COUNTRY FICHE - SWEDEN

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CONTENT

EXECUTIVE SUMMARY

PURPOSE OF THE STUDY

Creating an appropriate environment for businesses to flourish is a central element in public policy for promoting entrepreneurship in Europe. Dramatic changes have taken place in the nature and the provision of business support services since their recognition as an increasingly important feature of economic policy. In some Member States of the European Union this has led to a proliferation of services. The European Charter for small businesses adopted by Member States in Santa Maria da Feira on 19/20 June 2000 calls for the creation of top class small business support easy to access and to understand and relevant to small businesses' needs. In order to find out whether existing services answer the specific needs of the smallest businesses, DG Enterprise of the European Commission has contracted the Austrian Institute for Small Business Research (IfGH) to carry out the present study on *'Support Services for Micro, Small and Sole Proprietor's Businesses'*, in the period from December 2000 to June 2002 in co-operation with members of the European Network for SME Research (ENSR) and other partner institutions from all Member States of the European Union and Norway.

The purpose of this study is threefold:

- to provide a comprehensive, descriptive and analytical overview of existing national and local support services, or integrated systems of such services, tailored to the needs of micro, small and sole proprietor's businesses (supply side analysis);
- to analyse the needs of European micro, small and sole proprietor's businesses with regard to the organisation, promotion, content and delivery of support services (demand side analysis);
- to provide comprehensive elements for the improvement of the supply of support services available to micro, small and sole proprietor's businesses in the Member States of the European Union and Norway.

DEFINITION AND METHODOLOGY APPLIED

This study applies a purposely narrow definition of the term 'support services' for the analysis of the market for support services. To this regard a support service subject to analysis in the scope of this study has to fulfil the following criteria:

- it originates in a public policy initiative,
- it is targeted at micro, small or sole proprietor's businesses either by its explicit intention or by its practical use,
- it is offered at non-commercial conditions
- a substantial part of the service is of non-financial kind.

Based on this definition, 335 support services ranging from the provision of information, advice and consultancy to SME-specific training services, have been identified and analysed, which naturally only represent a fraction of all external support available to micro, small and sole proprietor's businesses in Europe. The information for the analysis of the *supply side* has been gathered by the co-operating research institutes in each of the Member States of the European Union and Norway according to a standardised guideline and has been compiled in an electronic database ('IfGH/ENSR Support Services Database').

Findings related to the *demand side* stem from an extensive literature review and an in-depth empirical analysis of the smallest enterprises' needs and experiences concerning the use of support services. In particular, a harmonised telephone survey on the basis of a standardised closed questionnaire was carried out in October 2001. The total sample includes more than 1,200 enterprises located in the European Union and in Norway, which allows for a detailed assessment of the needs of different types of enterprises concerning size class, sector and phase of development. At country-level, the findings are based on the statistical analysis of about 75 interviews with micro, small and sole proprietor's businesses in each country. Thus, variations from EU average values at country level have to be interpreted cautiously due to the comparatively lower sample size. However, given the methodologically profound and statistically reliable background of the analysis conducted at European level, results at country level should give a good indication of the situation in each country.

MAIN FINDINGS

Participation of small businesses in support services is low

The participation rate in support services among European micro, small and sole proprietor's businesses is quite low. Only 20 % of the smallest enterprises in the European Union and Norway have utilised support services during the past five years. This share further declines with decreasing size of an enterprise, ranging from a participation rate of 15 % for sole proprietors to 35 % for small enterprises (10 - 49 employees).

Women, highly educated and growth oriented entrepreneurs make the most use of support services

Participation of enterprises in support services differs according to specific characteristics of the owner or manager of an enterprise. Female entrepreneurs, for example, seem to be more willing to make use of support services than their male counterparts. Whereas 27 % of the enterprises owned by a woman have utilised support services within the last five years, this share of enterprises amounts to only 17 % where a man owns the enterprise. Also entrepreneurs with a secondary or university education use support services more often than entrepreneurs with elementary education. Furthermore, the decision of whether to use support services or not seems to be strongly correlated with employment growth as indicated by participation rates amounting to above 30 % among enterprises that have increased their number of employees by more than 10 % during the last three years.

There is a need for an outside view on small businesses' needs

The majority of micro, small and sole proprietor's businesses that have not utilised any support service within the past five years states that this was because they did not feel any need for external support. This seems to be particularly the case for sole proprietors, among which the share of enterprises not feeling any need for external help amounts to almost 60 %. This attitude might be explained by the experience that many small enterprises, because of their heavy involvement in day-to-day business, may lose the sense of perspective when assessing their own needs. This pattern seems to underline that an external identification of needs is a crucial element when offering support to small businesses.

There is a lack of awareness of support services among small businesses

More than three-quarters of enterprises lack information on the existence and availability of support for their respective enterprise. Thus, the relatively low participation in support services among European micro, small and sole proprietor's businesses might also be connected to the low level of information on support services offered. Creating awareness of the existence and availability of support services among entrepreneurs is therefore considered one of the major challenges of support policy in future.

Small businesses prefer direct contact with service providers

Entrepreneurs from small businesses would generally prefer being directly contacted by service providers or even personally visited. However, these (rather cost-intensive) promotional tools are hardly applied by providers. Support services are mainly promoted via the Internet (providers' web-pages) and in newspapers, journals and magazines or are presented at trade fairs, exhibitions and seminars.

Small enterprises may think global, but act local

Enterprises would prefer looking for support services either at local or at regional level. This effectively matches the way support services are currently organised in the European Union and Norway. Contact points of support services are decentralised and can be accessed either at regional or even at local level. However, it seems important that public authorities implement a more strategic approach to the support they provide and ensure that it is well co-ordinated with other service provision, particularly at the regional level. New stand-alone initiatives should be avoided, in order not to confuse the client and to facilitate the process of awareness creation.

The demand for specific types of services differs by the location of an enterprise

The need of enterprises for support services varies by different types of regions. The share of enterprises demanding different types of support services in Objective 1 regions, for instance, is higher than elsewhere. Whereas 75 % of the enterprises located in Objective 1 regions express a need for financial services, for example, this share amounts to only 52 % for enterprises not located in disadvantaged areas. Similarly, there is a clearly stronger demand for one-stop-shops in rural areas (with less than 50.000 inhabitants) than in urban areas. Therefore, public authorities need to ensure that enterprises can get convenient access to all the support services they need, irrespective of the geographical location of an enterprise.

Small businesses need more tailor-made support and more targeted services

The majority of enterprises express a strong demand for tailor-made support which takes account of their specific size class, phase of development or field of activity. Most of the support services offered to micro, small and sole proprietor's businesses in the Member States of the European Union and Norway, however, are targeted at SMEs in general and are hardly subject to a separate business support policy. Also services are usually targeted at all phases of the business life-cycle alike, with a particular focus only put on enterprises in the start-up and early phase of development.

Small businesses are not too satisfied with the level of understanding shown by service providers

Although the vast majority of micro, small and sole proprietor's businesses in the European Union and Norway that have made use of support services within the last five years seem quite satisfied with their latest experience, comparatively low levels of satisfaction are achieved with regard to the understanding of the business by the provider and the effect the service had on the enterprise. In this respect public authorities responsible for support service provision should ensure that support organisations have access to the necessary human and material resources they need to provide top class services. It is of high importance that organisations employ staff with the skills and competencies as well as with the practical experience needed to understand small businesses and to deliver the full range of services they need.

CONCLUSIONS

Creating awareness of support services is an important aim for support policy in future

A large proportion of micro, small and sole proprietor's businesses is deterred from participation in support services due to poor awareness of this kind of support. Consequently, creating awareness of support services among micro, small and sole proprietor's businesses seems to be the most important challenge for European support service providers in future. Consistent and effective promotion of support services needs to be undertaken among well-targeted audiences of enterprises and potential entrepreneurs in order to increase the take up by small businesses.

Support services should be specifically targeted at small enterprises needs

The majority of micro, small and sole proprietor's businesses would prefer to use support services that are specifically targeted at enterprises of their respective size and state of development. Thus, business support should take account of the differing needs of different types of small enterprises by providing distinct packages of services for the different target groups. Also, coherent support services need to be assured, so that enterprises can easily access a package of services covering all main management functions. In order to ensure that enterprises receive the support they need, service providers should develop procedures and terms of reference that determine which is the best advice available for the client.

Client-orientation has to be a fundamental principle of support service provision

Quality assurance systems need to be routinely implemented, with reference to formal definitions of service standards, where appropriate. Furthermore, regular evaluations of the effectiveness and efficiency of support services have to become an integral part of the culture of support service provision. Service providers and policy makers should continuously use evaluation tools in order to improve the quality, design and cost effectiveness of support services.

COUNTRY FICHE – SWEDEN

1. INTRODUCTION

The following report is one of sixteen country fiches produced on behalf of the European Commission in the course of a research study on *'Support Services for Micro, Small and Sole Proprietor's Businesses'*. The purpose of the country fiches is to provide an in-depth analysis of both, the supply side of the (public) market for support services (see section 2) as well as of the needs of micro, small and sole proprietor's businesses with respect to external support (see section 3) for each member state of the European Union plus Norway. With respect to the information provided for Sweden the Austrian Institute for Small Business Research (IfGH) co-operated with the Swedish Foundation for Small Business Research (FSF) in Örebro.

The first part of each country fiche is dedicated to the analysis of the *supply side* of the market for support services targeted at micro, small and sole proprietor's businesses. In this regard, information on the organisational structure of the service providers and the main characteristics of the services offered to micro, small and sole proprietor's businesses has been gathered on a decentralised basis; i. e. co-operating research institutes in each of the Member States of the European Union plus Norway have thoroughly analysed the supply of support services in their respective countries according to a standardised guideline and reported their findings to the IfGH, which then compiled the resulting information for each of the sixteen countries in an electronic database ('IfGH Support Services Database'). The main findings for Sweden are presented in section 2 of this report both illustrated in Graphs (quantitative information) as well as enriched with extensive qualitative information.

The second part of each country fiche is dedicated to the analysis of the *demand side* of the market for support services targeted at micro, small and sole proprietor's businesses. About 75 enterprises in each country of the European Union plus Norway have been interviewed on their needs and experience with respect to support services and external support in general, resulting in a total sample of 1,200 enterprises. In particular, a harmonised telephone survey on the basis of a standardised closed questionnaire has been carried out in October 2001. For this purpose, stratified random samples of micro, small and sole proprietor's businesses have been drawn in each member state of the European Union and Norway and after survey completion, sample weighting to unify estimates was performed. Hence, findings presented in the report are based on data weighted by enterprises' size class and sector and are thus representing the structure of the whole population of micro, small and sole proprietor's businesses in each country. All in all enterprises of seven different sectors (namely manufacturing and construction, wholesale and retail trade, transport and communication, banking and finance, business services, repair and other services, and tourism) and three different size classes (namely small enterprises (10-49 employees), micro enterprises (1-9 employees) and sole proprietors) have been interviewed and accordingly weighted. The main findings for Sweden are presented in section 3 of this report.

The last part of each of the country fiches is finally dedicated to drawing the main conclusions from the research undertaken in the course of the project.

2. SUPPLY OF SUPPORT SERVICES

The market for support services in Sweden is expanding. This is especially the case for the private sector, that has increased with 15 to 20 % in the last five years. However, the public and semi-public providers still clearly dominate the market.

Furthermore, the introduction of the structural funds in Sweden involved an overall increase in the service support market, which has mainly taken place at regional level. Consequently, in the last years, the importance of incentives supplied by national providers declined. Today, support service providers are predominantly found at regional level. Furthermore, the one-stop-shop concept that is found in other countries to be a successful way to organise business support has also had an impact in Sweden, which is thus another example of the trend that has strengthened the regions.

The ambition of the recent Swedish project 'Regional Growth Agreements' is in line with this development: The aim is to stimulate regional development since it is considered most effective to offer support services at regional level. The reason for this is that the parties involved - small firms, that are considered to represent the primary growth potential in this process of regional development, as well as public and private suppliers - should be given the opportunity to build up personal and long-standing relationships and by that to optimise the adjustment of the services offered to the services required by the potential beneficiaries.

The purpose of this section of the report is to systematically analyse the supply side of the market for support services targeted at micro, small and sole proprietor's businesses in Sweden, by presenting information on the organisational structure of the service providers and the main characteristics of the services offered to micro, small and sole proprietor's businesses with respect to targeting, content, quality and promotion as well as to the main objectives addressed.

In order to provide for a detailed and comprehensive assessment of the specific characteristics of the services offered, a comparatively strict definition has been applied to the term 'support services' in this part of the analysis: A support service that qualified for being selected for further assessment had to fulfil the following criteria:

- The service originates in a public policy initiative and the provider of the service is public or, if private, is acting in line with agreed public policies (provider based criteria).
- The service is targeted at micro, small and sole proprietor's businesses either by its explicit intention or by its practical use and is targeted directly at enterprises and entrepreneurs (user based criteria).
- The service is offered at non-commercial conditions. It involves the provision of information, advice or training, or includes business services that are provided on a non-commercial basis. A substantial part of the service is of non-financial kind (content based criteria).

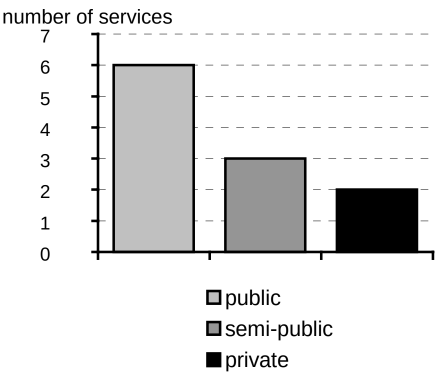
In Sweden 11 support services have been identified according to the above criteria.([1]) However, it has to be noted that due to the comparatively strict definition, the selected services represent only a fraction of all external support available to micro, small and sole proprietor's businesses in Sweden. Particularly, services that mainly offer financial support, such as loans, guarantees, or all kinds of subsidies as well as tax relief for small businesses are excluded from the analysis.

The Swedish support system has a long tradition in supporting SMEs with loan and equity capital, and puts special emphasis on financial support for start-up activities. A wide range of this kind of financial support is provided by a large number of public and semi-public companies. 'ALMI Business Partner AB' ('Almi Företagspartner'), for instance, provides financing services in combination with strategic business advisory services. In 1998, it extended credit to nearly 3,000 client companies of which either about one third were loans for women entrepreneurs, start-ups and expanding SMEs. The terms of these loans vary from case to case. In general, full collateral is not provided and interest rates are higher than in commercial financing due to the greater risk involved. ALMI credit is thus a complement to existing commercial financing and always entails an advisory component (e. g. consultancy services, business information services, networking, etc.).

[1] A list of support services considered in section 2 is given in the appendix.

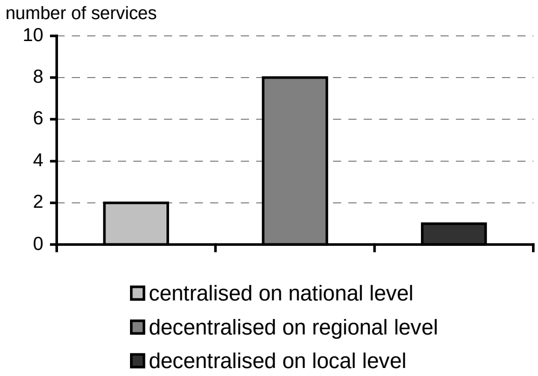
2.1 ORGANISATION OF SUPPORT SERVICES IDENTIFIED

Graph 1 Status of the leading organisations of services identified



Source: IfGH/ENSR Support Services Database, 2001

Graph 2: Organisation of the contact points of services identified



Source: IfGH/ENSR Support Services Database, 2001

The Swedish market for support services is dominated by public and semi-public providers (see Graph 1) with the private involvement clearly increasing within the last years. The service providers are to be found at central, regional and local level. However, there has been a movement concerning the organisation of the contact points from central down to regional level during the last years. This development resulted from the emergence of new service providers as well as from the fact, that a number of national systems have decentralised their work and channelled resources to regional players. Thus, as can be seen from Graph 2, currently, most service providers are to be contacted at regional level.

Among the most important public providers are the 'Swedish Business Development Agency' (NUTEK)', 'ALMI Business Partner AB' ('Almi Företagspartner'), and the 'Swedish Trade Council' ('Exportrådet'). Publicly provided services are also inititated by the 'Chamber of Commerce' ('Handleskammaren'), the 'County Administrative Board' ('Länsstyrelsen'), the 'National Labour Market Board (AMS)', the municipalities ('Kommunen'), science parks ('Teknikparker'), etc. NUTEK and the 'Swedish Trade Council' are national providers; i. e. these organisations administer public funds, have central headquarters, but their activities cover all regions in Sweden. ALMI and the 'County Administrative Board' are regional providers.

Semi-public service provision is, for instance, organised and supported by the "Swedish Jobs and Society Foundation", that founded 90 local 'Enterprise Agencies' ('NyföretagarCentrum') since 1985. (The idea of active support for new Enterprise Agencies has spread via the Swedish Jobs and Society Foundation to Finland, Denmark, Estonia and Latvia). Those agencies are organised as one-stop-shops and provide new entrepreneurs with help, information and advice.

Also the European Commission occasionally seeks support from private organisations when offering respectively financing support services as it is the case with services such as "Linking Innovation, Finance and Technology (LIFT)" or "Business Innovation Centres (BIC)".

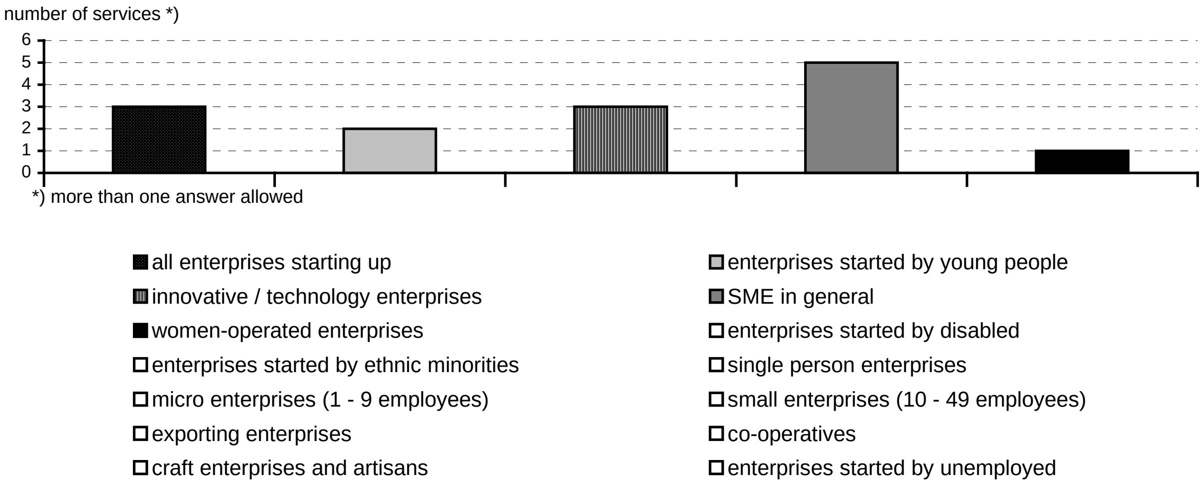
Private suppliers operating at the regional level gradually gained influence beginning with Sweden's European Union membership. Thus services offered by private leading organisations acting in line with agreed public policies available in Sweden are those initiated at European level: the 'European Business Angels Network (EBAN)' and the initiative 'Young Enterprise Europe'.

Concerning the organisation of support services offered, it is considered a weak aspect of the Swedish business support system that there are relatively strong barriers between the public and private support spheres. Public support resources are mainly channelled via public organisations and only in exceptional cases are the private players invited to develop and deliver publicly financed support programmes.

2.2 TARGET GROUPS OF SUPPORT SERVICES IDENTIFIED

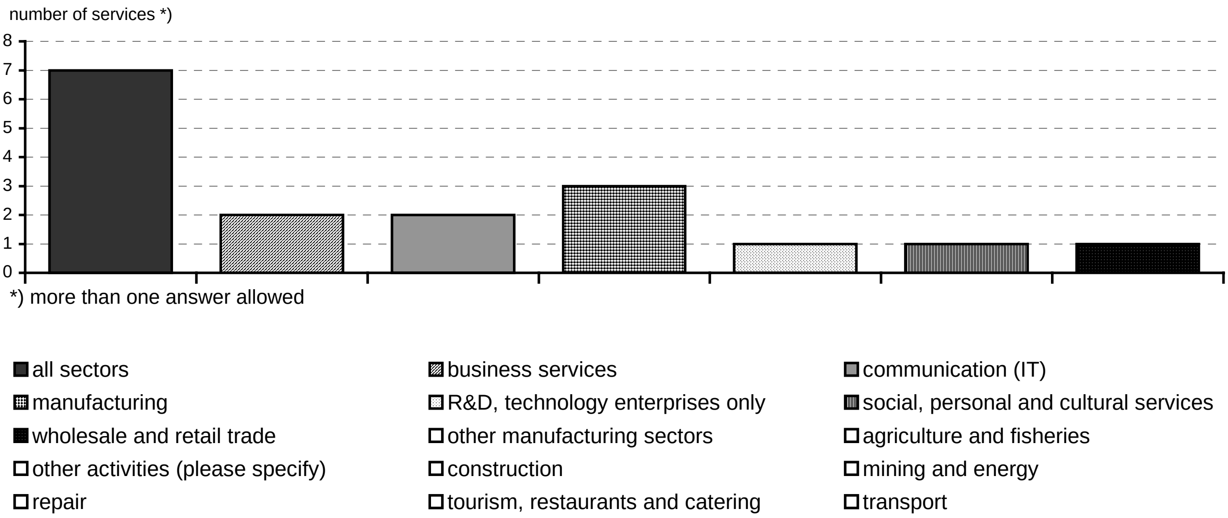
As stated above, this report only deals with support services targeted at micro, small or sole proprietor's businesses. However, in many countries, and also in Sweden, these businesses are considered a sub-group of small and medium sized enterprises (SMEs) and are hardly subject to a separate business support policy. Therefore, also services though not explicitly targeted at but mainly used by micro, small or sole proprietor's businesses are included in the analysis.

Graph 3: Target population of the services identified



Source: IfGH/ENSR Support Services Database, 2001

Graph 4: Sectors addressed by services identified



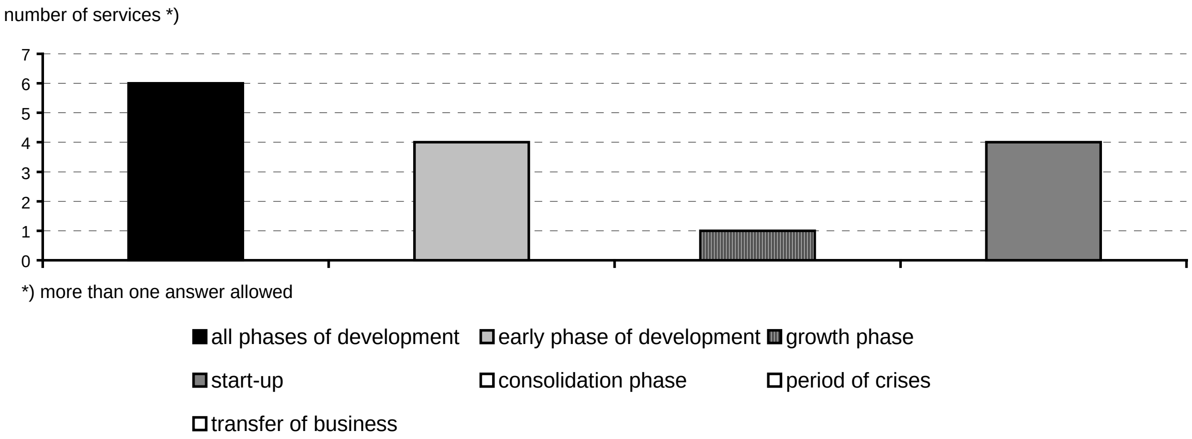
Source: IfGH/ENSR Support Services Database, 2001

Support services available in Sweden are mainly targeted at SMEs in general (e. g. services offered by NUTEK and the 'Swedish Trade Council', or by ALMI). A significant amount of support is furthermore specifically tailored to (young) entrepreneurs intending to start up a (preferably innovative/technology) business (e. g. Enterprise Agencies or services offered by NUTEK). However, as can be seen from Graph 3, there is no support available that would especially target at micro, small or sole proprietor's businesses. Many of the programmes, that, for instance, aim at stimulating technological development with the help of investment programmes or science parks, do not reach or attract small firms with the exception of only a small exclusive group of high-tech and knowledge-intensive small companies.

A relatively new phenomenon in Sweden are support services that aim at encouraging entrepreneurship among special groups in the society, such as women, immigrants or young people. Especially female entrepreneurship has been stimulated during the 1990s and evaluations have already indicated an increase in start-ups and business development for this category. For example, NUTEK co-ordinates and supports business advisors to women entrepreneurs who are interested in starting up a company or who already run their own company.

Apart from generally targeting SMEs, support services available in Sweden are most often not sector-specific, i. e. the majority of services address all kinds of sectors. In case, services are tailored to a specific sector it is mainly either related to manufacturing or communication (IT) respectively to business services (see Graph 4).

Graph 5: Enterprise phase of development targeted by services identified



Source: IfGH/ENSR Support Services Database, 2001

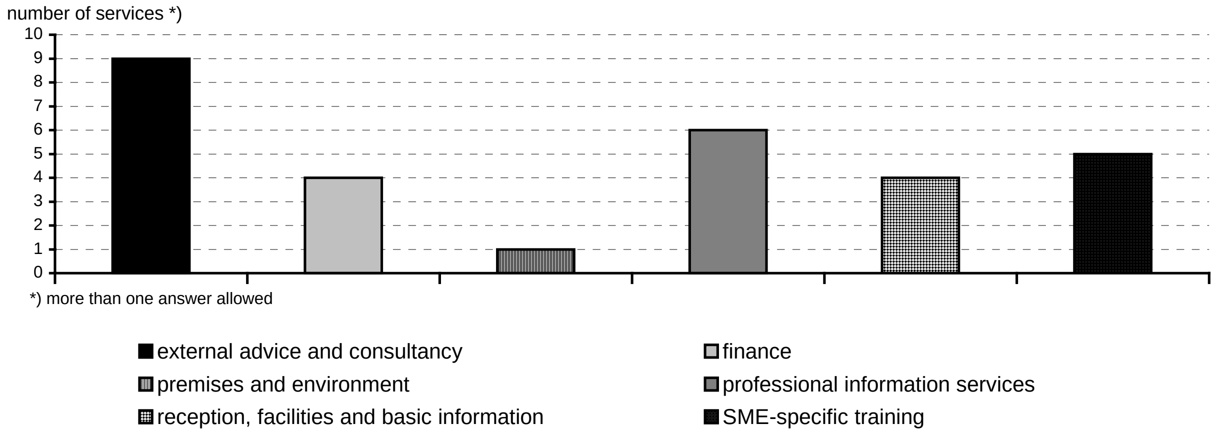
As can be seen from Graph 5, support services for micro, small and sole proprietor's businesses in Sweden do either not address enterprises in specific phases of their development or, if they do, special emphasis is put on the start-up and early phase of development. The supply of services specifically targeted at enterprises in the growth or consolidation phase respectively at enterprises undergoing a crisis or being transferred is rather underdeveloped, however these issues are often covered by rather general types of support services. For instance, most of the municipalities in Sweden have some sort of a unit with the mission to stimulate local business community and it can be observed that such units intensively support the local firms in crisis.

To sum up: Swedish support services are usually oriented towards SMEs in general, they do not focus on specific size classes or sectors, nor on certain phases of development. This lack of individually adapted services might be problematic from a customer's point of view, since specific support would in many cases be more valuable in order to satisfy companies' needs for information, advice, training, etc. However, the increased level of activities at regional and local level may be seen as an indicator for an improvement in accessibility of support, especially to the benefit of smaller enterprises. This is also the aim of a national programme - the 'Growth Agreement' - that has the purpose of stimulating the development of business activities at regional level by setting up specific strategies for each county. Initiatives have been taken to strengthen the more strategic oriented support measures.

2.3 TYPES OF SUPPORT SERVICES IDENTIFIED

When analysing the types of support services offered to micro, small and sole proprietor's businesses in Sweden it seems necessary to recall the definition applied in this part of the assessment. As to this regard, particularly, all kind of purely financial support, such as loans, guarantees, or all kinds of subsidies or tax relief for small businesses are excluded from the analysis. Thus, it is not surprising that hardly any service has been identified with focus on 'finance'.

Graph 6: Types of services identified



Source: IfGH/ENSR Support Services Database, 2001

As presented in Graph 6, the majority of Swedish support service providers offer external advice and consultancy. Closer examination furthermore reveals a special focus on business planning and strategic advice on financial matters, internationalisation and the development of business contacts. Significant importance is also given to the provision of professional information services and SME-specific training, whereas services related to premises and environment are relatively rare.

The services provided by ALMI cover a wide spectrum of different support activities, e. g. information, advisory services, counselling, networking and financial support. The main target group is SMEs in general, but ALMI is also directly involved in start-up support. ALMI provides, for instance, in co-operation with the local government, various kinds of meeting-places where entrepreneurs can get together and discuss business issues. This kind of support varies from a one-off occasion to an activity extending over several years. The aim of the activity is to give entrepreneurs the opportunity of enlarging their business-network.

NUTEK is one of the major support organisations in Sweden and responsible for a number of support units and support programmes. For example, the 'Start Line', a telephone based support unit, engages in advising small firms in the start-up phase; 'Environment Control' provides information and support to small firms with regard to long-terms strategies concerning environmental issues. Furthermore, NUTEK funds services provided by other organisations such as for example by 'Innovation Relay Centres (IRCs)' that were initiated at European level and aims at encouraging innovation of SMEs across national boundaries. Another example for a service run by NUTEK is the 'Network for Entrepreneurship in the School (NESK)'. Its objective is to develop networks and structures for prospective entrepreneurs.

This initiative is very similar to a service initiated at European level called 'Young Enterprise Europe', which aims at linking the business community and upper secondary school level with the purpose of giving young people a better understanding of business life and to develop their attitudes and skills through the real experience of running their own business. The 'Young Enterprise' network in Sweden has been chosen as an example of good practice by the Commission of the European Communities in 1999 (see COM(1999)569 final) for the reason that interactive training material has been provided for the students by means of a CD-ROM, which made the access to training for potential entrepreneurs more flexible and appealing (Three quarters of Sweden's 'gymnasium' schools participate in the scheme).

The advisory and information services from the 'Swedish Trade Council' have the primary purpose of stimulating export activities among companies. The services are relatively strictly focused at trade relations, export processes and customs relations. They are available at regional offices as well at one-stop-shop offices ('Export-centra') that have been established in co-operation with ALMI and NUTEK. The services offered by the fourteen 'Euro Info Centres (EICs)' throughout Sweden have been initiated at European level but are also included in the NUTEK and ALMI networks. The EICs provide information on EU related issues and implement specific programmes to stimulate European Union co-operation in the small business community. The 'National Labour Market Board' is the principal organisation for the publicly financed start-up programmes. At local level, also the Swedish municipalities provide support to existing companies as well as to potential entrepreneurs aiming at starting up a business. The activities of the municipalities vary in scope.

2.4 PROMOTION OF SUPPORT SERVICES IDENTIFIED

Graph 7: Promotion of services identified

Source: IfGH/ENSR Support Services Database, 2001

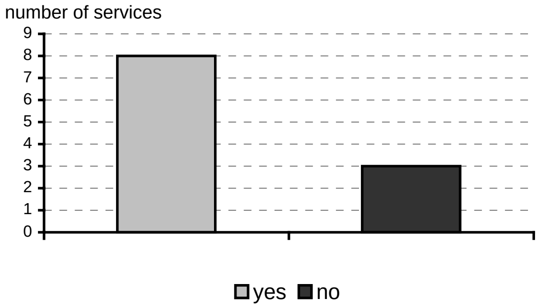
In Sweden, almost all support service providers promote their services via the Internet. More so, also information services themselves are more and more Internet-based. The first gateway to external support is a public initiative called 'Direct Reply', which has been initiated by the main public authorities that have jointly created a web-site (The providers are the 'National Labour Market Board', The 'Social Insurance Office', The 'Swedish patent and Registration Office', the 'National Tax Board', the 'Data inspection Board', the Swedish Competition Authority and NUTEK).

Other examples of this type of support are the 'SME-link' (an Internet-based and privately financed platform for business information and advisory services), the 'Business Guide' (a web-site with information on the public sector relevant for business activities), and the 'Financial Data-Base' (a web-site with information on financial support for small enterprises).

A high share of service providers tries to diversify the communication with potential customers. Most often services are promoted on the organisation's web-site as well as via advertisements in newspapers, at trade fairs and exhibitions and well as with the help of agents. ALMI and the 'Swedish Trade Council', for instance, use all of the possibilities of promoting their services mentioned in Graph 7. NUTEK directly contacts potential customers, advertises in newspapers or journals, and presents the services at trade fairs, exhibitions, seminars, etc. as well as on their web-site.

2.5 QUALITY AND PRICES OF SUPPORT SERVICES IDENTIFIED

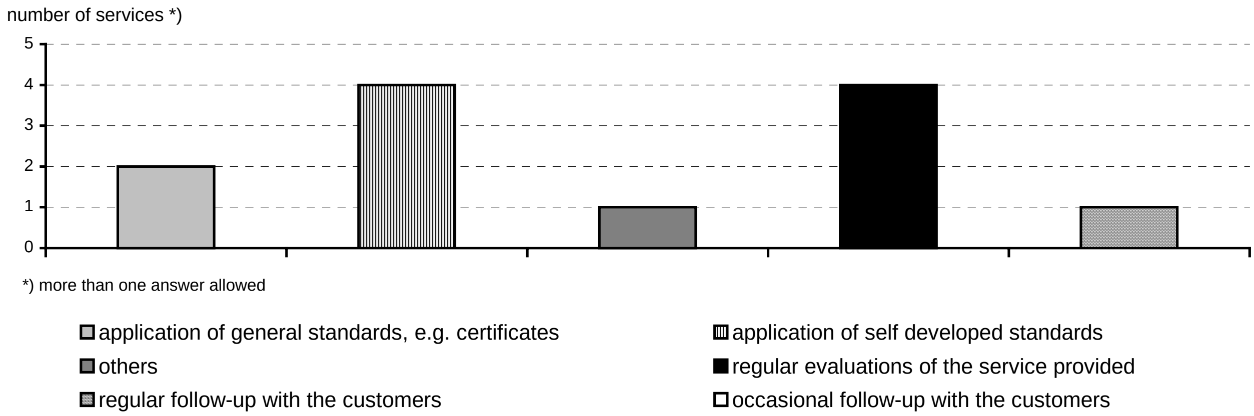
Graph 8: Existence of quality assurance mechanisms



Source: IfGH/ENSR Support Services Database, 2001

Most of the support services targeted at micro, small and sole proprietor's businesses in Sweden have established some kind of mechanisms that shall assure the quality of the support provided (see Graph 8): Services initiated at the European level such as 'Young Enterprise Europe' or 'Linking Innovation, Finance and Technology (LIFT)' often apply self-developed quality standards, whereas services initiated at the national level are mostly evaluated (e. g. services provided by NUTEK or the 'Swedish Trade Council').

Graph 9: Types of quality assurance mechanisms

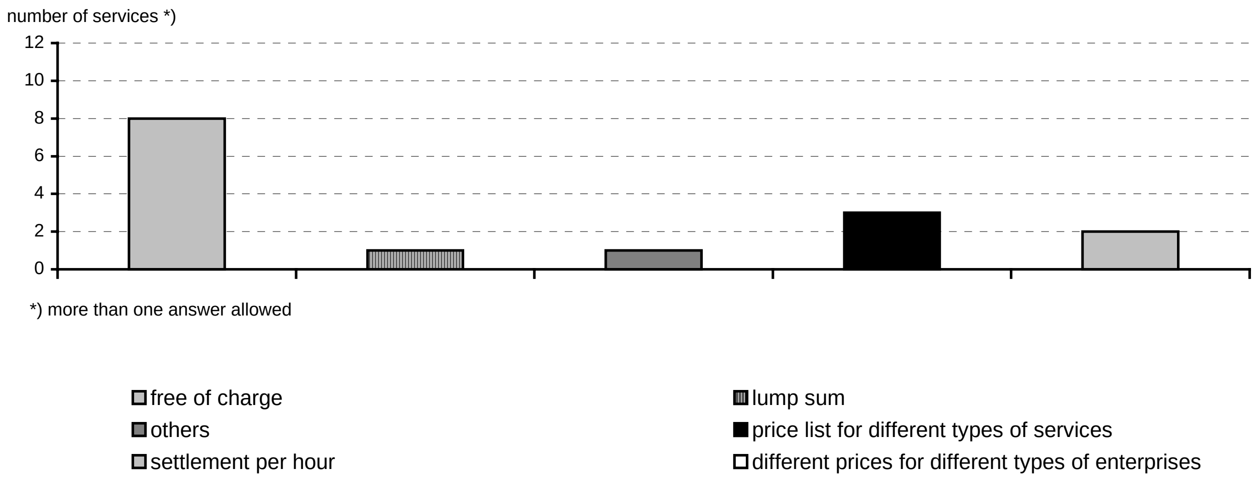


Source: IfGH/ENSR Support Services Database, 2001

Evaluations are often carried out or commissioned by the same organisations that are responsible for the programme. This results in a lack of confidence concerning the results. Systematic evaluations are often missing. Internal evaluations of (mainly financial) services provided by ALMI indicate that the outcome of a three-year cooperation with ALMI results in an 85 % increase in turn-over and a 42 % increase in the number of employees. External evaluations, however, show a low take-up rate especially among enterprises with less than 20 employees.

The 90 'Enterprise Agencies' led by the Swedish 'Jobs and Society Foundation' primarily aim at stimulating local start-ups in all parts of Sweden. Take up-rates are high: Every fifths company that starts up in Sweden has had contact with or has been given advice by an 'Enterprise Agency'. Furthermore, the 'Jobs and Society Foundation' was awarded the Andrée Prize 2000 for "their successful concept that stimulated and raised the quality of new company establishment and entrepreneurship in Sweden to an unparalleled extent."

Graph 10: Determination of prices of services identified



Source: IfGH/ENSR Support Services Database, 2001

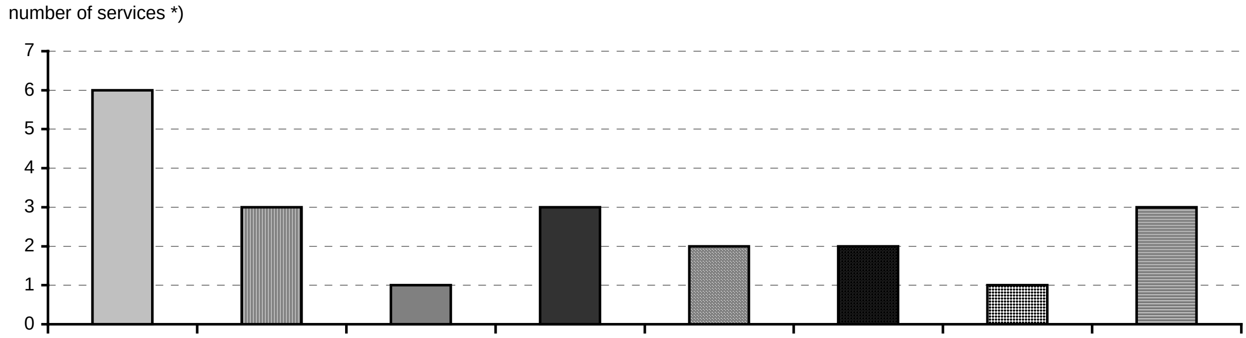
The majority of the suppliers offer their services free of charge (see Graph 10). For services that are liable for costs, service providers most often determine prices with the help of a price list for different types of services or they base price calculations on a settlement per hour. It is not very common in Sweden to charge a lump sum or different prices for different types of enterprises.

2.6 OBJECTIVES OF SUPPORT SERVICES IDENTIFIED

Public support for micro, small and sole proprietor's businesses is founded on the conviction that economic growth is strongly linked to the development of these enterprises. The objectives of the various forms of support offered are complex and aim at different scopes of business life. Many services offer practical advice and consultancy with special emphasis on sectors or different phases of development. Depending on the main focus of the service, objectives are, for example, to providing information on support services, to strengthen the readiness for enterprise start-ups and prepare potential entrepreneurs, to improve SMEs' competitiveness and innovation capacity or to securing jobs. The achievement of these aims should lead to a higher and sustainable economic growth and welfare. By means of an *Action Plan to Promote Entrepreneurship and Competitiveness* the European Commission (1999a) has set out a number of priority aims which are most important for promoting entrepreneurship and creating a business environment that encourages the creation and growth of new businesses in order to improve the competitiveness of Europe's economy (see Graph 11). The classification of national support measures according to these 'action plan objectives' shall help to present a well structured and systematic overview on the aims of the various support services available to micro, small and sole proprietor's businesses in Sweden.

As can be seen from Graph 11, most of the services in Sweden targeted at micro, small and sole proprietor's businesses aim at facilitating the 'access to finance for smaller enterprises and at an earlier stage'. Besides that, Sweden puts relatively strong emphasis on improving the 'access to research and innovation' and 'the education for an entrepreneurial society'. Also the aim of fostering training for entrepreneurs in order to provide them with additional skills on how to run and develop a sustainable business plays a significant role.

Graph 11: Action plan objectives addressed by services identified



*) more than one answer allowed

- access to finance for smaller enterprises and at an earlier stage
- access to research and innovation
- better use of patents by SMEs
- education for an entrepreneurial society
- finance for expanding and high tech firms
- improve visibility of support services
- make EU RTD development programmes more sensitive to SME requirements
- training
- improve public administration
- improve employment and working conditions

Source: IfGH/ENSR Support Services Database, 2001

With respect to the access to finance, it is mainly ALMI that offers loans to SMEs as a complement to existing commercial financing. Furthermore, once a year, NUTEK arranges an investment forum called 'Cap Tec', where young companies in early technological development phases present themselves to potential investors. The forum is directed towards venture capital companies, business angels and corporate investors. NUTEK also manages a programme which provides seed capital to young high-technology firms, linked via the 'Technology Bridge' (see below) projects. Loans can be granted for technically innovative projects, which could develop new products, processes, methods and systems with the potential to become commercially viable. The scheme also provides advice and counselling during the introductory phase of the project.

Access to research and innovation is, among others, facilitated by seven so-called 'Technology Bridge Foundations' as well as by 'Competence Centres'. The mission is to increase the exchange of knowledge and co-operation between universities and industry respectively the business sector at regional level as well as to ensure that research results translate into patents, licenses, spin-off companies, etc. 'Industrial Development Centres (IUCs)' promote the development of SMEs by fostering co-operation. They are supported by the Government through three activities within these centres: identification activities, product development projects and feasibility studies for spin-offs. Furthermore, several programmes supply mentors to SMEs. These services are for instance provided by some 'Technology Bridge Foundations' as well as by ALMI.

Sweden has also considerable experience in the field of vocational training, formed through a long tradition of agreements between the social partners. This tradition is reflected in the high percentage of SMEs involved in training activities. This is partly based on a well-developed system for adult education and considerable resources for labour market training for the unemployed. Another important factor is the right to study leave and the right of absence to pursue business activities.

3. DEMAND FOR SUPPORT SERVICES

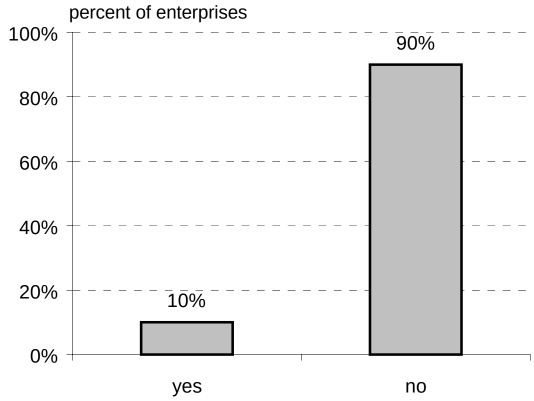
The purpose of this section of the report is to systematically analyse the demand side of the market for support services targeted at *micro, small and sole proprietor's businesses* in Sweden, by examining the participation of enterprises in support services, their awareness of the availability of support services, their needs with respect to the content, conditions and design of support services as well as on issues such as the general attitude of entrepreneurs toward support services.

The definition of the term support services applied to this part of the research study contains all types of services, such as the provision of information, advice, training, or other business services that are offered at non-market conditions and are of non-financial kind. The findings provided in the following, however, are not directly related to those services mentioned in section 2 of the report. Furthermore, results presented are based on 75 telephone interviews conducted in Sweden, but, due to respective data weighting, relate to the whole population of micro, small and sole proprietor's businesses in Sweden (see section 1). Nevertheless, because of a relatively low number of observations with regard to specific issues at country level, results might show high sample errors and thus have to be interpreted cautiously.

3.1 PARTICIPATION IN SUPPORT SERVICES

To improve the access of small enterprises to top-class business support is one of the major policy objectives of the European Commission expressed in various Commission documents, such as the *Action Plan to Promote Entrepreneurship and Competitiveness* (European Commission, 1999a) and the *Feira European Charter for Small Enterprises* (European Commission, 2000a), for example. In order to stay competitive and contribute to economic growth and employment in Europe, small enterprises need the best possible environment as well as information and business support systems that are easy to access and understand and relevant to the needs of small businesses. There is quite a number of support services available in Sweden as to this regard (see section 2). Especially the private supply has grown by more than 15 % during the last five years. However, micro, small and sole proprietor's businesses in Sweden still seem to make rather little use of the services available to them.

Graph 12: Participation rate of enterprises



Source: IfGH/ENSR Small Business Survey, 2001

As can be seen from Graph 12, the participation rate (i. e. the share of enterprises having used support services during the last five years) among Swedish micro, small and sole proprietor's businesses is fairly low. Only 10 % of the companies in question have utilised support services during the last five years.

This low participation rate made it impossible to draw statistically significant conclusions about its distribution with respect to company size.

On average 20 % of all micro, small and sole proprietor's businesses in the European Union Member States and Norway have participated in support services within the last five years. Variations from this value at country level have to be interpreted cautiously as sample errors may be up to +/- 10 %. However, it can be concluded from Table 1 that in Sweden the use of support services is clearly less common than in the other Member States of the European Union. A comparably meagre participation rate is also to be found in Norway and Greece, while in the Netherlands, Ireland and Denmark participation rates are above the EU average.

Table 1: Participation rate of enterprises, by country

country	participation rate*)	
Netherlands		34 %
Ireland	*significantly*	32 %
Denmark	*above average*	28 %
United Kingdom		27 %
Finland		25 %
France		22 %
EU (15) and Norway		***20 %***
Germany	*on average*	20 %
Portugal		20 %
Belgium		20 %
Spain		19 %
Austria		16 %
Italy		16 %
Sweden	*significantly*	**10 %**
Greece	*below average*	6 %
Norway		3 %
Luxembourg		**)

*) share of enterprises having made use of support services within the last five years, maximum sample error at country level: +/- 10 %
**) no reliable data available
Source: IfGH/ENSR Small Business Survey, 2001

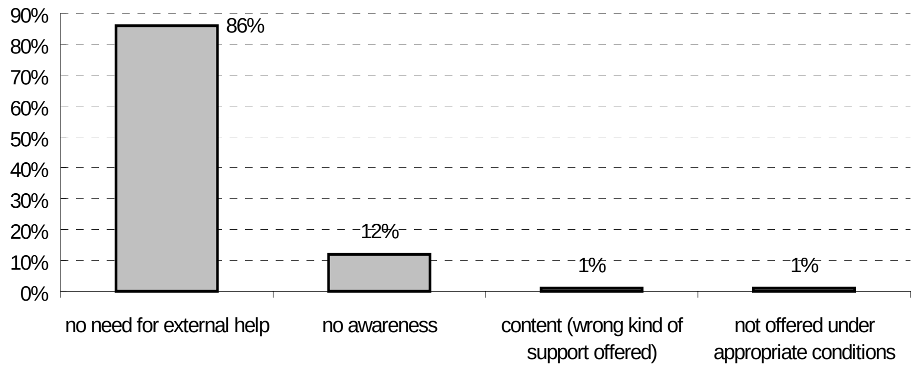
There may be various reasons why enterprises do not use support services offered in their respective country. Most of these reasons can be categorised into four groups: a) enterprises believe that they do not have any need for external help, b) enterprises are not aware of the existence and availability of support services, c) the content of support services offered does not match the needs of enterprises, and d) the respective support services are not offered under appropriate conditions. An illustration of the significance of these four categories for non-utilisation by Swedish micro, small and sole proprietor's businesses is shown in Graph 13.

The main reason why many Swedish enterprises do not use support services is that they do not see any need for external help. 86 % of the companies do not see any benefits from participation in a support service for their business. Second to this reason, 12 % of the entrepreneurs are not even aware of the existence of support services. Content-related issues and terms and conditions of services, by contrast, play a negligible role as barriers to seeking external support.

It may be concluded that the participation rate is not likely to be significantly raised by increasing the actual supply of support services or by focusing on the content of and/or the conditions under which the services are offered. The future challenge rather seems to lie in improving the promotion of support services and raising the awareness of the merits support services can provide (see also section 3.4).

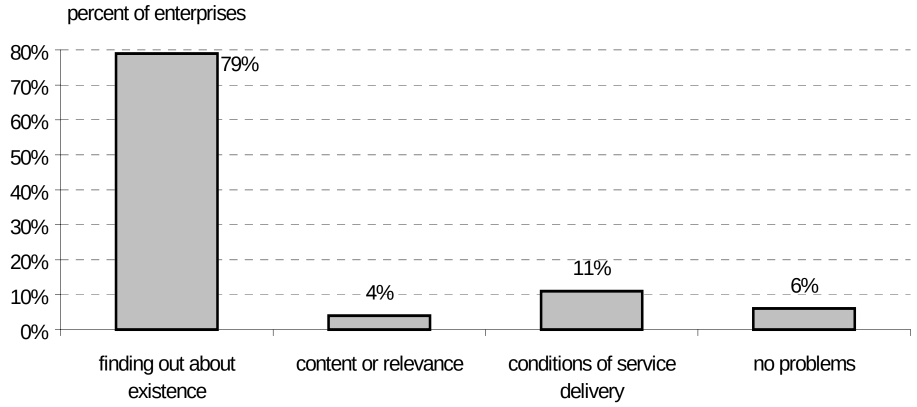
It has to be noted that the values presented in Graph 14 have to be interpreted with caution due to a relatively high sample error. However, it seems that the awareness problem in Sweden is also underlined by the fact that most of those (few) companies that utilised any support service within the last five years found it most difficult to find out about the existence and availability of this kind of external support.

Graph 13: Main reason for not using support services*)



*) only enterprises that have not made use of support services within the last five years
Source: IfGH/ENSR Small Business Survey, 2001

Graph 14: Main difficulty when using support services*)



*) only enterprises that have made use of support services within the last five years, due to small number of observations sample error amounts up to +/- 25 %
Source: IfGH/ENSR Small Business Survey, 2001

In the following sections, it is sought to deepen the investigation on the main reasons for not using support services by micro, small and sole proprietor's businesses in Sweden: Beginning with the problem related to a *lack of awareness*, an illustration of the rate of information on the existence and availability of support services in Sweden is provided followed by a cross-national comparison of *'information rates'* (i. e. the share of enterprises well informed on the existence and availability of support services). An attempt is made to detect mismatches between enterprises' needs with respect to how they want to be informed on support services and how providers actually promote the services they offer. This is done in *section 3.2*.

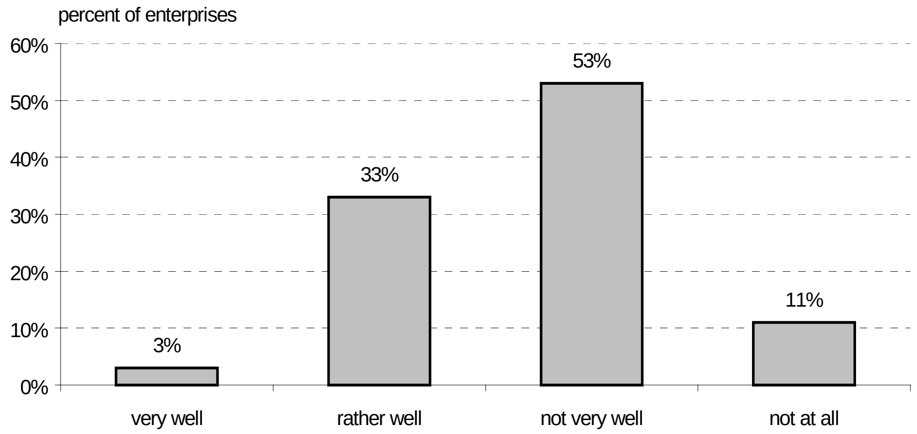
The problems related to the *content of support services* are analysed by comparing the supply side of the market for support services (see section 2) to the needs of micro, small and sole proprietor's businesses. Attempts are made to detect prevailing mismatches between enterprises' need for external help and what is actually available on the market for support services. This is presented in *section 3.3* of this report.

Finally, the *conditions of delivery* and the respective problems are investigated by considering on the issue of satisfaction with the use of support services. An illustration of how satisfied enterprises are with the utilisation of support services is followed by a cross-national comparison of *'satisfaction rates'* (i. e. the share of enterprises satisfied with the use of support services). This is presented in *section 3.4*.

3.2 AWARENESS OF SUPPORT SERVICES

The counterpart of a potential 'lack of awareness' on the demand side might be a 'lack of visibility' of support services on the supply side. Creating awareness of the existence and availability of support services among entrepreneurs is considered one of the major challenges in support policy for small and medium sized enterprises and in particular for micro, small and sole proprietor's businesses. Several previous empirical studies have identified this issue as being one of the major constraints for the utilisation of support services by small enterprises (see, for example, the *European Observatory for SMEs*, European Commission, 2000b). As can be seen from Graph 14, also most of those enterprises that have already used this kind of services found it most difficult to find out about the existence of support services. It is the aim of this section to further elaborate on the issue of awareness by providing data on the information rate of enterprises with respect to the availability of support services for their business and by identifying a potential mismatch between enterprises' needs with respect to how they want to be informed on services and how providers actually promote the services they offer.

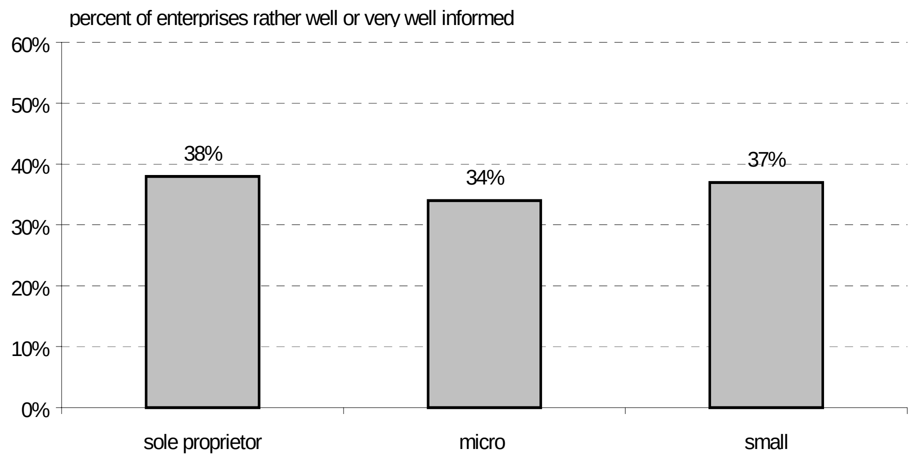
Graph 15: Information rate of enterprises with respect to support services



Source: IfGH/ENSR Small Business Survey, 2001

As can be seen from Graph 15, Swedish micro, small and sole proprietor's businesses are rather poorly informed on the existence and availability of support services offered for their respective enterprise: Only 3 % of the companies indicate to be 'very well' informed, another 33 % feel 'rather well' informed. Thus, 64 % of enterprises in Sweden lack information on the availability of support services for their business.

Graph 16: Information rate of enterprises with respect to support services, by size class



Source: IfGH/ENSR Small Business Survey, 2001

It cannot be concluded that the information rate of enterprises on the existence and availability of support services would strongly depend on company size in Sweden, as it is the case in most Member States of the European Union. As illustrated in Graph 16, micro enterprises (1 to 9 employees) show an information rate of 34 % (i. e. share of companies are "very well" or "rather well" informed), the respective values amount to 38 % among sole proprietors and to 37 % among small enterprises (10 to 49 employees).

The average information rate of micro, small and sole proprietor's businesses in the European Union Member States and Norway lies at 24 %. Again, variations from this value at country level have to be interpreted cautiously as sample errors may be up to +/- 10 %. However, it can be concluded from Table 2 that compared to other European countries the information rate of Swedish enterprises is clearly above average and only topped by Belgium and the Netherlands. In France, Portugal and Greece, on the other hand, the amount of micro, small and sole proprietor's businesses being informed on the existence and availability of support services offered for their respective enterprise is far below the EU average.

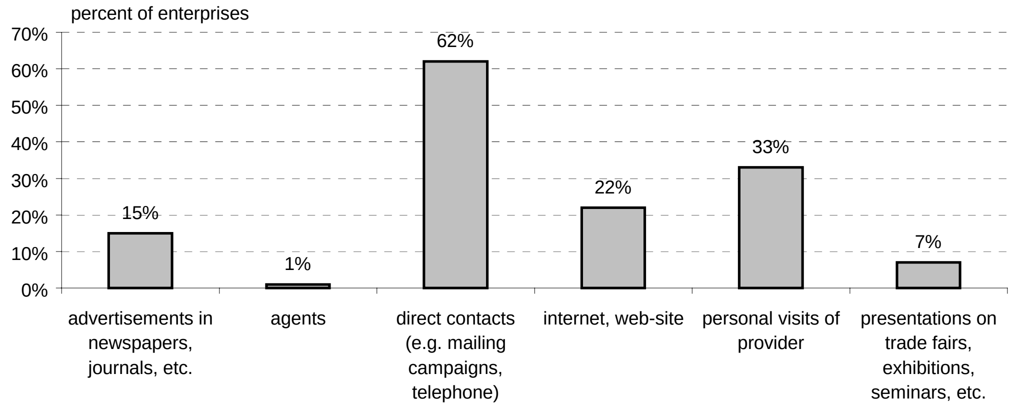
Table 2: Information rate of enterprises with respect to support services, by country

country		information rate*)
Belgium		45 %
Netherlands		43 %
Austria	*significantly*	36 %
Sweden	*above average*	**36 %**
Finland		34 %
Italy		31 %
Denmark		30 %
Spain		29 %
Norway	*on average*	27 %
Ireland		25 %
EU (15) and Norway		***24 %***
Germany		22 %
United Kingdom		18 %
France	*significantly*	15 %
Portugal	*below average*	11 %
Greece		6 %
Luxembourg		**)

*) enterprises rather well or very well informed on support services, maximum sample error at country level: +/- 10 %
**) no reliable data available
Source: IfGH/ENSR Small Business Survey, 2001

Problems related to lack of information respectively awareness on the side of enterprises in the European Union Member States and Norway may be related to the effectiveness of promotional activities applied by support service providers. As shown in section 2.4, in Sweden providers use a variety of different instruments to promote their services, with a particular focus on the Internet. However, an analysis of the preferences of micro, small and sole proprietor's businesses for the information channels used shows that additional measures might need to be taken in order to increase awareness.

Graph 17: Type of promotion activities preferred by enterprises*)



*) more than one answer allowed
Source: IfGH/ENSR Small Business Survey, 2001

With respect to how enterprises want to be informed on support services, it can be concluded from Graph 17 that in Sweden micro, small and sole proprietor's businesses have a preference for direct contacts (62 %) and personal visits by the provider (33 %), followed by Internet-based promotion activities (22 %) and advertisements in newspapers (15 %). Presentations at trade fairs (7 %) and the usage of agents (1 %) seem to be rather unpopular among Swedish entrepreneurs for the purpose of getting information on support services.

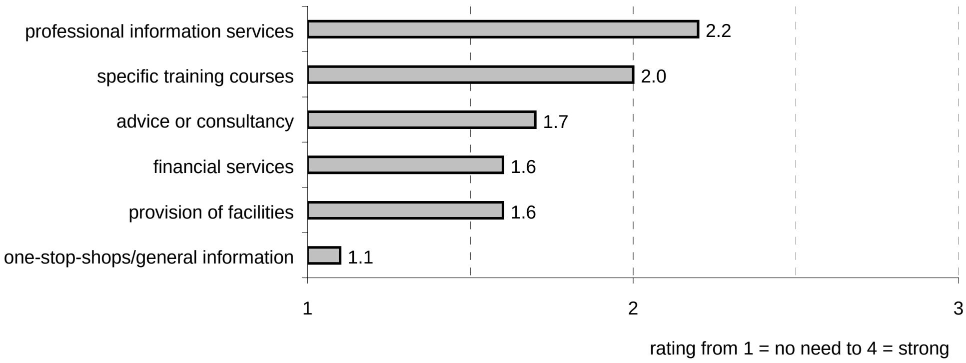
When compared to how support services are actually promoted in Sweden (see section 2.4), it is found that support service providers rely to a great part on the Internet as a communication channel to the companies. In addition, a lot of promotional activities take place on exhibitions and trade fairs, while comparatively little importance is given to direct contacts – which of course is amongst the most costly promotional means. Thus, there seems to be a certain mismatch present between promotion activities preferred by the enterprises and those that are actually in use.

Generally, businesses seem to prefer looking for support services at local level: 40 % of the enterprises would in the first place look for support services at local level. Gathering information from regional contact points in this respect would be the choice of 16 % of the businesses while 18 % would appreciate getting information on support services at national level. Only 5 % would opt for information provision at European level. When compared to the actual organisation of support services in Sweden (mainly decentralised at regional level as can be seen from Graph 2), it might seem reasonable to further increase decentralisation and organise services more locally in Sweden, which, however, is a matter of feasibility and a question of efficiency in some of the sparsely populated regions in Sweden, where it would of course not be advisable to install local contact points.

3.3 CONTENT OF SUPPORT SERVICES

Once the problem of lacking awareness has been overcome by enterprises, it still remains difficult to identify the type of support that is considered relevant for the development of one's enterprise. As outlined in section 3.1, the content of available support (i. e. the types of support offered, the targeting of support services, etc.) seems to be no major reason for Swedish micro, small and sole proprietor's businesses not to make use of support services. Furthermore, virtually no enterprise claims this aspect of support services to be a major difficulty when participating in or using support services. However, although the need for support services generally seems to be comparatively low in Sweden, which might be due to the fact that particularly smaller enterprises often have problems in identifying or expressing their actual need for external support, there are some types of services that seem to be more important to enterprises than others. Thus, it is the aim of this section to detect prevailing mismatches between enterprises' need for external help and what is actually available on the market for support services.

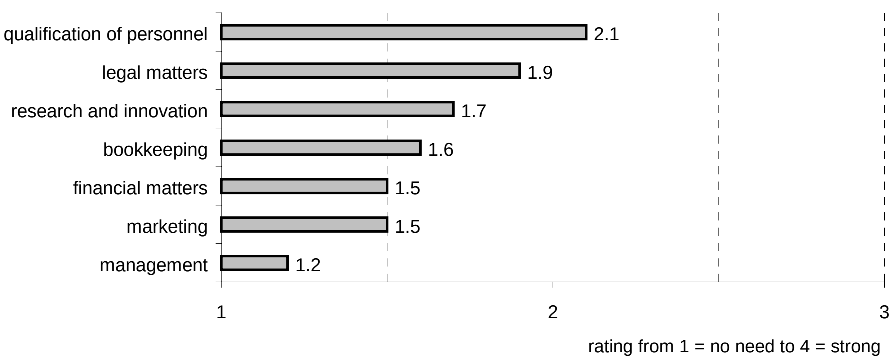
Graph 18: Need for different types of support services



Source: IfGH/ENSR Small Business Survey, 2001

Swedish micro, small and sole proprietor's businesses generally express only little need for support services: On a scale from 1 – no need to 4 – strong need on average 1.7. Demand is, by comparison, highest for professional information services with an average rating of 2.2, followed by specific training courses with an average rating of 2.0 (see Graph 18). Demand for advice/consulting as well as for financial services and for the provision of facilities is below average. Enterprises' need for one-stop shops and general information services comparatively lowest. Cross-checking with the support services available to Swedish micro, small and sole proprietor's businesses (see Graph 6) it can be concluded that the focal points of services are basically in line with the specified needs of the entrepreneurs. It seems, however, advisable to increase the efforts in the area of professional information services.

Graph 19: Need for external support, by business areas



Source: IfGH/ENSR Small Business Survey, 2001

With respect to the need for external support in specific business areas, Swedish entrepreneurs seem mostly concerned about the qualification of their personnel, about legal matters, and about issues relating to R&D (see Graph 19). Surprisingly, there does not seem to be much demand for help with issues related to management – a business area that is, however, considered to be a core area with regard to the development and competitiveness of an enterprise.

One reason for the relatively low take-up for support services expressed by enterprises of all size classes - as in most other European countries - might be a lack of target group orientation of the majority of support services offered as far as size class, sector, or the phase of development of an enterprise are concerned. The majority of Swedish micro, small and sole proprietor's businesses (76 %) find it 'rather' or 'very' important to use support services that are specifically tailored to enterprises of their respective *size class*. 26 % consider this aspect to be even 'very' important. However, none of the services analysed is specifically targeted at the size classes in question (see Graph 3).

Also, the majority of Swedish micro, small and sole proprietor's businesses (69 %) consider it important that support services are specifically targeted at enterprises of their respective *sector*. When compared to the supply side of support services (see Graph 4), however, it can be assumed that the demand for sector-specific support services is significantly higher than their actual supply: Almost all support services offered in Sweden address all sectors alike, rather than focussing on specific ones.

Similar considerations hold true with regard to the target orientation of support services towards specific phases of development of an enterprise. The majority of micro, small and sole proprietor's businesses (76 %) in Sweden would prefer to use support services that are specifically targeted at their current *phase of development*. Particularly, entrepreneurs believe that external support is especially needed during start-up, the early phases of development and the phases of crisis. While there are a number of services available for the start-up and the early development phases, not one service analysed addresses businesses in the phase of crises (see Graph 5) specifically - despite the fact that more than one third of all entrepreneurs state that support during difficult times would be vital.

3.4 CONDITIONS AND DELIVERY OF SUPPORT SERVICES

In order to increase the take-up of support services by micro, small and sole proprietor's businesses, creating awareness of the availability of support and offering suitable or relevant types of services might not be sufficient if enterprises are not convinced of their real value and quality. It is often the conditions of service delivery that poses the main difficulty when using support services. This credibility gap needs to be overcome in order not to lose potential participants who are generally convinced of the usefulness of external help and are likely to use support services regularly if these are offered under appropriate conditions. In contrast to most other European countries, this does not seem to represent a major issue for Swedish enterprises. Still, it is the aim of this section to further elaborate on the issue of delivery of support services by providing data on the satisfaction rates of enterprises with support services offered and by identifying a potential mismatch between enterprises' preferences for specific forms of communication, payment, etc. and the way, support services are actually delivered.

The average satisfaction rate with respect to support services used by micro, small and sole proprietor's businesses in the European Union Member States and Norway during the last five years lies at 80 %. It is hardly possible to interpret variations from this value at country level due to comparatively high sample errors amounting up to +/- 15 %. Still, it might be assumed that Ireland and Portugal are at the upper end while Luxembourg and Denmark are at the lower end of satisfaction with respect to support services used. Due to the high variation of the corresponding values for Sweden and some other countries these are not included in the country ranking presented.

Table 3: Satisfaction rate of enterprises, by country

country		**satisfaction rate*)**
Ireland		90 %
Portugal		90 %
Spain		85 %
Belgium		82 %
United Kingdom		81 %
EU (15) and Norway	*on average*	***80 %***
Finland		80 %
France		79 %
Netherlands		76 %
Germany		76 %
Luxembourg		69 %
Denmark		67 %
Austria		51 %**)
Greece		68 %**)
Italy		82 %**)
Norway		64 %**)
Sweden		**22 %**)**

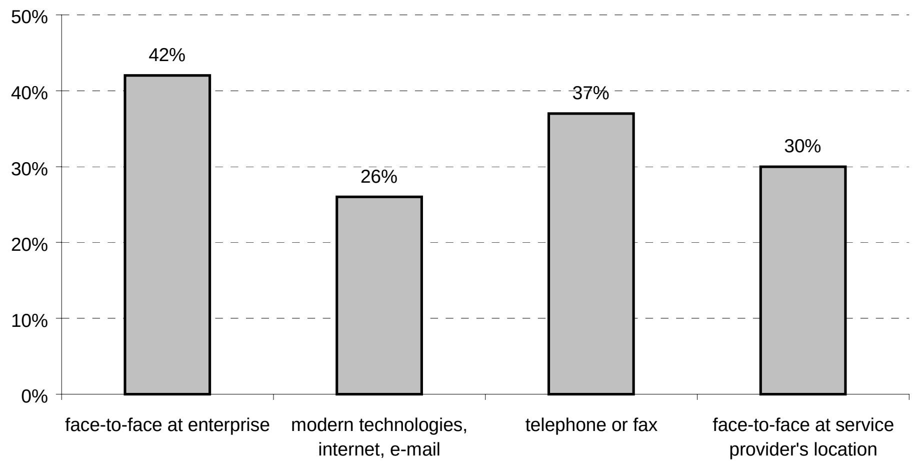
*) enterprises very or rather satisfied with the latest use of support services, maximum sample error at country level: +/- 15 %

**) due to small number of observations sample error may amount up to +/- 25 %

Source: IfGH/ENSR Small Business Survey, 2001

In the following, it is intended to investigate three different facets of service delivery: the form of communication with the provider, the form of payment, and quality assurance mechanisms. The attempt is to analyse the preferences of Swedish micro, small and sole proprietor's businesses regarding these aspects and furthermore to compare the findings with the supply side of the Swedish support services market.

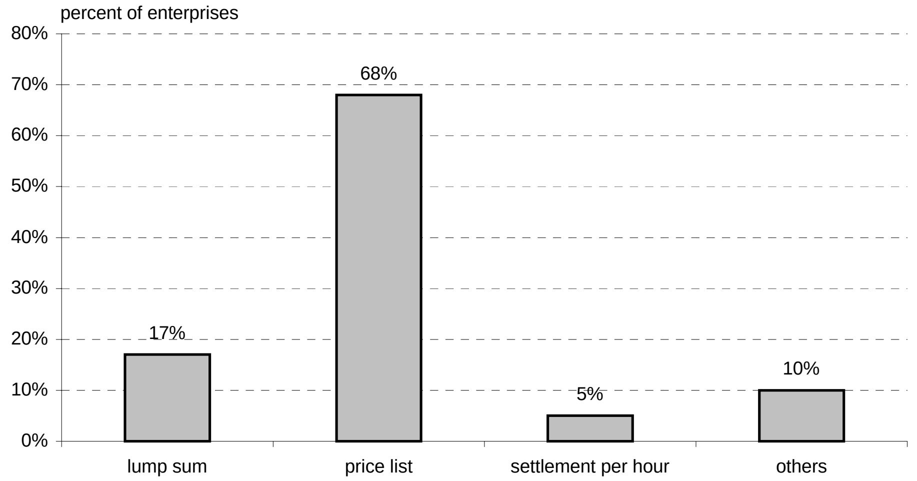
Graph 22: Form of communication with the service provider preferred by enterprises*)



*) more than one answer allowed
Source: IfGH/ENSR Small Business Survey, 2001

Micro, small and sole proprietor's businesses in Sweden clearly prefer communicating face-to-face with the support service provider at their enterprise's location (42 %) when using support services. 37 % of the enterprises would choose 'traditional' electronic communication (i. e. telephone or fax), whereas modern technologies, i. e. the Internet, are the preferred means of communication for just 26 %. A surprisingly high share of companies (30 %) would also like to visit the providers' premises (see Graph 22).

Graph 23: Form of payment preferred by enterprises



Source: IfGH/ENSR Small Business Survey, 2001

As far as the pricing policy of service providers is concerned, Swedish micro, small and sole proprietors clearly prefer prices according to given price lists to any other form of payment (see Graph 23): The share of entrepreneurs who would like to see price lists used by the providers amounts to 68 %. 17 % of the companies opt for lump sums, 5 % for hourly payments and 10 % for other forms of payment. If compared to the supply side it can be concluded that the enterprises' preferences are mostly met by the services available on the market, as the majority of the services are either offered for free or charged price according to predefined price lists.

The quality of services is usually difficult for enterprises to asses before actually utilising them. However, in order to increase enterprises' trust in the reliability of the respective providers it is advisable to apply quality assurance measures, that are, besides being indispensable in order to guarantee high quality service provision, also highly visible and recognised by the enterprises. Applying quality standards or offering regular follow-ups with the customer, for instance, is vital for a successful promotion of support services. Choosing the right quality measures - the ones enterprises trust most - and making them visible to the enterprises might be crucial for strengthening the enterprises' belief in the usefulness of support services. A rating of a number of quality criteria important to Swedish companies is given in Graph 24.

Graph 24: Criteria that indicate high quality to enterprises

Source: IfGH/ENSR Small Business Survey, 2001

When micro, small or sole proprietor's businesses in Sweden try to assess the quality of a service provider, the criteria they trust most include regular follow-ups with the customer and regular evaluations. It seems to be comparatively less important to enterprises in Sweden whether support service providers use registered trademarks or apply quality standards, as can be seen from Graph 24. The low figures for the demand for EU-quality standards is in line with previous findings (NUTEK 2000, p. 39). When compared to the mechanisms actually applied by Swedish service providers it can be seen that, while evaluations are rather commonly performed, regular follow-ups play less of a role as quality assurance tools (see Graph 9) for service providers.

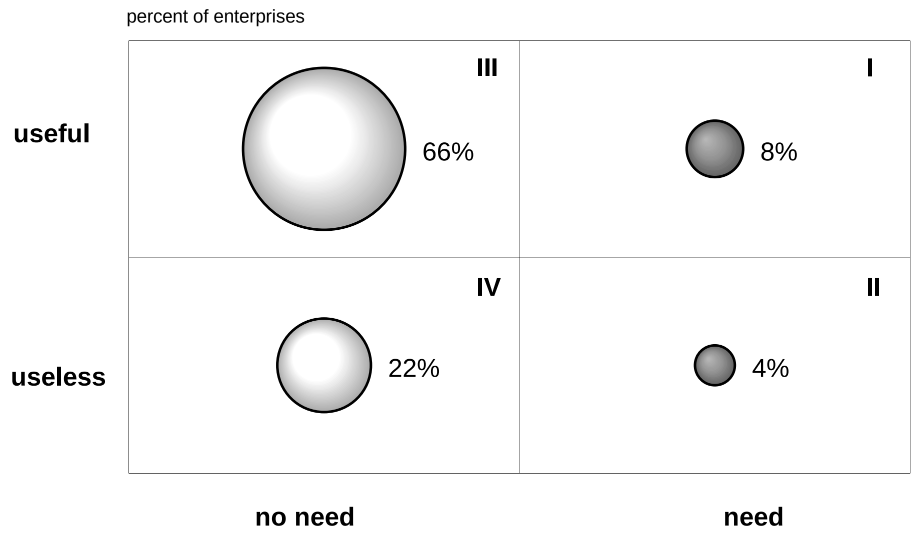
3.5 FUTURE POTENTIAL OF THE MARKET FOR SUPPORT SERVICES

The following matrix gives an overview on the future potential of the market for support services in Sweden by different types of enterprises, together with the respective strategy to be applied in order to increase the take-up and utilisation of support services. For this purpose, the attitude of enterprises towards support services has been segmented according to two characteristics:

a) enterprises' subjective rating of the general *usefulness* of support services and
b) enterprises' indication of the *need for support services* with respect to the own enterprise.

These characteristics are assumed to significantly influence the readiness of enterprises to participate in support services in the future. The combination of these two characteristics in a matrix results in four different types of enterprises and allows one to judge the potential of the market for support services as well as to derive specific strategies for mobilising this potential. The matrix shown in Graph 25 distributes those micro, small and sole proprietor's businesses in Sweden that have not participated in any type of support service during the last five years, according to their attitude towards support services.

Graph 25: Strategic matrix on the potential of the market for support services in Sweden



Source: IfGH/ENSR Small Businesses Survey, 2001

I. Quadrant: The first quadrant describes the share of enterprises that have indicated a need for external support and that are convinced of the usefulness of support services. These enterprises are basically willing to participate in support services, but seem to lack information on their availability and on how to access them. This group of enterprises is probably very sensitive to any type of *awareness-raising measures and promotional activities* applied by support service providers. Enterprises located in this quadrant are the ones that are most likely to use support services in the future. Their share in all enterprises not having used support services in the last five years in Sweden amounts to 8 %. They might best be mobilised by improving and reinforcing marketing and promotional activities of existing support services, by focussing on mailing campaigns or by improving the content of the providers' web-sites, for example.

II. Quadrant: Enterprises in this quadrant have indicated a general need for support services, but doubt their usefulness. This might be due to a certain discontentment with the existing offer of support services. These enterprises might be most sensitive to strategies aiming at the improvement of the *content and conditions of delivery* of services, such as a better target group orientation of services offered or an improvement of communication strategies and the understanding of the businesses' needs, for example. The enterprises in this quadrant (only 4 % in Sweden) are rather critical towards support services but may well be mobilised by improving the content and delivery mechanisms of support services.

III. Quadrant: This quadrant contains the share of enterprises that generally consider support services to be useful, but do not see any need for their own enterprise as to this regard. It is usually more difficult to mobilise enterprises that indicate no need for external support than enterprises not utilising support services for other reasons, such as a lack of information or dissatisfaction with the offer, for example. However, as these enterprises believe in the general usefulness of support services they might be sensitive to strategies aiming at the *proliferation of information on the merits of support services* by the dissemination of 'good practices' or the demonstration of success rates of enterprises using support services, for example. In Sweden 66 % of micro, small and sole proprietor's businesses seem to be sensitive to this kind of strategies. However, the attitude of this comparatively large group of enterprises is also often related to a general difficulty in identifying needs or facing economic or operational problems of their daily business, which needs to be overcome. Still, the majority of enterprises in Sweden seem to be at least convinced of the usefulness of support services, which is a good starting point for further activities as to this regard.

IV. Quadrant: Finally, quadrant IV describes the share of enterprises that neither indicate any need for support services nor believe in their usefulness. This attitude, particularly of smaller enterprises, is in line with results from a previous research study on SMEs in the European Union (Alten and Weiß, 2000), where it has been found that many small enterprises do not have the competency to judge their own needs correctly and to derive a specific demand from these needs. The lack of knowledge of their own needs in consequence may lead to a low acceptance of support services offered to the market, which is often associated with a general suspiciousness against 'externals' and a lacking readiness to give external support service providers insight into the economic and operational matters of one's enterprise. This group of enterprises will most probably stay insensitive to any traditional promotional or awareness creation measures and is thus not very likely to use support services in the future; their share amounts to 22 % in Sweden, which is more or less around the EU average.

4. SUMMARY AND CONCLUSIONS

The market for support services has been expanding in Sweden for the last five years. Particularly, the private sector has increased by 15 % to 20 %. Nonetheless, public and semi-public providers still dominate the market which is more and more regionally organised. Most of the services address SMEs in general and are not specifically targeted at micro, small and sole proprietor's businesses. Similarly, most services are neither sector-specific nor do they address a specific phase in the development of an enterprise: It is only a small number of services that aim at companies in the start-up phase or at companies run by a specific group of people, such as women, young people, etc. Some services are IT or technology/innovation oriented.

Support services for small enterprises in Sweden mainly offer external advice and consultancy, followed by professional information services and SME-specific training. The Internet is the communication channel that is used most often for disseminating information on the services available. Providers consider a strong presence on fairs and exhibitions to be important, too. Direct contacts play less of a role in public relations. Most of the support services targeted at small businesses have established mechanisms to assure the quality of the support provided, whereby regular evaluations and self-developed quality standards are among the most commonly used instruments for quality management. Also, the pricing policy of service providers in Sweden seems to be rather transparent. Most of the services offered are either free of charge or are charged according to given price lists. Generally, a large part of the support services for micro, small and sole proprietor's businesses in Sweden aims at improving the access to finance for SMEs and for enterprises at an earlier stage.

As far as the demand side is concerned, micro, small and sole proprietor's businesses in Sweden make little use of the support services offered. Compared to other European countries the Swedish participation rate (10 %) is one of the lowest. The main reason for many Swedish enterprises not to use support services is that they do not see any need for external help. However, the information rate of micro, small and sole proprietor's businesses in Sweden is above average, with 36 % of smaller businesses considering themselves 'very well' or 'rather well' informed on the existence and availability of support services. The awareness of support available to smaller enterprises in Sweden might be increased by directly contacting (for example by using mailing campaigns, telephone contacts, etc.) or by personally visiting the companies. Both types of promotion activities are, however, due to their cost-intensive nature, hardly applied by service providers.

Swedish micro, small and sole proprietor's businesses generally express little need for support services. Broken down by different types of support services, demand is comparatively highest for professional information services and specific training courses. There seems to be almost no demand, however, for one-stop shops/general information services. Regarding specific business areas it is mainly the qualification of their personnel, legal matters and issues relating to R&D the smallest enterprises seem to need help with. One reason for the comparatively low demand for support services might be a weak target group orientation of the majority of support services offered as far as size class, sector and phase of development of an enterprise are concerned. As to this regard, utilisation of support services might be increased by, on the one hand, better tailoring the services to the size and sector-specific needs of the smallest businesses and, on the other hand, better promoting the support service already available.

As far as the preferred form of communication with the service providers is concerned, Swedish businesses would opt for face-to-face communication at the their own premises first, followed by the usage of telephone or fax as communication channels. Internet and e-mail are the least preferred forms of communication by the companies, yet they are the most commonly used means for disseminating information by the service providers. With regard to the terms of payment, there is a clear preference for prices according to given price lists.

APPENDIX

List of support services/organisations* considered.

original name/English name	organisation	contact person and address	telephone/fax	e-mail/web-page
Almi Företagspartner/ Almi Business Partner	Almi Företagspartner AB headoffice owned by the Department of Industry	Director Markets & Services Maria Spetz Liljeholmsvägen 32 11786 Stockholm	Tel.: 46/8/7098900 Fax: 46/8/4060300	info@almi.se, maria.spetz@almi.se http://www.almi.se
Business Angels		Monica Reino Avenue des Arts 12, Bte 7 1210 Bruxelles	Tel.: 32/2/2184313 Fax: 32/2/2184583	Info@eban.org www.eban.org
Business Innovation Centres (BIC)		Ben Butters Avenue de Tervuren 168, Bte 25 1150 Bruxelles	Tel.: 32/2/7611085 Fax: 32/2/7729574	Bbu@ebn.be www.ebn.be
Euro Info Centres	Euro Info Centres Network		Info-eic@fcis.cec.eu.int	http://europa.eu.int/comm/enterprise/networks/eic/eic.html
Innovation Relay Centre (IRC)		George Barton 2, Rue Pletzer 8080 Helfent-Bertrange	Tel.: 35/2/4410122200 Fax: 35/2/4410122055	Info@ircnet.lu www.cordis.lu/irc
Jobs and Society NyföretagarCentrum/ Jobs and Society NyföretagarCentrum (Enterprise Agency)	Stiftelsen Svenska Jobs and Society	Executive member of the board Harry Goldman Skeppsbron 22 SE 111 82 Stockholm	Tel.: 46/8/144400 Fax: 46/8/211454	harry.goldman@jobs-society.se http://www.jobs-society.se/
Linking Innovation, Finance and Technology (LIFT)	European Commission	Steve Glange 11, Rue de Bitbourg 1273 Luxembourg	Tel.: 352/428001 Fax: 352/428003	Info@lift.lu www.lift.lu
Verket för näringslivsutveckling/ NUTEK, Swedish Business Development Agency		Deputy Director General Sune Halvarsson Liljeholmsvägen 32 117 86 Stockholm	Tel.: 46/8/6819400 Fax: 46/8/6819115	sune.halvarsson@nutek.se www.nutek.se

original name/English name	organisation	contact person and address	telephone/fax	e-mail/web-page
Stiftelsen Innovationscentrum/ SIC, Sweden Innovaton Centre	The Swedish government	Project manager Hanna Sundberg Liljeholmsvägen 32 100 74 Stockholm	Tel.: 46/86/819300 Fax: 46/86/819310	info@innovationscentrum.se www.innovationscentrum.se
Exportrådet/ Swedish Trade Council	Ministry of Foreign Affairs, 'Sveriges Allmänna Exportförening'.	Head of Export Development Programme SME Tomas Carlson Storgatan 19 SE 114 85 Stockholm	Tel.: 46/8/7838500 Fax: 46/8/6629093	tomas.carlson@swedishtrade.se http://www.swedishtrade.se/omexportradet/index.asp
Young Enterprise		Gretl Hallwood 58 Ballard Chase Abingdon OX14 1XQ	Tel.: 44/1235/555156 Fax: 44/1235/555156	Yeeops@btinternet.com www.young-enterprise-europe.com

* Almi, NUTEK and the Swedish Trade Council are organisations, that provide a wide range of support services often not specified in detail.