



# Inclusive Entrepreneurship Policies, Country Assessment Notes

Sweden, 2017



## 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 were prepared as part of the programme of work of the OECD Local Economic and Employment Development (LEED) Programme of the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE). They 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.

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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 or personal characteristics. 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.

Overall, Swedish people were slightly less active in self-employment than the European Union (EU) average over the last decade (8.7% vs. 14.0% in 2016). The greatest gap was among youth. However, new businesses started in Sweden by women, youth and seniors were less likely to be started out of necessity than in most other EU Member States. Tailored entrepreneurship policies have demonstrated positive results in Sweden, notably the many supports developed for women entrepreneurs. However, there has been a recent trend towards the use of mainstream entrepreneurship interventions that are open to everyone. While the interventions are typically strong, there is scope to expand the use of inclusive entrepreneurship policies and programmes, notably in the area of integrating migrants into the labour market.

This note is the second in 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 2017 notes place a special focus on describing the characteristics of self-employment in each country.

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 policies are designed and delivered with a mainstream approach, aiming at increasing entrepreneurship and firm growth in general. The national policy is more directed towards firms than towards the entrepreneurs as individuals – innovation and growth on firm level is a priority. Individuals may be supported in the start-up phase through business counselling and education (only marginal financial support offered). During the 1990s and 2000s women’s entrepreneurship was heavily promoted and supported with tailored schemes. These programmes have ceased and were replaced by gender equality as a pillar of regional growth agreements. The policy objectives are instead focussed on promoting economic growth and innovation. Thus there are few tailored initiatives that promote or support inclusive entrepreneurship – the exception being measures to promote entrepreneurship among immigrants.
- Various measures of entrepreneurial activities, start-ups and self-employment all suggest that Swedish people are less active in entrepreneurship than the European Union (EU) average (8.7% vs. 14.0% in 2016). Of the different key target groups of inclusive entrepreneurship policies (e.g. women, youth, the unemployed, seniors, people with disabilities), seniors were more active in entrepreneurship than those in other EU countries between 2012 and 2016 (6.5% vs. 4.3%).
- With the exception of the recently launched programmes and measures to promote immigrant entrepreneurs any further development of inclusive entrepreneurship policies and programmes seem unlikely in the short-term, at least at the national level, given the shift away from tailored policies and programmes. The result is fewer available instruments for the national government. Any future policy action in this area is likely to be done through the regional growth agreements or as part of the work of the organisations working for entrepreneurship as *Tillväxtverket*, *ALMI*, *Nyföretagarcentrum* and others.
- Nonetheless, there are some actions that the government can undertake to further support business creation and self-employment for entrepreneurs from under-represented and disadvantaged groups, including: (i) strengthen the linkages between welfare, labour market and entrepreneurship policies; (ii) develop more entrepreneurship training, especially for seniors and women, and entrepreneurship education; (iii) apply the incubator concept to disadvantaged groups, i.e. to use the concepts and programmes developed in other incubators and adapt it to seniors, women, immigrants, and the unemployed; (iv) implement small scale financing, as microcredits or loan guarantees, and explore the potential for supporting new financing platforms such as crowdfunding; and (v) increase the use of monitoring, evaluation to establish good practice examples.

## 1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS

Swedish national policies build heavily on the promotion and support of innovation and entrepreneurship. Increasing employment is currently one of the government’s priorities, as underlined by its Europe 2020 goals that include achieving an employment rate of 80% (this has already been reached).

The Ministry for Enterprise and Innovation is primarily responsible for innovation and entrepreneurship policies and the broad objective is to “strengthen the Swedish competitive ability and create possibilities for more jobs in more and growing companies.” Entrepreneurship policy objectives are outlined in “*Mål för näringspolitik*” and aim to support everyone in business creation and self-employment, including those groups who are under-represented and disadvantaged in the labour

market (e.g. women, youth, seniors, the unemployed, immigrants and people with disabilities), through a support system that is open to everyone. The only groups specifically mentioned in the policy document are youth (i.e. when discussing financing of generation shifts in existing companies) and people with non-Swedish background (i.e. when discussing information and counselling on entrepreneurship).

The Ministry for Enterprise and Innovation also contributes to entrepreneurship support, notably through regional growth agreements, which seek to support regional development, address the gender gap in the labour market, and improve the integration of immigrants into the labour market. In July 2015, a national strategy for sustainable regional growth and attractiveness for 2015-20 was published. Its priorities are: (i) innovation and entrepreneurship, (ii) attractive environments and access, (iii) skills availability, and (iv) international co-operation.

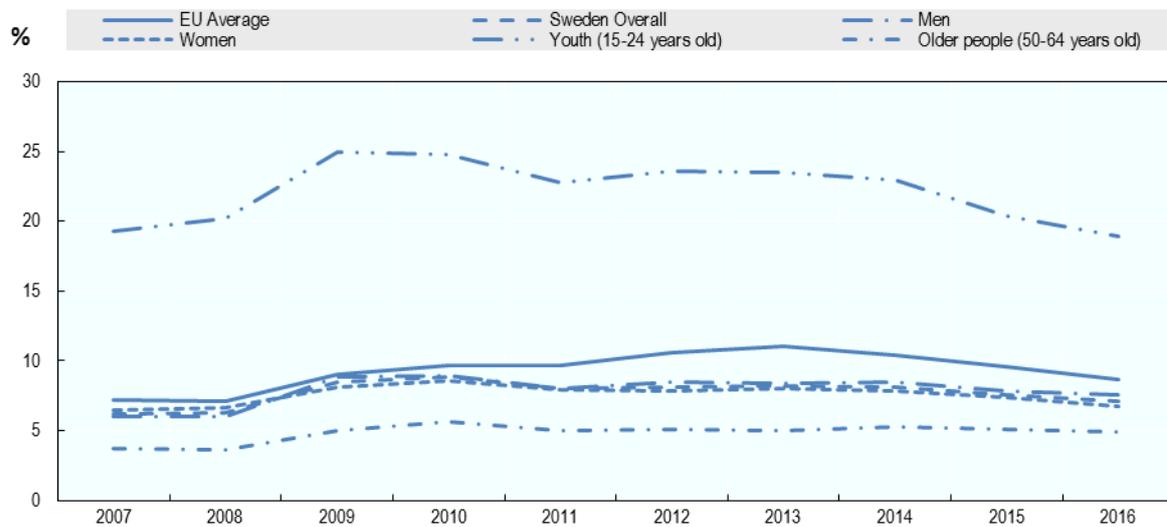
## **2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS**

### **2.1. Labour market context**

GDP growth in Sweden was above the OECD average in 2017 (3.1% vs. 2.4%), but GDP per capita was growing at a slower pace. This is caused by a rapid increase in population, totalling 10.1 million in 2017, a rise of 1.3% compared to 2016. This was driven by a large influx of asylum seekers. For the period 2000-17 a total of 712 352 persons have sought asylum, with a peak in 2015 when 162 877 persons applied for asylum. Two-thirds of asylum seekers in 2015 were male. Residence permits have been given to more than 400 000 asylum related applicants during the 2009-17 period. Labour market integration of asylum seekers is a challenge since their average education level is below the demanded level of many employers. The full economic potential of recent immigration has not yet manifested since it takes several years to integrate into the Swedish labour market.

The unemployment rate in Sweden was slightly below the European Union (EU) average in 2016 (6.5% vs. 7.3%) (Figure 1). Important differences can be identified between social target groups. Youth unemployment was above the EU average in 2016 (18.9% vs. 17.9%). There are signs, however, that the high level of youth unemployment is expected to further decrease in coming years. While youth unemployment increased by 20% in the EU between 2007 and 2016, it decreased by 2% in Sweden. The unemployment rate of young women (15-24 years old) decreased by almost 13% over the same period. Men are slightly more likely to be unemployed than women (7.6% vs. 6.7% in 2016). Seniors above 50 years old were more likely to be unemployed in Sweden than in other EU countries (6.5% vs. 4.2% in 2016). This rate has increased by more than 12 percentage points between 2007 and 2016. Swedish *Entreprenörskapsbarometern* data show that the unemployment gap between Swedish-born and foreign-born labour force is very high with a gap of more than 10 percentage points.

**Figure 1. Unemployment rate, 2007-16**



Source: Eurostat (2017), Labour Force Survey 2016.

## 2.2. Self-employment and entrepreneurship rates

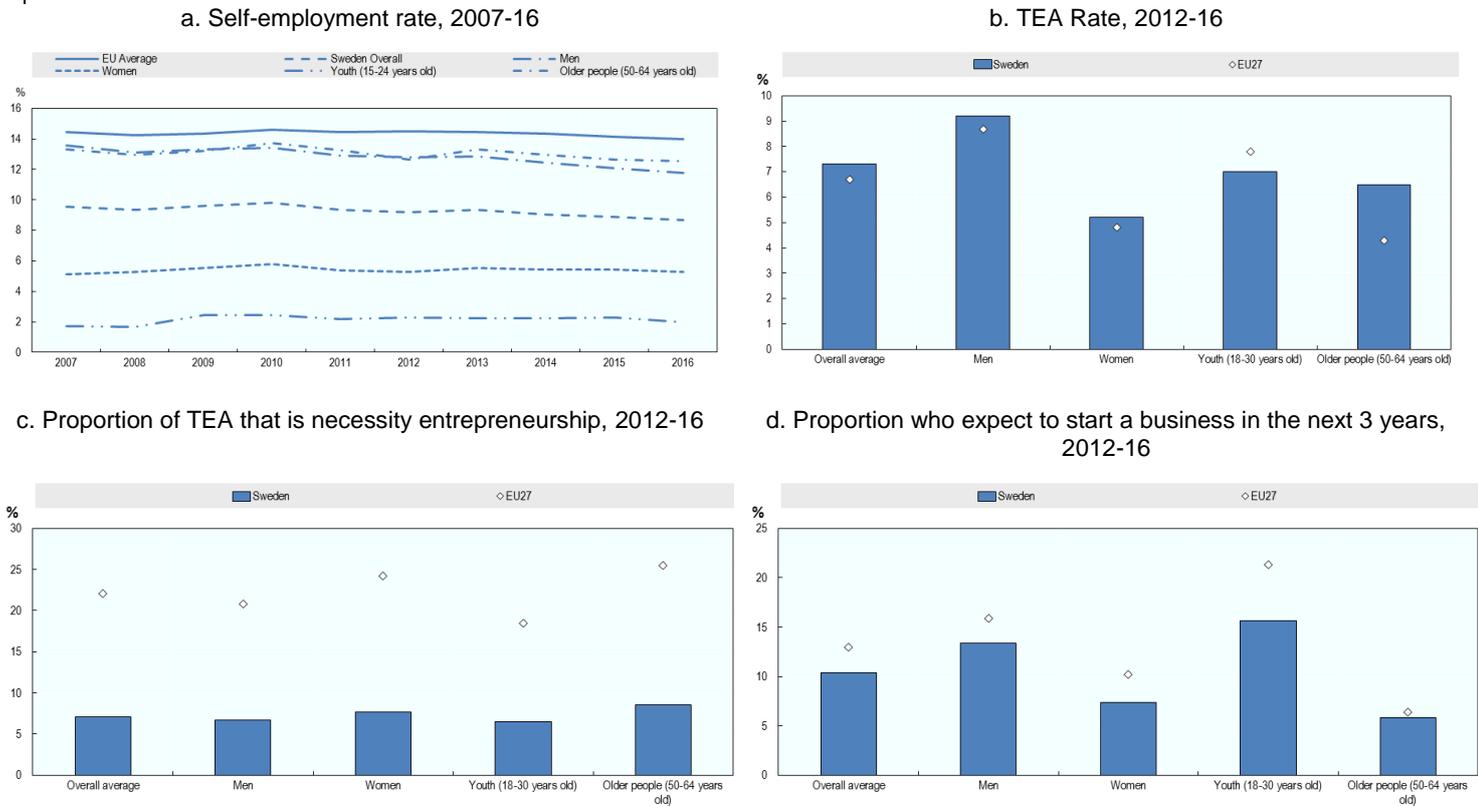
Self-employment has traditionally been low in Sweden over the past decade relative to the EU average. In 2016, 8.7% of Swedish workers were self-employed relative to 14.0% for the EU as a whole (Figure 2a). Figure 2a shows that the proportions of men and seniors who were self-employed was above the Swedish average, and that the proportions of women and youth were below it. However, the share of women among the self-employed has increased slightly in recent years – from 34% in 2010 to 36% in 2015. There has also been a shift in the proportions in different age groups. The group that has increased most is seniors (over 65 years old), where the proportion in self-employment increased 5.3 percentage points between 2011 and 2015.

The structure of self-employment in Sweden resembles in many ways the other Northern EU countries. The group of self-employed is composed of 53% Swedish-born men, 29% Swedish-born women, 11% foreign-born men and 7% foreign-born women. Business sectors of self-employed tend to stagnate.

According to the *Entreprenörskapsbarometern 2016*, more than half of nascent entrepreneurs state “personal development and realisation of ideas” as a reason to start-up. “Independence” is the prime driver for existing entrepreneurs. Younger people perceive fewer hindrances while women and foreign-born perceive more, for foreign-born people financing is much more of a hurdle. More than half intend to create a business in teams (60%), notably women and youth (63% and 66%, respectively).

A different measure of entrepreneurial activities, the Total early-stage Entrepreneurial Activities (TEA) rate, which estimates the proportion of the population involved in starting or managing a new business that is less than 42 months old. The overall TEA rate for Sweden is slightly above the EU average (7.3% vs. 6.7% over the period 2012-16) (Figure 2b). The rates were also above the EU average in this period for men (9.2% vs. 8.7%) and older people (6.5% vs. 4.3%), while Swedish youth had a lower TEA rate than the EU average (7.0% vs. 7.8%). The TEA rate for older people is among the highest in the EU.

**Figure 2. Self-employment and entrepreneurship rates by target group**



Note: The self-employment rate is defined as the proportion of those in employment who are self-employed. The TEA rate is the Total early-stage 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 b, c, and d were pooled for the period 2012-16. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average in panels b, c, and d covers all EU Member States except Malta.

Source: Panel a contains data from Eurostat (2017), Labour Force Survey; Panels b, c, and d contain data from the 2012 to 2016 Global Entrepreneurship Monitor household surveys that were tabulated for the OECD (2017).

Figure 2c shows that necessity-based entrepreneurship was very low in Sweden over the 2012-16 period, well below the EU average (7.1% vs. 22.1%). Older people between 50 and 64 years of age had the highest rate of necessity based entrepreneurship (8.6%), which still is much lower relative to the EU average for the group (25.5%).

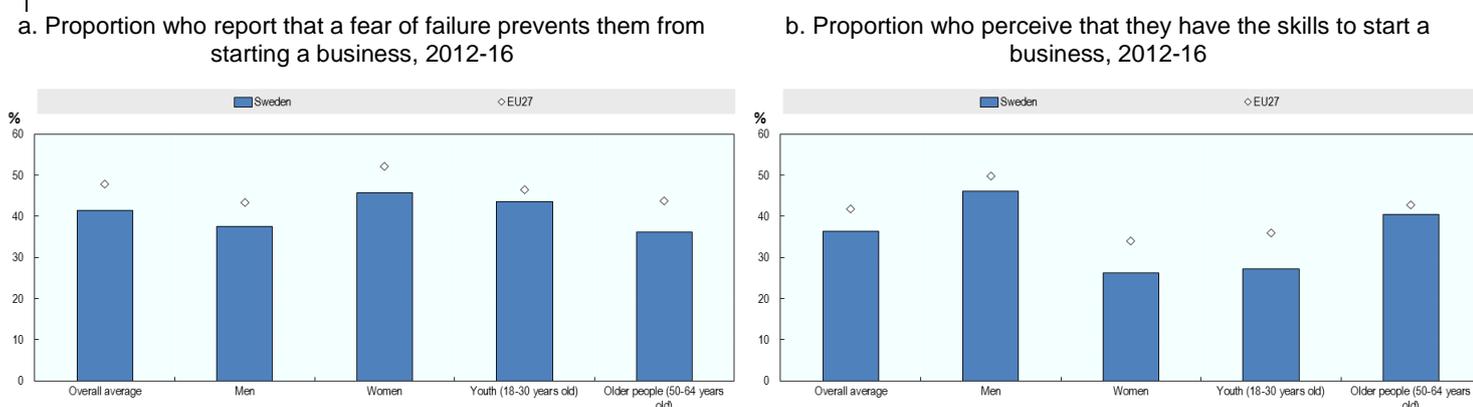
The proportion of people that expects to create a business is lower than in the EU average (10.4% vs. 13.0%) (Figure 2d). The largest discrepancy can be found for youth between 18 and 30 years old with 21.3% in EU expecting to start a business compared to 15.7% in Sweden – placing Sweden as the eight lowest in this category. On the other hand young people are more prone to expect to create a business also in Sweden. National sources confirm this pattern. *Entreprenörbarometern* reported in 2016 that 47% (42% of women and 52% of men) would be willing to become entrepreneurs and of those, 32% want to primarily be entrepreneurs, 32% prefer to be employed and 34% want to be “combinators”. This means that 32% of the population would prefer to be entrepreneurs, while only 9% of the workforce is entrepreneurs. This gap has also been emphasised by the Global Entrepreneurship Monitor (GEM), which also point out the paradoxical situation in Sweden where the

majority believes that prospects for entrepreneurship are very good – but at the same time just a minority believes that they themselves have the capacity to start and run a business.

### 2.3. Barriers to business creation

In many countries “fear of failure” can be considered as a major barrier to entrepreneurship. As Figure 3a illustrates, this barrier was cited less frequently in Sweden than the EU average across all key target groups in the period 2012-16 (41.5% vs. 47.8%). Of all groups, older people in Sweden were least likely to cite this barrier, while the EU average was over seven percentage points higher (36.2% vs. 43.8%). The proportion of people who consider starting a business (average 47%) was highest among youth, men and Swedish-born. However, all groups were less likely than the EU average to feel that they had the skills to start a business (Figure 3b). Less than one-third of youth and women believed that they had appropriate skills.

**Figure 3. Barriers to entrepreneurship by target group**



Note: Data were pooled for the period 2012-16. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta.

Source: GEM (2017), special tabulations of the Global Entrepreneurship Monitor’s household surveys from the 2012 to 2016.

### 2.4. Entrepreneurship performance

Relative to the EU average, Swedish entrepreneurs were slightly more likely to offer new products and services to their customers (Figure 4a) and were as likely to sell to customers in another country (57.9% vs. 58.6%) (Figure 4b). There was very little difference between target groups in Sweden relative to the EU averages.

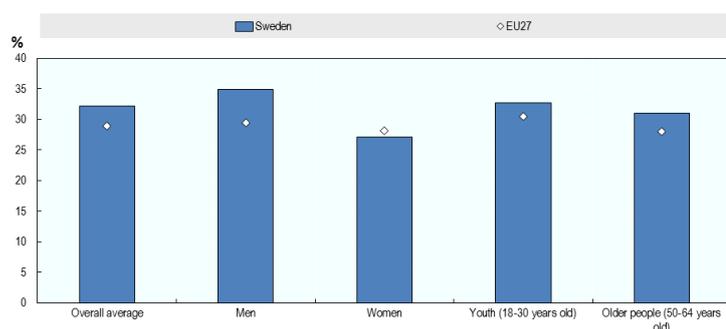
Moreover, the Business Conditions Survey (*Företagens villkor och verklighet*) (Swedish Agency for Economic and Regional Growth, 2014) highlighted some additional differences across key target groups. For example, women, immigrants and young people are more likely to wish to grow their businesses and young entrepreneurs are likely to be more innovative.

Swedish entrepreneurs expected to create a substantial number of jobs with their new businesses, compared to the EU average (Figure 4c). There are differences in attitudes towards firm growth between firms. The group of solo entrepreneurs, micro companies and small companies intend to grow (69%) but fewer than earlier now have such ambitions (77% in 2005) due to a diminished interest in

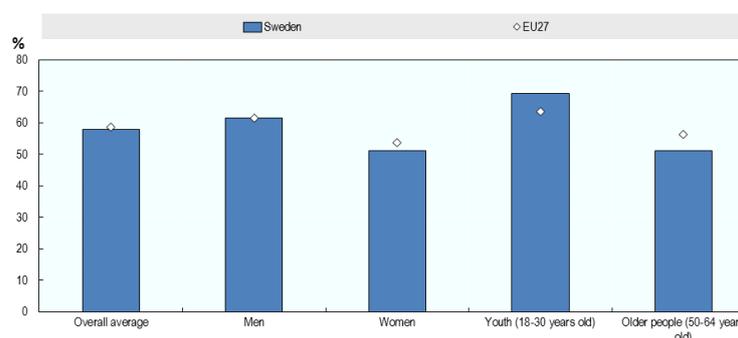
growing through increasing the number of employed. Larger companies are more willing to hire additional personnel, want to grow more and have brighter outlooks on the future. However, two-thirds operate on in local and regional markets.<sup>1</sup> Entrepreneurs in hotels and restaurants, and wholesale and retail are most positive to growth while personal care and social services is the only line of business where less than a majority of the companies want to grow. A lack of management skills is the main hindrance for growth, especially for larger companies.

**Figure 4. Self-employment and entrepreneurship activities by target group**

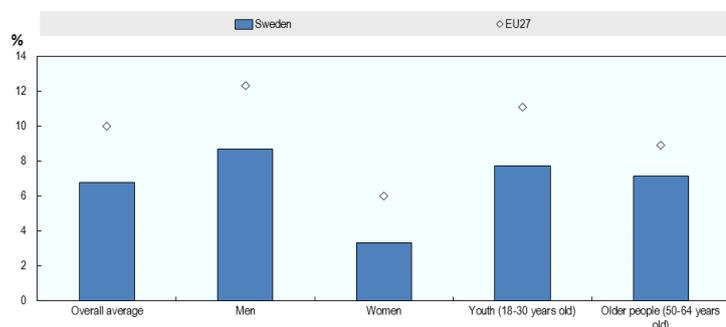
a. Proportion of new entrepreneurs whose products or services are new to all or some customers and who have few or no businesses offering the same products or services, 2012-16



b. Proportion who sell to customers in another country, 2012-16



c. Proportion of early-stage entrepreneurs who expect to create more than 19 jobs in 5 years, 2012-16



Note: Data were pooled for the period 2012-16. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta.

Source: GEM (2017), special tabulations of the Global Entrepreneurship Monitor's household surveys from the 2012 to 2016.

<sup>1</sup><https://tillvaxtverket.se/download/18.6c7cba4d15e847bac579ed56/1506430418387/Foretagens%20villkor%20och%20verklighet.pdf>

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

#### 3.1. Policy framework

Sweden has adopted a mainstream approach to entrepreneurship policy, where policies and programmes are designed to include all citizens equally. The goal is to establish a system that is easy to understand for future and existing entrepreneurs. General goals on equality and fair treatment have been set to ensure that all societal groups are included, following up on performance evaluations of policy programmes.

The organisation of Sweden's national policy for entrepreneurship (and innovation) is characterised by a decentralised decision structure. The government sets the general goals for the policy and distributes the grants to the organisations that are supposed to implement the policies. These organisations are national but operate on the regional and local level. The main organisation for direct support for entrepreneurship is *Almi Företagspartner AB* (ALMI),<sup>2</sup> which works with 16 regional units all over Sweden to provide access to loans, venture capital and advisory services. ALMI also co-operates with *Insamlingsstiftelsen IFS Rådgivningscentrum* (IFS)<sup>3</sup> to support immigrant entrepreneurs.

Another large organisation delivering entrepreneurship support is *Tillväxtverket* (Swedish Agency for Economic and Regional Growth),<sup>4</sup> an organisation with the overarching goal to strengthen the competitiveness of Swedish SMEs and entrepreneurs. *Tillväxtverket* promotes entrepreneurship and regional growth by providing information (e.g. through the website [www.verksam.se](http://www.verksam.se)) and strengthening networks and linkages with investors. Similar to ALMI, it is decentralised with nine locations across Sweden. The national strategy for regional development, “a national strategy for sustainable regional growth and attractiveness 2015-2020” (*En nationell strategi för hållbar regional tillväxt och attraktionskraft 2015-2020*), focuses on themes as innovation and entrepreneurship, attractive and accessible places, competence building and international co-operation. The overall goals are very wide and further developed in each region. Social cohesion is a goal but no specific measures are indicated.

A small number of organisations are responsible for supporting specific groups of entrepreneurs. This includes for example, *Arbetsförmedlingen* (Swedish Public Employment Service)<sup>5</sup> that works with help to the unemployed and VINNOVA<sup>6</sup>, which supports innovative companies, mainly larger ones. In addition *Tillväxtverket* works with immigrants, on top of more general measures for entrepreneurship and SMEs.

There are also private sector companies that help entrepreneurs manage their information and regulatory obligations. Non-government organisations also have a role in the support system, including

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<sup>2</sup> <http://www.almi.se/English/>

<sup>3</sup> <http://www.ifs.a.se>

<sup>4</sup> <http://www.tillvaxtverket.se/sidhuvud/englishpages.4.21099e4211fdb8c87b800017332.html>

<sup>5</sup> <http://www.arbetsformedlingen.se/>

<sup>6</sup> <https://www.vinnova.se/en/>

*Nyforetagarcentrum*<sup>7</sup> (provides advice and helps develop networks), IFS (works with immigrants) and *Ung Företagsamhet*<sup>8</sup> (works with entrepreneurial projects in schools).

In addition to these mainstream policies and support organisations, there are a small number of entrepreneurship schemes that are tailored for youth. These supports are typically linked to the higher education system (e.g. business incubators) and are typically focused on supporting innovative growth-oriented businesses.

Support to future or existing entrepreneurs is given in the form of educational measures, coaching/networking opportunities and, to a small degree, by (micro) financing. In terms of funding these measures are a minor proportion of the funding directed towards enhancing business. The main bulk of support is directed towards companies, not entrepreneurs. Special focus is given to high-tech, to innovative and growing companies.

Sweden was well known for its support for women entrepreneurs. This tailored support phased out in 2015. This included the Business Advisors for Women Programme, which started in 1993 and was followed by a larger programme that included the Women Entrepreneurship Ambassadors Programme. In 2015, new regional growth agreements were selected as main policy instrument for promotion of growth and entrepreneurship. A number of tailored schemes remains but these are driven by non-governmental organisations and the private sector rather than public policy. These programmes were successful in terms of effects on firm growth and survival, as shown by quite several evaluations, mostly done by *Tillväxtanalys*<sup>9</sup> (Swedish Agency for Growth Analysis).

The large influx of immigrants, especially asylum seekers, has led to a need for special measures to integrate this group. Most of the measures are general education (e.g. language courses, basic education) and labour market measures to create new jobs (e.g. subsidies to municipalities to allow them to hire immigrants in the public sector). Recent measures and programmes have been implemented to increase entrepreneurship and self-employment among immigrants. These programmes are mainly handled by *Tillväxtverket* – there are overviews (a report on migration, entrepreneurship and establishing in Sweden, a report on the positive role of engaging foreign-born in SME internationalisation, a report on the need for support for newly arrived immigrants and a report on diversity and growth in SMEs) The latest programme is specifically designed to promote entrepreneurship among newly arrived women – this programme is in co-operation with *Arbetsförmedlingen*.

This mainstream approach intends to give all entrepreneurs and potential entrepreneurs the same opportunities for assistance and support. It remains to be seen whether this shift in entrepreneurship policy objectives will be sufficient at addressing the specific barriers faced by each group. For instance, youth tend to have more challenges with accessing start-up financing, immigrants tend to face skills-related and institutional barriers (e.g. lack of language skills, knowledge of regulatory obligations), the unemployed tend to have difficulties building networks, while seniors, women and people with disabilities tend to have more problems with negative stereotypes. Since regional growth agreements are now the main policy instrument, there is a risk that different regions' agreements contain different objectives and actions, and will be implemented differently. Thus the availability and quality of support may not be adequate for all groups. This risk may be offset by the locally administered ALMI financing and advisory services.

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<sup>7</sup> <http://www.nyforetagarcentrum.com/in-english/>

<sup>8</sup> <https://ungforetagsamhet.se/om-oss/junior-achievement-sweden>

<sup>9</sup> <https://www.tillvaxtanalys.se/in-english.html>

A review of the policy framework leads to the conclusion that policies are geared towards support for firms rather than towards individuals – this is not least seen in the budgets for different measures where innovation support to firms is heavily favoured. The policy framework is also very general in terms of how entrepreneurs are perceived. Mostly the “entrepreneur” is generic, i.e. there are no specific characteristics to be addressed. When key target groups are mentioned it is as underrepresented or as an untapped resource for economic growth. Even if this equality discourse has many advantages it tends to make groups as women, immigrants, unemployed, youth, seniors and disabled invisible to the policy framework rhetoric.

### **3.2. Government regulations**

As with all EU countries, Sweden has streamlined and reduced the regulatory burden on new start-ups and SMEs. There are no specific support schemes to help disadvantaged groups with business registration and the start-up process (with the exception of previous programmes for women and the new programmes launched for immigrants. This is not viewed as a significant obstacle to business creation and self-employment.

One of the underlying principles of the social welfare system is that all individuals are treated the same, with extra benefits for those who have dependent children. Thus, entrepreneurs (including those from under-represented and disadvantaged groups) are, in principle, eligible for support on the same conditions as others. Since employment is the norm for the welfare system, it treats entrepreneurs as employees of their own firms. On this basis, the same rules are applied to entrepreneurs for sick leave, unemployment benefits, child care support, etc. Since many entrepreneurs have a low salary, they are only eligible for the corresponding level of benefits.

The unemployed can benefit from additional regulatory support for business start-up. *Arbetsförmedlingen* (the Unemployment Office) can grant unemployment compensation for six months for unemployed who can demonstrate a quality business idea with business and financial plans. In addition, *Arbetsförmedlingen* can provide small grants to help unemployed people with disabilities to adjust their working space when they return to employment or self-employment.

The regulatory environment for start-ups and businesses is considered to be favourable and there are no clear gaps that need to be addressed with regulatory amendments or policy actions. However, there is some pressure to make some changes since a well-developed social welfare system can be a hindrance to entrepreneurship, particularly for people that are considering moving from working as an employee to self-employment. Although the social welfare system treats everyone equally, benefits are determined by income and since self-employed people typically have lower incomes, moving into self-employment also implies a lower level of coverage by the social security system.

### **3.3. Financing entrepreneurship**

In international comparisons, Sweden ranks well in terms of access to finance. As with all entrepreneurship policies and programmes, those that facilitate access to start-up financing follow a mainstream approach. There are currently no tailored products or offers for any of the main target groups of inclusive entrepreneurship policies (e.g. women, youth, seniors, immigrants), however as already noted, the unemployed can access up to six months of unemployment benefits while working to start a business. Most SME financing programmes focus on supporting high-tech and high growth-potential enterprises with venture capital and facilitating business angel investments.

However, there are a small number of lending schemes that receive public support. ALMI offers microloans (up to EUR 25 000) to enterprises with fewer than 10 employees. These loans, that have

favourable terms in terms of interest and payback conditions, are open to all entrepreneurs but monitoring data indicate that these microloans are disproportionately used by women, youth and immigrants. These microloans were supported by the Progress MicroFinance Facility up until 2016 and will continue to be supported by the European Union's Programme for Employment and Social Innovation (EaSI). ALMI also offers Growth Loans that target innovative firms (EU guarantee through EFSI). In addition, *Jordbruksverket* (the Department of Agriculture) has a start-up grant for young people in the green sector.

Currently, Sweden's public support for business start-up financing emphasises large-scale financing for high-tech and high-growth entrepreneurship. This is not accessible for most entrepreneurs who come from groups that are under-represented or disadvantaged in the labour market. While this fits with current policy priorities there is evidence that the lower end of the market is underserved, particularly for entrepreneurs who operate service and trade-based businesses. Traditional policy instruments such as microcredit and loan guarantees are not widely available.

### **3.4. Entrepreneurship skills**

Policies and programmes for entrepreneurship in Sweden to a large degree focus on building skills and entrepreneurial culture (see also Section 3.5). Nearly all business start-up support schemes include measures that aim to build entrepreneurship skills and culture.

National policies and programmes are mainly executed through ALMI and *Tillväxtverket* and both organisations use their regional outlets to reach entrepreneurs across Sweden. While these two organisations offer business counselling and training to entrepreneurs, ALMI also has specialised advisors for immigrants. These advisers can speak various languages to ensure that the support can be provided to the entrepreneurs in their native language. Their objective, however, is to help them move into the mainstream supports available for Swedish entrepreneurs. Since the end of 2016 measures and programmes directed towards foreign-born, mainly new immigrants, have been implemented. *Tillväxtverket* together with *Arbetsförmedlingen* received funding for immigrants to quickly start a business. Counselling and education in entrepreneurship was the most successful measure in the 22 projects that received funding. Additional projects have been established, often using the slogan "fast track into entrepreneurship".

Women entrepreneurship support has been transferred to the regions (where gender equality goals are used as steering instrument). However, there is a new programme to promote entrepreneurship among foreign-born women at the national level. It is headed by *Tillväxtverket* with a budget of EUR 5.3 million over four years. The programme builds on the previous programmes directed towards immigrants and towards women. Support is given to women who aim at starting a business and consists of mentoring and networking activities.

Entrepreneurship training for youth is primarily delivered through the general educational system. The main training up to high-school level is provided through the *Ung Företagsamhet* where students start a business as a project. Entrepreneurship is more developed in the higher education system and all major universities have business incubators. Most of these incubators are specifically oriented towards high-tech start-ups and many are located at technical faculties. However, the aim of these nationally funded incubators is to encourage high-tech and innovative entrepreneurship.

Overall, policy schemes that support the development of entrepreneurship skills do not appear to be widely available in Sweden. Relative to other EU countries, there appear to be few entrepreneurship training offers for women, seniors, youth, the unemployed, immigrants and people with disabilities, despite the suite of support that was previously available for women and projects such as "Incubator

55+” for older people. More can be done to help potential entrepreneurs develop both general entrepreneurship skills that can be applied in employment or personal life (e.g. leadership) and more specific business management skills (e.g. financial planning). For youth and for immigrants there is need for both types of skills, and immigrants also need more support in learning either Swedish or English. Another challenge is that information on business start-up and available support is not easily accessible so potential entrepreneurs have difficulty knowing where to find support (the portal [verksam.se](http://verksam.se) has become widely used which shows the need of such information systems). This is especially a challenge for people from under-represented and disadvantaged groups who already have the most difficulty navigating the institutional environment.

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

Overall, entrepreneurship is viewed positively in Swedish culture and it is valued as an important contribution to society and the economy. However, special focus is given to entrepreneurship that entails innovation, growth and high-tech, which tend to marginalise the benefits of more “mundane” types of entrepreneurship. The positive effects of attention to previously invisible groups were shown the past two decades when women’s entrepreneurship was heavily promoted and supported. There were many media campaigns, events and networks to promote entrepreneurship as a viable and valuable career choice. This included the Women’s Ambassadors Programme that sought to inspire women to become entrepreneurs.

However, now that national entrepreneurship policy has taken a more mainstream approach, there are fewer activities by the national government to promote entrepreneurship. The regional growth agreements have, to some extent, taken over the task. In addition, the education system and non-government actors also play a stronger role in promoting entrepreneurship. Still, the focus is on high-tech and high-growth, which implicitly promotes male, young and middle-aged, Swedish and able-bodied entrepreneurs. As a result measures to promote entrepreneurship among women, seniors, immigrants, youth (not high-tech), the unemployed and disabled are scarce. No specific measures are aimed at older people but there are two specific measures administered by *Arbetsförmedlingen* for the unemployed.

In addition, the government just launched a programme to promote social entrepreneurship, granting EUR 12 million for the period 2018-20. *Tillväxtverket* and VINNOVA will handle this programme that aims for instance at increasing knowledge of social enterprise, forming networks and building incubators.

Given the high visibility of women’s entrepreneurship promotion in recent years, there does not appear to be a need to undertake more entrepreneurship promotion. However, care is needed in the delivery of entrepreneurship messages in the education system and higher education to ensure that the image of entrepreneurship is not limited to a small group of people.

There is also a need to help strengthen the networks of entrepreneurs, especially those who face challenges in this area such as youth, the unemployed and seniors who have been out of the labour market for some time. There is currently very little public policy support in this area.

#### 4. POLICY RECOMMENDATIONS

Entrepreneurship policies in Sweden are designed and delivered as mainstream policies, i.e. they intend to support the whole population and everyone is treated in the same way. However, this does not mean that government ignores certain disadvantaged groups of individuals, since other policies, such as the welfare system, are built to ensure equality between groups. But the welfare system does offer many incentives for entrepreneurship and hence there is some scope for developing tailored initiatives to support groups that are under-represented and disadvantaged in the labour market. There are several reasons for such tailored initiatives. First, all the groups mentioned – women, immigrants, youth, unemployed, seniors and people with disabilities – are under-represented in entrepreneurship and hence constitute untapped potential for business creation. Second, the welfare state idea of equality should be applied not only to the labour market for employed but also to entrepreneurship since 9% of the population are active as entrepreneurs but 31% indicate an interest in it.

Therefore the following recommendations are offered:

1. *Strengthen the linkages between welfare, labour market and entrepreneurship policies.* Individuals make a living by being employed, by being self-employed/entrepreneurs or by drawing on the social welfare system. During a lifetime people often go back and forth between being employed and being entrepreneurs, sometimes via a spell of unemployment. There is a need to acknowledge this and understand the conditions that enhance or hinder such shifts. Equating the conditions for entrepreneurs and employed in terms of for instance social benefits would make it easier for individuals to take the first step in entrepreneurship. This is especially true for those more dependent on a viable social security – as people without capital (e.g. youth, seniors, women, immigrants, unemployed) – who tend to prefer positions with a security net. The social welfare system and the employment policies are the areas that mainly have to be discussed in relation to entrepreneurship policies – this has also long been a demand from organisations representing entrepreneurs.
2. *Develop more entrepreneurship training and education, especially for groups where such training is lacking as seniors, women and immigrants.* Data show that Swedish people do not view themselves as having the skills for entrepreneurship and key target groups such as youth, seniors, women and immigrants are even less likely to have entrepreneurship skills. The current approach of providing generic training is likely inadequate to address the additional and greater barriers that these groups face. For example, immigrants would need education on the Swedish system and also adequate language skills. Entrepreneurship training should focus on networking (meeting entrepreneurs in ones line of business as well as representatives from relevant organisations).
3. *Apply the incubator concept to key target groups (women, the unemployed, seniors and immigrants) to deliver business development services and help them build entrepreneurship networks.* The incubator concept is currently used mostly within the context of higher education and supporting young entrepreneurs. Adapting this model to the needs of women, the unemployed, older people and immigrants will improve the quality of support provided and will help them build entrepreneurship networks to improve their access to resources. This could build on the experience of Inkubator 55+ which supported senior entrepreneurs.
4. *Implement small-scale start-up financing, such as microcredits or loan guarantees for youth, women, older people and immigrant entrepreneurs.* These entrepreneurs have few options for

obtaining small loans for business start-up. Current start-up financing heavily favours innovative and high-growth potential businesses, which often does not match the profile of entrepreneurs from the following groups: youth, women, older people and immigrants. Thus the needs of a significant part of market are unmet.

5. *Increase the use of monitoring, evaluation to establish good practice examples.* Co-ordinate and disseminate knowledge on entrepreneurship policies and effects of it on different groups of entrepreneurs. It is difficult to identify and access evaluation reports on entrepreneurship policies and programmes, which was confirmed by the results of the governmental investigation of how the innovation system of Sweden is working. No organisation has the whole picture, the policies and programmes for entrepreneurship is a patchwork where many actors work – and do good jobs – but do not see the whole system.

## 5. REFERENCES

Eurostat (2017), Labour Force Survey 2016.

Global Entrepreneurship Monitor (GEM) (2017), special tabulations of the Global Entrepreneurship Monitor's household surveys from the 2012 to 2016.

## 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?