



# Entrepreneurship Consortium Workshop

## Entrepreneurship Policy Indicator Questionnaire Project

### **Morten Larsen**

National Agency for Enterprise and Construction

FORA, Centre for Economic and Business Research under  
the Ministry of Economic and Business Affairs, Denmark

Seconded to OECD,  
SME and Entrepreneurship Division of the Center for  
Entrepreneurship (CFE)

## Why did we undertake the project?

- Entrepreneurship is an important driver of growth in the knowledge based economy.
- 2004 data collection showed, that very limited international comparable data was available on some framework conditions
- Data only has value if they can be compared to other data
- Better data in these areas was desired
- Help create fact based policy in member countries

## What was the objective?

- To gather information on national specific regulation and government programmes (policy indicators) related to entrepreneurship
  - To allow cross country comparison
  - To guide policy makers in their search for possible policy reforms



## Background

- Partner: Working Party on SMEs and Entrepreneurship (WPSME)
- Questionnaires developed with the OECD Secretariat (SME and Entrepreneurship Division)

Three main themes chosen:

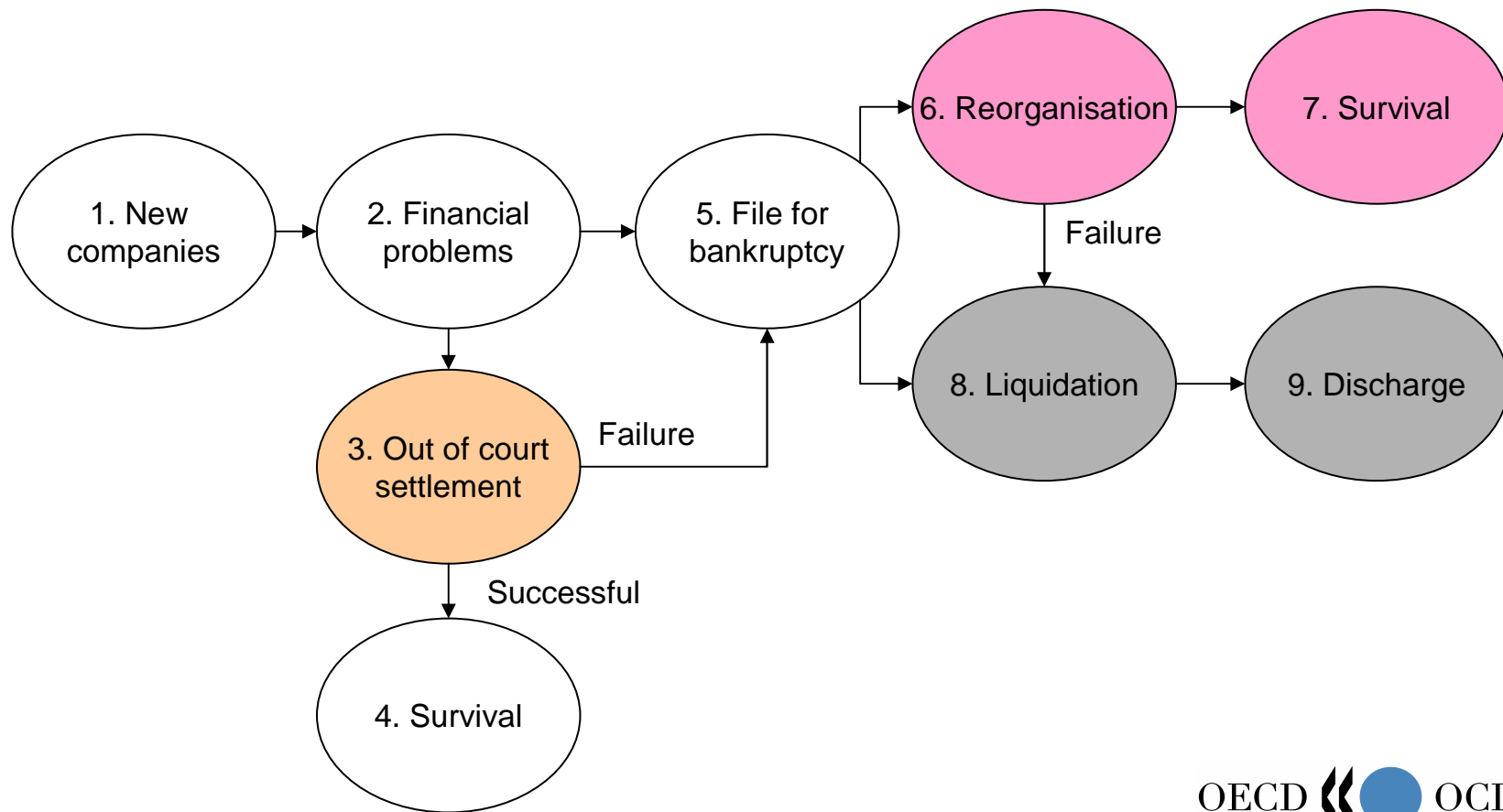
1. Bankruptcy
2. Entrepreneurship Education
3. Taxation

- Questionnaires answered by national policy experts and universities
- I will present a preliminary stocktaking of data

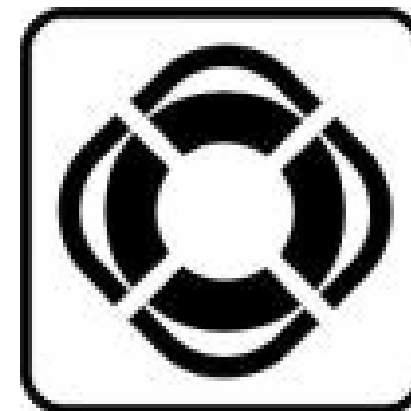
## A. Bankruptcy

- Balance of two contradictory interests
  - The creditors' interests should be protected
  - The entrepreneur's willingness to take risks should be encouraged
- This study is not an assessment of whether the bankruptcy legislation is “good” or “bad”
- It is an assessment of bankruptcy policy in OECD countries and how the entrepreneurs' interests are balanced
- However quick wins might be identified

# A. Bankruptcy - Topics



# Early Warning Systems



Countries having Early Warning Systems supported by the public sector			
Australia	Austria	Belgium	Finland
France	Germany	Greece	Ireland
Israel	Netherlands	New Zealand	Spain
Switzerland	United Kingdom		

# Early Warning Systems

- Types of Early Warning:
  - Self tests
  - Accounting Tools
  - Training Courses
  - Information targeted at financially distressed companies
  - Specialised advice
  - Etc.



# Prevention is better than cure

- **The Netherlands**

- Ondernemersklankbord

- Specialised advice to financially distressed companies
- 2500 entrepreneurs a year seek advice
- 8 out of 10 companies survive
- Government support:: 650.000 Euro a year
- Cost: Euros 260 a company



# Bankruptcy – Out-Court-Settlements

Out-of-court settlements		
<u>Yes:</u>	<u>Yes, but rarely used:</u>	<u>No:</u>
Australia, Austria, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Korea Norway, Portugal, Spain, Switzerland, turkey, United Kingdom	Hungary, Israel, Netherlands, New Zealand, Sweden	Belgium Japan Mexico Poland.



# Bankruptcy - Reorganisation

Countries having fast track procedures for reorganising Small and Medium Sized Enterprises (SME)		
Greece	Ireland	Italy
Japan	Korea	Spain



# Bankruptcy - Reorganisation

Countries having courts or sections within courts specialised in restructuring insolvent companies		
Austria	Belgium	Canada
Denmark	Finland	France
Germany	Greece	Italy
Korea	Norway	Poland
Portugal	Spain	Turkey
United Kingdom	Ireland	Mexico



# Bankruptcy - Liquidation

Countries having special fast track discharge proceedings for business bankruptees		
Denmark	France	Mexico
Portugal		



# Bankruptcy - Liquidation

**Countries where honest business bankruptees are automatically granted a discharge immediately after the liquidation case**

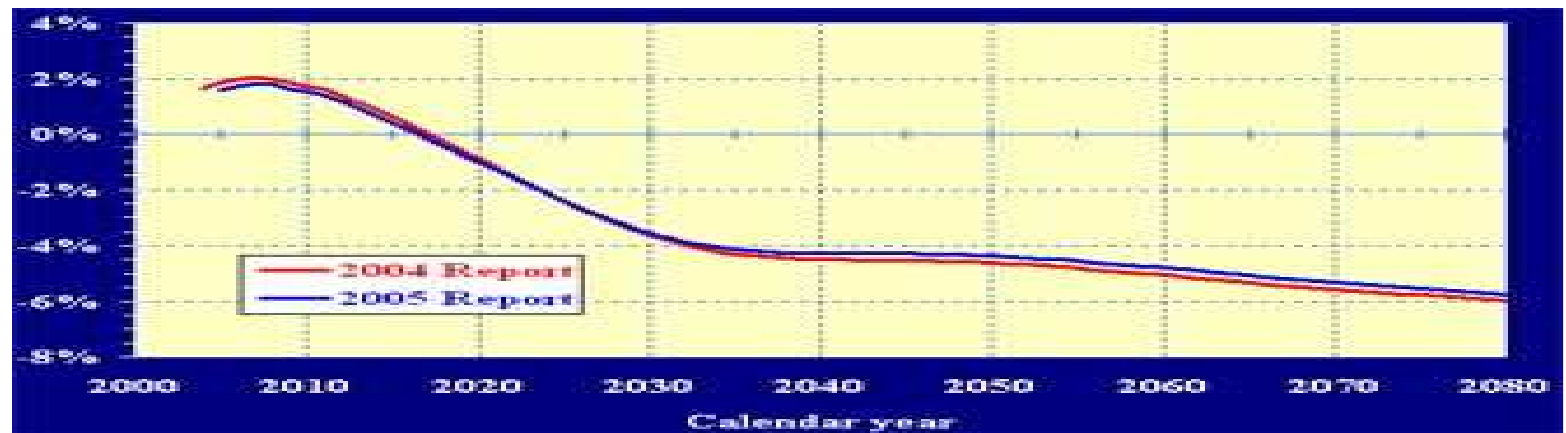
Belgium

France

Japan

United Kingdom

Ireland



# Bankruptcy - Liquidation

Honest business bankruptees can get a discharge by following a plan for repayment of (part of) the debts		
Austria	Canada	Denmark
Finland	Netherlands	Norway
Portugal	Switzerland	Australia
Mexico	Hungary	Belgium
Israel		

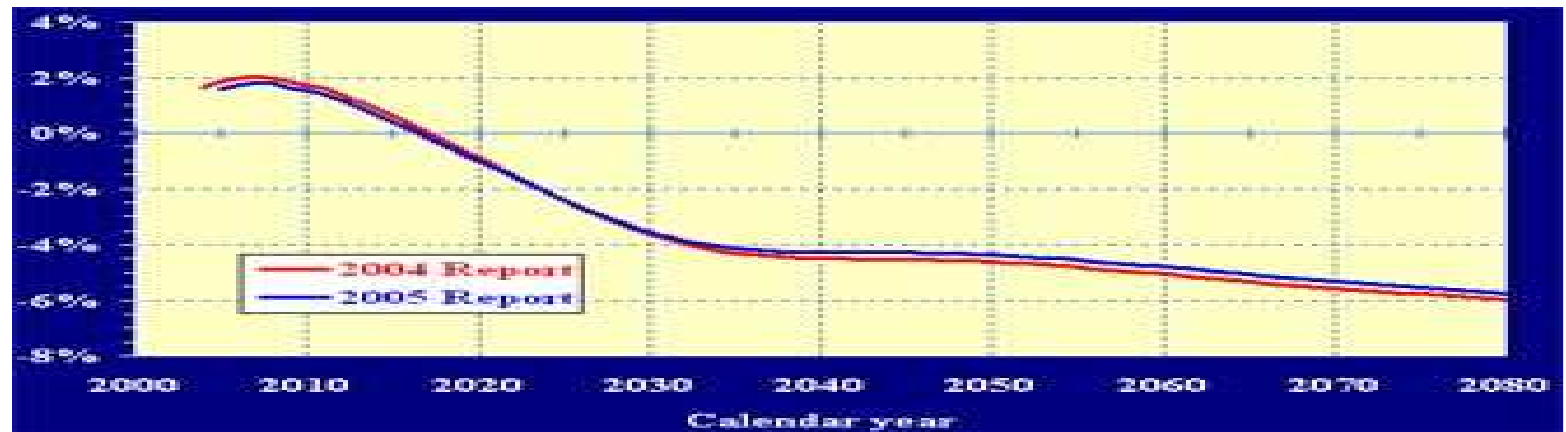


Table 26. Number of reorganizations and liquidations					
Country	Population in millions	Reorganization cases in 2004	Liquidation cases in 2004	Liquidated companies per million inhabitants 2004	Reorganizations as share of insolvencies 2004
Australia	20.1	47	7649	381	0.6%
Austria	8.2	33%	67%		33.0%
Canada	32.8	824	1958	60	29.6%
Finland	5.2	317	2428	467	11.5%
France	60.7	14950	32192	530	31.7%
Hungary	10.0	36	7800	780	0.5%
Ireland	4,0	6	347	87	1.7%
Japan	127.4	27203	220587	1731	10.9%
Korea	48.4	116	108	2	51.8%
The Netherlands	16.4		4063	303	
Norway	4.6	12	4267	928	0.3%
Poland	38.6	1019	4976	129	17.0%
Spain	40.3	480	561	14	46.1%
Sweden	9.0	47	7649	950	0.6%
Switzerland	7.5	232	9798 <sup>3)</sup>	1403	1.0%
United Kingdom	60.4	3063	12813	212	19.3%

# Bankruptcy – Preliminary findings

- Bankruptcy systems and legislation vary greatly from country to country
- Outcome also vary greatly from country to country
- Support for saving financially distressed companies, possibilities for reorganising a company and chances of getting a fresh start vary from country to country
- Very little is known about the exact relationship between elements of bankruptcy legislation and entrepreneurial activity (effect of Early Warning Systems? Reorganisations? Early discharge)

# Project Output

- Comprehensive stocktaking and documentation of data
- Description of nature and extent of entrepreneurship policies in OECD Countries
- Data will be made available to all WPSME Delegates
- Working Paper on Bankruptcy

# How much do we actually know?

- 7 governments financially support specialised advise to financially distressed companies (Early Warning)
- How many countries know
  - how many companies receive specialised advice
  - How many companies survive?
- 1 Country knows!

# How much do we actually know?

- How many of the reorganisation proceedings fail and are converted into liquidation proceedings?
- 3 countries know!

# How much do we actually know?

- How big are the administrative burdens and financial costs associated with the out-of-court settlement typically compared to in-court reorganisation?
- How many companies each year use the out-of-court procedures to avoid insolvency/bankruptcy
- What percentage of the companies that enter out-of-court negotiations manage to reach a settlement with the creditors
- Between 0 and 2 countries know

# How much do we actually know?

- Even where we have data we do not know much about the effect of the legislation:
- In Denmark you have to follow a repayment plan for three years. You get a discharge when the repayment period *starts*.
- In Sweden you have to follow a repayment plan for five years. You get a discharge when the repayment period is *finished*.
- Which begs the questions:
- Is it possible to start a new company during the repayment period if you get the discharge at the beginning of the period?
- Do bankrupts' repay less if they get the bankrupt at the beginning?
- The answer is that we do not know!

## B. Entrepreneurship Education

- 2 questionnaires:
  1. Questionnaire to be answered by government officials (policy and activities)
  2. Questionnaire to be answered by representatives of universities/business schools

# B1. Entrepreneurship Education Policy – Government Policy

Countries having a government-adopted “Action Plan” to integrate entrepreneurship into different levels of the education system		
<u>Primary School:</u>	<u>Secondary School:</u>	<u>Vocational Training:</u>
<ol style="list-style-type: none"> <li>1. Denmark</li> <li>2. Finland</li> <li>3. New Zealand</li> <li>4. Norway</li> <li>5. Turkey</li> </ol>	<ol style="list-style-type: none"> <li>1. Austria</li> <li>2. Denmark</li> <li>3. Finland</li> <li>4. New Zealand</li> <li>5. Norway</li> <li>6. Poland</li> <li>7. Sweden</li> <li>8. Turkey</li> </ol>	<ol style="list-style-type: none"> <li>1. Austria</li> <li>2. Denmark</li> <li>3. Finland</li> <li>4. Hungary</li> <li>5. Korea</li> <li>6. Norway</li> <li>7. Poland</li> <li>8. Spain</li> <li>9. Sweden</li> <li>10. Turkey</li> </ol>

# B1. Entrepreneurship Education Policy – Government Policy

Countries in which targets and timeframes have been set by the government for integrating entrepreneurship in the education system		
<u>Primary School:</u>	<u>Secondary School:</u>	<u>Vocational Training:</u>
<ol style="list-style-type: none"> <li>1. Finland</li> <li>2. Norway</li> <li>3. Turkey</li> </ol>	<ol style="list-style-type: none"> <li>1. Austria</li> <li>2. Finland</li> <li>3. Norway</li> <li>4. Poland</li> <li>5. Sweden</li> <li>6. Turkey</li> </ol>	<ol style="list-style-type: none"> <li>1. Austria</li> <li>2. Finland</li> <li>3. Hungary</li> <li>4. Norway</li> <li>5. Poland</li> <li>6. Spain</li> <li>7. Sweden</li> <li>8. Turkey</li> </ol>

# B1. Entrepreneurship Education Policy – Teaching of Teachers

<b>Countries having a plan/strategy to integrate elements of entrepreneurship into the training of existing teachers and the education programmes of new teachers</b>			
	<u>Primary School:</u>	<u>Secondary School:</u>	<u>Vocational Training:</u>
<b>New Teachers:</b>	1.Denmark 2.Norway 3.Spain	1.Austria 2.Norway 3.Poland 4.Spain	1.Austria 2.Norway 3.Poland 4.Spain
<b>Existing Teachers:</b>	1.Canada 2.Finland 3.New Zealand 4.Norway	1.Austria 2.Canada 3.Finland 4.New Zealand 5.Norway 6.Poland	1.Austria 2.Canada 3.Finland 4.Hungary 5.Korea 6.Norway 7.Poland

# B1. Entrepreneurship Education Policy – Teaching of Teachers

Are classes on how to teach entrepreneurship available/offered to students who study to become teachers			
	<u>Primary School:</u>	<u>Secondary School:</u>	<u>Vocational Training:</u>
<b>Yes:</b>	1. Poland	1. Poland 2. Austria	1. Poland
<b>Generally available:</b>	1. Finland 2. New Zealand 3. Norway	1. Finland 2. New Zealand 3. Norway	1. Finland 2. Norway
<b>Generally not available:</b>	1. Denmark 2. Hungary 3. Japan 4. New Zealand 5. Sweden	1. Hungary 2. Japan 3. New Zealand 4. Spain 5. Sweden	1. Denmark 2. Japan 3. Korea 4. Spain 5. Sweden

# B1. Entrepreneurship Education Policy – Teaching of Teachers

Is training/professional development on the teaching of entrepreneurship widely available/offered to existing teachers			
	<u>Primary School:</u>	<u>Secondary School:</u>	<u>Vocational Training:</u>
<b>Yes:</b>	1. Poland	1. Austria 2. Poland	1. Austria 2. Poland 3. Spain
<b>Generally available:</b>	1. Finland 2. New Zealand 3. Norway	1. Finland 2. Hungary 3. New Zealand 4. Norway	1. Finland 2. New Zealand 3. Norway
<b>Generally not available:</b>	1. Japan 2. New Zealand 3. Sweden	1. Denmark 2. Japan 3. New Zealand 4. Spain 5. Sweden	1. Denmark 2. Japan 3. Korea 4. New Zealand 5. Spain 6. Sweden

# B1. Entrepreneurship Education Policy – Evaluation

**Countries in which the effect of government programmes and initiatives to promote entrepreneurship education and school-based activities are monitored and evaluated**

New Zealand

Norway

Poland

Sweden

**Countries in which the overall effect of entrepreneurship education is monitored**

New Zealand

Poland

# B1. Entrepreneurship Education Policy – Preliminary Findings

- Widespread support for integration of entrepreneurship education in the education system
- Student learning materials and teacher resource guides are available in many countries
- Majority of new and existing teachers do not have access to entrepreneurship training and education
- Very little is known about the effect of government programmes and entrepreneurship education

## B2. Entrepreneurship Education at Universities

- The dissemination of the questionnaire has been delayed in some countries
- The response rate to the questionnaire is therefore still low
- The OECD Secretariat has decided to postpone the stocktaking of data to the online questionnaire
- All delegates will receive updated list of which universities have responded to the online questionnaire
- Stocktaking of data will be prepared along the same lines as the stock takings presented here

# Next Steps and Project Output

- Comprehensive stocktaking and documentation of data
  - Bankruptcy
  - Entrepreneurship Education Policy
  - Entrepreneurship education at Universities
  - No policy recommendations
- Description of nature and extent of entrepreneurship policies in OECD Countries
- Data will be made available to all WPSME Delegates
- Working Paper on Bankruptcy

