



DANISH ENTERPRISE AND CONSTRUCTION AUTHORITY

# The Danish Entrepreneurship Index

Workshop on Entrepreneurship Indicators: R&D and Technology

30<sup>th</sup> and 31<sup>st</sup> of October in Copenhagen

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## Agenda

### **The two levels of our Work:**

The political motivation:

- Economic growth, productivity improvement, and competitive innovation

Our analytical objective:

- Develop a better understanding of the drivers of entrepreneurship and support fact based policy formulation



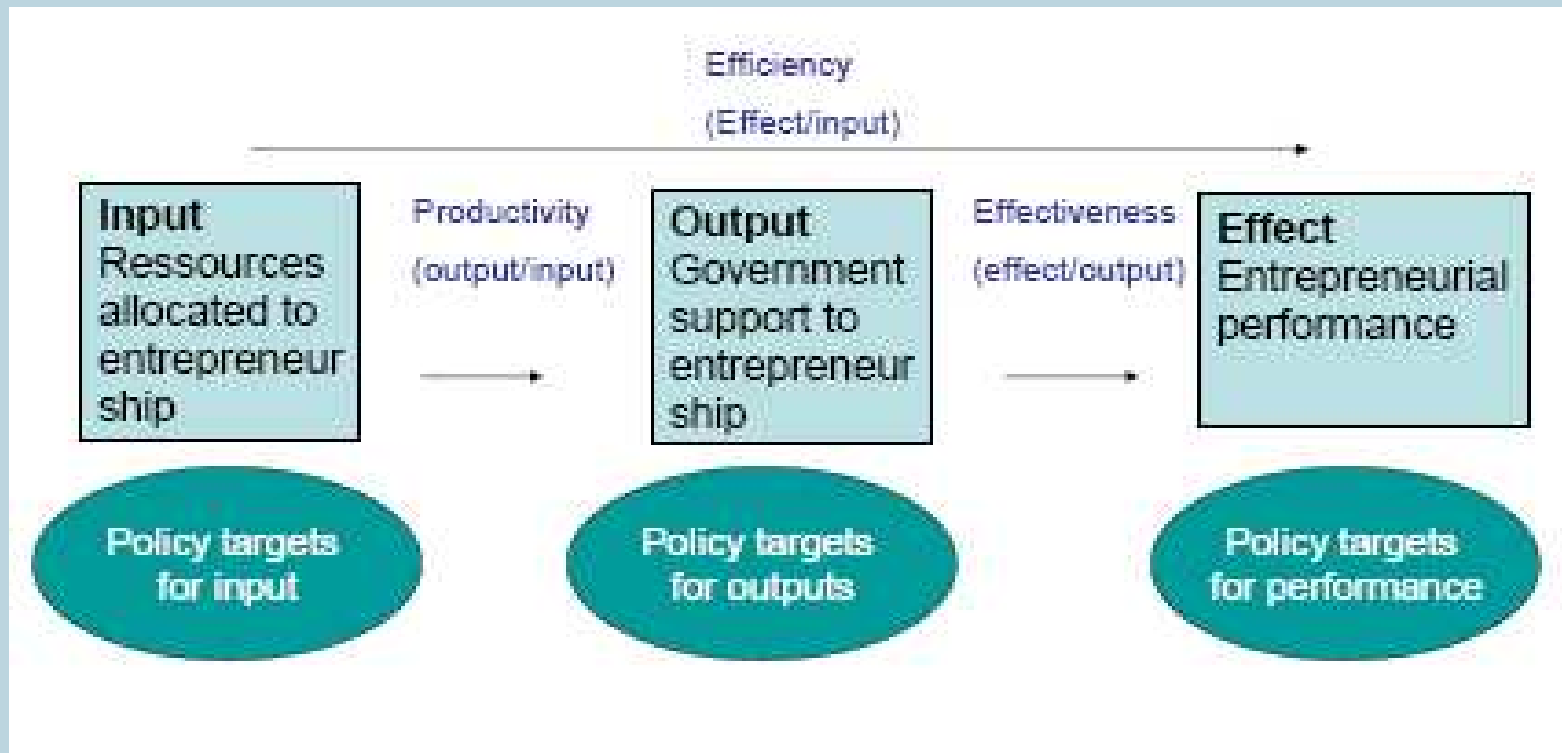
## The Danish Government's Political Platform

- The Government will draw up an ambitious, holistic and multi-year strategy to make Denmark a leading growth, knowledge and entrepreneurial society.
  - Goal 1:  
Denmark continues to be among the European countries with the highest number of start-ups each year.
  - Goal 2:  
Denmark is, by 2015, one of the societies in the world with the highest rate of high-growth entrepreneurs (gazelles)



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## Our vision - A fact based entrepreneurship policy



# Analytical approach





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## Entrepreneurship Index

- Measures and discusses
  - How far is Denmark from the government's goals?
  - How are the tendencies and are the goals realistic?
  - Which framework conditions are critical for the new companies and their growth?
  - How can the government affect the conditions?

## The method: A 7-step approach

1. Select performance indicators that relates to the definition of entrepreneurship
2. Examine performance
3. Define relevant policy areas and select indicators
4. Test for correlation between performance and policies
5. The critical areas of the framework conditions are identified
6. The weak – and most important – of the critical areas are identified
7. Improve weak points by using peer review to learn from policies in best performers

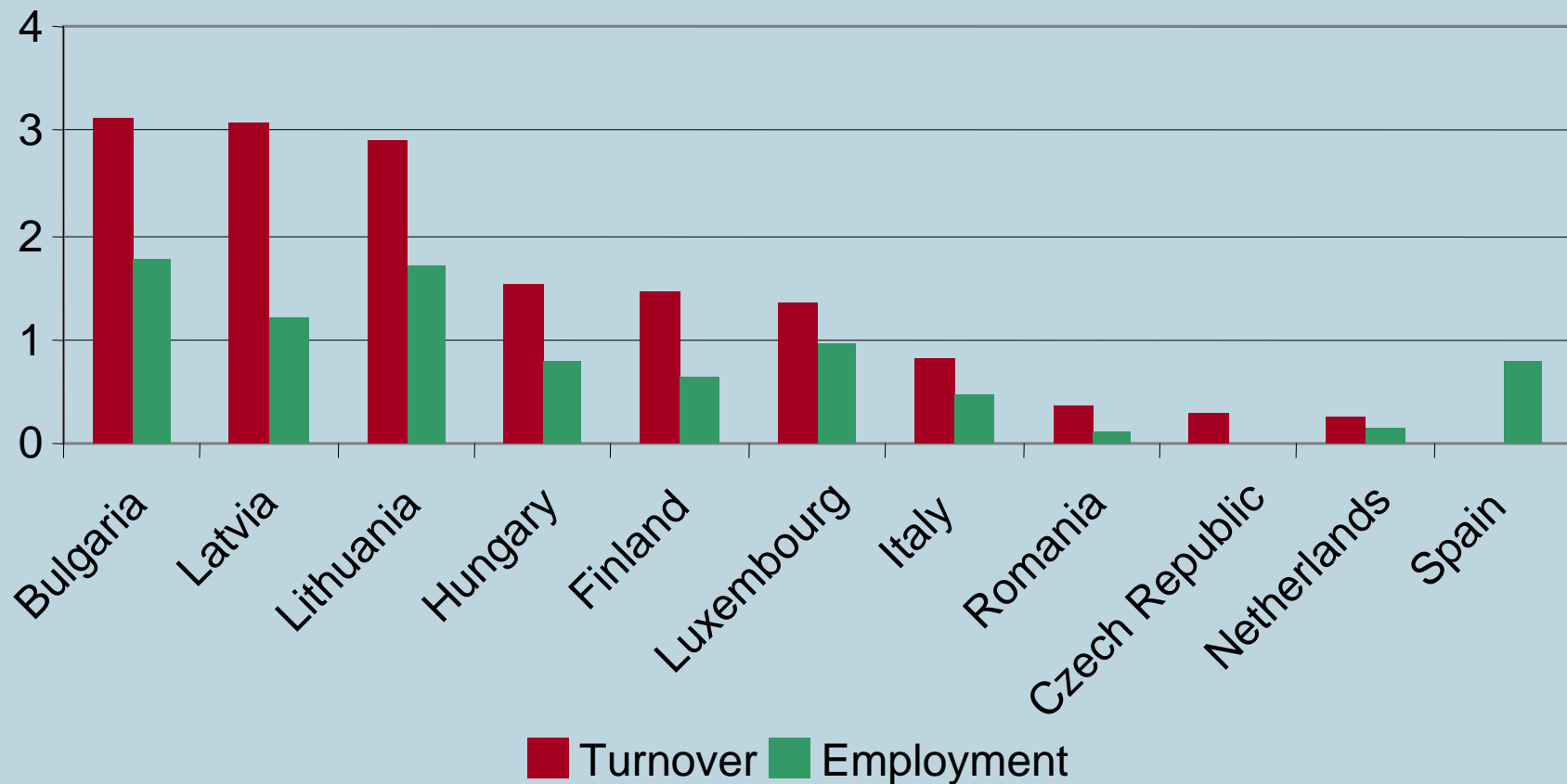
## Comparing Performance I - Creating New Firms



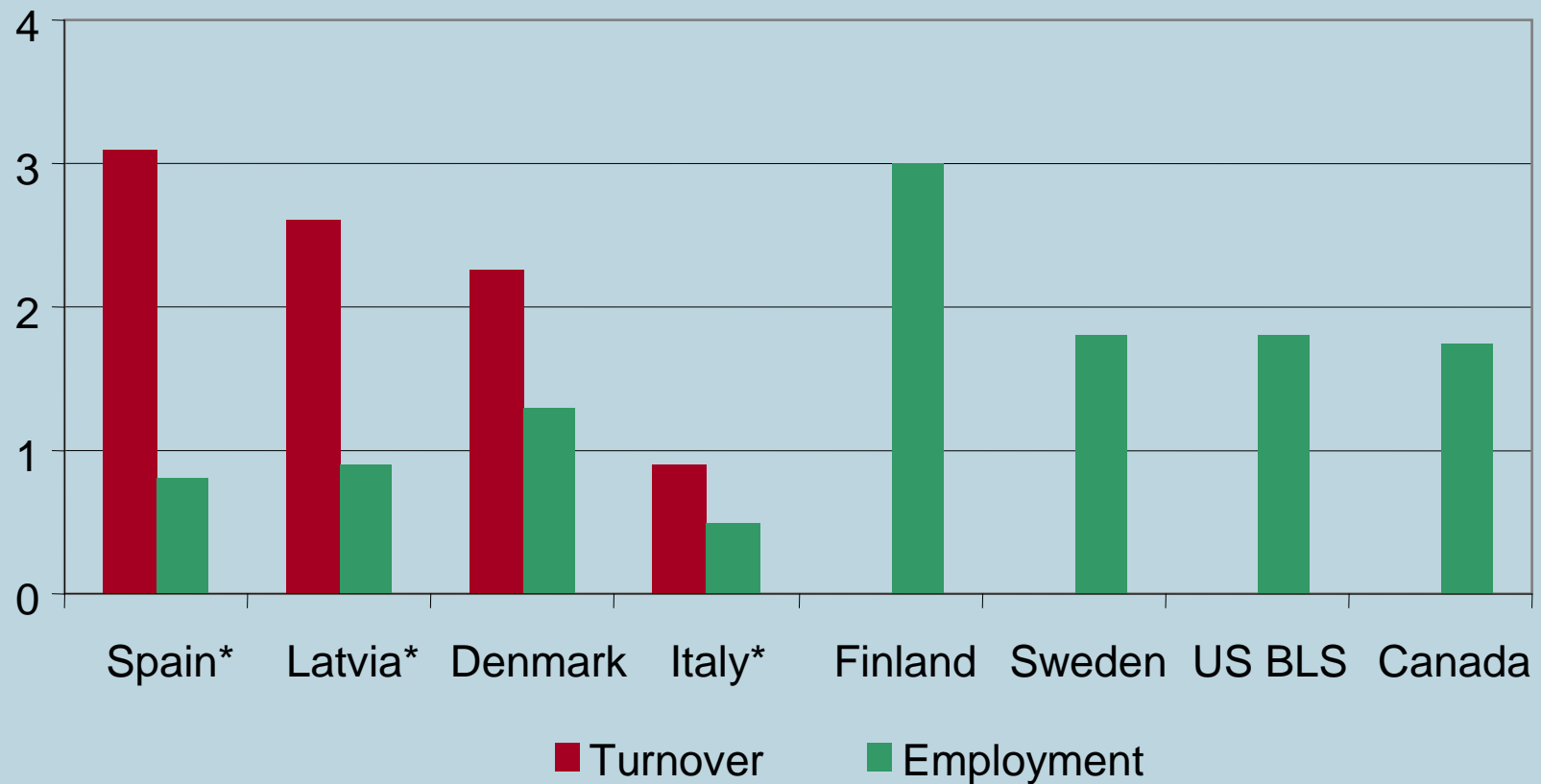
Source: Eurostat, Statistics Canada, US Small Business Administration and Statistics Denmark



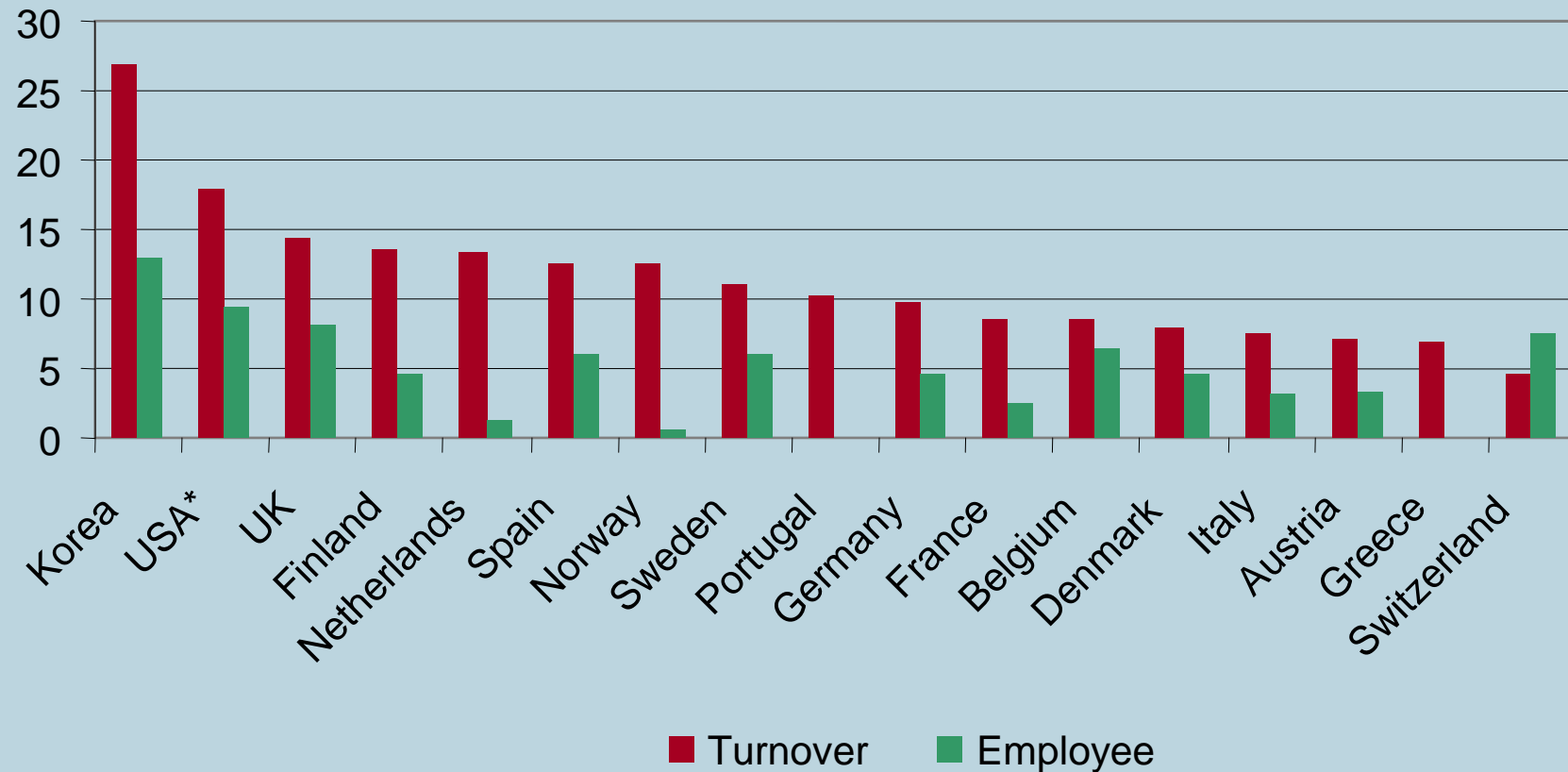
## Comparing Performance IIa Generating High-Growth Entrepreneurs - Eurostat



## Comparing Performance IIb Generating High-Growth Entrepreneurs - OECD



## Comparing Performance IIC Generating High-Growth Entrepreneurs - Bureau van Dijk/Amadeus





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## Denmark versus the top-4 Entrepreneurship performance, 2006-2007

On a scale from 0 to 100  
Denmark posts a 31 point  
score, up from 25 points

On a scale from 0 to 100  
the Top-4 remains  
unchanged at 76 points





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## Conclusion on performance

- Denmark performs well in terms of start-up rates
- But trails the top-performing countries when measuring the share of growth entrepreneurs.

Composite measure for framework conditions

Market access

Supply of capital

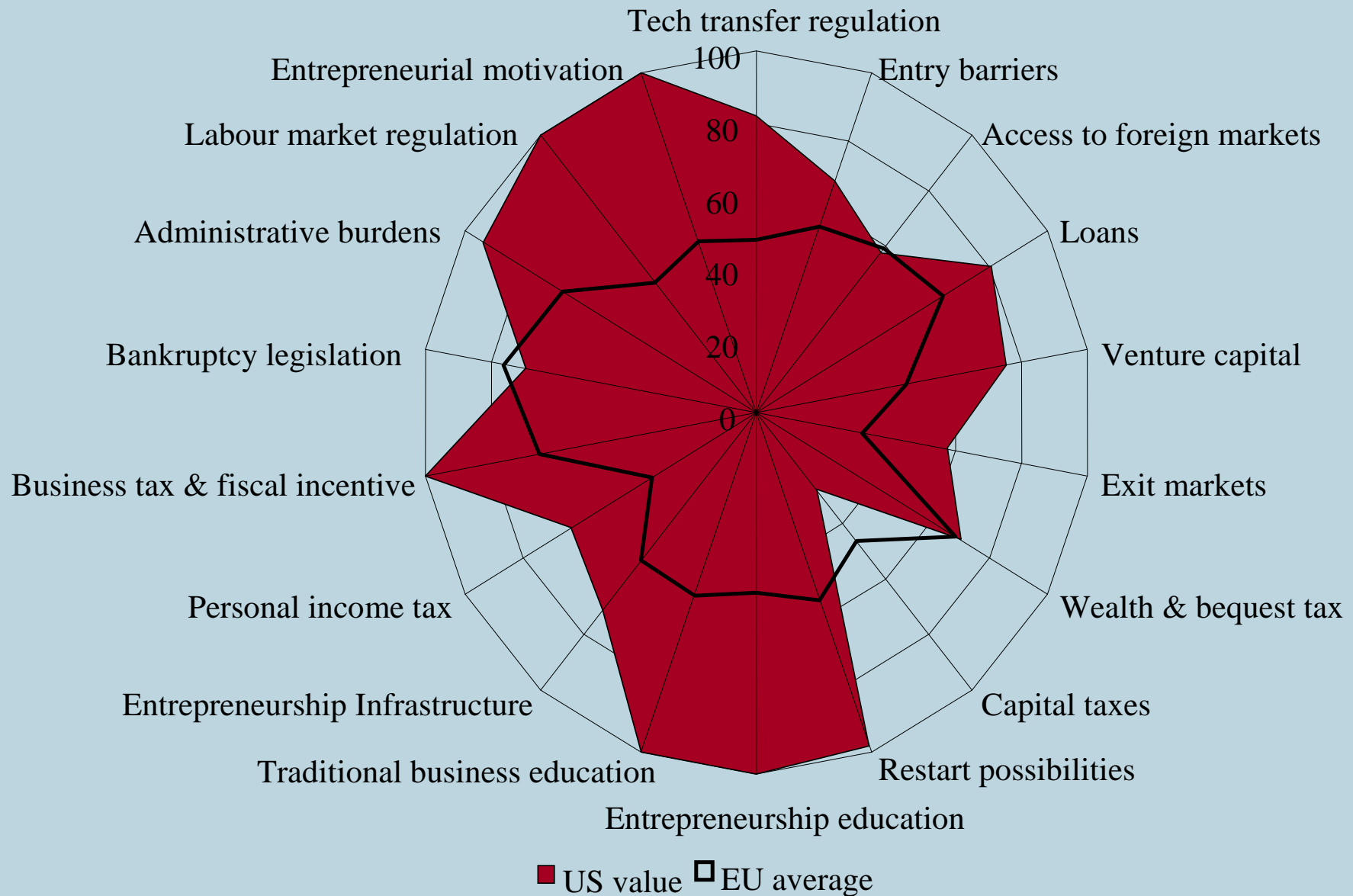
Supply of skills

Incentives  
(motivation)

Culture

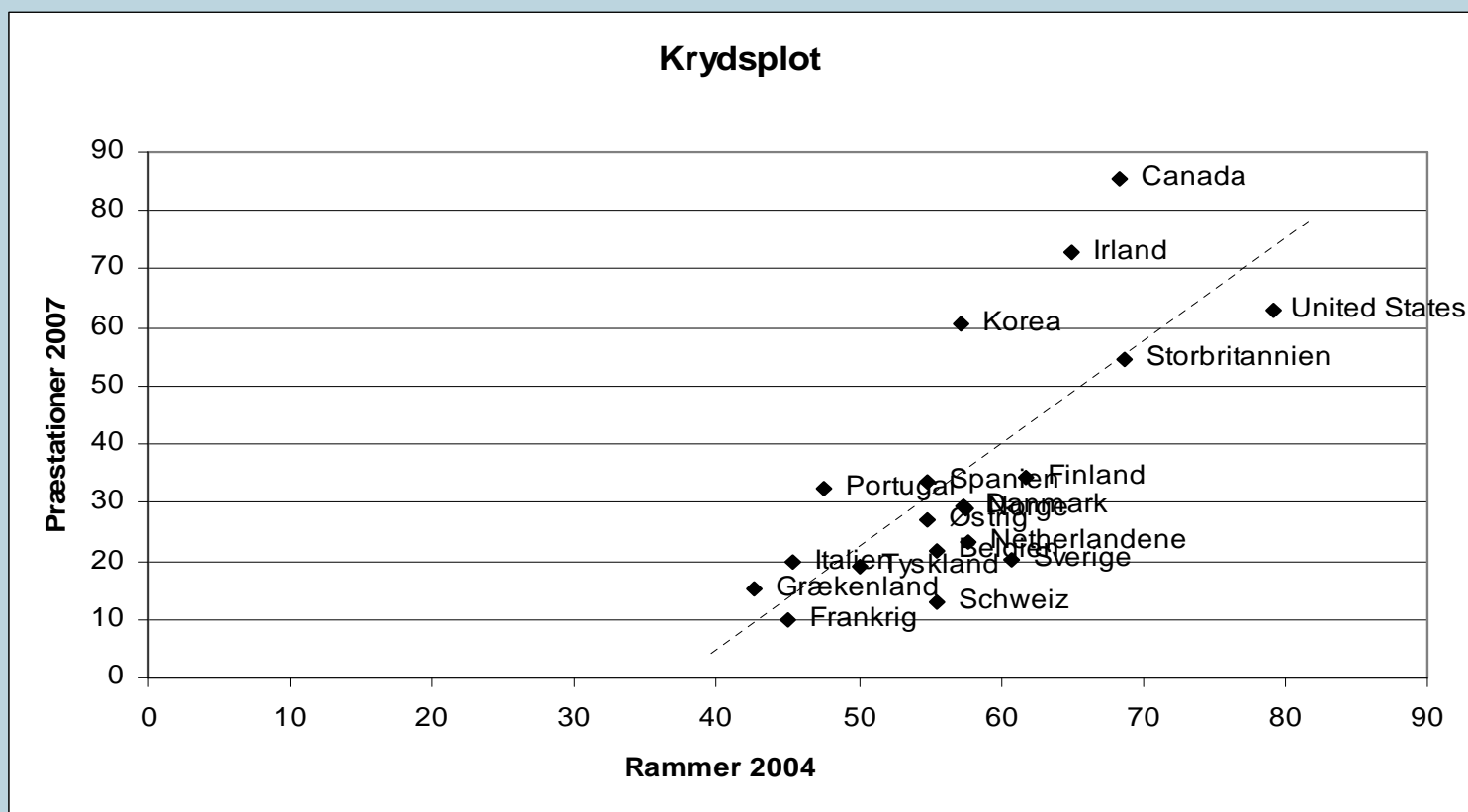
**Policy areas relevant  
for entrepreneurship**

# Identifying key policy areas for enhancing entrepreneurship performance





## The correlation between framework conditions and activity







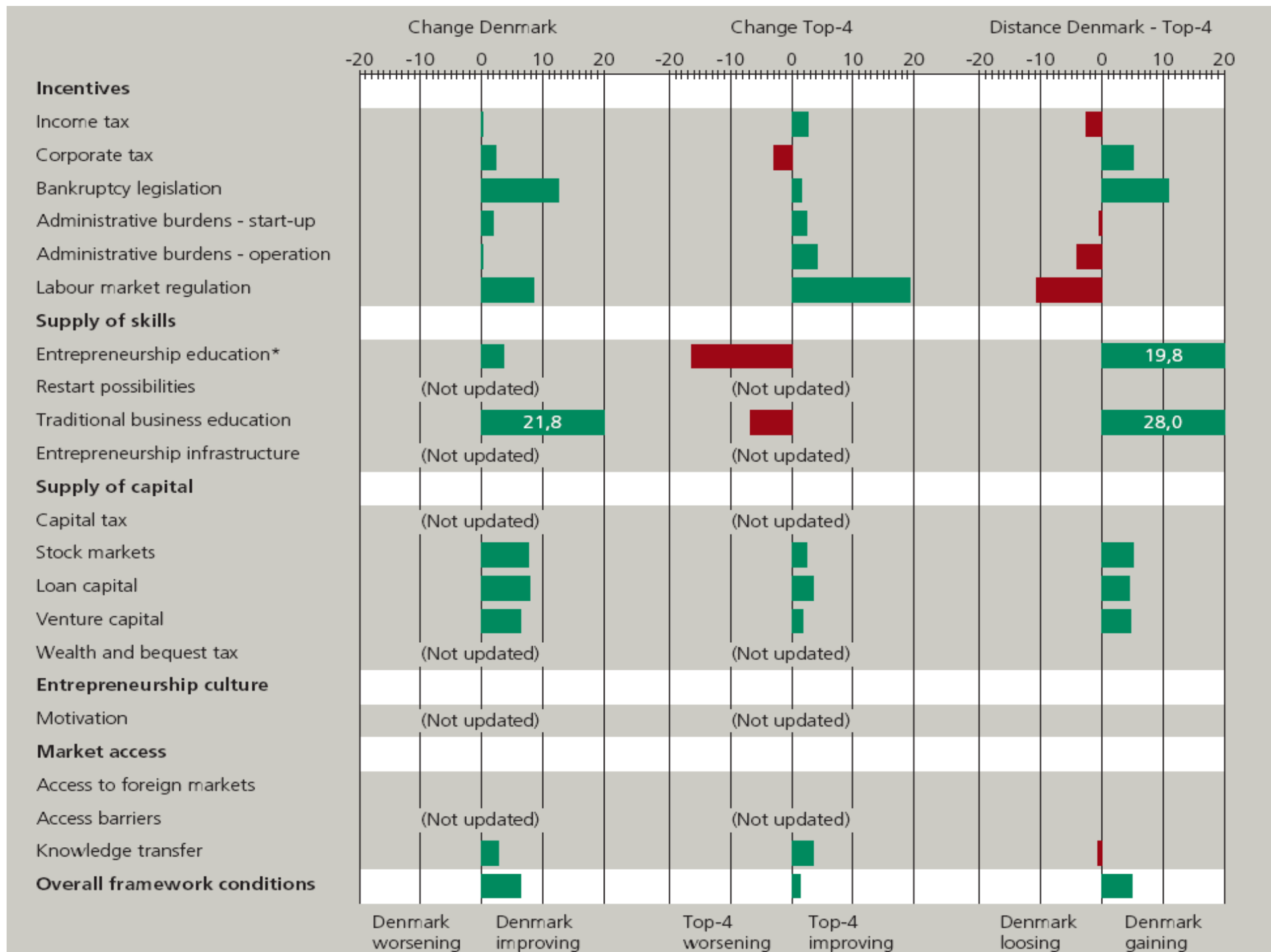
## Developments in framework conditions in Denmark and the top-4 countries, 2004-2007

On a scale from 0 to 100  
Denmark posts a score of  
62.2 points, up from 57.2

On a scale from 0 to 100 the  
Top-4 post a score of 68.3,  
up from 67.2 points

On a scale from 0 to 100 the  
average for all countries (excluding  
Denmark) posts a score of 57.3  
points, up from 53.7 points







## Where is Denmark lacking behind?

- and where should we improve to end in the best group?
- Denmark has better conditions than the Top 4-countries in 9 out of 19 policy areas
- Denmark is behind the Top 4 when it comes to: *income tax, business taxation, bankruptcy legislation, entrepreneurship education, restart possibilities, entrepreneurship infrastructure, capital tax, stock markets, entrepreneurial culture and knowledge transfer.*



## Which areas are most important?

- The Policy areas are categorised after two criteria:
  1. If there is a significant correlation between the policy indicators and the performance indicators we believe that the policy area is important for the performance.
  2. Policy areas, that are highly prioritized in the Top 4-countries, are expected to be important for growth.

# Most important policy areas?

	Insignificant correlation	Significant correlation
High priority	Restart possibilities	Entrepreneurship education
	Stock markets	Income tax
	Venture capital	Bankruptcy legislation
	Knowledge transfer	Culture
		Public Infrastructure
		Business Taxation
		Labour market regulation
Low priority	Capital tax	
	Access barriers	
	Access to foreign markets	
	Wealth and bequest tax	
	Loan capital	
	Traditional business education	
	Admin. burdens – start-up	
	Admin. burdens – growth	



## Conclusion I

- We have identified Denmark's main policy challenge – creating more high-growth firms.
- We have seen that the improved conditions has not yet given the intended results when it comes to the share of growth entrepreneurs.
- The policy areas, that are expected to improve most and the areas where more initiatives are needed;
  1. Entrepreneurship education
  2. Entrepreneurship infrastructure
  3. Income tax
  4. (Culture)



## Conclusion II

- The conclusion is that Denmark should work dedicated with these areas, if we shall reach the targets.
- The overall conclusion is that:



**Detailed policy analysis is possible using a combination of data and knowledge!**



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**Questions?**

**“Without data you are just another  
guy with an opinion!”**

**Anders Hoffmann**

**Thank you for attention!**

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