



Norwegian Ministry of Trade,
Industry and Fisheries

Good ideas – future jobs

The Government Entrepreneurship Plan

Photo: Noveida

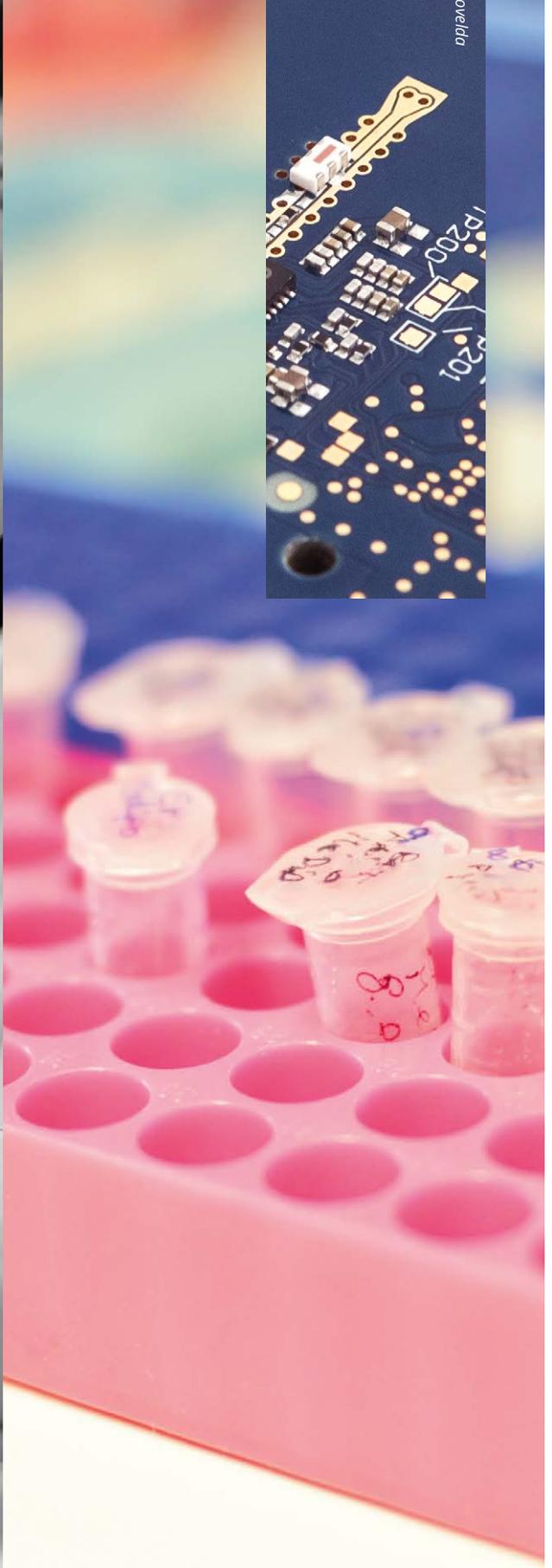
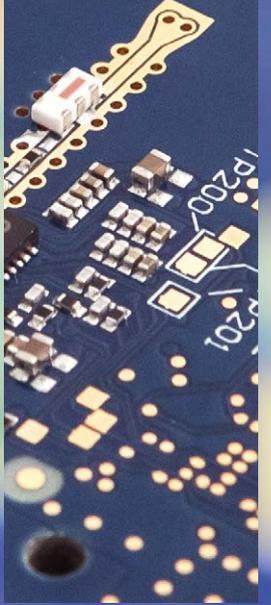


Photo: Innovation Norway



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What is an entrepreneur ?

By entrepreneurs we mean people starting new businesses in order to create values, either on their own initiative or as spin-offs from existing businesses. In this action plan, particular emphasis is put on the innovative aspects of entrepreneurship – i.e. the realization of new business ideas which help us work smarter and create greater value.



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Preface

Future jobs are created by people who have the courage to take a chance, and who invest in their own abilities and ideas. Norway shall be a good country for starting and developing new businesses. Many of the businesses where our children and grandchildren will work are not yet established. We are now creating the basis for tomorrow's jobs.



Innovation in existing businesses is necessary in order to increase value creation and adaptability. At the same time, we need even more skilled entrepreneurs to start new, profitable businesses. Norway has a number of innovative entrepreneurs and excellent entrepreneurial environments. People's attitudes towards entrepreneurship are becoming increasingly positive. We will build on this.

Although Norway is experiencing success today, it is not a given that it will do so tomorrow. In the past decades, we have moved from a situation where many Norwegians had jobs with relatively low wages and low tax capacity to a situation where many of us earn good money and have a good tax capacity. The oil and gas industry has been the driving force in this structural adjustment.

We are now facing another structural adjustment of a different kind. We must create new jobs in other industries which also have high wages and high tax capacity, and thus fund our high welfare level. We do not know where the new jobs will be created. Innovation and new jobs originate from existing businesses and industries – as well as from completely new ideas. We therefore need a multitude of efforts to contribute to a long-term structural adjustment and to protect welfare. It is vital that the current business community is equipped for structural adjustment, and that we enable more good entrepreneurs.

The Government therefore presents this entrepreneurship plan. We also present a national budget for 2016 intended to promote employment, activity and structural adjustment.

The proposed budget continues the long-term effort to strengthen the adaptability and competitiveness of the business community. The Government has already done a lot to facilitate structural adjustments in the business community. We are currently spending NOK 1.5 billion more on industrial research and innovation than in 2013, including the SkatteFUNN scheme. This yields more research and development in the business community, and a basis for new products and services giving new value creation and growth. This includes strengthening measures relevant to entrepreneurs, such as the environmental technology scheme and the User-driven Research based Innovation programme (BIA). The Government will strengthen these further in 2016. We also recently proposed to strengthen Innovation Norway with an additional NOK 100 million in 2015.

In The Entrepreneurship Plan the Government presents measures worth more than NOK 400 million. This includes initiatives which the Government will implement in 2016 in order to increase employment and structural adjustment.

In The Entrepreneurship Plan we present three focus areas which together shall create and reinforce a culture for entrepreneurship in Norway:

1. Better access to capital at an early stage
2. Increased access to competence
3. A more attractive country for entrepreneurs

We wish to give each individual the freedom to create. We want Norway to be a country for people with ideas and dreams who wish to build their own livelihood – regardless of age, ethnic origin or gender. We want a society where entrepreneurs can realize their own ambitions while realizing our common ambition for a more productive, innovative and sustainable Norway. We want a stronger Norwegian entrepreneurial culture, where one is allowed to succeed, but also to fail. And we want a society with good conditions for growth, which supports entrepreneurs and helps them succeed.

Entrepreneurs can help achieve the low carbon society. Entrepreneurs play an important role in developing new solutions that are more sustainable. They are part of the green shift. The Entrepreneurship Plan is part of our efforts to simplify, improve and renew Norway. We will make life easier for businesses and people, use society's resources as efficiently as possible, and support the competitiveness of the business community. And we will continue to strengthen the instruments for innovation and entrepreneurship. We will focus on the instruments with the highest innovation effect, be it in Innovation Norway, the Research Council of Norway or Siva. We will enable entrepreneurs all over the country.

In preparing this plan, the Government has received a number of contributions from entrepreneurs, businesses and business environments all over the country. I would like to thank everyone who has participated at dialogue meetings and otherwise contributed to the development of the Government's entrepreneurial policy.

Entrepreneurs themselves must see the opportunities and fight for their projects. This requires large doses of perseverance and enthusiasm. And it requires competence, network and capital.

I promise that the Government will facilitate innovation and growth by improving the access to capital at an early stage, improving the access to competence, and making it more attractive to become an entrepreneur in Norway.

A handwritten signature in black ink, appearing to read 'Monica Mæland'.

Monica Mæland
Minister of Trade and Industry

1. Introduction

Norway is facing new structural adjustments in the coming decades. The elderly constitute an increasingly larger percentage of the population. The global climate and environmental challenges require a green shift, and Norway is to be a low carbon society in 2050. Many of the businesses which are to lead in these structural adjustments are not yet established. We need more good entrepreneurs to establish and develop these businesses.

The Government has a broad set of initiatives to equip Norway. We must become more productive, innovative and sustainable. We have appointed a productivity commission, initiated a municipal reform, reorganized transport policy, strengthened research and innovation policy and we are well under way with simplification efforts in the public sector. This will help our entrepreneurs.

Our existing and profitable businesses must be developed continuously in order to increase value creation and adaptability. However, new ideas, goods and better services often enter the market through newly established and rapidly growing businesses. Renewal is a prerequisite for continued growth and welfare. The new businesses grow faster and are more productive than the businesses they replace.¹ This dynamic leads to change, growth and increased productivity in the economy. Over time new and innovative businesses will represent an increasing share of the total employment and value creation.²

Norway has many excellent entrepreneurial environments. They will add to the effort to make Norway an even more attractive country for Norwegian and international entrepreneurs. Norway can become a place where entrepreneurs come to realize profitable ideas.

Only a small share of those who start their own businesses, succeed. After ten years, only half entrepreneurs who started in 2003 were still active, and only ten per cent had a good income as entrepreneurs. Since 2003, the percentage of Norwegians who believe that entrepreneurship gives a high status has increased from 59 to 83 per cent. Although the attitudes towards entrepreneurship have become more positive, the percentage of Norwegians involved in starting businesses has decreased. In the 2005 peak, 9.1 per cent of the adult population stated that they were involved in starting a business.³ In 2014 the percentage was 5.7 per cent.

It is a goal that more of those who try, succeed in creating profitable, growing businesses. For this a strong entrepreneurship culture is necessary, where one is allowed to try and fail, and where those who succeed are recognized. The education system is key to promoting such a culture by stimulating attitudes, knowledge and skills.

Norway is among the world's best countries for starting and running a business.⁴ It may, however, be challenging to start a business. Entrepreneurs are different and have different needs. Newly established businesses may lack the capital for realizing their projects and to grow. Private investors may consider the risk too high, and there can be mechanisms in the tax system which makes investing in start-ups less attractive.

1) Grimsby, Grünfeld and Jakobsen (2009): 99 % SMB: Grunnfjell og vekstmotorer i norsk næringsliv. MENON publication no. 13/2009

2) OECD, Growth project (2001)

3) Global Entrepreneurship Monitor (GEM) (2014)

4) The World Bank (2014): "Doing Business 2015 Going beyond efficiency"

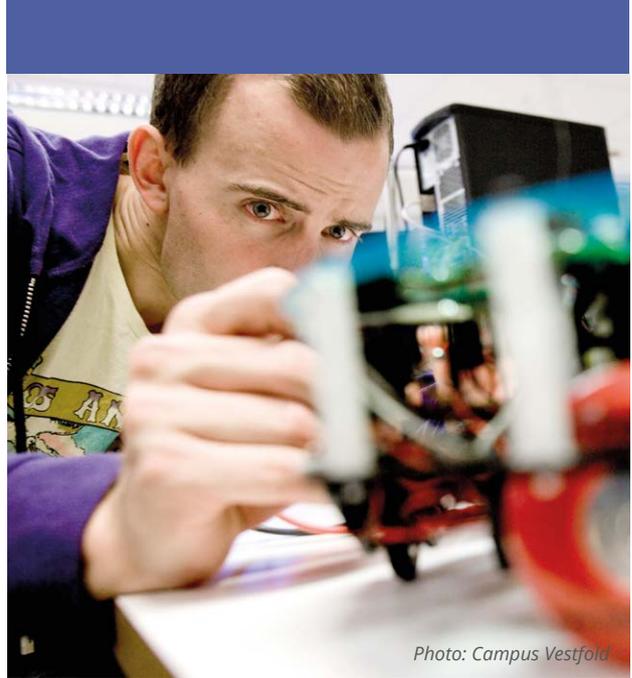


Photo: Campus Vestfold

Starting a new business requires knowledge and skills. The lack of business expertise and network are significant obstacles for success. The entrepreneur often needs contact with other entrepreneurs and centres of competence in order to get the necessary knowledge.

Many entrepreneurs experience that administration and reporting take time and resources away from business. There can also be considerable costs involved in reaching an international market. It is also a challenge to increase diversity among Norwegian entrepreneurs.



Photo: Innovation Norway

The Government has a threefold approach to the entrepreneurial policy, which combined will create and reinforce an entrepreneurial culture in Norway by facilitating:

Better access to capital at an early stage: The Government will enable private investors to invest capital in promising entrepreneurial projects, and the authorities will contribute financially so that more socioeconomically profitable projects are completed.

Increased access to competence: We want an education system that contributes to create an entrepreneurial culture and promotes entrepreneurial skills. We want our educational and research institutions to have clear strategies for technology transfer and commercialization that create a fertile ground for entrepreneurship. Demanding customers are often the best teachers. We want guidance and networks contributing to better business expertise and more market orientation. Many entrepreneurs also need more competence on international markets in order to grow. The Government also wants to facilitate the commercialization of research and a increased awareness of intellectual property rights.

That Norway becomes a more attractive entrepreneurial country for a variety of people: We want to promote entrepreneurship in all population groups regardless of age, gender, ethnic origin and sector. We will facilitate export successes. We want foreign entrepreneurs and investors to choose Norway as the country to realize great ideas.

The Government already has an extensive offer to entrepreneurs. In order to promote even more good entrepreneurs and new, successful businesses, the Government will now:

Improve access to capital at an early stage by:

- Strengthening the pre-seed fund scheme by NOK 100 million in 2016. This is an arrangement to release private investment capital to young, innovative businesses localized in an innovative environment, by the authorities partially funding projects together with private investors.
- Strengthening the start-up grant scheme by NOK 150 million in order to promote particularly promising growing businesses, and possibly increase the funding for businesses matching this with capital from private investors.

Improve access to competence by:

- Promoting *Meeting spaces for growth*. The NOK 30 million investment is to ensure that the clusters strengthen their germination efforts and establish meeting spaces where entrepreneurs may participate in the commercialization of new projects in the cluster. The initiative shall also strengthen the entrepreneurial competence services of Innovation Norway, including the mentor service. It shall also support other private and public initiatives to create meeting spaces for entrepreneurs, competence and capital.
- Strengthening the Forny2020 programme by NOK 90 million.⁵ Out of these, NOK 25 million will go towards developing a scholarship scheme under the Forny2020 programme in order to promote student entrepreneurship and motivate students and fellows to become entrepreneurs. The scheme will be tested as a pilot from 2016.
- Allocating NOK 10 million to further develop *IdéLab*, an initiative to promote innovation and entrepreneurship through systematic technology and competence transfers between various sectors.

Make Norway a more attractive country to entrepreneurs by:

- Implementing a NOK 15 million *attractiveness project*:
 - The interface between entrepreneurs and the government sector is to be simplified and improved. Registration shall be simple, intuitive and user friendly through the use of, among other things, Altinn. Designers and entrepreneurs shall find good solutions together.
 - As part of the project, we launch *Vekst* – a focused mobilization measure to promote promising entrepreneurs with multicultural backgrounds, promising female entrepreneurs and other groups underrepresented among Norwegian entrepreneurs, in order to make better use of the potential in the *entire* population.
 - A fast track scheme for particularly promising foreign entrepreneurs – *Start in Norway* – is also to be studied.
- Strengthening the national programme for supplier development by NOK 10 million in order to make development needs in the public sector a driving force of innovation and entrepreneurship.
- Digitizing the entrepreneur services of Innovation Norway. Making the policy instruments available to ambitious entrepreneurs regardless of gender, nationality, age, and ethnicity. All services shall be available in English.
- Allocating NOK 10 million to strengthen our knowledge about measures that can mobilize more people to become entrepreneurs in Norway and create a stronger entrepreneurship culture.

5) NOK 75 million from the budget of the Ministry of Trade, Industry and Fisheries, whereof NOK 50 million of these from the one-year stimulus package for increased work, activity and structural adjustment, and NOK 15 million from the budget of the Ministry of Education and Research

While more people are positive towards entrepreneurs, the Government wants more people to choose to actually become one

In 2014, 83 per cent of Norwegians believed that succeeding as an entrepreneur gives a high status. This percentage has increased considerably in the past ten years. Only Finland has a higher percentage among the countries participating in the survey. 63 per cent believe there are many opportunities for entrepreneurs in Norway. These are also among the highest percentages in the survey.⁶

The positive attitudes towards entrepreneurs have so far not led to many people choosing to take the plunge and start their own business. According to Global Entrepreneurship Monitor (GEM), the number of people involved in start-ups in Norway has decreased gradually since the 2005 peak. In 2014, 5.65 per cent of the adult population stated that they were involved in starting a business, compared to 9.1 per cent in 2005.

Compared to other OECD countries, relatively few people in Norway are involved in starting businesses. Norway also has relatively low start-up rates.⁷ International comparisons show that countries with low wages and less developed labour markets have higher start-up rates. Among the OECD countries, the Anglo-Saxon countries USA, Australia, Canada and United Kingdom also have more entrepreneurs than the Nordic countries and Continental Europe.

The Nordic countries have a relatively low percentage of entrepreneurs compared to other countries. Among the Nordic countries, Sweden has had the highest percentage for several years. In 2014, 6.7 per cent of the adult population were involved in starting a business, compared to 5.5 per cent in Denmark and 5.6 per cent in Norway and Finland.⁸

Norway's low unemployment rates in previous years can make it less tempting to become an entrepreneur. Compared to other countries, fewer believe that they have the necessary abilities to become an entrepreneur.⁹ However, fear of failure is about average compared to the OECD countries.

Entrepreneurs create businesses that provide economic growth in a modern economy

Entrepreneurs challenge the existing business community and contribute to increased competition, innovation, structural adjustment and growth.¹⁰

In Norway the existing business community has generally been adaptable. Among the ten largest businesses in Norway, Statoil is the only one among the ten largest businesses in Norway with less than a 100 year history.¹¹ However, the large businesses' ability to innovate and adjust is influenced by the competition from new contenders.

Many new businesses do not survive the first years. 44.4 per cent of the limited companies established in 2007 were still in operation in 2012, while 22.5 per cent of the sole proprietorships survived in the same period.

Although many do not survive, the remaining businesses are important to the economic growth. 20.4 per cent of young businesses with at least 10 employees became gazelles¹², measured in revenue growth. Nearly all gazelles were limited companies.¹³

There is also a smaller percentage that start businesses with ambitions to grow than before. 2.8 per cent of the adult population stated that they started businesses with ambitions to grow in the 2006 peak. In 2014 the corresponding percentage decreased to 0.8 per cent. This is the lowest percentage measured since the GEM survey started in Norway.¹⁴



Photo: MESH Norway

6) Global Entrepreneurship Monitor 2014
7) OECD Entrepreneurship at a Glance
8) Source: Global Entrepreneurship Monitor 2014 and OECD Entrepreneurship at a Glance
9) Source: Global Entrepreneurship Monitor 2014
10) Van Praag, M. and Versloot, P.H. (2008) "The Economic Benefits and Costs of Entrepreneurship: A Review of the Research" reviews 87 research articles looking at the relationship between entrepreneurship and financial growth.

11) Source: Kapital magazine's list of the 500 largest companies in Norway and the companies' own webpages.
12) Source: Statistics Norway.
13) The term gazelle is commonly used when referring to young businesses which grow rapidly and are profitable.
14) Source: Global Entrepreneurship Monitor 2014



2.

Access to capital
at an early stage



Photo: Thinkstock



Photo: StartupLab

Newly established businesses may experience difficulties in gaining access to capital to realize their projects and grow. Obtaining private capital can be challenging for a number of reasons. Private investors may consider the risk too high, for example due to the business' lack of history.

A good entrepreneurial policy enables private investors to invest capital in promising entrepreneurial projects, and contributes financially so that more socioeconomically profitable projects are realized.

The Government's approach to this is to provide:

- A. *Efficient capital instruments*
- B. *A tax system promoting entrepreneurship*

A. Efficient capital instruments

An established business often has several alternatives for funding new projects. Capital sources can be profits saved from own operations, loans, bonds or by issuing shares. For an entrepreneurial business, the relevant capital sources may be fewer.

Saved profits are rarely a relevant source of capital, since entrepreneurial businesses often have a weak or negative cash flow in the initial phase. Obtaining a sufficient bank loan can also be difficult, since newly established businesses usually have limited payment history and collateral.

Even though an entrepreneur has a project which he or she believes has potential for profitability and growth, it can be difficult to acquire capital from private investors.

An important reason is that other investors often have limited information about the project and the entrepreneur's personal characteristics. This can make it difficult

for the investor to distinguish between start-ups that are promising and those that are not. This may result in private investors refraining from investing in projects that would have provided good returns.¹⁵ Entrepreneurs may consider external equity from investors unfavourable and expensive, as it reduces their ownership and control of the business.

Challenges associated with access to capital means that entrepreneurs themselves do a large part of the funding, either through equity or raising loans. This can mean that people with good ideas, but without assets, do not have the same prospects of success. External investors often provide experience and networks in addition to capital. The lack of liquidity can make it difficult for start-ups to attract the necessary competence for profitable growth.

Government policy

The Government will improve the access to government capital for start-ups and stimulate to more private capital being invested early in entrepreneurial projects. More entrepreneurs who have ideas with a large potential for growth, will receive funding in the initial phase.

The Government is reviewing the policy instruments. The Government will strengthen the innovation policy initiatives who have the greatest effects, and focus on nationwide schemes and programmes without thematic limitations. There should be considerable competition for the funds, so that government funding goes to the best projects.

B. A tax system promoting entrepreneurship

The orientation of the tax system affects the profitability of investing in Norway, and may influence the access to private capital for entrepreneurs.

15) Access to capital in the initial and growth phases in Norway is discussed for example in the report from Menon Business Economics from 2011. The report shows that the lack of capital is the greatest for the completely new businesses with a great potential for growth http://menon.no/upload/2011/12/08/tidligfasekapital_rapport-nhdv3.pdf

Business development and funding at an early stage

It is difficult to divide the development in newly established businesses into different phases, based on the characteristics of the business, need for funding and revenue. The development will be different from business to business, and many businesses can also revert to an earlier phase as part of their development.

Starting a business usually involves an initial investment followed by running costs and necessary additional investments, until a product can be introduced in the market and give revenue, and in time, profit. This means

that an entrepreneur needs capital when starting the business, and often extra capital throughout the product development phase. In newly established businesses the main portion of this capital will consist of the entrepreneur's equity. When revenues come – if they come – it is easier to raise external capital. Then changes in ownership will also be relevant. Professional players who may develop the business further, and stock exchange listing may be a possibility. Changes in ownership may also involve acquisitions and mergers with other businesses both in the short and long term.

The example of the enterprise development and financing at the early stage



Expenses before the first sale can be funded by equity. Equity can come from the entrepreneur himself, friends, family, business angels, grants and subsidies.

When the business has revenue, funding sources such as loans, seed capital and venture capital become relevant.

In the growth phase, when the business is profitable, stock exchange listing and the bond market can provide more funding sources.

Corporate tax in Norway is high in an international context. The tax systems in our neighbour countries are changing, and corporate tax in particular is being reduced. There is a danger of the investment level in Norway being reduced if the effective tax rates over time are considerably higher than in our neighbouring countries. A high corporate tax level will also make it less profitable to invest in entrepreneurial businesses in Norway.

A tax system that is complicated due to many special arrangements increases the business community's costs associated with regulatory compliance. It can also lead to poor investment decisions for society and open for unproductive tax-related adaptations.

Entrepreneurial businesses are to a greater extent depending on domestic capital than established, larger businesses. With great insecurity, trust in and knowledge of local conditions become more important. This means that local affiliation and personal relationships can decide whether an investor would invest in a project. Larger businesses may have access to an international

capital market, which makes entrepreneurs more dependent on venture capital from people living in Norway. The current capital tax weakens the access to venture capital from investors living in Norway both by reducing savings and the total Norwegian-owned capital, and by favouring investments in real estate. The capital tax therefore creates challenges for funding entrepreneurship.

Government policy

The Government will use the taxation system to fund collective benefits simply and efficiently, ensure social mobility, achieve better resource utilization and provide better conditions for the Norwegian business community. Private ownership shall be strengthened, and it should be more profitable to work, save and invest. The combination of a wide tax base, low tax rates and equal tax treatment of industries, businesses and investments will contribute to this. The Government will reduce the total tax level in order to disseminate power, increase value creation and give families and individuals greater freedom.

Measures for better access to capital

In the national budget for 2015, the Government already strengthened the public supply of capital in the early phase:

- The nation-wide start-up grant scheme of Innovation Norway was strengthened with NOK 110 million. This provides funding in the initial phase for more entrepreneurs who have ideas with a great potential for growth, and help investors evaluate the projects more easily.
- As a result of the situation in the oil and gas industry, the Government has proposed additional NOK 100 million to Innovation Norway in 2015 for entrepreneurship and restructuring measures. Out of these, NOK 60 million are proposed for the start-up grant scheme and NOK 40 million are proposed for research and development contracts. The funds are intended for Southern and Western Norway.
- The Government contributes to establishing two new, nation-wide seed capital funds. The funds shall be of at least NOK 300 million each, and shall be located in Bergen and in Northern Norway. The Government contributes NOK 150 million to each fund. Before the funds become operative, managers are to be appointed and private capital is to be collected. The aim is that the funds are operative in the first half of 2016.
- Investinor has allocated NOK 100 million to invest in small, particularly scalable businesses.
- The Government has reduced the capital tax through a lower tax rate and basic deductions. This can improve the capital supply from Norwegian investors, which can be particularly important for entrepreneurial businesses. The Government has started reducing capital tax in the budgets for 2014 and 2015. In total the capital tax has been reduced by NOK 4.3 billion.
- In the revised national budget, NOK 40 million were allocated to grants for pre-seed funds. The allocation is to be used for partial funding and releasing private capital for young, innovative businesses, located in a TTO or an incubator.

In order to remedy entrepreneurs' funding problems in the early phase, the Government will:

- Strengthen the pre-seed fund scheme by NOK 100 million in 2016. This is an arrangement intended to release private investment capital to young, innovative businesses localized in an innovative

environment, by the authorities partially funding projects together with private investors.

- Focus on establishing additional seed funds gradually, so that all regions are covered.
- Strengthen the start-up grant scheme by NOK 150 million to a total of NOK 350 million¹⁶ in order to promote particularly promising growing businesses, and possibly increase the funding for businesses matching this with capital from private investors.
- Strengthen the SkatteFUNN scheme.
- Strengthen the environmental technology scheme by NOK 134.5 million to a total of NOK 464.5 million.
- Strengthen the User-driven Research based Innovation programme (BIA).
- Commission Innovation Norway to facilitate networks for business angels in order to strengthen their competence and investment ability. A business angel is a private investor who contributes with capital, competence and a network towards businesses in their early stages.
- Crowdfunding as a form of funding is growing. «Crowdfunding» as such is not a uniform type of activity, and is not specifically regulated neither in Norway nor in the EU. Such activities would be covered by existing legislation (for example with regard to banks and securities). The EU Commission has notified that in the long term it will be pertinent to examine the need for common European rules in this area, and the Government will pay close attention to and follow up on the EU's efforts in this area.
- Consider further reductions in capital tax in future budgets, in addition to adjustments in the general corporate taxation in a separate report as a follow-up of the Tax Committee's report (NOU 2014:13).
- As part of the follow-up of the Storting's request no. 398 and 399 (2014–15), consider various measures to strengthen the incentives for employee co-ownership, including shares and options for employees.
- Ensure that entrepreneurs receive grants from Innovation Norway faster. Through adjustments in payment routines, the clients of Innovation Norway who have been awarded grants will to a greater extent receive these in advance and throughout the projects life cycle.

16) This is an estimate based on Innovation Norway's priorities within the ordinary framework of the nation-wide start-up grant scheme in 2015, in addition to the proposed increase of NOK 150 million for 2016.

General measures – also for entrepreneurs

Programmes such as seed funds and start-up grants have newly established businesses as their target group. These programmes shall alleviate the challenges that newly established businesses face when funding development and operations. However, newly established businesses may also utilize the large innovation and research measures in Innovation Norway and the Research Council of Norway.

BIA is the largest industry-oriented programme managed by the Research Council of Norway. BIA supports the best research based innovation projects throughout the Norwegian business community. The Government has increased the framework of the User-driven Research based Innovation programme (BIA) by NOK 160 million. Among the businesses awarded grants from BIA in January 2015, 27 per cent were younger than 4 years. The size of the amounts allocated to the youngest businesses was on par with the large businesses. The Government proposes to increase the allocations for BIA in 2016.

SkatteFUNN is a tax deduction scheme for businesses doing research and development, and it is open to all industries and businesses. The Government has strengthened the scheme both in 2014 and in 2015. Nearly half of the new SkatteFUNN projects in 2014 are carried out in businesses with fewer than 10 employees. 2,928 new applications were submitted in 2014. This is a 16 per cent increase from 2013 to 2014. Preliminary figures for 2015 show that the growth continues. The total cost budget for new approved projects in SkatteFUNN in 2014 totalled NOK 7.6 billion, and the budgeted tax deduction was NOK 1.3 billion. The Government proposes to strengthen the SkatteFUNN scheme for 2016.

Entrepreneurs can help achieve the low emissions society

Entrepreneurs have an important role in developing new solutions that are more sustainable. The Government will contribute to more entrepreneurs in climate and environmental solutions, and will develop a strategy for green competitiveness and the green shift. There are already schemes directed towards this purpose. If the business develops technology that improves the environment, the environmental technology scheme can be relevant. Businesses starting pilot and demonstration projects in Norway can receive funding here, among others. Environmental technology refers to technology which is close to commercialization, and which is to be built and tested under near natural conditions. The scheme is managed by Innovation Norway. The Government proposes to increase the environmental technology scheme in 2016.

Examples of newly established businesses receiving funding from BIA, among others

NOVELDA was established by researchers with backgrounds from the University of Oslo in 2004. In 2006 they were awarded their first BIA project in order to commercialize radar research. The XeThru radar was ready for the market in 2015, and it can monitor and measure things like respiration and movement. Combined with microcontroller, antenna and software, it is a complete product. The product has several alternative applications, for example in the automotive industry, in security or in rescue operations. The company currently has 33 employees and is a good example of how general measures can be important to newly established businesses.

In 2013, the small ICT business **FOUR C** was established. Together with major players like SINTEF, Valyou and Samport they were awarded a BIA project in 2014 where they are developing an open platform and a wireless ticket solution that will make it possible to use public transport independently of the local ticketing system. The new, open service platform will make it possible to add solutions from various suppliers in one computer in the vehicle. Thus the public transport company is able to switch between different suppliers without each having to install their infrastructure on board.

Strengthening export financing for small and medium sized businesses

The public export financing scheme plays a key part in financing Norwegian export, especially in times of financial market turmoil and few alternative funding sources. The Norwegian public system for long-term export financing consists of two players, the Norwegian Export Credit Guarantee Agency (GIEK) and Export Credit Norway AS. The two are often involved in financing the same export contracts, however with different roles – Export Credit Norway is the lender and GIEK is the guarantor.

In practice the financing package looks like this: Export Credit Norway gives a loan to the buyer of the Norwegian export article. In order to avoid that the company itself carries the risk of the borrowers not repaying the loan, the company must receive a guarantee from GIEK and/or another bank or finance institution with good credit rating. Just as Export Credit Norway can use private players to guarantee for their loans, GIEK can guarantee for loans given by private banks. The public export financing system shall be a supplement to commercial finance institutions. GIEK and Export Credit Norway have launched a «simplified application» for all exporters wishing to make an export contract of less than NOK 100 million.



Photo: Innovation Norway

3.

Access to competence



Foto: MESH Norway



Technology entrepreneurs in ICT and other fields can promote innovation and value creation in the business community and support a sustainable and inclusive social development. The Government will enable more such entrepreneurs. The Government's ICT policy goes across social sectors, and the Ministry of Local Government and Modernisation is responsible for coordinating the policy.

Starting a new business and succeeding in innovation and structural adjustment requires knowledge and skills. The lack of knowledge and competence is one of the major obstacles for establishing a business.

Entrepreneurs have different points of departure and different ambitions. The skills needed vary accordingly. Some types of knowledge and competence are necessary for all businesses in the initial phase, such as basic business acumen and knowledge of what need the business can meet for potential customers. Some types of knowledge and competence are also closely associated with certain industries.

The Government will strengthen competence among entrepreneurs through:

- A. Better access to guidance and networks
- B. Improved entrepreneurship culture in the education system
- C. More commercialization of research
- D. Better protection of intangible assets

A. Better access to guidance and networks

Entrepreneurs need various types of competence to succeed. Lack of knowledge about which challenges they need help solving, or who can offer help, is a challenge to many entrepreneurs. Entrepreneurial businesses may also fail to seek out counselling services because they are unsure of what they get out of it. Entrepreneurs may spend too much time on product development at the expense of focusing on customers and sales. Many entrepreneurs also need more competence in attracting external capital. The lack of business expertise can be a challenge to entrepreneurs.¹⁷ In order to obtain demand and sales, an entrepreneur's product must meet a real

need with potential customers. In an early phase and with a busy schedule, thinking internationally and focusing on areas where society demands new solutions can also be a challenge to an entrepreneur.

Networks and sparring partners can be of great value to many entrepreneurs. Getting help to make adjustments early on can help more entrepreneurs get business models and concepts in place which enable the business to survive and grow. At the same time it can be time consuming and costly for new businesses to create or find the networks that can supply the necessary competence.

Government policy

The Government will make it easier for entrepreneurs to acquire the necessary competence. Counselling shall in particular be directed towards entrepreneurs who wish to expand through growth and internationalization. The policy instruments shall make more entrepreneurs conscious of the importance of market orientation and of the fact that their product or service meets a need in the market.

The Government will facilitate better flow of knowledge between the business community and the education and research sector. The Government expects all higher educational and research institutions to follow up on their social responsibility and have a strategy for dissemination of knowledge and innovation. The Government continues the focus on competence development in regional business environments. This shall help colleges and other public educational institutions become better equipped to supply competent labour adapted to the needs of the business community.

17) Source: Menon Business Economics, commissioned by DNB. «En million ideer. Veien fra drøm til å lykkes som gründer». (One million ideas. The road to success as an entrepreneur.)

Municipalities have a role in the efforts to promote entrepreneurial culture and are responsible for ensuring equal services locally. Municipalities often function as a front-line service for businesses and individuals who need help to start or develop their businesses. The Government will facilitate fewer and larger municipalities than the current municipal structure. This may, among other things, provide a stronger basis for the efforts for business and social development in municipalities.

B. Improved entrepreneurship culture in the education system

The education system is a key instrument in developing the talent and competence of entrepreneurs, and promotes the skills and culture of entrepreneurship. The educational system shall corroborate students' diligence and inventiveness, and give them the tools they need to become good entrepreneurs later in life.

Government policy

The Government wants the education system to help Norwegian entrepreneurs develop their talents and obtain the competence they need to succeed. The Government's efforts on entrepreneurship in education shall strengthen future generations' attitudes towards and knowledge of entrepreneurship. The Government will facilitate close collaboration between the business community and the education system so that education is updated and relevant. This is a prerequisite for good professional and vocational training.

The Government has a life-long learning perspective in entrepreneurial training. The education system – from elementary school to higher education – is to help today's children and young people become innovative employees in both the private and the public sector. It shall provide competence on innovation to both potential business entrepreneurs and employees in existing businesses. The training shall help develop the ability to adjust and innovate.

Entrepreneurship is anchored in the curriculum for basic education (the knowledge promotion reform) in primary and secondary education. The curriculum in secondary education has competence goals in entrepreneurship in both vocational and general education programmes. Knowledge of innovation shall also be part of higher education at all levels through the qualification framework in higher education.

The Government has initiated a comprehensive promotion of teachers and strives to increase the competence of teachers in several subjects. A module based continuing education package in entrepreneurship has also

Municipalities as points of contact for entrepreneurs

Municipalities have an important role as the first point of contact for entrepreneurs. Municipalities meet a wide range of entrepreneurs, both those with ambitions of international growth and those who only focus on a local market, entrepreneurs launching brand new products and entrepreneurs who will supplement or compete in existing product markets. What most have in common is that they need to get in touch with their municipality. This may involve permits, approvals or licenses.

The first advice is often the most important. It is therefore vital that entrepreneurs experience their first contact with the municipality as positive and solution oriented. The best municipalities in Norway succeed because they meet entrepreneurs with a positive and helpful attitude, and because they can guide entrepreneurs towards others who can give useful assistance through their knowledge of local business environments and policy instruments. Some municipalities have also built the competence to give the entrepreneur advice in his business development. In such cases the municipality also functions as a good link to Innovation Norway and other specialists in challenging and assisting entrepreneurs with their business development.

Municipalities have different priorities with regard to business and social development. This leads to great variation in what is offered to entrepreneurs. Innovation Norway offers separate courses for municipal employees to the municipalities wishing to strengthen their offers to entrepreneurs. The goal is to strengthen the municipal business units in order to provide good information on how to start a business and possibly where entrepreneurs can go further within the public policy instruments and other public authorities. The Government will invite municipalities and urban regions to join forces in strengthening the front-line services by establishing meeting points for exchanging best practices and examining any needs for developing digital solutions which the municipalities can use in the efforts to guide entrepreneurs.

been developed, and it is used in basic teacher training as well as continuing teacher training in basic education.

Science skills are vital to entrepreneurs in a number of industries. The strategy «Hands-on science» (2015–2019)¹⁸ presents various measures to improve students' science skills. Good mathematics and natural science skills provide a basis for seeing new solutions in a labour market and business community in continuous change. Sciences thus provide the basis for entrepreneurship.

18) https://www.regjeringen.no/contentassets/869faa81d1d740d297776740e67e3e65/f-4411-b_tett-pa-realfag.pdf

Vocational school graduates have both practical and theoretical competence which can make them good entrepreneurs. The Government will improve the quality of education and present a separate white paper on vocational schools where entrepreneurship training will be a topic.

C. More commercialization of research

Research gives new knowledge which can form the basis for profitable entrepreneurship if it is utilized. Turning knowledge into goods and services covering a need in the market is a barrier to many.

From a social perspective it is desirable to increase the commercial utilization of Norwegian research efforts. Too little of the effort results in new, profitable businesses. It is also a challenge that research is often only utilized in the sector where the research was initiated. This may mean that other sectors miss out on new opportunities for entrepreneurship.

Government policy

The Government wants a greater yield on society's research efforts. It is necessary to strengthen entrepreneurship culture at research institutions, and to link student oriented measures to the commercialization efforts. Researchers in the HE sector who wish to commercialize their research, are to be stimulated both financially and in their careers. The Government wants to strengthen the Norwegian business community's ability to utilize research results. The Government will strengthen the meeting points and networks where technology and research entrepreneurs can get in touch with people with commercial skills. The Government will create conditions more conducive for research results to benefit both existing businesses, newly established businesses, and future businesses.

All institutions for research and higher education are responsible for research results leading to profitable business development. Technology transfer units and public commercialization agents have an important executive role. The Government wants efficient and coordinated policy instruments for commercializing research. This means that the various instruments are well dimensioned and tuned to each other, and that the policy institutions Innovation Norway, the Research Council of Norway, Siva, and the Patent Office work efficiently together. The Government has performed an evaluation in order to assess how the policy instruments for commercialization are organized and funded in the university and college sector, and whether the intentions

of the changes in legislation have been met.¹⁹ The evaluation, which was recently completed, will now be followed up.

D. Better protection of intangible assets

The Norwegian business community is competing on the basis of knowledge and competence to an increasingly larger degree. Intangible assets now constitute a large portion of the assets of the business community. There is therefore an increasing need for knowledge of how these assets should be managed and protected in the Norwegian business community and in research environments.

To the entrepreneur it can be demanding to develop and manage the business' knowledge, competence and innovations. The entrepreneur's return on the investment in knowledge and competence is uncertain, and it can take time to harvest it. Intangible assets are also more demanding to manage systematically than physical assets such as buildings and machines. Many newly established businesses can miss out on profits if they do not make a conscious strategy for protecting their intangible assets in the early phase.

The extent of piracy is growing rapidly. This increases the need for competence and consciousness of how to handle intangible assets, and the use of intangible assets as a strategic tool in the development of Norwegian businesses.

Government policy

The Government wants Norwegian entrepreneurs to utilize the value creation potential in good management of own intangible assets and intellectual property rights. Good management includes understanding which intangible assets are at one's disposal, such as competence, technology, formal rights and agreements, market contracts and networks. In addition to formal protection in the areas where it is possible, businesses should be aware of other forms of protection of intangible assets, such as secrecy and fast product development. The Government will pursue a policy that gives increased awareness and knowledge in the business community on how businesses can protect and manage their intangible assets.

The Government will also stimulate increased competence in design as a strategic tool in business. Increased use of design can contribute to challenging established views and produce completely new solutions based on needs in the market.

19) In 2003 the Act relating to universities and university colleges and the Act respecting the right to employees' inventions were amended in order to increase the commercial utilization of inventions originating from research at universities and colleges.



The Entrepreneur Hotline – 800 50 789

In order to become more accessible to entrepreneurs in need of counselling, Innovation Norway established the Entrepreneur Hotline in 2014. This is a free service where entrepreneurs and potential entrepreneurs can discuss their idea and receive guidance and advice from the counsellors at Innovation Norway.



Photo: Thinkstock

Intangible assets

All businesses have intangible assets in various forms. These can be the competence of employees, company name, domain name, secret recipes, unique design, brands, technology, or inventions. The intangible assets constitute the unique characteristics of the business, and in many cases they are among the most important competitive advantages of the business. For many businesses, managing intangible assets can be vital to value creation. This is especially true for businesses with an international focus. The percentage of businesses relying on the development on knowledge, competence and development of new technological solutions will probably continue to increase in the future.

Small and medium sized businesses in particular may find it difficult to decide how to handle intangible assets and immaterial rights. The Patent Office and Innovation Norway have therefore, on commission from the Government, established a guidance and counselling service – IPRhjelp.no – which was launched in March 2015. The purpose of this website, which contains information and assessment tools, is to contribute to better utilization of intangible assets, particularly among small and medium sized Norwegian businesses.

Many businesses are exposed to piracy and counterfeiting. The Government has therefore established «Choose authentic», a free website with information for consumers, business community, authorities, and media. The website is to provide information on what one can do if exposed to piracy and counterfeiting. The website was established at the same time as when the authorities strengthened their coordination of its efforts against counterfeiting and piracy.

Who will succeed?

Menon Business Economics has examined the characteristics of Norwegian entrepreneurs who succeed. The selection consists of small start-ups established as limited companies. In this study, successful entrepreneurs are defined as entrepreneurs obtaining more than NOK 500,000 in annual value creation per employee, and who have had an average annual increase in value creation of more than ten per cent during the ten year period studied. Ten per cent of the selection was defined as successful entrepreneurs. Some of their characteristics are:

- Those who have been entrepreneurs before are less likely to end up in a situation where the business is in deficit.
- Entrepreneurs with a lot of capital before start-up have a tendency to either end up among the successful, or among those in deficit. This can be due to the fact that capital can remove liquidity obstacles, but it can also lead to a less dedicated management because the entrepreneur's risk is relatively low.
- Successful entrepreneurs often live in large cities. This can be due to the fact that it is easier to find relevant customers and the right competence in large labour markets.
- Most entrepreneurs succeed in industries with high requirements for knowledge, technology, or production capital.
- Few years after start-up, a larger percentage of male entrepreneurs have succeeded than of female entrepreneurs.

Measures for better access to competence

The Government has already implemented measures to improve the access to competence.

- The Government strengthened the Forny2020 programme in the 2015 national budget. The programme is to bring research results from publicly funded research institutions out into the market. Among other things, Forny2020 supports newly established micro businesses with ideas based on publicly funded research.
- In March 2015 the Government launched an online advisory service on intellectual property rights developed by the Patent Office and Innovation Norway, IPRhjelp.no, for small and medium sized businesses.
- From 1 July 2015 it is possible to mortgage patents, patent applications and patent licences in Norway. This new access to mortgage will make it easier for start-ups as well as other businesses to obtain capital by providing collateral in their intellectual property rights.
- The Government has strengthened Siva's incubation programmes, which are tools for developing new businesses or creating growth in existing businesses.
- The Government has allocated funds to the Intellectual Property Institute of Norway (IPIN), which was established at NTNU in 2013. The institute is to help increase knowledge of intangible assets and intellectual property rights.
- In the autumn of 2014 a digital «resource bank» of learning materials and good examples of learning resources for entrepreneurship in schools was developed; www.pedent.no.

The Government will also:

- Implement *Meeting spaces for growth* to make it easier for entrepreneurs to obtain knowledge and capital. This NOK 30 million effort is to:
 - Ensure that clusters systematize spin-offs and establish meeting spaces where entrepreneurs participate in commercializing new opportunities arising from the cluster's activity.
 - Increase allocations for entrepreneur oriented competence services at Innovation Norway, including the mentor service for entrepreneurs.
 - Support initiatives to create meeting spaces between entrepreneurs, knowledge, and capital.
- Strengthen the Forny2020 programme by NOK 90 million.²⁰ Out of these, NOK 25 million will go towards developing a scholarship scheme under the Forny2020 programme in order to promote student entrepreneurship and motivate students and fellows to become entrepreneurs. The scheme will be tested as a pilot from 2016.
- Allocate NOK 10 million to further and develop *IdéLab*,²¹ which involves solving challenges in one sector by using technology and competence from other sectors. This effort is to promote structural adjustment, innovation and entrepreneurship.
- Strengthen the efforts on entrepreneurship in education by:
 - Emphasizing the development of relevant study programmes, such as experience based masters in entrepreneurship.²²
 - Increase the allocations for Young Entrepreneurship by NOK 2 million.
- Make information on entrepreneurship more easily accessible to young entrepreneurs through career services and established information channels.
- Increase the emphasis on commercialization in the university and college sector.
- Examine how growth entrepreneurs can get better assistance in preparing strategies for commercial management of their own intellectual property rights.

20) NOK 75 million from the budget of the Ministry of Trade, Industry and Fisheries, whereof NOK 50 million of these from the one-year stimulus package for increased work, activity and structural adjustment, and NOK 15 million from the budget of the Ministry of Education and Research

21) The concept has been tested by the Research Council of Norway and tried in the UK.

22) Relevant work experience is required in order to take an experienced based master.

Entrepreneurs joining forces with others are more likely to succeed

Innovation happens in collaboration between businesses, customers, suppliers, and knowledge environment. There are several public instruments which contribute to facilitating this collaboration. The most important cluster, business network and centre initiatives are:

- The Incubation Programme
- The Business Garden Programme
- Business networks
- Norwegian Innovation Clusters (NIC)
- Arena: Clusters at an early stage
- Norwegian Centres of Expertise (NCE)
- Global Centres of Expertise (GCE)
- Competence development in regional business environments
- Norwegian Centres of Excellence
- Centres for Research-based Innovation



Photo: StartupLab

NTNU Entrepreneurship Center

NTNU Entrepreneurship Center (NEC) is part of NTNU Samfunnsforskning AS. The centre is colocated and strongly integrated with the entrepreneurial environment at the Institute of Industrial Economics and Technology Management. For over 30 years the environment has focused on entrepreneurship and motivating students to become entrepreneurs. There is a strong focus on practice oriented study programmes. In the NTNU Take-Off programme students, entrepreneurs and professionals are brought together in groups to further develop the entrepreneur's business concept and accelerate commercialization. Take-Off has provided inspiration and experience to more than 2500 students and contributed to helping more than 450 businesses.

Centre for entrepreneurship at the University of Oslo

The centre for entrepreneurship is a unit with interdisciplinary responsibilities at the Faculty of Mathematics and Natural Sciences. The centre is to perform research and training in entrepreneurship and make entrepreneurial activities visible.

The centre for entrepreneurship is a key player in the University of Oslo's strategic focus on innovation and entrepreneurship. The centre offers studies at master and bachelor levels, such as Social Entrepreneurship and the Entrepreneurship Programme with practice abroad.

Young Entrepreneurship

Young Entrepreneurship is a key partner in the Government's efforts to strengthen entrepreneurship in education. The organization works with schools and educational institutions to help provide students with entrepreneurial studies throughout the course of their education. The main goal is to strengthen the focus on the scope and quality of entrepreneurship in education in Norway.

Young Entrepreneurship organizes an annual Norwegian championship for youth businesses where the best businesses from the various counties get the chance to participate. Trashlock UB from Spjelkavik upper secondary school in Møre and Romsdal won the 2015 championship. The youth business has developed a solution to prevent rubbish from being spread outside the bin. The business has based it on Norwegian conditions and identified a real problem. Through good collaboration with the local business community they have created an innovative product and gained experience in all the business areas of a typical business.



Photo: Ungt Entreprenørskap

4.

An attractive
country for
entrepreneurs

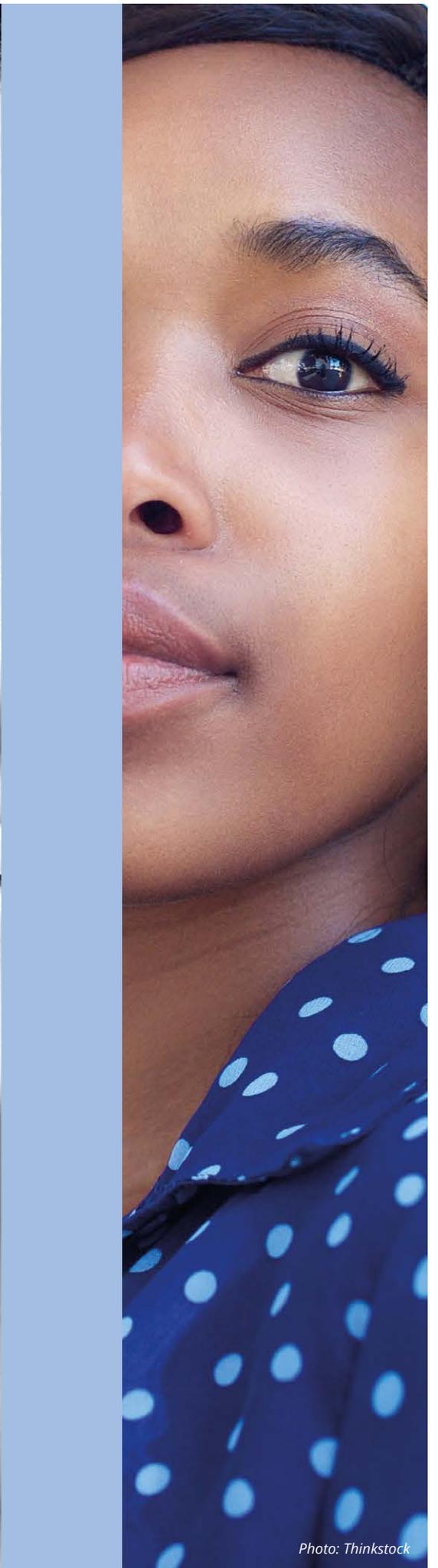


Photo: Thinkstock

Entrepreneurship in tourism

Åmot farm has been in the family since 1850. In 2004 entrepreneurs Steinar Sørli and Yngve Brakstad transformed the farm into an arena for classical high culture and traditional rural culture. Åmot Opera Farm now offers a combination of farm accommodation, local food and cultural experiences in Sunnfjord. Åmot Opera Farm is a different hotel where silk, taffeta and velvet are as natural as rubber boots and waders. Åmot Opera Farm also offers concerts or original chamber opera productions. Åmot Opera Farm works with Bergen National Opera on the opera festival Mimi Goes Glamping



*From the opera festival Mimi goes glamping
Photo: Magnus Skrede*

In order for Norway to be an attractive country for entrepreneurs, we need to be able to attract and keep good entrepreneurs. At the same time we must enable entrepreneurs based in Norway to realize their growth potential in an international market.

Many entrepreneurs experience that administration and reporting take time and resources away from development and operation of the business. The Government therefore wants to simplify the dialogue between entrepreneurs and the authorities. It should also be made easier for talents with good projects to choose to become entrepreneurs regardless of gender and cultural background. An attractive country for entrepreneurs stimulates entrepreneurship in new areas in order to meet various social challenges. One of these areas is social entrepreneurship.

The Government has four different approaches in order to make Norway more attractive to entrepreneurs:

- A. *Easier for entrepreneurs*
- B. *Better market access*
- C. *Increased diversity*
- D. *New solutions to social challenges*

A. Easier for entrepreneurs

Owners and employees of small entrepreneurial businesses often experience that tasks associated with administration and reporting take time away from development and operations. The contact with the public sector can also be experienced as complicated and demanding.

Government policy

The Government wants the most efficient use of community resources. Entrepreneurs, business owners and

employees are to spend more time creating value and less time on filling out forms and following up on regulations. The Government therefore makes targeted efforts in order to make life easier for businesses.

In order to achieve this the Government will strengthen the digitalization, improve the service attitude in public administration and ensure that no new, unnecessary burdens are introduced to the business community. Altinn is a key instrument in making life easier for the business community by digitizing public services. The Government's goal is to continue the development of Altinn and other public ICT solutions in order to offer digital services so simple that the entrepreneur rarely has to contact a public office.

The Government aims at reducing the annual costs of the business community associated with complying with legislation by NOK 15 billion by the end of 2017, compared to the 2011 cost level. This represents a 25 per cent reduction. So far the Government has implemented 29 simplification measures, such as introducing electronic tax cards and removing the requirement for original documents.

The Government will make it easier for entrepreneurs to hire employees and adapt activity to needs. The Government believes that Norway needs a working environment act that is more modern and adapted to current needs. The Government has therefore proposed amendments that provide increased flexibility and give employees more influence on their own daily work. The proposals are now adopted by the Storting.

The adaptations take into consideration that people live their lives differently and need different solutions. Besides, they will make it easier to get a job and to work longer, both as an employee and as an owner. The new provisions do not involve more working hours, more

Different types of entrepreneurs

Entrepreneurs are different and have different needs. There are no widely accepted definitions of the various types of entrepreneurs. However, by grouping entrepreneurs based on their level of ambition and the purpose of their business, we can get a rough classification of the various types while illustrating the diversity of entrepreneurs. Due to the great diversity there will be entrepreneurs who do not fit the categories, and entrepreneurs who fit the description in several categories.

LIVELIHOOD ENTREPRENEURS: The vast majority of entrepreneurs belong in this group, and their primary ambition is to start viable businesses. Livelihood businesses are important value creators, often in fields such as retail and service industries. The businesses may have small start-up costs which normally do not require external investors. The start-up phase can be critical, however, and entrepreneurs will often need practical guidance. If they survive the start-up phase, livelihood businesses can stay in business for a long time. Livelihood businesses mainly remain small and are to a lesser degree oriented towards growth or new innovations.

GROWTH ORIENTED ENTREPRENEURS: Many of the more growth oriented entrepreneurs state that it is their primary ambition to realize their own ideas or research results, and that they are oriented towards development and growth. These projects are often innovative and may originate from university settings. Entrepreneurs are often highly

educated, but may have little entrepreneurial experience and often lack commercial experience and competence. This group is often willing to take some risks. Entrepreneurs in this group will often need to be supplied with both competence and capital. Good access to qualified labour is also vital for the businesses to succeed in a growth phase.

Some of the more growth oriented entrepreneurs will originate from established businesses. Such a «spin-off» separates from the parent business into a new business with its own employees, technology, intangible assets, etc. These businesses will develop ideas and products further which have originated in the parent business, but which may be outside the business' core activity. Entrepreneurs behind them will often have good sector competence and professional competence and a well-established network.

SOCIAL ENTREPRENEURS try to solve social challenges and contemporary problems in new and innovative ways. Social entrepreneurship arises at the intersection between the government, the market and the voluntary sector. Social entrepreneurs use business methods to create value and in some cases to scale their social efforts. Livelihood businesses as well as entrepreneurs with ambitions for growth are included in this group. Entrepreneurs in this group will often need practical guidance on how to start a business, competence, and capital in connection with scaling and access to a network. This group may also have a special need for knowledge on public tendering procedures as well as municipal and government decision making processes, since these often purchase their services.

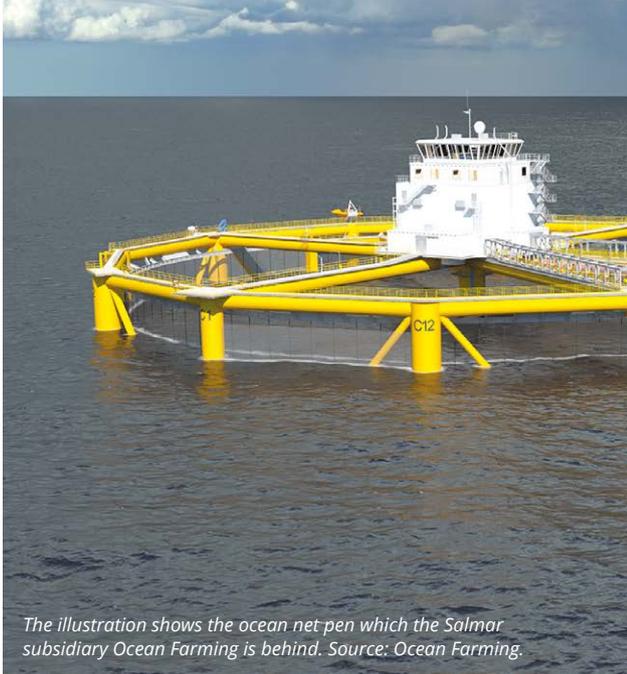
overtime or more work on Sundays in total, but the Government will make it easier to manage working hours in such a way that it suits individual employees and workplaces. A more flexible working environment act will therefore be beneficial to the entrepreneur, society's value creation and the employee.

Company legislation regulates rights, obligations, responsibilities and risks for various forms of organization. Thus, company legislation is of great importance to the start-up and operation of businesses. In order to simplify and ensure increased competitiveness for Norwegian businesses, the Government aims at company legislation having a predictable and clear legal infrastructure for Norwegian businesses, and that there is good correlation between company legislation and other legislation. In the efforts to develop company legislation it is also important to take into consideration that most businesses are small. Figures from Statistics Norway show that about 82 per cent of Norwegian businesses have four employees or less.

Demanding customers are the driving force behind innovations in many entrepreneurial businesses. The public sector is a large purchaser. The public sector should act as purchaser in a way that contributes to better services for the inhabitants, streamlining the public sector, and profitable business development. The public sector shall communicate its needs to the market simply and clearly. Entrepreneurs can help find solutions. Government procurements shall be facilitated in such a way that small and medium sized businesses can participate.

B. Better market access

Many Norwegian entrepreneurs are export oriented. However, internationalization can be demanding, especially for small and medium sized businesses. Only a limited group among the newly established businesses has ambitions of growth. This may lead to Norwegian businesses not winning market shares and that we miss opportunities for lasting and profitable employment.



The illustration shows the ocean net pen which the Salmar subsidiary Ocean Farming is behind. Source: Ocean Farming.



Countries compete in attracting talents and investments. This also applies to entrepreneurs. The countries not considered attractive to entrepreneurs may miss out on investments and important impulses in social development.

Government policy

The Government will facilitate freer trade, which makes it easier for Norwegian businesses to succeed in international markets. In order to achieve this, the Government will enter into good agreements for trade and investments which safeguard Norwegian interests.

The Government also emphasizes that Norway shall have competitive funding schemes for Norwegian export and provide good counselling for Norwegian entrepreneurs facing the international market. Norway shall be an attractive country to have as a base for internationally oriented entrepreneurs.

C. Increased diversity

Many innovative entrepreneurial environments are characterized by diverse entrepreneurs. This can give a rich supply of various ideas and make entrepreneurship more attractive, even to people who are currently under-represented among entrepreneurs. Cultural diversity and cultural competence also helps ease Norwegian entrepreneurs' access to global markets.

There are successful female entrepreneurs in all sectors. However, there are few women in Norway overall who choose to become entrepreneurs. Among other things, this means that we have valuable resources who do not reach their full potential. For example, there are few entrepreneurs in some female dominated sectors, such as the health sector. Increasing the percentage of entrepreneurs in female dominated sectors can lead to several new solutions that society will increasingly need.

Many women work in health and care services and have considerable expertise in these areas. This expertise can be a good starting point for entrepreneurship and business development. The sector has a considerable need for labour and innovation. Strengthening entrepreneurial initiatives towards this sector can thus contribute to the necessary renewal and structural adjustment as well as to more female entrepreneurs.

Government policy

Human resources constitute the main part of the national capital. We should therefore use the entire work force well in the efforts for future value creation and growth. A competitive business community must recruit good candidates from the entire population. The Government therefore wishes to enable more female entrepreneurs.

In order to cultivate the best candidates the business community must be able to see the resources of the individual, regardless of gender, social background or ethnic origin. People with different backgrounds see different challenges and different opportunities. The business community has an important role and a responsibility to work consciously with equality strategies, targeted recruitment and measures to achieve greater diversity.

Everyone should have equal opportunities to realize their entrepreneurial ambitions. The Government allocates grants for entrepreneurial training for immigrants through the Directorate of Integration and Diversity. The most important action to bring more people forward is still to ensure that the largest and most extensive instruments are available to all population groups.

The Government will strengthen schemes that can contribute to more female entrepreneurs in health and care, such as research and development contracts.²³



Entrepreneurship in agriculture

The Government will stimulate growth and innovation in the agricultural-based industries. The Ministry of Agriculture and Food therefore recently presented the white paper *The Farm as a Resource – the Market as a Goal*. The white paper proposes a number of measures to stimulate growth and make it easier to develop new business activities in agriculture. Among other things, the Government proposes to test a mentoring scheme for agricultural entrepreneurs.

The Government wishes to enable entrepreneurs in various life situations by giving the self-employed better rights to care and training allowances.

D. New solutions to social challenges

Social entrepreneurship arises in the space between the government, the market and the voluntary sector. Social entrepreneurs use business methods and try to create values by meeting social challenges and contemporary problems in innovative ways. Society will benefit from more social entrepreneurs.

The public sector is a large, and in many cases the only, customer for social entrepreneurs. For social entrepreneurs, who often have small and newly established businesses, it can be a challenge to have an overview of, and be considered in, public tendering procedures and decision making processes. Many public procurements take little account of the need and opportunity for innovation in the services and deliveries in question.

Social entrepreneurs have good insight into how contemporary problems can be solved, however, they may lack competence and experience in the business aspect of entrepreneurship.

In many cases, social entrepreneurs also come from sectors or studies with little entrepreneurship culture. This can make the threshold for entrepreneurship particularly high.

Government policy

The Government wishes to enable social entrepreneurs to contribute with new solutions to various social challenges in society.

Renewing and modernizing the welfare state must also be based on openness for the public sector itself utilizing innovative ideas. The Government therefore wishes to create a culture for collaboration with innovative social entrepreneurs in the development of good and efficient welfare services.

The Government will facilitate social entrepreneurs' access to schemes organized by funding agencies on an equal footing with other entrepreneurs. The Norwegian Labour and Welfare Administration manages a grant scheme for social entrepreneurship and social entrepreneurs. A total of NOK six million has been allocated to the scheme in the past two years. This scheme can support businesses contributing with new solutions in the efforts to combat poverty and social exclusion.

In order to gain more knowledge on the field, the Nordic Council of Ministers has conducted a survey of the efforts directed towards social entrepreneurs in the Nordic countries. The survey indicates among other things that there is a potential for better interaction between players who offer instruments directed towards social entrepreneurs. The Government wishes to follow up on this by contributing to a more comprehensive approach to the field nationally through better collaboration between various public players.

The Government wishes to facilitate strengthened competence and culture for social entrepreneurship. Social innovation and social entrepreneurship are therefore part of the entrepreneurship training in basic education.

23) R&D contracts consist of a binding collaboration agreement between a supplying business and a client business or public enterprise. The project can be taken all the way to a prototype.

Measures to make Norway a more attractive country for entrepreneurs

The Government wishes to implement an *Attractiveness Project* in order to make Norway a country where it is easy to be an entrepreneur for all groups in society.

Norway shall also be an attractive country for good, foreign entrepreneurs. In the Attractiveness Project the Government will allocate NOK 15 million to:

- Simplify and improve the interface between entrepreneurs and the public sector. Registration shall appear simple, intuitive and user friendly through the use of, among other things, the Altinn portal. Designers and entrepreneurs are to find good solutions together.
- Digitizing the entrepreneur services of Innovation Norway. Making the policy instruments available to ambitious entrepreneurs regardless of gender, nationality, age, and ethnicity. All services shall be available in English.
- Launch *Vekst* – a focused mobilization measure to promote promising entrepreneurs with multicultural backgrounds, promising female entrepreneurs, and other groups underrepresented among Norwegian entrepreneurs. These are to go through a mentorship scheme, and networks are linked to competent capital. The initiative is to work together with other networking and competence initiatives for entrepreneurs.
- Investigate *Start in Norway* – a fast track scheme for particularly promising foreign entrepreneurs to develop ideas with great potential here.

The Government will also:

- Increase the use of market dialogue in connection with government procurements by strengthening the National Programme for Supplier Development by NOK ten million.
- Conduct a regulatory clean-up by abolishing idle laws, simplify laws and review business-related regulations, such as the Accounting Act and the Bookkeeping Act.
- Review company legislation in order to simplify and give Norwegian businesses more competitiveness, provide good correlation with other legislation and safeguard the special needs of small businesses.
- Introduce new and improved procurement regulations in 2016.
- Establish a regulatory council. The new regulatory council shall help prevent that unnecessary burdens are inflicted on the business community through new or changed regulations.
- Examine measures to get more foreign Master and Ph.D. students to start businesses in Norway when they have completed their studies.
- Continue the efforts in the field of social entrepreneurship:
 - Continue the grant scheme directed towards businesses contributing with new solutions in the efforts to combat poverty and social exclusion.
 - Follow up on the Nordic survey on social entrepreneurship, including strengthening collaboration between public players.
- Continue the focus on entrepreneurship among women and girls and continue to highlight positive role models.
- Contribute to the establishment of meeting spaces for sharing knowledge and experience for entrepreneurs in the health, nursing and care sector.
- Give more young women experience in entrepreneurship and networking through earmarking funds for Young Entrepreneurship.
- Increase allocations for research and development contracts in Innovation Norway by NOK two million to projects in health, nursing and care services. The scheme is a grant for binding collaboration between supplying businesses and customer partners.
- Profile Norway as an entrepreneurial nation.

Simplification measures already implemented by the Government

The Government emphasizes the implementation of measures facilitating the structural adjustments in the economy and contributing to growth and new jobs. Some specific legislative changes have been implemented during the term in office.

- Co-owner no longer needs to register each co-owner in the Register of Business Enterprises. This means less paperwork for both the business community and for individuals. There is no need for double registration. It has been demanding to collect and maintain information on co-owners. The requirement to register this information was therefore removed from the Register of Business Enterprises Act from July 2015.
- Businesses will have better access to updated and reliable business information in other countries through more collaboration between the European central registers, trade registers and business registers. This means simplification and fewer administrative burdens for the business communities. The Register of Business Enterprises Act was amended from January 2015.
- The Government has contributed with NOK 5 million to the development of a technical solution in the Register of Business Enterprises making it possible to establish limited companies online. The solution will be ready by the end of 2015. This is an alternative to the current paper based solution, making the start-up procedure simpler and more flexible since the establishers can communicate electronically, create constitutional documents online and sign the document by using electronic signature.
- In order to assist business development and help people find their way in the jungle of information and offers throughout Norway (company form, registration, taxes and fees, accounting and auditing, insurance, etc.), Innovation Norway has developed an entrepreneur portal for business creation. The portal is developed in collaboration with Altinn. It consists of a new website under Innovation Norway (www.innovasjon Norge.no/no/grunder/) and a new telephone service, the Entrepreneur Hotline. It was launched on 26 November 2013.

Global Entrepreneurship Congress

Global Entrepreneurship Congress is an annual entrepreneurship congress gathering politicians, entrepreneurs and start-up environments from 140 countries. The congress is an opportunity to put the host country on the map as an entrepreneurial nation and has previously been arranged in the US, the United Arab Emirates, China, the UK, Brazil, Russia, and Italy. Colombia is the organizer in 2016, and South Africa in 2017.

Innovation Norway offers guidance for entrepreneurs who are entering the international market

Innovation Norway offers guidance for entrepreneurs who are entering the international market. Under the umbrella Go Global, Innovation Norway offers a number of learning and network activities, such as:

Course in international trade regulations and free access to the Expert Handbook, which provides updated information on trade regulations and regulatory frameworks in international markets.

FRAM Marked: Growth in new markets
The competence programme FRAM Marked provides useful tools for internationalization, strategy and innovation for small and medium sized businesses.

International counselling: Get to know new markets
Employees of Innovation Norway abroad offer international market advice and contribute to creating networks in international markets.

Mentor service
Through Innovation Norway entrepreneurs with international potential can be offered professional mentors with long experience in entrepreneurship and business.

Site-specific activities:

- Business Bootcamp 2.0 - Norway
- Global Entrepreneurship Training (GET) - Boston
- Entrepreneurial Marketing - New York
- Entrepreneurship in Emerging Markets - India
- TechCity Executive Accelerator (TEA) - London
- Tech Incubator (TINC) Asia - Singapore
- Tech Incubator (TINC) Silicon Valley

Digitization of the entrepreneur services of Innovation Norway

Commissioned by the Government, Innovation Norway will deliver new, digital solutions for entrepreneurs during the course of 2015. In the initial phase quick feedback and case processing can be vital for entrepreneurial projects. Many entrepreneurs also work on their business idea beside their ordinary job, and may therefore need to contact Innovation Norway's advisors in the evening. Digitization involves, among other things, the introduction of 24 hour self-service solutions and the option to contact the company's advisors beyond ordinary office hours through a chat solution. Digitization will involve a considerable reduction in case processing time for application for start-up grants. It will also be easier to fill in the application forms. The new digital solutions will initially apply to recipients of start-up grants, and it will be further developed to include all client groups.

In Norway it is not necessary to start a business to survive

Entrepreneurship in an underdeveloped economy may be very important for subsistence and livelihood when an underdeveloped labour market offers few opportunities. For a developed economy such as Norway, entrepreneurs play a key role in innovation, structural adjustment and growth.

The GEM survey distinguishes between what they call necessity driven entrepreneurship, which is typically driven by the lack of opportunities in the labour market, and opportunity driven entrepreneurship. Among the OECD countries Norway has the largest percentage of opportunity driven entrepreneurship. The figure of 3.9 per cent who do opportunity driven entrepreneurship is still not very high compared to other countries because the total number of entrepreneurs in Norway is low. First of all, very few Norwegian entrepreneurs state that they start a business out of necessity. In 2005, 6.6 per cent of the adult population stated that they were involved in starting a business because they saw opportunities in the market.²⁴



Ten million to gaming entrepreneurs

NOK 10 million to the Norwegian computer game industry will get more gaming entrepreneurs out into the world. The Ministry of Culture and Innovation Norway contribute with NOK five million each to a new pilot project, *Games out into the world*, which is planned to be launched in 2016. The programme is to contribute with capital and competence to Norwegian computer game businesses with international ambitions. Innovation Norway will design the content of the programme together with the Norwegian Film Institute, the Ministry of Culture, and the industry. – The Government has also established a new council for the cultural industries. The goal is increased profitability in the creative industries in Norway.



Photo: Innovation Norway

The Brønnøysund Register Centre

The Brønnøysund Register Centre shall make sure that the business community has access to the necessary information in order to run their businesses, and that the necessary reporting duties can be performed as easily as possible. On the website «Start and Run Business» at www.brreg.no there are guides and links to other relevant websites with information on matters entrepreneurs must consider when starting a business. The website is frequently and increasingly used.

The «Start and Run Business Day» is a new initiative under the auspices of the Brønnøysund Register Centre where public and private players join forces to arrange information days around the country for people who consider starting a business, entrepreneurs and newly established business people. At the events entrepreneurs meet local advisory services, key government agencies and private business players to whom they must relate before and after establishing their business, as well as other entrepreneurs who have started businesses. This arena for networking and sharing experiences has received lots of positive feedback from participants. <http://startedrivedag.brreg.no/>

24) Source: Global Entrepreneurship Monitor 2014

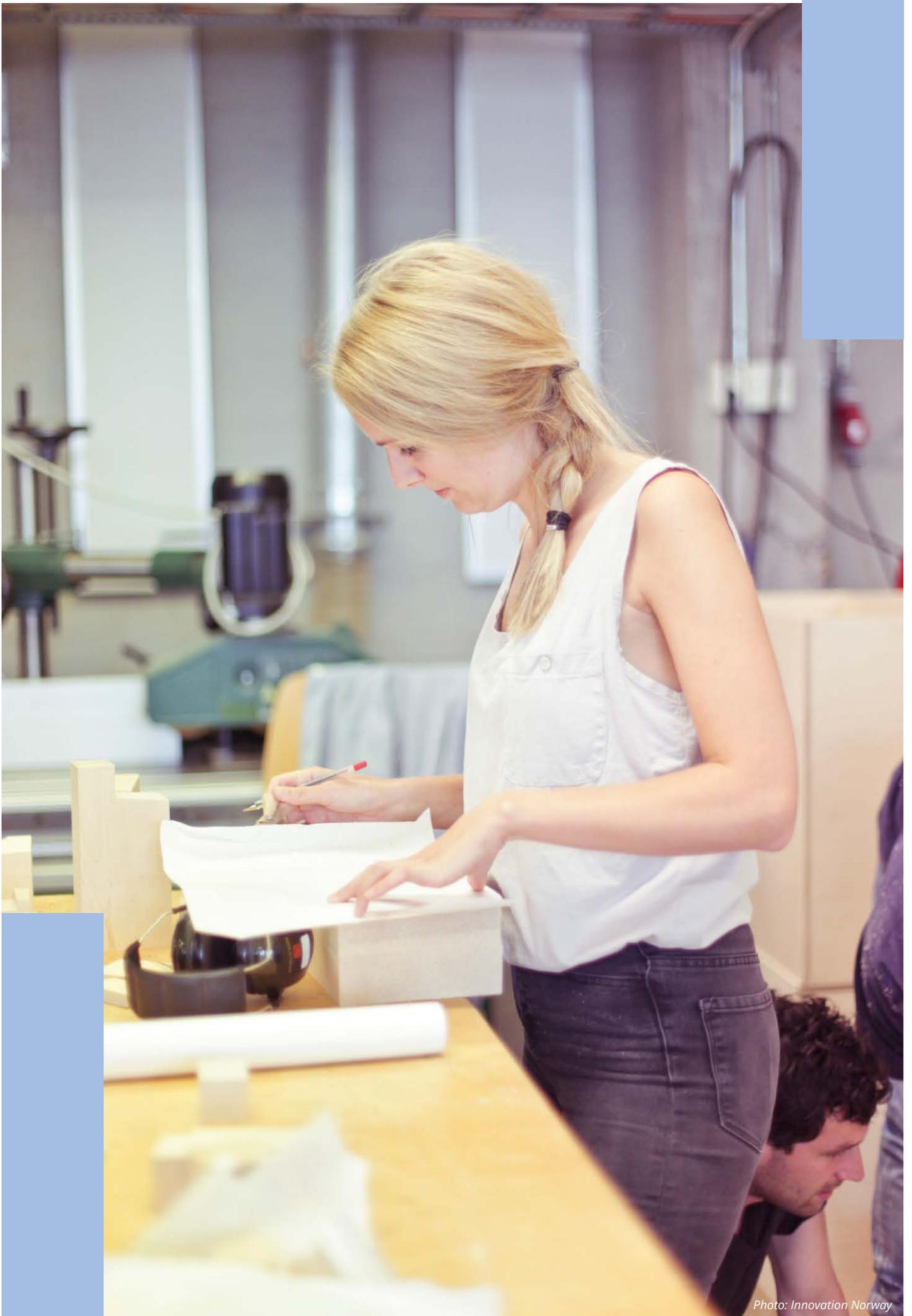
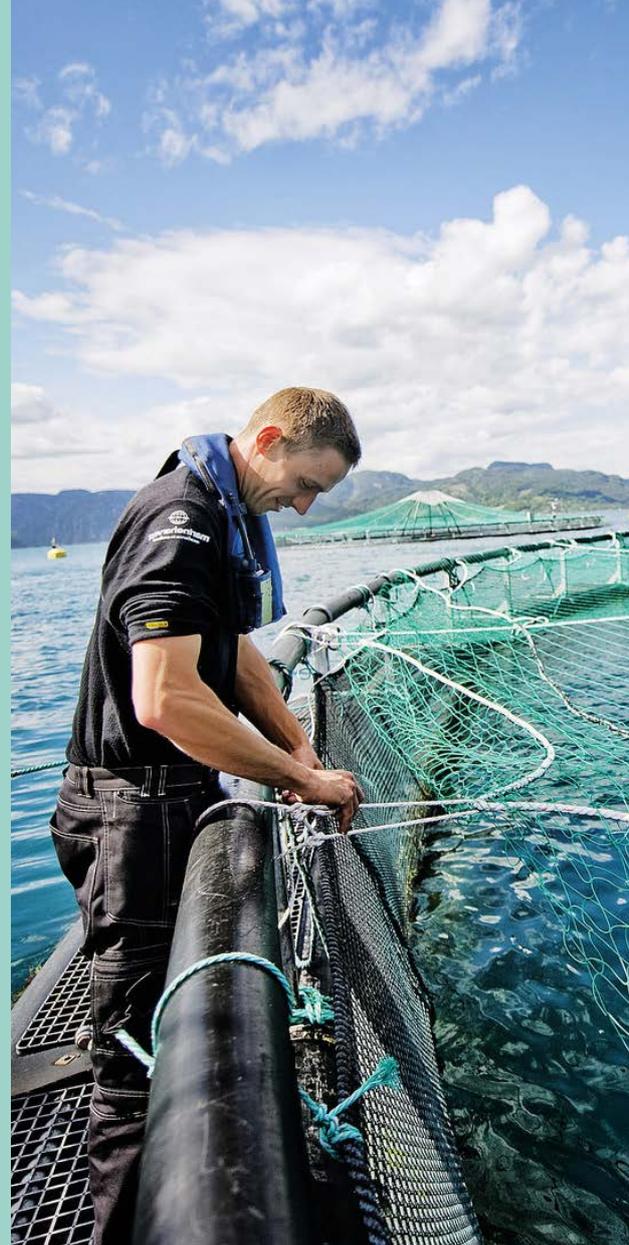


Photo: Innovation Norway



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