

Entrepreneurship and SME policies across Europe

The Swedish Concluding report

The project Innovative Policy Research for Economic Growth, IPREG described in this report deals with two main issues, (I) estimating the total cost of public Entrepreneurship and SME policies, and (II) describing the comprehensiveness of these policies.



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Foreword

IPREG is the Innovative Policy Research for Economic Growth network organisation. It undertakes research leading to a better understanding of how entrepreneurship, innovation and small businesses can create sustainable economic growth in Europe and its constituent regions.

IPREG is a European “network of networks” comprising researchers, policymakers and representatives from business organisations interested in entrepreneurship and SME policy.

IPREG is currently coordinating two collaborative projects in Sweden, Flanders (Belgium), Poland, Spain and Austria:

- Estimating the full cost of Entrepreneurship and SME policy
- Mapping Entrepreneurship and SME Policy expenditure, policy focus and perceived impact

IPREG will later undertake a third project:

- Linking the input of Entrepreneurship and SME Policy to impact - most notably that of enhancing the entrepreneurial vitality of European countries.

The findings of the two current projects will be summarised in nine reports:

- One synthesis report covering all countries
- Individual reports for Sweden, Flanders (Belgium), Poland and Austria.
- Two technical manuals for each of the current projects
- Two detailed reports for Sweden

This report is the concluding report for Sweden and it is based on the results presented in the two implementation reports for sub-project 1 and 2.

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Summary

The Innovative Policy Research for Economic Growth, IPREG, project described in this report deals with two main issues: the estimation of the total direct cost of public expenditure distributed on the entrepreneurship policy (EP) and the small business policy (SMEP). The second is to describe the comprehensiveness of these policies. Comprehensiveness measures the coverage of measures within the policy area, i. e. the size of the set of measures used. A higher comprehensiveness indicates that a broader palette of measures used.

Each issue has been handled within the framework of two sub-projects, where sub-project 1 deals with the costs and sub-project 2 with the comprehensiveness.

This report summarizes the results from the two sub-projects and presents conclusions and policy implications. The details concerning methods and sources can be found in two separate reports.

Results from sub-project 1

Within the EP/SMEP areas two major categories of net costs for 2009 have been delimited and estimated, viz. a narrow definition of EP/SMEPs and a broad definition of EP/SMEPs. The first group deals with estimation of net costs explicitly aimed only at EP/SMEPs areas. The second deals with estimation of net costs that are aimed at all firms regardless of size and where a fraction of the costs is allocated to EP/SMEPs. In such cases a calculation is made of the size of the costs that are allocated to entrepreneurship and SMEs.

Public expenditure has been categorized into different subareas, viz. Financing, Target groups (which includes the subgroups Women, Young, Old, and Immigrants), Counselling and information activities, Promotion activities, Training activities, Administrative burden, Networking, Innovative entrepreneurship, Entrepreneurship education and Policy-relevant research. It was found in both the narrow and the broad EP/SMEPs definition that much of the net costs concern finance in the form of tax subsidies, grants, loans, and to a lesser extent guarantees and equity capital. All costs have been calculated for 2009.

The main findings concerning the narrow EP/SMEPs policy areas were estimated total net costs that amounted to 3.8 billion SEK in 2009. Total estimated costs within EP narrow policy amounted to 745 million SEK. Total estimated costs within narrow SMEP amounted to 3.1 billion SEK. Financing was the area with the highest costs, representing 32% of the total costs of the narrow policy. Innovative entrepreneurship (22%), counselling/information (15%) were also important policy areas in relation to the total expenditures. It was also found that 17% of the estimated total net costs were related to regional programmes. No specific measures regarding the economic crisis, directed to the EP/SME's narrow policy areas, were found in 2009.

The main findings concerning the broad EP/SMEP area were that the estimated total net costs amounted to 42.5 billion SEK. No funds directed to the EP area were found. Another finding was that of the total public aid 18.1% represented EU funding programmes. Tax reductions/relief became the predominant form of financing within the broad policy which accounted for over 60% of the total expenditure on SMEs. This feature was also found in the national report, viz. State aid to industry and services. However, specific crisis measures were identified, in particular in the areas of housework, labour market, education and agriculture.

Results from sub-project 2

In project 2, the focus is on the narrow entrepreneurship and SME policy area, the reason being that most actors/experts in the area regard the policy measures taken as examples of this narrow policy. Such policy measures are normally connected to the Ministry of Enterprise, Energy and Communication. Few actors working in the area have a perspective of considering both the narrow and the broad policy.

The objective of project 2 is to quantify and analyse the comprehensiveness of entrepreneurship and SME policy in Sweden. The method used is interdisciplinary and includes three parts: interviews, surveys and policy document analysis. 24 interviews were conducted with a total of 26 people representing policymakers, researchers and representatives of business organizations.

One conclusion from project 2 is that there is no direct relationship between resources that the experts believed to have been invested and the comprehensiveness index for different subareas. The financing subarea, for example, is believed to have most resources invested despite ranking low in this subarea in the comprehensiveness index.

The experts gave almost identical responses for both policy areas concerning their knowledge of the two areas. One explanation might be that, according to some of the interviewees, there is no real difference between entrepreneurship and SME policy or at least that they see the two policy areas as integrated. However, in spite of this, the experts ranked the training subarea higher for SME policy than for entrepreneurship policy. Another explanation for an integrated view for the two policy areas is the lack of a clear definition for either of the two areas. More or less every expert has his/her own definition of what should be regarded as entrepreneurship policy measures or SME policy measures.

There is a consensus among the experts concerning the importance of different subareas for the entrepreneurship and the SME policy and the subareas Financing and Counselling are considered to be the most important ones in both policy areas. In SME policy, innovative entrepreneurship is also an important subarea and in entrepreneurship policy, entrepreneurship education is regarded as being of importance.

There are some differences between experts who take the narrow policy for granted and views regarding the importance of special measures to be carried out to help entrepreneurs and SMEs. The other view expressed by experts is for the market itself to solve the problems, i.e. measures taken should concern the broad policies. In other words, the tax system and individuals, through a “proper” tax system, should be able to save money and invest. In this line of thinking information, training etc should be delivered by the market or the general system.

In the interviews, some experts questioned the Target groups subarea and argued that there is no need for special measures for different target groups and on the contrary argued that the system should be able to solve this on its own. Furthermore, another argument is that the system in the narrow policy should be able to be used by all types of entrepreneurs and SMEs.

There is a consensus that measures in the Entrepreneurship education subarea are important. Furthermore, when asked about this subarea, experts considered that it is important for entrepreneurship education to start early in the school system. Some experts talked about kindergarten and others mentioned primary school.

Experts' opinions also differ as to whether problems exist in the subareas or not. A great many activities are going on and it is impossible to know about the whole system and to be an expert in all subareas. This was very clear in the interviews when respondents were asked about different subareas. On the other hand, the experts had views on different subareas overall and had less knowledge of the special programmes for the individual subareas.

In the interviews, the experts were asked about the extent of their knowledge of specific subareas. Some had extensive knowledge of subareas, while others had not. Therefore, for some experts, it is in some cases a question of attitudes. However, for most of the programmes and projects carried out in different subareas there is a lack of adequate evaluations.

Conclusions

The project has generated a vast amount of information that has not been available until now. Based on the results it is possible to draw important conclusions and to point out policy implications.

Firstly, the costs for the broad and narrow policy taken together are high and because of this it is important to try to evaluate the impact of the money spent. In this context it is also important to discuss the balance between the narrow and broad policy, as well as the balance between different sub-areas.

Secondly, it would be easier to monitor the costs for EP and SMEP if a common system existed for how to categorize different policy measures. Today, all agencies have their own system for classifications which makes it difficult to obtain a complete overview of the measures and their costs. In order to facilitate international comparisons, it would also be desirable with international initiatives to coordinate data collection and classification, for instance by OECD or EU.

Thirdly, since the results indicate that measures within EP and SMEP exist within many policy areas and is governed by several ministries, it would be beneficial if the policy efforts were explicitly coordinated between ministries. This could for instance be done by giving the Ministry of Enterprise the task of coordinating and monitor efforts within EP and SMEP performed by other ministries. Increased coordination could be beneficial for improving the efficiency and avoiding duplicating of measures.

Sammanfattning

Projektet *IPREG-2: Entrepreneurship and SME policy across Europe* har haft som mål att kartlägga politiken gentemot entreprenörskap och små och medelstora företag (SMF) i Europa. Kartläggningen skall först och främst svara på följande frågor:

- a) Vad *kostar* politiken?
- b) Vilka typer av åtgärder *utgör* politiken?
- c) Hur *upplevs* politiken av: Forskare, Beslutsfattare, och Näringsliv?

Det har dessutom varit en ambition att koppla identifierad politik (input) mot faktiskt utfall (output), det vill säga, att försöka säga någonting om politiken är verkningsfull eller inte. Denna ambition har dock inte realiserats, vilket innebär att IPREG-projektet *inte* kommer att presentera några slutsatser om politikens faktiska *effekter*. Däremot kommer den kartläggning som presenteras att ge en överblick av detta politikområde som tidigare saknats.

Länderna som är med i IPREG; Sverige, Polen, Belgien (regionen Flandern), samt Österrike, har åtagit sig att genomföra två delprojekt inom kartläggningsarbetet av entreprenörskaps och SME politiken. Delprojekt 1 svarar på frågorna a) och b) ovan, medan delprojekt 2 svarar på frågan c).

I den här rapporten sammanfattas resultaten för Sverige för dessa delprojekt och slutsatser dras ifrån dessa. Hur vi kommit fram till resultaten beskrivs i särskilda underlagsrapporter för varje delprojekt, vilka rekommenderas till den som är intresserad av detaljerade uppgifter om vilka källor och metoder som använts.

Resultat från projekt 1

Vi skattar den totala direkta kostnaden för offentliga stödåtgärder mot entreprenörskap och SME till 46,5 miljarder kronor. Bara ca 9 procent (3,8 miljarder) av denna kostnad utgörs dock av åtgärder som är *exklusivt* riktade mot entreprenörskap och SMF. Huvuddelen (91 procent) av de direkta kostnader för offentligt stöd till entreprenörskap och SMF utgörs av åtgärder som *inte* exklusivt stödjer E/SMF. Som exempel kan vi här nämna skattelättnader för hushållsnära tjänster (RUT och ROT). Dessa skattelättnader har alla företag möjlighet att ta del av, men vi räknar *bara* den del av skattekostnaderna som tillfaller SME. Vidare sorteras denna kostnad som *ej exklusivt riktad* mot entreprenörskap/SMF, den utgör alltså en delmängd av de 91 procent av de totala kostnader för stöd till entreprenörskap/SMF som inte är exklusivt riktad mot entreprenörskap/SMF.

Av de totala direkta kostnaderna för offentligt stöd till entreprenörskap och SMF finner vi att 23 procent finansieras genom skattemedel. En nästan lika stor del av de totala direkta kostnaderna (21 procent) finansieras av EU-medel. Den största delen (ca 57 procent) av de totala kostnaderna för offentligt stöd till entreprenörskap och SMF består av skattekostnader (förlorade skatteintäkter). Lejonparten av de totala kostnaderna består av ett fåtal skattesubventions åtgärder med höga kostnader. De insatser som finansieras genom skatteintäkter består däremot av en stor mängd mindre åtgärder.

Finansdepartementet administrerar huvuddelen av de totala kostnaderna (57 procent, eller 26,4 miljarder), följt av Jordbruksdepartementet (25 procent) och Näringsdepartementet (7

procent). Anledningen till Finansdepartementets stora andel är att skattekostnaderna räknats hit

Om man däremot tittar enbart på de stödåtgärder som är exklusiva för entreprenörskap och SME administrerar Näringsdepartementet huvuddelen av kostnaderna (59 procent, eller 2,3 miljarder) följt av Jordbruksdepartementet (24 procent) och Arbetsmarknadsdepartementet (9 procent).

Kostnaderna för de åtgärder som är exklusivt riktade mot entreprenörskap och SMF (3,8 miljarder) fördelar sig över de fördefinierade delområdena som följer: Finansiellt stöd (31,7 procent), Innovativt entreprenörskap (22,4 procent), Rådgivning och information (14,5 procent), Målgrupper (11,1 procent), Kompetensutveckling (8,7 procent), Entreprenörskaps utbildning (6,2 procent), Nätverksbyggande (2,8 procent), Attitydskapande åtgärder (1,3 procent), Policyrelevant forskning (1,2 procent), och Åtgärder för regelförenkling (0,3 procent).

Kostnaderna för de stödåtgärder som inte är exklusivt riktade till entreprenörskap eller SMF har till 97 procent klassats som kostnader för "Finansiellt stöd", de utgörs huvudsakligen av olika skattsubventionsåtgärder samt gårdsstödet.

För Sveriges del estimerar vi alltså de direkta kostnaderna för åtgärder som *enbart* är till för att stödja entreprenörskap eller SMF knappt 4 miljarder. Men SMF får sedan ytterligare stöd till en direkt kostnad av knappt 43 miljarder ifrån åtgärder som *inte exklusivt* är riktade mot SMF.

Resultat från projekt 2

I projekt 2 har den "smala politiken" kring entreprenörskap och SME varit i fokus. Det vill säga de åtgärder som *exklusivt* är till för att stödja E/SMF. Anledningen till detta är att de flesta intervjuade har tolkat frågor om offentliga åtgärder till stöd till E/SMF som gällande just denna sorts avgränsade åtgärder. Dessa åtgärder är normalt förknippade med Näringsdepartementet. Få av de intervjuade experterna/aktörerna som arbetar inom området relaterade till både den "smala" och den "breda" politiken.

Målet för projekt 2, var att kvantifiera och analysera "comprehensiveness", av entreprenörskaps och SMF-politiken i Sverige. Med comprehensiveness avses politikens täckningsgrad, dvs bredden i de åtgärder som genomförs. Ju fler olika åtgärder, desto högre värde på comprehensiveness-indexet. Metoden som användes var tvärvetenskaplig och inkluderar tre delar: intervjuer, enkäter och analys av policydokument. 24 intervjuer har genomförts med totalt 26 "experter", Experterna representerar beslutsfattare och forskare inom området samt representanter från företagsorganisationer.

En slutsats från projekt 2 är att det inte finns något direkt samband mellan vad experterna tror att *kostnaderna* är för olika delområden av E/SMF politiken och comprehensiveness-indexet för samma områden. Delområdet finansiering är till exempel det område där experterna tror att kostnaderna är *högst* (vilket stämmer enligt projekt 1) medan det rankas *lågt* i comprehensiveness-indexet. En låg rankning i detta index innebär att experterna har svarat att det *inte* finns en mängd *olika* sorters stödformer inom delområdet.

Experterna har svarat nästan detsamma rörande deras kunskap om offentliga stödåtgärder för entreprenörskap respektive offentliga stödåtgärder för SMF. En förklaring kan vara att det inte finns, enligt vissa av de intervjuade personerna, någon verklig skillnad mellan entreprenörskap och SMF- politik, eller åtminstone att de ser de två politikområdena som integrerade. Trots detta rankade experterna delområdet utbildning högre för SMF-

politiken än för entreprenörskapspolitiken. En annan förklaring till en integrerad syn för de två politikområdena är en brist på tydlig definition av dessa områden. I stort sett har varje expert sin egen definition på vad som ska anses som åtgärder inom entreprenörskaps eller SMF-politiken.

Det finns en generell samstämmighet bland experterna kring betydelsen av olika delområden för entreprenörskaps- och SMF-politiken där delområdena *finansiering* och *rådgivning* ses som de viktigaste områdena för båda politikområdena. Inom SMF-politiken är *innovativt entreprenörskap* också ett viktigt delområde medan *entreprenörskapsutbildning* anses som viktigt i entreprenörskapspolitiken.

I intervjuerna ifrågasatte vissa experter delområdet speciella målgrupper (target groups) och hävdade att det inte finns något behov av särskilda åtgärder för olika målgrupper. De menade tvärtom att systemet ska kunna lösa detta på egen hand. Ett annat argument som framfördes var att stödsystemet rörande den smala politiken borde kunna användas av alla olika typer av entreprenörer och SMEs.

Det finns en konsensus om att åtgärder inom delområdet entreprenörskapsutbildning är viktigt. Dessutom ansåg experterna att det är viktigt att entreprenörskapsutbildning startar tidigt i skolsystemet. Vissa experter menade att det bör starta redan i förskolan och andra nämnde grundskolans lägre klasser.

I intervjuerna blev det klart att experterna hade låg kunskap om delområdet kompetensutveckling. Vissa experter kunde inte erinra sig några exempel och andra refererade till projekt som de själva varit involverade i.

Det finns olika åsikter mellan experterna när det gäller frågan kring om det finns problem i delområdena eller inte. Det finns idag många aktiviteter som pågår och det kan betraktas som omöjligt att känna till hela systemet och att dessutom vara en expert inom alla delområden. Detta framkom mycket tydligt i intervjuerna när respondenterna ombads att svara på frågor om de olika delområdena. Experterna hade synpunkter på olika delområden men hade mindre kunskap om särskilda program i delområden.

Slutsatser

Sammantaget har de bägge projekt som beskrivs i denna rapport gett en hel del information som tidigare varit okänd och utifrån resultatet är det möjligt att dra ett antal slutsatser och policyimplikationer.

För de första så omfattar den breda och den smala politiken tillsammans stora kostnader och det är från denna utgångspunkt viktigt att fortsättningsvis utvärdera vilken effekt dessa medel har. I detta sammanhang är det också viktigt med en diskussion av avvägningen mellan den stora och lilla politiken såväl som mellan olika delområden.

För det andra skulle arbetet med att följa upp kostnaderna för entreprenörskaps- och småföretagspolitiken underlättas ifall det fanns ett enhetligt sätt att klassificera de åtgärder som genomförs av olika aktörer i systemet. I dag har olika myndigheter olika sätt att klassificera sina åtgärder på vilket försvårar arbetet med att få en samlad bild av de insatser som görs. För att underlätta internationella jämförelser skulle det även vara önskvärt med internationella inittiativ inom t. ex OECD eller EU för att samordna klassificeringen av de åtgärder som genomförs i olika länder.

För det tredje skulle det med hänsyn till att åtgärder inom entreprenörskaps- och småföretagspolitiken finns inom flera politikområden och departement vara nyttigt ifall

samordningen inom regeringskansliet utvecklades. Detta skulle t. ex kunna ske genom att Näringsdepartementet fick ansvar att koordinera och följa upp de insatser som genomförs av andra department. En ökad samordning av åtgärderna inom entreprenörskaps- och småföretagspolitiken skulle kunna öka effektiviteten och undvika onödig överlappning av åtgärder.

1 Introduction

Each year countries and regions within in the European Union spend billions of euros on innovation, entrepreneurship and SME policies. Such policies, if effective, could play a major role in stimulating enterprise and innovation, thus enhancing productivity which, in turn, leads to wealth and job creation.

However, the work undertaken by IPREG to date has suggested that policy-making and implementation in this area lacks both an explicit strategy and reliable evidence of effectiveness. Second, IPREG research has emphasised the need to consider the totality of policy measures, rather than each specific policy measure, because of their close interaction with one another. Third, IPREG has emphasised the almost total absence of information on the cost of these policies.

The second phase of IPREG's work (IPREG-2) has therefore been based upon the networks established in earlier collaborations and deliver clear evidence-based research recommendations designed to improve the impact of entrepreneurship and SME policy in all participating countries.

Specifically, three inter-related areas of research questions have been planned:

- Is it possible to quantify the total costs devoted to entrepreneurship and SME policy?
- How can one map the expenditure and activities, policy focus and perceived impact within these policy areas?
- Can policy input be linked to impact in terms of enhancing entrepreneurial vitality in the relevant country/region?

This report describes the work done in Sweden concerning the first two issues, i.e. the report is about estimations of costs for entrepreneurship and SME policy in Sweden and what type of policy measures are carried out in different policy areas. Concerning the importance of the context, this question is only to a minor degree taken into consideration in this report.

The report is based on four earlier reports within the project. First, two manuals were produced concerning how to conduct this type of research project. Below follows a brief description of to what extent we were able to use these manuals. Second, there is a specific report for the cost project and another for the mapping procedure. All these four reports are presented on the www.ipreg.org website. This report can be considered a summary of the last two reports.

The methodological starting point for the cost project is the general methodological framework described in the *Method cost manual*. The *Method cost manual* contains definitions, guidelines and recommendations for carrying out the cost estimation sub-project in IPREG-2. Based on the *Method cost manual*, the Swedish research team implemented the definitions, guidelines and recommendations in order to obtain empirical estimates of the costs for entrepreneurship and SME-policies.

The mapping of the expenditures and activities, policy focus and perceived impact within the entrepreneurship and SME policy in Sweden is based upon the *Method mapping manual* report. The objective in this part is to quantify and analyse the comprehensiveness

of entrepreneurship and SME policy measures taken. The value is to facilitate a discussion within the policy community about whether the current “suite of policies” reflects political priorities.

Based on the *Method mapping manual*, the Swedish research team implemented the definitions, guidelines and recommendations in order to map and analyse activities, focus and perceived impact of entrepreneurship and SME policy.

This report has the following disposition: Chapter 2 describes the methods used and some definitions. In chapter 3, the focus is on describing the costs for entrepreneurship and SME policy in Sweden. In chapter 4, the results of the mapping procedure are presented in terms of knowledge, most important subareas, invested resources, the comprehensiveness index and the different subareas as regards problems, solutions and the most important measures carried out. The report ends with a discussion and conclusions in chapter 5.

2 Definitions and methodological framework

In this chapter, the general approach used for estimating the costs and the comprehensiveness for Sweden is described. The starting point for the work is the recommendations and guidelines in the *Method cost manual* and the *Method mapping manual*, and in this chapter these are repeated briefly. The focus is on how the recommendations and guidelines are implemented in order to obtain cost estimates for Sweden.

2.1 Definitions and their implementation in Sweden

According to the *Method cost manual* entrepreneurship policy is defined as:

Policy measures aimed at individuals who are interested in starting a business and are still in a starting phase procedure, meaning activities during the first three years

SME policy is defined as:

Publicly funded measures aimed at existing firms older than three years with up to 249 employees.

In the Swedish case, due to data limitations, costs are classified as entrepreneurship policy measures if they are aimed at individuals in the pre-start phase of starting a business. All measures aimed at existing firms are classified as SME policy measures. This means that the cost estimates for entrepreneurship policy do not include measures aimed at young firms in their starting-up phase, which means that the Swedish cost estimates probably underestimate the costs for entrepreneurship policy measures and overestimate the costs for SME policy measures according to the definitions in the *Method cost manual*.

The total cost for entrepreneurship and SME policy measures can be divided into:

1. Policy measures that are entirely aimed at fostering entrepreneurship and SMEs. These comprise the *narrow* definition of entrepreneurship and SME policy measures and include, for example, policy measures aimed at increasing the formation of new firms or measures aimed at financing SMEs.
2. Policies that are not explicitly aimed at fostering entrepreneurship or SMEs, but include measures that lead to funds also being distributed to these groups. These are included in the *broad* definition of entrepreneurship and SME policy measures. This requires an estimation of the proportion of total costs that are allocated to entrepreneurship and SMEs.

An important part of the estimation process has been to distinguish between these two categories. The main procedure was to use the available documentation for different policy measures and projects within the domain of entrepreneurship and SME policy to identify the main purpose of the measures/projects. If it can be concluded that the main purpose is to improve the performance of entrepreneurship and/or SMEs then the measure is classified as belonging to the *narrow* category. Otherwise the measure is classified as belonging to the *broad* category.

For the *broad* category, some major items are accounted for separately in order to indicate that in the Swedish case, the *broad* category consists of a number of substantial measures that exist for specific purposes, only indirectly support SMEs and that whose sole function is to provide the firms with financial support, i.e. improve their results. These measures include large parts of the EU agricultural policy and various labour market oriented measures.

Total costs within both the *broad* and the *narrow* policy categories are disaggregated as follows:

- Firm's age: A distinction is made between expenditure on pre-start activities and after-start activities. In the pre-start phase the costs are classified as entrepreneurship policy, whereas measures aimed at established firms are classified as SME policy.
- Sector: Expenditure is disaggregated between high-tech and low-tech sectors. This has only been possible to a limited extent; no total figures can therefore be presented.
- Policy subareas: Expenditure is disaggregated between Policy-relevant research, Target groups (women, unemployed, young, elderly people and immigrants), Counselling, Financing, Administrative burdens, Entrepreneurship education, Promotion activities, Training, Innovative entrepreneurship and Networking activities.

The data used for the cost estimations does not allow a regional distribution for all measures. It is primarily measures related to EU-funded projects that can be distributed regionally. The Swedish costs are therefore presented mainly at the national level and only indicative regional cost distributions are presented.

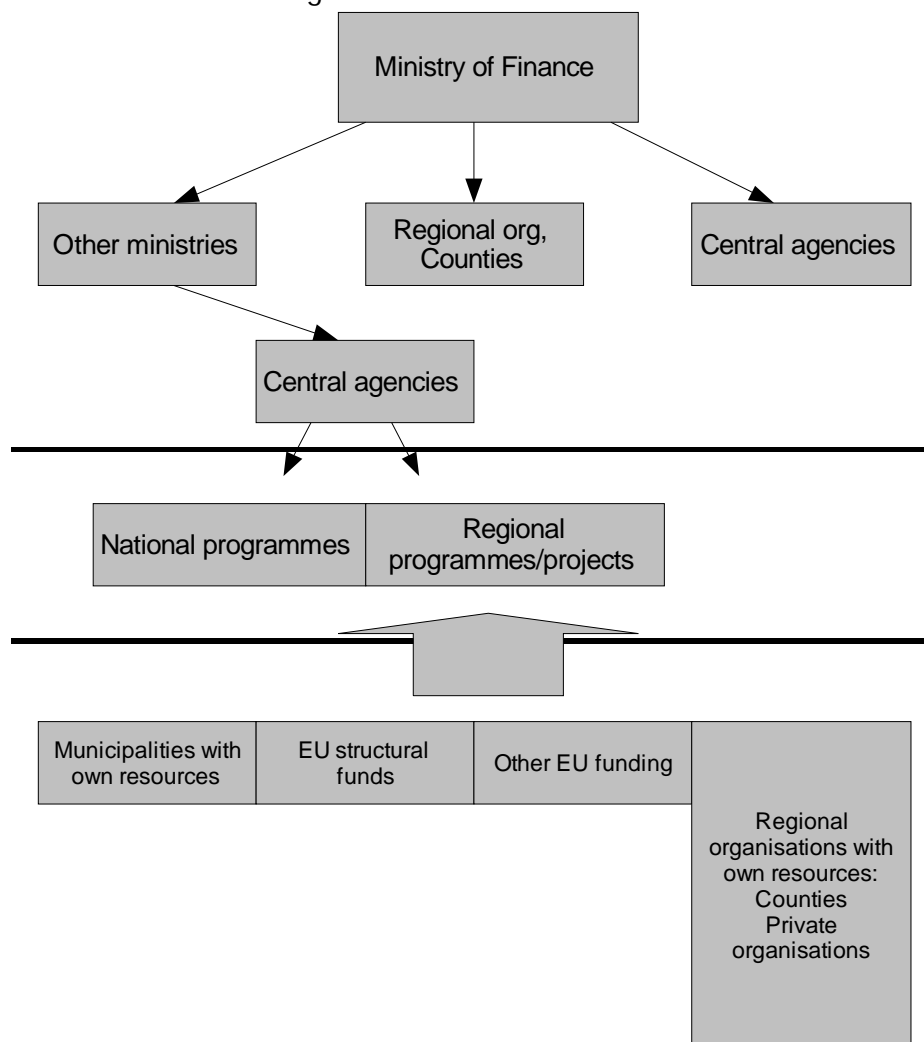
2.2 General methodology for the cost project

In accordance with the recommendations the general approach was to use written accounts and quantitative data as much as possible and complement this information by means of surveys and interviews.

The first step was to identify relevant ministries and publicly funded agencies by scanning policy documents, budget bills and other regulatory documents. The purpose of this scan was to identify where entrepreneurship and SME policy measures taken could be found

From the information collected a funding scheme was created that allowed the flow of funds within the entrepreneurship and SME policy areas to be identified. This funding scheme is shown in Figure 1.

Figure 1 The Swedish funding scheme



The funding scheme reveals that funding for national and regional programmes are channelled through central agencies (funding from above). On the regional level, the funding from central agencies is matched with funding from the EU, counties, other regional organizations and municipalities. Some projects are funded exclusively by regional and local authorities.

The nature of the Swedish funding scheme means that data needs to be collected from the central agencies involved and the regional authorities and organizations that fund entrepreneurship and SME programmes (with or without EU-funding). For the practical work of obtaining the cost estimates for Sweden, this implies that costs would be best measured at the level of central agencies, the EU and regions. This means that costs were measured at the thick black lines in the figure above. The lowest level used for the estimates varies between agencies and activities, depending primarily on the level of detail in the information accessed, as exemplified by the following two cases:

- 1) Attempts were made to categorize each of the thousands of individual projects at the Swedish Agency for Economic and Regional Growth (Tillväxtverket)

separately, i.e. how much funding each project received in 2009, and what sort of sub-policy it represented.

- 2) In the case of government grants and tax-credits, one simply counts the cash value of the grants or tax-credits multiplied by the percentage of total employees working in SMEs or by the share of total firms that are SMEs – depending on the structure of the aid.

In order to estimate the costs, relevant programmes were identified and classified. Where possible, data from public documents such as annual financial statements were used to estimate the costs for different programmes. Representatives of different agencies were also contacted in order to obtain accounts and descriptions that were not otherwise available. These contacts also proved very useful for obtaining advice on how to interpret the data and how to classify the different programmes and projects.

Data contained within the national state aid report for 2009 was also scanned and used when covering the identified programmes, in particular as regards financing measures. The state aid financing scheme from the national state aid report has been used in this report. Expenses in the form of loans, royalty loans, guarantees and equity finance schemes are presented and their net costs estimated. The state aid report shows the extent of aid given to the industry and service sectors in 2009.¹

For the *broad* policy area, various procedures have been used to include only the measures that go to entrepreneurs and/or SMEs. If it has not been possible to calculate the distribution between SMEs and large firms directly using micro data, the distribution has been calculated indirectly by using the share of SMEs in employment or value added.

In order to assure the quality of the data and obtain feedback on the estimations, two seminars were arranged with representatives of agencies that administer entrepreneurship and SME programmes. Special meetings were also held with some agencies that administer major aid programmes in the SME areas.

Since the costs are measured at the recipient level (or at the lowest level possible), they do not include administrative or overhead costs originating at a higher level in the funding scheme; this means that costs for administering the entrepreneurship and SME programmes at ministries or at the central agencies are not included. An estimation of the level of such administrative costs can be found in a later section.

2.3 Data and estimation procedures for the cost project

The special report for project 1, that estimates the costs for 2009 in detail, contains a description of the governmental agencies and institutes who are involved in the financing of all economic programmes and activities in the EP/SMEP areas. These areas are also defined in the Method Cost Manual. Information is categorized in the *narrow* and *broad* policy areas. Costs in the form of grants, direct financing, tax subsidy or any other form of public aid are also described in this report together with the distinction between EU funds and national funds for each programme.

¹ *Statligt stöd till näringslivet 2009 (Statistik 2010:06), Swedish agency for growth policy analysis (Tillväxtanalys). By law (1988:76) Sections 22-23, all state organizations shall inform the government (through Tillväxtanalys) of "...all forms of aid which may be subject to evaluation by the European Commission."*

All cost figures are presented in euros and SEK. For some policy measures no information exists regarding the share of expenditure paid to entrepreneurs and SMEs as opposed to other (larger) firms. In such cases, the share of the policy costs to be counted as EP/SMEP costs has been estimated.

In some cases, aid is given to firms in relation to how many people they employ. In these cases (unless otherwise stated) an approximation of the aid to entrepreneurs and SMEs has been made according to the share of all non-state employees employed in existing SMEs (63%).

Approximations are always the second best alternative and efforts have been made to resort to them as little as possible.

2.4 Research methodology for the comprehensiveness project

The second project describes the comprehensiveness of the different subareas for EP and SMEP. The method is described in the *Manual mapping report*. In brief, the method is based upon three different approaches: conduct a number of interviews with experts at national and regional level; construct a survey asking for the comprehensiveness for different subareas of EP and SMEP; read and analyse a great many documents published in the area. The different steps and to what extent deviations have been made from the described approach in the Manual mapping report are described below.

2.5 Interviews

Between May and October 2010 24 interviews were conducted with a total of 26 people representing policymakers, researchers and business organizations. This means that in two cases two people were interviewed together. Every interview was associated with a questionnaire and was tape-recorded and transcribed. The 24 interviews were carried out in 21 organizations, where 14 interviews represented policymakers, five business organizations and five the research community. Of the respondents, 6 were women and 18 men. Eight of the interviews were carried out with people representing the regional level (researchers and regional policymakers) and 16 were carried out with people representing the national level (national policymakers and business organization representatives). In the initial phase of the interview work, two test interviews were conducted to check the interview questions and ensure that the interviews were carried out in a similar way. All three researchers responsible for this study attended these interviews. The two test interviews are included in the empirical material, making the total number of interviews 24. The reason for including the test interviews is that the survey questions were not changed as a result of these interviews. The interviews were carried out at the respondents' organizations, apart from one that was carried out by phone.

2.5.1 Deviations and reflections

In some parts the study deviates from the manual for the mapping/comprehensiveness project. The networking subarea is missing because this subarea was added after the interview study had commenced. The manual also states that the interviews should be carried out with at least eight policymakers, seven business organizations and five representatives of the research community. Six business organizations were contacted but one declined participation. On the other hand, in one business organization two people were interviewed. There was a discussion in the research team about which organizations

and experts needed to be interviewed. From this discussion 20 organizations were initially chosen. It then became clear that additional experts/organizations had to be interviewed.

There are some additional deviations concerning the interviews. The interview questionnaire covers many areas and it was sometimes hard to ask all the questions within the assigned timeframe (normally one hour but with variation in both directions). The latter part of the interview had a tendency to produce shorter answers. The order of the questions was reversed in one of the later interviews, which resulted in a longer answer for the latter part of the interview concerning the Training subarea. However, most interviewees expressed concern about Financing – the first subarea. One reflection is that it is hard to cover all subareas in one interview because there is not enough time for the respondents to elaborate on their answers. The allotted time was exceeded in some interviews, which went on for at least two hours. Lack of elaboration of some answers has complicated the analysis. On the other hand, for most of the subareas there is a high degree of consensus as regards problems and suggested solutions.

2.6 Questionnaires

A week before the interviews, a copy of the comprehensiveness survey questionnaire was mailed to each person to fill in before the interview (see Annex x). The interviews started with a discussion of the questionnaire, after which it was handed to the interviewer. 23 respondents had an opportunity to answer the questionnaire, which was not the case in the first test interview. 18 of the 23 respondents completed the questionnaire, giving a response rate of 78%. Respondents who had not completed the questionnaires were asked to send them in by post or e-mail. Despite at least three reminders, both by mail and telephone not all questionnaires could be obtained. Eleven of the questionnaires represent the policymakers' opinions, three the opinions of the business organizations and four the opinions of the research community. Six of the questionnaires represent the regional level (four researchers and two regional policymakers) and 12 the national level.

2.6.1 Deviations and reflections

The networking perspective is also missing from the questionnaire for the same reason as for the interviews. The respondents perceived the questionnaires as very comprehensive and some reacted to the design of the knowledge test. One explanation might be that there are so many different types of projects and programmes in the area of entrepreneurship and SME policy, meaning that the level of detail has to be rather high, while respondents only have opinions of the subarea in total.

In summary, the Swedish study contains some deviations from the manuals for both the cost project and the comprehensiveness project. One main difference is that the latter analyses only the *narrow* policy while the cost project analyses both the *narrow* and the *broad* policy. Another difference is that the Networking subarea is missing from the comprehensiveness project and is included in other subareas. Furthermore, in the comprehensiveness project, the definition of entrepreneurship policy is broader (following the definition given earlier) than in the cost project. One should be aware of these differences when some of the results from the two projects are compared in later sections.

3 Results of the cost project

The estimation of the total net costs of public expenditure in respect of entrepreneurship and SME policy areas include calculations for both the *narrow* and the *broad* policy area. The resources have been categorized into subareas, e.g. Target groups, Counselling and information, Training activities, Administrative burden, Networking and Innovative entrepreneurship. The type of aid in the Financing subarea may be in the form of grants, tax subsidies, soft loans, royalty loans, guarantees and equity capital. Table 1 below shows the total *narrow* and *broad* EP and SMEP costs in 2009 by subarea.

Table 1 Total entrepreneurship and SME policy costs in SEK millions and € millions (in parentheses) per policy type, policy area and type of funding.*

	Narrow				Broad			Horizontal Sums
	EP		SMEP		SMEP			
	OOP	EU	OOP	EU	OOP	TC	EU	
Women	28.8 (2.7)	5 (0.5)	36.5 (3.4)	4 (0.4)				74.4 (7)
Immigrants	2.6 (0.2)	1.6 (0.2)	18.6 (1.8)	1.1 (0.1)				23.8 (2.2)
Young	7.1 (0.7)	4 (0.4)						11 (1)
Unemployed	316 (29.8)							316 (29.8)
Target groups (sum 5 above)	354.5 (33.4)	10.6 (1)	55.1 (5.2)	5.1 (0.5)				425.3 (40.1)
Innovative entrepreneurship	11.7 (1.1)	2.7 (0.3)	592.9 (55.9)	253.2 (23.9)	372.2 (35.1)		141 (13.3)	1,373.6 (129.6)
Networking	2.6 (0.2)	0.5 (0)	54.6 (5.2)	48.8 (4.6)	2.7 (0.3)			109.3 (10.3)
Entrepreneurship education	237.2 (22.4)							237.2 (22.4)
Training activities	2.4 (0.2)	6.5 (0.6)	130.7 (12.3)	193.6 (18.3)	777.6 (73.4)		23.8 (2.2)	1,134.5 (107)
Counselling and information	31.3 (2.9)	16.5 (1.6)	340.6 (32.1)	168.2 (15.9)	112.1 (10.6)			668.7 (63.1)
Promotion activities	3.8 (0.4)	4.5 (0.4)	30.3 (2.9)	11.4 (1.1)				50 (4.7)
Policy-relevant research	7 (0.7)		27.5 (2.6)	11.6 (1.1)				46.1 (4.4)
Administrative burden			10.1 (1)		45 (4.2)			55.1 (5.2)
Tax -exemptions & -credits						26,344.5 (2485.3)		26,344.5 (2485.3)
Grants/subsidies	12.9 (1.2)	40.8 (3.9)	545.6 (51.5)	401.1 (37.8)	6,547.5 (617.7)		8,259 (779.1)	15,806.9 (1,491.2)
'Financial Losses'***			216.5 (20.4)		4.6 (0.4)			221.1 (20.9)
Financing (sum 3 above)	12.9 (1.2)	40.8 (3.9)	762.1 (71.9)	401.1 (37.8)	6,552.1 (618.1)	26,344.5 (2,485.3)	8,259 (779.1)	42372.5 (3997.4)
Vertical Sums	745.4 (70.3)		3,097 (292.2)		42,630 (4021.7)			46,472.4 (4,384.2)
	3,842.4 (362.5)				42,630 (4021.7)			
	46,472.4 (4,384.2)							

* OOP = Out of pocket costs, EU = EU-funding, TC = Tax Costs.

***'Financial losses' are estimated losses on equity capital, loans, royalties and guarantees.

It is clear from Table 1 that a total of SEK 46.5bn (€ 4.4bn) was invested in the EP/SMEP areas. The share for the *broad* policy is SEK 42.6bn (€ 4bn), meaning that this part of the policy is over 11 times as great as the *narrow* policy. There are a number of implications of such a huge difference.

First, one might expect that it is the *broad* policy that really matters, considering the possible effects of the costs for the EP and SMEP, Second, that it is in the Financing subarea that one could expect most effects since 41.2 of the 42.6bn concern costs for this subarea. Third, only a minor part of the costs are allocated to the entrepreneurship policy area according to definitions. EP costs are less than SEK 750m (€ 70.3m) or less than 2%. Even if the costs are underestimated (in many cases one does not know the age of the companies to which costs are allocated), they nonetheless represent a very small portion of the total costs. One conclusion is that costs for promoting entrepreneurs to start and run their own businesses are very small compared to the total costs. In entrepreneurship policy there are two main subareas to which most of the costs are allocated: Target groups and Entrepreneurship education.

The costs with regard to the *narrow* policy for SMEs is roughly SEK 3bn. Here, most of the resources represent costs Financing, Innovative entrepreneurship (which, to avoid any confusion, be better named costs for innovative SMEs) and Counselling and information. The fourth most important subarea in relation to cost figures is Training activities. One might expect that some of the costs for these subareas refer to SMEs younger than three years but, as stated above, no such information exists.

In Table 2 below we see the total costs of EP and SMEP in Sweden in 2009 as *administered per ministry*. The following exemplifies how we have calculated how much of the EP and SMEP costs each Ministry administers:

For a number of projects administered by and allocated by us to Tillväxtverket (the Swedish Agency for Economic and Regional Growth), part of the project funding actually emanates from other agencies (i.e. through co-funding of projects.) The costs are still allocated only to the agency where they were ‘ultimately’ administered (summarized), in this case Tillväxtverket. Tillväxtverket in turn operates under the jurisdiction of the Ministry of Enterprise, Energy and Communications (Näringsdepartementet), to which the costs are allocated.

Table 2 Total entrepreneurship and SME policy costs as *administered per ministry*, SEK millions. *

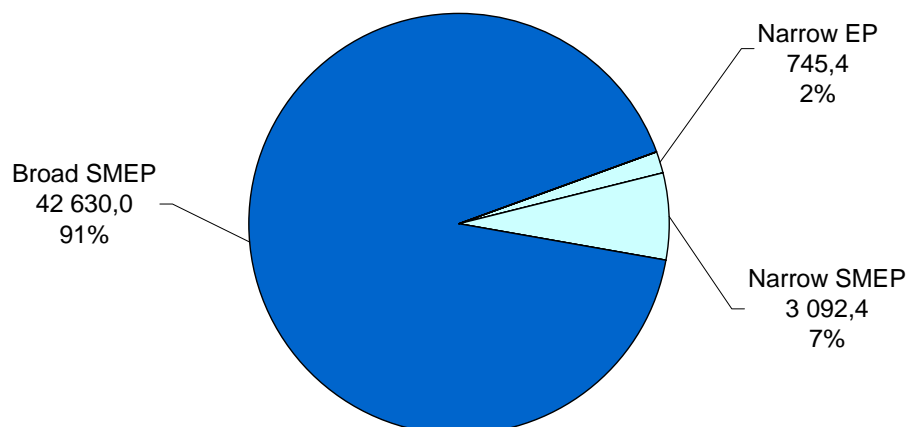
Total	Ministry of...	Narrow				Broad		
		EP		SMEP		SMEP		
		OOP	EU	OOP	EU	OOP	TC	EU
26 356	Finance			12			26,345	
11 722	Agriculture	16	51	157	698	2 592		8,208
3 350	Enterprise, Energy & Communications	103	31	1,699	431	990		51
2 079	Employment	316		21	21	1,697		24
1 251	Environment					1,251		
1 155	Culture					1,155		
274	Education and Research	229				45		
211	Foreign Affairs			58		153		
141	EU (FP7)							141
46 472	Sum Total	46,472						

OOP = Out of pocket costs, EU = EU-funding, TC = Tax Costs

3.1 Narrow versus broad policy

There is a huge difference in scale between *narrow* policy costs and *broad* policy costs. In Figure 2 below we can see this difference. *Narrow* policy costs total SEK 3,842m (€ 362m), less than a tenth of the *broad* policy total of SEK 42,63m (€ 4,022m). *Narrow* policy costs are divided between costs for entrepreneurship policies (EP), and SME policies (SMEP). The *broad* policy costs consist entirely of measures categorized as SMEP, (we have not identified any measure that is both EP and *broad* policy).

Figure 2 Total EP and SMEP costs by category (*Narrow* v. *Broad* policy costs). The labels in the figure represent category, value (SEK millions) and percentage of total.



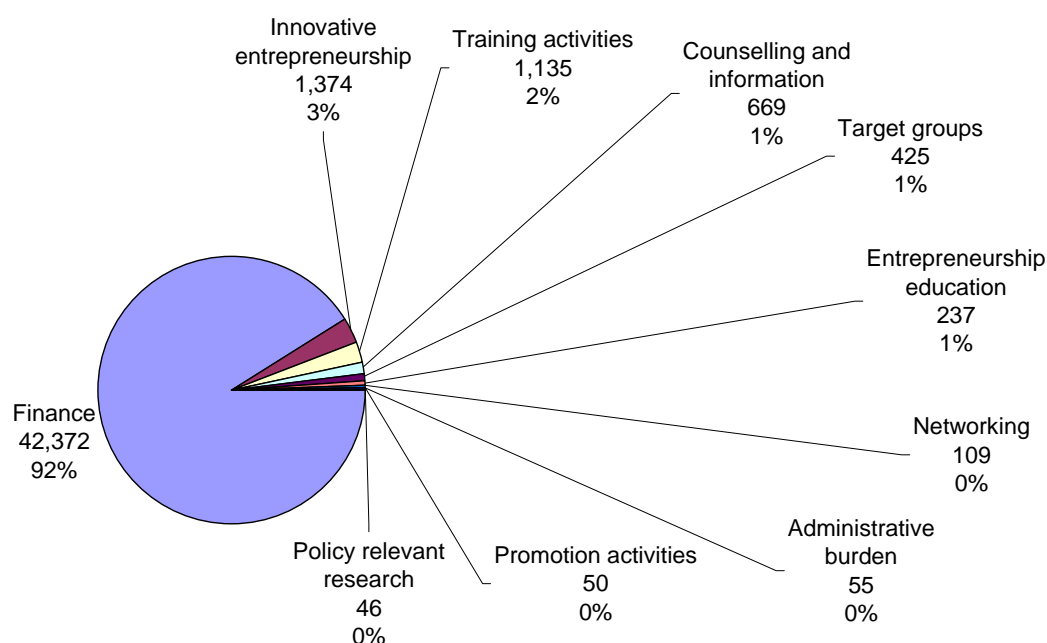
Narrow policy costs are 9% of the total EP and SMEP costs. EP costs are only found within the narrow policy area, and represent only 2% of the total costs. These figures provide some interesting information about the system's cost structure. As mentioned earlier, the EP costs are probably underestimated, but regardless of this one can conclude that only minor resources are invested in the EP area.

3.2 Sub-policy areas

In Figure 3 below, we look at how total policy costs (*narrow* and *broad* EP and SMEP), disaggregate into the subareas.

Most of the costs are found in Financing. Approximately SEK 42.4bn (€ 4bn) has been categorized to this area compared to slightly more than SEK 4bn (€ 386.8m) for all other areas together.

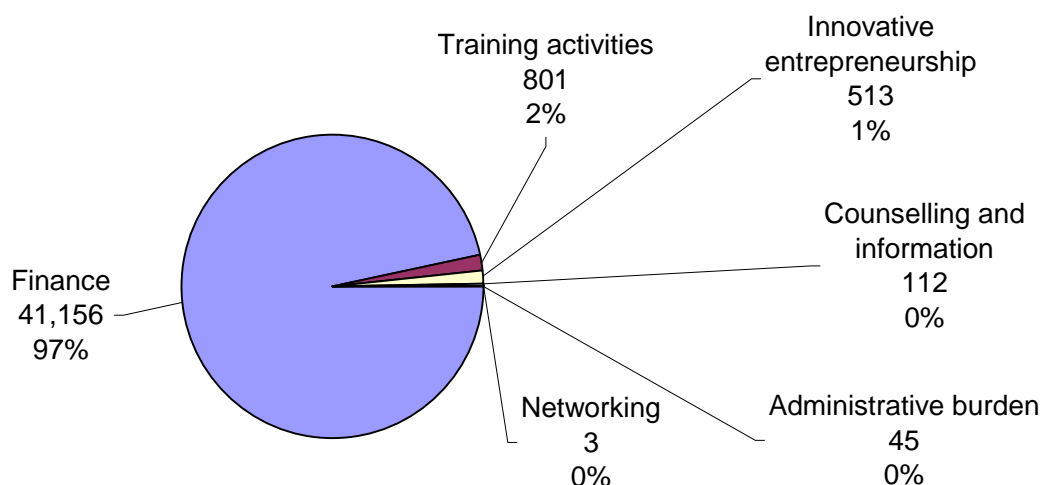
Figure 3 Total EP and SMEP costs by subarea. The labels in the figure represent category, value (SEK millions) and percentage of total



3.3 Broad Policy costs

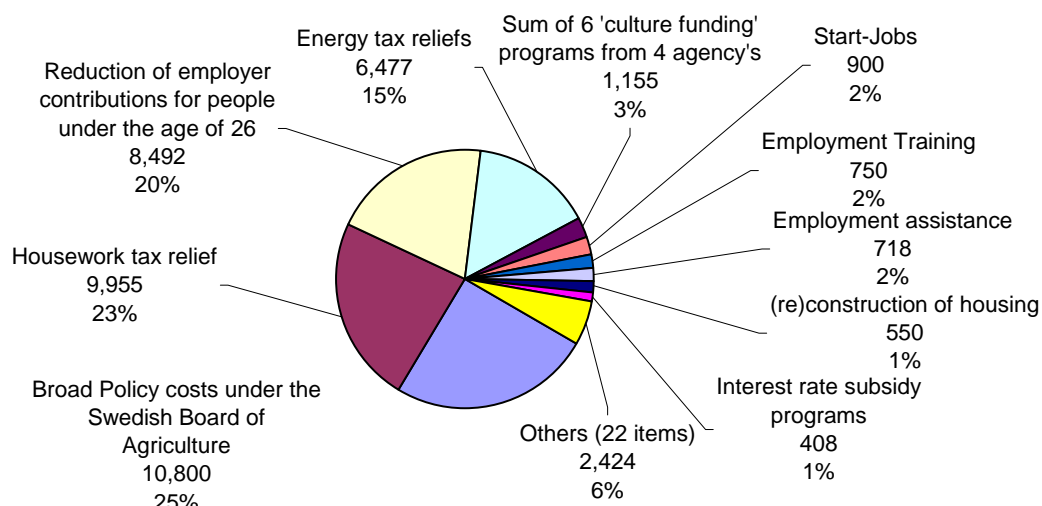
In Figure 4 below, we look at only *broad* policy costs and what kind of sub-policy measures they consist of. It is clear from the figure that *broad* policy costs consist almost entirely (97%) of financial measures (measures categorized as “Finance”). Tax costs and grants represent 63% and 37% of these costs.

Figure 4 Broad policy costs by type of measures (policy sub-areas). The labels in the figure represent category, value (SEK millions) and percentage of total.



In Figure 5 below we look at the actual cost components of *broad* policy costs, i.e. the measures we have allocated to *broad* policy, and the costs we have estimated for them. The largest individual cost component is “Broad Policy costs under the Swedish Board of Agriculture”, which includes all *broad* policy measures found under this agency, including the Single Payment Scheme (gårdsstödet). All cost items except “Employment Training” specifically mentioned in Figure 5 have been placed in the Finance category.

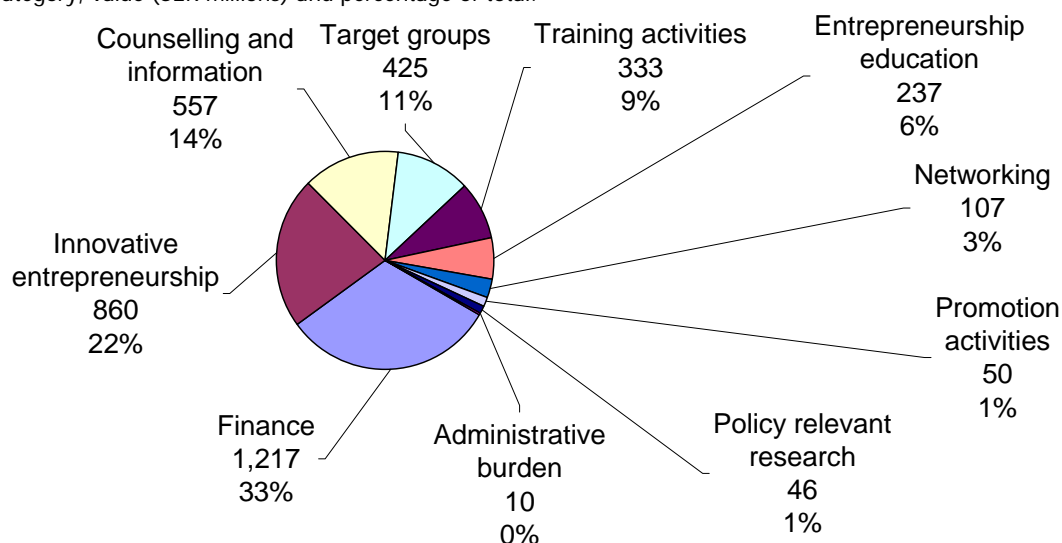
Figure 5 Broad policy costs by cost-posts. The labels in the figure represent category, value (SEK millions) and percentage of total broad policy costs.



3.4 Narrow Policy costs

In Figure 6 below we look at only the *narrow* policy costs and what kind of measures they represent. *Narrow* policy costs are more evenly spread over the sub-policy categories. Here too, Financing is the largest subarea in terms of costs, but it represents only 32% of the total *narrow* policy costs.

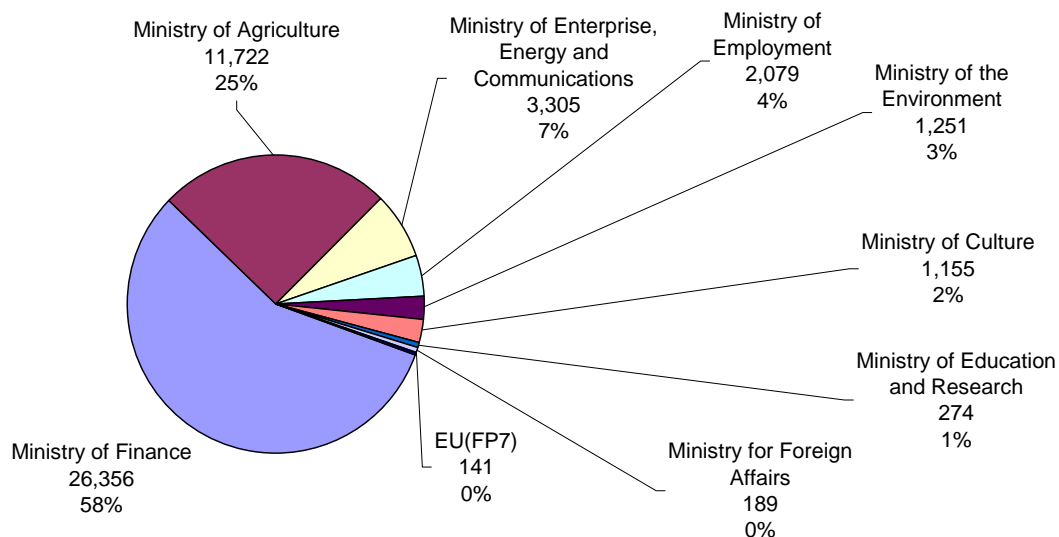
Figure 6. Narrow policy costs by type of measures (policy sub-areas). The labels in the figure represent category, value (SEK millions) and percentage of total.



3.5 Administration of costs

Another approach to analysing resources invested is to see to what extent different ministries are involved in how resources are spent. In the following three figures (discussed below) we show how cost administration is distributed over the various ministries. Figure 7 below shows how the administration of *total* (broad and narrow) EP and SMEP costs is distributed between ministries.

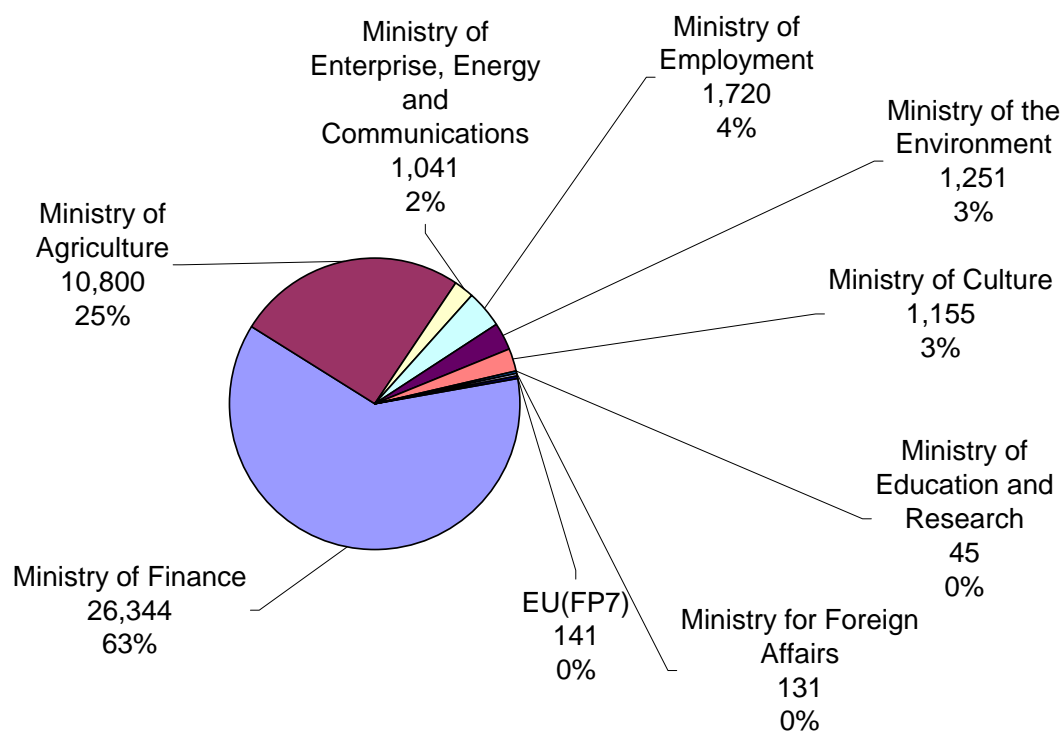
Figure 7 Total EP/SMEP costs as administered by ministries



The *Ministry of Enterprise, Energy and Communications*, which people think has the main responsibility for the administration of Swedish EP and SMEP, only has direct influence on how 7% of the total EP/SMEP costs are spent, which is much less than the Ministry of Finance (58%) or even the Ministry of Agriculture (25%). Remember that costs are calculated as the costs spent on entrepreneurs and SMEs in 2009.

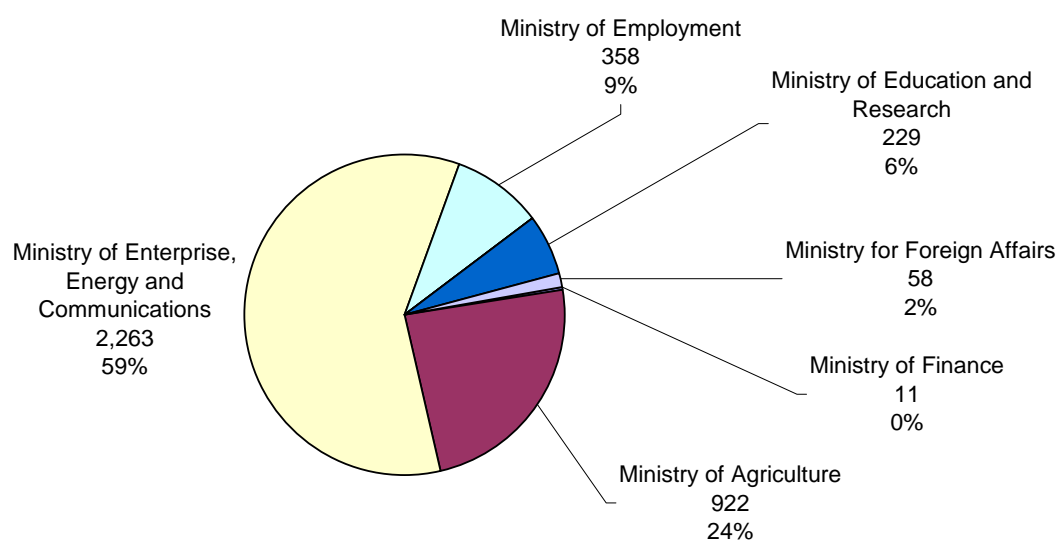
In Figure 8 below, we see total *broad* policy costs as administered by ministries. This figure is very similar to the administration of total costs. This is, of course, because *broad* policy costs represent 92% of the total costs.

Figure 8. Broad EP/SMEP costs as administered by ministries



Regarding the administration of *narrow* policy costs (Figure 9 below) most measures are administered by the *Ministry of Enterprise, Energy and Communications* as one might expect; note however that about one quarter of the costs are administered by the Ministry of Agriculture.

Figure 9. Narrow EP/SMEP costs as administered by ministries



3.6 Big Picture view of costs

An interesting angle on EP and SMEP costs is how they are financed. Here we distinguish between three main categories: a) Costs covered by EU programmes, b) Tax costs (reduced tax revenues), and c) the remainder, or what we call: “out of pocket costs”.

Total costs consist of 56% tax costs, 23% out of pocket costs and 21% EU funding.

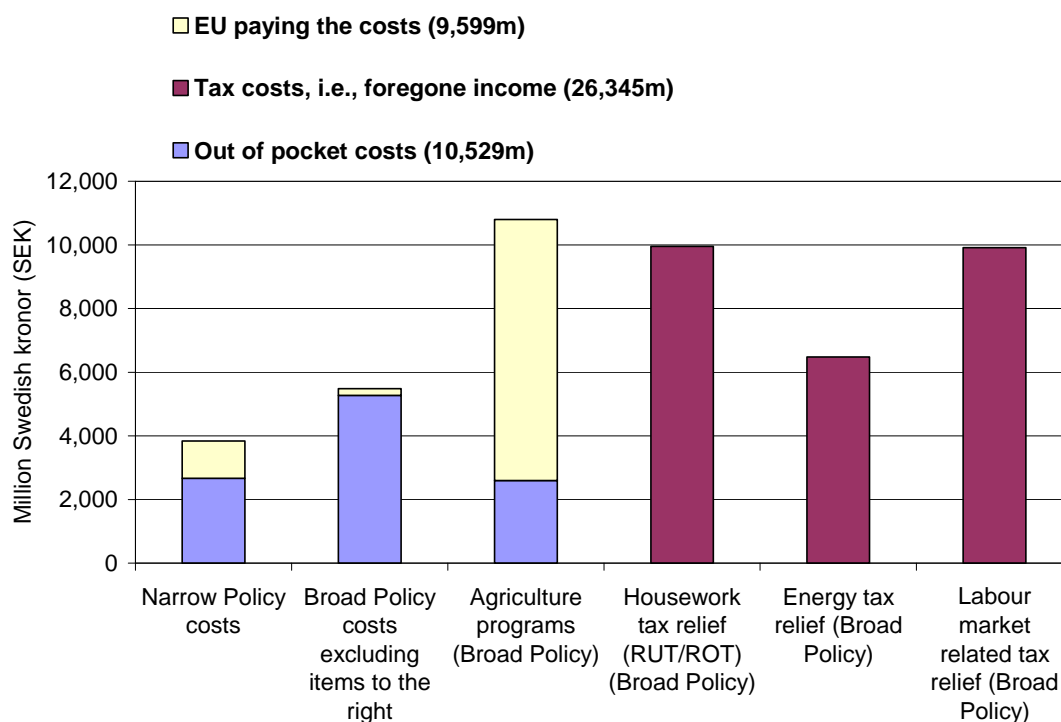
Broad policy costs consist of 62% tax costs, 18% out of pocket costs and 20% EU funding.

Narrow policy costs consist of 69% out of pocket costs, 31% EU funding and 0% tax costs. (We did not identify any tax subsidies explicitly exclusive to entrepreneurship or small to medium-size businesses).

In Figure 10 below we present total EP and SMEP costs by how they are financed. In the figure, four very large cost areas have been extracted from broad policy costs and are shown separately. These cost areas are: i) agriculture programmes sorted as broad policy; ii) housework tax relief costs, iii) energy tax relief costs; and iv) labour market related tax relief costs.

It is striking how a few very large cost areas totally dominate EP and SMEP costs. If we ignore tax costs and EU-funded costs, we are left with total out of pocket costs for EP and SMEP of SEK 10,599m. If we also remove narrow policy costs allocated to the Swedish Board of Agriculture from the figure, the total falls to SEK 9,607m.

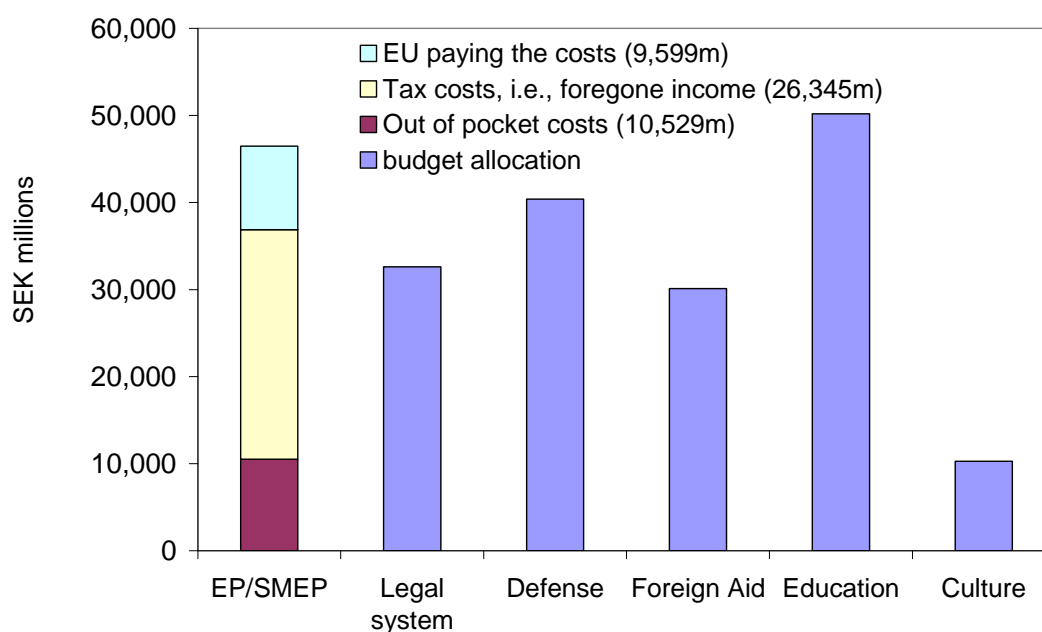
Figure 10. Big picture view of costs, four largest cost areas separated, coloured by type of financing



Another interesting comparison is how much resources are spent on EP and SMEP v.. other policy areas. In Figure 11 below, our estimation of the total (direct) cost for these policy areas in Sweden in 2009 is shown in the leftmost column. Note that the other five columns in the diagram represent budget allocations for 2009 which are not directly comparable to the costs we have estimated. In fact, since we have estimated neither administrative nor overhead EP/SMEP costs, we can be sure that the “total system” costs for EP/SMEP (which would be more comparable to the other bars in the figure) would be significantly higher.

The total sum for EP and SMEP of roughly SEK 46.5bn (€ 4.4bn) can be compared to the Swedish Defence system for 2009 of SEK 40.4bn (€ 3.8bn), the budget for the Legal system (including the Police, Courts, Security Police and Prisons) of SEK 32.6bn (€ 3.1bn) or the budget for Education (including academic research) of SEK 50.2bn (€ 4.7bn). These figures show that the costs for EP and SMEP are comparable or higher than several other policy areas.

Figure 11. Our estimation of total EP/SMEP costs in comparison with the national budget allocations to five 'spending areas' in 2009. (SEK millions on the y axis).

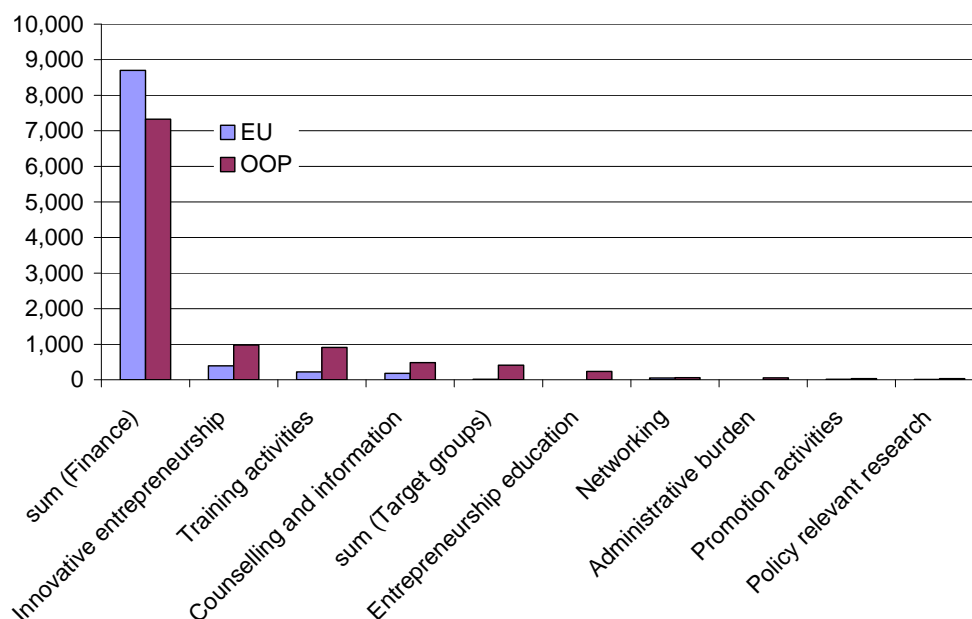


Source: The leftmost column is our cost estimation, which is described in detail in the cost report. Data for the five other columns was taken from Finansdepartementet (2008).

3.7 EU- and state-funded subareas

Swedish out of pocket costs (EU-funding and tax costs excluded) amounted to an estimated SEK 10529m (€ 993m) or 22.6% of the total costs, which is similar in scale to EU funding; SEK 9,599m (€ 906m). EU's funding of costs and Swedish out of pocket costs also distributed rather similarly over the defined policy areas (see Figure 12 below).

Figure 12. Distribution of total out of pocket costs and EU funding, by subarea



3.8 Ad hoc estimations

During the work on the cost project, questions naturally arose, and for three of them we have attempted to find answers. In the following three subsections we present some tentative answers to the following questions:

- How significant are the administrative costs in the system?
- How much aid goes to firms younger than three years?
- Was the “support system” (entrepreneurship and SME policy costs) increased due to the financial crisis?

3.8.1 Approximation of administrative costs

Administrative costs were not intended to be assessed in this report. In order to make a first approximation of these costs in retrospect however, we have looked at the administrative costs reported under the one agency where they were most readily available, viz. Tillväxtverket. In their annual report they have for listed both administrative costs (“förvaltningskostnader”), and ‘direct costs’ (“sakkostnader”) 32 programmes. The former is intended to describe costs associated with *implementing* the programme, the latter to describe the actual money transfers to firms or projects resulting from the programme, i.e. the actual ‘aid’ part of the programme costs.

If we make a linear regression between these 32 programmes' administrative and direct costs (see *Figure 13* below), we find that, administrative costs (in thousands SEK) are predicted with this formula: administrative costs = 0.044 * direct costs ($R^2 = 0.86$).

This can be interpreted as meaning that administrative costs increase approximately linearly in relation to direct costs if extra money is allocated to supporting entrepreneurship or SMEs at Tillväxtverket, (if you increase direct costs), administrative costs will increase by approximately 4.4% of the costs for an average measure (aid programme/project) at Tillväxtverket. This seems reasonable considering the kind of aid programmes administered by the agency. Aid from Tillväxtverket tends to be discrete by design, by which we mean that the amount of aid that can go to each recipient is limited (for instance by the EU's *de minimis* aid rules²). Simply put, if Tillväxtverket receives more money, they tend to increase the *number* of projects – not the *amount* given to recipients. This means that costs increase through more projects. And if more projects are initiated, it follows that more administrators are needed to manage these projects and costs increase linearly.

Our experience from having studied many narrow policy measures administered by many different organisations leads us to believe that that the administrative cost structure just described for Tillväxtverket approximately generalizes to *narrow policy* measures in general.

On the assumption that we can extrapolate administrative costs from a (biased) sample of total narrow policy measures (Tillväxtverket) to approximate total administrative costs for all narrow policy measures, we take the total direct costs for all narrow policies and multiply them by 4.4% (see above). Using this formula we estimate the administrative costs for all narrow policy measures to be in the region of $0.044 \times 3,842\text{m} = \text{SEK } 169\text{m}$ (€ 15.9m).

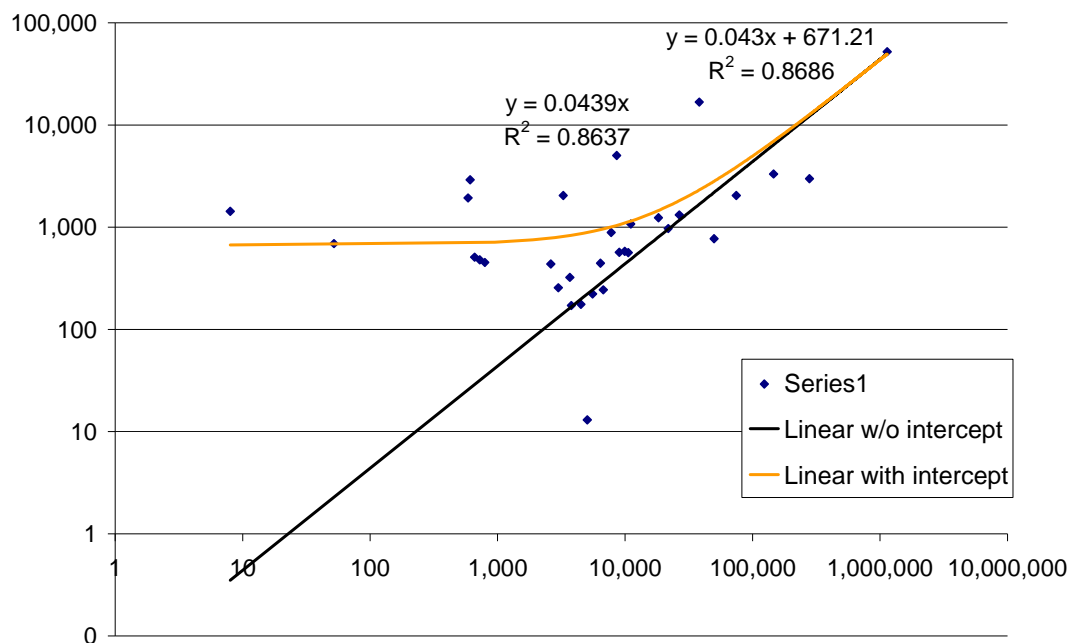
Administrative cost as a linear function of direct costs is *not* assumed to hold for broad policy measures however. Why that is can be understood by imagining the type of “aid” that for example the Swedish Tax Agency administers. An increase in tax costs (tax subsidies) for instance; does *not* necessarily imply that more administrators are needed, for two (independent) reasons: 1) tax costs can increase “continuously” (the same number of beneficiaries can share a larger tax subsidy) meaning that the amount of units to administer is constant, and 2) Administration is likely to be highly computerized and the administration of the computers is likely to be a fixed cost.

It is important to note what we are *not* estimating here. It is only administrative costs for the *narrow* policy that we have estimated. *Overhead costs* are additional costs, for which we have no estimate but which are likely to represent higher costs than administrative costs do; Tillväxtverket estimates overhead cost to be an additional 41% of their total (direct and administrative) costs per aid programme³. Note however that Tillväxtverket is likely to have high overhead costs in comparison with other agencies due to their heterogeneous and decentralized abundance of cost-wise small activities.

² European Commission (2007)

³ Tillväxtverket (2010) page 9

Figure 13. Scatter plot (log scale) of 32 programmes' direct and administrative costs at Tillväxtverket. x axis = Direct Costs (SEK thousands, y axis = Administrative Costs (SEK thousands).



Source: Data from Tillväxtverket (2010)

3.8.2 Young firms: aid received and share of employees

In our estimations of entrepreneurship and SME policy costs the distinction between the two policies has been (due to data limitations⁴) whether aid goes to a *firm* (SME policy) or to a person *aiming* to start a firm (entrepreneurship policy).

This means that the cost estimates for entrepreneurship policy do not include measures aimed at young firms in their starting-up phase, which means that the Swedish cost estimates underestimate the costs for entrepreneurship policy measures and overestimate the costs for SME policy measures *with regard to the definitions in the Cost Manual*, where entrepreneurship policy is defined as: “Policy measures aimed at individuals who are interested in starting a business and are still in a starting phase procedure, **meaning activities during the first three years.**”

In this section we will try to shed some light on how much of the aid to firms goes to firms younger than three years (young firms), i.e. we want to get a picture of by how much we have underestimated the cost of entrepreneurship policy (EP) in favour of SME policy (SMEP) with regard to the definitions in the *Cost Manual*.

In

Figure 14 below, we show the following: i) share of employment in young v. old firms; ii) share of all firms that are young v. old; iii) share of young v. old firms that received aid

⁴ For a few measures we actually have the necessary micro data but were not able to match it at the firm level against our own firm database (to determine firm age) due to time constraints. This kind of work is time-consuming due to bureaucracy associated with integrity laws; fortunately this is underreview in another project (the MISS database project) at Growth Analysis.

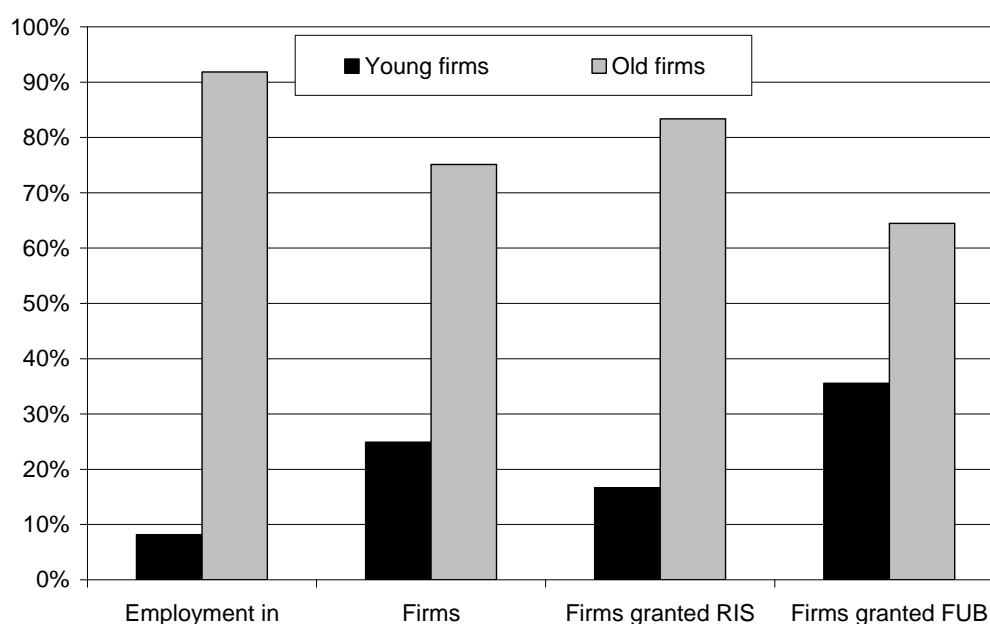
from the RIS programme, and iv) share of young v. old firms that received aid from the FUB programme⁵. By “young” and “old” firms we mean firms registered less and more than three years ago respectively.

We want to determine the total cost of Swedish entrepreneurship policy *if it was defined as in the Cost Manual*, viz. to include aid to firms younger than three years. Unfortunately, this is an empirical question that we cannot answer with our dataset. We *believe* (based on

Figure 14) that somewhere between 8% and 36% of *narrow* SME policy costs should probably be transferred to narrow EP policy costs while somewhere between 8% and 25% of *broad* SME policy costs should probably be transferred to broad EP policy costs.

These estimates lower range (8%) is based upon the share of employment in young firms; while the estimate’s higher ranges (36% and 25%) are based upon a single observation of a *narrow* policy measure (FUB), and the share of young firms among all firms. We cannot *know* the share of aid that goes to young firms in in the narrow and broad policy areas until we have the necessary micro data for all recipients of all forms of state aid.

Figure 14 Employment between, firm distribution between, and aid granted between (for two programmes), young* and old* firms.



*By “young” and “old” firms we mean firms registered less and more than three years ago respectively.

Source: For the “Employment in” and “Firms” data the source is the same as described in the table in Appendix 1. For the RIS and FUB programmes the source is raw data (not analysed) that was available at short notice here at Growth Analysis.

⁵ *Regional Investment Aid (RIS) and Regional Aid to Firm Development (FUB) are mainly investment subsidy programmes (see page 30 ff.) Basic differences: RIS aid is given for larger investments than FUB and FUB pays smaller amounts of aid per case and is limited to SMEs.*

3.8.3 Financial crisis and EP/SMEP costs

In response to the financial crisis that developed in autumn 2008, the Swedish government took a series of measures to prevent a financial collapse and reduce the economic effects of the crisis. Great emphasis was placed on supporting the supply of credit to businesses.⁶

Perhaps the most important measure was the *guarantee programme* to support the banks' financing. The government changed the instructions directives for Riksgälden (the National Debt Office) by the *Law (SFS 2008:814) regarding state aid to credit institutions*⁷, to give Riksgälden the necessary mandate to strengthen the stability of the Swedish financial system. Its most important new responsibility was for the guarantee programme. At its height in June 2009, the programme guaranteed SEK 354bn, with most of the guarantees going to Swedbank. By the end of 2010, the guarantee framework's *technical* limit was SEK 1.5 trillion (€ 141.5bn).⁸

A number of other credit guarantee programmes, recapitalization programmes, etc. were also put in place. Examples include the 'recapitalization programme for solvent banks', the 'special aid to credit institutions programme' and the 'stability fund'.⁹

In the context of this report, we are most interested in additional spending on and changes in policies specifically targeted at enhancing entrepreneurship or SMEs due to the crisis. These are miniscule in comparison with the type of programmes that aim to conserve the stability of the financial system, but, represent definite costs in the short term - not possible costs in the long term. We have identified the following measures as specifically EP/SMEP related¹⁰:

Under Proposition 2008/09:97, '*Measures for Jobs and Adjustment*' (January 22, 2009):

- Enhanced support for the long-term unemployed through the doubling of compensation to employers for 'new start' jobs
- More places in polytechnic and vocational secondary education (Employment Training)
- ROT (deduction for home repairs, maintenance, conversion and extension)

Unfortunately, we have not found any description of the cost increase due increased efforts in Employment Training. We can, however, estimate a *minimal cost increase* in EP/SMEP due to the financial crises, by adding the costs we do know. If we sum the costs for ROT and half the costs for 'new start' jobs, we get an estimation of additional EP/SMEP costs *due to the financial crises* amounting to SEK 9.78bn (€ 923m).¹¹ Both of the identified measures are broad policy measures.

⁶ Riksgälden (2010a)

⁷ In Swedish, the law is called *Stödlagen* (the aid law)

⁸ Riksgälden (2010b). Riksgälden also notes that it is important to understand that the state's *real* exposure to the Swedish banking system is not in any way limited to actual guarantees; whether formal guarantees exist or not, the state would likely be forced to act to prevent bankruptcy of institutions critical to the financial system.

⁹ In Swedish: *Kapitaltillskottsprogrammet för solventa banker, Särskilt stöd till kreditinstitut Stabilitetsfonden*.

¹⁰ For descriptions of these three measures see the *Cost Report*, pp. 17, 20, 21.

¹¹ $[ROT] 0.916 \times 10\ 181.6 + ['Start\ jobs'] 0.5 \times 900.9$

*Other crisis related EP and SMEP****Temporary respite for employers to pay taxes.***

Statute 2008/09:113, proposed in January and enacted in February 2009¹², established a temporary law on deferred payment of tax in certain cases. The proposal was part of the government's package of measures to counteract the negative effects of the financial crisis and aimed to alleviate liquidity problems for companies unable to obtain loans under normal conditions because of the financial crisis.

At the end of November 2009, tax respites totalled SEK 5.1bn (€ 481m) distributed over 4,340 companies, i.e. an average of about SEK 1.2m (€ 0.1m) per company. Since the taxes were to be paid later (with interest) the actual cost to the public of the measure is unclear.

ALMI

Demand for ALMI's lending rose sharply during the financial crisis. According to ALMI, a liquidity crisis in the banking system led to significant difficulties for small and medium-size enterprises to get bank loans. Parliament authorized the government to give an additional SEK 2bn (€ 188.7m) to the loan fund (executed in December 2008).

The government also gave ALMI new directives to provide market-complementing finance to *all* SMEs (their previous focus had been small companies). During the first three quarters of 2009 loans were granted totalling SEK 2.6bn (€ 245.3m), an increase of 101% compared to the same period the previous year.¹³

We do not count state funding of agencies as costs. We only count the direct costs of measures actually reaching the entrepreneurs or SMEs. Direct EP/SMEP policy costs under ALMI are covered in the implementation report for project 1.

3.9 Summary of the cost project's findings

The cost of all *narrow policies* in Sweden is about a tenth (9%) of the cost of all *broad policies* in Sweden. The highest costs of Sweden's EP and SMEP are not on the state's expenditure side but on its income side - in the form of tax costs (housework tax subsidies, labour market related tax subsidies and energy related tax subsidies). Tax costs represent 56.7% of the total costs (71.4% if EU funding is excluded). All tax costs identified represent broad policy measures.¹⁴

EU funding covers 20.7% of total costs; funding is manifested mainly in the form of assistance to agriculture (funding through the Common Agriculture Policy via the Board of Agriculture represents 92.2% of total EU funding to EP and SMEP).

Swedish out of pocket costs (EU-funding and tax costs excluded) amounted to SEK 10,529m (€ 993m) or 22.7% of the total costs, which is similar in scale to EU funding. The EU's funding of costs and Swedish out of pocket costs also distributed rather similarly over the defined policy areas.

The Ministry of Enterprise, Energy and Communications (Näringsdepartementet), handles only approximately 7% of the total (narrow and broad) Swedish costs for entrepreneurship and SME policies. The Ministry of Enterprise, however, is the 'biggest player' of all ministries as regards narrow policy costs, administering close to 59% of the total.

¹² Proposition 2008/09:11; and Betänkande 2008/09:SkU27

¹³ Riksgälden (2010a)

¹⁴ There were no tax costs explicitly exclusive to SMEs that we could find.

Towards the end of the time allotted for this study, we tried to get a picture of how entrepreneurship and SME policy costs were affected by the financial crisis (page 34). We found that costs increased by *at least* SEK 9.8bn due to crisis-related measures.

4 The focus in Entrepreneurship and SME policies

The chapter takes up the comprehensiveness of entrepreneurship and small business policy. It is based on analysing the *narrow* policy area. Information has been gathered by means of questionnaires, interviews and official documents. The results presented concern the focus in entrepreneurship and SME policies and covers how important the experts find the policy subareas and how they think resources have been spent, followed by the Comprehensiveness Index results. One clarification concerning the questionnaire must be made. To make it easier to analyse the answers, the respondents were asked about their knowledge of different measures in different policy subareas. The reason for this was to obtain an estimation of whether the views expressed were based upon knowledge from experience or general opinions expressed in the media or by other people or organizations.

4.1 Knowledge about policy areas

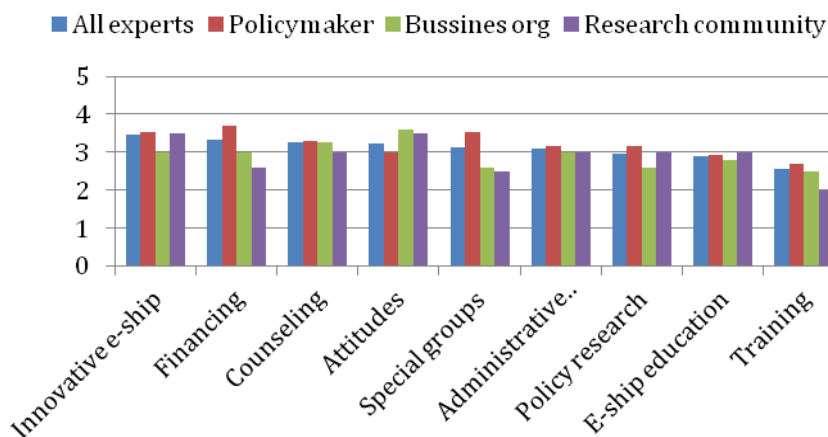
In the interviews the experts were asked about their knowledge about different subareas in entrepreneurship and SME policy. The experts were asked to give a value of 4 on a scale from 1 to 4 for subareas where they think they have a great knowledge and a value of 1 for subareas when they think they have no knowledge of measures taken. It was also possible to answer ‘*don’t know*’.

4.2 Entrepreneurship *narrow* policy - all experts’ knowledge

The mean value for all experts in the entrepreneurship policy area is 3.0. The subareas for which experts said they had most knowledge are Innovative entrepreneurship followed by Financing and Counselling. The experts have least knowledge in the Training, Entrepreneurship education and Policy research subareas.

If one compares how the experts answered according to “type” of expert, one finds that the mean value for policymakers is 3.2 and 2.9 for experts representing the research community and business organizations, meaning that there are no real differences between different groups, as shown in Figure 15 below.

Figure 15 Knowledge about entrepreneurship policy, according to three groups of experts (1 = least knowledge, 4 = most knowledge).

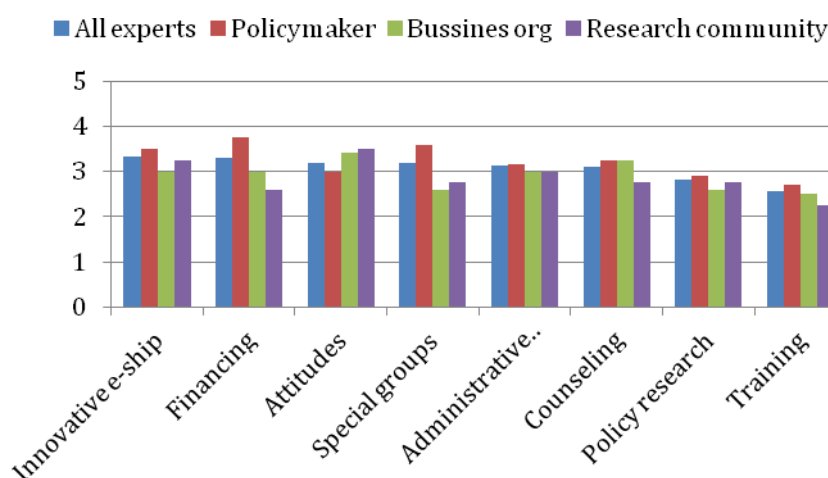


4.2.1 SME narrow policy - all experts' knowledge

The mean value for all experts' knowledge concerning SME *narrow* policy is 3.1. The subareas where they have most knowledge are Financing and Innovative entrepreneurship. The experts have least knowledge in Training and Policy research.

In the SME policy area a comparison has been made of the experts' knowledge according to type of expert. The policy experts have a mean value of 3.2, representatives of business organizations 2.9 and experts in the research community 2.8. As with entrepreneurship, there are no statistical differences (see the Figure below).

Figure 16 Knowledge about SME-policy, according to three groups of experts (1= least important, 4 =most important).



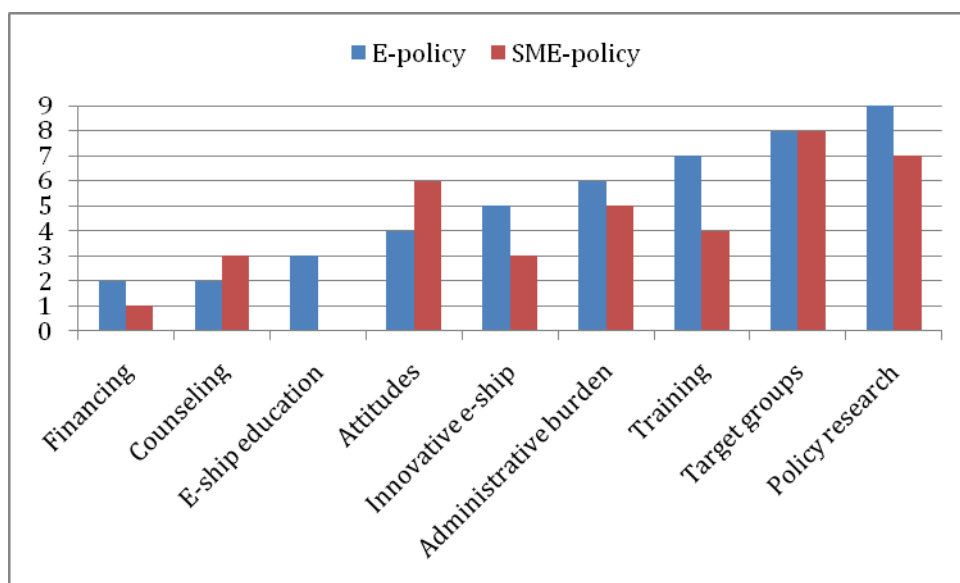
The experts' answers were almost identical in both policy areas and their knowledge about the areas seems therefore to be similar. One explanation might be that according to the interviewees there are no real difference between entrepreneurship and SME policies or at least they consider the two policy areas to be integrated. This was obvious in the interviews since the experts sometimes found it hard to separate the two policy areas.

4.3 Importance of subareas

One of the questions concerned to what extent the experts found the various subareas important and they were asked to rank them by importance, 1 for the most important subarea and 9 for the least important. 17 of the 24 experts answered the questions; 10 representing the policy area, 4 the research community and 3 business organizations. 6 of them represented the regional level and 11 the national level. See Figure 15.

Figure 17 shows the average rankings are given for each subarea. Entrepreneurship education is by definition only valid for entrepreneurship policy.

Figure 17 Importance of sub-areas entrepreneurship and SME-policies in the collective opinion of all experts interviewed (1= most important, 9= least important).

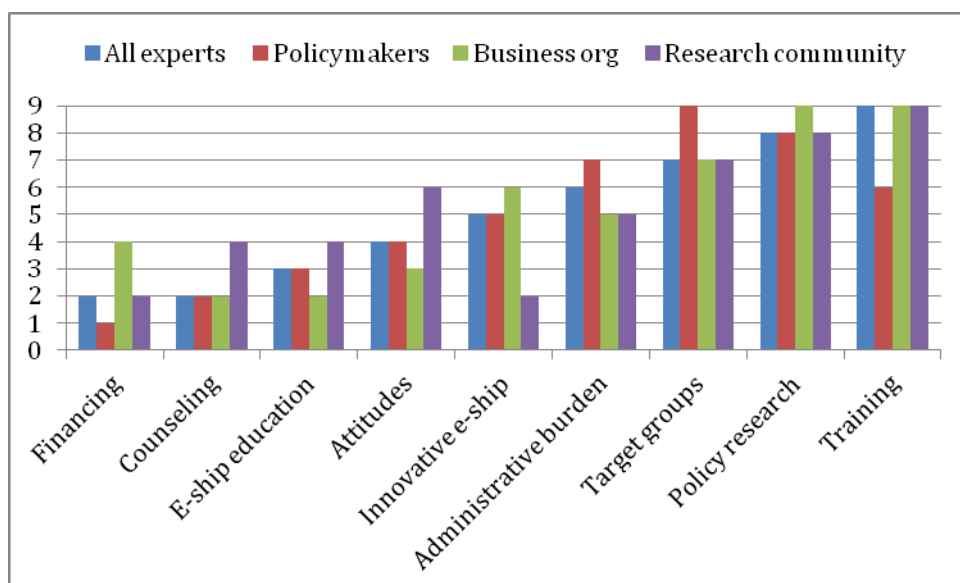


Financing and counselling are considered the most important subareas. The least important subareas are Policy research and Target groups. Small differences were found between entrepreneurship and SME policy, despite Training being ranked higher for SME policy and Attitudes higher for entrepreneurship policy, which seems logical. However, due to the limited number of interviews no statistical testing was possible. These differences are therefore signals rather than facts even though it might seem reasonable that training would be more important for existing SMEs and attitude-driven measures of greater importance in the entrepreneurship policy area. The low ranking of Target group measures in both policy areas is interesting.

4.3.1 Importance of Entrepreneurship policy subareas

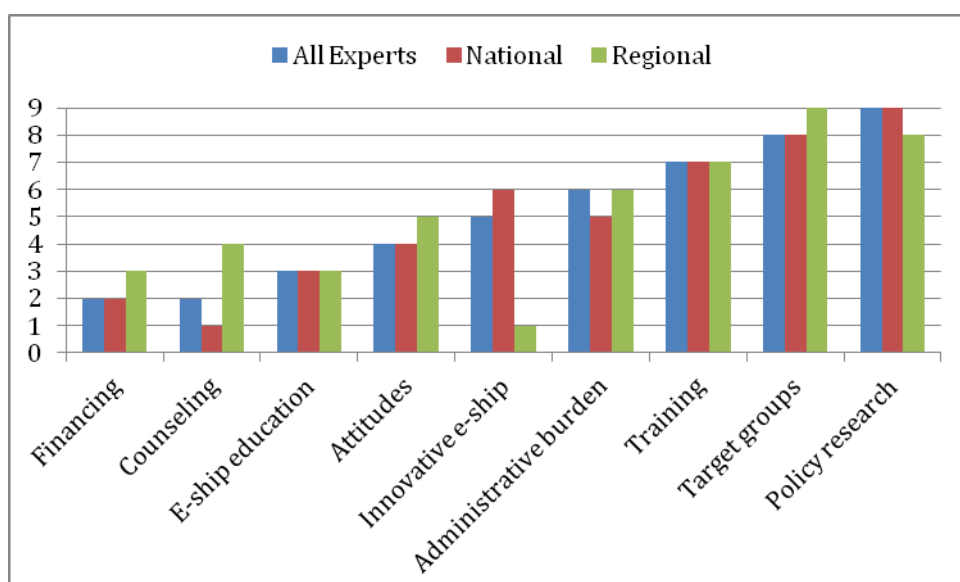
Figure 18 below shows the opinions from three different groups. The results must be seen only as indications due to the very small number of responses for different groups of experts.

Figure 18 Importance of entrepreneurship policy subareas, according to three groups of experts (1 = most important, 9 = least important).



As stated earlier, no statistical tests could be made due to the limited number of interviews. One can observe the similarities between most of the subareas for the different groups and there seems to be a high degree of consensus, with some minor variations. All groups have ranked Financing, Counselling and Education high and Target groups, Policy research and Training low. In the next figure, a similar presentation is made concerning experts at regional v. national level.

Figure 19 Importance of subareas of entrepreneurship policy, according to two categories of experts at regional and national level (1= most important, 9= least important).



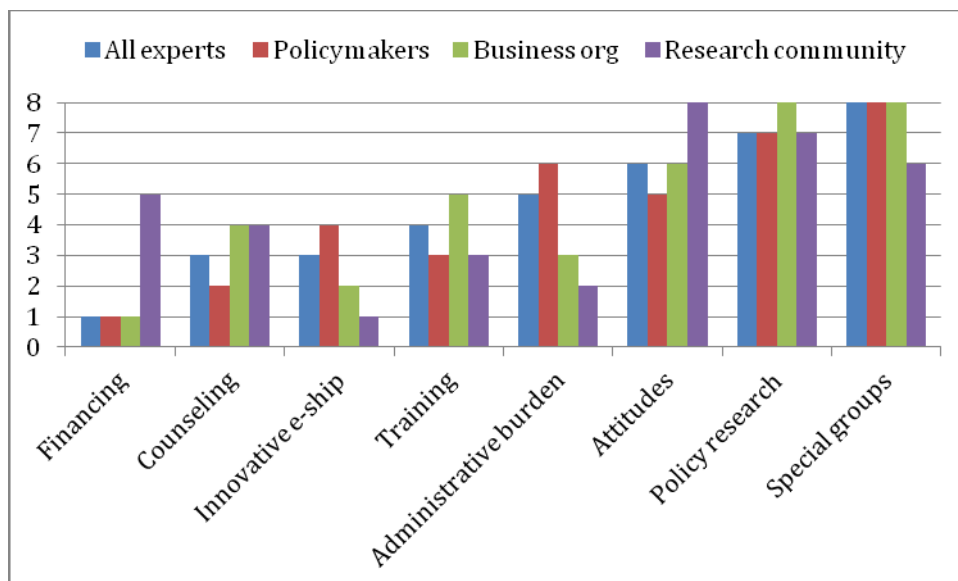
Ranking is similar for experts at national v regional level. There is a tendency for regional experts to rank Innovative entrepreneurship higher than national experts but as stated

earlier there are too few observations to test this. There is a high degree of consensus concerning the importance of different subareas for Entrepreneurship policies.

4.3.2 Importance of SME policy subareas

Similarly, the importance of the subareas for SME policy was ranked by 17 experts; 10 representing policymakers, 4 business organizations and 3 the research community. The results are shown in Figure 20. There are 8 SME policy subareas since Entrepreneurship education is not valid here.

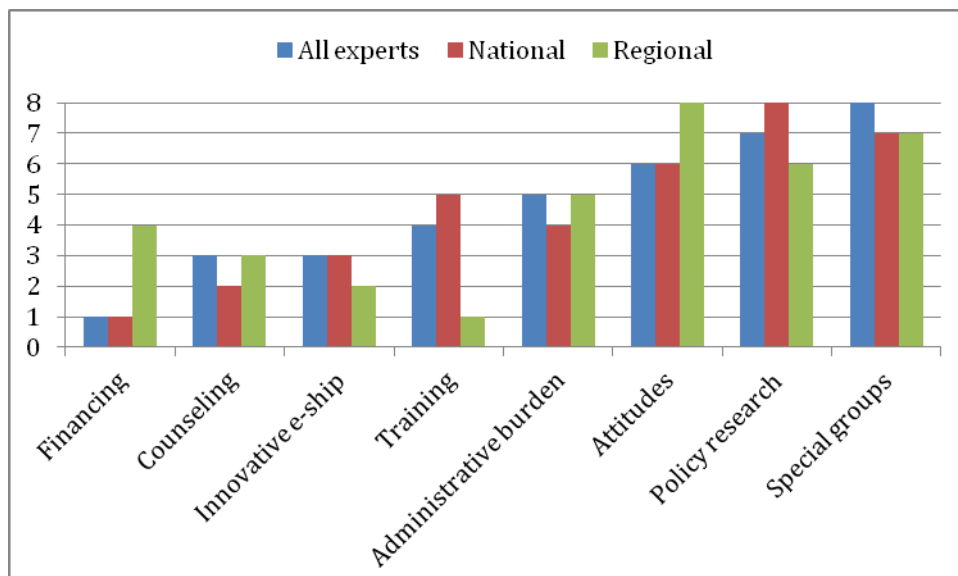
Figure 20 Importance of SME policy subareas, according to three groups of experts.



There is consensus as regards low rankings for Special groups, Policy research and Attitudes. The low ranking for Attitudes in this policy area is not surprising since it concerns people who have already started and run their companies for at least three years. However, there are some differences between the three groups of experts. The ranking by policymakers and people representing business organizations are very similar, while researchers have a different ranking. This might be a result of the very few observations for the research group. For researchers, the two top-ranked subareas are Innovative entrepreneurship and Administrative burden. For the policymakers, the two top-ranked subareas are Financing and Counselling and for business representatives Financing and Innovative entrepreneurship.

As regards regional and national experts the total number of observations is 17, 11 experts represent the national level and 6 the regional level. The results from the experts in these types of groups are shown in Figure 21.

Figure 21 Importance of SME policy subareas, according to two categories of experts.



The results concerning the subareas with low rankings are similar to the previous ones, which is rather obvious since there is a high degree of consensus. Regional top-ranked subareas are Training and Innovative entrepreneurship, while Financing and Counselling are the two top-ranked subareas for national experts. There is almost complete consensus on all subareas except Financing and Training.

4.3.3 Summary

In summary, the most important subareas in the *narrow* SME policy, according to our experts, are Financing, Counselling and Innovative entrepreneurship. The most important areas in the *narrow* entrepreneurship policy are Financing, Counselling and Entrepreneurship education. The least important subareas in both entrepreneurship and SME policies are Policy research and Target groups.

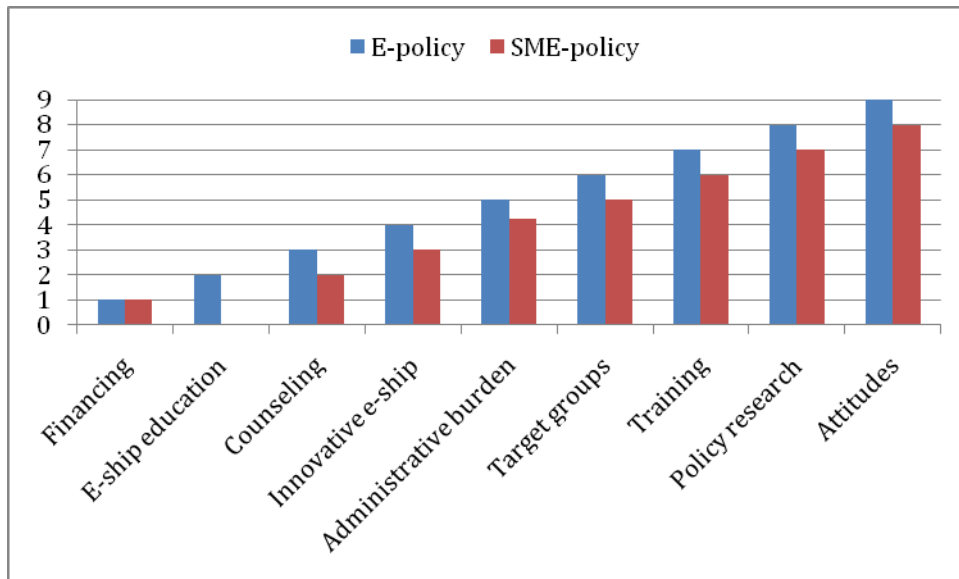
In conclusion, the overall picture is that there is a high degree of consensus among experts as regards the importance of different subareas for entrepreneurship and SME policy.

4.4 Cost allocation

The experts were asked how they thought resources have been spent in different subareas and they were also asked to rank the subareas in both the policy areas by cost allocation. In this case, 12 experts answered¹⁵; eight representing policymakers, 3 business organizations and 1 the research community. Only two experts represented the regional level. The results are shown in figure 22.

¹⁵ Five answered 'don't know' and one did not answer the question.

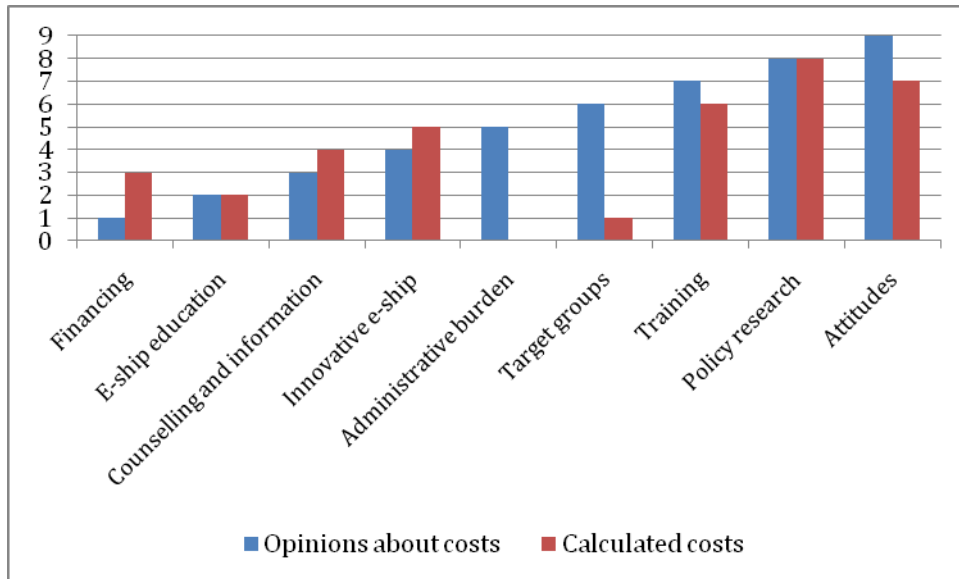
Figure 22 Estimated invested resources in entrepreneurship and SME-policy subareas in the collective opinion of all experts interviewed (1 = most important, 9= least important).



The experts estimate that most resources are invested in the Financing subarea, followed by Entrepreneurship education and Counselling. The least resources, according to the experts, are invested in Attitudes and Policy-relevant research. First, one has to remember that resources are ranked only according to knowledge of the *narrow* policy for both areas. Second, there are very few observations, probably due to lack of knowledge among the experts of how resources are spent, which is not surprising since there is a general lack of knowledge of the costs.

It is interesting to note that there are no differences among the experts between the estimated invested resources in the two policy areas. One explanation might be that they probably consider the two policy areas to be integrated and not two independent policy areas. In the figure below we compare the experts' cost allocations with the cost allocations calculated in project 1. A ranking was used to illustrate this. Costs for different subareas were ranked from 1 (most money spent) to 9 (least money spent). The same ranking was used for experts' opinions. There are some problems in doing this because the cost levels are not reflected in the figure.

Figure 23 Comparing real costs and experts opinions about cost allocation for different subareas of EP. ¹⁶ Rankings.

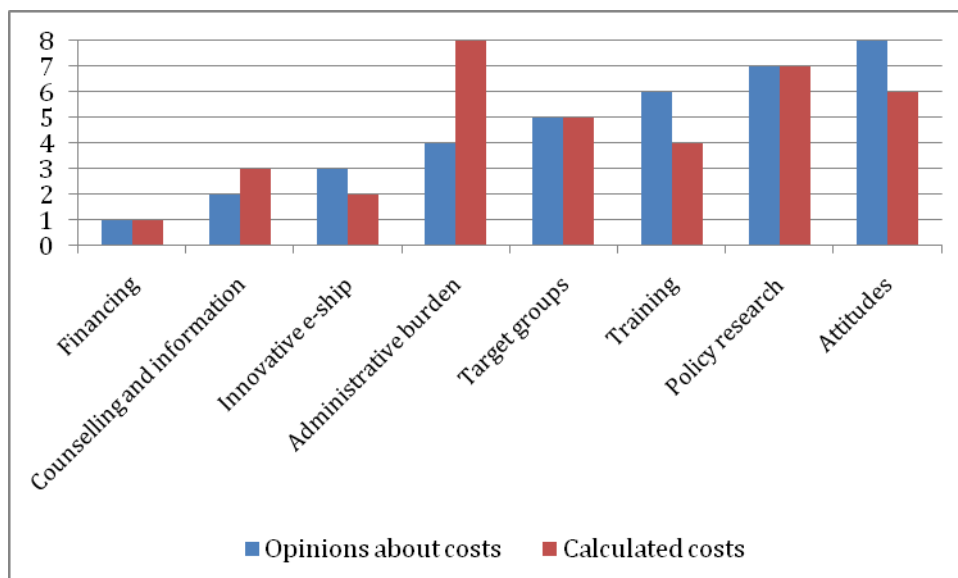


Looking at the figure above, the experts' opinions about costs match the real costs very well in most cases, except for Financing and Target groups. Financing was considered by the experts to be the subarea with the highest cost figures, but this proved not to be true. Target groups, on the other hand, was considered to have the lowest costs. (Target groups is in fact the subarea where most resources are spent.)

In the figure below the same method is used to compare cost allocation for SMEP. Here too, there are huge differences between the subareas as regards the actual costs.

¹⁶ Costs in respect of Networking are added to Innovative entrepreneurship

Figure 24 Comparison of real costs and experts' opinions about cost allocation for different subareas SMEP.¹⁷



Here too, the experts' opinions about cost allocation match the costs identified in project 1 very well in most cases, except the ranking for Administrative burden.

4.5 Entrepreneurship and SME Subarea Framework Actions - Comprehensiveness Index results

The Comprehensiveness Index is based on the questionnaire that was sent out before the interview. The index is based on the 126 questions concerning objectives, measures, etc in all the entrepreneurship and SME policy subareas. The purpose of the index is to map the comprehensiveness of each subarea.

The results for the Comprehensiveness Index can be found in Appendix 4. In the table below the results are summarized according to the mean values for the different subareas.

¹⁷ Costs in respect of Networking are added to Innovative entrepreneurship

Table 3 Summarized mean values of the Comprehensiveness Index.

Policy areas	Project team	All experts	Policy experts	Research/ Business experts
Administrative burden (14 questions)	2.9	2.6	2.8	2.3
Innovative entrepreneurship (5 questions)	2.6	2.9	3.0	2.7
Counselling and information (12 questions)	2.5	2.5	2.6	2.4
Policy-relevant research (14 questions)	2.4	2.5	2.7	2.0
Entrepreneurship education (18 questions)	2.1	2.5	2.9	2.7
Target policy groups (8 questions)	2.0	2.8	2.9	2.6
Financing (13 questions)	1.8	1.9	2.0	1.8
Promotion measures (9 questions)	1.6	2.5	2.7	2.2
Training (3 questions)	1.0	2.2	2.2-	2.0-

The order is due to a limited number of observations, but gives some indication of the existing policy measures for the *narrow* policy. Financing, which is obviously an important subarea, will be ranked rather low. This is due to the fact that there is a lack of use of guarantee systems or special tax related programmes for entrepreneurs and SMEs such as credits to encourage R&D activities in SMEs or venture capital investments in early-stage ventures. The measures taken mainly concern public loan programmes, public equity programme and to some extent microfinancing.

Subareas which have been given high priority are Administrative burden, Innovative entrepreneurship and Counselling and information. Subareas with lower rankings are Promotion measures and training. The relatively high value for Policy-relevant research is due to the large number of on-going minor research project.

There is a clear objective to ease the process of starting a business and to create a better regulatory unit. Government review time and the cost of starting a business and registration have been streamlined. A Single Business Number (Startlinjen) is used for new companies, there is a single point of entry (www.verksam.se), and the government has taken initiatives to reduce administrative burdens for existing SMEs and tries to protect private companies from public sector companies' competition. On the other hand, there are minor initiatives to reduce penalty of business failures, review barriers to transfers of businesses and strengthen intellectual property rights.

Concerning Innovative entrepreneurship there is no real strategy with governmental funding to subsidise the initial funding of incubators in key regions. There is also minor government funding of special seed programmes for start-ups and early-stage development of innovative entrepreneurs. However, there are governmental sponsor events that profile innovation systems, some pre-commercialization funding is available to promising new technological based firms and also support to encourage spin-off companies from universities and public funded R&D.

No objectives for counselling and information exist, despite the beliefs of many experts. Provisions exist to ensure that the needs of nascent/early-stage entrepreneurs are met through the delivering networks. First or one-stop shops have been developed, there is a government-sponsored web portal (www.verksam.se), there are delivering networks in all

regions and the government facilitates the development of mentor programmes. On the other hand, minor subsidies exist to support the training of new entrepreneurs, support the professional development of delivering networks, set performance standards or exchange best practices in the area.

Only minor support exists for policy-relevant research. Research in the area has covered to what extent government programmes are included in the school system, evaluation of different programmes, the problem of hiring the first employee, measuring the cost of new legislation, reviewing financial gaps and the growth rates of different demographic groups in start-ups and early-phase enterprises. On the other hand, there are no regular meetings between researchers and government, no special budget for the subarea and no creation of centres of excellence in entrepreneurship research.

In Entrepreneurship education there is a policy objective to introduce knowledge of entrepreneurship at all levels in the school system, even though this is to a minor degree included in the Education Curriculum Guidelines. Plans exist mainly at elementary and secondary levels. Few activities have been introduced to involve teachers, no national sharing of information and experience exist and teaching materials mainly exists at university level. No national budget for the subarea is presented annually.

There is a stated policy objective to increase entrepreneurial activity levels for certain segments of the population, mainly for women and immigrants. Policy objectives for promotion are to increase broad-based awareness of entrepreneurship and to promote an entrepreneurial culture. However, only minor promoting events exist for entrepreneurs or SME owners, and no high-profile award programmes or awards for diversity in entrepreneurship. There are no special training activities for entrepreneurs and SMEs apart from one main programme financed by the EU, the so called European Social Fund.

One conclusion is that there is no direct relationship between resources experts believed invested and comprehensiveness for different subareas. One explanation might be many programmes with rather small invested resources in some subareas, while substantial resources are invested in a few specific programmes in other subareas, e.g. Financing.

4.6 The focus in the policy subareas

In the following all the subareas for the *narrow* entrepreneurship and SME policy are highlighted as regards what are considered to be the major problems, the solutions for these problems and also, the most important measures taken. These results take their point of departure in the 24 interviews.

4.6.1 Financing

Financing is the subarea where the experts consider themselves to have most knowledge. The subarea is argued to be one of the most important ones and also the subarea where the respondents believe that most resources are invested. It is at the same time one of three areas with the lowest mean values in the Comprehensiveness Index. The Financing subarea is where there is the largest consensus among the respondents.

It is mainly the lack of funding in early stages that the respondents identify as the biggest problem, but also the lack of funding for growing businesses, business transfers and even more specifically the lack of funding for innovative companies. The lack of funding in early stages includes both venture capital and seed funding.

There are two perspectives regarding Target groups, one that focuses on businesses in general where the respondents identify a need for minor amounts of funding, and one that focuses on innovative businesses and where they identify the need for primarily venture capital. The lack of funding necessitates both private and public venture capital and a lack of long-term public capital has been identified specifically for innovative companies.

Other opinions regarding the major problem concern the tax system that is singled out because it is viewed as the reason for the lack of private capital. There are also respondents who claim that there is no shortage of capital – and that the problem instead is matching the existing capital with the ideas. Others argue that the shortage is in venture capital.

Regarding issues related to the lack of funding, respondents also identify the problem for commercial actors to evaluate business ideas in the absence of records for new companies not daring to take excessive risks. Another opinion highlights this problem as specific for the service sector. Another problem that breaks with the common opinions is the lack of understanding about small businesses not wanting to get into debt and that they are more interested in bootstrapping methods.

The most important measures proposed by the experts, to solve the problem of lack of funding concern government intervention in the *narrow* EP/SMEP, for example micro-loans, seed capital or guarantee schemes, and public financing of long-term decisions concentrated to a few actors. One measure proposed that cannot be defined as either *narrow* or *broad* EP/SMEP is to encourage private savings.

Regarding the most important measures taken within the area the respondents, in particular the policymakers, emphasize the introduction of micro-loans at ALMI Företagspartner¹⁸, regional seed financing and a special financial measure for ALMI Företagspartner during the recent economic crisis. Business organization representatives argue that the most important measures taken are the removal of the gift and wealth taxes along with stabilization of the banking system and funding of incubators. Incubators, micro-loans and the gift tax are also emphasized by the researchers. The policymakers thus refer to the *narrow* EP/SMEP while the other groups refer to both the *narrow* and the *broad* policies.

4.6.2 Counselling and information services

The next subarea is Counselling and information services, one of the three where the respondents consider themselves to have most knowledge. The subarea is also considered to be one of the three most important subareas and after Financing the area where most resources are invested. It is also one of the three subareas with the highest mean values in the Comprehensiveness Index. In the Counselling and information subarea the respondents focus on highlighting problems concerning the supply system - the counselling system. There is, however, no consensus on what is the area's main problem.

Problems highlighted deal with a lack of quality in the counselling system and too many actors in the system. Too many actors make it difficult for entrepreneurs and nascent entrepreneurs to know where to turn. A perceived lack of transparency between actors also generates a problem where many actors overlap.

¹⁸ ALMI is a state-owned company tasked with promoting the development of competitive small and medium-size businesses and stimulating new enterprise with the aim of creating growth and innovation in Swedish trade and industry.

The large number of actors at various levels who distribute funding (e.g. ALMI Företagspartner and Tillväxtverket¹⁹) is also regarded as a problem. That information required to start and run a business is dispersed among many agencies and stakeholders is another perceived problem. The lack of quality in the counselling system includes actors not embracing new knowledge produced at universities and the counselling not being tailored to the needs of entrepreneurs and nascent entrepreneurs.

Another problem area concerns the lack of availability of counselling and information. Among other problems the respondents perceive a lack of counselling and information attracting broader groups, counselling not being able to reach immigrants and, unlike those who see that there are too many actors in the system, that there are too few actors.

Other problems are gaps linking funding and counselling, all regulations related to entrepreneurship and public measures competing with private organizations. The difference between companies in general and innovative companies is visible even in the Counselling subarea. Some experts express a lack of general counselling and argue that counselling and information services are being upgraded into innovation counselling.

The experts express different solutions to the problems concerning too many counselling actors and the perceived lack of quality in the counselling system, to reduce the number of actors and force them to cooperate. Other solutions are a more coaching-like approach with growing firms, quality assurance, certification and counselling checks, subsidizing the buyers instead of the suppliers.

There is one successful example of measures carried out in the Counselling and information subarea and frequently highlighted by the experts, viz. the www.verksam.se web portal, which is a collaboration between different authorities to facilitate information, registration and applications for entrepreneurs. Other successes highlighted are incubators, advisory services dealing with corporate avenues in Europe such as the EEN²⁰ and work at different research institutes and the programme for female ambassadors, which has also spread to a number of EU countries²¹. Other concrete measures mentioned are new-start offices, one-stop shops and ‘no wrong door in’.

4.6.3 Administrative burden

The Administrative burden subarea could be described as a “middle area” concerning knowledge, considered importance and also estimated invested resources. This area has the highest mean value in the Comprehensiveness Index. Two main problem areas are highlighted: problems related to the on-going regulatory reform process in Sweden and problems that are defined in the context of an excessive administrative or regulatory burden. Issues related to the latter include employment security legislation, the Audit Act, work environment laws and VAT / tax legislations.

The tax system is perceived to be the area where there is still a need for simplification and where few simplifications have been carried out. Concerning the administrative burden simplification process fears have been raised that the current simplification process will

¹⁹ Swedish Agency for Economic and Regional Growth which has the aim to work to achieve more enterprises, growing enterprises and sustainable, competitive trade and industry throughout Sweden.

²⁰ Enterprise Europé Network

²¹ In the research team this programme is regarded as belonging to the area of Promotion measures rather than to the Counselling and information area.

stop or that the Swedish Better Regulation Council²² should be discontinued. Another perceived problem is the lack of communication between the true needs and the solutions made; meaning “is this really a problem?”

An additional problem in this area is that no account has been taken of how companies value different rules, but all rules are measured in the same way. There are also some scattered opinions, that break with the more common opinions, that the focus on this area may deter future entrepreneurs.

Solutions to the problems highlighted by the respondents including keeping and strengthening the Swedish Better Regulation Council, deductions instead of grants to reduce bureaucracy and more attitude surveys concerning where the problems are in order to obtain better effects from the efforts.

Measures highlighted as the most important ones already carried out are the regulation simplification process conducted by the Ministry of Enterprise, Energy and Communications, the www.verksam.se web portal, the removal of the audit requirement for small firms, the reduction of share capital, the Swedish Better Regulation Council's activities, and that it has become easier to start a business. Looking ahead, experts highlight the importance of ensuring a further reduction of new rules.

4.6.4 Promotion measure activities

The Promotion measures subarea could also be described as a “middle area” when it comes to knowledge and importance. Concerning invested resources, however, it is the area where least resources are believed to be invested and at the same time, one of the three areas with the lowest mean values in the Comprehensiveness Index.

In this subarea, there are two directly opposed opinions. One claims that small business owners still have a negative image, where it is bad to make a profit from your business. There is a lack of understanding about the risk associated with being an entrepreneur. There are also negative attitudes on the part of municipalities and authorities concerning the education system since schools still educate for employment. In line with this reasoning, the biggest problem in this area is the lack of focus on business and entrepreneurship in the educational system.

The opposite opinion argues that attitudes have changed and that attitudes towards entrepreneurship today are positive, at least among the younger generation. It is also claimed that the younger generation are influenced by negative attitudes when they meet others (elderly people) in an employment situation.

There are some problems concerning Promotion measure. Some experts point out the problem of obtaining impact for Promotion activities in the media. Some see the problem with few efforts being made, in particular by the government, and that measures taken must be long-term. Another problem concerns promotion measures breaking completely with other opinions and that promotion measures in themselves are the biggest problem. People should not be pulled to entrepreneurship but should be given balanced information about entrepreneurship, its conditions and risks.

²² *The Swedish Better Regulation Council is an independent government-appointed committee of inquiry. The Council has advisory standing in relation to the regulator's regular preparation and decision-making organization.*

The last grouping of problems that gives another view of the biggest problems is the opinions about business organizations manifesting problems related to entrepreneurship, a lack of role models and a lack of legitimacy for measures in the business and industrial policy compared with social, financial and tax questions.

Concerning the solutions to these problems, many of the respondents are silent or unspecific. The solutions highlighted as most important are to introduce entrepreneurship in the school system, for policy to show measures and not only “talk”, efforts concerning taxes and highlighting small firms’ contributions. Another solution is for research to question the high problematization of entrepreneurship in certain organizations.

Measures highlighted as most important that have carried out in the promotion area are once again a policy-initiated programme for female ambassadors who can be seen as role models for aspiring entrepreneurs, the TV programme Dragons’ Den, and Venture Cup. Young Enterprise, the training programme for young entrepreneurs, is mentioned as influencing attitudes. Prizes to highlight individual entrepreneurs have become increasingly common and business leaders are considered important in this regard. A concrete regional programme to change attitudes at municipal administrations is also highlighted. Lastly, the respondents argue that the political parties generally have a more positive attitude towards entrepreneurship today.

4.6.5 Target group policies

In summary, the results concerning the target group policies subarea might also be described as a “middle area” as regards knowledge and resources believed invested. Regarding the importance of the subarea, it is one of the three least important areas. Target group policies are also a “middle area” as regards the Comprehensiveness Index. In addition, Target groups is the area where there is the clearest divide between the problem descriptions - those who think that the focus on target groups is a problem in itself (35% of the problem descriptions), and those who believe that there should be special efforts in this area.

The problems concern the target groups Young people, Women, Immigrants and Elderly people. Linked to the various groups are a number of specific problems. Examples include elderly people’s potential not being exploited, too few women starting and running a businesses and immigrants’ capacity not being utilized sufficiently. Problems concerning all groups are lack of financing and problems finding channels to reach all groups.

Solutions put forward by the experts for these problems are for example individual treatment instead of looking at groups of people, counselling efforts, information and contact mediation, a customized social security system for entrepreneurs, risk capital deduction, long-term political planning and increasing the freedom of economic activity in healthcare, care and education.

The most important measures carried out are the female ambassador programme, Young Enterprise and IFS’ collaboration with ALMI Företagspartner, opening up for privatization in the public sector and the so-called RUT deduction²³.

²³ A tax deduction for housework.

4.6.6 Policy-relevant research

Policy-relevant research is one of the three areas where the respondents consider themselves to have least knowledge and regard as least important. This is also one of three subareas where the respondents believe that least resources are invested. The results from the Comprehensiveness Index however rank this area number four as regards the highest mean values.

The Policy-relevant research area has a fundamental problem as regards the use of developed knowledge and how well the researchers manage to formulate their conclusions for use in practice. Otherwise, opinions are divided between those who think there is too much research and those who think there is too little. Several of the respondents call for research on growing businesses, conditions for businesses and innovation systems.

Solutions to the problem of research not being used are for policy and research to cooperate to a larger extent, for the state to take responsibility to open more meeting places for researchers and policymakers, for researchers to present understandable results and for policymakers and politicians to be open and embrace results.

The examples highlighted as the most important measures carried out in this area broadly follow the lines that describe the problems. They emphasise the growing interest in and development of interactive research and the need for more small business research.

4.6.7 Entrepreneurship in the education system

Entrepreneurship education is one of three subareas where the respondents consider themselves to have least knowledge and at the same time consider to be one of the most important subareas. It is also one of the three areas where the respondents believe that most resources are invested. The mean value in the Comprehensiveness Index ranks this subarea number five. The most recurrent problem in the field of entrepreneurship education concerns entrepreneurship education not yet being regarded as a natural part of the mainstream education system.

The interpretation of entrepreneurship as starting a business creates tensions and closures in the Swedish school system problems and instead it is the concept of entrepreneurial learning the teachers have easier to embrace²⁴. The conflict between the interpretations can also be seen in this material where one problem concerns the lack of education in running a business, while another problem explicitly concerns this interpretation and instead points to a lack of entrepreneurial learning in teacher training.

The (almost only) solution highlighted by the experts concerns entrepreneurship education not being a natural part of the whole educational system today.

The most important measures already implemented highlighted are projects and concepts concerning entrepreneurship education in the lower levels of the educational system. Practical applied activities include for example Open for Business²⁵, Young Enterprise and Finn Upp. At the national level, the strategy concerning entrepreneurship in the educational system presented in 2007 is highlighted together with the national entrepreneurship programme²⁶ which formed the foundation for regional efforts in this

²⁴ *Entrepreneurial learning is rather pedagogy designed to encourage initiative and responsible students and can be used regardless of subject.*

²⁵ *A concept imported to Sweden in 2000.*

²⁶ *A national programme active between 2005 and 2007- the first extensive national effort in entrepreneurship education.*

area and that entrepreneurship are now part of the national curricula. A proposal to introduce apprenticeship is another important measure but not very much has happened in that respect.

4.6.8 Innovative entrepreneurship

Summarizing the previous results concerning the Innovative entrepreneurship subarea, the respondents consider themselves to have the most knowledge about this area. In the SME policy it is regarded as one of the most important subareas, and it could be described as a “middle area” concerning estimated invested resources. This subarea has the second highest mean value in the Comprehensiveness Index.

Issues related to research at universities and funding problems are key problem areas. Regarding university research, the respondents emphasize problems the lack of incentives for commercialization of university research and who should commercialize university research as problems. Others argue that the connection of exclusively innovative entrepreneurship to universities is in itself a problem while others argue that the focus on university research is too great. Regarding funding, it is both the lack of funding in early stages and for growing firms that are emphasized. This includes a lack of long-term public funding and funding for innovative companies to ensure internationalization. These problems are related to problems in the tax system and regulations, another area of problems regarding innovative entrepreneurship. Other examples of problems concern attitudes, the a lock-up to technical innovation and a definition problem, i.e. a lack of common typology. The Innovative entrepreneurship area is considered to be of great importance, among other things indicated by the many problems and views expressed.

The lack of common typology is argued to contribute to misunderstanding through apples being mixed with oranges and also leads to policies that do not work. The solution to this problem, as argued by the experts, is to finance researchers to solve this problem. Other solutions deal with financial problems, as argued by the experts, e.g. increase access to risk capital, risk capital deduction, and not spread funding responsibilities over several organizations. Other solutions concern increasing quality in the counselling system, VINNOVA's²⁷ Research and Growth programme, to switch the on-going effort on innovation systems to cluster dynamics.

Regarding the most important measures taken in the area of Innovative entrepreneurship, relatively few experts can give any examples of what have been done. Some speak about incubators, business villages, and Innovationsbron,²⁸ aimed at the service sector, and funding measures. Again, VINNOVA's Research and Grow programme is mentioned. One regional effort highlighted is the Knowledge Corner²⁹, previously carried out in the south of Sweden. All these measures might be seen as part of the *narrow* EP/SMEP. Measures highlighted that might be defined as part of the *broad* policies are the removal of the gift tax and the opening of the public sector for privatization. Other measures mentioned are the start of the Knowledge Foundation³⁰ which can now support innovative

²⁷ VINNOVA is Sweden's Innovation Agency.

²⁸ Innovationsbron is jointly owned by the state and Industrifonden. They support researchers, innovators and entrepreneurs and translate their ideas into business.

²⁹ This was an effort where firms were visited to listen to their needs in order to be able to connect the right resources.

³⁰ A financier of university research.

projects and the importance of the privileges at universities where the researchers themselves own the research results.

4.6.9 Training

The Training subarea is summarized as the subarea where the respondents consider themselves to have the least knowledge. They also consider it to be, in an entrepreneurship policy perspective, one of the least important subareas. In an SME policy perspective it is regarded as a “middle area”. It is also estimated to be one of the three areas where least resources are invested. It is also the subarea with the lowest mean values in the Comprehensiveness Index.

Problems that the respondents emphasize in the training area mostly concern the lack of competence in firms and the implementation of training. The lack of competence that is assignable specifically to innovative businesses concerns the lack of knowledge about internalization. Concerning businesses in general, a lack of competence regarding book-keeping and employment regulations are emphasized. Problems in implementing training concern partly the firms, their lack of time and their lack of financing for substitutes. The problems also partly concern the system and the providers. Examples given are that education needs to be tailored to entrepreneurs’ needs and that it is hard to reach and engage entrepreneurs in activities.

Needs and resources do not match due to the fact that needs change over time and the system does not work fast enough to meet the needs. When public solutions are implemented, the need has already turned into something else. Opinions that completely differ from those described above are a reluctance to spend taxpayers’ money on training measures for small businesses when there is a general educational system and knowledge is available in the market-place.

Concerning the problem of lack of knowledge about internationalization, one proposed solution is to stimulate better connections to big global companies to use their knowledge. Ideas concerning training tailored to the companies’ needs are to create some kind of training account which follows the individual through life. Other experts argue for financial support for small firms to be able to use substitutes and to connect students with small firms. Other argue that the market will solve many of these problems without any intervention.

Training is the subarea where several of the respondents do not express views about the most important measures carried out. The measures expressed concern the European Social Fund or regional projects. Other examples are ALMI Företagspartner’s mentorship programme and efforts concerning societal entrepreneurship, which leads to ethical discussions. Examples of regional projects are SME - Trainees³¹ and Expedition Forward³².

4.6.10 Summary

To summarize, Financing and Counselling and information services are regarded as the most important subareas in both entrepreneurship policy and SME policy and they belong

³¹ *An effort where economic and engineering graduates were paid to work in small companies for 6 months – 80% of the companies then chose to employ them, Luleå University.*

³² *A regional training and networking effort between small and medium-size companies.*

to a group of subareas where the respondents consider themselves to have most knowledge and also where they believe most resources are invested.

However, the two subareas differ as regards what the biggest problems are. Concerning the Financing subarea there is a mutual understanding that the biggest problem is a lack of funding, mainly funding for early stages. There are, however, also opinions about lack of funding for growing businesses, business transfers and even more specifically the lack of funding for innovative companies. The opinions also differ as regards what kind of funding we are talking about (private/public, seed capital/venture capital, etc). The differences in opinion might to some extent be interpreted as indicating that the respondents are talking about either firms in general or innovative firms. As stated earlier the Financing subarea is one of the subareas with the lowest mean values in the Comprehensiveness Index. As discussed earlier, this is due to guarantee systems or special tax related programmes not being used for entrepreneurs and SMEs, e.g. credits to encourage R&D activities in SMEs or venture capital investments in early-stage ventures. The measures mainly concern public loan programmes, public equity programmes and to some extent microfinancing. Regarding the most important measures that have been taken within the subarea the respondents emphasize the introduction of microloans at ALMI Företagspartner, regional seed financing, and the crisis package made available to ALMI Företagspartner.

Concerning the Counselling and information subarea opinions differ, except for the fact that it is the supply system that is under scrutiny. Problems highlighted concern a lack of quality in the counselling system, too many actors and for all users to access the system. The subarea has one of the highest mean values in the Comprehensiveness Index. This is due for example to the fact that first or one-stop shops have been developed, there is a governmental sponsored web portal, there are delivering networks in all regions and the government facilitates the development of mentor programmes. There are, however, no objectives for Counselling and information and minor subsidies exist to support the training of new entrepreneurs or the professional development of delivering networks, to set performance standards, or exchange best practices in the area. The government-sponsored web portal is held up as the most important measure carried out in this subarea.

Other important subareas are Entrepreneurship education in entrepreneurship policy and Innovative entrepreneurship in the SME policy. Innovative entrepreneurship has the second highest mean value in the Comprehensiveness Index due to there being government-sponsored events that profile innovation systems, some pre-commercialization funding for promising new technology-based firms and also support to encourage spin-off companies from universities and public funded R&D. There is, however, no real strategy with governmental funding to subsidize the initial funding of incubators in key regions. There is also minor funding from the government of special seed programmes to start-ups and early stage development of innovative entrepreneurs. Problems concerning funding are considered to be the subarea's largest. This is also the subarea where the respondents consider themselves to have most knowledge.

Entrepreneurship education is one of three subareas where the respondents consider themselves to have least knowledge. It is also one of three subareas where the respondents believe that most resources are invested. The mean value in the Comprehensiveness Index ranks this subarea as number five, despite there being a policy objective to introduce knowledge of entrepreneurship at all levels in the school system, even though this is to a minor degree included in the Education Curriculum Guidelines. Plans exist mainly at elementary and secondary levels. Few activities have been introduced to involve the

teachers, no national sharing of information and experience exists and teaching material mainly exists at university level. No national budget for the subarea is presented annually. The most recurrent problem in Entrepreneurship education is that it is not yet viewed as a natural part of the mainstream education system.

The two subareas that are considered to be of least importance in both entrepreneurship and SME policies are Policy-relevant research and Target groups. Target groups is the subarea where there are opposite opinions between those who think that the focus on target groups is a problem in itself and those who believe that there should be special efforts in this subarea. The subarea could be described as a “middle area” as regards knowledge and resources believed invested and also as regards the Comprehensiveness Index. There is a stated policy objective to increase entrepreneurial activity levels for certain segments of the population, mainly for women and immigrants. However, only minor promoting events exist for entrepreneurs or SME owners and no high-profile award programmes or awards for diversity in entrepreneurship. Concerning the most important measure carried out in the Target group subarea the female ambassador programme is mentioned by several of the experts.

The Policy-relevant research subarea is the one where the experts consider themselves to have least knowledge and that least resources are invested. The results from the Comprehensiveness Index however put the area in fourth place as regards the highest mean values. Research has been carried out to determine to what extent government programmes are included in the school system, concerning evaluation of different programmes, regarding the problem of hiring the first employee, measuring the cost of new legislation, reviewing financial gaps and the growth rates of different demographic groups in start-ups and early phases. On the other hand, no special budget for the subarea or centres of excellence in entrepreneurship research exist and no regular meetings take place between researchers and government representatives. This also concerns the fundamental problem in the area, viz. that research is often not used due to miscommunication between policymakers and researchers.

Training is also one of the areas considered least important in the entrepreneurship policy area. The respondents consider themselves to have least knowledge about this area and they also estimated that this is one of the three areas where least resources are invested. This is also the subarea with the lowest mean values in the Comprehensiveness Index. Problems that the respondents emphasize in the Training subarea mainly concern the lack of competence in firms and the implementation of training.

Administrative burden is the subarea with the highest mean values in the Comprehensiveness index. There is a clear objective to ease the process of starting a business and create a better regulation unit. Government review time and cost of starting a business and registration have been streamlined. A Single Business Number is used for new companies, there is a single point of entry, and the government has taken initiatives to reduce administrative burdens for existing SMEs and tries to protect private companies from public sector companies' competition. On the other hand there are minor initiatives to reduce penalty of business failures or to review barriers to business transfers or to actively strengthen intellectual property rights. Two main problem areas are highlighted: one related to the on-going regulatory reform process in Sweden and one to problems that are defined in the context of an excessive administrative/regulatory burden.

The Promotion measures subarea is a “middle area” as regards knowledge and importance. Concerning invested resources, it is however the subarea where least resources are

believed to be invested. It is at the same time one of three subareas with the lowest mean values in the Comprehensiveness Index.

Finally there are some differences in thought in this material that we would like to elaborate on. One of the differences is between those who take the *narrow* policies for granted and consider that special measures should be carried out to help entrepreneurs and SMEs. The other view is that the market must solve the problems itself and measures taken should concern the *broad* policies or, beyond that, measures should be implemented in the tax system to allow individuals to save more money to be able to invest. In this line of thought, information, training, etc should be delivered by the market or the general system. Experts' opinions also differ as to whether any problems exist in an area or not.

5 Conclusions and policy implications

The report is the first one to describe the costs for EP and SMEP in Sweden. The estimations of the costs refer to 2009. One might of course object the fact that costs are presented for only one year. However, with the existing system of presenting projects and programmes in EP and SMEP it takes a great deal of work to calculate such figures. Furthermore, one can argue that 2009 was a very special year due to the on-going worldwide economic crisis that also affected the Swedish economy. An estimation has therefore been made of to what extent the economic crisis has influenced cost levels. It is shown that the crisis to some extent influenced the *broad* policy but not the *narrow* policy.

The two projects described in the report concern the costs and what policymakers are doing when they deal with EP and SMEP. The method of describing what policymakers actually do is to estimate the so-called comprehensiveness of different parts of EP and SMEP. This is mainly done by raising a number of questions to be answered by going through a great many documents to find an accurate answer to describe to what extent measures have been taken in different parts of the policy areas. The answers to all these issues can be found in Appendix 4.1, where the answers from different groups of experts who were interviewed are described. The differences between the groups are overall minor and it has not been the aim to assess the answers from different group of experts. On the contrary, it must be very difficult to have correct answers in all subareas and for the questions raised.

The projects described in the report have generated a great deal of information which as far as we can see was not previously known in Sweden or in any other country. There are of course several reasons for this: it proved to be very complicated to calculate the cost figures and manuals are needed on how to conduct the cost and comprehensiveness projects; since so many projects and programmes are carried out annually it is very time-consuming to review thousands and thousands of them; many different financial sources must be taken into account; and many documents have to be analysed alongside the results from tape-recorded interviews with experts representing policymakers, the research community and business organizations at national and regional level.

The following paragraphs outline a number of important conclusions and policy implications originating from the results presented in the previous chapters.

1. Analyse and discuss the total policy area of entrepreneurship and small business and related innovation policy

Substantial resources are invested in the EP and SMEP areas, mainly in the so called *broad* policy area. At the same time, only the *narrow* policy area is normally discussed in the public debate. It is obvious that to calculate or analyse the total effects of the policy areas both the *narrow* and the *broad* policy area need to be taken into account. One might suspect that the effects of the *broad* policy area are greater than these of the *narrow* policy area. Above all, one should take the total costs into account to a greater extent when evaluations are made. One should therefore in future try to estimate the impact of all policy measures taken. Most impact studies are made in the *narrow* policy area today.

It is very difficult to make such impact analyses for a number of reasons, e.g. interdependency between projects and programmes, the effects of policy measures cannot be isolated from other type of effects or problems with time lags between measures taken

and potential effects of such measures. Another problem might be the extent to which one has to take the context of a nation or a region into consideration. The impact of different policy measures will be dependent on the specific situation of a region or nation. In the IPREG project's earlier study such aspects were discussed by defining indicators for measuring vitality, structure and outcome, see Lundström, Almerud and Stevenson (2008). It is difficult to conduct research on the impact of measures taken in the EP and SMEP area. However we think that with accurate cost figures one could at least start to discuss allocation and levels of costs between *narrow* and *broad* policy and the different subareas. However, it is also important to monitor how costs develop over the years since the total costs for different measures taken often cannot be calculated until several years have passed.

In line with this implication one might consider what can be achieved by the measures taken in the *narrow* policy area. Could these be isolated from the total effects of measures taken for EP and SMEP or could they really be expected to have a major impact compared to what is done in the *broad* policy area? It is of course possible that small resources invested in the *narrow* policy area could have a huge impact compared to substantial resources invested in the *broad* policy area. The problem is that we really do not know.

2. Analyse and discuss the cost allocation between different subareas in EP and SMEP

The figures presented in the report make it possible to discuss the existing allocation of resources. One example might be how to assess all the financial resources invested in the policy area. A main policy measure taken in the subarea is to work with tax relief. This is a measure taken only in the *broad* policy. If there is a shortage of capital in the early stages of a development process one could analyse whether tax relief is a more effective measure than allocating more direct financial resources in some phases, the argument being that more general problems should be solved by using general rather than selective policy measures. One concrete example might be how innovation and product development can be stimulated in existing SMEs.

The differences between *broad* and *narrow* policy are not really a difference between general and selective measures taken. In the *broad* policy defined in this report all entrepreneurs and SMEs fulfilling certain criteria will receive a specific kind of support, e.g. grants for home-based services or renovation of buildings or homes, while in the *narrow* policy specific organizations decide which entrepreneur or SME will for example receive a specific risk loan. In such discussions one important aspect might therefore be to discuss when one of the approaches is most appropriate and how the measures taken in each area can complement each other.

3. Analyse and discuss the cost distribution between entrepreneurship and small business policy

One might discuss in which phases of the process resources are invested. According to our results, a small portion of the total resources is invested in the area of EP compared to SMEP; in other words small resources are invested in early and start-up phases. As described earlier, EP resources are underestimated since it has not been possible to calculate the ages of existing companies due to the fact that (according to our definition of

EP) it concerns policy measures taken in the start-up phase and for firms younger than three years old. Despite this, one could of course argue for a reallocation of policy measure resources, one argument being that entrepreneurs in a start-up phase and during their first years are learning how to run and develop their companies and that failure rates decrease over the years.

4. What is the real role of the *narrow* policy?

Our estimation is that there was only a minor, if any, increase in costs for the *narrow* policy during the crisis. No specific cost figures have been seen as dependent on the crisis. Resources were allocated to ALMI Business Partner to lend to different types of companies, but the time perspective is too short and one would not therefore expect costs to increase in 2009. All in all, one might consider that the *narrow* policy has been regarded as marginal and cannot be used in an extreme economic crisis. Faith in this part of the policy is therefore limited, at least among some policymakers. This is not to say that if the same amount of resources had been invested in the *narrow* policy, they would have had less impact. However, it is important to discuss when one should use measures defined as *narrow* policy and measures defined as *broad* policy.

5. Activities taken in the *narrow* policy areas are not a good estimation of cost allocation

Comprehensiveness in different policy subareas is not a good measure of the costs for different subareas. There seem to be many projects and programmes going on, not least in the *narrow* policy area, but these projects and programmes might be limited as regards costs. There is of course also a possibility that the issues raised concerning the Comprehensiveness Index give a limited picture of what is really going on. At the same time, since there is consensus among experts on many of these issues the Comprehensiveness Index for different subareas deals with issues that are discussed and known. It therefore gives a picture of what nations or regions are doing or not doing even if one cannot translate these activities into cost figures, although this type of exercise generates interesting information. One example is that Sweden works a little differently compared to many other countries in the Financing subarea due to the lack of a guarantee system or a system for R&D directed towards existing SMEs. It would be of interest to compare the costs for different types of systems in the Financing subarea. However, it is also important to realize that higher EP and SMEP costs cannot be considered to be better than smaller costs. It is a matter of what impact these costs have in the system.

6. It is important to know the size of the administrative costs in the system and create *one* uniform system to calculate costs in the future

There is still a lack of knowledge of the size of the administrative costs. In line with this, substantial resources have been invested to find actual figures and determine to which subarea they should be allocated. One suggestion is that there should in future be a systematic way to obtain information about project and programmes and their costs. This can easily be done if for each project one decides to which subarea it belongs, to which phases during the process it belongs, which sector, and the size of overhead and

administrative project costs. Such a system would make it possible to monitor EP and SMEP costs continuously over the years. Different organizations might argue that they have such a systematic system for follow-up studies of the costs. The problem, however, is that different organizations will have different systems for such descriptions. For such a system to be effective, the same system must be used by all partners at all levels. It would be easy to develop such a system by following the manual for the cost project. The system should be used for both the *narrow* and the *broad* policy.

7. Sweden should take an initiative to introduce one uniform system for cost calculation in different countries and regions

In line with the above suggestion it is also important that costs can be allocated not only in Sweden and our regions but also in other comparable countries in Europe. Such a system will make it possible for other countries and regions to participate in future studies and begin to learn lessons from both the *broad* and the *narrow* policy from each other. The manuals in this project could be used to create such a system and present it in international organizations like the OECD and/or the European Commission.

8. There is a need to create overall impact studies for EP and SMEP that also compare impact results in the light of the context of a region or nation.

We were not successful in developing an improved model for describing the context of a region or a nation. A first attempt was made in the previous reports, see Lundström, Almerud and Stevenson (2008) for a description of the context and its subsets of Vitality, Structure and Outcomes. A draft was drawn up with an increased number of indicators but the work needs to be developed further. It is of vital importance to learn more about the importance of the context when formulating different EP and SMEP policy measures. We know too little for the moment of the impact of policy measures due to different contexts.

This report is a first overall study of the costs of policy measures taken in the area of EP and SMEP. It is not an impact study of what effects have been achieved by the measures taken. However, if one does not know the size of the costs one cannot begin to conduct such impact studies. Furthermore, with knowledge of the cost figures it is possible to discuss cost allocation to different subareas and between EP and SMEP. How cost allocations match policy priorities might be one question that can be discussed on the basis of the results presented in this report. To really discuss priorities and impact one needs studies from many nations and/or regions. Such studies demand similar approaches for the projects; two specific manuals have been written on how to conduct the research. These manuals have been discussed with our international partners in the project.

9. The overall responsibility for the EP and SMEP should be given to the Minister of Enterprise, Energy and Communication

In the report we have shown that for the total policy costs a minor part is governed by the Ministry of Enterprise, Energy and Communication. At the same time, it is obvious that in Sweden and other comparable countries the main competence in the EP and SMEP areas will be found in this ministry. We therefore feel that as a step towards coordinating the resources invested in EP and SMEP the overall responsibility for coordinating all policy resources in the area should be given to this ministry. Since so many ministries are involved more or less in forming the EP and SMEP today, there will otherwise be a risk that resources will not be used effectively.

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Appendix

Entrepreneurship Policy Framework Actions

1. General policy (15 items)		All experts (n 18)	Policy (n 11)	Research/ Business (n 7)	Project group
To what extent are there policy statements regarding the importance of entrepreneurship to the economy in the central government's national development plan? (1-4)	Mean SD	3.6 0.6	3.8 0.4	3.2* 0.8	4
To what extent are there policy statements regarding the importance of SMEs to the economy in the central government's national development plan? (1-4)	Mean SD	3.7 0.5	3.9 0.3	3.3* 0.5	4
To what extent are there policy statements regarding the importance of innovation to the economy in the central government's national development plan? (1-4)	Mean SD	3.6 0.6	3.7 0.7	3.5* 0.5	4
To what extent are policy objectives for entrepreneurship embedded as a line of action in another policy framework? (1-4)					
In SME policy?	Mean SD	2.8 1.0	3.1 1.1	2.5- 0.8	3
In Innovation policy?	Mean SD	2.7 1.0	2.7 1.3	2.7* 0.8	3
Have specific targets been set for increasing the start-up rate or the number of new entrepreneurs/new businesses? (Yes or No)	Yes No Don't know	39% 44% 17%	55% 36% 9%	14% 57% 29%	Yes
Have specific targets been set for increasing the number of growing SMEs? (Yes or No)	Yes No Don't know	22% 61% 17%	36% 55% 9%	0% 71% 29%	No
Have specific targets been set for increasing the number of innovations in existing SMEs? (Yes or No)	Yes No Don't know	22% 61% 17%	36% 64% 0%	0% 57% 43%	No
To what extent is there a central government budget allocation for entrepreneurship policy measures? (1-4)	Mean SD	2.1 1.0	2.2 1.1	1.8*** 1.0	1
To what extent is there a central government budget allocation for SME policy measures? (1-4)	Mean SD	2.6 1.0	2.5 1.2	2.7* 0.5	2
To what extent is there a central budget allocation for innovation policy measures? (1-4)	Mean SD	3.2 0.9	3.4 0.8	2.8* 1.0	2
To what extent is there a definition of the entrepreneurship policy area? (1-4)	Mean SD	2.0 1.3	2.4 1.3	1.5* 1.2	1
To what extent is there a definition of the SME policy area? (1-4)	Mean SD	2.0 1.2	2.4 1.3	1.5* 0.8	1
To what extent is there a definition of the innovation policy area? (1-4)	Mean SD	2.5 1.2	2.6 1.3	2.3* 1.2	1
To what extent are the three policy areas integrated with each other? (1-4)	Mean SD	2.3 1.2	2.5 1.2	1.9 1.2	2
Mean (Yes and No not included)		2.8	2.9	2.5	2.3

*1 don't now, ** 2 don't know, ***3 don't know.

2. Policy structure for entrepreneurship (7 items)		All experts (n 18)	Policy (n 11)	Research/ Business (n 7)	Project group
Is there an agency or administrative unit within central government with primary responsibility for entrepreneurship policy issues? (Yes or No)	Yes No Don't know	68% 11% 22%	91% 9% 0%	29% 14% 57%	Yes
Is there an agency or administrative unit within central government with primary responsibility for SME policy issues? (Yes or No)	Yes No Don't know	56% 33% 11%	45% 55% 0%	71% 0% 29%	Yes
Is there an official politician responsible for entrepreneurship policy issues in the national/central government? (Yes or No)	Yes No Don't know	78% 0% 22%	100% 0% 0%	43% 0% 57%	Yes
To what extent do responsibilities for the entrepreneurship and SME policy areas exist in the same ministry? (1-4)	Mean SD	2.9 0.9	3.2 0.8	2.6 1.0	3
To what extent does the responsibility for entrepreneurship and SME policy areas exist for the same politician? (1-4)	Mean SD	3.0 0.9	3.3 0.8	2.5* 1.0	3
To what extent is there a centrally managed delivery structure for entrepreneurship policy measures to render support at regional level? (1-4)	Mean SD	2.6 1.0	2.5 1.0	2.7* 1.0	2
To what extent is there a centrally managed delivery structure for SME policy measures to render support at regional level? (1-4)	Mean SD	2.6 1.0	2.5 1.0	2.7 1.0	2
Mean (yes and no not included)		2.8	2.9	2.6	2,5

*1 'don't know', ** 2 'don't know', ***3 'don't know'.

3. Performance tracking (6 items)		All experts (n 18)	Policy (n 11)	Research/ Business (n 7)	Project group
To what extent does the government have mechanisms to assess and track measures of 'entrepreneurial climate' and 'entrepreneurial culture'? (1-4)	Mean SD	2.6 1.1	2.9 0.8	2.0** 1.4	2
To what extent does the government evaluate and monitor the impact of entrepreneurship policy measures? (1-4)	Mean SD	2.7 0.8	2.8 0.9	2.5* 0.8	2
To what extent does the government evaluate and monitor the impact of SME policy measures? (1-4)	Mean SD	2.7 0.8	2.8 0.9	2.5* 0.8	2
To what extent does the government track and report on business dynamics (i.e., the entry, exit, survival and growth rates of enterprises)? (1-4)	Mean SD	3.0 0.9	3.2 0.8	2.7* 1.0	3
To what extent are self-employment, business ownership and business dynamics data disaggregated by gender, age, ethnic origin and region? (1-4)	Mean SD	2.9 1.0	2.7 0.9	3.2* 1.0	3
To what extent does the government support and publish research on entrepreneurship? (1-4)	Mean SD	2.7 0.8	2.9 0.7	2.3* 0.8	2
Mean (yes and no not included)		2.8	2.9	2.5	2.3

*1 'don't know', ** 2 'don't know', ***3 'don't know'.

1. Access to financing (13 items)		All experts (n 18)	Policy (n 11)	Research/ Business (n 7)	Project group
Is there a concrete policy objective for pre- and early-stage financing? (Yes or No)	Yes No Don't know	44% 32% 22%	55% 27% 18%	29% 43% 29%	No
To what extent have efforts been made to redirect more of the available supply of capital to pre- and early-stage financing? (1-4)	Mean SD	2.9 0.6	2.9 0.7	3.0 0.6	2
To what extent is there a government-supported micro-financing programme to enable more people to start new businesses? (1-4)	Mean SD	2.6 0.9	2.6 1.0	2.5* 0.8	3
To what extent is there a government-backed credit guarantee scheme to reduce the lending risk of new, small, and early-stage enterprises? (1-4)	Mean SD	1.9 0.9	2.0 1.0	1.8* 0.8	1
To what extent does the government deliver its own loan programmes for new and early-stage enterprises? (1-4)	Mean SD	2.7 0.9	2.9 1.1	2.4 0.5	4
To what extent does the government deliver its own equity programmes for new and early-stage enterprises? (1-4)	Mean SD	2.4 0.9	2.6 0.9	2.0* 0.6	3
To what extent does the government support the development of angel networks or databases to bridge gaps between entrepreneurs and informal investors? (1-4)	Mean SD	2.2 1.1	2.3 1.2	2.0*** 0.8	1
To what extent does the government stimulate the availability of venture capital funds for early-stage firms? (1-4)	Mean SD	2.2 1.0	2.5 1.0	1.7* 0.5	2
To what extent has the government relaxed regulations for 2 nd -tier stock markets? (1-4)	Mean SD	1.2 0.4	1.2 0.4	-	1
To what extent does the central government offer concessionary or favourable tax rates to newly started firms (e.g. VAT exemptions; income tax rebates; reduced corporate tax; accelerated capital cost allowances)? (1-4)	Mean SD	1.1 0.3	1.0 0.0	1.2* 0.4	1
To what extent do special tax credits exist to encourage R&D activity by SMEs? (1-4)	Mean SD	1.2 0.4	1.2 0.4	1.1 0.4	1
To what extent are tax incentives used to encourage informal investment in new and growth-oriented firms? (1-4)	Mean SD	1.1 0.3	1.2 0.4	1.0* 0.0	1
To what extent are tax incentives used to encourage venture capital investments in early-stage ventures (e.g., tax concessions; pooled capital funds)? (1-4)	Mean SD	1.3 0.5	1.4 0.5	1.1 0.4	1
Mean (yes and no not included)		1.9	2.0	1.8	1.8

*1 'don't know', ** 2 'don't know', ***3 'don't know'.

2. Counselling and information services (12 items)		All experts (18)	Policy (11)	Research/ Business (n 7)	Research group
Is there a stated policy objective for counselling and information services in entrepreneurship policy? (Yes or No)	Yes No Don't know	61% 11% 28%	73% 9% 18%	43% 14% 43%	No
To what extent does the government make provision to ensure that the needs of nascent and early stage entrepreneurs are met through existing service-delivery networks? (1-4)	Mean SD	2.8 0.8	2.9 0.5	2.6** 1.1	4
To what extent are there 'first' or 'one-stop' shops in place to provide new entrepreneurs with business start-up information, assistance and advice? (1-4)	Mean SD	2.8 1.0	3.0 0.8	2.4 1.3	4
To what extent is there a government-sponsored web portal that provides start-up and other information to nascent and new entrepreneurs? (1-4)	Mean SD	3.5 0.9	3.8 0.6	2.8* 1.2	4
To what extent is there a network of business enterprise centres in all regions of the country with the mandate to assist new entrepreneurs? (1-4)	Mean SD	3.3 1.1	3.6 0.7	2.8*** 1.5	4
To what extent does the government facilitate the development of mentor programmes for new entrepreneurs and growth firms? (1-4)	Mean SD	2.7 1.0	2.8 0.9	2.4** 1.1	3
To what extent are subsidies available to support the training of new entrepreneurs? (1-4)	Mean SD	2.4 1.0	2.4 0.9	2.0*** 1.4	2
To what extent does the government support the professional development of business advisers and economic development agents? (1-4)	Mean SD	2.5 0.8	2.4 0.7	-	2
To what extent are performance standards in place for service providers? (1-4)	Mean SD	1.5 1.0	1.6 1.1	-	1
To what extent does the government convene forums for the exchange of best practices among service delivery agents? (1-4)	Mean SD	1.6 1.1	1.4 0.9	-	1
To what extent are there forums and horizontal networks for all actors (e.g. educators, regulators, advisers, policymakers, researchers and entrepreneurs)? (1-4)	Mean SD	2.1 0.9	2.1 1.1	2.2** 0.8	2
To what extent has the government implemented initiatives to bridge information gaps between private investors and early-stage entrepreneurs? (1-4)	Mean SD	2.0 1.0	2.2 1.1	-	1
Mean (yes and no not included)		2.5	2.6	2.4	2.5

*1 'don't know', ** 2 'don't know', ***3 'don't know'.

3. Administrative burden (removing barriers) (14 items)		All experts (18)	Policy (11)	Research/ Business (n 7)	Research group
Is there a clearly stated policy objective to ease the process of starting a business? (Yes or No)	Yes No Don't know	72% 25% 175	91% 9% 0%	43% 29% 29%	No
To what extent has the government reviewed the time and cost of starting a new business? (1-4)	Mean SD	2.9 1.1	3.0 1.2	-	4
To what extent have business registration procedures been streamlined for new firms? (1-4)	Mean SD	3.2 0.9	3.3 0.8	3.0** 1.0	4
Does the government use a Single Business Number for new company registrations and on-going dealings with government departments/agencies? (Yes or No)	Yes No Don't Know	39% 28% 33%	36% 36% 27%	29% 14% 57%	Yes
To what extent is there a single point of entry where new entrepreneurs can access information about government regulations and obtain advice? (1-4)	Mean SD	3.6 0.7	3.8 0.4	3.2* 1.0	4
To what extent does the government have initiatives to reduce/relax the administrative burden for existing SMEs?	Mean SD	2.7 0.8	3.1 0.7	2.1 0.7	3
To what extent is there open competition for the entry of new firms in all sectors? (1-4)	Mean SD	3.1 0.8	3.4 0.8	2.7* 0.5	3
To what extent does the government protect private firms vis-à-vis competition from public sector enterprises? (1-4)	Mean SD	2.5 1.0	2.7 1.0	2.2** 1.1	3
To what extent have bankruptcy laws been adjusted to reduce the penalties of 'failure' and to increase an entrepreneur's opportunity to restart? (1-4)	Mean SD	1.9 0.8	1.8 0.8	2.0*** 0.8	2
To what extent have bankruptcy laws been adjusted to reduce the penalties of 'failure' and to increase the opportunity for an SME owner to restart? (1-4)	Mean SD	1.9 0.8	1.8 0.8	2.0*** 0.8	2
To what extent has the government reviewed barriers to the transfer of businesses? (1-4)	Mean SD	2.3 0.6	2.4 0.7	2.2** 0.4	2
To what extent has the government undertaken actions to strengthen intellectual property and protection policies? (1-4)	Mean SD	2.0 1.0	2.4 1.0	1.5*** 0.6	2
To what extent has the government acted to reduce SMEs' administrative burden? (1-4)	Mean SD	2.9 0.9	3.1 1.0	2.4 1.0	3
Has the government set up a 'better regulation unit' to monitor the impact of all new legislation and regulations on new and small firms? (Yes or No)	Yes No Don't know	78% 6% 17%	82% 0% 18%	71% 14% 14%	Yes
Mean (yes and no not included)		2.6	2.8	2.3	2.9

*1 'don't know', ** 2 'don't know', ***3 'don't know'.

4. Promotion measures (9 items)		All experts (18)	Policy (11)	Research/ Business (n 7)	Research group
To what extent is there a stated policy objective to increase broad-based awareness of entrepreneurship and to promote an entrepreneurial culture? (1-4)	Mean SD	3.1 0.9	3.3 0.8	2.7 1.1	3
To what extent does the government sponsor promotion events that profile entrepreneurship? (1-4)	Mean SD	2.9 1.0	3.1 0.9	2.7 1.1	2
To what extent does the government sponsor promotion events that profile SMEs? (1-4)	Mean SD	3.1 0.9	3.2 0.9	2.9 0.9	2
To what extent does the government alone, or in partnership with private sector organisations, recognise entrepreneurs through national, high-profile award programmes? (1-4)	Mean SD	2.6 1.0	3.0 0.8	2.0* 0.9	1
To what extent does the government alone, or in partnership with private sector organisations, recognise SMEs through national, high-profile award programmes? (1-4)	Mean SD	2.3 0.9	2.6 1.1	1.8* 0.4	1
To what extent do publicly financed awards recognise diversity in entrepreneurship (e.g. women, ethnic minorities, young people, etc.)? (1-4)	Mean SD	2.6 1.0	2.9 0.8	2.2* 1.2	2
To what extent do publicly financed awards recognise diversity at different stages of business development, including start-ups, young and growing firms? (1-4)	Mean SD	2.3 0.9	2.4 0.9	2.2* 1.0	1
To what extent does the government engage financially with mass media in the promotion of entrepreneurship? (1-4)	Mean SD	1.3 0.5	1.2 0.4	1.5*** 0.6	1
Is a portion of the central government's budget allocated to entrepreneurship promotion activities? (Yes or No)	Yes No Don't know	56% 33% 11%	64% 27% 9%	43% 43% 14%	No
Mean (yes and no not included)		2.5	2.7	2.2	1.6

*1 'don't know', ** 2 'don't know', ***3 'don't know'.

5. Target group policies (8 items)			All exper ts (18)	Polic y (11)	Rese arch/ Busi ness (n 7)	Resear ch group
Is there a stated policy objective to increase entrepreneurial activity levels of certain segments of the population? (Yes or No)		Yes No Don 't kno w	94% 0% 6%	100% 0% 0%	86% 0% 14%	Yes
To what extent do micro-loan programmes exist for under-represented groups who may have more difficulty accessing conventional financing (e.g. women, ethnic minorities, young people)? (1-4)		Mea n SD	2.9 0.7	3.1 0.7	2.5** * 0.6	2
To what extent has the government examined different demographic groups take-up rate of existing business support services and programmes? (1-4)		Mea n SD	3.1 1.0	3.2 0.7	2.8** * 1.5	2
To what extent does the government target initiatives for:	Women (1-4)	Mea n SD	3.6 0.5	3.6 0.6	3,5** * 1,0	4
	Young people (1-4)	Mea n SD	2.7 0.7	2.6 0.9	2,5** * 1,3	2
	Immigrants (1-4)	Mea n SD	3.3 0.5	3.2 0.7	3,0** * 1,2	2
	Unemployed (1-4)	Mea n SD	3.0 0.8	2.8 0.8	2,5** * 1,0	1
	Elderly people (1-4)	Mea n SD	1.3 0.5	1.3 0.5	1,3** * 0,5	1
Mean (yes and no not included)			2.8	2.9	2.6	2.0

*1 'don't know', ** 2 'don't know', ***3 'don't know'.

6. Policy-relevant research (14 items)		All experts (18)	Policy (11)	Research/Business (n 7)	Research group
To what extent does the government have special support for policy-oriented research? (1-4)	Mean SD	2.9 1.0	3.2 0.6	2.2** 1.3	2
To what extent has there been research on the extent to which entrepreneurship is included in education at school level? (1-4)	Mean SD	2.9 0.9	3.1 0.8	2.7* 1.0	3
To what extent does the government have special programmes for research on entrepreneurship and entrepreneurship policy? (1-4)	Mean SD	2.5 1.0	2.8 0.9	1.8*** 1.0	2
To what extent does the government support research for evaluation of entrepreneurship policy? (1-4)	Mean SD	2.4 1.2	2.5 1.2	2.2* 1.2	2
To what extent has the government an advisory group of researchers to discuss development of measures in entrepreneurship policy? (1-4)	Mean SD	1.9 1.1	1.8 1.0	2.0*** 1.4	1
To what extent does the government refer to research results in documents concerning entrepreneurship policy? (1-4)	Mean SD	2.3 1.1	2.7 0.9	1.5* 0.8	3
To what extent are there regular meetings between researchers and the government to discuss and present recent research knowledge in the area of entrepreneurship? (1-4)	Mean SD	2.1 0.8	2.4 0.7	-	3
To what extent is there a specific budget item for research programmes in entrepreneurship policy? (1-4)	Mean SD	1.5 1.1	1.4 1.1	-	1
To what extent has the government created centres of excellence in the area of entrepreneurship research? (1-4)	Mean SD	2.3 1.0	2.4 1.1	2.0- 0.9	1
To what extent are efforts in place to track attitudes of the population towards entrepreneurship-awareness levels and levels of intent to start a business? (1-4)	Mean SD	2.5 1.1	2.5 1.1	2.5- 1.2	2
To what extent has there been a review of non-wage costs and administrative burdens that prevent new firms from hiring their first employee? (1-4)	Mean SD	3.1 1.1	3.4 1.2	2.7* 0.8	3
To what extent are business impact assessment tests used to measure the cost of proposed new legislation/regulations and the effects on barriers to entry and growth? (1-4)	Mean SD	3.1 0.9	3.3 0.7	2.7* 1.2	4
To what extent has the government undertaken a review of financing gaps for new entrepreneurs? (1-4)	Mean SD	3.0 0.8	3.2 0.8	2.6** 0.9	4
To what extent does the government conduct research on the entrepreneurial activity rates of demographic groups within the population and track the start-up, survival and growth rates for each demographic group of entrepreneurs? (1-4)	Mean SD	2.6 0.8	2.8 0.7	-	3
Mean (yes and no not included)		2.5	2.7	2.0	2.4

*1 'don't know', ** 2 'don't know', ***3 'don't know'.

7. Entrepreneurship in the education system (18 items)		All experts (18)	Policy (11)	Research/ Business (n 7)	Research group
Is there a policy objective to integrate entrepreneurship into all levels of the education system? (Yes or No)	Yes No Don't know	67% 17% 17%	64% 9% 27%	71% 29% 0%	Yes
To what extent is entrepreneurship included as an element/outcome in the National Education Curriculum Guidelines? (1-4)	Mean SD	2.5 1.1	2.9 1.0	2.0** 1.2	2
To what extent is there a plan/strategy to integrate elements of entrepreneurship into the following levels of the educational system? (1-4)					
<i>Elementary level?</i>	Mean SD	2.6 1.3	3.1 1.2	2.0* 1.3	3
<i>Secondary level?</i>	Mean SD	3.0 1.1	3.4 1.1	2.6 1.0	3
<i>Vocational/technical level?</i>	Mean SD	2.7 1.2	3.5 0.8	1.8** 0.8	Don't know
<i>University level?</i>	Mean SD	2.3 1.3	3.1 1.1	1.3* 0.5	1
To what extent is there a plan to promote the teaching of entrepreneurship in the education system? (1-4)	Mean SD	2.5 0.9	2.9 1.0	2.0* 0.6	2
To what extent are training programmes being delivered regionally to introduce educators to the strategies of teaching courses/modules on entrepreneurship? (1-4)	Mean SD	2.3 1.0	2.6 1.0	-	2
To what extent have teaching materials being developed for the following levels of the education system? (1-4)					
<i>Elementary level?</i>	Mean SD	2.4 1.2	2.5 1.0	2.4** 1.5	1
<i>Secondary level?</i>	Mean SD	2.7 1.3	3.0 1.2	2.4** 1.5	1
<i>Vocational/technical level?</i>	Mean SD	2.3 1.4	3.3 1.2	-	Don't know
<i>University level?</i>	Mean SD	2.0 1.0	3.0 1.4	1.6** 0.9	3
To what extent do mechanisms exist for the national sharing of information and experience (e.g. educators' conferences, seminars, databases of resource materials)? (1-4)	Mean SD	1.9 1.0	2.4 1.1	1.4** 0.5	1
To what extent is there public funding support for extra-curricular entrepreneurial activities to support student ventures? (1-4)	Mean SD	2.8 1.0	3.0 1.0	2.3* 0.8	2
To what extent are entrepreneurship courses widely offered to college and university students? (1-4)	Mean SD	2.6 0.9	2.8 0.8	2.2* 1.0	3
To what extent is the government involved in entrepreneurship activities in the school system? (1-4)	Mean SD	2.5 1.0	2.6 1.0	2.4** 1.1	2
To what extent are private actors involved in entrepreneurship activities in the school system? (1-4)	Mean SD	2.8 0.9	2.9 0.9	2.7 1.0	3
Is there a national budget allocation for development and implementation of entrepreneurship/enterprise education initiatives and programmes? (Yes or No)	Yes No Don't know	33% 33% 33%	36% 36% 27%	29% 29% 43%	No
Mean (yes and no not included)		2.5	2.9	2.7	2.1

*1 'don't know', ** 2 'don't know', ***3 'don't know'.

8. Innovative entrepreneurship (5 items)		All experts (18)	Policy (11)	Research/ Business (n 7)	Research group
To what extent is there a national incubator strategy with government funding to subsidise the initial funding of incubators in key regions? (1-4)	Mean SD	3.3 0.9	3.4 0.7	3.0*** 1.4	2
To what extent does the government sponsor events that profile innovation systems? (1-4)	Mean SD	3.0 0.9	3.2 0.6	2.7* 1.2	3
To what extent does the government fund special seed programmes to support the start-up and early-stage development of innovative entrepreneurs? (1-4)	Mean SD	3.1 0.7	3.2 0.6	3.0 0.8	2
To what extent are pre-commercialization funds available to promising new technology-based firms? (1-4)	Mean SD	2.5 0.9	2.7 1.1	2.3 0.5	3
To what extent does the government provide support to encourage spin-off companies from universities and publicly funded R&D? (1-4)	Mean SD	2.6 0.8	2.5 0.9	2.7 0.8	3
Mean (yes and no not included)		2.9	3.0	2.7	2,6

*1 'don't know', ** 2 'don't know', ***3 'don't know'.

9. Training activities? (5 items)		All experts (18)	Policy (11)	Research/ Business (n 7)	Research group
To what extent has the government a specific objective for training activities (entrepreneurship and SME policy)? (1-4)	Mean SD	2.2 1.0	2.1 1.1	-	1
To what extent has the government introduced special training activities for start-ups? (1-4)	Mean SD	2.1 1.0	2.1 1.1	2.0*** 0.8	1
To what extent has the government supported training activities for young firms? (1-4)	Mean SD	2.2 0.9	2.3 1.1	2.0** 0.7	1
Mean (yes and no not included)		2.2	2.2	2.0-	1

*1 'don't know', ** 2 'don't know', ***3 'don't know'.



The Swedish Agency for Growth Policy Analysis (Growth Analysis) is a cross-border organisation with 60 employees. The main office is located in Östersund, Sweden, but activities are also conducted in Stockholm, Brussels, New Delhi, Beijing, Brasilia, Tokyo and Washington, D.C.

Growth Analysis is responsible for growth policy evaluations and analyses and thereby contributes to:

- stronger Swedish competitiveness and the establishment of conditions for job creation in more and growing companies
- development capacity throughout Sweden with stronger local and regional competitiveness, sustainable growth and sustainable regional development.

The premise is to form a policy where growth and sustainable development go hand in hand. The primary mission is specified in the Government directives and appropriations documents. These state that the Agency shall:

- work with market awareness and policy intelligence and spread knowledge regarding trends and growth policy
- conduct analyses and evaluations that contribute to removing barriers to growth
- conduct system evaluations that facilitate prioritisation and efficiency enhancement of the emphasis and design of growth policy
- be responsible for the production, development and distribution of official statistics, facts from databases and accessibility analyses.

About the Working paper/Memorandum series:

Some examples of publications in the series are method reasoning, interim reports and evidential reports.

Other series:

Report series – Growth Analysis' main channels for publications.

Statistics series – continuous statistical production.

Svar Direkt [Direct Response] – assignments that are to be presented on short notice.