

REPORT

Entrepreneurship for all

10 recommendations on how to democratise entrepreneurship in Sweden

Introduction

Small and medium-sized enterprises (SMEs) are crucial to strengthening Sweden's capacity for innovation and competitiveness. SMEs currently account for approximately 50 percent of Sweden's GDP and 99.9 percent of Swedish companies (2022)^{1,2}. SMEs also generate two-thirds of jobs in the private sector. Ensuring that these companies have access to the support, resources, and other tools necessary for growth is essential to the economic growth and competitiveness of Sweden. Ultimately, that will strengthen the business sector and Sweden's role as an export nation.

Leaders of SMEs often face obstacles due to demographic factors such as background, gender, and geographical location, which makes taking the step to starting a company or running and scaling a business more challenging. Women are generally underrepresented among entrepreneurs, and just over one quarter of Sweden's entrepreneurs are women³, making Sweden one of the countries with the lowest proportion of entrepreneurial women in the EU. Furthermore, only 0.5 percent of the venture capital in Sweden is invested in women-led companies⁴.

By creating more equal opportunities for business and entrepreneurship, more people can contribute to the economic growth and strengthen Sweden's export and competitiveness. It additionally promotes individual economic independence, as starting and running a business can lead to greater financial empowerment and self-confidence. Many entrepreneurs are motivated by a desire to bring an idea to realisation or to enhance their independence. These driving factors, combined with the unfulfilled ideas of potential entrepreneurs, represent great untapped potential. Barriers to equal entrepreneurship should therefore be identified and remedied.

Commissioned by Amazon, this report identifies several challenges and obstacles to greater equality in business and entrepreneurship, and it presents concrete suggestions on how to improve the business climate. The study examines the role of the digital economy and how it can enable more equal entrepreneurship, with more entrepreneurs starting businesses, regardless of background or demographic factors. The study also explores the impact digital tools has on the conditions for trade, export, and entrepreneurship.

To motivate and encourage more potential entrepreneurs to start companies and scale up existing businesses, policymakers must ensure that initiatives related to trade, entrepreneurship and export are linked to strong policies for equality. In addition, a combination of commitment from the business community, including support from investors, and predictability, with clear rules from policymakers, is necessary – as are supplementary measures from public entities. By improving the conditions for SMEs, with a particular emphasis on promoting entrepreneurship among women, we can enable more entrepreneurs to contribute to economic growth and thereby strengthen Sweden's export and competitiveness.

Sweden has a unique opportunity to lead the way towards equal entrepreneurship. By providing the proper support and initiatives for all entrepreneurs, regardless of background, Sweden can promote the emergence of new businesses, strengthen its position internationally and create more meaningful jobs.

Happy reading!

Implement Consulting Group

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Summary: How to improve conditions and equality for small and medium-sized enterprises in Sweden

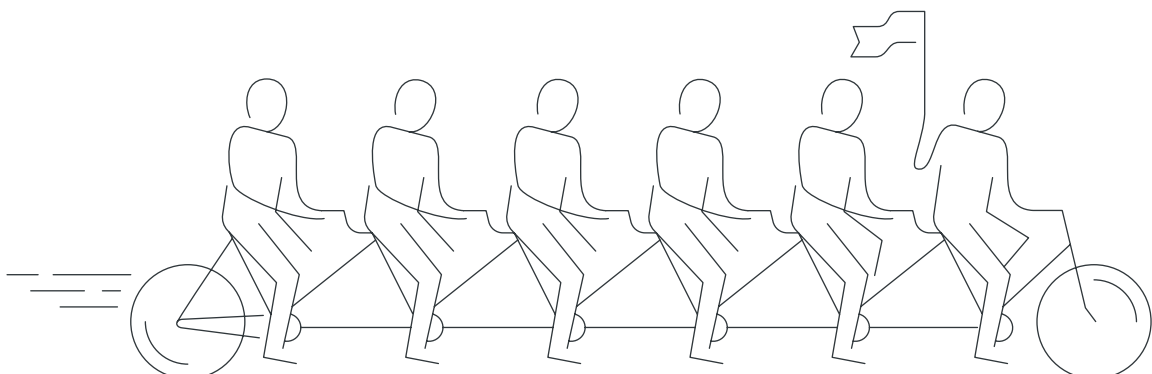
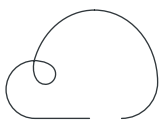
The purpose of this report is to explore how conditions can be improved for small and medium-sized enterprises (SMEs), and to determine whether making entrepreneurship accessible to a broader segment of the population can lead to an increased number of new businesses. The report focuses on barriers related to equality and explores the relationship between the digital economy and a more democratised entrepreneurship. Three researchers from the Sustainable Finance Lab have analysed and verified the findings.

Through an analysis of the business climate in Sweden, this report explores how obstacles to entrepreneurship and business, related to demographic factors, can be overcome. Furthermore, the report examines how digitalisation can support entrepreneurs in establishing, developing and expanding their businesses. It also considers how e-commerce and digitalisation affect the experiences of starting and running a business for both male and female entrepreneurs.

The report constitutes a critical review of both the challenges and opportunities within the Swedish business environment. It highlights the potential of the digital economy to serve as a catalyst for equality and growth, and how e-commerce has the potential to foster more inclusive entrepreneurship. Artificial Intelligence (AI) has an important role to play in contributing to more informed and data-driven decisions, reducing costs, and increasing productivity. These benefits are particularly significant for smaller businesses with limited resources.

Based on interviews, data analysis and literature reviews, the report presents a series of recommendations that could democratise entrepreneurship and strengthen the inclination to start a business in Sweden. These recommendations address several of the challenges identified in the report, from gender imbalance and geographical differences to lack of access to capital and the need for improved digital competence.

By proposing specific measures and recommendations – such as expanded R&D tax incentives, digital skills development and targeted support for women's entrepreneurship – the report aims to mobilise both policymakers and the business community to shift from words to actions in promoting a more inclusive and competitive business sector.



1. Digitalisation can democratise access to new customers and markets

The digital economy can play a crucial role in making entrepreneurship more accessible. Tools such as digital marketplaces and e-commerce can promote access to new markets and create greater opportunities for export. AI is another tool that allows entrepreneurs with limited resources to use and offer services that were previously too time-consuming, complex or capital intensive.

This benefits both women and men and gives entrepreneurs access to new customer segments.

Strengthening digital skills and closing digital knowledge gaps can be a way of promoting growth and fostering a more inclusive business environment. We offer the following recommendations in this area:

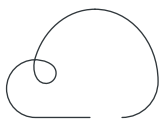
1. Advocate for an ambitious trade and export policy with favourable conditions for companies' growth and export activities through digitalisation, e-commerce and a strong Single Market in the EU, in which companies can scale up
2. A reform for improved competitiveness – expanded R&D tax incentives for business digitalisation.

2. Skills development and education can empower more individuals to become entrepreneurs

Networking, knowledge exchange and education help potential and existing entrepreneurs throughout their business journey. Although the knowledge they seek is often available, entrepreneurs may experience difficulties navigating the abundance of information. Digitalisation creates new opportunities for entrepreneurs to find contacts and information efficiently and it lowers the threshold for groups that were previously less inclined to start businesses. By strengthening digital competences and taking other inclusive measures, more individuals can have the opportunity to start a business. Examples of measures include improved rules and regulations for entrepreneurs, introducing financial studies in upper secondary schools and giving immigrants access to entrepreneurship education.

On this basis, we present the following policy recommendations:

3. Make Verksamst.se a one-stop shop for business regulations and financing support to ease the administrative burden for entrepreneurs
4. Offer an elective course covering personal finance, savings and entrepreneurship in upper secondary school
5. Establish a dedicated Swedish for Immigrants (SFI) course for participants who want to learn more about entrepreneurship, digitalisation and e-commerce
6. Establish a specific JA (Junior Achievement) course that provides knowledge about digital tools.

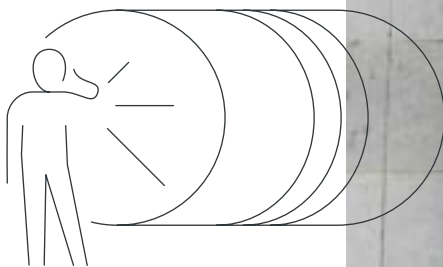


3. Easier access to capital and increased support can create more successful businesses

Financing and having access to capital are essential to all businesses, and it is crucial for their ability to grow, scale and create jobs. However, the distribution of venture capital in Sweden is skewed, with a disproportionately small share invested in women-founded or women-led companies. As a result, women rely more on bank financing which is often perceived as a difficult, inaccessible and expensive financing method.⁵ On the whole, this creates inequality and can be a factor in why barriers to starting a business are sometimes perceived as higher for women than for men. The skewed distribution of capital exists even though women-led companies often have lower short-term debt and fewer accounts receivable than companies led by men.

There is a clear need to develop alternative financing options to increase access to capital and reduce the imbalanced distribution of financial resources. Through this, more entrepreneurs could be supported in their ambition to grow. We therefore offer the following recommendations in this area:

7. Target specific initiatives on strengthening the financing of women-led companies
8. Establish incubators with a particular focus on women's entrepreneurship
9. Let the publicly led financing and coaching initiative Almi provide pitch coaches to prepare entrepreneurs before seeking capital
10. Reduce employer and self-employment fees for small businesses.

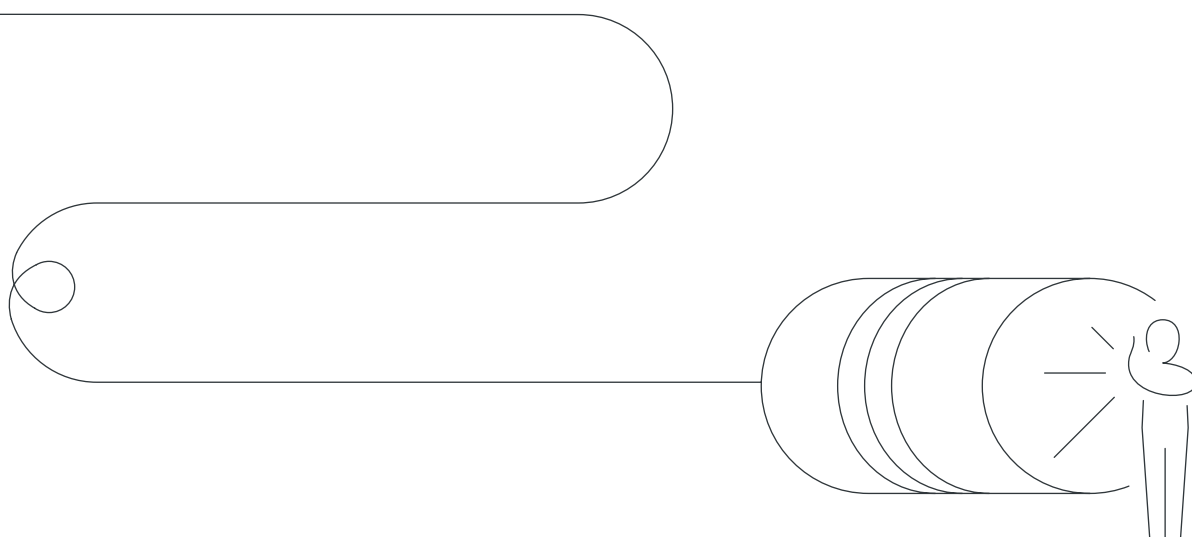


Development of the recommendations

This report was written by Implement Consulting Group, on behalf of Amazon, to highlight initiatives with the potential to strengthen democratised entrepreneurship. The report is based on survey interviews with 400 CEOs, or the equivalent, of Swedish companies with up to 250 employees (i.e. small and medium-sized enterprises, SMEs). It also draws on public financial data linked to the survey respondents and an extensive literature review of past research.

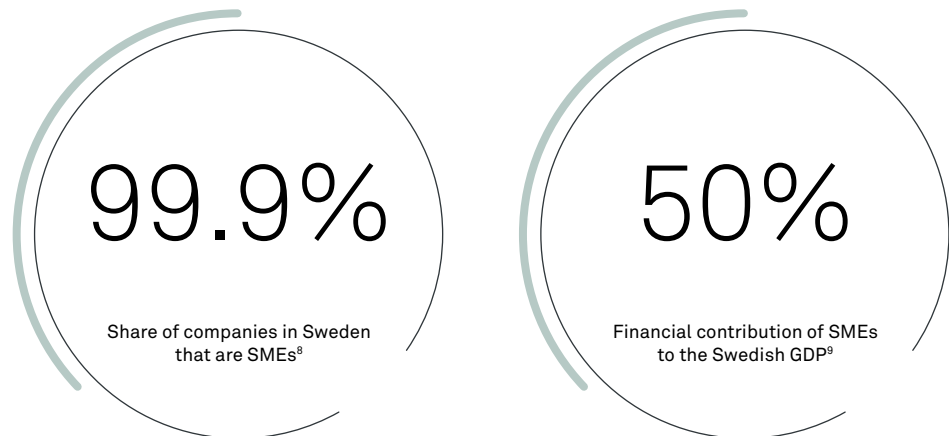
The participating companies are active in the retail sector and sell goods to consumers either directly through physical stores or online via e-commerce. Public data pertaining to the financial performance of the companies for the years 2004– 2022 have been obtained from Business Retriever. The report focuses on the retail sector since more than half of all women entrepreneurs operate businesses in retail and wholesale. The corresponding share among men is 42.6 percent⁶. In addition, e-commerce is believed to have the potential to strengthen the export capacity of companies⁷.

The role of digital marketplaces has not previously been extensively studied and prior research is limited. This report should be seen as an exploratory study of digital marketplaces as a tool for democratising entrepreneurship and creating opportunities for further exploration of the topic.



Background

The important role of SMEs for Sweden's economy, innovation and competitiveness



SMEs play a crucial role in the Swedish economy, constituting a majority of businesses both in terms of the number of companies and the number of employees. In 2019, SMEs accounted for 50 percent of Sweden's GDP¹⁰ and 41 percent of Swedish exports.¹¹ They likewise constituted 99.9 percent of the Swedish business population. Most of these businesses (99%) have between 0 and 49 employees. Fully 75 percent of these are *sole proprietor businesses* with no employees and over 21 percent are *micro-enterprises* with 1–9 employees.¹² In 2021, 3.2 million Swedes were employed by private companies, of whom around 66 percent (2.1 million) were employed by an SME. Between 1993 and 2019, SMEs generated 82 percent of all new jobs¹³, which indicates that SMEs are an engine for growth and job creation.

As economies become increasingly interconnected due to globalisation, international competition also intensifies. In this context, innovation and renewal become increasingly important factors in Sweden maintaining its competitiveness. It is essential that entrepreneurs have access to the resources and support necessary for fostering growth and export. Despite this, regulation and the political perspective tend to be tailored primarily to larger companies, leaving SMEs easily overlooked^{14,15,16,17}. By providing support and tools that help smaller companies, existing businesses can grow while more individuals are also encouraged to realise their business ideas.

Economic uncertainty and potential drive the desire for entrepreneurship

Despite growing interest in entrepreneurship in Sweden – with previous studies indicating that a majority of people have considered starting their own business – only six percent of the population are entrepreneurs^{18,19}. If those who had considered starting a business had taken the step, it would have amounted to four million entrepreneurs. The highest interest is found among individuals under the age of 30, with over two-thirds having considered starting their own business.²⁰

However, the financial uncertainty of starting and running a business deters many people, with four out of ten saying that they would take the plunge if the financial risks and conditions were not such weighty factors^{21,22}. A particular source of concern is the potential impact that owning a business could have on one's personal finances, a concern that is particularly strong for single individuals with dependents.

At the same time, starting a business offers significant economic potential. By way of an example, seven out of ten entrepreneurs have a higher disposable income than the average Swede.²³

Age distribution among entrepreneurs in Sweden

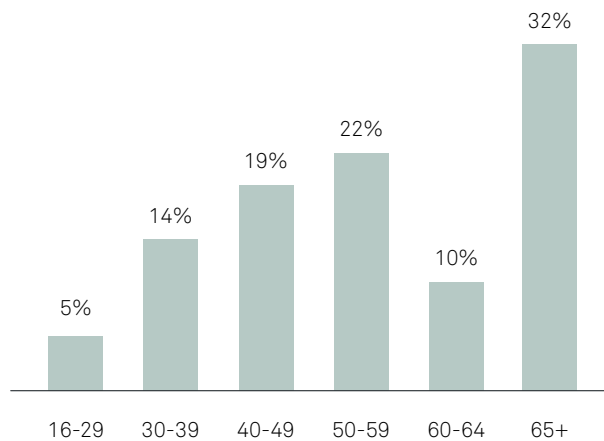


Figure 1. n= 532,030, source: Statistics Sweden, 2021

Knowledge gaps, challenges related to financing and low self-confidence appear to be significant barriers to entrepreneurship, with women being more likely to experience these factors as problematic. Four out of every five entrepreneurs feel anxious when starting a business, although this anxiety decreases with age and through experience. The attitude towards entrepreneurship also varies between entrepreneurs and non-entrepreneurs. Non-entrepreneurs tend to value the positive aspects of entrepreneurship more highly, while entrepreneurs perceive the negative aspects as less negative^{24,25}.

A democratised entrepreneurship – conditions for becoming an entrepreneur should be the same for everyone

The government has clearly defined goals for its business policy, which include strengthening Swedish competitiveness and creating the conditions for more jobs and growing companies²⁶. By assigning the Swedish Agency for Economic and Regional Growth to enhance the conditions for women's entrepreneurship and including this in the trade and investment strategy, the government is signalling that the issue is a priority. An important factor in achieving these goals is to make entrepreneurship accessible to a wider group, thus increasing the diversity of entrepreneurs in Sweden. This report focuses in particular on a selection of democratic factors, such as age, gender, educational background and geographical location, as it has been shown that certain groups – distinguished by these factors – are over- or underrepresented among entrepreneurs. By examining how these factors affect entrepreneurship and how policies can provide more support and incentives, it should be possible to establish better conditions for a more equal entrepreneurial landscape for everyone.

The proposed measures focus on actions to ensure equality in four areas: age, gender, level of education and geographical location.

i. Equal conditions for men and women in entrepreneurship

Despite progress in the field of equality, challenges remain in the context of gender-based differences in entrepreneurship, with women facing more obstacles in running businesses^{27,28,29,30,31}. It is significant to note that the share of women running businesses has increased only marginally since 1980.

Share of businesses started by women in Sweden compared to the EU average

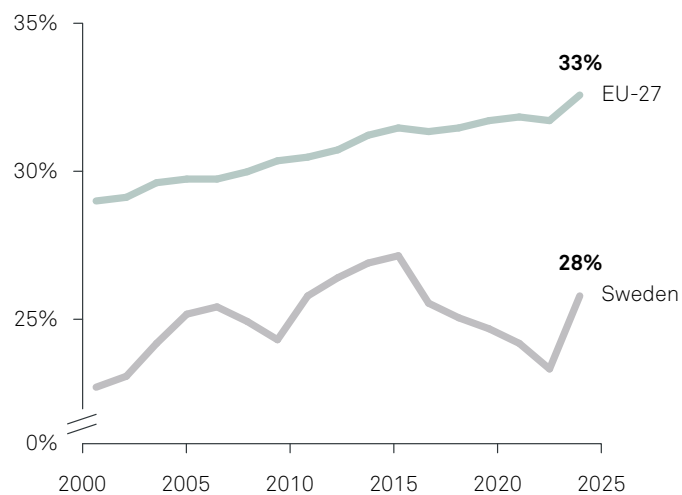


Figure 2. Historical development of share of businesses started by women in Sweden compared to the EU average, source: Eurostat 2022

Sweden’s performance in this area is below the EU average. The Global Entrepreneurship Monitor suggests that Swedish regulation related to the early entrepreneurial journey is advantageous for men³². It is also believed that access to capital creates disparities between men and women in entrepreneurship. Multiple studies show that investors view companies differently depending on whether they are run by a man or a woman, resulting in more capital being invested in companies run by men³³.

Differences between men and women in the world of commerce are evident not only as regards entrepreneurship but also in other areas. For instance, fewer women lead publicly listed companies. In 2022, the share of women among listed company CEOs fell from 12 to 11 percent, with each woman who left being replaced by a man. Furthermore, only four percent of newly listed companies are led by women, a trend that threatens a further reduction in the proportion of women in senior positions at listed companies.³⁴

ii. Equal opportunities for entrepreneurship regardless of academic background

Prior research on entrepreneurial activity in Sweden, based on the companies started in the last 3.5 years, points to significant differences in entrepreneurs’ level of education. An elevated level of entrepreneurial activity can generally be seen among people with higher education, who are up to 30 percent more likely to start a business than those without higher education³⁵.

iii. Equal opportunities for entrepreneurship regardless of age

Although 66 percent of people aged under 30 state that they have considered starting a business, only five percent of entrepreneurs in Sweden are under 30, making them the least represented age group in the Swedish entrepreneurial landscape³⁶. Four out of ten entrepreneurs are aged over 60 and one-third of all entrepreneurs are 65 or older.³⁷ This may suggest that obstacles hinder young people from achieving their aspirations of becoming entrepreneurs.

iv. Equal opportunities regardless of geographical location

The entrepreneurial propensity of the Swedish population varies based on place of residence and geographical location. During the first quarter of 2023, over 50 percent more companies were started in Stockholm than in Västerbotten, per 1,000 inhabitants³⁸. This is due in part to the number of entrepreneurs already established in the area, since business-dense places create conditions for the exchange of experiences and knowledge³⁹. Gotland and Jämtland are the counties with the highest density of entrepreneurs in Sweden, with as many as one in ten people being an entrepreneur; this may well be attributable to these counties being popular tourist destinations. In absolute numbers, however, most Swedish entrepreneurs are to be found in counties that contain major cities.⁴⁰

The digital economy has accelerated internationalisation and reduces the significance of geographical location. The growth of e-commerce – digital marketplaces in particular – seems to have a democratising effect which can assist in reducing traditional barriers connected to entrepreneurship. In its 2022 compilation, the Global Entrepreneurship Monitor (GEM) reported that more entrepreneurial women than entrepreneurial men intended to go digital with their offering as a consequence of the pandemic⁴¹.

The potential of the digital economy for democratising entrepreneurship

Sweden is the twenty-first largest e-commerce market globally, with an estimated turnover of SEK 140 billion in 2023 and a forecast annual growth of 5.1 percent until 2027⁴². Sweden also stands out as one of the world's most connected societies, where consumers have achieved a high level of e-commerce maturity. As an example, 80 percent of Swedes shop online to some extent⁴³.

A key aspect of e-commerce involves digital marketplaces, which can be described as virtual marketplaces or shopping centres where retailers and customers meet. Well-known digital marketplaces include Amazon, CDON, Etsy, Tradera and Zalando. According to Johan Hagberg, Professor of Business Administration at the University of Gothenburg, the prevalence of the marketplace model within Swedish e-commerce is increasing from previously modest levels⁴⁴. Digital marketplaces serve as an intermediary in e-commerce by providing a platform that connects customers with sellers' product offerings. In addition, the marketplaces can often help with common administrative solutions such as transactions, payment and shipping.

The trade association Svensk Handel (Swedish Commerce) highlights the increase in e-commerce as a central factor for economic growth. Swedish retailers must have the necessary conditions to participate in the digital transformation in order to be competitive on a global scale⁴⁵.

Digital channels are cost-effective channels for sales and marketing that can provide access to new markets⁴⁶. Digital marketplaces are one of many tools for a digital presence and can serve as accelerators for entrepreneurs to reach a broader customer base⁴⁷. They also seem to have a democratising effect through which traditional barriers connected to entrepreneurship can be reduced.

Similarly, AI tools are likely to play an increasingly important role in efficiently streamlining business processes such as marketing and market analysis, to which small companies previously had only limited access.

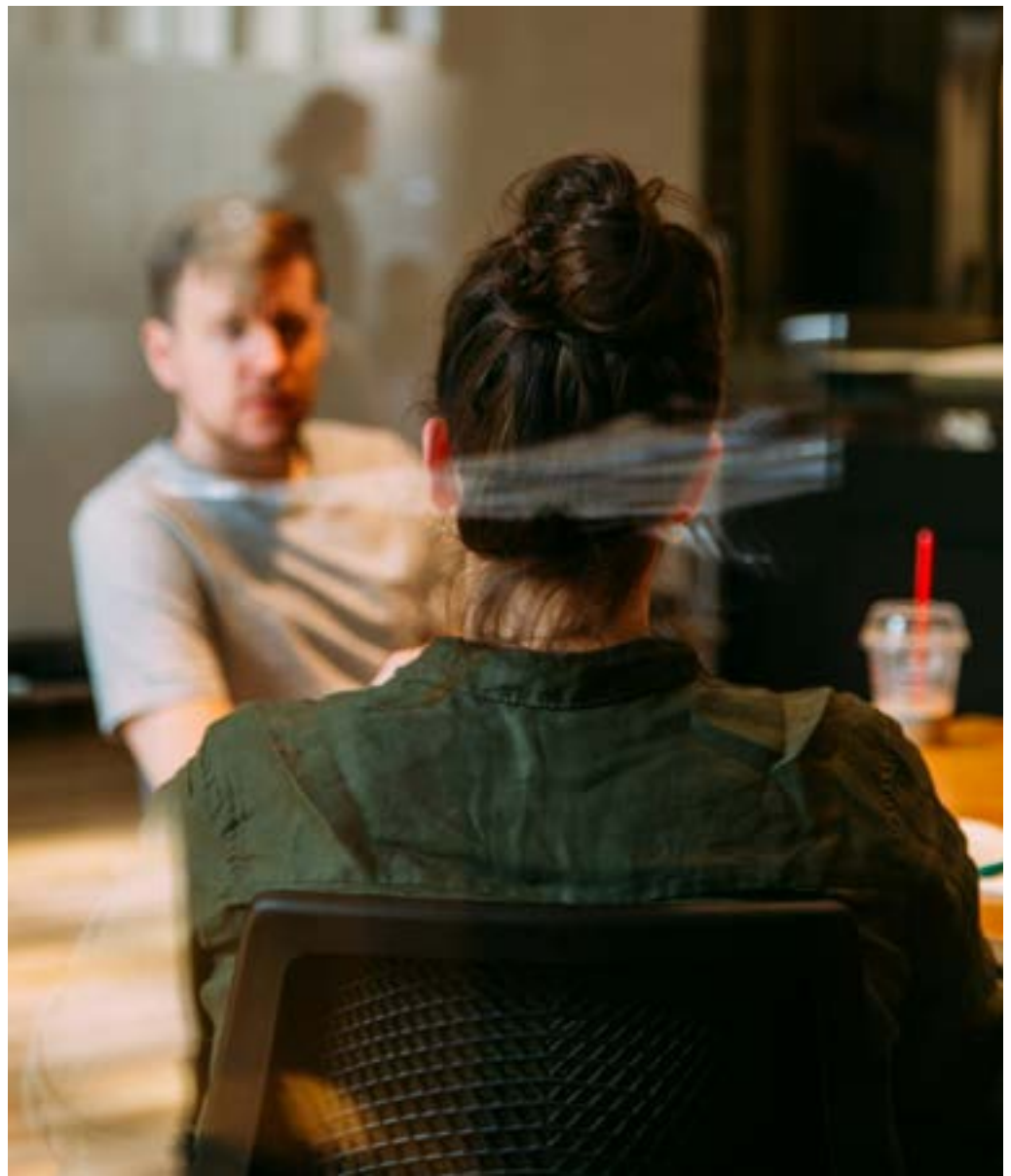
Digital marketplaces serve as a catalyst for both shared solutions and innovation in the global and digital economy. For consumers, digital marketplaces increase options and comparisons, while for companies they provide access to new markets and strengthen competitiveness.^{49,49} Digital marketplaces can support entrepreneurs in international e-commerce and promote export activities⁵⁰.

One of the many challenges highlighted by entrepreneurs today comprises digitalisation and presence in digital channels⁵¹. This indicates an untapped potential when it comes to digital presence among entrepreneurs.

Sweden has a unique opportunity to become a more democratised entrepreneurial landscape. But how?

The unequal structures within entrepreneurship due to factors such as gender, age, education and geographical location, means that Sweden has a significant untapped opportunity to support more democratised entrepreneurship from both social and economic perspectives. With the right combination of tools and policy proposals, it should be possible to enhance the competitiveness of businesses and the financial independence of individuals, laying the foundations for a modernised and more equal society.

This study has identified several areas that policymakers should explore to enhance democratisation and increase competitiveness in the entrepreneurial and commercial landscape. The conclusion of the study comprises three parts, each beginning with an exploratory presentation of the study's findings combined with previous research, followed by policy recommendations.



Findings

Part 1. Digitalisation has the potential to democratise access to new customers and markets

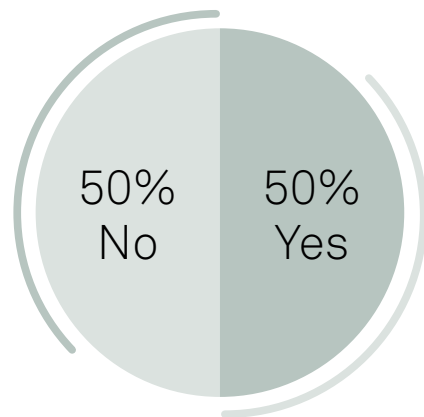
The findings of this study suggest that Sweden's competitiveness in trade and export can be strengthened through an increased number of Swedish SMEs harnessing the potential of digital marketplaces in e-commerce. These platforms have been shown to help overcome normative and structural barriers, while simultaneously creating more equal opportunities for women and men to reach new markets and customers. In this area, we have looked at disparities due to gender and geographical location.

Fewer entrepreneurial women than men perceive the current business climate as equal

The survey conducted reveals varying opinions on whether the business climate is equal or not, with 50 percent of respondents seeing it as equal. There are also significant differences between the genders. Only 38 percent of the entrepreneurial women surveyed believe that the business climate in Sweden offers men and women equal opportunities, compared to 56 percent of the entrepreneurial men surveyed.

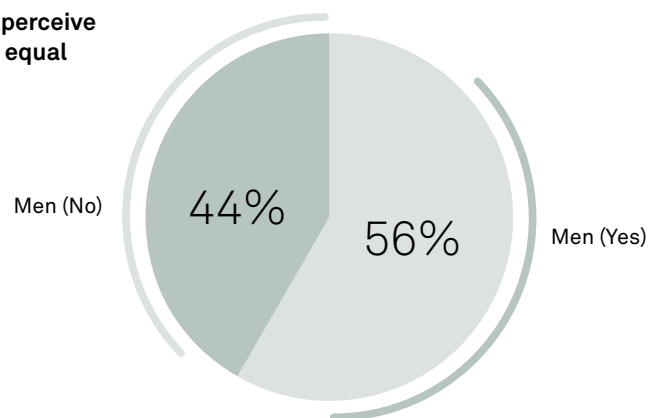
Share of entrepreneurs who perceive the business climate in Sweden as equal

Figure 3. Do you perceive the business climate in Sweden as equal? n=400



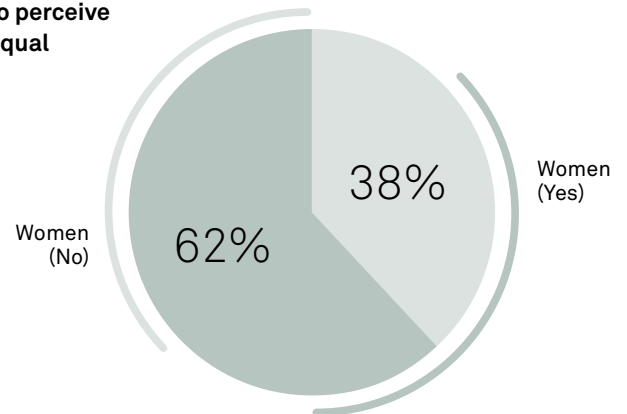
Share of entrepreneurial men who perceive the business climate in Sweden as equal

Figure 4. Men's responses to the question: Do you perceive the business climate in Sweden as equal? n=264



Share of entrepreneurial women who perceive the business climate in Sweden as equal

Figure 5. Women's responses to the question: Do you perceive the business climate in Sweden as equal? n=136



There is no significant difference in how entrepreneurial women and men perceive barriers to reaching new customers and markets through digital marketplaces.

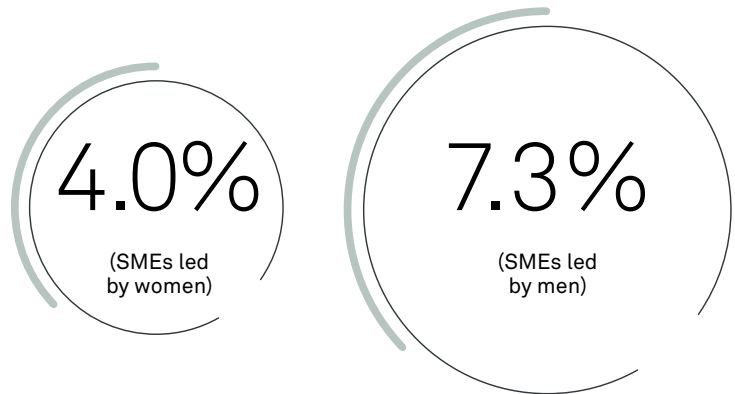
Digital marketplaces create equal opportunities for women and men to reach new markets

The results of this survey indicate no significant difference in how entrepreneurial women and men perceive barriers to reaching new customers and markets through digital marketplaces. This contrasts with findings from previous studies that have shown that entrepreneurial women often experience greater difficulties in expanding their customer base and exploring new markets, which is often considered crucial to growth. The results of this study suggest that the digital economy and e-commerce can remove such barriers and have a democratising effect in terms of access to new markets and customers. Furthermore, the new research indicates an increase in the number of women entrepreneurs who identify their businesses as export-oriented, compared to previous surveys⁵². This suggests a positive change in how women entrepreneurs view and engage in international trade.

However, this study reveals that women-led companies export less and report lower turnover per employee compared to those led by men. These results may indicate a presence of structural barriers limiting women's access to international markets.

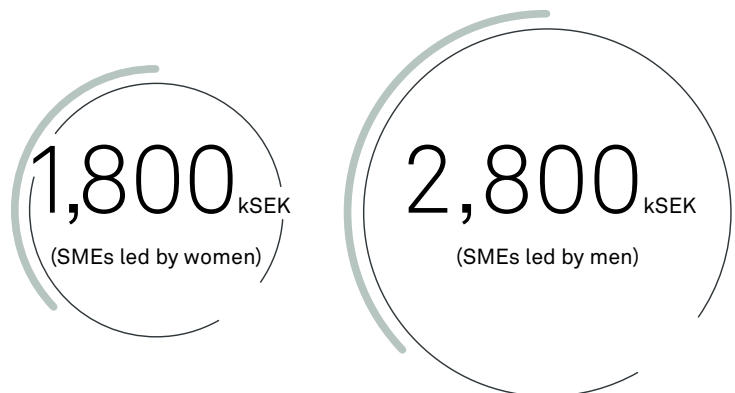
Share of export sales among responding SMEs

Figure 6. Estimated share of sales consisting of exports, broken down by whether the respondent is a woman or a man. n=400



Average sales per employee among responding SMEs in 2022

Figure 7. Average sales per employee in 2022 among the responding companies, broken down by whether the respondent is a woman or a man. n=400. Source: Business Retriever



The overall data show that a digital economy, with increased use of digital marketplaces, can help create more equal opportunities for women and men to reach new consumers and markets. This conclusion is supported by previous studies showing that entrepreneurial women are more likely than men to have plans to digitalise their offerings⁵³. This leads to the conclusion that support for and development of digital marketplaces may well be important measures to increase export activity and democratise access to new customers and markets, and that measures to improve access to digital tools, such as e-commerce, can have a democratising effect.

Perception of the benefits of digital marketplaces, divided between female and male respondents

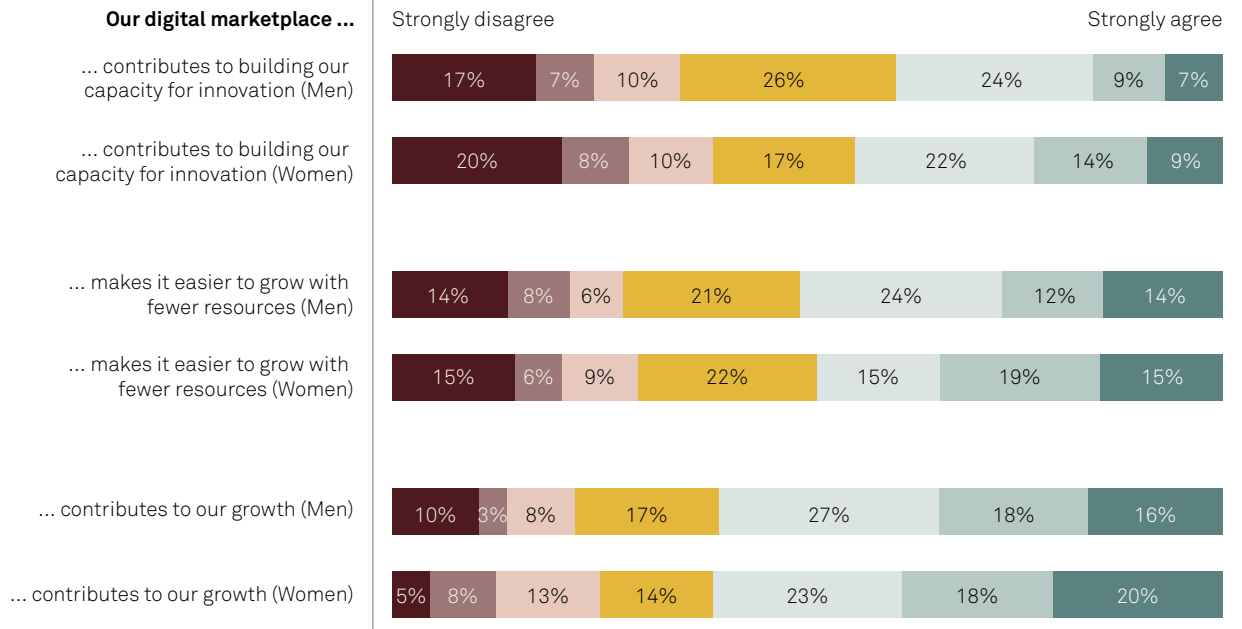


Figure 8. The main benefits of using a digital marketplace are sometimes perceived as slightly more positive by entrepreneurial women than by entrepreneurial men. n=261





Support for and development of digital marketplaces may well be important measures to increase export and democratise access to new customers and markets.

Geographical differences persist despite digital opportunities

Companies located in larger towns and cities are clearly more likely to perceive digital marketplaces as useful for expanding the local market, reaching customers in export markets and adapting their business to these consumers through product innovation, for example. This in turn indicates a variation in digital opportunities based on where a company is located. Promoting access to, and familiarity with, digital tools could potentially reduce regional differences. Access to networks and role models – through digital forums, for instance – could also help reduce geographical differences.

Economies of scale of digital marketplaces

The results indicate that Sweden's export and trade competitiveness can be strengthened through more Swedish SMEs utilising digital marketplaces. Previous reports have highlighted the need to address the complexity of international payments⁵⁴. Digital marketplaces offer a solution by facilitating global trade and international payment flows.

Against this background, we present a series of recommendations below for how to improve conditions for small businesses, equality in entrepreneurship, geographical fairness and increased competitiveness. These recommendations are intended to strengthen Sweden's export capacity and promote fair and inclusive growth.

■ **Recommendations: Policymakers should act to simplify regulations and provide support for exporting companies**

1. Advocate for an ambitious trade and export policy with favourable conditions for companies' growth and export activities through digitalisation, e-commerce and a strong single market in the EU in which companies can scale.

The government should work actively to improve e-commerce trade conditions within the framework of trade and export policy. Digital marketplaces are powerful tools for promoting exports, and policy should prioritise measures that facilitate the use of such tools. With regard to export operations in general, Swedish SMEs have identified simplified customs procedures, such as the introduction of a "Trust and Check" model and a single VAT ID, as key requirements, in addition to the transfer of producer responsibility for packaging to marketplaces⁵⁵. Regulation should pay particular consideration to SMEs and provide sufficient time for adaptation in order to avoid unnecessary administrative burden. It may be advantageous to task Business Sweden, the National Board of Trade Sweden and other state operators that promote export activities with tailoring support specifically for e-commerce companies. This would include making resources and advice available that take into account the specific business models and company sizes in e-commerce, and the government has expressed a support for such an approach⁵⁶. Through such support, small and medium-sized e-commerce companies could better utilise digital marketplaces to enhance their exports.

In order to boost Sweden's export capacity, the government should also task the Swedish Agency for Economic and Regional Growth with leading an initiative in regional export cooperation, with a particular focus on women-led companies. The task would entail the development of tailored programmes and resources to facilitate women entrepreneurs' use of digital marketplaces and other digital tools for export activities. Since the Swedish Agency for Economic and Regional Growth established partnerships with regional development actors such as Almi, Business Sweden, Enterprise Europe Network and the Swedish Export Credits Guarantee Board between 2016 and 2022, it already has the contacts and resources needed to carry out this work.

2. A reform for improved competitiveness – expanded R&D tax incentives for business digitalisation

Digital tools are essential to the competitiveness of businesses, which will be further reinforced with the increased use of AI. It is therefore troublesome that smaller businesses use digital platform and cloud services to a significantly lesser extent than larger companies⁵⁷. Given that digital tools, such as digital marketplaces, have been shown to have an equalising effect on the obstacles that women entrepreneurs face, it is extremely important that these tools and services be easily accessible to small business owners. One way of lowering the thresholds for smaller companies to experiment with digitalisation and software-based services is to expand the use of the R&D Incentive. In its current form, the R&D tax incentive allows for a deduction of labour costs for employees in research and development. Expanding the deduction to cover business digitalisation as well would allow Swedish companies to increase their use of digital tools and AI, which in turn has the potential to strengthen their competitiveness. The deduction should be targeted at SMEs, given that they have the greatest need for it, and the implementation should initially be for a limited time to allow measurement of its impact.

Part 2. Skills development and education can empower more individuals to become entrepreneurs

Research shows that women encounter more obstacles than men when it comes to developing successful businesses^{58,59,60,61}. This study reveals that some of these obstacles are experienced to a lesser extent, or not at all, by women who run digital marketplace businesses. It also highlights the fact that women who perceive more advantages with digital marketplaces consider a lack of technical and digital skills to be a hindrance to growth. Businesses, especially SMEs, must become more familiar with how to use AI technology to streamline operations on both administrative and strategic levels. By increasing their knowledge of AI, these companies can optimise processes, improve decision-making and gain competitive advantages.

Overall, the findings of the report suggest that entrepreneurial women identify digital marketplaces as an effective driver for growth and believe that entrepreneurs who lack the ability to use such tools miss out on the opportunities they offer.



Entrepreneurial women see digital marketplaces as an effective driver for growth and assert that entrepreneurs who do not master these tools are missing out on important opportunities.

Women entrepreneurs express a greater desire than men for better access to public support in the form of entrepreneurship courses and guidance to strengthen their positions. Such education and guidance may prove crucial in bridging the knowledge gap and encouraging more effective business management and innovation.

Level of education does not affect the use of digital marketplaces

An entrepreneur’s level of education does not appear to have a direct impact on the use of digital marketplaces, nor on the perception of their benefits in terms of customer contact, export, innovation and growth. On average, the level of education of respondents claiming to use digital marketplaces is lower than that of the average Swede. This may indicate that the development in the skill to use digital marketplaces does not require higher education and may therefore be accessible to more people. The use of digital marketplaces could thus potentially have a democratising effect in that it is not limited to highly educated entrepreneurs.

Previous research has shown that individuals born abroad constitute a significant proportion of entrepreneurs in Sweden, although the current share of foreign-born entrepreneurs is one percent below the national average of six percent. Language skills and entrepreneurship training have previously been identified as two of the challenges that immigrant entrepreneurs face⁶². Measures in these areas can therefore have a key role to play in making entrepreneurship more accessible to more people, especially to those born abroad.

Fewer entrepreneurs outside of major cities consider digital marketplaces easy to use

The results of this study show that digital marketplaces are used by more than half of all entrepreneurs, regardless of whether or not the business is based in a major city. However, it is evident that companies in major cities use digital marketplaces more effectively as they are more likely to view them as tools for facilitating access to export markets. Companies in major cities have a higher proportion of sales from export compared to companies in smaller cities, towns or rural areas. This gap may indicate differences in access to digital skills and highlights the need for support and education for entrepreneurs in less urbanised areas with a view to strengthening their position in the digital market.

Perception of the benefits of digital marketplaces, divided by operations within or outside major cities

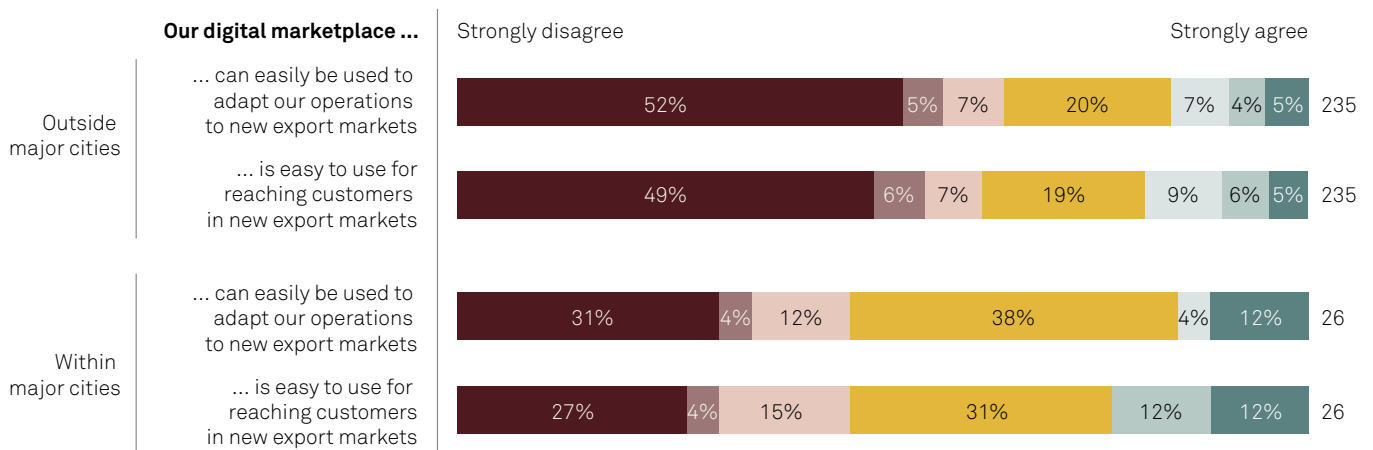


Figure 9. Entrepreneurs operating within major cities find digital marketplaces somewhat easier to use for the purpose of reaching and adapting to export markets, compared to entrepreneurs in smaller cities, towns and rural areas

In summary, given the democratising effects of digital marketplaces in terms of equality and accessibility for entrepreneurship, they can clearly have a positive effect on the Swedish business environment. The results indicate that education and the development of digital skills are central to the democratisation of entrepreneurship and making it accessible to a broader group.



■ **Recommendations: Education initiatives and support to promote democratised entrepreneurship should be accelerated**

3. Make Verksamst.se a one-stop shop for business regulations and financing support to ease the administrative burden on entrepreneurs

Entrepreneurs often perceive complex regulations as a hindrance to growth, with challenges related to a lack of tax and auditing expertise. The government should task Verksamst.se with creating a portal where companies can find all the relevant information needed to run their business. Similar initiatives have been taken by organisations such as the French state-owned *Agence France Entrepreneur* and the European Commission.

The purpose of this task should be to develop a tool that simplifies administrative burdens, such as regulations, fees and taxes that affect SME entrepreneurship.

The tool can be designed as a digital portal where entrepreneurs enter data about their operations and receive a guide containing information about when and how they need to declare taxes, as well as how to handle VAT issues, expanded producer responsibility, upcoming regulations and so on. This would ease the burden of administration on businesses, free up resources for authorities and highlight the complexity that regulatory frameworks entail for entrepreneurs.

Verksamst.se should also include a guide that advises entrepreneurs on how to apply successfully for financing through venture capital investments. This guide should be developed in consultation with representatives from the business and investor community. Giving investors the opportunity to offer specific advice on what they seek and the questions that will be asked will put entrepreneurs in a better position to prepare the presentation of their business ideas. The comprehensive portal would not only support entrepreneurs in their daily operations, but also facilitate access to financing.

4. Offer an elective course covering personal finance, savings and entrepreneurship in upper secondary school

Education is essential in increasing young people's knowledge of economics and business, with a view to strengthening their future prospects of becoming entrepreneurs. When financial literacy is imparted through the school system, girls and boys seek further training in the subject equally. If this knowledge is not imparted at school however, it could favour boys' prospects since parents significantly encourage boys' ownership and savings, compared to girls¹⁶³. In order to create equal opportunities, the Swedish National Agency for Education should therefore establish an elective course on personal finances, savings and entrepreneurship for students at upper secondary school.

5. Institute a dedicated SFI course for participants who want to learn more about entrepreneurship, digitalisation and e-commerce

In order to democratise digital literacy, it is essential to ensure access to training and digital resources regardless of educational level. The government should task the Swedish National Agency for Education with exploring the possibility of offering bespoke programmes under the auspices of SFI (Swedish for Immigrants), with the aim of supporting entrepreneurship and increasing the understanding of digitalisation as a tool among foreign-born individuals. This would provide a type of financial education in which authorities, businesses and advocacy groups can collaborate, as encouraged by both the EU and the OECD. The course could be designed as a combined training programme to which both the Swedish Agency for Economic and Regional Growth and Verksamst.se contribute information. An example of a similar initiative is the Swedish Financial Supervisory Authority's personal finance course for persons born abroad, as well as for those who encounter newly arrived individuals in their work.

6. Establish a specific JA (Junior Achievement) course that provides knowledge about digital tools

Task the Swedish National Agency for Education with supporting the Junior Achievement (JA) organisation in developing an education programme aimed specifically at providing young people with tools and advice for using e-commerce and digital marketing. The purposes of the JA programmes are to prepare students for working life and further studies, and to create opportunities for them to be active citizens. As more areas of society become digitalised, it is important for students to understand how digital tools can be used to promote innovation. Hence, the initiative aims to improve students' digital literacy, which has been identified as a central competence covered by the course.

Part 3. Easier access to capital and increased support can create more successful businesses

Financing plays a central role in entrepreneurship in terms of growth, development and stability. In order to invest in long-term growth and manage short-term cash flow, entrepreneurs need access to the right knowledge and services, and they depend on a reliable and continuous flow of revenue for capital. In this regard, digital marketplaces can be an effective tool by opening up an opportunity for quick payment solutions.

This study shows that on average, women-led businesses have lower short-term debt and fewer accounts receivable in relation to their turnover, compared to businesses led by men. These results indicate faster and more secure payment processes in women-led companies, which contribute to a favourable foundation for successful entrepreneurship.

Upon closer analysis, it becomes clear that women who experience the benefits of digital marketplaces also demonstrate more advanced entrepreneurship, and their businesses often have a broader and more diverse product portfolio. It is, however, likely that this is not only a consequence of using digital marketplaces, because it may also be related to company and product types. That said, the finding indicates that digital marketplaces create favourable conditions for well-developed entrepreneurship.

The Swedish Agency for Economic and Regional Growth has identified significant differences in the allocation of venture capital between women and men⁶⁴. It is likely that there are several reasons behind this disparity, but it is undeniable that different preferences for financing solutions exist. This underscores the importance of targeted financing solutions that take into account the needs and preferences of different entrepreneurs, with increased focus on the groups that currently have a hard time accessing capital. These types of initiatives can benefit Swedish entrepreneurship by democratising access to financing and thus meeting the growth ambitions of more businesses. Ultimately, this could lead to improved utilisation of entrepreneurs and their ideas, drive and potential.

The degree to which access to financing is a barrier to growth, divided by entrepreneurial women and men

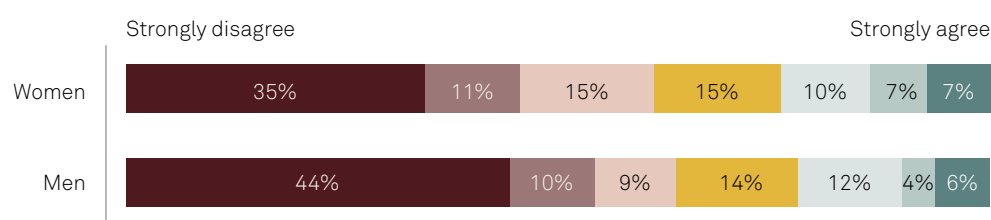


Figure 10. To what extent is access to financing an obstacle to growth in your business? n=400

■ **Recommendations: Specific initiatives should be established to democratise access to financing and capital**

7. Target specific initiatives on strengthening the financing of women-led companies

The government should task the Swedish Innovation Agency (Vinnova), the Swedish Agency for Economic and Regional Growth and the publicly led financing and coaching initiative Almi (publicly led financing and coaching initiative) with developing and implementing special support programmes for women entrepreneurs. These programmes should offer tailored financial support, including subsidies, more advantageous loans and improved access to venture capital. In addition, the business community should take greater responsibility by collaborating with financiers and credit institutions to facilitate access to start-up capital and other necessary resources, with a specific focus on women-led companies.

8. Establish incubators with a particular focus on women's entrepreneurship

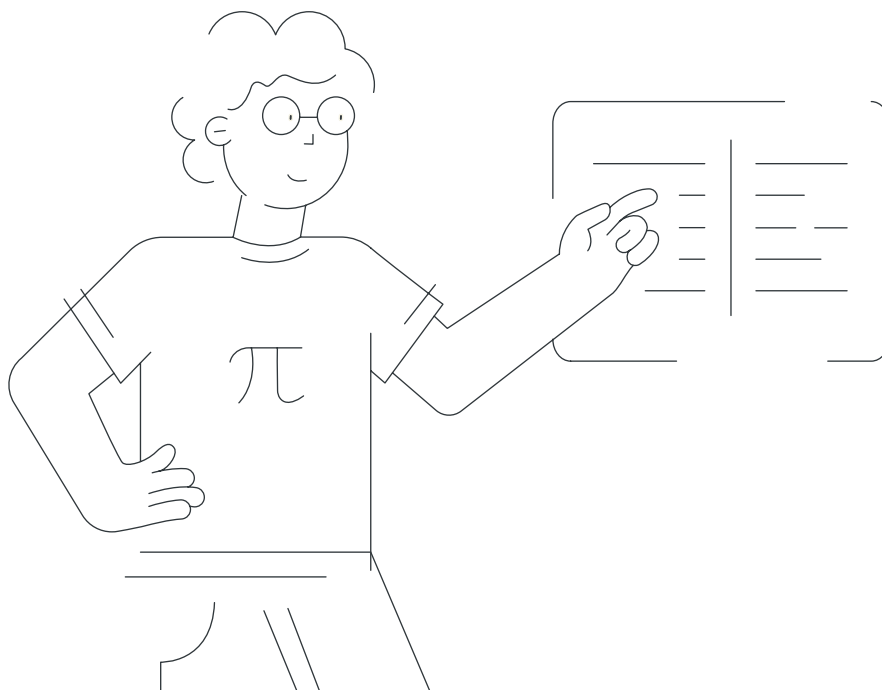
There are currently around 40 business incubators in Sweden with owners and clients primarily in municipalities, regions, universities and colleges. Many of these incubators are affiliated with Vinnova's national incubator programme. To promote women's entrepreneurship, the government could consider tasking Vinnova with establishing more incubators with a specific focus on women's entrepreneurship. These should serve as centres of knowledge and support while providing training resources, business mentorship and networking opportunities tailored to the needs of entrepreneurial women.

9. Let Almi provide pitch coaches to prepare entrepreneurs before seeking capital

Many entrepreneurs are unsure of what to expect when pitching a business idea to seek financial support. Almi should therefore be tasked with appointing coaches to support entrepreneurs prior to making business presentations. In combination with the information from the proposed guide on Verksam.se, as presented above, the coaches can prepare entrepreneurs with regard to the information investors are looking for and how best to pitch their ideas.

10. Reduce employer and self-employment fees for small businesses

A reduction in employer contributions and self-employed contributions is crucial to freeing up resources for small businesses, as advocated by organisations such as the Swedish Federation of Business Owners. This particular organisation proposes a 7.5 percent reduction, especially for payroll sums and self-employment fee bases that do not exceed SEK 3 million annually. They emphasise that while this reduction would not entail the same costs as a broad reduction, it would benefit the smallest companies the most.⁶⁵



Appendix 1 – Methodology and definitions

This study is based on a telephone interview survey that was conducted with a sample of entrepreneurs in the Swedish retail sector with up to 250 employees. The survey was conducted between 31 July and 22 August 2023 and consisted of up to 27 questions, primarily using multiple choice questions and Likert scales.

In the survey conducted by Norstat, a sample of 11,305 business leaders was processed through random sampling throughout the administration period. As Norstat's methodology aims to minimise the number of used sample items, 3,059 were never used. Conditions were suboptimal in relation to the target group during the initial phase of the survey administration period, leading to higher use of sample items. The situation improved in the following weeks, when previously non-responding samples could be contacted again, resulting in a reduced sample use.

Various types of dropouts were experienced throughout the project. Apart from the anticipated refusals based on principle, dropouts were encountered due to incorrect phone numbers and unwillingness to participate due to the survey length, as well as an unexpected number of holidayers who declined to participate, particularly in the initial two weeks. A total of 36,485 calls were made during the survey.

Norstat's interviewers were given clear instructions to terminate interviews in the event of language barriers or other misunderstandings that could potentially lead to misleading answers. These precautions ensured a high-quality standard for data collection and minimised sources of error, but also led to several foreign-born respondents being screened out.

The final respondent base consisted of 264 men and 136 women with 46 located in metropolitan areas and 354 are outside metropolitan areas. Of these respondents, 58 engage in export while 342 do not. Additionally, 261 sell via digital marketplaces while 139 do not (see the sample section for more details).

Additional information regarding the financial performance of the participating companies was sourced from Business Retriever for the years 2004–22. The data collected were analysed by three independent researchers from the Sustainable Finance Lab; Kent Eriksson, Professor at KTH Royal Institute of Technology; Lin Lerpold, Associate Professor at the Stockholm School of Economics; and Malin Malmström, Professor of Entrepreneurship and Innovation at Luleå University of Technology. Eriksson, Lerpold and Malmström have identified correlations and drawn conclusions using statistical software and comparative analysis of previous research.

Delimitations and method discussion

While conducting the study, circumstances arose that may have influenced the sample that was subsequently analysed and formed the basis of the study results:

- A language barrier emerged during some interviews, which prevented the completion of the interview, given that results free from misinterpretation could not be guaranteed. This may have led to the underrepresentation of certain groups of entrepreneurs.
- The study was conducted in August 2023, which may have resulted in many calls not being answered due to holidays.
- The survey targeted companies with SNI code 47 (Retail trade, except of motor vehicles and motorcycles) and the sample therefore only includes companies associated with this SNI code.



Definitions

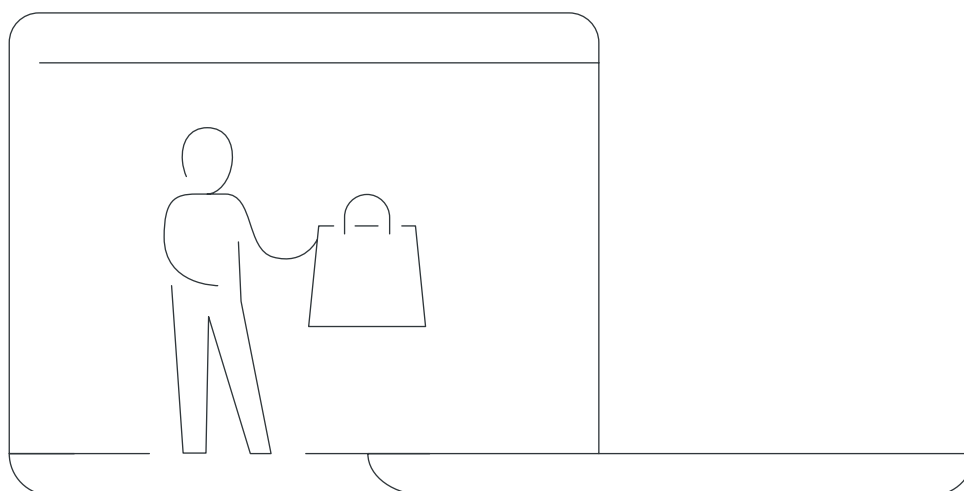
The following definitions were used in the study:

Major city: The study partially addresses geographical differences between major cities and non-major-cities (smaller cities, towns or rural areas). In the urban segment, postal codes in the ranges 10 000–12 000 (Stockholm), 20 000–21 999 (Malmö) and 40 000–41 999 (Gothenburg) have been included. All other postal codes are included in the small town or rural area category.

Small and medium-sized enterprises: Small and medium-sized enterprises (SMEs) are defined as companies with up to 250 employees.

Digital marketplaces: As the study examines digital marketplaces, a common definition was chosen to reduce individual interpretations: “A digital marketplace can be described as a virtual marketplace or shopping centre where retailers and customers are able to meet, such as Amazon, Tradera, CDON or Etsy. This type of marketplace serves as an intermediary by providing a platform that connects sellers’ product offerings with consumers’ needs and wishes. In addition to bringing supply and demand together, digital marketplaces can help with administration and transaction solutions such as payment and shipping.”

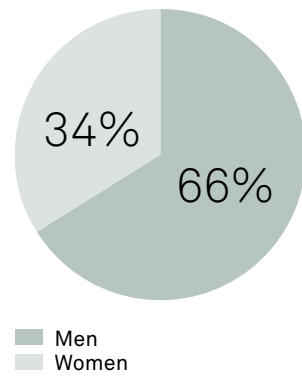
Education level: The report uses level of education as a term that distinguishes between those who have higher education and those who do not. In this case, post-secondary education, whether classes or an entire programme, is classified as higher education.



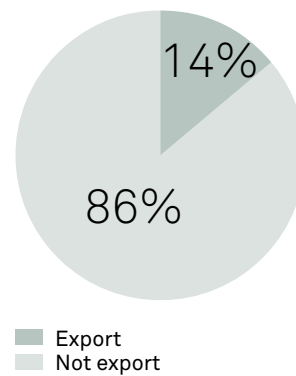
Appendix 2 – Description of study sample

400 respondents were included in the study. Below is a breakdown of the respondents by several factors.

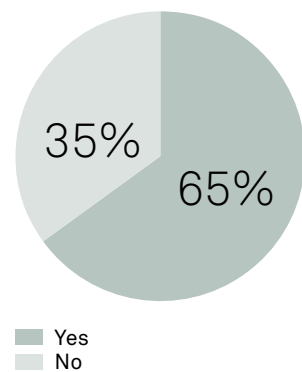
Gender distribution of respondents



Share that, in some form, sold goods via export



Share that used some form of digital marketplace



Distribution of respondents by level of education

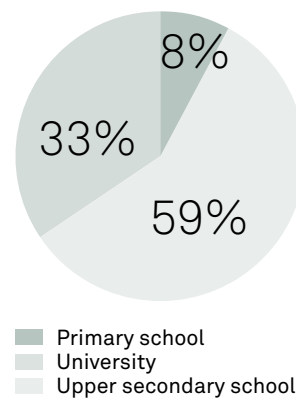


Figure 11. Distribution of responding companies by gender, level of education, export and use of digital marketplaces.

Distribution of sales among responding companies (kSEK)

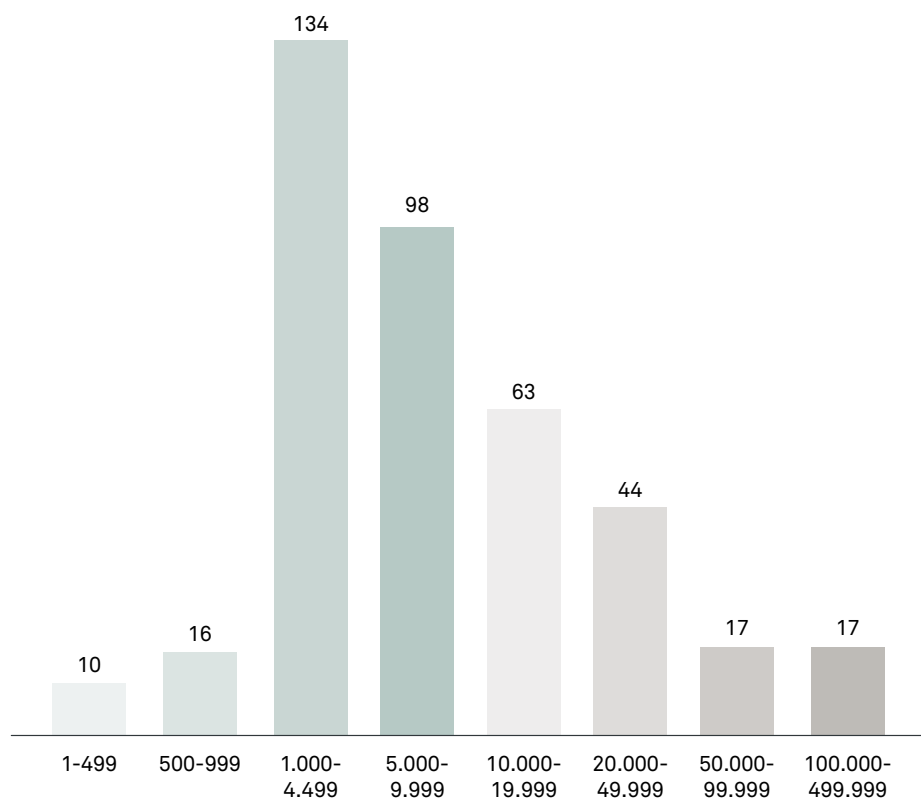


Figure 12. Source: Annual reports from Business Retriever, 2023

Distribution of the number of employees among responding companies

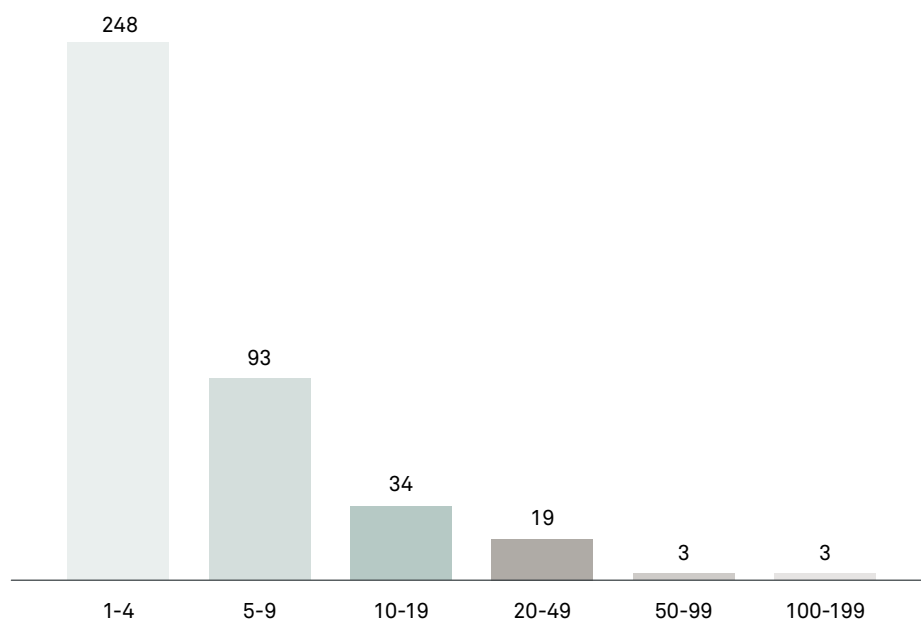
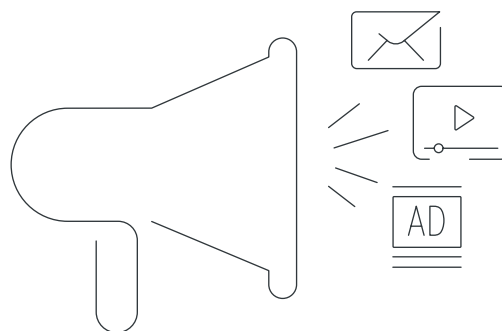


Figure 13. Source: Annual reports from Business Retriever, 2023

Appendix 3 – End notes

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