Of those still in the educational system, approximately one-third say they have followed a course about entrepreneurship (34%). Low rates are recorded in rural areas, with only 29% saying they have followed courses, compared to 39 % in metropolitan areas (see Annex Tables for answers to Q8).

Chart 9. Participating in any course or activity about entrepreneurship at school



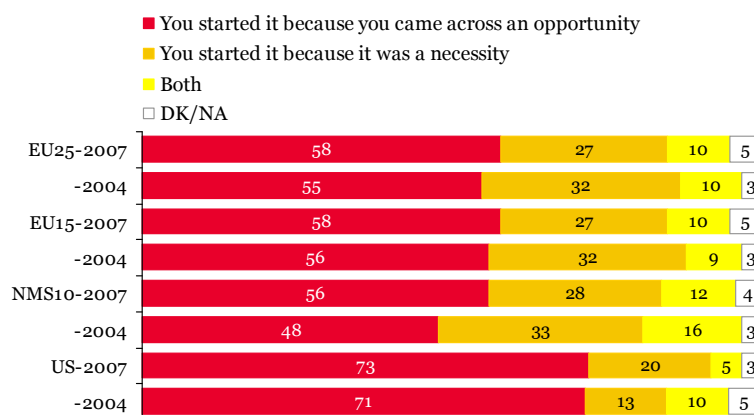
Source: FLASH EB 192 December 2006 - January 2007

Q8. At school or university, have you participated in any course or activity about entrepreneurship or setting up a business? Base: % those who are students

## More EU citizens see business opportunities

There are signs that people are seizing opportunities. Within the group already on the entrepreneurial path, more people (58%) see the chance to start up a business as an opportunity (see Chart 10). That is true across the EU, and in particular, the NMS10 are moving ahead in this regard. The gap with the US – although still large – is decreasing.

Chart 10. Opportunity or necessity, 2004-2007



Q9. (2004)/Q13. (2007) All in all, would you say you started, or are starting, your business because you saw an opportunity or you started it out of necessity?

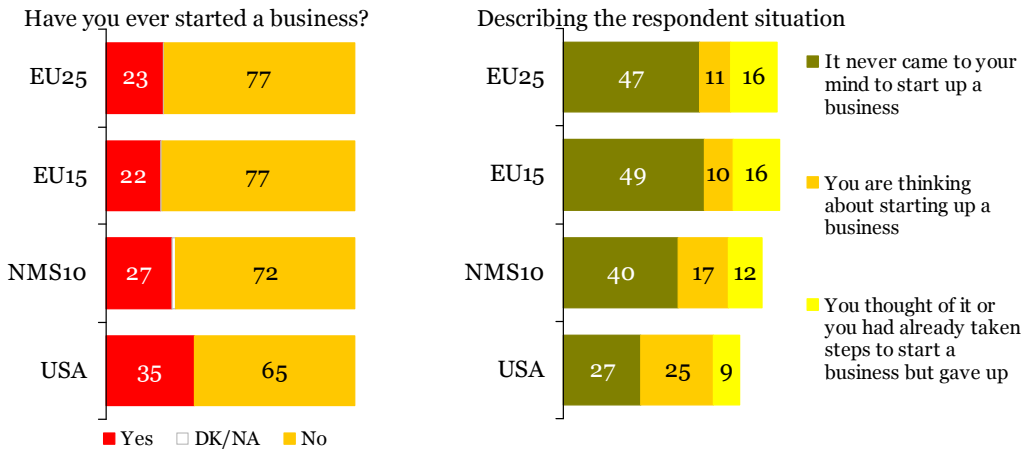
Base (2007): those who have started a business or are taking steps to start one  
(2004): moreover who once started a business, but currently you are no longer an entrepreneur

Source:  
FLASH EB 192  
December 2006 - January 2007

Looking at the mindsets of people in the EU and the US, we see major differences, with almost half of Europeans having never thought about starting up a business (47%). In the US, the corresponding figure is just over a quarter of respondents (27%) (See Chart 11a.).

On the positive side, the European figure has improved since 2004 when 57% of all respondents had not considered setting up their own business. This figure has dropped to 47% in 2007 (see Chart 11b.).

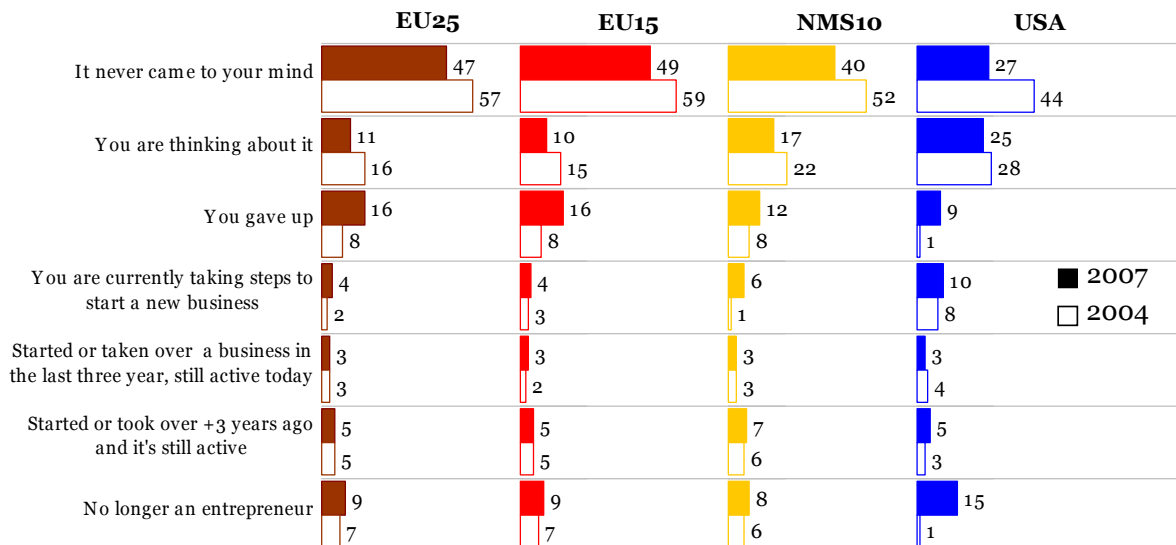
Chart 11a. Experience in setting up a business: the current situation among those who didn't start yet



Source: FLASH EB 192 December 2006 - January 2007

Q11. Have you ever started a business or are you taking steps to start one?  
Q11a. How would you describe your situation:  
Base: all respondents

Chart 11b. Experience in setting up a business: the current situation, 2004-2007

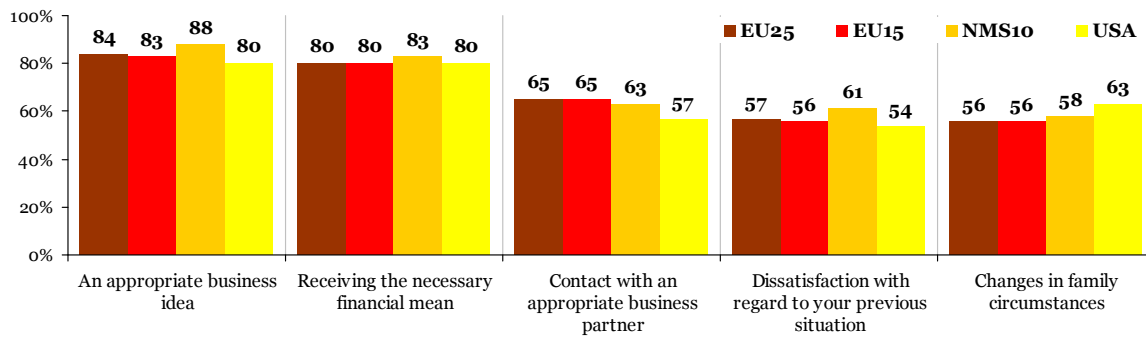


Source: FLASH EB 192 December 2006 - January 2007

Q11. Have you ever started a business or are you taking steps to start one?  
Q11a/b. How would you describe your situation:  
Base: all respondents

When people do consider following the route in question, two facts continue to dominate their thinking: the need for an appropriate business idea and the requirement to have the necessary funds. These two factors remain the most important on both sides of the Atlantic. One important difference in the EU is a significant levelling-off of opinions between the EU15 and the NMS10. Women are more likely than men to put the emphasis on the need for funds and on changes in family circumstances (see Chart 12.).

Chart 12. Important elements when considering setting up a business  
% very and rather important



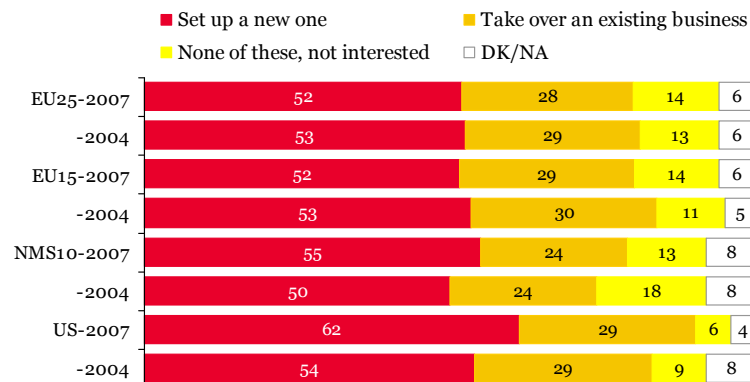
Q12. For each of the following elements, please tell me if it was very important, rather important, rather not important or not important at all for making you take steps to start a new business or take over one.

Base: those who have started a business or are taking steps to start one or who thought of it or had already taken steps to start a business but gave up

Source:  
FLASH EB 192  
December 2006 - January 2007

Concerning the question of setting up a new business or taking over an existing one no major changes can be observed (see Chart 13). As in 2004 the majority of EU citizens in 2007 (52%) would prefer to set up a new business rather than taking over an existing business (28%). In the US the desire to take over existing businesses has also not increased (29% as in 2004). However the difference with the EU is that in the US there has been a strong increase in the desire to create a start-up (62% from 54%).

Chart 13. Setting up a new business or taking over an existing one, 2004-2007



Q10. (2004)/Q14. (2007) If you currently had the means to start your own business, including sufficient funding, would you rather set up a new one or take over an existing one?

Base: all respondents

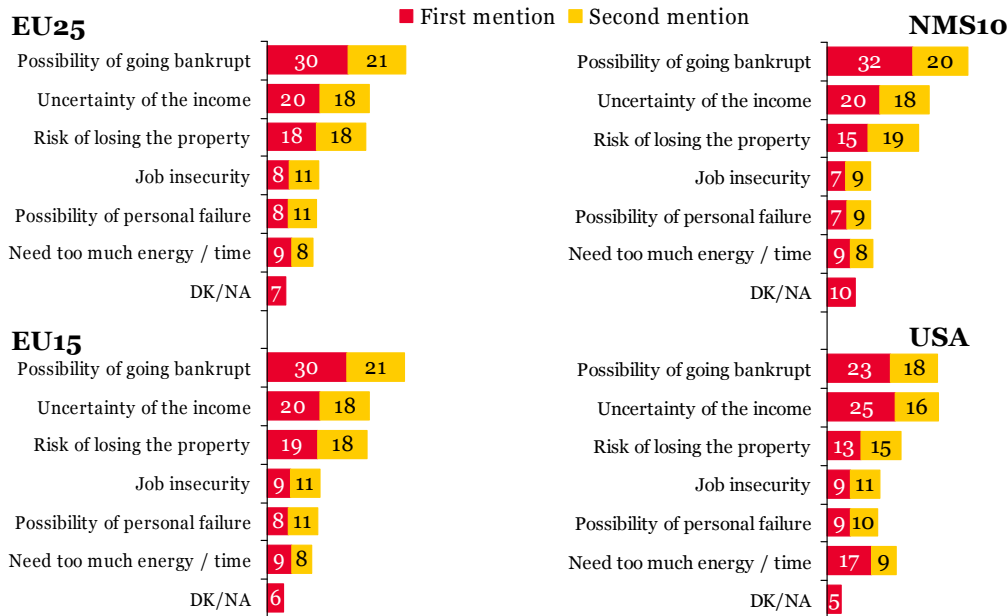
Source:  
FLASH EB 192  
December 2006 - January 2007

## What stops people taking a risk?

With education being one important factor in developing the entrepreneurial mindset, the other necessity is the willingness to take risks. While the fear of bankruptcy and the uncertainty of income are the top two fears in both Europe and America, a look further down

the list reveals a difference between the two. The Europeans are more afraid of losing everything (their house, facing bankruptcy, etc.) whereas the Americans are more concerned about having to spend a lot of time and effort in starting up, and in having a period when no money is coming in (see Chart 14). In this respect the Scandinavian countries show some attributes that make them more like the Americans than their European brothers and sisters (see Annex Tables for the answers to Q.15).

Chart 14. The two greatest fears for people setting up a business today



Source: FLASH EB 192 December 2006 - January 2007

Q15. If you were to set up a business today, which are the two risks you would be most afraid of? Is it...  
Base: all respondents

Comparing the EU15 and the NMS10, there is virtually no difference. There was a major variation in 2004 with the fear of bankruptcy being much greater in the newer Member States (the respective figures from 2004 are: 45% in EU25, 44% in EU15 and 50% in NMS10), but this has largely disappeared (the respective figures in 2007 are: are 51% in EU25, 51% in EU15 and 52% in NMS10). However, there are definitely different opinions in individual Member States. For example, 59% of Portuguese fear bankruptcy, 47% of Austrians and Germans fear losing their property and 42% of Maltese fear a personal failure. All of these are significantly different from the overall EU averages (see Annex Tables for answers to Q.15).

### Evaluation of entrepreneurial difficulties

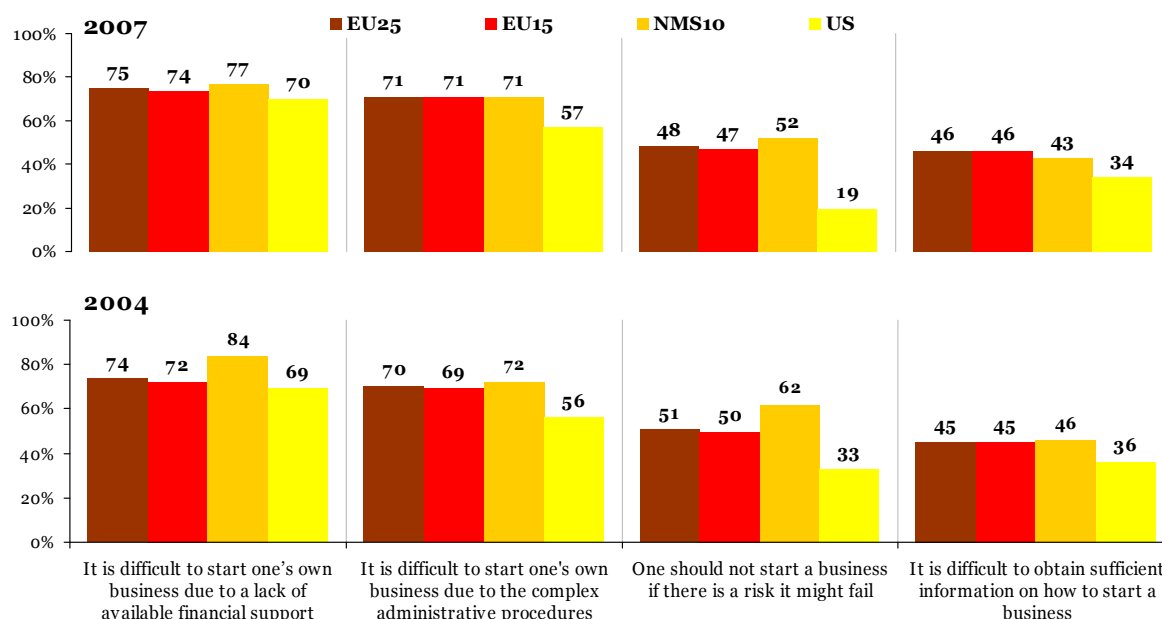
Finally, in terms of problems that might stop someone deciding to take the entrepreneurial road, a lack of finance is seen as the main problem in both the EU and in the United States (see Chart 15 and the Annex Tables for the answers to Q.16). However, everything is perceived to be more difficult in Europe. The perceived obstacles faced by some of the EU's founder members in particular can be seen as a worrying trend. Across the Atlantic, there is significantly less fear of failure, while the Icelandic and Norwegian citizens both see fewer difficulties compared with the EU. In Europe, there is a perceived lack of money, too much complexity and a lack of information – and all three have increased, albeit slightly, in the past two years.

Bringing all of the facts together, and looking at what is likely to stop someone becoming an entrepreneur, the biggest change since 2004 can be seen in the United States. There, less than 1 in 5 of American respondents see the risk of failure as a reason not to attempt becoming an entrepreneur. In comparison, half of Europeans do have this particular fear (see Chart 15).

Worryingly, there has been a slight increase in the complexity of the administrative process and the ability to receive sufficient information about how to become self-employed – these are mainly seen in the EU15 (see Chart 15).

Lack of finance is seen as a major obstacle in two of the original EU6 – Italy and France – and their citizens also complain about the administrative complexity. Italy and Spain are two of the front-runners naming lack of information as an obstacle. Delving deeper into the data, the groups most likely to face such problems are women and those with the last time spent in the educational system (see the Annex Tables for answers to Q.16).

Chart 15. Evaluation of entrepreneurial difficulties, 2004-2007  
% of strongly agree and agree



Source:  
FLASH EB 192  
December 2006 - January 2007

Q12.(2004)/Q16.(2007) Do you strongly agree, agree, disagree or strongly disagree with the following opinions?  
Base: all respondents

On a positive note, the vast majority of Europeans and Americans, would be willing to give a second chance to someone who had already failed with a previous business venture (79% of EU25 and 88% of US citizens agree) (see Annex Tables for answers to Q.16f).