

European Startup Monitor 2015 – Main findings for Sweden

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The procedure to select firms included in this survey could not meet necessary statistical requirements to ensure that the final complete group of firms were representing the population of Swedish start-up firms. Only 43 start-up firms answered the questionnaire which by far are too few observations to be able to draw conclusions that are valid for the entire population. Limited access to a complete sampling frames inhibited the opportunity to apply stratified random sampling with industries as a base, which additionally severely limited the ability to draw general conclusions. The reader is asked to keep these limitations in mind when results from the study are presented below.

According to Growth Analysis, a governmental authority in Sweden, nearly 70.000 new firms were started during 2013, which represents 12 new enterprises per 1.000 inhabitants (Growth Analysis, Established firms in Sweden, 2013). Approximately 1/3 of the new firms in 2013 were start-ups by women, and in sectors such as service, health and social care, more than 50% of the start-ups were initiated by women. The results from the present study, for the European Startup Monitor, have very similar results in this regard and exhibit that 2/3 of the founders for Swedish start-ups are male and consequently 1/3 are female. In the global GEM study for 2014 the early-stage entrepreneurial activity among women in Sweden is 4% of the population (individuals between 16-64 years) compared with 10% for men. The GEM data for Germany the same year indicates 4% for women and 7% for men (GEM, Special report, Women's entrepreneurship, 2014).

According to the EU regional classification system NUTS Sweden is divided into three regions, the east part (NUTS1) including the Stockholm area, the south part (NUTS2) with the two big cities of Gothenburg and Malmö, and the north part of the country (NUTS3) also the largest but also most sparsely populated geographical region in the country. 30% of the firms participating in this study are located in the NUTS1, 27% in NUTS2, and 43% in NUTS3 region. The data material, with a limited number of study objects, does not allow further in-depth analysis of regional variations.

The founders in this Swedish study are on average 25 years old. 82% of the founders have a domestic citizenship, 6% from another EU country, and 12% descend from outside the EU region. The citizenship for women and men have a rather similar distribution between the three categories, but male founders from outside the EU are more common than the equivalent for female founders.

About one third of the firms were established by one single individual and start-ups completed by two persons together is more common (38%). Only one firm was established by six persons or more. Male founders are much more often involved in startup processes in the format of team entrepreneurship. Only about 14% of the male founders are conducting such start-up processes alone, whereas over 60% of the category “female founders” are sole entrepreneurs.

The majority of the start-up firms (42%) in this study generate most of their revenues on worldwide international markets, 39% have their sales only within their home country, and less than one out of five firms (19%) have their most important customers outside the domestic market but within the European region. The firms with their major markets in European countries but outside their home country are older than firms with mainly a domestic market. This pattern in the material could indicate that firms over time generate experience and knowledge and successively in small steps they increase their exports to foreign countries with familiar business culture and location relatively close to their home base. The firms with most sales on worldwide markets are also youngest which may imply that these firms have an international focus already at the inception, so called fast-growing born global firms.

20% of the investigate firms are active in the IT/Software sector, 15% with consulting, and 13% have e-commerce as their main business undertakings, while the remaining firms are distributed among many different lines of business.

Of the participating firms nearly 10% are in an early seed stage, about 50% are active with building market channels, and over 30% are growth-oriented. When analyzing these different stages of development related to the number of employees we find that the development step to hire the first employee is strongly dependent on business development and business consolidation. So, the data exhibit that 25% of the start-ups with no employees are in an early development stage while the majority of the firms with 1-3 employees have reached a growth-oriented stage and firms with 4 employees or more all have passed the early seed stage and now are focusing on growth and even later stages.

91% of the participating firms in this study plan to employ additional staff during the next 12 month period. Nearly 50% have a strategy to employ one to four persons and the rest of the firms, 41%, have even more advanced growth ambitions with up to 16 new employees the coming year.

Almost all participating firms (97%) estimated that the current general business situation is satisfactory or even good, and about 80% also find that future prospects for the firm is rather favorable. The respondents were also asked to assess the importance of various types of strategy for the development of their start-ups. Almost 50% of the firms consider that strategies with focus on strengthening the employee's motivation and development and investments to strengthen the corporate culture are important. Some firms even consider such strategies as very important. On the other hand, only about 25% of the respondents find that strategies with focus on growth and profitability are important. In the end we can conclude that ambitions to strengthen the commitment among the employees and develop and improving the work environment are of more importance than traditional goals with focus on growth and profits. Two out of three start-up firms appreciate the investments to stimulate start-up activities made by regional authorities. On the other side, the firms consider that the national politicians have a weak understanding of the concerns of start-ups.

Almost one firm out of ten had no revenues at all for the last fiscal year. The same share (10%) had between 1 and 25.000 M€ and only one firm had 2-5 M€. The most common channel for the firms to finance their start-up process was to use own private savings, 78%. Governmental subsidies and funding were used by 41% and 32% could benefit from incubator resources and the like. Bank loans to finance start-ups were an options only for 14% of the firms.