REVIEW OF ENTREPRENEURSHIP POLICIES IN DENMARK

(Presentation by Fabienne Cerri and Koen De Backer, Structural Policy Division, Directorate for Science, Technology and Industry, OECD)

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Contact: Structural Policy Division, Mr. Marcos Bonturi, tel: +33 1 45 24 19 59; fax: +33 1 44 30 62 57; e-mail: marco.bonturi@oecd.org
OBJECTIVES AND SET UP OF THE REVIEW (1)

- **Two major objectives**
  - Evaluation of entrepreneurship policy
  - Division of labour, responsibilities on local – regional level

- **Project process**
  - Started March/April 2008
  - Fact finding mission - May 2008
  - Draft version - September 2008
  - Stakeholders meeting in Copenhagen - October 2008

- **Project team**
  - Science, Technology and Industry Directorate (Fabienne Cerri, Koen De Backer, Paul Atkinson)
  - Directorate for Public Governance and Territorial Development (Olaf Merk)
  - Danish Ministry of Economic and Business Affairs (Kristoffer Astrup)
  - Economics Directorate (Jens Lundsgaard)
OBJECTIVES AND SET UP OF THE REVIEW (2)

- **Chapter 1:**
  Entrepreneurship & the Danish business structure

- **Chapter 2:**
  Framework conditions for entrepreneurship

- **Chapter 3:**
  Main policies and actors involved

- **Chapter 4:**
  Multi-level governance system

- **Chapter 5:**
  A policy assessment
ANALYTICAL FRAMEWORK (1)

The OECD/EUROSTAT framework for Entrepreneurship Indicators

Main Determinants

- Regulatory Framework
- Market Conditions
- Culture
- Access to Finance
- Access to R&D and Technology
- Entrepreneurial Capabilities

MAIN OBSERVATIONS (1)

1. Entrepreneurial capabilities and human capital

A comparative underperformance of Denmark

- Entrepreneurship education
- Cultural attitude towards entrepreneurship
- Training of potential entrepreneurs
2. **Access to capital**

The supply of financial resources for entrepreneurial firms is favorable

- Public funding is important
- Professionalisation of venture capital market
- Centralisation/alignment of public funding

But: - relatively smaller venture capital market
- some firms risk to be left out

3. **Access to R&D and technology**

Denmark performs relatively well

- High level of private R&D spending
- Small firms deploy more R&D/innovation activities

But: difficult cooperation between research and business
MAIN OBSERVATIONS (4)

4. Market conditions and regulatory framework

It is easy to do business in Denmark

- Low level of administrative burdens
- Equal access to social security benefits

But: high tax levels (esp. Personal tax)

MAIN OBSERVATIONS (5)

Multi-level governance of entrepreneurship policies
Case study of Metropolitan Copenhagen

Differenced business advice

Growth Entrepreneurs
Regional Centers of Growth
Central government

« Normal » Entrepreneurs
Local Business services
Municipalities
MAIN OBSERVATIONS (6)

Multi-level governance of entrepreneurship policies
Case study of Metropolitan Copenhagen

Challenges linked to the current set-up

- Incentives for sub-national policies: local finance
- Funding of Regional Centres of Growth to municipalities after 2010?
- Is it their priority?

POLICY IMPLICATIONS (1)

1. Overall positive policy assessment: favourable framework conditions for all businesses
   - Traditionally a large attention for entrepreneurship
   - Comprehensive policies and programmes
   - Active monitoring of policy performance
   - The Globalisation Strategy has ambitious objectives for entrepreneurship, increased budget and focus on high-growth firms

2. Is this enough?
   - Targeting the right group: high growth start-ups?
   - Coordination between entrepreneurship and innovation policies
   - Shared responsibilities
     - Horizontal coordination
     - Vertical coordination
3. Tax system: high and progressive taxation
   • Risk/reward balance
   • (potential) entrepreneurs
   • Skilled people in global economy

4. Entrepreneurship education
   • Denmark scores relatively less on the supply of entrepreneurial capabilities
   • A range of recent initiatives
   • Evaluation, continuation, coordination

5. Other policy domains
   • Venture capital market
   • Transfer of technology from research to business
   • Administrative requirements for growing firms

6. Business services: public entrepreneurship infrastructure
   • Double division: multi-level governance and growth/non-growth entrepreneurs
   • Might give rise to conflicting objectives
   • Coordination and evaluation
   • Financing after 2010