

Startups and scaleups are key to the economic recovery

Three concrete proposals to create jobs and boost economic growth

Startups and scaleups are key to the Dutch economic recovery. The ambition, energy and ideas of startups and scaleups in our country is unprecedented. They are creating a tech sector that is three times more productive, growing four times faster and creating three times more jobs than other sectors. In recent years, startups and scaleups have created tens of thousands of jobs, with the potential for many more. In addition, they are devising new solutions to the great challenges of our time, such as the energy or food transition, which means they are keeping the Netherlands innovative and competitive.

Although many steps have been taken towards a better startup climate in the Netherlands, the climate here is still far from ideal. Far too few companies grow from startup to successful, internationally active scaleup. In the Netherlands, only 16% of startups succeed in doing this, compared to 51% in the US. There are two reasons for this: insufficient investment and insufficient talent. In terms of per capita investment, the Netherlands (€107) lags far behind Sweden (€279), Israel (€473), and the US (€407), and it is only in Portugal that finding sufficient IT talent within the EU is more difficult. Other European countries are making great strides and, if we are not careful, we will soon fall behind.

If the government wants Dutch startups and scaleups to become international frontrunners and contribute significantly to job growth and to solving societal challenges, now is the time to take the following measures:

- 1. Encourage investment in startups and scaleups.** Create a tax scheme that makes it more attractive for individuals and investors to invest in startups and scaleups. Similar schemes in the UK, Belgium, Germany, and France have been successful for years and can serve as models.
- 2. Make it more attractive for employees to acquire shares in a startup.** This will allow Dutch companies to attract the best international talent, and could be done through an internationally competitive share option measure, such as in Sweden, the UK, or Israel, where part of the benefit from share options is exempt from tax.
- 3. Use the full potential of digital educators to train and retrain people to be sought-after programmers.** For this, it is crucial that such coding schools are accredited, so that they can retrain more people and so that their students, including underprivileged youngsters from deprived areas, can get student loans and devote themselves fully to their education.

The objective behind these measures is to set in motion a flywheel that creates jobs and solutions to societal challenges. A mechanism that leads to a self-perpetuating ecosystem, with entrepreneurs starting new businesses that can attract enough funds to grow quickly internationally and be in a position to hire enough talented employees. Employees who can share in the profits and, in turn, start new businesses. This will lead to a sustainable and future-proof ecosystem that can, once again, create tens of thousands of jobs in the coming years - directly within startups and indirectly with, for example, suppliers and facility services.

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