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Nordic Innovation Centre

September 2008

Entrepreneurship policy in the Nordic countries – perspectives of the development since 2003

- Lack of clearly formulated objectives
- Need to involve real entrepreneurs in the policy development
- Integrate innovation and entrepreneurship policy measures



Editor: Anders Lundström

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Anders Lundström (editor)
September 2008

Foreword

The increased pace of globalization means that competition is also increasing dramatically making it necessary for any country to sharpen its innovative capabilities in order to stay competitive. The Nordic Countries are at the top of the international rankings on competitiveness and belong to the most innovative regions in the world. We are leading R&D nations with efficient government systems. However, we are not world class when it comes to entrepreneurship. The Nordic countries are rather average, with the exception of Iceland. This problem has gained the attention of policy makers and legislators and a number of schemes and programmes are in place. In 2003, the Nordic Innovation Centre (NICE) published the report “Towards an Entrepreneurship Policy – A Nordic Perspective”, which described the development of entrepreneurship policy up until 2003. Five years have since passed and policy focus on entrepreneurship has increased and is in need of an update. NICE has initiated an updated report on the state of entrepreneurship policy in the Nordic Countries. A preliminary version was presented in Stockholm, at the Nordic Entrepreneurship Conference 2008, but this final version includes the conclusions from the conference. We think it will provide useful reading for policymakers and for those working with entrepreneurship policy.

Editor's Foreword

The following report is a description of the existing Entrepreneurship policy in the Nordic countries. It has been developed for the Nordic Innovation Centre to be discussed at the Nordic Ministry Council conference in Stockholm in August 2008. The objective is to describe what has happened in the Nordic countries in regard to Entrepreneurship policy over the past five years. In this sense it is a follow-up report of an earlier study, see Lundström, (ed.), 2003. However, this study has used a methodology developed over the last few years and recently presented in Lundström, Almerud and Stevenson, 2008, and also in Nordic country studies.

The project has been completed thanks to researchers in all the Nordic countries. Many thanks to Leif Jacobsen and Morten Hvidberg from Denmark, to Jarna Heinonen and Ulla Hytti from Finland, to Eythor Ivar Jonsson from Iceland, to Marlen Andersson, Carl Erik Nyvold and Beate Rotefoss from Norway and Dan Hjalmarsson from Sweden for their efforts and creative ideas in fulfilling the different country reports. At the end of the report you can see a brief biography of these authors. The authors are responsible for the different country reports. I would also like to thank Marcus Zackrisson at the Nordic Innovation Centre for his support and useful comments of the different draft versions of the report. The project was only able to be carried out due to the financial support of the Nordic Innovation Centre. Thanks to you all for being able to complete this project within the limited time schedule. However, the final overall conclusions and suggestions stated in the report are my own responsibility.

Stockholm 07/08/2008

Anders Lundström
Swedish Foundation for Small business Research

Executive summary

The report describes the existing Entrepreneurship policy in the Nordic countries. Its main focus is the development of this policy over the last five years, i.e. illustrating what has happened since 2003, see Lundström (editor), 2003. Follow-up report researchers in the Nordic countries have been contracted to conduct this report. The researchers are responsible for the individual country reports, and you can see the presentation of the different researchers at the end of this paper. Furthermore, much information has been used from the recently published book about Entrepreneurship and Innovation policies in a number of different European countries, the Nordic countries among them except Iceland, see Lundström, Almerud and Stevenson, 2008. The same definition of the area of Entrepreneurship policy has been used in the following report as in this book, meaning that Entrepreneurship policy is divided in to seven sub-areas, i.e. promotion activities, financing, counselling and information activities, efforts to reduce the administrative burden, entrepreneurship education, special efforts for target groups and investments in policy through relevant research. By using a similar approach to present these sub-areas it is possible to compare the present situation with the earlier one in the individual countries. In this executive summary, a brief description for each Nordic country is given and some overall findings are presented.

Conclusions for individual countries

The case of Denmark

During recent years Denmark has made substantial progress in restructuring and fine-tuning framework conditions for entrepreneurs. Progress is primarily tracked through the *Konkurrenceevneredegørelse* and the Entrepreneurship Index. Both are published each year, benchmarking the Danish conditions against leading entrepreneurship countries. In the Entrepreneurship Index 2006, the conclusion is that although Denmark still trails the top-performers, the gap is narrowing and there is some evidence that the rather extensive reform programme has slowly but steadily transformed Denmark moving it closer to the top 5 performing countries. This is seen as a prerequisite if the target of belonging to the world's entrepreneurial elite by 2015 is to be realised.

Even if Denmark is faring quite well in entrepreneurship, there are still challenges to overcome and more reforms to be made to reach the ambitious target mentioned above. Regarding the support structures for entrepreneurs, the effort over the last years has been to create a simple, unified system with one-stop-shops and a unified entrance to support for nascent or early stage entrepreneurs. It is still too early to evaluate the impact of this restructuring.

In regard to education, structural improvement is still pending. Denmark can do more to integrate entrepreneurship and innovation in the education system; in schools, where an effort is being made, and in the higher education sector, where the two academy initiatives are isolated and unconnected with pushing entrepreneurship more widely into the higher education curriculum. Although there is also evidence of progress, the education area remains one of the major challenges.

Sufficient and well-targeted funding schemes are in place. The restructuring and further development of *Vækstfonden* and the establishment of First North have resulted in better

conditions, although more expansion capital could ensure that lack of funds does not hamper the growth of innovative Danish companies.

The case of Finland

Entrepreneurship and its development as a societal phenomenon are monitored within the Entrepreneurship Policy Programme. A Review on Entrepreneurship ('Yrittäjyyskatsaus') is updated annually. The review monitors the number of firms, size, location, different sectors, profitability, and income rate and age distribution of entrepreneurs by size. The review aims to produce an overview of the effectiveness of the programme and the changes in the conditions in Finland and the regions. Other studies (such as GEM) are also applied in order to compare Finland with other countries. The Entrepreneurship Policy Programme strategy has been updated annually. (Hallituksen strategia-asiakirja 2006). In addition, several actors such as TE-centres, ministries and regional agencies produce ad hoc studies and evaluations on the functioning and impact of different policy programmes and measures.

Based on the different studies Entrepreneurship policy is fairly developed in Finland in terms of the structures, organizations and measures. The instruments and measures as such seem to be of good quality and target the appropriate needs. However, good instruments do not seem to be enough to generate successful growth in business and/or innovation, on the contrary, performance is sometimes even poor.

The systems and services do not seem to solve the basic problem in Finland. There is a need to critically analyze the current support systems and structures and to make necessary reallocations even if it means changing some existing structures. Also, there is a need to ask if the public services are always needed, or even capable of serving the potential entrepreneurs, or if needs are best served by encouraging the markets to function well. Streamlining the existing versatile and multi-level system would not only be more cost effective but also customer friendly in terms of understanding the system. Sometimes it seems that less is more!

As the amount of in-flow into the system, i.e. the rate of entrepreneurship, is strongly connected to the Finnish social, cultural and economic context, the problem cannot be quickly remedied. Rather there is a need to continue and increase long-term and patient activities, such as enterprise education, that will, in the long term, be the only way to increase in-flow in the system.

In addition, the challenges of the Finnish Entrepreneurship policy are connected to the population challenge. The ageing and decreasing population might be even less motivated by entrepreneurial activity in the future than now. Hence, targeting the existing population and new generations is not enough but we need to increase the dynamics and diversity of the population by fostering work-based immigration into Finland which will hopefully assist in fostering the cultural change towards an entrepreneurial society!

The case of Iceland

It was not until 1995 that support for SMEs became a policy issue. The importance of Entrepreneurship policy has gradually increased since. The three main institutions (Rannis, NSA and NMI) for supporting innovation and entrepreneurship have grown steadily over the

last few years. Furthermore, there is political support for further developing initiatives towards innovation and entrepreneurship.

It has, however, to be noted that many of the programs and policies for supporting innovation and entrepreneurship have come from other initiatives. The Federation of Industries have played an important role in generating support for SMEs and growing companies. The University of Iceland and notably Reykjavik University have promoted programs and research on entrepreneurship. Klak, the Innovation and Incubation Centre, established Seed Forum Iceland in 2004, which is a gathering for entrepreneurs and investors. Klak has also developed new education in entrepreneurship and is establishing the first business angel network in Iceland. Innovit, a student organisation, runs the biggest business plan competition at university level in Iceland. Furthermore, these organisations have all used their power to lobby for innovation and entrepreneurship.

It's hard to measure the results of policy efforts by government or other parties. According to the GEM study entrepreneurial activities have constantly been higher in Iceland than in the EU countries, at around 12% in Iceland compared to less than 6% in EU countries.

The lack of government programmes, research and development transfer, financial support and education and training for entrepreneurs is considered to be hindering entrepreneurial progress

The case of Norway

There is no policy document focusing solely on Entrepreneurship policy in Norway. Nevertheless Norway was one of the first countries to develop a national strategy plan for entrepreneurship in the school system. This plan ends in 2008, and is currently being evaluated. It is not known if there will be a follow-up to this plan.

Entrepreneurship is also mentioned in several documents dealing with regional development. The innovation plan "From ideas to values" puts entrepreneurship forward as one of five areas to prioritize in order to achieve business start-ups, particularly those having ambitions and potential. There is also a great interest in Norway's first white paper on innovation, which is expected to be launched during 2008. It is expected that this paper will also cover the topic of entrepreneurship.

There are three ministries that are actively involved in Entrepreneurship policy; The Ministry of Trade and Industry, the Ministry of Education and Research, and the Ministry of Local Government and Regional Development. There are also three state owned organizations that are the main organizations for entrepreneurship at a national level; The Industrial Development Corporation (SIVA), Innovation Norway and the Norwegian Research Council. These national actors are also some of the most important actors for Entrepreneurship policy at the regional level.

The most important motivator for entrepreneurship is Junior Achievement – Young Enterprise Norway, which teaches business skills to students of all ages. JA-YE Norway receives funding from the Ministry of Trade and Industry, and The Ministry of Government and Regional Development. The Norwegian government aims to be a driving force and partner in the work with entrepreneurship in education.

The policy structure for entrepreneurship is not strong in Norway, and although there is an administrative unit within central government with responsibility for the field, there is no official politician responsible for entrepreneurship or enterprise development.

The case of Sweden

Sweden is gradually moving towards more entrepreneurship and Entrepreneurship policy. There is a shift from the traditional SME policy focus on providing entrepreneurs with skills and “production factors” such as risk capital and expertise towards focusing more on motivation and opportunity oriented measures. However, this is a time-consuming process that will continue for several decades to come.

NUTEK is commissioned to work with healthcare as a future entrepreneurial industry and is another sign of the gradual shift from “skills-oriented” measures towards more opportunity providing initiative. The conservative government prefers a strategy that will open up many of the public sector monopolies.

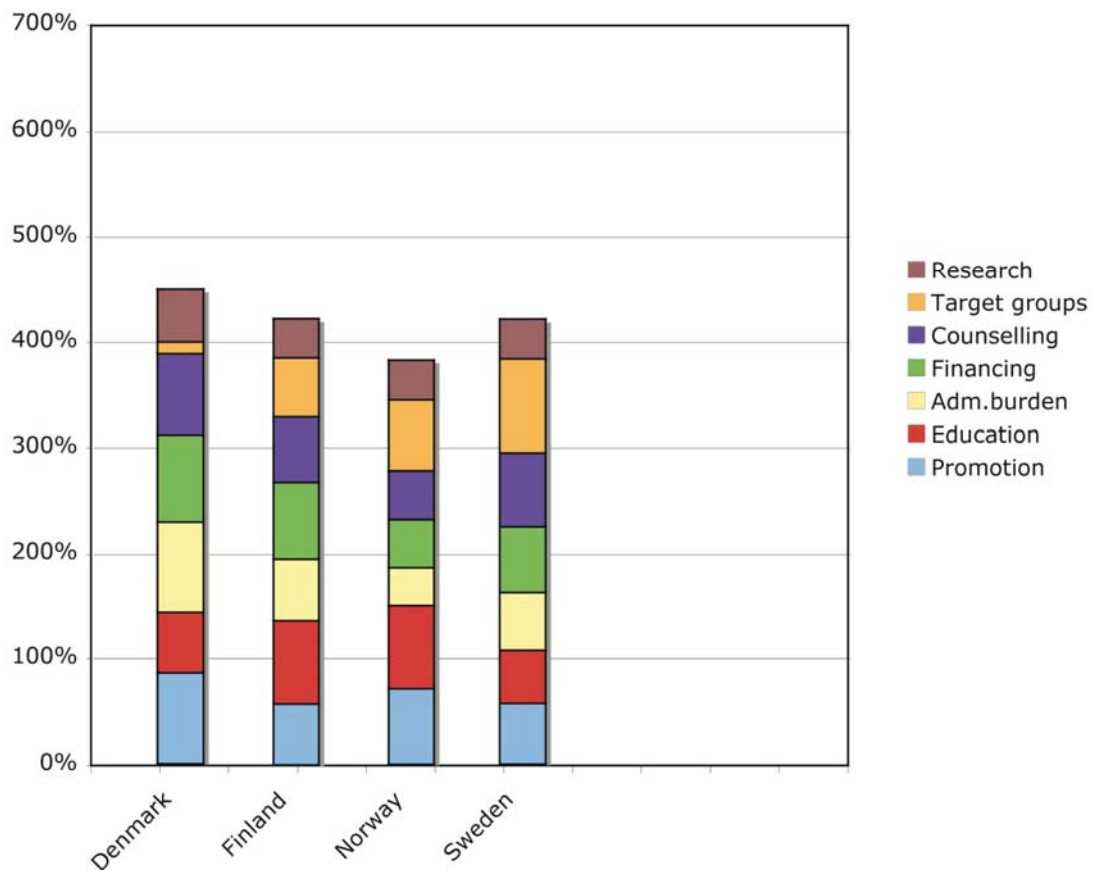
The IPREG-report on Sweden and other European counties shows pictures of limited knowledge of policy instruments and a lack of understanding of how the whole measures system works, see Lundström, Almerud and Stevenson, 2008. It is important to note that all counties are more or less in the same situation. There is a strong need for evaluations addressing the balance between the different parts of the policy area.

There is also a widespread consensus among most political parties in Sweden that it is important to enhance entrepreneurship and pursue Entrepreneurship policy. The major problem is actually implementing policy, knowing what really works and how to implement policy measures that are effective and efficient. Here, more empirically based research in close cooperation with policy-makers is desirable.

In Lundström, Almerud and Stevenson, 2008, a Comprehensiveness index was produced for all Nordic countries except Iceland, who did not participate in this study. The results from this index are illustrated in the figure below. Note that more comprehensiveness could not be regarded as better than less, since it is not possible to evaluate the results of the total Entrepreneurship policy. The Comprehensiveness index illustrates more what is ongoing in the different countries.

The comprehensiveness is similar in the Nordic countries, however there is a difference in that Denmark does not support target groups to any high extent. Otherwise, the levels are fairly similar across the countries. According to the description of Iceland one would expect that Iceland has a similar comprehensiveness as the other countries.

Figure 1 Comprehensiveness index – Nordic countries



Overall conclusions

Politicians are questioning the efficiency of existing policy measures mainly due to lack of proper evaluations

One of the remaining problems in the policy area is how to know the effects and efficiency of different measures taken. Even if we can observe increasing values for different indicators such as the number of start-ups or the number of individuals interested in becoming entrepreneurs, we don't know to what extent such changes can be related to policy measures taken. As has also been stated in Lundström, Almerud and Stevenson, 2008 there is an urgent need for more systematic evaluations.

Nordic countries have a high share of their budget in R&D related activities

There are large resources invested in R&D related activities. Many such investments are done in what can be seen as the area of Innovation policy. However, an increasing interest can be observed for investment in innovative entrepreneurship. This increase means that the issues of entrepreneurship and innovation are going to be more integrated in the future. To some extent this is already true for Iceland and Denmark.

There is a lack of policy relevant research and communication between researchers and politicians

We can observe an increasing interest for policy-relevant research but this it has still not lead to forums for communication between researchers and politicians, at least not on a national level. We can expect such forums to be developed in the future, due to an increasing interest in the type of measures that should be used in Entrepreneurship policy. In Denmark and Sweden such issues are mainly taken care of in the system's organizational structure.

There is an increasing interest in quantitative objectives and benchmarking

The countries have all put more quantitative objectives in place over the last few years, i.e. the 25% reduction in costs of administrative burdens up to 2012, a specified percentage increase in the number of start-ups, or, like Denmark, benchmarking themselves against the best performers for the main objectives.

We can see a top down approach

The Entrepreneurship policy is, to a large extent, a top down approach, meaning that the policy measures are decided at Ministry level and carried out through central agencies and their regional networks. However, we can observe an increasing importance in measures taken at regional level and an increasing role for municipalities. One reason being the EU structural funds, with another being that in many municipalities an increasing interest could be seen how to develop entrepreneurship in the local environment. Therefore, we should expect more of the decision-making in the Entrepreneurship policy area to be done on regional and local levels in the future. In this respect, the future roles of central agencies will be an import topic for discussion.

Create a policy based upon real needs from entrepreneurs rather than myths

Analysing policy measures taken, they are more or less all about the supply side. Few studies are done that really look in to the demand side. One reason being that in a vast number of different financing programs exist, as well as a large number of counselling projects, just to mention two examples. The policy area consists of a high number of projects which have probably been developed by the so-called supply industry rather than out of a real demand from entrepreneurs and SMEs.

Create a policy based upon a Nordic perspective

The Nordic countries are all becoming more globalized than before, meaning that they will develop different, important markets and networks based upon the strength in their existing and future industry. Furthermore, many of the context indicators differ in each Nordic country meaning that if a policy were to be built upon existing contexts we should expect Entrepreneurship policy to be different in each Nordic country.

There are some factors that could, on the other hand, been seen as arguments for a more Nordic perspective in the policy area. One such important factor is that the countries have large public sectors and high taxes, perhaps with the exception of Iceland. The countries are regarded as so-called welfare states. This could be one additional argument for finding policy measures on how to deal with such a situation. Another factor is the importance of foreign markets as each country has a small domestic market and is therefore dependent on foreign trade. A third factor could be the high standard of living and a fourth factor that these are

scarcely populated countries. Finally, all countries have a high interest in creating innovative entrepreneurship.

Integrate Innovation and Entrepreneurship policy measures

This is a proposition that has already been stressed. The problem has been dealt with, to a large extent, in Lundström, Almerud and Stevenson, 2008. It is both about the question of technology transfer and innovative development in existing companies, not least SMEs. It is also about how to integrate measures taken to develop innovation systems and entrepreneurial behaviour.

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Introduction

Background and definition

This report is a follow-up study on what has happened in the area of Entrepreneurship policy in the Nordic countries over the past five years. The results presented are mainly based upon changes observed from a previous report; see Lundström (editor), 2003. Much information has also been used from the recently presented reports on Entrepreneurship and Innovation policies in a number of European countries; see Lundström, Almerud and Stevenson, 2008, Almerud, et al 2007, Berg, 2007, Nyvold and Rotefoss, 2008 or Heinonen and Hytti, 2008. These reports have been of great use in writing this paper. However in the case of Iceland no such up-to-date reports exist. Therefore there is no information as extensive on Entrepreneurship policy for Iceland as there is for the other Nordic countries.

In brief, the situation in the different countries as described in the 2003 report has been compared with how it can be seen in 2008. The objective is to give a brief overview of the most important changes that have taken place in the area of Entrepreneurship policy. We will therefore more or less exclude the description of the development of the area of Innovation policy despite the fact that in the 2003 report one conclusion was the importance of closer integration between the two policy areas, see Lundström, *ibid.*, 2003, p 286.

Doing a follow-up study of the area of Entrepreneurship policy means that the same definitions and methods are used to a very large extent. However, some changes can be observed due to the development of the research area. In later books, see e.g. Lundström and Stevenson, 2005 or Stevenson and Lundström, 2007 the so-called Comprehensiveness index method has been further developed along with the Context descriptions and definitions of the sub-areas of the Entrepreneurship policy. To give an example, in the latest report, see Lundström, Almerud and Stevenson, 2008, 101 items are used to describe the comprehensiveness for seven sub-areas of Entrepreneurship policy and 54 indicators to describe the so-called Context of different countries studied. Such an extensive approach is not possible to use in this report, even if some of the presented results can be used here. To summarise, this paper is about trends and new measures taken in the different Nordic countries in the area of Entrepreneurship policy.

The definition of Entrepreneurship policy here is similar to that used by Lundström and Stevenson, 2001. In this book a so-called MOS model is described consisting of three partly integrated areas Motivation, Opportunities and Skills. It is an integrated model meaning that different measures could reflect more than one of the three areas. One example could be entrepreneurship education, which will obviously influence both the Skill and Motivation areas.

Entrepreneurship policy could be seen as measures taken to influence individuals in a society. Furthermore, as is stated in the earlier Nordic report:

“It does not have to be adults or individuals in the existing working force, individuals in the process of starting a company or individuals working together in a public organisation. It is about more or less every individual, independent of their current age and situation. This is not true for all measures we are looking at, but for many of them.” See Lundström, *ibid.*, 2003, p 28.

Individual perspective is of vast importance to the view used in discussing measures taken in the area of Entrepreneurship policy, cf. Boter, Hjalmarsson and Lundström, 1999. Policy measures could be taken by an individual or by a group of individuals. Furthermore, the policy area is more about the early stages of the process than the area of SME policy; see Lundström and Stevenson, 2005, pp 50-60. Finally, this book also states the importance of working with measures for Motivation as well as for Skills and Opportunity purposes; see Lundström and Stevenson, 2005, Table 2.1, p 49.

The definition used could be summarized as follows:

Entrepreneurship policy is primarily concerned with creating an environment and support system that will foster the emergence of new entrepreneurs in the start-up and early-stage growth of new firms, Lundström and Stevenson, 2005.

There are of course a vast number of policy measures taken which could be part of such a definition. Some examples illustrated in the earlier Nordic report are the following ones.

“Policy measures are about changing behaviour in a certain direction, financial support to give opportunities, for example, creating a company or growing company, information to know more about risk and opportunity, administrative burdens to avoid certain behaviour concerning pollution or unsafe production and measures aimed at specific target groups to increase their share of the total number of entrepreneurs. If we do not want to influence behaviour we do not need any specific policy. A company’s behaviour is really about the behaviour of a number of individuals. Therefore policy measures are about changing the behaviour of individuals, whether or not their behaviour will be carried out through different legal forms or not. Policy measures are only one form of influencing behaviour and perhaps a more minor form than the influence from the business community, competitors and the so-called market.” See Lundström, (editor), 2003, pp 30-31.

In the above mentioned recent study of Entrepreneurship policy, the following sub-areas are defined Promotion, Entrepreneurship education, Administrative burdens, Financing, Counselling, Target groups and Policy relevant research. Furthermore, comprehensiveness concerning General policy, Structure and Performance tracking are also presented; see Lundström, Almerud and Stevenson, 2008, Chapter 3. In brief, a similar approach will be used in this report.

The report consists of the following parts; firstly, a description to present the main conclusions in the earlier Nordic report. Secondly, a brief presentation of the Entrepreneurship policy in each Nordic country illustrating the major changes that have taken place during the last five years. Thirdly, a presentation of conclusions drawn and lessons learned.

Main conclusions drawn 2003

In the earlier report the following conclusions were drawn:

- There is a lack of entrepreneurial activity in the Nordic countries.
- The Nordic countries have large public sectors and very high taxes
- The countries have ageing populations

- There are high figures for participation rates for both genders
- There are relatively low unemployment rates
- The standard of living is high

All conclusions were not valid for every single Nordic country, e.g. Iceland had relative high numbers for entrepreneurial activities in the so called GEM studies, see Reynolds et al, 2004. Iceland did not have such high taxes or an ageing population. In a more descriptive part of the report differences between individual countries are presented and we will come back to these in the country presentations in the coming sections. However it is important to note that one conclusion was that the context in the different countries varied heavily, e.g. the growth in GDP for Norway was much higher than for Denmark, Finland had a higher unemployment rate than Iceland. Iceland had also a higher participation rate than other countries; see Lundström, *ibid.*, p xviii. Other observations were the following:

- Politicians are, to some degree, questioning the efficiency of existing policy measures, mainly due to lack of proper evaluations
- The Nordic countries have a high share of their budget in R&D related activities
- There is a lack of policy relevant research and communication between researchers and politicians
- There is a lack of clearly formulated objectives
- One can observe a top down approach, i.e. policy measures are taken at the national level and, to a minor extent, at local or regional levels

In the study the following propositions were made:

1. Create a policy based upon real needs from entrepreneurs rather than myths
2. Create a policy based upon a Nordic perspective
3. Integrate innovation and entrepreneurship policy measures
4. Develop objectives that are possible to analyze and evaluate
5. It is important to work with measures in the area of promotion
6. Measures need to be taken to change attitudes towards entrepreneurship
7. Rethink how resources are allocated between different sub-areas
8. Learn and relearn in the system

The reasons behind these conclusions can be read in the executive summary and in Chapter 7 of the previous book. We will come back to these conclusions at the end of this report.

Entrepreneurship policy in Denmark – recent developments¹ – Leif Jacobsen and Morten Hvidberg, Danish Technological Institute

General policy aims

Entrepreneurship is a policy priority in Denmark, and has received growing policy attention since the present government came into office in November 2001 and launched its first major entrepreneurial action plan. The status today, in 2008, is that the government has launched a number of new initiatives within different policy realms, but with a common focus on entrepreneurship, and of the instruments initiated before 2001, only a few are still running.

Starting from the document *Growth with Purpose*¹ in 2002, the present government has prioritised entrepreneurship and the individual's motivation and capabilities to start and grow new firms. The government has, in particular, prioritised support to innovative and/or high-tech entrepreneurs as a part of structural change and to stimulate a growth economy.

In *The Action Plan for Entrepreneurs* launched in January 2003, the focus was kept on growth and improvement of framework conditions such as support and financing, and a number of new areas of government interest were introduced. The Action Plan for Entrepreneurs also focused on the influence of the education system on entrepreneurial culture and risk-taking willingness.

The document *A Society with Room for the Free Initiative* (2003) included five new principles that the Danish government saw as imperative for the future development of Danish Society and the entrepreneurial culture. The action plan proposed 30 different initiatives to strengthen framework conditions for Danish entrepreneurship and an independence culture. The initiatives covered availability of funds for start-ups, business angels, and a reform of taxation rules to support more private investment in new businesses. Furthermore it proposed the development of a strategy for integrating entrepreneurship in schools. It also proposed an entrepreneurship academy and pushed for a better connection between the world of business and the world of education and training. Better quality and service of entrepreneur support centres was on the list, as well as the initiation of campaigns to create a more positive public image of entrepreneurs and entrepreneurship.

In the *Action Plan on Venture Capital* (2005) the policy intentions from previous action plans were continued. However, this time the focus was solely on venture capital, the supply side. The plan formulated a number of suggestions to ensure sufficient availability of venture capital. The suggestions targeted start-ups and early stage entrepreneurs as well as growth enterprises. The Action Plan on Venture Capital proposed a structure for a new private venture fund, with €0.4-0.5 billion, and the creation of First North, an alternative marketplace for dealing in shares. First North was designed to meet the needs of companies in the early phases of development.

¹ The point of departure for this update is the IPREG-document on Danish entrepreneurship policy from 2007, in which more detailed information can be found, see Berg, 2007.

² Danish Ministry of Economic and Business Affairs, 2002

With the national Globalisation Strategy (*Progress, Innovation and Cohesion. A Strategy for Denmark in the Global Economy*), the government has taken a step to further focus the Danish understanding of entrepreneurship policy. The overall policy aim of being among the top European countries measured by the number of start-ups, and the number of high-growth start-ups in 2005, show the dedication to entrepreneurship. The strategy contains more than 350 initiatives of which the following target entrepreneur policy:

- Pedagogical methods in compulsory school (training of trainees) aimed at fostering creativity and innovative competences,
- Strengthening of the Danish Foundation for Entrepreneurship activities and culture. Provision of courses in entrepreneurship in upper-secondary VET programmes and higher education short, medium and long-cycle programmes,
- Establishment of centres for new growth businesses, providing accessible and competent advice to high growth start-ups,
- Tax deduction aimed at reducing barriers for high growth start-ups,
- New, financially strong venture capital funds and new financing methods for high growth start-ups,
- Fewer administrative burdens on companies through e-government solutions,
- Faster processing of bankruptcy estates (changes in 2007).

In the most recent action plan from November 2007, previous priorities are included. Subsequently, the government has established a number of working groups to:

- develop and improve the strategy regarding entrepreneurship in the education system,
- create a coherent system for entrepreneurship advice and counselling,
- provide improved and better access to capital.

The outcome of the working groups is expected in autumn 2008.

Performance tracking

The government launched the *Konkurrenceevneredegørelse* in 2006, which follows the development in the long term objectives of the Globalisation Strategy on a yearly basis. The *Konkurrenceevneredegørelse* follows development at a national level compared to other countries (mainly OECD). The overall findings in the *Konkurrenceevneredegørelsen 2008* (Regeringen, 2008) are that:

- The number of entrepreneurs (new enterprises) has increased
- The survival rate has improved
- The number of high-growth entrepreneurs seems to be growing
- Entrepreneurs have excellent access to capital (at least a top-three position in a international benchmark)
- There are few administrative barriers for business start-ups
- Improvement of an entrepreneurial culture is still pending.

Furthermore, the Entrepreneurship Index published annually by the National Agency for Enterprise and Construction and their internal analysis unit FORA provides an overview of

the framework conducive to emerging companies. In the Entrepreneurship Index 2006 FORA concludes that although Denmark has start-up rates comparable to the world's entrepreneurial elite, the key challenge for Denmark is to ensure that a larger number of entrepreneurs realise their growth potential.

Policy instruments

The presentation below of the main policy instruments is structured by use of the 3 C's, which the Minister for Economic and Business Affairs has, on many occasions, described as the main fields of action in the Danish entrepreneurship policy:

- Access to Capital
- The entrepreneurial Culture
- The entrepreneurial Competence base.

The three prioritised C's in entrepreneurship policy cover the main part of Danish Entrepreneurship policy.

Capital

Private banks play the most important role for financing start-ups and SMEs. With the restructuring of the Growth Fund (*Vækstfonden*) in 2001, new initiatives such as get-started loans and the proof-of-concept initiative, and the introduction of First North, the framework conditions for entrepreneurship have improved considerably. There are a number of instruments in place, most notably the Growth Fund and First North:

The Danish Growth Fund (Vækstfonden) was established in 1992 as a private VC company (100% owned by the State), with the objective of investing in high-tech, innovative firms and start-ups in under funded markets. It has a base capital of EUR 330 million. Since the end of the 1990s, focus has been more on co-investing, together with private partners, in high tech innovative SMEs. In 2001 *Vækstfonden* was restructured and today it has a capital base of EUR 300 million, making it one of the largest Danish risk capital investors in Denmark.

First North is an alternative marketplace for small growth companies, providing opportunities in the Nordic and global financial markets. It gives companies greater visibility and ease of access to Northern Europe's largest pool of capital, combining the benefits of being in the market with simplicity. First North is a part of OMX Nordic Exchange. That means that the companies admitted to trading at First North are given the same possibilities as large companies, but regulations are lighter. First North is an alternative market, operated by the different exchanges within OMX. It does not have the legal status as an EU-regulated market. Companies at First North are subject to the rules of First North and not the legal requirements for admission to trading on a regulated market.

Culture

Originally, the promotion of entrepreneurship was mainly a task connected to the activities of support organisations, and with a target defined only to include potential entrepreneurs. However, the entrepreneurship and innovation culture has broadened in scope through the establishment of the Independence Fund, and by initiatives such as the Pioneer Campaign, the introduction of awards such as the Entrepreneur of the Year prize, and the Gazelle-prize. These measures have led to a broader understanding of entrepreneurship as an option. In recent years, campaigns on TV, game shows where entrepreneurs compete on the best business ideas, have become measures used for image creation purposes.

The Independence Fund is one of the measures established to promote an entrepreneurship and independence culture in Denmark. It was established in cooperation with Young Enterprise, the government, and a number of organisations and companies. The Independence Fund grants promotion of entrepreneurship and independence and assists organisations engaging in this kind of activity. The Independence Fund has furthermore established a body of “ambassadors” for entrepreneurship, consisting of entrepreneurs who can accentuate the positive sides, opportunities, and challenges that a life as an entrepreneur or self-employed person gives. The ambassadors are also expected to share their own experiences and to advise potential entrepreneurs in order to motivate them to build their own future as self-employed.

In the *Venture Cup*, innovative entrepreneurs compete on a Nordic base for a grant offering an opportunity to realise their projects. The initiative is co-financed by the Ministry of Economic and Business Affairs, the Danish Agency for Science, Technology and Innovation, The Danish Foundation for Entrepreneurship, Activities and Culture, and representatives from industry. The Venture Cup is an additional funding source for innovative businesses, but it also gives successful innovators and entrepreneurs extra attention.

In the *European Business Game* high school students compete to create the best company and develop it. This initiative is sponsored by The Ministry of Education together with a number of organisations. The winners of the national game continue to compete against the winners from the other participating European countries.

Competences

The public business support system targeting entrepreneurs has been restructured with the establishment of the Regional Growth Houses (*Væksthuse* - one in each region -see section 5.2 on regional infrastructure). There is some debate as to the value added of the new regional infrastructure *vis-à-vis* other support mechanisms in place. One of the points of criticism is that the Regional Growth Houses have, in several instances, been awarded grant funding without a public tender. At this stage it is still too early to track any evidence based impact, as no formal evaluations have taken place.

Entrepreneurship in education has been given a stronger focus in recent years. In the Innovation Monitor 2007, and based on the GEM survey from 2004, Denmark is placed at the top of the middle group regarding entrepreneurship in schools; however, its score is much lower regarding entrepreneurship in tertiary (higher) education.

In 2004 the government introduced a strategy for innovation, entrepreneurship, and independence in the education system. The strategy pooled a number of initiatives aimed at promoting and strengthening the entrepreneurship culture; among others the above-mentioned Independence Fund, the Entrepreneurship Barometer designed to measure the level of entrepreneurship in the universities, an entrepreneurship portal for the education sector functioning as a resource base in educational practice, and the entrepreneurship academy IDEA. Currently IDEA is undergoing an external evaluation. The strategy emphasised the importance of building a stronger interaction between universities and the business community to further improve public perceptions of entrepreneurship and self-employment by using role models and using entrepreneurs as external professors in the higher education institutions. Furthermore, the International Danish Entrepreneurship Academy and the Oresund Entrepreneurship Academy have also brought innovations to entrepreneurship education, though there is still room for improvement.

Below, selected initiatives are described in more detail. Although they all reflect a dedication to entrepreneurship education, the real impact of entrepreneurship education, especially in the higher education area, is rather sporadic and disconnected, and there is a general perception that more could be done in this field.

Municipal Business Development Centres undertake various information activities and provide guidance in a company's early stage. There are about 150 Business Development Centres across the country. The centres can give entrepreneurs basic advice when starting a business. The Business Development Centres are administrated by the municipalities. The employees in the Business Development Centres have a general knowledge about the start-up phase, and the centres have an extensive network of public and private counsellors. Typical advice focuses on how to navigate through the rather complex system of support. If entrepreneurs are innovative and/or have a specific growth potential, they are referred to the Regional Growth Houses.

Five *Regional Growth Houses* were launched as a part of the above mentioned adjustment of the support structure for entrepreneurs. The main idea behind the Growth Houses, which have been anchored in existing structures, is to provide a one-stop shop for entrepreneurs with access to qualified counselling and guidance with a growth focus. The Growth Houses are owned and administered by the municipalities, and close links exist between these and the business support centres. The idea is to ensure coordination between the two types of organisations, but at this stage there is no evidence as to the planned effects. For the coming 4 years (2007 – 2011) the Ministry of Economic Affairs will administer funding for the Growth Houses and development of support tools and methods. The Growth Houses offer free objective guidance and problem shooting for new and existing companies who wish to grow. The staff in the Growth Houses are often specialised in topics related to start-up and growth. The Growth Houses coordinate with the local business service providers, and they may refer entrepreneurs and established businesses with growth ambitions to private advisors or to public support infrastructures such as incubators, the Approved Technological Service (GTS system) or other relevant parties. After an initial four-year period, the municipalities will be responsible for the Growth Houses, which might influence strategies in the coming years

IDEA was established in 2005 following the decision of the Government in 2004 to establish a national entrepreneurship academy to strengthen entrepreneurship education and promote

entrepreneurship at 25 educational institutions throughout Denmark, primarily in short, medium, and long-cycle higher education provision. IDEA offers credit awarding courses in entrepreneurship. It covers a wide range of activities including developing internal institutional capacity in innovation and entrepreneurship at higher education institutions and promoting entrepreneurship culture in existing companies. IDEA is a loosely coupled network organisation with approximately 75 members, including education institutions, private companies, and other organisations, although not all members are equally involved. A consortium headed by the University of Southern Denmark was awarded the task of establishing the Academy, and it is financed by state grants as well as donations from private companies and municipalities/regions. The Academy is partly financed by the Ministry of Economic and Business Affairs and the Ministry of Science, Technology and Innovation, and partly by donations from large private firms and local municipalities/regions. The government contribution amounts to EUR 1.33 million per year until 2008. After 2008 government funding will cease, and at this stage it is uncertain if IDEA will be sustainable.

The Oresund Entrepreneurship Academy is another recent education initiative. Established in 2006, it aims to strengthen entrepreneurship education in the Oresund region (the area between Greater Copenhagen and Skåne/Scania in southern Sweden) through networking and enhancing the entrepreneurial training supplied by the 12 universities in the cross-border region. The Oresund Entrepreneurship Academy is partly financed by the Danish Ministry of Economic and Business Affairs and partly by a large number of Danish public and private partners.

GazelleGrowth has been initiated to accelerate a number of growth companies who wish to establish internationally by assisting them with their growth plans, market intelligence, and networking in the USA. GazelleGrowth is a publicly funded initiative from the Ministry of Science and Innovation. GazelleGrowth was set up by a group of key players in the Danish innovation and entrepreneurship system (Vaekstfonden, 1CT, In venture Capital, DTU Innovation, Symbion, Technological Institute, Seed Capital, and Science park Aarhus). This group won the bid tendered by the Ministry of Science, Technology and Innovation to support growth companies in their internationalisation process. GazelleGrowth has a steering group with external partners (Kauffman Foundation, SRI International, Innovation Centre Denmark Silicon Valley, and others) that assists in company selection, access to the US market, etc. GazelleGrowth focuses on the internationalisation of small companies. The program is founded in a strategy process which enables companies to determine market focus, value proposition, and business models and modes of entry into the US market. GazelleGrowth aims to assist growth companies to determine potential internal problem fields through an extensive company based coaching and through a number of training camps in which all involved companies participate. To be included in the programme, a company has to have had a 20% growth for 3 years in a row. The programme is built up as a 6 month training programme, with 7-10 companies participating in each round. The participating companies receive individual coaching, individual market intelligence advice (from a private Malaysian consulting company), and group sessions in Training Camps (in Denmark and the US). Three board or management representatives from each company participate in the training and coaching sessions. Coaching and advice include strategy, business plans, market intelligence, understanding the industry, and referral assistance in finding relevant contact persons in the US. The initiative has a total budget of DKK 32 million for 3 years. The participating companies only pay travel expenses, and the support structures are, to a large extent, provided by partners; for instance lawyers from *Vækstfonden* and office space from Symbion to ensure

minimal overhead costs. Apart from the focus on potential growth entrepreneurs, there are no specific targets for entrepreneurial activity among women, immigrants, senior citizens etc. The programme is currently being evaluated by FORA.

AcceleRace is a business development initiative for entrepreneurs with an international growth potential. The initiative focuses on the entrepreneurs' knowledge and understanding of the international business and market development. This new initiative will start right after summer 2008. The Technological Institute has been contracted to carry out an evaluation to evaluate lessons learned, with the purpose of defining key components that could contribute to a later scaling as a national initiative.

Innovative Environments (innovationsmiljøer) (in total 7) are typically situated in science parks aimed at commercialising research through business start-ups. These environments offer access to seed capital and business advice, and assist the entrepreneurs in getting access to venture capital.

Science Parks (in total 9) and Business Parks (in total 50) provide support to entrepreneurs, development departments and innovative companies, helping them to survive and develop during the start-up phase (housing facilities, technical support, business support and advice, etc.).

Organizational structure of Entrepreneurship Policy

The main responsibility of entrepreneurship policy is shared between two ministries: The Ministry of Economic and Business Affairs and the Ministry of Science, Technology and Innovation, which sometimes leads to some coordination difficulties. In addition, the Ministry of Education also plays a central role in policy formulation.

Most of the entrepreneurship policies are governed by the Ministry of Economic and Business Affairs. Policies concerning innovation and research more broadly, but under the umbrella of entrepreneurship, are under the governance of the Ministry of Science, Technology and Innovation. The Danish Enterprise and Construction Authority has primary responsibility for the implementation of a number of programmes and support schemes. Other Ministries are also involved, such as the Ministry of Finance and the Ministry of Taxation.

The regional authorities are responsible for the regional strategy. Each of the five regions in Denmark and the Regional Municipality of Bornholm has established a regional growth forum. The growth forums have representatives from trade and business, educational institutions, labour and management, and politicians from the region and the municipalities. The growth forums' responsibility is to monitor regional and local conditions for growth. A regional business development strategy forms the basis for the development plan of the regional council. The regional councils provide a secretarial function for the regional growth forums. The regional growth forums play a role in entrepreneurship policy in so far as they are developing the regional growth strategies and initiating business development activities which may include: innovation, use of new technology, establishment and development of new companies, development of human resources, tourism, and development in remote areas.

The municipalities are responsible for setting up business service offices in all regions, and today there are approximately 150 Business Development Centres in Denmark. Some of the centres work for several municipalities or for a region. All the municipalities are covered by a Business Development Centre. The Business Development Centres are the first stop for potential entrepreneurs who wish to get advice and support with their business plans. If the entrepreneur is in need of more specialised support, the Business Development Centre sends him or her on to one of the Regional Growth Houses which specialise in growth entrepreneurs, innovation, and financing. Each local Business Development Centre has a network of private advisors and works in close cooperation with local businesses. The Growth Houses are described above.

Beside the state and the regional and local authorities, a number of operators, e.g. universities, educational institutions, science parks, etc. are engaged in the Danish Entrepreneurship policy.

Concluding remarks

During recent years Denmark has made substantial progress in restructuring and fine-tuning framework conditions for entrepreneurs. Progress is primarily tracked through the *Konkurrenceevneredegørelse* and the Entrepreneurship Index. Both are published each year, benchmarking the Danish conditions against leading entrepreneurship countries. In the Entrepreneurship Index 2006, the conclusion is that although Denmark still trails the top-performers, the gap is narrowing and there is some evidence that the rather extensive reform programme has slowly but steadily transformed Denmark moving it closer to the top 5 performing countries. This is seen as a prerequisite if the target of belonging to the world's entrepreneurial elite by 2015 is to be realised.

Even if Denmark is faring quite well in entrepreneurship, there are still challenges to overcome and more reforms to be made to reach the ambitious target mentioned above. In regarding the support structures for entrepreneurs, the effort over the last few years has been to create a simple, unified system with one-stop shops and a unified entrance to support for nascent or early stage entrepreneurs. It is still too early to evaluate the impact of this restructuring, but it seems that there is still some ambiguity in the system, and there might be areas that are not totally covered, especially when an innovative entrepreneur outgrows the university incubators and needs help to move on from there. There is also an imminent danger that the Regional Growth Houses might have difficulties reaching critical mass, which will affect the quality of the support.

As regards education, structural improvement is still pending. Denmark can do more to integrate entrepreneurship and innovation in the education system; in schools, where an effort is being made, and in the higher education sector, where the two academy initiatives are isolated and unconnected with pushing entrepreneurship more widely into the higher education curriculum. Although, there is also evidence of progress, the education area remains one of the major challenges.

Sufficient and well-targeted funding schemes are in place. The restructuring and further development of *Vækstfonden* and the establishment of First North have resulted in better conditions, although more expansion capital could ensure that lack of funds does not hamper the growth of innovative Danish companies.

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Entrepreneurship Policy in Finland² - recent developments - Jarna Heinonen and Ulla Hytti, TSE Entre, Turku School of Economics

Context description

Policy-making does not take place in a vacuum but is embedded in the economic, social and cultural context. In practical terms this means that in a given context with well-functioning financial markets for entrepreneurs and start-ups there is no longer a need for particular policy in the area. Similarly, in an environment with a high level start up activity there are different concerns than in an environment with lower level of entrepreneurial activity. In this report the Finnish context is briefly discussed based on some economic variables (mostly based in 2005).

Finland rates relatively highly among the European countries in terms of GDP per capita. The GDP growth rate in Finland is at a reasonable level (2.9%) and slightly higher than the EU average. The growth rate in 2005 was lower than in 2004 (3.7%), but higher than in 2001-2003. It is also likely that 2006 and 2007 will show considerably higher growth rates (estimated at about 5%). This growth is largely driven by exports, although consumption growth is sustained and private investment has picked up (OECD Economic Outlook, Finland 2006).

Finland is heavily dependent on foreign trade and its export/import balance is among the highest in the European countries. In this respect Finland clearly stands out from its Nordic counterparts. Total employment has been growing, up to 72.5% and the unemployment rate has been decreasing, down to 7.7%. The government targets are 75% and 5% respectively. Labour force participation in Finland has been increasing and is currently at quite a high level, although some European countries and all Nordic countries still clearly outperform Finland.

Finland is a small country with a current population of 5.3 million. The population changes as well as immigration are quite modest. The population is ageing as the large post-war generation is reaching retirement age. Finland is facing the challenge to phase-out the remaining pathways to early retirement, although changes to retirement schemes have been made. An ageing population is imminent and will potentially undermine the future growth prospects and fiscal sustainability of the country. (OECD Economic Surveys, Finland 2006).

One of the national advantages is the high education level (34.2% of the population with a tertiary education). The growth performance of Finland is underpinned by a strong innovation performance and high educational attainment. Finland is, indeed, the world's leading knowledge-based innovation-led economy (OECD Economic Surveys, Finland 2006) with a considerably high number of EPO patents per population.

Finland is one of the so called Nordic welfare societies with relatively heavy taxation and a large, although diminishing, public sector. Finland faces a challenge to sustain public

² The report relies on the IPREG Country Report of Finland: Analysis of entrepreneurship and Innovation Policy in Finland written by Jarna Heinonen and Ulla Hytti, 2008.

finances, which are threatened by the interaction of public welfare provision and a rapid ageing population, see OECD Economic Surveys, Finland 2006.

Despite the increasing emphasis on entrepreneurs and entrepreneurship in Finnish policy since 1990s, early stage entrepreneurial activity has been fairly stable in Finland for the past few years (about 5-6%). Based on the Global Entrepreneurship Monitor (GEM) study the level of overall entrepreneurial activity in Finland is above the average among Nordic, developed and all GEM countries. The quality of the entrepreneurial activity raises some serious concerns. Finland lacks innovative, growth oriented and truly international entrepreneurship. Finnish entrepreneurs are less growth oriented than in the other Nordic countries. While the business environment is considered stable and favourable to new and existing firms, the country has not been successful in fostering entrepreneurial and high growth oriented culture, see Stenholm *et al.* 2008.

Comprehensiveness of Entrepreneurship policy

Entrepreneurship policy is briefly discussed here, based on the so-called ‘comprehensiveness index’ which is an effort to map general policy areas as well as related sub-policy areas, (see Lundström, Almerud and Stevenson, 2008). It is noteworthy that the mapping does not determine the quality or the effectiveness of the policy measures, just the presence. We do not wish to claim that the more comprehensive the policy area in terms of measures and instruments the better.

The mapping exercise shows that the strategy level to which the Finnish government is currently committed to promote entrepreneurship and that specific targets have been set to increase, for example, the start-up rate, the number of new companies, and the level of entrepreneurial activity. The Finnish Policy structure for Entrepreneurship policy scores high but is still low compared to General policy and Performance tracking. This indicates, however, that the government has a centrally-managed structure for the implementation of Entrepreneurship policy. There is no special department for Entrepreneurship policy, but, rather, it is implemented through ministerial collaboration headed by a programme director from the Ministry of Employment and the Economy. Performance tracking of Entrepreneurship policy scores high in Finland. The Government has taken systematic measures to track the entrepreneurial culture of the country as well as business dynamics (e.g. GEM study) not only nationally but also in comparison with other countries. High scores in performance tracking show that the government is consistently producing research and published information on and about entrepreneurship. In addition, ad-hoc evaluations and studies are conducted to assess the impact and functionality of different policy measures.

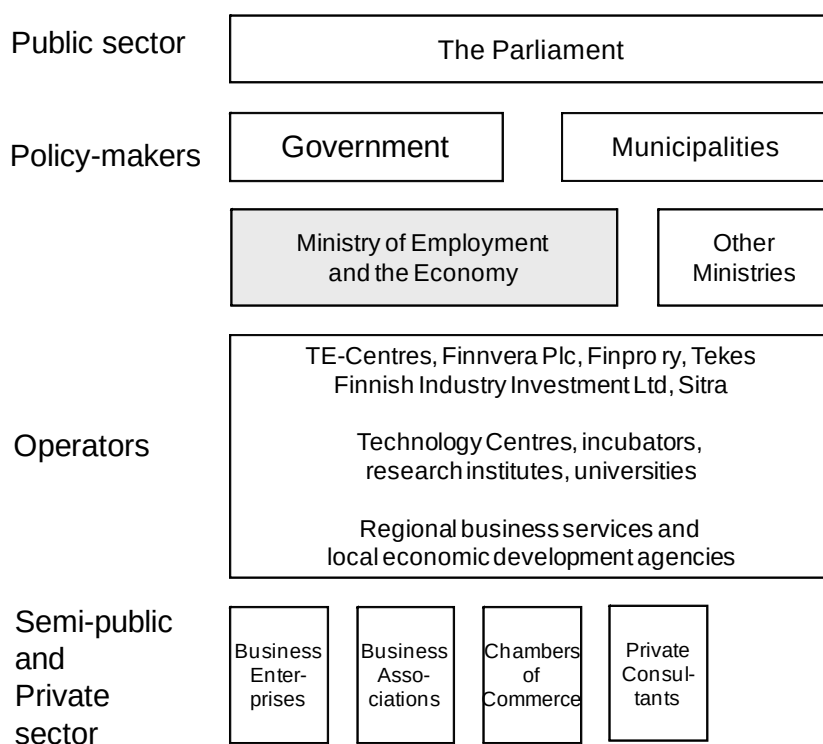
The sub-policy areas of Finnish Entrepreneurship policy have also been scored based on Comprehensiveness index; see Lundström, Almerud and Stevenson, *ibid.* In Finland entrepreneurship education, financing and business support have the highest ratings. The entrepreneurship programme has applied a wide approach to entrepreneurship emphasizing, the role of education in promoting entrepreneurship in Finnish society. The government has previously had a key role in providing access to finance for SMEs and start-up entrepreneurs. Along with the emergence of venture capital markets and development of financial markets in general the role of government financing has decreased respectively. A business support system for entrepreneurs is also relatively well established in Finland (A Development Track Adds Finnish Business Services to World Lead 2005). The weakest scores are given to

research indicating that policy oriented research on entrepreneurship is not systematically exploited or financed although a number of ad-hoc studies are continuously conducted.

Organizational structure

The main responsibility of the co-ordination for Entrepreneurship policy activities has traditionally been located at the Ministry of Trade and Industry. In 2008 the former Ministry of Trade and Industry and the Ministry of Labour were merged into one ‘super Ministry’, The Ministry of Employment and the Economy which takes responsibility for Entrepreneurship policy in Finland. The Finnish Entrepreneurship policy system consists of suppliers of resources and policy level strategies and public, semi-public and private sector operators (Figure 1). However, it is noteworthy that many ministries and the Prime Minister’s Office are also involved at the policy level. Entrepreneurship policy is also a part of municipal activities in the form of local economic development policy. Therefore, it is not only government which provides the resources and guidelines for Entrepreneurship policy, but also municipal authorities and agencies involved in regional and local strategies and activities.

Figure 2 Actors in the Finnish Entrepreneurship Policy System (elaborated from A Development Track... 2005)



In the following the main actors and their activities in the field of entrepreneurship policy are briefly described:

Employment and Economic Development Centres (TE-centres) are public offices under ministerial supervision (Ministry of Employment and the Economy and Ministry of Agriculture and Forestry), providing various business related services and finance, established in 1997. TE Centres are a network of 15 regional offices with business departments, whose task is to serve the needs of SMEs by providing business support services, consultation and advice, as well as finance.

Finnvera Plc is a State-owned specialized financing company administered by the Ministry of Trade and Industry. It is also Finland's official Export Credit Agency and acts as an intermediary between the European Union's financing programmes and Finnish SMEs.

Tekes, Finnish Funding Agency for Technology and Innovation, is the main financing organization for R&D in Finland, established in 1983. Tekes provides funding and expert services for R&D projects at companies registered in Finland and at Finnish research institutes and universities, and promotes national and international networking.

Finpro is an expert service organization, partly financed from public funds, providing business support services for internationalization and organizing innovation programs.

Finnish Industry Investment Ltd is a State-owned equity investment company administered by the Ministry of Employment and the Economy, and was established in 1995. Finnish Industry Investment invests in different types of funds targeted at financing companies in different growth phases.

Sitra, The Finnish National Fund for Research and Development, is an independent public foundation under the supervision of the Finnish Parliament. Sitra's tasks include providing research information on Finnish society. Sitra works in close collaboration with other actors in the public and private spheres and builds networks in Finland and abroad.

Educational institutions also have their role to play in the field of Entrepreneurship policy. On one hand some actors promote entrepreneurship education in different levels of education system. On the other hand, universities conduct research on and about entrepreneurship.

Finally, *Technology Centres and Science Parks* also enhance entrepreneurship by giving different types of support to start-up entrepreneurs. Their role, however, is more important in the field of Innovation policy.

Changes in the policy area

Currently entrepreneurship is high on the Finnish policy agenda. Entrepreneurship has received increasing awareness in Finland among media and policy makers since the severe recession in early 1990's. The Finnish policy agenda and discussion reflect a more general European approach presented, for example, in the Green Paper of Entrepreneurship issued by the Commission in 2003.

As to Entrepreneurship policy, a concrete and visible starting point took place at the beginning of 2000 when the Ministry of Trade and Industry launched an Entrepreneurship project. The project was included in the government programme, in order to increase the establishment of new firms and to increase the growth and competitiveness of existing enterprises. The Entrepreneurship project ran until the end of the term of Prime Minister Lipponen's 2nd government in March 2003. It was implemented in cooperation between nine ministries and the Association of Finnish Local and Regional Authorities. The regional Employment and Economic Development Centres (15 centres in Finland) and the various interest groups in the business sector also played a key role in this project.

Entrepreneurship has subsequently been visible in the Finnish government programme. Most importantly, the policy measures of different sectoral ministries promoting entrepreneurship have been collected together indicating the consensus in understanding of the holistic nature of the phenomenon of entrepreneurship. In 2003 the Entrepreneurship project was widened when a special Entrepreneurship policy programme (2003-2007) was established as a part of the government's economic and industrial policy. This programme was one of the four policy programmes of the Vanhanen's 1st government to intensify horizontal decision making in the ministries. Originally, the programme consisted of five sub-sectors (Entrepreneurship Policy during... 2007): 1) Entrepreneurship education and information, 2) Establishment, growth and internationalization of businesses, 3) Taxes, duties and fees affecting entrepreneurship, 4) Regional entrepreneurship, and 5) Regulations concerning companies, and the operation of markets. During the last two years of the governmental period these areas were modified to include the following areas in line with the company life cycle model: 1) Measures promoting business start-up of enterprises, 2) The improvement of business conditions for growth entrepreneurship, 3) The promotion of generational transfer and change of ownership in companies, 4) The development of business services in a way that advances competencies and innovation, and 5) The predictability of the regulatory environment, the operation of markets and the reform of public sector service production (Entrepreneurship Policy during Prime Minister Matti Vanhanen's Term of Government 2003-2007, 2007). Based on the final report on the Entrepreneurship Policy Programme (Entrepreneurship Policy during Prime Minister Matti Vanhanen's Term of Government 2003-2007, 2007) the reforms with the greatest impact on entrepreneurship include a variety of measures, especially in the field of financing, public business support systems, social security for entrepreneurs and their families, tax cuts and changes in the taxation system as well as entrepreneurship education.

Many activities and measures taken in the frame of the Entrepreneurship policy programme are to be continued in the frame of the new Work, Entrepreneurship and Working Life Policy Programme, which has just started its activities under the newly established Ministry of Employment and the Economy during Vantage's 2nd Government (2007-). According to the Government Programme (Vastuullinen, välittävä ja kannustava Suomi 2007) and the strategic document (Politiikkaohjelma hallituksen strategia-asiakirjassa 2008) the current policy programme attempts to enhance access to labour and full exploitation of labour force; to promote entrepreneurship and company growth; and to improve the quality of the working life and labour productivity. Labour supply is to be increased by extending individual working careers, stimulating the transition from studies to employment, exploiting labour reserves and promoting work-based immigration, for example. In addition, several measures are planned to be taken to improve the integration problems related to available work and labour force as well as to improve the balance between labour flexibility and security (flexicurity), see Stenholm *et al.* 2008.

Conclusions

Entrepreneurship and its development as a societal phenomenon are monitored within the Entrepreneurship Policy Programme. A Review on Entrepreneurship ('Yrittäjyyskatsaus') is updated annually. The review monitors the number of firms, size, location, different sectors, profitability, income rate and age distribution of entrepreneurs by size. The review aims to produce an overview of the effectiveness of the programme and the changes in the conditions in Finland and in the regions. Other studies (such as GEM) are also applied in order to compare Finland with other countries. The Entrepreneurship Policy Programme strategy has

been updated annually (Hallituksen strategia-asiakirja 2006). In addition, several actors such as TE centres, ministries and regional agencies produce ad hoc studies and evaluations on the functioning and impact of different policy programmes and measures.

Based on the different studies Entrepreneurship policy is fairly well developed in Finland, in terms of the structures, organizations and measures. The instruments and measures as such seem to be of good quality and target the appropriate needs. However, these instruments do not seem to be enough to generate successful business growth and/or innovation – on the contrary, performance is sometimes even poor.

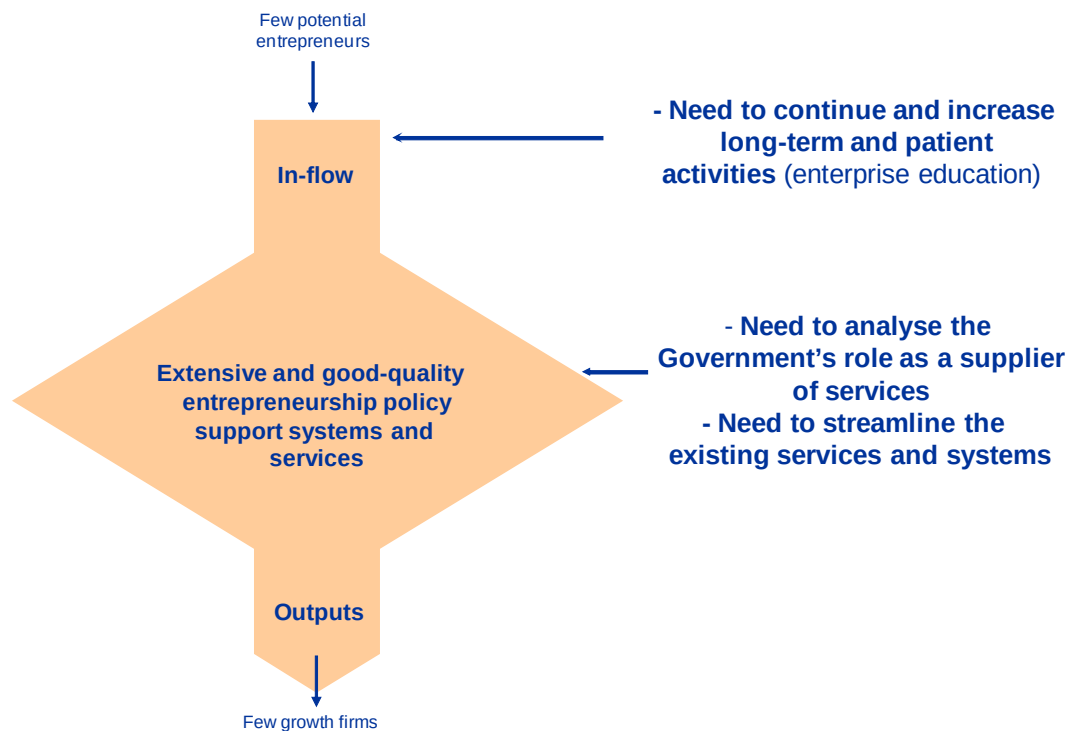
In Finland there is a strong belief that the government needs to intervene and therefore new public instruments (programmes, organizations) are continuously developed in order to improve the performance. This may help those (potential) entrepreneurs who have already entered the system and are ready to be supported. The major problem in Finland, however, is that the flow of entrepreneurs towards the system and services is much too small: Too few people, particularly with a university degree, are motivated enough by entrepreneurship as a personal career option. There are not enough potential and high quality entrepreneurs to be served. At the same time there are a variety of services and support organizations that provide services for these few potential entrepreneurs. (Figure 2)

Hence, we question the need and goal to be comprehensive in general, but rather encourage any attempts to focus on the most necessary measures with high rate of return and to relate investment to specific policy measures with their respective outcomes. This requires long-term research endeavours and programmes with a mixture of quantitative and qualitative approaches in order to systematically analyze and evaluate the outcomes of different measures. Ad-hoc studies and evaluations do not necessarily provide a balanced and coherent enough picture of entrepreneurship to be promoted.

The systems and services do not seem to solve the basic problem in Finland. There is a need to critically analyze the current support systems and structures and to make necessary reallocations even if it means changing some existing structures. Also, there is a need to ask if the public services are always needed or even capable of serving the potential entrepreneurs, or if the needs are best served by encouraging the markets to function well. Streamlining the existing versatile and multi-level system would not only be more cost effective but also customer friendly in terms of understanding the system. Sometimes it seems that less is more!

As the amount of in-flow into the system, i.e. the rate of entrepreneurship, is strongly connected to the Finnish social, cultural and economic context, the problem cannot be quickly remedied. Rather there is a need to continue and increase long-term and patient activities, such as enterprise education, that will in the long term be the only way to increase in-flow in the system.

Figure 3 Entrepreneurship policy support system



In addition, the challenges of the Finnish Entrepreneurship policy are connected to the population challenge. The ageing and decreasing population might be even less motivated by entrepreneurial activity in the future than now. Therefore, targeting the existing population and new generations is not enough but we need to increase the dynamics and diversity of the population by fostering work-based immigration into Finland which will hopefully assist in fostering the cultural change towards an entrepreneurial society!

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Entrepreneurship policy in Iceland – recent developments – Eythor Ivar Jonsson, Copenhagen Business School

Context

Iceland is a 103,000 sq.km island situated in the North of Europe. The total population is approximately 316.000. Around 62 % of the population lives in the capital, Reykjavik, and surrounding municipalities. The population is young compared to other European countries and the ratio of those aged over 65 compared to working age is one of the lowest in the OECD countries. Furthermore the labour activity rate is 83 % in total and 78 % for females which is one of the highest female activity rates in the OECD. The unemployment rate was 2.3 % in 2007 and has been consistently low during the past few years.

The Icelandic economy has experienced a growth period since 2003, with GDP over 7 % in 2004-2005. Over the last ten years the average growth rate of GDP has been 3.8 % as it was in 2007. The economy has doubled in size since 1999. Currently the economy is slowing down. The GDP was EUR 13 billion in 2006 which makes it the smallest economy within the OECD. GDP per capita was EUR 42,800 which makes Iceland one of the richest countries in the world. Historically, the prosperity of the Icelandic economy has largely been built on marine and energy resources. In recent years the financial services sector has been the growth factor for the economy, growing as a proportion of GDP from 96 % of GDP in 2000 to almost 900 % of GDP in 2007.

Iceland has a free floating currency, the Icelandic Króna (ISK). The Króna has been a “strong” currency compared to other currencies in recent years but has devalued since the middle of 2007. The inflation rate has been relatively low for the last ten years with an average rate of 3.9 %. Iceland used to have higher inflation and the 30 year average is 18.0%. The inflation rate has constantly been higher in Iceland than in other OECD countries. One hypothesis is that higher inflation is the cost of a small currency. The inflation rate in 2006 was 6.9 %.

In 2006, there were 52,994 enterprises in Iceland, with around half of these being limited liability companies. Approximately 99% of enterprises are SMEs, with less than 60 employees. Entrepreneurial activity in Iceland is one of the highest in Europe according to the Global Entrepreneurship Monitor; around 12% of people aged between 18 and 64 are active in entrepreneurship in Iceland. Iceland has experienced an investment and credit boom the last few years led by large-scale investment projects in the aluminium and power sectors launched in 2003, the biggest in the history of the country. Furthermore, Icelandic companies started investing aggressively abroad, increasing foreign capital ownership 29 fold from 1999 to 2006. For the first time Iceland became known for big businesses and billionaires. Most of the expansion was financed with foreign debt, taking the net foreign liabilities to one of the highest levels in the world and the international investment position to -122 % of GDP. Investment abroad slowed considerably in 2007.

Comprehensiveness of Entrepreneurship Policy

As Iceland is not a partner country in the IPREG project a formal research estimating the comprehensiveness of Entrepreneurship policy has not been conducted in Iceland. The comprehensiveness approach is, however, used as a guideline for the following discussion.

The Ministry of Industry is responsible for general policy effort in entrepreneurship and the Ministry of Education, Science and Culture for science and technology policy in Iceland. In terms of general policy statements the ministries have showed will to support entrepreneurship and increased funding for innovation and business developmental funds run by RANNIS, the Icelandic centre for research. The focus has furthermore been on business development in rural areas. Clear targets for the level of entrepreneurial activity of the number of new entrepreneurs/new businesses have not been set. There have, however, been some private and public initiatives toward goals for high-tech industry and female entrepreneurship.

In terms of policy structure for entrepreneurship, the Minister of Industry and Commerce has responsibility for SMEs and entrepreneurship. In 2007 a new institution, NMI, Innovation Centre Iceland, took over the responsibility of being the public arm for management of policies towards entrepreneurship and innovation. Many of the initiatives for Entrepreneurship policy have, however, come from private organisations.

There have been few formal initiatives on assessing and tracking entrepreneurship climate and culture. There are no systematic analyses and very little research has been done on entrepreneurship by the government. The government has, however, partly sponsored the GEM (Global Entrepreneurship Monitoring) project which Reykjavik University has participated in since 2002, in association with Klak, The Innovation Centre in 2008. Furthermore, The Federation of Icelandic Industries has conducted a study in cooperation with Reykjavik University, analysing the support system for entrepreneurial activity in 2006.

Several projects have been initiated or sponsored by the government to promote entrepreneurship in the last few years. Impra, which is part of NMI, has legal obligations to provide start-up information to entrepreneurs, and also has programs motivating women to become entrepreneurs. In association with The Federation of Industries the government sponsors award program like “Sproti ársins” which is a selection of the company of the year and “Gulleggið” which is awarded for the best business plan in a business plan competition.

Entrepreneurship education has been building up steadily and entrepreneurship is taught at all education levels in some form although still underdeveloped. There have also been programs and competitions at all levels to encourage entrepreneurship: Innovation competition at elementary level, business factory competition at secondary level and business plan competitions at university and technical level. All of these programs have been started with private initiatives and are still run as such at secondary level, in cooperation with Junior Achievement, and at university level by Innovit, which is a student organisation.

In terms of comprehensiveness of Entrepreneurship policy Iceland seems to lag considerably behind other Nordic countries. There seems, however, to be a political will to change this and increase support and attention of innovation and entrepreneurship.

Organisational structure of Entrepreneurship policy

The Ministry of Industry is responsible for general policy on entrepreneurship while the Ministry of Education, Science and Culture is responsible for education and research supporting entrepreneurship. There are four main institutions involved with Entrepreneurship policy: The Science and Technology Policy Council which is the policy maker for science and research, Rannis, The Icelandic centre for research which provides funds for research, technology and innovation, NSA, the New Business Venture Fund, which has the role of investing in start-up companies and NMI, the Innovation Centre Iceland, which has the role of assisting and counselling entrepreneurs and start-ups. Furthermore there are public institutions which have partial role of assisting in entrepreneurship.

The Science and Technology Policy Council operates under the direction of the Prime Minister and consists of ministers, scientists and business representatives. The Council formulates public policy to promote scientific research and research training in the sciences and encourage technological progress in Iceland, for the purpose of strengthening the foundations of the country's culture and boosting the competitive capacity of its economy.

Rannis, The Icelandic Centre for Research, reports to the Ministry of Education, Science and Culture with the purpose of providing professional assistance in the preparation and implementation of science and technology policy in Iceland. The institution oversees the Research Fund, Fund for Research Equipment and the Technology Development Fund, which have the purpose of supporting innovation and high-tech industries. Rannis handles a total turnover of around EUR 13.2 Million a year.

NSA, the New Business Venture Fund, reports to the Ministry of Commerce. It is a venture capital investor financed by the government that focuses on investing in innovative and pioneering firms. The fund has been involved in some of the high profile ventures during the last few years although the investment power of the fund has been limited in recent years. In 2007 the funds owned some EUR 36 Million and invested EUR 7.7 Million in new projects.

NMI, Innovation Centre Iceland, was established in 2007 as part of a merger between the Technical Institute of Iceland and the Icelandic Building Research Institute. The institution operates under the Ministry of Industry. The institution is responsible for entrepreneurship and SME services, and technological research as well as offering human resources and services. The division running the entrepreneurship and SME services is Impira, which offers entrepreneurial and innovation support, support for economic development in rural areas, education and training as well as incubation services.

Entrepreneurial policy aims to strengthen these institutions for the future with a bigger role in supporting innovation and entrepreneurship in Iceland. More funding has been set aside, especially, with the aim of assisting high-technology companies and entrepreneurship in rural areas. Increased funding for research and development and for venture investment is seen as a major step towards a better system for supporting innovation and entrepreneurship. There are even more ambitious plans in the pipeline, making the support system more coherent and streamlined, as well as building the financial bridges from seed to venture capital.

Changes in the policy area the last five years

The Independence party and the Progressive party governed Iceland together from 1995 to 2007. In the policy statement 2003 the parties declared that the government would focus on supporting research and development with the aim of increasing entrepreneurship. In 2007 a new government consisting of the Independence party and the Social Democratic Alliance took power. In their policy statement several remarks were made towards increasing focus on innovation and entrepreneurship: Cooperation between industry and Icelandic universities is seen to be the key to improved business performance and innovation. The government wants to create optimum conditions for ongoing growth, exports and international expansion by Icelandic companies, i.e. through measures to boost the high-tech sector and operating environment of seed companies, for example by strengthening the Icelandic Centre for Research and the Technology Development Fund. The corporate tax environment will be stable and encouraging. During its office the government will explore ways of reducing corporate taxation even further. Corporate tax in Iceland is 18%, among the lowest rates in Europe.

Plans have been made to increase the funds of Rannis – Research Centre Iceland considerably in the near future. Furthermore a new venture fund, Frumtak, which is a cooperation between banks, pension funds and the government, will increase available funds for investment in entrepreneurship considerably. The new fund, New Business Venture Fund, doubles the amount which the institution would otherwise have for investment. The fund will be an independent fund although governed by NSA. The University of Iceland and Reykjavik University are both planning investments in science parks and increasing their focus on innovation and entrepreneurship. Furthermore, the development of NMI, Innovation Centre Iceland, has the aim of making support for innovation and entrepreneurship more effective.

There have been notable changes in the policy area regarding entrepreneurship in the last couple of years. There is greater focus on innovation and high-tech with the aim of creating fast growing companies that create employment for knowledgeable workers. There is increased understanding that a better balance between the use of natural resources and human resources is vital for the prosperity of the economy. The Minister of Industry made the case at the Seed Forum Iceland conference in April 2008 when he proclaimed that the aim should be to “let a thousand flowers bloom” indicating that the prosperity of Iceland is associated with the growth of many and different new companies. Governmental support for innovation in terms of grants and loans and for entrepreneurship in terms of seed investment seems to be a policy statement in that direction.

Observation and conclusion

It was not until 1995 that support for SMEs became a policy issue. The importance of Entrepreneurship policy has gradually increased since. The three main institutions (Rannis, NSA and NMI) for supporting innovation and entrepreneurship have grown steadily over the last few years. Furthermore there is political support for further developing initiatives towards innovation and entrepreneurship.

It has, however, to be noted that many of the programs and policies for supporting innovation and entrepreneurship have come from other initiatives. The Federation of Industries has played an important role in getting support for SMEs and growing companies. The University

of Iceland and notably Reykjavik University have promoted programs and research on entrepreneurship. Klak Innovation and Incubation Centre established Seed Forum Iceland in 2004, which is a gathering for entrepreneurs and investors. Furthermore, Klak has developed new education in entrepreneurship and is establishing the first business angel network in Iceland. Innovit, a student organisation, runs the biggest business plan competition at university level in Iceland. These organisations have, in addition, all used their power to lobby for innovation and entrepreneurship.

It is hard to measure the results of policy efforts of government or other parties. According to the Global Entrepreneurship Monitor entrepreneurial activities has constantly been higher in Iceland than in the EU countries, at around 12% in Iceland and less than 6% in EU countries. According to the same research, the percentage of people aged between 18 and 64 who believe there are many opportunities for entrepreneurship has increased in Iceland, from 40% in 2002 to 70% in 2007. At the same time this percentage has stayed the same in the EU countries, around 40%. There has also been more involvement in entrepreneurship of people between 55 and 64 years old. Compared to people between 18 and 24 years old the older age group was 1.5 times more likely to be entrepreneurs in 2002 and 2 times more likely in 2007. The ratio between these two groups has, however, stayed the same, around 0.5, in the EU countries.

According to specialists the entrepreneurial conditions in Iceland have improved the last six years although not very much (see table 1). Lack of government programmes, research and development transfer, financial support and education and training for entrepreneurs are considered to be hindering entrepreneurial progress (rate 3 on the scale from 1-5 below). This is, however, not very different from other Nordic countries according to the GEM research.

Table 1. Entrepreneurial Conditions in Iceland (compared to other Nordic countries in 2006)

	2002	2003	2004	2005	2006	2007	Other Nordic countries 2006
Access to Physical Infrastructure	3.7	4.3	4.4	4.3	4.5	4.3	4.3
Cultural and Social Norms	3.7	3.7	3.7	3.9	4.0	4.0	2.6
Government Policies	3.1	3.2	3.3	3.3	3.6	3.5	2.9
Commercial and Professional Infrastructure	3.0	3.3	3.1	3.3	3.5	3.5	3.6
Market Openness/Barriers to Entry	3.2	3.0	3.0	3.3	3.3	3.2	2.8
Government Programs	2.5	2.4	2.5	2.7	2.7	2.8	3.0
Research and Development Transfer	2.6	2.5	2.6	2.7	2.6	2.8	2.8
Financial Support	2.6	1.9	2.5	2.6	2.6	2.7	2.8
Education and Training	2.4	2.5	2.6	2.8	2.7	2.6	2.5

Source: GEM, Frumkvöðlastarfsemi á Ísland 2007 and Umfang og umhverfi frumkvöðlastarfsemi á Íslandi 2006.

The number of new registered companies has roughly stayed the same between 2002 and 2007, at around four thousand. The story is the same for limited liability companies as other company legal forms. The turnover of Icelandic companies increased by 54 % between 2003 and 2006 and the Icelandic stock market index grew 5-fold between 2004 and 2007 indicating the boom that Iceland has experienced in the last five years. The last five years has been a time for big businesses in Iceland. At the same time small organisations have grown to become big, local companies have become international and some important success stories of entrepreneurs making it big have motivated others. In the last five years Icelandic business has become known for its entrepreneurial spirit. Icelanders have learned to think big which is very important for growing organisations. Much of the growth was, however, achieved through cheap financing and mergers and acquisitions. The times have changed. The entrepreneurial spirit has, however, not changed and it is likely that new ventures creation will increase when there is less big business demand for human resources. Small is beautiful again.

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Entrepreneurship policy in Norway – recent developments – Marlén Andersson, Carl Erik Nyvold, Beate Rotefoss, Kunnskapsparken Bodø

Introduction/Context description

Norway is situated in the northern part of Europe, and the country consists of 19 counties and 431 municipalities. The total population is approximately 4.6 million. There has been a strong growth in Norwegian GDP from the early 1980s. This is mainly due to the development of the oil industry. In 2005, Norway's GDP was USD 350 billion, which corresponds to a GDP per capita of USD 67,000. The real growth in GDP per capita from 2004 to 2005 was 8.5 %.

According to the IPREG-report the total labour force participation rate in Norway was 76.8%, 71.7% among women and 45 % among immigrants. More women than men are homemakers, which may explain that men have a higher participation rate than women. The unemployment rate for 2005 revealed that 4.6% of the labour force was unemployed, 4.4% among women. The female self employment rate decreased from 2000 to 2005.

There has been a significant decrease in unemployment after 2005. In March 2007, the unemployment rate was 2.7%. Unemployment in Norway is at such a low level that the country needs to import labour in order to satisfy the need for manpower in Norwegian industries. Norway has a relatively high public sector employment share (40.7%).

Public R&D expenditure is 0.8 % of GDP, which is equal to the business R&D expenditure. 8.0% of Norwegian enterprises receive public funding for new innovation.

Business ownership in Norway is 14.4%. Among the Norwegian population the self-employment rate is 4.0%, 1.6% among women. The nascent entrepreneur has decreased from 8.7% in 2001 to 5.3% 2006. Norway ranked 24 out of 42 countries on the global Entrepreneurship Monitor Total Entrepreneurial activity in 2007 (GEM report 2007), with a TEA index of 9.1

SMEs constitute 99.9% of the total company population, and the SME share of total employment is 57.7%. Micro firms constitute 91.6% of all companies.

Comprehensiveness of Entrepreneurship Policy

Norway has no comprehensive policy document dealing with entrepreneurship. Instead several areas of entrepreneurship have been included as sub topics in the papers and strategy plans presented by the three ministries that deal with Entrepreneurship policy (The Ministry for Education and Research, The Ministry of Trade and Industry and the Ministry of Local Government and Regional Development). The most important public agencies and organizations in the area of entrepreneurship are Innovation Norway, the Industrial Development Corporation (SIVA) and Junior Achievement – Young Enterprise.

The Ministry of Trade and Industry is working on a white paper on innovation that is expected to be launched during 2008. The objective of this paper is to improve the ability to innovate in the Norwegian economy in order to secure a continued welfare development. It is

expected that the paper will adopt a “comprehensive approach”, addressing among other factors, R&D, innovation in services and in the public sector, and immaterial property rights. The topic of entrepreneurship is also expected to be included in the paper, see Rotefoss and Nyvold, 2008.

There are two national policy documents of special interest within entrepreneurship:

- Innovation plan called “From idea to values – the government’s plan for a comprehensive innovation policy”. Entrepreneurship is one of five prioritized areas in this plan that came out in 2003. The Norwegian government encourages extensive cooperation between authorities, educational institutions and businesses.
- Succeeding the Innovation policy plan, three ministries (The Ministry of Education and Research, The Ministry of Local Government and Regional Development, and the Ministry of Trade and Industry) published the government’s strategy plan for entrepreneurship in the educational system in May 2004. The government considers a strategy for entrepreneurship in the educational system as a strategy to strengthen individuals’ ability to utilise possibilities in the industry and other parts of the community (www.regjeringen.no). The 2004-government’s vision was that the Norwegian educational system should be among the best in the world when it comes to entrepreneurial training. In 2006 this plan was revised.

Norway was one of the first countries to develop a national strategy plan for entrepreneurship in the school system. Most practice and policy documents are emphasizing a progression model for entrepreneurship in the educational system.

The IPREG report, see Rotefoss and Nyvold, *ibid.*, indicates that the policy structure for entrepreneurship is not strong in Norway. Although there is an administrative unit within the central government with responsibility for the area, there is no official politician responsible for entrepreneurship or enterprise development. The Norwegian government aims to be a driving force and partner in the work of entrepreneurship in education, and it follows several of the recommendations from the report “fostering entrepreneurial mindsets” which was written by the European Commission. The Norwegian government has also got a partnership with the organization Junior Achievement – Young Enterprise. Hence young people are an important target group. The government further takes initiative for entrepreneurship among women, ethnic minorities/indigenous groups, unemployed, and immigrants/expatriates. Promotion of entrepreneurship is a stated policy objective, and a portion of the central government’s budget is allocated for these kinds of activities.

Organizational structure of Entrepreneurship policy

Norway does not have an overall Innovation and/or Entrepreneurship policy. Nevertheless, the area of innovation and entrepreneurship are important focus areas in several strategy documents and policies for different sectors in society. In Norway, the Ministry of Trade and Industry, the Ministry of Education and Research and the Ministry of Local Government and Regional Development have the main responsibility for developing national Innovation and Entrepreneurship policies. A brief description of the three ministries (www.regjeringen.no):

The Ministry of Trade and Industry has the overall responsibility for the policy on industries. The purpose of the ministry is to encourage wealth creation in the Norwegian economy. This ministry is also responsible for developing industrial policy instruments related to research, innovation, restructuring and internationalisation.

The Ministry of Education and Research aims at ensuring that Norway has a sound and well functioning educational system and productive and creative research environments. The Ministry seeks to ensure that everyone has the opportunity to participate and influence development in the knowledge society. An important condition for achieving this goal is the existence of a knowledge sector that is able to develop, communicate and exploit new knowledge.

The Ministry of Local Government and Regional Development is divided into four Departments: The Housing and Building Department, the Regional Development Department, the Department of Local Government and the Department of Planning and Administrative Affairs. For the purpose of this report, the Department of Regional Development is of most interest. This department is responsible for regional and rural development policies in Norway. The government sees the overall regional development policy as a national effort to secure balanced social and economic development in all parts of the country. The rural policy constitutes an additional contribution to those parts of the country that must be given special attention in relation to the promotion of general growth and prosperity.

Innovation Norway is the main actor when it comes to offering financial support to entrepreneurs. Innovation Norway has several policy instruments available, ranging from entrepreneurial training to grants and loans. In 2006, Innovation Norway spent EUR 65 million on individual entrepreneurs (11 % of the total budget). They received 2,425 applications for grant (total EUR 123.4 million) and they approved 1,523 of these applications (total EUR 65 million). In addition, Innovation Norway supported 125 joint initiatives for entrepreneurs (activities aiming at groups of entrepreneurs) (www.invanor.no).

The Industrial Development Corporation of Norway (SIVA) is another important institution that promotes entrepreneurship in Norway. SIVA is a state owned enterprise that is controlled by the Minister of Trade and Industry. SIVA focuses on developing strong local environments by providing investment capital, competence and networks for SMEs. SIVA supports innovation centres whose aim is to stimulate to industry development, e.g. through business start-ups. SIVAs network of incubators, business gardens, research parks and science parks in the different counties of Norway consists of 100 institutions, whereof business gardens and business incubators constitute the largest share.

Young Enterprise plays an important role in order to creating awareness of entrepreneurship among young people. The organization is organized as a nationwide association with local divisions in each county. The main goal is to give young people the opportunity to gain personal experience of how businesses operate, inspire to improve their own prospect and learn the opportunity to create links between education and business and industry.

Table 2: Important national actors within the entrepreneurship policy area and their main activities

Actors	Promotion	Education	Barriers	Financing	Support	Target groups	Research
Innovation Norway	x	x	x	x	x	x	
Industrial Development Corporation of Norway	x		x	x	x	x	
Junior Achievement – Young Enterprise	x	x	x		x	x	

Although these three national organizations are seen as the most important entrepreneurship actors, there are several national organizations that are of great importance for the entrepreneurship policy area. Some of them are presented in table 3.

Table 3: Other national actors within the entrepreneurship policy area and their main activities

Actors	Promotion	Education	Barriers	Financing	Support	Target groups	Research
The Research Council of Norway				x		x	x
Start Norway	x	x	x		x	x	
Venture Cup	x	x	x	x	x	x	
Europrise	x	x	x		x	x	
The Norwegian School of Entrepreneurship	x	x	x		x	x	
Bedin	x		x		x		
The Norwegian Patent Office					x		
Brønnøysund Register Centre					x		

Changes in the policy area in the last five years

The changes in the last five years regarding entrepreneurship in Norway are mainly within the educational system. Further two different reforms and plans in the educational system will be pointed out:

“Knowledge promotion”

The latest reform is the 10-year compulsory schooling and in upper secondary education and training. This reform introduces certain changes in substance, structure and organization from the first grade in the 10-year compulsory schooling to the last grade in upper secondary education and training. The reform took place in autumn 2006 (www.regjeringen.no). The

goal of Knowledge Promotion is to help all pupils to develop fundamental skills that will enable them to participate actively in our society of knowledge. The Norwegian school system is inclusive; there must be room for all. Everyone is to be given the same opportunities to develop their abilities. The Knowledge Promotion, with its special emphasis on learning, is meant to help ensure that all pupils receive a broad education. The reform took effect in autumn 2006 for pupils in grades 1-9 in the 10-year compulsory schooling and for pupils in their first year of upper secondary education and training (i.e. the 11th grade).

“See opportunities and make them work”

“See opportunities and make them work” (www.regjeringen.no) was a strategy plan for the period 2004-2008. The purpose of the strategy has been to profile entrepreneurship as an educational objective and training strategy, as well as to motivate educational institutions, municipalities and county authorities to plan and anchor entrepreneurship in collaboration with trade and business and other relevant parties.

A major objective for the strategy in the educational system has been to contribute to value creation, the establishment of new enterprises and innovation in Norway by stimulating the attitudes, knowledge and skills of pupils, students and teachers at all levels and developing a culture for entrepreneurship. A new National Curriculum for Primary and Secondary Education and Training was introduced in the autumn of 2006 and describes entrepreneurship as a means of renewing education and training.

In the autumn of 2007 a new programme subject was being introduced in the programme area social sciences and economic studies in the Education Programme for Specialization in General Subjects. This subject has been called entrepreneurship and business development. The revised Strategic Plan describes equally important criteria for the pupils’ learning environment; which of these are to be given most emphasis in the different teaching plans will vary. An active use of these criteria contributes to the quality assurance of program which focuses on entrepreneurship and following up the National Curriculum. The criteria in question are: Stimulation and development of creativity, pupil participation and active learning, cross-disciplinary working methods, collaboration between school and local community and business life and value creation.

Observation and conclusion including results from performance tracking

There is no policy document focusing solely on Entrepreneurship policy in Norway. Nevertheless Norway was one of the first countries to develop a national strategy plan for entrepreneurship in the school system; See the opportunities and make them work, 2004-2008. This plan ends in 2008, and is currently being evaluated. It is not known if there will be a follow-up to this plan.

Entrepreneurship is also mentioned in several documents dealing with regional development. The innovation plan “From ideas to values” puts entrepreneurship forward as one of five areas prioritized areas to achieve business start-ups, particularly those having ambition and potential. There is also a great interest in Norway’s first white paper on innovation, which is expected to be launched during 2008. It is expected that this paper also will cover the area of entrepreneurship.

There are three ministries that are actively involved in Entrepreneurship policy; The Ministry of Trade and Industry, the Ministry of Education and Research, and the Ministry of Local Government and Regional Development. There are three state owned organizations that are the main organizations for entrepreneurship at a national level; The Industrial Development Corporation (SIVA), Innovation Norway and the Norwegian Research Council. These national actors are also some of the most important actors for entrepreneurship policy at the regional level.

The most important motivator for entrepreneurship is Junior Achievement – Young Enterprise Norway, who teaches business skills to students of all ages. JA-YE Norway receives funding from the Ministry of Trade and Industry, and The Ministry of Government and Regional Development. The Norwegian government aims to be a driving force and partner in the work with entrepreneurship in education.

The policy structure for entrepreneurship is not strong in Norway, and although there is an administrative unit within central government with responsibility for the area, there is no official politician responsible for entrepreneurship or enterprise development.

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Entrepreneurship policy in Sweden – recent development – Dan Hjalmarsson, Sweco/Eurofutures

Context description for the Swedish economy

In 2007 Sweden exceeded 9 million inhabitants, an increase mainly caused by immigration. Global changes and exogenous driving forces have had major impact on the Swedish economy. One such important external factor is China's membership in the World Trade Organisation (WTO) 2001. This institutional change was followed by a rapid growth in the Chinese economy and export, which affected the global economy along with rapid economic progress in India and other emerging Asian economies.

As an answer to this, Swedish companies have increased their own presence in Asia. Thus, globalisation has become an even more important driving force in the Swedish economy even for SMEs, often in close interaction with the bigger players on the global market. The impact of globalisation is greater in Sweden than in many other countries due to Sweden's long tradition of open trade and extensive export/import. According to the World Economic Forum Sweden is one of the most open and free-trade-friendly economies in the world, only surpassed by Singapore and Hong Kong.

The political context has changed after the election in the autumn 2006 when a new conservative government took office. The new government has pursued a work-line policy with the aim of mitigating "exclusion", i.e. getting the unemployed or those with early retirement pensions back to productive work.

Lower unemployment benefits and social allowance will make it more rewarding to work or to be self-employed in comparison to be unemployed or on social welfare. The new government has clearly stated that the social welfare system must be regarded as an insurance system, not a system providing long-term subsidies to people excluded from the workforce.

The new government is also preparing reforms to make the education system more efficient e.g. by reintroduce grades earlier and strengthening teacher training. Focus is also on training and life-long learning. Moreover, a bill to parliament on a new research policy as well as well as policies for commercialisation of research result will be issued in the autumn 2008.

The actions taken reflect a general long-term trend towards a more individualistic society. Collective solutions have during the last decades, gradually been replaced by more selective measures.

This shift in attitudes, opinions and policy-action is in parallel with other contextual changes. One such important change is the growth in private sector employment, primarily based on a positive development in service industries and particularly in business services. Furthermore, since the beginning of 2000 the Swedish basic industries – mining, steel, wood, pulp and paper – have witnessed a very strong demand and soaring prices, in real term the highest in post war history. All parts of private industry have had a strong development since the beginning of 2000.

The public sector has, on the other hand, shrunk from 37 per cent of total employment in 2002 to 34 per cent in 2007.

Small and medium sized enterprises have grown in importance, measured as a share of total employment and as a source for new jobs. The birth rate has increased and more people are now self-employed. Sweden has taken one step further towards a more entrepreneurial society although the economy still rests, to a substantial degree, on the success of big multinationals and a dominating public sector.

The general economic situation has been strong with an annual increase in GDP 2006, above 4 per cent. However, at the beginning of 2008, an economic recession is expected, due to a weakening financial market that is due to affect the real economy. A general downturn in GDP growth is anticipated throughout the Euro zone. Parts of the important car-making industry have announced substantial reductions in operations. Consequently, the dynamic strength of the Swedish industry and the level of entrepreneurial activity in the Swedish economy will be put to test in the years to come.

Organisational structure of Entrepreneurship policy in Sweden

In this section the overall organisational structure of Entrepreneurship policy is outlined and changes since the beginning of 2000 discussed.

NUTEK and ALMI – still the major players

The shift towards a more entrepreneurial society is reflected in the emergence of an Entrepreneurship policy. This policy has recently been surveyed as part of a major European study, see Lundström, Almerud and Stevenson, 2008. The study shows that a great number of measures have been taken to enhance entrepreneurship in Sweden as well as in all other countries surveyed. Still, the overall policy structure in Sweden remains and the major operational agencies are the same.

The Ministry of Enterprise, Energy and Communication is responsible for Entrepreneurship policy. The operational work is done primarily by the Agency for Economic and Regional Growth, (NUTEK) and state-owned ALMI Business Partner, even though the Swedish Governmental Agency for Innovation Systems (VINNOVA) has taken a greater interest in entrepreneurship issues.

The new conservative government intends to make it easier to start and run SMEs: According to the minister *“it should be simple, fun and profitable to run companies in Sweden. The government wants a world-class business climate. I am an entrepreneur myself and I know what it means to run a company. Sweden needs more business owners; more heroes who dare to start and grow companies. Together we will make Sweden the most business-friendly society in the world”*.

NUTEKs role is to take part in translating this political vision into concrete measures. One important task is to ensure that laws and regulations are so straightforward and appropriate that anyone can consider setting up, running and developing an enterprise. NUTEK has for long been engaged in work aiming at easing entry, early-stage survival/growth and removing barriers. In accordance with EU standards, the new government has set an objective to reduce

the cost to SMEs of the administrative burden of state regulations by 25% by 2010. In order to speed up the process, a special council has been created.

During 2007 NUTEK has also been assigned the task of analysing the capital market and proposing and carrying out initiatives that contribute to more new and growing enterprises. Moreover NUTEK conducts many different programmes enhancing entrepreneurship among specific target groups such as teachers, student counsellors, women, immigrants and those interested in starting cooperative businesses. At the end of 2007, NUTEK was given a reinforced responsibility for carrying out programmes to stimulate an increase in the number of female entrepreneurs.

The Swedish Institute for Growth Policy Studies (ITPS) is the Swedish government's agency for understanding growth and for evaluating government policies. ITPS answers to the Ministry of Enterprise, Energy and Communications and its objective is to develop and disseminate relevant knowledge on the determinants of economic growth as inputs to industrial, structural and innovation policies in Sweden.

ALMI with offices throughout Sweden has an operational role providing financial services and counselling to business starters and SMEs. The new government has allocated more resources to ALMIs and the role in Entrepreneurship policy has been strengthened.

The Ministry of Enterprise, Energy and Communication has decided to reshape NUTEK and ITPS into two new and more efficient agencies. The new structure will be effective during 2009.

The emergence of a strong regional level

An increasing part of the Entrepreneurship policy is formed and distributed on regional and local levels. Several hundreds of regional and local agencies are active in making and implementing policy. Most of the activities are financed by EU structural funds, co-financed by municipals and regions. Sweden is now in the middle of its third six-year EU-programme period during which the number of regional and local actors has continuously increased. The trend is clear: regional and local actors are taking over more and more of the operational parts of Entrepreneurship policy in practice.

This tendency is fuelled by EU policies, rules and regulations calling for a strong regional level. According to EU, most business support should be delivered by regional authorities. This ambition alongside with the general EU strategy of subsidiary has markedly strengthened the regional level.

Moreover, Sweden has had a major public commission investigation the need for a new and more powerful regional level. The committee, Committee on Public Sector Responsibilities, was commissioned to analyse the current system of public administration and to determine whether changes are required in the division of responsibilities and structural arrangements in order to meet the challenges public sector services will be facing in the future. The work of the committee fuelled regional action to form larger regions with a wider responsibility especially for regional development and matters such as Entrepreneurship policy.

Sustainable growth – from Lisbon to local action

In Entrepreneurship policy documents sustainable growth is one of the most frequently stated goals. In the national strategy, the objective is stated that 75 per cent of funding should be directed towards projects that have a clear commercial growth potential.

The focus on sustainable growth is also clearly stated in strategies aimed at making regions more competitive. In white papers and strategic documents the government has changed the rhetoric from regional policy to regional growth policy signalling that all regions are supposed to find and use their own intrinsic growth potential. The strategy of reallocating resources from prospering to ailing regions is regarded obsolete.

A growing public support industry

The Nordic study back in 2003 described a number of supporting agencies at national, regional and local levels. All agencies mentioned are, with few exceptions, still active and several new ones have been added to the list. The new actors are mainly regional or local but still fully or partly financed by public sources. Many of the new actors are active in the interface between Entrepreneurship policy and Innovation policy. In 2004 ITPS made a survey, ITPS 2004, Actors in the innovation system, which claims that 405 different actors were active in supporting innovations and businesses. If initiatives launched after 2004 and all actors at local, municipal level are added the total adds up to an extensive and fast growing public support industry.

There is no explicit Swedish Entrepreneurship policy document with an all-embracing description of vision, objectives and means. Instead, the issue of entrepreneurship is integrated as an important part in most strategic documents from the Ministry of Enterprise, Energy and Communications. One example is *The National Strategy for Regional Competitiveness, Entrepreneurship and Employment*. In this white paper entrepreneurship is central thus addressing initiatives that make start-ups easier, enhance strategic cooperation between enterprises and a positive culture and attitude towards entrepreneurship.

At regional level, the Regional Development Plans and Regional Growth Plans for each county remain the core documents. All eight regions (NUTS 2-regions) have special sections in their strategic documents on measures to promote entrepreneurship, but there is no such thing as an explicitly formulated strategy. In table 4 below examples of actors and main focuses of action in the support industry are illustrated.

The next section deals with the comprehensiveness of Entrepreneurship policy in Sweden. The issue of Entrepreneurship policy has been dealt with in the above mentioned IPREG study. The method used is based on a broad list of questions defined in previous research conducted by Lundström and Stevenson in 2005. In short, the policy is more ‘comprehensive’ when it covers more items on the list.

Table 4. Actors and tasks for some of the main actors in Entrepreneurship policy

	Promo- tion	Education	Administra- tive burden	Finan- cing	Coun- selling	Target groups	Research
NUTEK ³	x	x	x	x	x	x	
VINNOVA				x		x	
The Knowledge Foundation							x
Agency for School Development		x					
The Swedish Companies Registration Office			x				
The Taxation Agency			x				
Public Employment Service Office (AMES)		x		x	x	x	
The Industrial Development Fund				x			
ALMI Business Partner				x	x	x	
Industrial Development Centres				x	x		
The Venture Cup	x			x	x	x	
Young Enterprise		x			x	x	
Jobs and Society	x				x	x	
The Connect Group	x				x		
Euro Info Centre ⁴					x		
Transfer		x					
Young Geniuses (Snilleblixstar)		x				x	
IFS /ALMI ⁵					x	x	
Institute for Growth Policy Studies (ITPS)							(x)
Universities and university colleges							x
The Swedish Foundation for Small Business Research (FSF)	x						x
Entrepreneurship and Small Business Research Institute (SERI)	x						
Drivhuset ⁶					x	x	

3 NUTEK works both as implementer of policy actions and as a financier of projects and actors.

4 The network of EIC has been restructured and integrated with the IRC network to form a single network, providing integrated services in support of business and innovation in Europe.

5 Since the beginning of 2007, IFS has been a part of ALMI. The association works to enhance ethnic minority businesses in Sweden

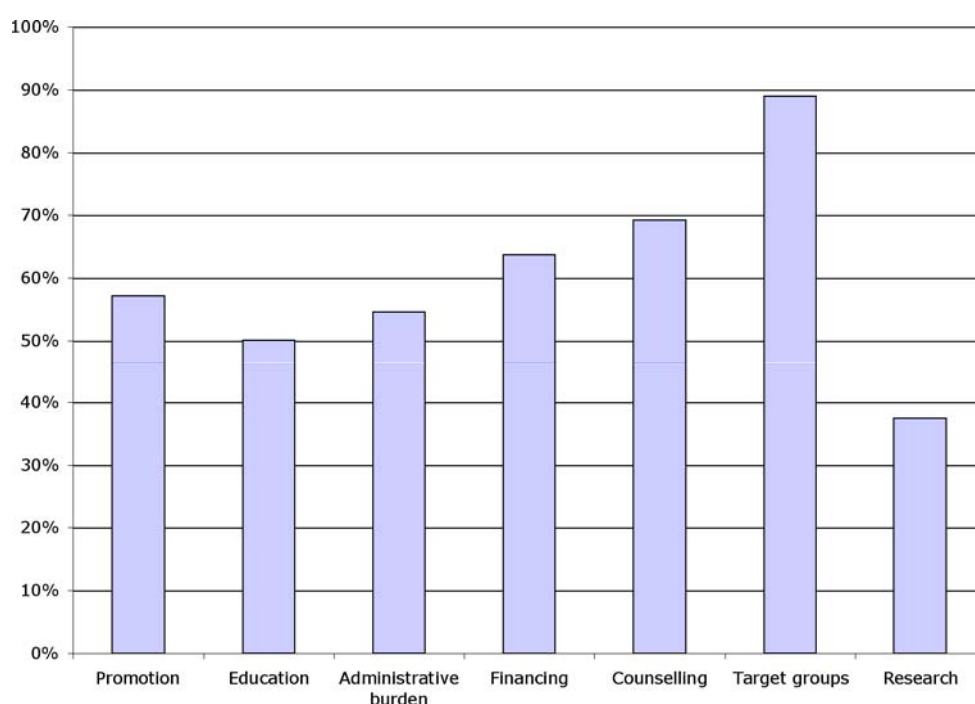
6 Organisation that supports students in starting businesses.

Comprehensiveness of Entrepreneurship policy

The questions included in the Comprehensiveness Index⁷ have been divided into seven ‘sub-policy areas’. See figure 4.

1. Promotion
2. Education
3. Administrative burden
4. Financing
5. Counselling
6. Target group measures
7. Policy relevant Research

Figure 4 Comprehensiveness for policy areas in Entrepreneurship policy



A two-pillar strategy - general micro economic policy and target group measures

The Comprehensiveness index shows the scope of the policy in terms of numbers of existing programmes and initiative. Sweden, and all other countries in the IPREG-study, lacks an explicit calculation of the costs of singles measures and the whole “support industry”. However, the available material is sufficient to trace trends and changes in Entrepreneurship policy.

⁷ The framework of Entrepreneurship Policy measures used to assess the comprehensiveness of Entrepreneurship Policy in Lundström and Stevenson (2005) included policy actions in six areas namely: For this study, the same framework as mentioned above will be used but, a seventh area, Research, has been added. A review of Innovation Policy documents compiled by the OECD and the European Union suggests that the framework for Innovation Policy may be similar.

One important pillar in contemporary Swedish Entrepreneurship policy is the focus on general micro economic instruments such as the “work-line approach” and changes in general welfare system alongside with administrative simplification.

One other important pillar is the selective policy initiatives, the public support industry, shown in the table above. Sweden has a long history of providing financial and counselling support through ALMI and other actors. Target group measures have been common and NUTEK has been running programmes for female entrepreneurs since 1991. The new government has further emphasised this target groups focus and especially measures to enhance female entrepreneurs to start and run companies. The ministry has initiated an initiative to appoint 880 female entrepreneurs to be “ambassadors” for entrepreneurship. The aim is to provide role-models for women.

Furthermore, more effort is put on education and promotion. The general statement from the minister quoted above also expresses the move towards a more business-friendly climate. In practice NUTEK has also been commissioned to run programmes to enhance entrepreneurship education.

Opportunities are getting more attention

In an international perspective, Sweden still has a large public sector. About one third of all workers are working for the national state or regional or local authorities. In one of the most important industry, healthcare, only one out of ten workers works in a private company. The conservative government is committed to create more opportunities for entrepreneurs to be active in healthcare. One sign of that is that NUTEK is commissioned to run a program with the aim to make health care a “growth industry”. The general direction is to pursue a change from pure public to more of entrepreneurship opportunities.

Observations and conclusions

Sweden is gradually moving towards a greater entrepreneurship and Entrepreneurship policy. There is a shift from the traditional SME policy focus on providing entrepreneurs with skills and “production factors” such as risk capital and expertise towards more motivation and opportunity oriented measures. However, this is a time-consuming process that will continue for several decades to come.

NUTEKs commission to work with healthcare as a future entrepreneurial industry is another sign of the gradual shift from “skills-oriented” measures towards more of opportunity providing initiative. The conservative government prefers a strategy that will open up much of the public sector monopolies.

The IPREG-report on Sweden and other European countries gives a picture of limited knowledge of policy instruments and a lack of understanding of how the whole system of measures works; see Lundström, Almerud and Stevenson, 2008. It is important to notice that all counties are more or less in the same situation.

An illustration of this lack of knowledge can be given by the emergence of the “public support industry”. This “industry” consists of, as been mentioned above, a great number of skill-oriented measures and actors on all three societal levels. This industry resembles market-

driven industries with many actors competing for assignments, like a traditional service industry. The difference between market-driven business and the public support industry is that the principals paying the operation are separated from the “end-users”, the would-be entrepreneurs or the entrepreneurs already running a business. The actors in the public support industry finance their activities from several sources such as EU, national government, regional authorities and municipals and to a minor degree from fees from “end-users”.

In practice, a service provider in the support arena is likely to prevail; independently of how poor or good the actor is in dealing with the “end-user”. If one financier decides to stop financing a particular actor, that actor can usually find another public source of financing. This results in an ever-increasing support industry with no clear “start-up mechanism” and definitely no precedent for terminating “insolvent” service providers. Without a better and empirically based picture of the support industry there is a risk that the public support industry, as the main bulk of Entrepreneurship policy, is “run” without a clear and efficient overall strategy.

There is also a strong need for evaluations that address the balance between the different parts of the policy area.

Knowing what really works and how to allocate policy resources

Again, there is a widespread consensus among most political parties in Sweden that it is important to enhance entrepreneurship and pursue Entrepreneurship policy. The major problem is more of a problem of actually implementing policy, knowing what really works and how to implement policy measures that are effective and efficient. Here, more empirically based research in close cooperation with policy-makers is desirable.

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Conclusions and lessons learned

In the introductory section of this report the following six statements from previous research were presented.

- There is a lack of entrepreneurial activity in the Nordic countries.
- The Nordic countries have large public sectors and very high taxes
- An ageing population
- High figures for participation rates for both genders
- Relative low unemployment rates
- Relative high standard of living

To what extent are they still valid? Firstly, there have been some changes concerning the entrepreneurial activity in the Nordic countries. More or less all countries have seen an increase in the number of start-ups. Relatively high values could be seen on Iceland and to some extent Norway, but also Denmark, Sweden and Finland have had more start-ups than earlier. This is not to say that the reason behind this is the policy measures taken in different countries. One main problem in all countries is to what extent outcomes could be connected to policy measures taken, which is the case for almost every country studied in Lundström, Almerud and Stevenson, 2008.

The Nordic countries except Iceland still have large public sectors. However, in all countries decreasing employment could be seen in this sector due to some parts having been privatised. This is of course another reason the tax levels are high in these countries. Iceland is also an exception here with low taxes. Yet another exception for Iceland is that the country has a relative young population compare to the other Nordic countries. An effect of an ageing population is that there is an increasing interest in having more elderly individuals becoming entrepreneurs.

Nordic countries still have high participation rates for both genders and fairly low unemployment rates although the unemployment rate for Finland is high according to Nordic standards. In summary the context indicators in the different Nordic countries differ in size. Some differences can be observed between the focuses on Entrepreneurship policy.

Today, Finland and Sweden have a policy similar to the situation in 2003. They are still putting a lot of effort into the area of financing and counselling, even if there are also measures in the other sub-areas of Entrepreneurship policy. Finland has been working with measures concerning Entrepreneurship education for many years and has a lot of initiatives for integrating Entrepreneurship and Innovation policy measures on a regional level. However, dramatic changes cannot be seen in the policy structure or in the emphasis of different measures taken during the last five year period. Sweden has also to a large extent kept the same structure and resource allocation to different sub-areas, even if one has introduced a new program for women entrepreneurs. However, programs for women entrepreneurs started early in the 1990s by building up special counselling organisations for women around Sweden. In Sweden, a change in the delivery structure is planned during 2009, even if it is not obvious what this means for the content of the policy.

Norway has also rather similar approach in the area of Entrepreneurship policy compared to the previous one in 2003 with the exception that an increasing interest can be observed in the

area of Entrepreneurship education. Here Norway put forward a new strategy in 2004 which has been further developed since then. This means that Norway has put more emphasis on the area of Motivation. Iceland has continued to work most heavily with what can be defined as measures to stimulate innovative entrepreneurship. One reason could be that Iceland has better performance for the TEA-index than the other Nordic countries according to the annually GEM reports. Denmark has, as far as can be observed, and to a larger extent than other Nordic countries, changed the objectives and the delivery structure for Entrepreneurship policy. Denmark has put forward specific objectives concerning the number of start-ups and not least, the number of growing new firms. For both these objectives the country compare itself with the best performance from other countries, i.e. Denmark has put a lot of emphasis on benchmarking the results in these two dimensions. Furthermore, Denmark has, to some extent, integrated measures taken on local, regional and national levels not least in the delivery structure.

In summary, we can observe that it is not easy to change the allocation of resources in the policy area as well as the delivery structure. Most of the resources invested are still allocated to financing and counselling measures. However, an increasing interest can be seen in rule simplification, but it does not mean that large resources are invested in this area. Another area is Entrepreneurship education, for which Finland, many years ago, put forward a strategy, Norway and Denmark did the same in 2004, and Iceland and Sweden intend to do. Another area of increasing interest seems to be how to put more effort into sustainability in Entrepreneurship policy measures.

Some other observations presented in the previous report are the following:

Politicians are to some degree questioning the efficiency of the existing policy measures, mainly due to lack of proper evaluations

One of the remaining problems in the policy area is how to judge the effects and efficiency of different measures taken. Even if we can observe increasing values for different indicators such as the number of start-ups or the number of individuals interested in becoming entrepreneurs, we don't know the extent to which such changes are related to policy measures taken. As has been stated also in Lundström, Almerud and Stevenson, 2008 there is an urgent need for more systematic evaluations.

The Nordic countries have a high share of their budget in R&D related activities

There are still large resources invested in R&D related activities. Many such investments are made in what can be seen as the area of Innovation policy. However, as been stated above an increasing interest can be observed in investing in innovative entrepreneurship. This increasing interest means that the two policy areas are going to be more integrated in the future. To some extent this is already true for Iceland and Denmark.

There is a lack of policy relevant research and communication between researchers and politicians

We can observe an increasing interest for policy-relevant research but it has still not lead to forums for communication between researchers and politicians, at least not on a national level. We can, however, expect that such forums will be developed in the future, due to an increasing interest as to the type of measures that should be used in the area of

Entrepreneurship policy. In Denmark and Sweden such issues are mainly taken care of in the system's organizational structure.

There is a lack of clearly formulated objectives

In the previous report a number of objectives were mentioned which illustrated this conclusion; see Lundström (editor), 2003, p 268. The situation is to a large extent similar to 2008, with some exceptions. The countries have all put more quantitative objectives in place over the last few years, i.e. the 25% reduction in costs of administrative burdens up to 2012, a specified percentage increase in the number of start-ups, or, like Denmark, benchmarking themselves against the best performers for the main objectives.

We can observe a top down approach

The Entrepreneurship policy is still to a large extent a top down approach meaning that the policy measures are decided at Ministry level and carried out through central agencies and their regional networks. However, one can observe the increasing importance of measures taken at regional levels and also an increasing role for municipalities. One reason being the EU structural funds, and another reason being that in many municipalities an increasing interest could be seen how to develop entrepreneurship in the local environment. Therefore, we can expect that more of the decisions taken in the Entrepreneurship policy area will be done on regional and local levels in the future. In this respect, the future roles of central agencies will be an import topic for discussion.

Finally in the previous report a number of propositions were made:

Create a policy based upon real needs from entrepreneurs rather than myths

I could stress this proposition again. Analysing policy measures taken, they are more or less all about the supply side. Few studies have been done that really look into the demand side. One reason being that a vast number of different finance programs can be seen as well as a large number of counselling projects to mention two examples. The policy area consists of a high number of projects which have probably been developed by the so called supply industry, rather than from a real demand from entrepreneurs and SMEs.

Create a policy based upon a Nordic perspective

This proposition could be questioned to some degree. The Nordic countries are all becoming more globalized than before, meaning that they will develop different important markets and networks based upon the strength in their existing and future industry. Furthermore, many of the context indicators are different for the Nordic countries meaning that if a policy is to be built upon existing context we can expect this policy to be different in the different Nordic countries. However, there are some factors that could, on the other hand, be seen as arguments for a more Nordic perspective in policy area. One such important factor is that the countries have large public sectors and high taxes, perhaps with the exception of Iceland. The countries are regarded as so called welfare states. This could be one argument for finding policy measures for how to deal with such a situation. Another factor is the importance of foreign markets as each country has a small domestic market and therefore is dependent on foreign trade. A third factor could be the high standards of living and a fourth factor that these

are scarcely populated countries. Finally all countries have a high interest in creating innovative entrepreneurship.

Integrate innovation and entrepreneurship policy measures

This is a proposition that has already been stressed. The problem has been dealt with to a large extent in Lundström, Almerud and Stevenson, 2008. It is both about the question of technology transfer and the innovative development in existing companies, not least SMEs. It is also about how to integrate measures taken to develop innovation systems and entrepreneurial behaviour.

Develop objectives that are possible to analyse and evaluate

As has been stated above we can see an increasing interest in improving systematic evaluations in policy areas. This seems to be a general problem for more or less all countries that have been observed. It is important if we are to be able to do more rethinking on how to build the system for Entrepreneurship policy in the future. By using knowledge of what could be learned from the existent system and also taken in to account how the demands from entrepreneurs are changing over time.

How to increase the number of women entrepreneurship?

One of the problems in all Nordic countries is the lack of women entrepreneurs. Roughly speaking it is twice as common for men to be entrepreneurs as for women. One main reason is that women work mainly in the public sector. Therefore the Nordic Countries, except Denmark, programmes for promoting female entrepreneurship. Denmark, on the other hand, has made great efforts to increase the number of start-ups. Since they have succeeded to rapidly increase the number of start-ups, they have also seen an increase in the number of women entrepreneurs. The reason being that the share of women entrepreneurs has been rather consistent over the years. However if a country is interested in changing this share we must probably increase the possibilities of starting a company in the public labour market, but that is linked to a broader policy on the restructuring of the public sector. And probably also work with promotion in this area, one example being role models. It is important to have more women starting companies since, according to research, they are as successful as men in running a business after the start-up phase.

Risk capital financing

Venture Capital is a prerequisite for creating high growth companies. The Nordic countries have, in international comparisons, well developed venture capital markets, even if the countries are lagging behind leading regions such as California, Massachusetts and Israel. The Nordic countries, with Denmark as a possible exception, have a low share of foreign venture capital. There is a potential for increasing the amount of available venture capital in the Nordic countries by installing schemes to attract foreign venture capital. However, if the Venture Capital market is to be a more dominant player in the field of Entrepreneurship policy, we must also find measures how to increase their investments in very early phases of the process. The formal Venture Capital market is also of interest since there will be a limited number of business angels due to the fact of high personal taxes in most of the Nordic countries.

Venture Capital is, today, primarily focused on high technology sectors. However, service industries, such as creative industries, tourism and health care services, are some of the growth sectors in the future economy. But they struggle to attract the interest of the venture capital market and this is essential to create awareness of the potential in these markets and remove obstacles to invest in these industries. We should also try to increase the R&D investments in existing SMEs. In many European countries and in Norway such investments can be given tax reductions. This is one possibility to increase the growth potential among existing entrepreneurs.

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Eythor is Associate Professor at Copenhagen Business School (CBS). He is responsible for Entrepreneurship and Innovation at the MBA-level at CBS. He also teaches at Lund University, University of Iceland, Reykjavik University and Bifröst University. In 2006 he started an Advisory board program for entrepreneurial companies in Denmark, in association with Copenhagen Business School. He sits as chairman on twenty Advisory boards. Eythor holds a Cand.Oecon-degree, with specialization on Finance and Marketing, an MSc.-degree in International Business, an AdipC-degree in Management Consulting, as well as a Doctorate degree in Business Administration from Henley Management College, UK. His first book about entrepreneurship was published in 1998 and he has written more than seven hundred articles about business and economics for specialists. His fields of research are: The role of boards, opportunity recognition, internationalisation of SMEs, private equity strategies and transformational strategies. Eythor is the CEO of Klak, Innovation Centre in Iceland and the CEO/Chairman of Seed Forum Iceland.

About the authors of the case of Norway

Kunnskapsparken Bodø AS (KPB) is a non-profit innovation centre, owned 50/50 by the public interests and regional enterprises. The purpose is to better utilize and exploit R&D competencies and resources for innovation and economic growth in the region. Their mission is to be an arena where business and research join forces for industry development and dissemination of knowledge. They have close relations to Bodø Graduate School of Business, which has the largest group of innovation and entrepreneurship researchers in Norway. KPB is managing several national projects related to innovation and entrepreneurship policy, and is working closely with businesses, researchers and public policy systems. The research council of Norway also acknowledges KPB as a research institute.

Dr Beate Rotefoss

Beate Rotefoss is a senior advisor at Kunnskapsparken Bodø AS (KPB) and an associated professor in Entrepreneurship and Innovation at Bodø Graduate School of Businesses (HHB). She has also been a senior researcher at Nordland Research Institute. She is responsible for the course, “Business development” and supervisor for 20 minor theses and 19 master degrees theses within Innovation and Entrepreneurship at HHB. Beate Rotefoss is the author of several publications dealing with Entrepreneurship and regional development, Entrepreneurship among youths in Norway, Entrepreneurship and innovation policy to mention a few.

Carl Erik Nyvold

Carl Erik Nyvold is a senior advisor at Kunnskapsparken Bodø AS, and he holds a Masters Degree in Innovation and Entrepreneurship, in addition to a Masters Degree in International Business Management. Nyvold has for several years worked with entrepreneurship studies, with a special focus on the school system. He is also part of the project team responsible for organizing Norway's largest entrepreneurship festival INOVUS.

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Marlén is an advisor at Kunnskapsparken Bodø AS, and holds a Masters Degree in Innovation and Entrepreneurship from Bodø Graduate School of Businesses.

About the author of the case of Sweden

Sweco is a provider of international consulting engineering services whose engineers, architects and environmental experts are working together to contribute to the creation of a sustainable society. Sweco offers qualified consulting services with a high knowledge content, often in the early stages of client projects, and has projects currently underway in some 80 countries worldwide. The Group has annual sales of approximately SEK 4.6 billion and 5,400 employees in ten countries. Sweco is a member of the OMX Nordic Exchange Stockholm.

Dr Dan Hjalmarsson

Dan Hjalmarsson is senior consultant and one of the founders of the EuroFutures, a company in the SWECO group. He is an expert on sustainable economic development with a special focus on entrepreneurial issues. He holds a PhD in Business Administration from Uppsala University in Sweden. During the 1980s he worked at the Ministry of Industry as Assistant under secretary of State.

As a consultant he has been engaged in several major official reports such as SOU 1993:70 *Strategy for Small Business Development* and SOU 2000:93, *Public Structure for Business Development*. Dr Hjalmarsson has had several international assignments: The *European Commission* has contracted Hjalmarsson to undertake ex-ante and mid-term evaluations of various EU Structural Funds programmes. The Swedish Foreign Aid Agency (SIDA) has commissioned Hjalmarsson to evaluate SIDA's business development support to Russia and Ukraine (SIDA 2004, *Private Sector Development Support in Action*).

Hjalmarsson is an active member of the IPREG international research project.

About the editor of the book

FSF, The Swedish Foundation for Small Business Research, is a network organisation aiming at producing and disseminating policy relevant research in the area of entrepreneurship, innovation and small business. FSF has 4 main research programmes which are carried out in cooperation with researchers at 15 universities around Sweden. FSF has also a Scientific Council with over 60 associate and full professors in the field. Together with NUTEK FSF has inaugurated a worldwide award in the area of entrepreneurship and small business research, which has been in existence since 1996. FSF works in close cooperation with researchers, business organisations and policy-makers. It carries out over 50 seminars

and conferences annually in Sweden and abroad. FSF also started the project IPREG together with representatives in 14 European countries.

Dr Anders Lundström has been President for the Swedish Foundation for Small Business Research from 1997-2008. He is also visiting professor at Mälardalens University and associate professor at Gothenburg Business School. Anders Lundström is the creator of FSF and the creator of the Award for Entrepreneurship and Small Business Research, which has been in existence since 1996. He also created IPREG (Innovative Research for Economic Growth), a network of organizations in 14 European countries in the area of Entrepreneurship and Innovation Policy. He has produced over 20 books in the area of entrepreneurship and small business, chaired two world conference (ICSB 1996 and ISBC 2001), was awarded a Wilford White Fellowship in 2008. Anders Lundström has also produced one novel and two poetry books.



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Nordic Innovation Centre

Nordic Innovation Centre

The Nordic Innovation Centre initiates and finances activities that enhance innovation collaboration and develop and maintain a smoothly functioning market in the Nordic region.

The Centre works primarily with small and medium-sized companies (SMEs) in the Nordic countries. Other important partners are those most closely involved with innovation and market surveillance, such as industrial organisations and interest groups, research institutions and public authorities.

The Nordic Innovation Centre is an institution under the Nordic Council of Ministers. Its secretariat is in Oslo.

For more information: www.nordicinnovation.net