



# Inclusive Entrepreneurship Policies, Country Assessment Notes

Denmark, 2016



## Acknowledgements

This note is part of a series of notes on country-level inclusive entrepreneurship policies and programmes prepared by the Organisation for Economic Co-operation and Development (OECD) for the European Commission. These notes provide an overview of current and planned policy actions and identify some actions that could be implemented to address gaps in the current support offering, or improve current offerings.

This note was prepared by Annemarie Jepsen. David Halabisky and Sandra Hannig of the Local Economic and Employment Development (LEED) Programme in the Centre for Entrepreneurship, SMEs, Local Development and Tourism of the OECD undertook additional drafting and editing of the note under the direction of Dr. Jonathan Potter, also of the LEED Programme.

A steering group was consulted during the preparation of this note, consisting of members of the public, private and non-governmental sectors.

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## FOREWORD

Inclusive entrepreneurship policies aim to offer all people an equal opportunity to create a sustainable business, whatever their social group. This is an important requirement for achieving the goal of smart, sustainable and inclusive growth set out in the Europe 2020 strategy. It is also a means to respond to new economic challenges, to create jobs and to fight social and financial exclusion. Among the key targets of inclusive entrepreneurship policies and programmes are women, youth, older people, the unemployed, migrants and people with disabilities, who all continue to face challenges in the labour market and are under-represented or disadvantaged in entrepreneurship activities. ‘The Missing Entrepreneurs’ series of publications of the Organisation for Economic Co-operation and Development (OECD) and the European Union discuss how public policies and programmes can support inclusive entrepreneurship. This includes refining regulatory and welfare institutions, facilitating access to finance, building entrepreneurship skills through training, coaching and mentoring, strengthening entrepreneurial culture and networks for target groups, and putting strategies and actions together for inclusive entrepreneurship in a co-ordinated and targeted way. Governments are increasingly recognising the challenge of inclusive entrepreneurship, but there is still much to do to spread good practice.

The proportions of women, youth and seniors who were involved in creating and managing new businesses in Denmark was below the European Union (EU) averages for the period 2010-14. However, this can be explained by a low proportion of people who started businesses due to a lack of employment opportunities. Fewer than 7% of entrepreneurs in Denmark started their business out of “necessity”, which was well-below the average for the EU. This was true for most groups that are typically under-represented in entrepreneurship such as youth (7.3% started their business out of necessity), seniors (7.7%) and women (8.0%). Entrepreneurship policy in Denmark is focused on promoting innovation, growth and the digital economy and there are relatively few tailored and targeted initiatives that aim to support people from under-represented and disadvantaged groups (e.g. women, youth, seniors, the unemployed, migrants, people with disabilities) in business creation and self-employment. Within the growth-oriented entrepreneurship support offers, there is scope to tailor support more to the specific needs of youth and women, and to increase the availability of mentoring.

This note is part of a series of annual country assessments prepared by the OECD in collaboration with the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission on the state of inclusive entrepreneurship policies and programmes in each European Union Member State. Each note provides an overview and assessment of policies and programmes that support people from under-represented and disadvantaged groups in business creation and self-employment and suggests policy actions to address gaps in the support system and to improve the quality of available support offers. The notes cover national-level policies and programmes and, where relevant, sub-national initiatives and actions by the non-governmental sector.

The notes are part of a wider programme of work by the OECD and the European Commission that includes ‘The Missing Entrepreneurs’ publications, a series of Policy Briefs on specific target groups, policies and issues, country reviews of youth entrepreneurship and women entrepreneurship, and the production of online policy guidance. For more information please refer to: <http://www.oecd.org/employment/leed/inclusive-entrepreneurship.htm>.

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## KEY MESSAGES

- Entrepreneurship policy in Denmark is focused on promoting innovation, growth and the digital economy. Consequently, entrepreneurship policies do not aim to address social inclusion and there are therefore few tailored and targeted initiatives that aim to support people from groups that are under-represented and disadvantaged in business creation and self-employment (e.g. women, youth, seniors, the unemployed, migrants, people with disabilities). One exception is the increasing availability of entrepreneurship education and business incubators for youth.
- The self-employment rate in Denmark was below the European Union average in 2015 (7.8% vs. 14.1%). This is likely explained, in part, by a healthy labour market with low levels of unemployment and a very strong social security system, which typically reduces the level of entrepreneurial activities by unemployed people. However, the high ratio of new companies compared to established companies indicates a dynamic business structure, where Denmark is above the European Union average.
- Further development of inclusive entrepreneurship policies and initiatives is unlikely in the short-term given current government priorities. Mainstream approaches that are open to all entrepreneurs are currently favoured to tailored approaches that seek to address the unique barriers of different target groups.
- However, there is room to strengthen entrepreneurship support for people from under-represented and disadvantaged groups, notably by (i) promoting business growth to youth and women entrepreneurs; (ii) increasing the availability of mentoring in current entrepreneurship support programmes to address the specific barriers faced by individual entrepreneurs; and (iii) increasing support for initiatives in the education system that help youth entrepreneurs.

## 1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS

Current entrepreneurship priorities and objectives are outlined in the 2016 “White Paper on Growth and Competitiveness”. This document highlights priority areas such as growth, innovation and the digital economy. It does not, however, indicate specific targets and objectives against these priorities.

While this white paper outlines general entrepreneurship priorities, there are no clear objectives and targets for inclusive entrepreneurship. One exception is the aim to increase the availability of entrepreneurship education and business start-up support for youth – an effort which dates back to 2010 and the establishment of the Danish Foundation for Entrepreneurship.

In addition, the government has defined some objectives related to the Europe 2020 Growth Strategy where inclusive entrepreneurship policies could be part of the suite of policy actions used to reach these targets:

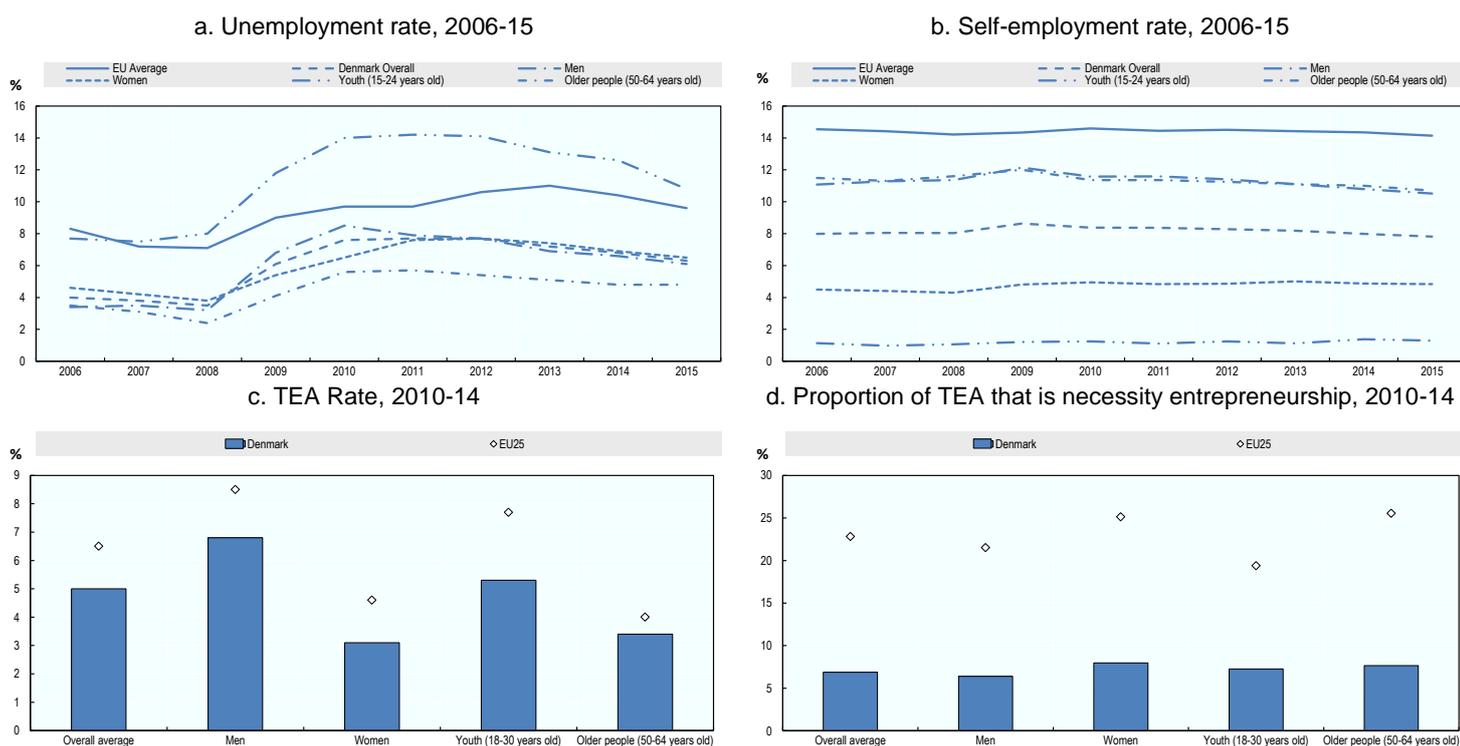
- 80% of the population aged 20-64 to be employed (European target: 75% of the population aged 20-64 to be employed);

- 22 000 fewer people should be at risk of poverty or exclusion (European target: 20 million fewer people should be at risk of poverty or exclusion) (EU, 2016).<sup>1</sup>

## 2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS

Unemployment has been less of a challenge in Denmark than in other European Union Member States. In 2015, the unemployment rate in Denmark was 6.3%, down from a rate of 7.7% during the peak of the economic crisis in 2011 (Figure 1a). This decline began two years earlier than the decline in the unemployment rate for the European Union, which peaked at 11.0% in 2013 and has since declined to 9.6% in 2015. The overall unemployment rate in Denmark has been approximately three percentage points below the average rate for the European Union and accordingly, the rates for different population groups (e.g. youth, women, older people) were also below the European Union average.

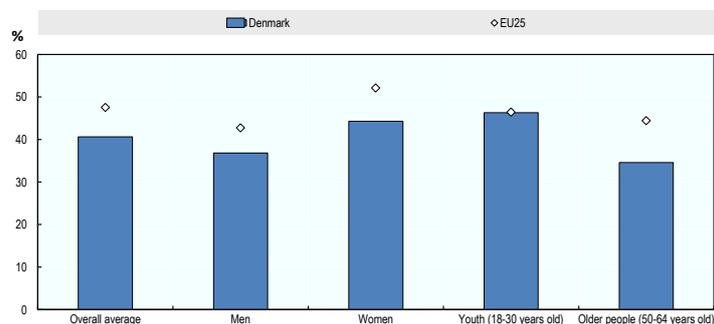
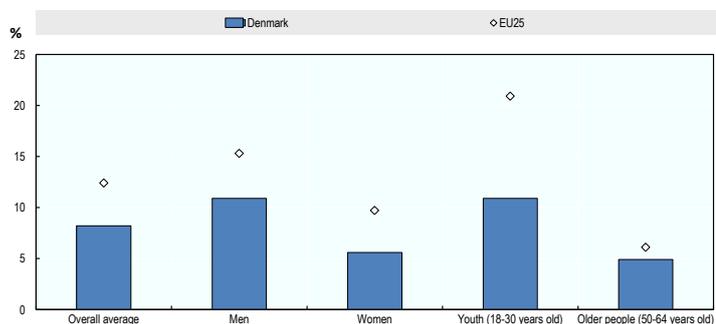
Figure 1. Key inclusive entrepreneurship indicators



<sup>1</sup> [http://ec.europa.eu/europe2020/europe-2020-in-your-country/danmark/progress-towards-2020-targets/index\\_en.htm](http://ec.europa.eu/europe2020/europe-2020-in-your-country/danmark/progress-towards-2020-targets/index_en.htm)

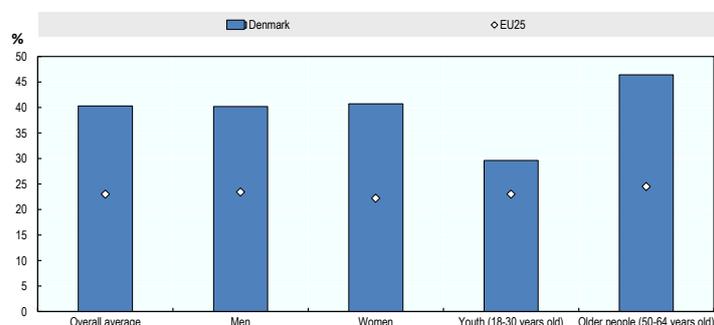
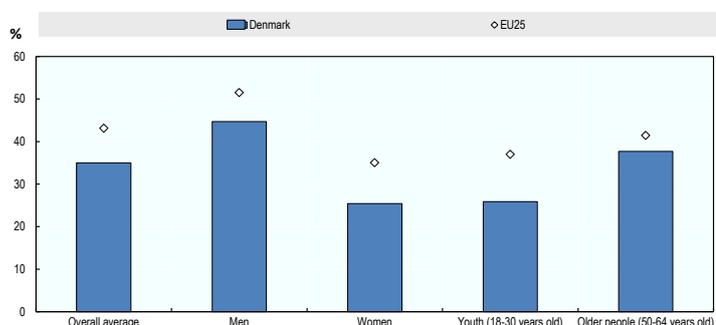
e. Proportion who expect to start a business in the next 3 years, 2010-14

f. Proportion who report that a fear of failure prevents them from starting a business, 2010-14

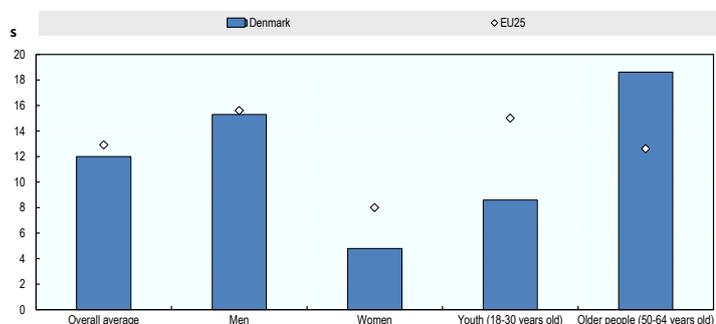


g. Proportion who perceive that they have the skills to start a business, 2010-14

h. Proportion of new entrepreneurs whose products or services are new to all or some customers and who have few or no businesses offering the same products or services, 2010-14



i. Proportion of early-stage entrepreneurs who expect to create more than 19 jobs in 5 years, 2010-14



Note: The self-employment rate is defined as the proportion of those in employment who are self-employed. The TEA rate is the Total Entrepreneurial Activity rate, which is defined as the proportion of the population actively involved in pre start-up activities and those who have started a new business within the last 42 months. The proportion of TEA that is necessity entrepreneurship is the proportion of entrepreneurs involved in setting-up a new business or operating a business that is less than 42 months old, who were motivated to start their business because they had no better options for work. Data for panels c, d, e, f, g, h and i were pooled for the period 2010-14, producing an unweighted average. The EU25 average in panels c, d, e, f, g, h and i covers all EU28 countries, except Bulgaria, Cyprus and Malta.

Source: Panels a and b contain data from Eurostat (2016), Labour Force Survey; Panels c, d, e, f, g, h and i contain data from the 2010 to 2014 Global Entrepreneurship Monitor household surveys that were tabulated for the OECD (2016).

Self-employment rates for different social target groups have been stable over the last decade (Figure 1b). In 2015, the self-employment rate was approximately half of the rate across the European Union (7.8% vs. 14.1%). Although the self-employment rate for youth is relatively low, there has been an increase in the number of new enterprises started by people under 25 years old, accounting for 9% of new businesses in 2001 and 14% in 2015 (*Erhvervsstyrelsen*, 2016). This increase is likely due in

part to the increase in university graduates starting businesses (Danish Agency for Science, Technology and Innovation, 2014), as well as the embedding of entrepreneurship throughout the education system (Schøtt and Cheraghi, 2014). Approximately 11% of older people (50 years old and older) who were active in the labour market were self-employed in 2015 and this proportion has been constant over the last decade. However, seniors increasingly account for new business start-ups: 7% of new businesses in 2001 and 12% in 2015 (*Erhvervsstyrelsen*, 2016). The self-employment rate for women was 4.8% in 2015, which was half of the rate for men (10.5%).

The Total Entrepreneurial Activities (TEA) rate (Figure 1c) in Denmark was below the rate for the European Union for 2010-14. Approximately 5% of the adult population (18-64 years old) in Denmark were involved in starting a new business or operating a new business (less than 42 months old) whereas 6.5% of the population in the European Union was. In both Denmark and the European Union, men were approximately twice as likely as women to be involved in starting or operating a new business. Similarly, youth in Denmark and the European Union were more active than older people, although the activity rates were lower in Denmark.

Moreover, the report “Immigrants' involvement in entrepreneurship in Denmark - comparisons with other countries” indicates that migrants have the same entrepreneurial frequency despite the considerable difference in the rate of active engagement in the labour market: 75% of nationals are working, 61.2% of migrants from Western countries and only 48.9% from non-Western countries (*Erhvervsstyrelsen*, 2016b). These entrepreneurs generally face the same challenges as other Danish entrepreneurs, however migrants tend to experience considerably more difficulty in acquiring advisory services and finance than national entrepreneurs since they lack local entrepreneurship networks and knowledge about where to access support (Schøtt and Rezaei, 2013).<sup>2</sup>

One of the factors explaining low self-employment and entrepreneurship activity rates has been a healthy labour market. The rate of necessity entrepreneurship is much lower in Denmark than the European Union average (Figure 1d). Over the 2010-14 period, approximately 7% of new entrepreneurship activity in Denmark was out of necessity, relative to 23% across the European Union. This gap generally held for the key target groups: women, youth and older people.

People in Denmark in the 2010-14 period were less likely than the European Union average to expect to create a business in the next three years (8% vs. 12%) (Figure 1e). Women (6%) and older people (5%) were the least likely population groups in Denmark to see themselves as starting a business in the next three years. Both of these rates were below the average rates for these respective groups at the European Union-level.

However, people in Denmark were less likely than the European Union average to report that a “fear of failure” is an obstacle to business creation over the same period (41% vs. 48%) (Figure 1f). In Denmark, women were more likely than men to cite this barrier (44% vs. 37%) but only one-third of older people did.

Only one-third of Danish people reported that they had sufficient skills to start a business in the 2010-14 period, which was lower than the European Union average (43%) (Figure 1g). Women were much less likely than men to indicate that they have the skills to start a business (25% vs 45%). Similarly, only one-quarter of youth reported that they have sufficient skills to start a business.

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<sup>2</sup> <http://www.integrationsviden.dk/beskaeftigelse/ivaerksaetteri/indvandreteres-involvering-i-ivaerksaetteri-i-danmark/#.V9u0zE2LTIV>

However, entrepreneurs from all groups in Denmark were much more likely to self-report that they exploit innovative products and services in their businesses than the European Union average (40% vs. 23%) (Figure 1h). This holds across all of the population groups. Despite this high proportion of innovative businesses, entrepreneurs in Denmark were no more likely to expect to create a substantial number of jobs from their new business than the European Union average (Figure 1i). While older people were quite likely to expect high job creation, the expectations of women and youth entrepreneurs were well below the European Union average.

### **3. ASSESSMENT OF CURRENT AND PLANNED INCLUSIVE ENTREPRENEURSHIP POLICIES AND PROGRAMMES**

#### **3.1. Policy framework**

The Danish Government's policy for business development is presented in the 2016 "White Paper on Growth and Competitiveness" (*Redegørelse om Vækst og Konkurrenceevne*). This white paper details the objectives for supporting the business environment through measures comprising *inter alia* tax reform, support for innovation and education, regional development and balanced public spending (*Erhvervsstyrelsen*, 2015). The main focus areas include:

1. *Industrialization 4.0*, which covers digital growth, production automatisation, IT security, research and development;
2. *Generation Growth*, which covers support for entrepreneurship, shared economy, reduction of burdens, reduced taxation and increased competitiveness;
3. *New Global Economy*, which covers policy measures for business strategies for growth, implementation of EU initiatives and support to exports and international investments;
4. *Ease the financial burden on businesses*, which provides up to EUR 500 million by 2020 to directly support firms in innovation and growth.

These measures were defined based on consultations with the Business Forum (*Virksomhedsforum*, i.e. a council comprised of business and labour organisations as well as representatives from Danish businesses), which provided 510 suggestions for simplifications of the business environment. Of this list, 380 measures have been adopted by the government (*Erhvervsstyrelsen*, 2016c).

Support for entrepreneurs and businesses is channelled through the Danish Business Authority (*Erhvervsstyrelsen*), which aims to ensure a positive business environment, opportunities for growth and access to international co-operation and markets. One of its 2016 strategic objectives is to develop a national entrepreneurship strategy, which will be entitled "Generation Growth" (*Erhvervsstyrelsen*, 2016d). This new strategy will build on a previous entrepreneurship strategy that covered crowdfunding, loan guarantees, access to university researchers, entrepreneurship education and training, networks and an international matching facility (*Finansministeriet*, 2015). The Danish

approach is focused on both increasing the number of new enterprises and on improving the quality and maturity of new business development.

Other Ministries play a role in supporting entrepreneurship through policies and programmes that are related to their specific mandates. For example, the Ministry for Foreigners, Integration and Housing provides information on living and working (including self-employment) in Denmark.<sup>3</sup>

In addition to these national-level frameworks, municipalities have their own locally-funded business support structures and initiatives that complement the national programmes. Most municipal initiatives are open to all entrepreneurs and social inclusion is usually not an objective for these initiatives. However, since these initiatives are developed and implemented in the individual municipalities, there are substantial variations in focus areas as well as in actual availability of support structures. However, there are a number of support programmes aimed at youth (e.g. university students) and those living in disadvantaged cities or regions.

There is also a considerable number of non-governmental organisations in Denmark that support the government in promoting and supporting entrepreneurship, including Danish Industry (*Dansk Industri*) and the Danish Federation for Small and Medium Sized Enterprises. There are also a number of entrepreneur associations, including Danish Entrepreneur Association (*Dansk Iværksætterforening*), which provides information services and networking for its members as well as lobbying for promotion of entrepreneurship.

Overall, entrepreneurship policy is focused on supporting growth and innovation and initiatives are typically developed for the whole population of entrepreneurs. The exception is youth, who benefit from increased attention to entrepreneurship education and training within schools and higher education, there are few tailored policies for inclusive entrepreneurship.

### **3.2. Government regulations**

The Danish government has a number of regulatory measures aimed at supporting new entrepreneurs. For example, the Danish Tax Authority provides free-of-charge information meetings for all new enterprises to help them meet their tax obligations.<sup>4</sup> Under-represented and disadvantaged groups, which often have low levels of entrepreneurship skills, stand to benefit from this offer.

Information on complying with regulatory and administrative requirements is available through the Business Authority's home page, which provides an overview of legislation and regulations for business operators. Through the webpage *Virk.dk* companies and entrepreneurs may access public records, report VAT, changes in business structure and more. Furthermore, the webpage *Virk Startvækst*<sup>5</sup> provides an overview of support programmes for business development as well as online guides for business start-up and growth and online advisory services. The service is free of charge.

In addition, there are a number of regulatory instruments to encourage and support entrepreneurship by people from under-represented and disadvantaged groups. The Unemployment Benefit Scheme contains a welfare bridge mechanism to support the unemployed in moving into work through self-employment. It allows for starting and operating a business while still receiving unemployment benefits. This scheme is available for up to 78 weeks, but requires the entrepreneur to

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<sup>3</sup> <http://expatviden.dk/da/Initiativer.aspx> and <http://www.integrationsviden.dk/>

<sup>4</sup> <https://startvaekst.virk.dk/find-stoette/skat-informationsmoeder-for-nye-virksomheder>

<sup>5</sup> <https://startvaekst.virk.dk/>

remain available for taking a regular job with a day's notice. To be eligible for this measure, the applicant must:

- Have been a member of an unemployment insurance scheme (*A-kasse*) for at least one year. A number of such unemployment insurance schemes exist, and many are connected to labour unions. The schemes are private organisations and require membership fees; however, the state covers the major part of the unemployment benefits;
- Be ready and available for a 37 hour a week job and demonstrate active job seeking; and
- For full-time benefits, the applicant must have worked at least 1 924 hours in a regular job (or own business) within the last 3 years.

While this scheme offers some incentive for an unemployed person to start a business, the requirement that participants remain available for full-time employment will make this less attractive for those with a feasible business idea that has the potential to become a sustainable business.

For persons on maternity leave, the Danish system offers 14 weeks maternity leave for the mother, two weeks for the father and 32 weeks which can be shared between the parents. The leave is paid by the state and the rates are currently approximately EUR 560 per week. Maternity leave is also available for self-employed and it is possible to claim only a share of the paid leave and continue working part-time during maternity. This approach addresses some of the disincentives for women who are considering entering self-employment.

Finally, students receive grants of approximately EUR 800 per month while enrolled in approved institutions (which include all universities and vocational training centres). Grants are available for the duration of the studies, but for students who start their own enterprise, the grant may be extended for a larger time period, offering an incentive for business creation.

### **3.3. Financing entrepreneurship**

Public financial support for start-ups and new businesses is often targeted at entrepreneurs who operate businesses with growth potential. For example, "Seedcapital" (a private fund which operates a publicly funded scheme) provides funding for entrepreneurs in technology, IT or MedTech companies, and applicants may receive loans of up to DKK 500 000 (approximately EUR 70 000).<sup>6</sup> The strength of this initiative is that participants are matched with a coach who follow and support the business with advice and guidance. Other examples of funds that support growth-oriented businesses include The Growth Fund (*Vækstfonden*), which provides loans of at least DKK 1 million (approximately EUR 135 000) and requires 25% own funding plus personal guarantees for the loan,<sup>7</sup> and "Inno booster", which provides grants of between DKK 50 000 and DKK 5 million (approximately EUR 7 000 to EUR 700 000) for innovation-based enterprises and entrepreneurs.<sup>8</sup>

The Danish Foundation for Entrepreneurship is another important source of public financing for business start-up. Since 2011, it provided approximately 400 start-up grants (*Mikrolegater*) to student entrepreneurs. Some of these grants have been specifically aimed at social enterprises.

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<sup>6</sup> <http://www.seedcapital.dk/>

<sup>7</sup> <http://www.vf.dk/saadan-goer-vi/vaekstlaan-til-ivaerksaettere.aspx>

<sup>8</sup> <http://innovationsfonden.dk/da/investeringstype/innobooster>

Regions also have funding available for growth-oriented entrepreneurs, including the Northern Jutland Credit Fund (*Nordjysk Lånefond*), which provides up to DKK 5 million (approximately EUR 700 000).<sup>9</sup> Entrepreneurs, organisations and established businesses in Bornholm can apply for 50% funding for actions that provide increased employment on the island, e.g. consultancy assistance, materials, participation in fairs and exhibitions, study tours, technology and knowledge transfer, surveys, and intellectual property management.<sup>10</sup> Another example is the Business Fund for Bornholm (*Bornholms Erhvervsfond*) that provides loan guarantees for investment in both material and immaterial assets for both new entrepreneurs and existing businesses.<sup>11</sup>

Growth-oriented entrepreneurs can also benefit from private sector investors and initiatives. For example, the Danish Venture Capital and Private Equity Association is a private association for venture capital and growth initiatives. It also operates a business angel network through five local chapters.<sup>12</sup>

Financial intermediaries in Denmark are very active in seeking support from the European Union's Progress Microfinance and EaSI programmes.<sup>13</sup> These financial institutions offer a range of products for new entrepreneurs, including microcredit and loan guarantees. Supported Danish financial institutions, however, tend to focus on equity and risk capital investments. Of those who offer loans and guarantees, few target entrepreneurs from under-represented and disadvantaged groups.

Of the various under-represented and disadvantaged groups, youth entrepreneurs are the only group that benefit from tailored measures. However, these supports tend to be targeted at high-potential university students rather than those who are not in employment, education or training (i.e. NEETs). For example, "Venture Cup" and "Start Up Programme" are competitions for university-based entrepreneurs that offer both cash prizes and mentoring.<sup>14</sup>

Finally, entrepreneurs from under-represented and disadvantaged groups (along with all mainstream entrepreneurs) stand to benefit from recent policy actions to promote and support crowdfunding. This includes special funding to help entrepreneurs who have already received at least DKK 250 000 (approximately EUR 35 000) from a crowdfunding platform to support them in testing their products. The initiative aims to promote crowdfunding as an alternative source of funding and provides support up to DKK 1.4 million (approximately EUR 190 000), provided that the applicant had been able to attract crowdfunding. The programme ran for a full year in 2015, and the results are currently being evaluated.

Start-up financing is not considered to be a significant challenge for most entrepreneurs. However, nearly all of the public support is directed towards supporting innovative and growth-oriented businesses. There is very little support offered for entrepreneurs from under-represented and disadvantaged groups and there currently appears to be little political appetite for supporting this segment at the moment.

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<sup>9</sup> <https://startvaekst.virk.dk/find-stoette/laan-og-finansiering-til-projekter-i-region-nordjylland>

<sup>10</sup> <https://startvaekst.virk.dk/find-stoette/tilskud-til-initiativer-som-fremmer-beskaeftigelsen-paa-bornholm>

<sup>11</sup> <http://erhvervsfonden.dk/>

<sup>12</sup> <http://www.dvca.dk/index.php/om-dvca/>

<sup>13</sup> [http://europa.eu/youreurope/business/funding-grants/access-to-finance/search/en/financial-intermediaries?shs\\_term\\_node\\_tid\\_depth=206](http://europa.eu/youreurope/business/funding-grants/access-to-finance/search/en/financial-intermediaries?shs_term_node_tid_depth=206)

<sup>14</sup> <http://venturecup.dk/>

### 3.4. Entrepreneurship skills

As already noted, entrepreneurship education has recently received increased attention in Denmark. The Danish Agency for Science, Technology and Innovation, which is under the Ministry of Higher Education and Science, undertook a survey of the entrepreneurship programmes at the universities in 2014 and concluded that there has been a 43% increase in the entrepreneurial activity by higher education graduates between 2001 and 2011.<sup>15</sup> Danish higher education institutions, vocational colleges and schools provide entrepreneurship education and training, as well as advisory services and incubators. Most universities offer entrepreneurship courses as well as a range of business start-up supports, including business incubators, advisory services, networking and mentoring. Some universities, such as the Technical University of Denmark, also offer a range of financial supports.

University graduates can also benefit from support from the Innovation Fund of Denmark, which was created on 1 April 2014 from the merging of the Danish Council for Strategic Research, the Danish Council for Technology and Innovation and the Danish National Advanced Technology Foundation.<sup>16</sup> The Innovation Fund operates the Pilot Entrepreneur programme, which offers support for 12 months, including advisory services and entrepreneurship camps, mentoring, premises, an monthly allowances of DKK 14 473 (approximately EUR 2 000) and a grant of DKK 35 000 (approximately EUR 7 000) for equipment rental, external advisory services and prototype development.<sup>17</sup>

In addition, there are a small number of local-level initiatives that provide entrepreneurship training or business advisory support, including *NiN StartUp* in Northern Jutland. It provides new entrepreneurs with two hours of business advisory services offered through local business office, as well as six hours of advisory services from external professional consultants. Another example is the Growth Entrepreneur initiative (*ViP Vækstiværksætter*), which provides 15 hours of business consultancy and also covers 75% of the cost of external business advice up to DKK 15 000 (approximately EUR 2 000).<sup>18</sup>

Further, the five administrative regions in Denmark each host a Growth Centre.<sup>19</sup> These centres provide specialised advisory services to all companies with growth ambitions and collaborate with other public resources such as The Export Council (*Eksportrådet*) and the Export Credit Agency (*Eksport Kredit Fonden*) as well as other regional, local public and private enterprise support initiatives. The Growth Centres were evaluated in 2013 and the results are generally positive.<sup>20</sup> The

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<sup>15</sup> <http://ufm.dk/forskning-og-innovation/statistik-og-analyser/filer/fi-notat-ivaerksaetteraktivitet.pdf>

<sup>16</sup> [http://innovationsfonden.dk/sites/default/files/innovationsfondensstrategien\\_0.pdf](http://innovationsfonden.dk/sites/default/files/innovationsfondensstrategien_0.pdf)

<sup>17</sup> <http://innovationsfonden.dk/da/investeringstype/ivaerksaetterpilot>

<sup>18</sup> <https://startvaekst.virk.dk/find-stoette/nordjysk-newbizz-16-18>

<sup>19</sup> The Capital Centre (Hovedstaden, Copenhagen and Bornholm): <https://www.regionh.dk/Vaekstforum/strategi/Sider/default.aspx>, <https://www.brk.dk/Erhverv/Vaekstforum/Documents/Vaekstplan%20for%20Bornholm%202014.pdf>; Middle Jutland (Region Midtjylland): <http://www.rm.dk/siteassets/regional-udvikling/vus/vakst--og-udviklingsstrategi-final-til-web.pdf>; Northern Jutland (Region Nordjylland): <http://www.rn.dk/Regional-Udvikling/Vaekstforum/REVUS.aspx>; Zealand (Region Sjælland): [http://www.regionsjaelland.dk/Udvikling/Documents/Den%20regionale%20vaekst-%20og%20udviklingsstrategi%2017.03.15\(slve\).pdf](http://www.regionsjaelland.dk/Udvikling/Documents/Den%20regionale%20vaekst-%20og%20udviklingsstrategi%2017.03.15(slve).pdf); Southern Denmark (Region Syddanmark): <https://vaekstforum.regionsyddanmark.dk/wm220355>.

<sup>20</sup> <https://erhvervsstyrelsen.dk/sites/default/files/media/evalueringafvaeksthusene2013.pdf>

evaluation concludes that advisory services are well-received and estimates a net benefit of DKK 656 million (approximately EUR 90 million) between 2010 and 2012 through job creation and investment, a return of 260% on public investment. However, the evaluation also notes that users would benefit from more tailored and flexible support and that more could be invested in identifying entrepreneurs with growth potential and supporting participants in internationalisation.

There are also a number of local initiatives that support the acquisition of entrepreneurship skills and these tend to be aimed at supporting business development for growth companies. Many of these initiatives have been evaluated and recent results are mixed. For example, a 2012 evaluation of support offered in Middle Jutland found that the region's programmes were quite successful at reaching entrepreneurs and providing them with an effective one-stop facility for business development, but also noted that regional support could be more focused.<sup>21</sup> In Northern Jutland, a 2013 evaluation of the Growth Entrepreneur Programme (*Vækstiværksætterprogrammet - ViP*) was generally positive but the interviewed entrepreneurs advocated for increased consultancy support as well as more support with internationalisation.<sup>22</sup> However, a 2014 evaluation of Entrepreneur and Growth Factories on Bornholm (*Iværksætter- og vækstfabrikkerne på Bornholm*) found that the initiative did not meet the expectations in terms of economic impact on the region.<sup>23</sup>

Entrepreneurship education and training offered through the education system is supported by The Danish Fund for Entrepreneurship (*Fonden for Entreprenørskab*).<sup>24</sup> The Fund is a private, commercial company, supported by four ministries, namely the Ministry of Business and Growth; the Ministry for Children, Education and Gender Equality; the Ministry of Culture; and the Ministry for Higher Education and Science. The Fund provides training programmes for entrepreneurship education at all levels, from primary school to PhD students and also operates a micro grant scheme, where student entrepreneurs may apply for grants of up to DKK 50 000 (approximately EUR 7 000).<sup>25</sup> The Fund also provides a network for entrepreneurship teachers and trainers. An evaluation of the Fund concluded that entrepreneurship should be taught early on in schools and focus is equally needed on cognitively-oriented entrepreneurial skills and non-cognitive entrepreneurial skills.<sup>26</sup>

There are also a small number of small-scale initiatives to support primarily youth, but also other social target groups. For example, "Mind Your Own Business" is a programme that helps boys (13-17 years old) from ethnic minority groups in disadvantaged residential areas start businesses. It provides training and mentors from the local business community. Since 2010, it has led to the creation of 20 micro-businesses.<sup>27</sup> Support for skills acquirement outside the classroom (informal learning) is also available through smaller programmes, supported by the Social Capital Fund (*SATS puljen*) and the private fund *Trygfonden*. Another example is Business Coaching for Ethnic Minorities, which is a

<sup>21</sup> <https://www.rm.dk/siteassets/regional-udvikling/forretningsudvikling/afsluttede-projekter/vakstmidt-accelerator/evaluering-af-midtjyske-programmer.pdf>

<sup>22</sup> [http://www.rn.dk/Regional-Udvikling/Vaekstforum/Projekter/Projektevalueringer/Slutevalueringer/~/\\_media/Rn\\_dk/Regional%20Udvikling/Regional%20Udvikling%20sektion/V%C3%A6kstforum/Projekter/Projektevalueringer/Slutevalueringer/VIP\\_slutevaluering\\_LBAnalyse.ashx](http://www.rn.dk/Regional-Udvikling/Vaekstforum/Projekter/Projektevalueringer/Slutevalueringer/~/_media/Rn_dk/Regional%20Udvikling/Regional%20Udvikling%20sektion/V%C3%A6kstforum/Projekter/Projektevalueringer/Slutevalueringer/VIP_slutevaluering_LBAnalyse.ashx)

<sup>23</sup> [http://dagsorden-og-referater.brk.dk/Sites/BRKVækst\\_Internet/Internet/2015/InfRef7504-bilag/Bilag1627416.PDF](http://dagsorden-og-referater.brk.dk/Sites/BRKVækst_Internet/Internet/2015/InfRef7504-bilag/Bilag1627416.PDF)

<sup>24</sup> <http://www.ffe-ye.dk/> and <http://eng.ffe-ye.dk/media/536328/partnerskab20nyversion.pdf>

<sup>25</sup> <http://eng.ffe-ye.dk/funds/micro-grant/about-micro-grant>

<sup>26</sup> <http://eng.ffe-ye.dk/media/504986/executive-summary-2014.pdf>

<sup>27</sup> <http://www.myob.dk/om-myob.php>

non-government mentoring programme to support new immigrants and refugees who are trying to set-up a business. They are matched with a mentor who accompanies them through the start-up process and helps them build entrepreneurial networks.

Consistent with the strategic approach to supporting entrepreneurship, government policies and programmes tend to focus on supporting growth and innovation, and nearly all offers are mainstreamed, i.e. open to all entrepreneurs. The only examples of tailored initiatives are those designed to support youth.

### 3.5. Entrepreneurial culture and social capital

Entrepreneurship is promoted by several national public institutions. The Danish Business Authority is the most active government body, providing an overview of legislation and regulations for business operators on its website<sup>28</sup> as well as information on available support programmes and business networks.<sup>29</sup> In addition, the government has a website “New to Denmark”, which is a portal that provides information on starting a business for immigrants.<sup>30</sup> The website *Virk Startvækst* also provides an overview of support programmes for business development<sup>31</sup> as well as online guidance for business start-up<sup>32</sup> and growth and online advisory services. The website also provides companies and entrepreneurs with access to public records and a portal to report VAT and changes in business structure. All of these services are provided at no cost.

The government also actively collects and publishes information on entrepreneurship and the business environment. The Ministry for Business and Growth published a survey on all Danish state funded business promotion activities in 2015. The report indicates that DKK 24.3 billion (approximately EUR 3.3 billion) was spent on business promotion and funding support initiatives. However, this level of spending is expected to decline with the new government (since 2015), which has different priorities.<sup>33</sup> The Danish Business Authority also funds projects that promote various forms of entrepreneurship.

The private sector is also active in collecting and providing information on entrepreneurship. For example, the consulting company Center for Growth Analysis undertakes an annual “entrepreneur barometer”. The 2016 analysis highlights that the growth in entrepreneurship is spread evenly across the country. The main challenges faced by entrepreneurs are access to financing and issues related to sales, marketing, and internationalisation. To support entrepreneurial activity the barometer report proposes measures for tax deduction for investment in entrepreneurs, easing of the banking regulation for lending to entrepreneurs, increased venture capital activities in the Growth Fund, targeting of public procurement to entrepreneurs and further emphasis on entrepreneur education, also in primary schools.<sup>34</sup>

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<sup>28</sup> <https://erhvervsstyrelsen.dk/virksomhed-og-drift>

<sup>29</sup> <https://startvaekst.virk.dk/find-stoette>

<sup>30</sup> [https://www.nyidanmark.dk/en-us/coming\\_to\\_dk/work/Start-up-denmark/](https://www.nyidanmark.dk/en-us/coming_to_dk/work/Start-up-denmark/)

<sup>31</sup> <https://startvaekst.virk.dk/>

<sup>32</sup> <https://startvaekst.virk.dk/opstart>

<sup>33</sup> <https://www.evm.dk/publikationer/2015/15-03-26-redegorelse-erhvervsfremme-stotte>

<sup>34</sup> <http://vaekstanalyse.dk/barometer>

Non-governmental organisations such as The Danish Industry Foundation (*Industriens Fond*) and the Rockwool Foundation are active in supporting entrepreneurship. These two foundations promote entrepreneurship, support entrepreneurship research and try to strengthen connections between different segments of the business community.

Entrepreneurship is also promoted and supported through a growing number of entrepreneurship networks. Most are open to all entrepreneurs, such as *Medstrøm*, which is a networking programme for entrepreneurs in the Southern Denmark Region that offers a variety of seminars, workshops and training programmes,<sup>35</sup> and *NiN Network*, which provides funding of up to DKK 10 000 (approximately EUR 1 350) for three or more entrepreneurs to create a business network in Northern Jutland.<sup>36</sup> There are specialised networks for women entrepreneurs. “Ladies First” is a private sector-led network for woman entrepreneurs and businesswomen that organises meetings and events and provides contact between its members. Launched in 2012, it now has over 6 000 members.<sup>37</sup> In addition, *netvaerksportalen* provides information and links to other local women’s entrepreneurship networks.<sup>38</sup>

Entrepreneurship is viewed as an important tool for economic development. It is heavily promoted by the government and many non-governmental actors. However, the emphasis is very much on innovation and growth; entrepreneurship is not used as a tool for inclusion.

#### 4. POLICY RECOMMENDATIONS

The approach taken in Denmark to public support for entrepreneurship emphasises growth and innovation. Social inclusion issues and self-employment do not receive much attention in strategic policy documents and there are therefore few initiatives with these types of objectives. Thus there are few tailored inclusive entrepreneurship initiatives in Denmark. This is likely due, at least in part, to a social security system that provides strong social benefits and supports (e.g. unemployment benefits, support for housing, child care and care for the elderly, health care). This strong social security system reduces the need for inclusive entrepreneurship policies and programmes to some extent because fewer people are a risk of leaving the labour market or falling into poverty. Nonetheless, there is some scope for strengthening current approaches to support under-represented and disadvantaged groups in entrepreneurship in Denmark. Recommendations include:

1. *Promote business growth to youth and women entrepreneurs.* Data show that despite the focus of Danish entrepreneurship policies on innovation and growth, few youth and women entrepreneurs expect to create a substantial number of jobs with their new business. This calls for more tailored actions to stimulate growth motivations for these groups. Actions could include promoting role models and success stories to highlight the successes of entrepreneurs from different social target groups, and award programmes that showcase significant

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<sup>35</sup> <http://www.medstroem.dk/>

<sup>36</sup> <https://startvaekst.virk.dk/find-stoette/raadgivning-om-opstart-af-virksomhed-i-region-nordjylland>

<sup>37</sup> <http://ladiesfirst.dk/bag-om-ladies-first/>

<sup>38</sup> <http://www.netvaerksportalen.dk/kategorier/kvinder>

achievements. It is also important to ensure that mainstream entrepreneurship training and education programmes include modules on managing growth (e.g. human resource management), accessing finance for growth and building entrepreneurial networks.

2. *Include more mentoring in entrepreneurship support programmes.* Increasing the mentoring and advisory services can help existing initiatives provide more tailored support to address the unique barriers faced by different entrepreneurs. This is identified as an area for improvement in nearly all programme evaluations. The success of mentoring programmes often relies on the level of trust between the mentor and mentee. It is therefore important to ensure that the supply of mentors is as diverse as the mentees.
3. *Increase support for initiatives in the education system that help youth entrepreneurs.* Especially at the universities and other centres of learning there has been a considerable increase in the number of new entrepreneurs. It is suggested that these initiatives are evaluation with a view to ascertaining which measures are crucial in stimulating student entrepreneurship.

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## ANNEX: METHODOLOGY

Each note was prepared by a national expert in co-operation with the OECD Secretariat. Information was collected through desk research and interviews (i.e. telephone, face-to-face, email) with key stakeholders and government representatives. The information was then verified by government partners, programme managers and other inclusive entrepreneurship stakeholder groups through email exchanges and one-day seminars in selected countries.

The notes are based on an assessment framework that was developed by the OECD Secretariat. The assessment framework provided a common analytical framework and report structure for the 28 notes that are in this series.

The framework contains 5 pillars:

### 1. Policy framework

- Is there an entrepreneurship strategy or action plan that explicitly covers the promotion and support of entrepreneurship for people in under-represented and disadvantaged groups?
- Is there a mechanism for co-ordinating inclusive entrepreneurship policy actions across relevant national ministries, and with regional and local governments and civil society organisations?
- Is there a systematic monitoring and evaluation process for the policies, programmes and schemes that promote and support entrepreneurship for people in under-represented and disadvantaged groups?

### 2. Government regulations

- To what extent are entrepreneurs from under-represented and disadvantaged groups treated equally with employees by social security schemes?
- Do measures exist that temporarily cover the loss of state income supports (e.g. unemployment benefits, disability allowances) for entrepreneurs amongst under-represented and disadvantaged groups when they start a business?
- Do measures exist to support under-represented and disadvantaged entrepreneurs in dealing with administrative procedures for entrepreneurship amongst under-represented and disadvantaged groups (e.g. information provision, support with administrative requirements)?
- Are there any entrepreneurship policy initiatives or schemes to address group-specific institutional challenges related to dependents (e.g. childcare, eldercare)?

### 3. Financing entrepreneurship

- Are there grants for business creation offered to support entrepreneurs from under-represented and disadvantaged groups?
- Is microcredit for business creation available to support entrepreneurs from under-represented and disadvantaged groups?
- Are there loan guarantee schemes for business creation to support entrepreneurs from under-represented and disadvantaged groups?

- Are there self-financing groups for business creation to support entrepreneurs from under-represented and disadvantaged groups?
- Are there public policy schemes that encourage and support business angel networks to support entrepreneurs from under-represented and disadvantaged groups?
- Are there schemes that encourage and support crowdfunding and peer-to-peer lending to support entrepreneurs from under-represented and disadvantaged groups?
- Is financial literacy training offered to support entrepreneurs from under-represented and disadvantaged groups?

#### **4. Entrepreneurship skills**

- Are there entrepreneurship training initiatives for entrepreneurs from under-represented and disadvantaged groups?
- Do high potential entrepreneurs from under-represented and disadvantaged groups have access to one-to-one or group coaching and mentoring?
- Are there public initiatives that provide information on available support programmes or on business start-up procedures for entrepreneurs from under-represented and disadvantaged groups?
- Are there business consultancy and advisory services for entrepreneurs from under-represented and disadvantaged groups?
- Are there business incubators for entrepreneurs from under-represented and disadvantaged groups?

#### **5. Entrepreneurial culture and social capital**

- Is entrepreneurship actively promoted as an employment opportunity amongst under-represented and disadvantaged groups through the education system, media, role models, etc.?
- Are there public policy actions that attempt to build specific business networks for entrepreneurs amongst under-represented and disadvantaged groups?