



DISCLAIMER: Please note that SME Fact Sheets are not standalone instruments, do not constitute a comprehensive assessment of Member States' policies and should be regarded as a supplement to, and not a substitute for, available national publications. **Please refer to the methodological note before reading this SME Fact Sheet.**

1. SMEs in Denmark – a brief fact check:

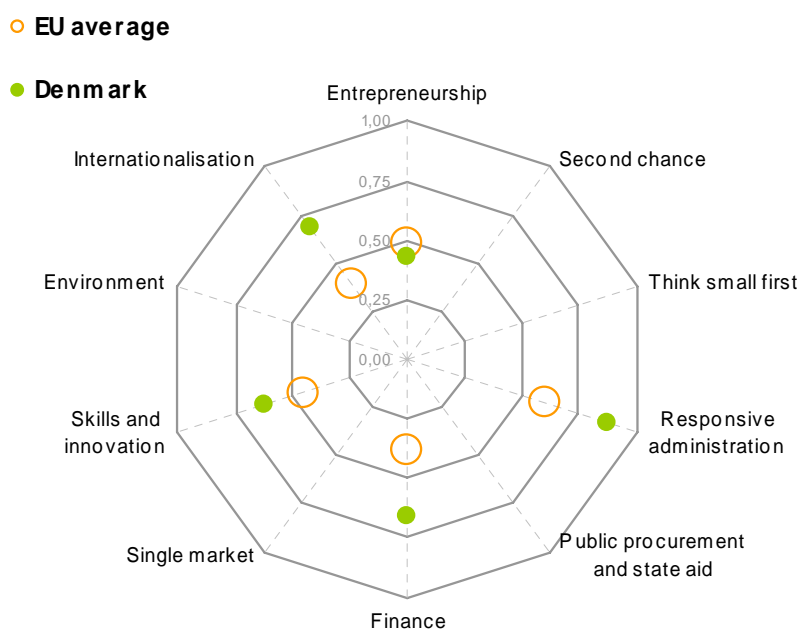
In Denmark there are approximately 37 SMEs per 1000 inhabitants, which is almost in line with the EU average of ca 40. The proportion of SMEs as compared to all enterprises is also at par, however displaying a comparatively more important small and medium-sized enterprises sector than the respective EU average shares. On the other hand, the Danish share of micro enterprises is lower than that of the EU average. In terms of SME employment, Danish SMEs account for a somewhat smaller share of total employment than the EU average. Nevertheless, the value added of the Danish SMEs is substantially higher than the EU average. However, given that the figures are based on nominal values, inflationary effects cannot be ruled out to bias those results.

	Number of enterprises			Number of persons employed			Value added (MEUR)		
	Value	%	EU-26 average	Value	%	EU-24 average	Value	%	EU-26 average
Micro	176.043	87,0%	91,8%	344.972	20,2%	29,6%	29.246	26,9%	21,1%
Small	21.881	10,8%	6,9%	433.006	25,4%	20,6%	22.939	21,1%	19,0%
Medium	3.654	1,8%	1,1%	351.671	20,6%	16,8%	20.835	19,2%	17,8%
SMEs	201.578	99,7%	99,8%	1.129.649	66,3%	67,1%	73.020	67,2%	57,9%
Large	668	0,3%	0,2%	574.507	33,7%	32,9%	35.656	32,8%	42,1%

Source: Eurostat SBS data base, 2004 and 2005 data.

2. Denmark's SBA profile¹

The SBA policy radar for Denmark yields a positive picture: Denmark is markedly above par in four of the five SBA sections with sufficient data for averages to be calculated ("Responsive administration", "Finance", "Skills and innovation" and "Internationalisation"). Being a small, open economy, Denmark has been particularly successful in internationalising its companies' activities. In only one area ("Entrepreneurship") Denmark falls somewhat behind its EU peers, however only marginally. In the four sections where no category-average could be calculated the existing indicators show mixed results.



Source: European Commission, DG Enterprise

¹ It should be noted that the different dimensions of the radar correspond to the set of 10 principles foreseen in the European Commission's Small Business Act.



I. Entrepreneurship: Denmark's performance in this category is, overall, lagging slightly behind the EU average. However, among the indicators there are some considerable differences. The overall result is primarily due to one indicator: the desire to become self-employed, which amounts to only 20% in Denmark as compared to 30% on average. Apart from that, the picture is much more nuanced with Denmark actually being in the EU top in terms of the share of entrepreneurs seeing entrepreneurship as an opportunity (83% as compared to 58%). 75% of all Danes also find that persons growing a successful new business receive high status, as compared to 69% of their EU peers.

II. Second chance: For the single available indicator for this section – degree of support for allowing a second chance, the Danes seem to be as supportive as the average EU citizen, with 80% expressing such support at both the Danish and the European level.

III. Think small first: The two available indicators for this section – the degree of support among SMEs for current regulations and the time it takes to comply with administrative obligations – suggest a Danish performance above the EU average, with the first being above the EU average of 29% (38% in Denmark) and the second posing somewhat less of a problem in Denmark than elsewhere (6% as opposed to 8% of total working time).

IV. Responsive administration: For this category Denmark performs significantly better than the EU average. In terms of the specific indicators, data suggest very easy and cheap start up procedures. In Denmark it only takes 6 days to start a business, compared to 20 days on average. It should be noted that these findings, based on World Bank data, differ from corresponding figures obtained directly from the Member States (through the Lisbon process) according to which it only takes 3 days (corresponding EU average is 9 days). The fact that setting up a business is also cost-free makes Denmark a top performer in this domain. Additionally, Denmark ranks first in the EU as regards ease of concluding and cancelling employment contracts. The cost of closing a business in Denmark (4% of the estate as compared to almost 11% as the EU average) is also among the very lowest of all EU Member States, as is the cost of registering property (0,6% vs 4,4 EU average).

V. Public procurement and State aid: The two available indicators for this section suggest a

somewhat unfavourable situation for Danish SMEs. The share of SMEs in public procurement contracts is slightly below the EU average of 42%

and the proportion of state aid devoted to SMEs is very much below the EU average (0% as compared with 11%).²

VI. Finance: For this category Denmark's results are above the EU average. Denmark has devoted a substantial share of its Structural Funds allocations for the period 2007-2013 towards stimulating entrepreneurship and SMEs (23,6% as compared to 7,8% on average). Businesses are also supported by comparatively large venture capital investments at the early stage. Denmark also seems to have a favourable business climate in terms of payment conditions: the average payment delay is ca 32% of the average number of contract days compared to 50% on the EU level and the share of lost payments is also lower than the EU average (1,81% compared to 2,41%).

VII. Single market: The three available indicators for this section (all three are related to the implementation and transposition of EU directives linked to the Single Market) suggest Danish performance on a par with or slightly above the EU average. Denmark has met the objective of having transposed or notified more than 99% of all single market directives.

VIII: Skills and innovation: In this section, Denmark performs significantly above the EU-level. 36% of all Danish SMEs with 10-250 employees reported having purchased on-line over the last year, whereas the EU average is 28%. Danish companies also receive orders via the Internet more frequently than their European peers. 57% of all Danish SMEs also claim that they have introduced organisational innovation, against an EU average of 34% and the Danish share of innovative SMEs that cooperate with other firms is also far above average (21% compared to 9%). The positive result also seems to hold true for the first policy area covered in this segment. 89,5% of all SMEs with 10-250 employees provide some kind of training for their staff, compared to an EU average of 66,5%, and even in micro enterprises the participation rate in learning activities is very high (79% in Denmark compared to ca 47% on average).

² It should be noted that data from other Commission sources (State Aid Scoreboard) hint at more elevated levels of state aid in Denmark as compared to the sources used for this exercise.



IX: Environment: Two indicators are available for Denmark for this section. The share of SMEs having comprehensive systems for energy savings, and the share of SMEs applying simple measures to save energy hint at a performance more or less at par with the average (5% and 23% respectively, as compared to the EU average of 4% and 29% respectively).

X: Internationalisation: Denmark performs well above the EU average in this section and seems

to have comparatively very efficient procedures for exporting and importing. The number of days required to import and export is substantially below the average (5 days as compared to ca 13 days). Denmark is also performing well in terms of the share of SMEs turnover resulting from exports (8,4% as compared to 4,6%) and the share of SMEs gaining any income from subsidiaries and/or joint ventures abroad (7% as compared to 4,8%).

Example for a practice in SME policy

To illustrate the efforts of the Government to promote SMEs, the statistical information of the fact sheet is enriched by an example of a SME policy from which other countries could learn - as singled out in the European Commission's Communication on "Think small first – A Small Business Act for Europe":

Title of the Project: Faster start-up after bankruptcy

A faster processing in bankruptcy cases and consequently the possibility of a faster start-up for entrepreneurs. One of the subjects of the large government initiative "Progress, Innovation and Cohesion – Strategy for Denmark in the Global Economy" was that Denmark should be a leading country with regards to entrepreneurship. Denmark should in 2015 be among the countries with the highest number of gazelles. One of the initiatives, which have been implemented in order to achieve this, is a set of rules concerning debt restructuring for bankrupt entrepreneurs, which entered into force in October 2005. The purpose of these rules is, to make it possible for a bankrupt entrepreneur to have his debt erased fast, and in this way have an easier and faster restart. Before October 2005 Danish law held a rule, which stated that a debtor should have clarified his economic situation before debt restructuring could be started, this could often take several years after the closing of his bankruptcy proceedings. The rule was removed as regards commercial enterprises, result being, that debt restructuring can be started faster than before, generally in connection with the closing of the bankruptcy proceedings. Furthermore the period in which the debtor is supposed to pay the amount outstanding, has been shortened from 5 to 3 years. Finally, it should be noted that the government is keen on keeping the legislation in this area up to date and is, in fact - currently in the process of revising the law so as to further speeding up restructuring processes.

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