

Factsheet on Denmark: Promoting Entrepreneurship

New businesses play an important role in maintaining a dynamic economic environment and contributing to economic growth. Especially high growth start-ups, which achieve high employment and turnover growth, contribute to economic growth.

Institutions promoting entrepreneurship

Various instruments aimed at promoting entrepreneurship in Denmark exist on national, regional and local level, cf. table 1.

The efforts are focused on the following activities:

1. Education and culture
2. General guidance, networking, and sparring
3. Capital and taxation
4. Administrative burdens

Table 1: Key public initiatives to promote entrepreneurship in Denmark

Initiative	Effort
1. Education and culture	
The International Danish Entrepreneurship Academy (IDEA)	IDEA is a nationwide private and public organisation working to increase the number of competent entrepreneurs with a higher education.
Growth Houses	Growth Houses give students taking a higher education the opportunity to test and develop good ideas with, for example, the help and sparring of experienced businessmen.
The Foundation for Entrepreneurship activities and culture	The Foundation for Entrepreneurship activities and culture is a public-private fund with the purpose of supporting and promoting the entrepreneurship culture in Denmark, promoting young people's competences within innovation and entrepreneurship at all levels in the educational system, and participating in and carrying out campaigns, competitions and prize-givings.
2. General guidance, networking and sparring	
Business Service	Business Service offers impartial introductory information and advice and refers clients to private consultants. The unit also offers courses and networking arrangements as well as sparring with experienced businessmen.
The start guide	The Government has developed a web portal called www.Startguiden.dk , which across authorities and institutions collects and provides information and guidance on starting up and developing new business.
Business Sparring	Business Sparring is a nationwide network of clubs, where entrepreneurs can get sparring from experienced businessmen, participate in networking arrangements, etc. From 2007, this sparring

	network will be privately run.
3. Capital and taxation	
Vækstfonden (The Danish Growth Fund) - direct and indirect investments, venture loans and guarantee loans	Vækstfonden is a government-sponsored investment fund with a capital base of DKK 2 billion (approx. EUR 300 million). The fund invests in early stage ventures mainly focusing on Life Science/Med Tech and High Tech, and provides mezzanine financing to a broad range of industries. The funding is mainly provided on commercial terms in cooperation with private investors. In addition, the fund offers loans and loan guarantees for development activities.
Innovation incubators	Innovation incubators are private limited companies which help researchers and others in commercializing high-technological and knowledge-based ideas in the very early stages.
The 'Seed Capital Denmark' Fund	'SeedCapital Denmark' is a public-private fund investing in new companies in the very early stages.
Tax savings scheme	At present, there are no special provisions for new businesses in the Danish tax system. However, a special scheme exists to facilitate the build-up of savings to set up a business.
Tax-deductible pension savings to new businesses	Furthermore, tax regulation has been changed to allow people with larger pension savings to invest their savings in new businesses.
4. Administrative burdens	
Reducing administrative burdens	The Government aims to reduce administrative burdens on businesses by up to 25%. It takes around five days to establish a business in Denmark, which is faster than in most other countries.
Virk.dk	Virk.dk is a web portal based on a public-private partnership gathering public and private information and digital solutions. The purpose of the portal is to reduce the administrative burdens of business and secure an effective handling of contacts between business and the public sector through digital solutions.

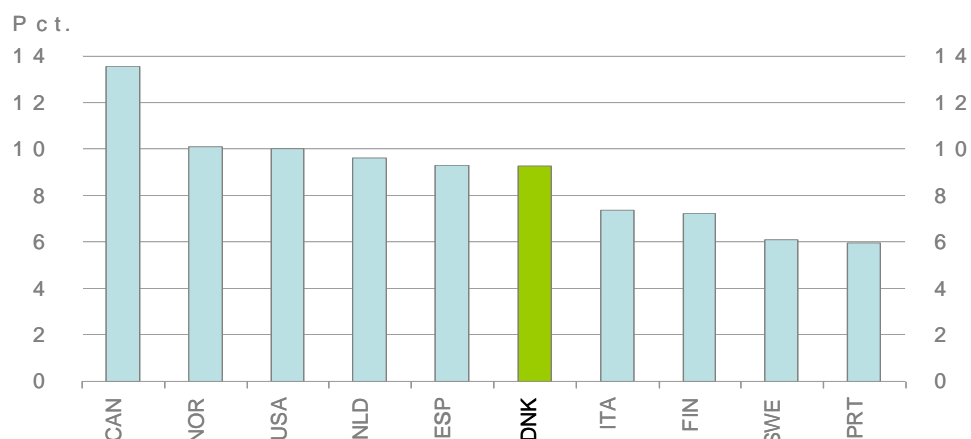
Besides these initiatives, a number of initiatives and institutions exist at regional and local level.

Start-up of new businesses

Each year, between 14,000 and 18,000 new businesses are set up in Denmark. This is on a level with the best performing entrepreneurial countries. In Denmark, start-ups make up approximately 10% of the total number of enterprises in the economy.

The Danish start-up rate is higher than several other European countries, such as Sweden and Finland, as shown in figure 1.

Figure 1 Start-up rates, 2002



Note. The number of new enterprises is presented as a percentage of all enterprises. New enterprises have been in business less than one year. Numbers are based on registration of new enterprises and have been harmonised across countries and adjusted for sector differences. Source: OECD.

Another measure of the entrepreneurial activity in the economy is the number of people either considering starting a new company or already engaged in managing one that is less than 3½ years old. Measured this way, approx. 5% of the Danish population is engaged in entrepreneurial activity.¹

Challenges and initiatives

Although many Danes start a new company, only around 5% of Danish entrepreneurs achieve a particularly high growth rate in turnover or employment within the first few years. In the leading countries, this figure is three times as high.

Action is needed on several fronts: education and culture; advice; finance and tax; and administrative burden reduction.

A strong independence culture needs to be laid already in school and strengthened throughout the education system.

It should be made easier for entrepreneurs to find their way around the large number of public sector programmes offering guidance and help.

The access to risk capital should be improved, and in some areas the tax rules constitute a barrier to growth for the entrepreneur. Finally, administrative burdens must be reduced, and entrepreneurs who fail after an honest attempt might find it hard to start again.

¹ Interview-based survey from Global Entrepreneurship Monitor (2005).

Key initiatives

- Pupils in primary and lower secondary school should work systematically on developing their creative thinking skills in the existing subjects.
- In VET programmes and higher education programmes, young people should be offered courses in entrepreneurship.
- High-growth start-ups should have accessible and competent advice in centres for new growth businesses offering an integrated range of services at one single location.
- More private venture capital and new financial instruments will give new companies better access to capital. New financial instruments should give new companies better access to capital.
- A tax reduction to high-growth start-ups should increase their incentive for further growth and investments.
- Administrative burdens are to be reduced through easier registration of companies and e-government.
- The processing of bankruptcy estates should be speeded up.

Further information

"Progress, Innovation and Cohesion - A summary of the Government's Globalisation Strategy" (May 2006). Available in English at www.globalisation.dk

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