



The number of growth entrepreneurs is rising, but is far below the level of former years

Growth entrepreneurs are key drivers of job creation throughout Denmark and are behind nearly 1 in 10 new private sector jobs nationwide. In 2021, Denmark had 631 growth entrepreneurs, which is slightly more than in the previous year, but on a level with the past decade. A shortage of labour is cited as the greatest barrier to growth, but financial constraints also loom large, particularly for many young companies.

Slight increase in growth entrepreneurs but the target of at least 1,000 by 2030 is a long way off

In 2021, there were a total of 631 growth entrepreneurs in Denmark, who showed an annual rise in number of employees of at least 10% in the previous three years (growth entrepreneurs are defined

Same low number of growth entrepreneurs for the past 10+ years
Number of growth entrepreneurs in the private sector, 2008-2021, and target for 2030



Note: The hatched columns correspond to a linear phase-in towards the target of 1,000 growth entrepreneurs in Denmark by 2030.
Source: Statistics Denmark and DI calculations

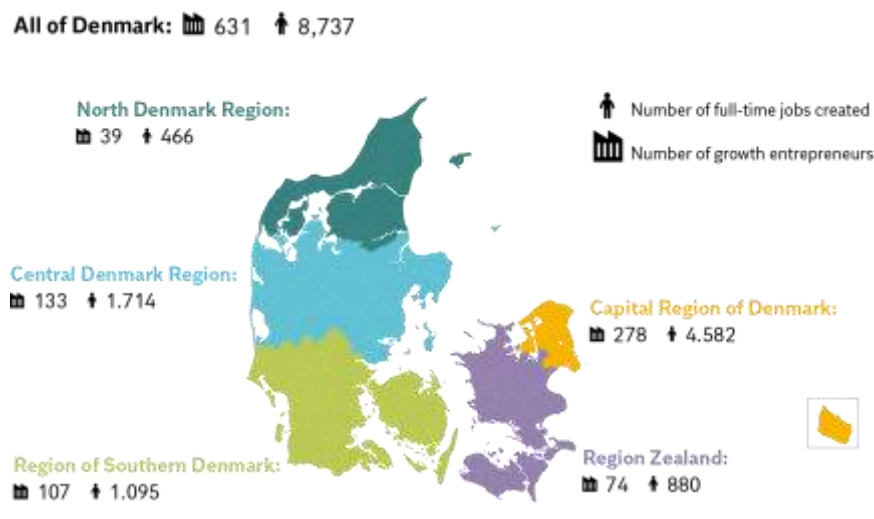
below). This is an increase of almost 6% on the year before. Despite a year of impressive economic progress and a strong job market, the number of growth entrepreneurs remains at basically the same low level as in the past 10+ years. As such, we have a long way to go to achieve the Danish target of having at least 1,000 growth entrepreneurs by 2030. This is a target that DI has previously recommended the government set for Denmark’s upcoming entrepreneurship strategy, expected to be launched this autumn.¹

Definition of growth entrepreneurs

Growth entrepreneurs are defined as businesses with an annual increase in full-time employees of no less than 10% over a three-year growth period. They have at least five full-time employees and a minimum annual turnover of DKK 5 million at the start of the growth period. In addition, they are assumed to be no older than seven years at the end of the three-year growth period.

Growth entrepreneurs are found throughout Denmark ...

Zooming in on the geographic distribution of growth entrepreneurs, we find the highest number by far in the Capital Region. In the most recent growth period – 2018-2021 – the Capital Region had 278 growth entrepreneurs in all, creating 4,582 full-time jobs in the private sector.² Growth entrepreneurs also create many new private sector jobs in the other regions.



Although growth entrepreneurs are defined on the basis of their growth in number of full-time employees – and thus by their very nature contribute positively to job creation overall – the extent to

¹ See Confederation of Danish Industry (2023): *En ny iværksætterstrategi for Danmark (A new entrepreneurship strategy for Denmark, in Danish)*.
² In addition, growth entrepreneurs created nearly the same number of full-time jobs in the period from their start-up year to the first year of the growth period.

which this job creation is concentrated within this business segment is remarkable. In fact, on average, these companies were responsible for almost 1 in 10 new jobs created in the private sector nationwide in the most recent three-year growth period prior to the COVID-19 crisis (2014-2017, 2015-2018 and 2016-2019). The focus is on the pre-COVID-19 years, when the drastic decline in employment during the lockdowns of 2020-2021 makes the impact made by growth entrepreneurs appear artificially high in these years. The figure of every 10th new job in the private sector is a significantly higher proportion than would be expected from the number of growth entrepreneurs, which amounted to a mere 2% of the total number of businesses in the same three growth periods.

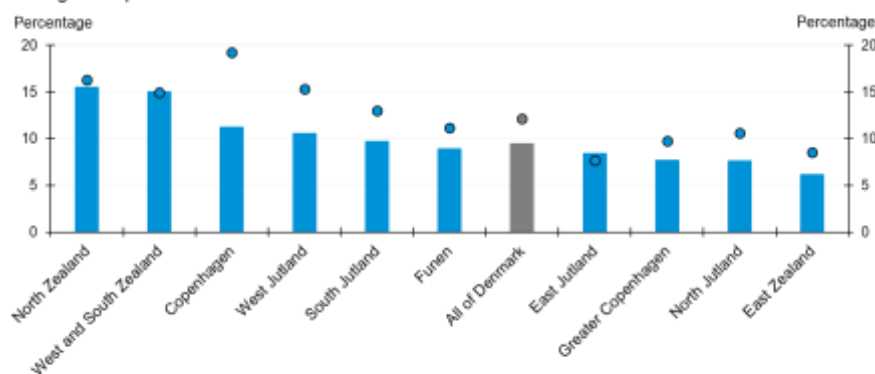
... and they are an important job driver across the entire country

However, there exist large regional differences in the extent to which growth entrepreneurs contribute to job creation. We find the greatest impact in North Zealand and in the region of West and South Zealand, where growth entrepreneurs accounted for no less than 15% of all the jobs created in these two regions in the three growth periods prior to the COVID-19 crisis. Conversely, making a 6–7% contribution, growth entrepreneurs had the smallest impact on total private sector jobs created in Greater Copenhagen, North Jutland and East Zealand.

However, almost all the regions were similar in that their impact on job creation was even more pronounced during the COVID-19 crisis, when Copenhagen, in particular, experienced significant job losses. If we include in the survey the two growth periods of 2017-2020 and 2018-2021 during COVID-19, we see that, on average, growth entrepreneurs were behind every fifth new job in the private sector in this region. Nationwide, this represented 12% of private jobs created, thus meaning that growth entrepreneurs bolstered the job market during the COVID-19 years.

Growth entrepreneurs are behind nearly every 10th new job in the private sector

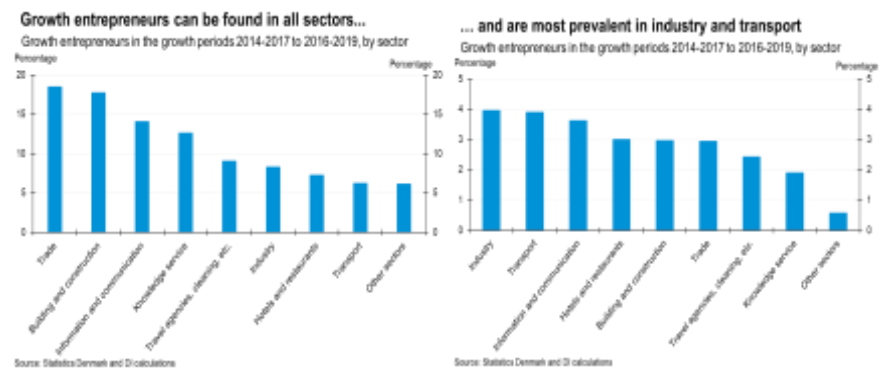
The share of private sector employment growth accounted for by growth entrepreneurs in the growth periods from 2014-2017 to 2016-2019 and from 2014-2017 to 2018-2021



Note: Job creation is calculated as the change in the number of full-time employees in each of the three growth periods for growth entrepreneurs and all businesses in the private sector in the regions, respectively. Circles indicate proportions when the two growth periods during the coronavirus are also included. Source: Statistics Denmark and DI calculations

Growth entrepreneurs are broadly distributed across sectors

Growth entrepreneurs are characterised by being broadly distributed among business sectors, with particularly large numbers found in the trade, building and construction, information, communication and knowledge service sectors. Around 6 in 10 growth entrepreneurs belonged to these sectors. However, relative to sector size, most growth entrepreneurs were found in the industry and transport sectors, where they accounted for approximately 4% of businesses in these sectors. A relatively high number of growth entrepreneurs were also represented in information and communication compared with other sectors.



Companies anticipate more growth barriers in 2024

It is imperative that there are up-and-coming businesses across sectors and regions to generate growth and new jobs and to contribute innovative solutions.³ However, such start-ups are challenged, and growth entrepreneurs – and companies in general – foresee numerous barriers that may thwart their development opportunities.

Labour shortage and financial constraints rank high on young companies' list of barriers to growth

In a new survey among DI's members, one in three young companies (defined as having started within the last seven years) identifies insufficient access to qualified employees as a barrier to growth in the coming year. Among more solidly established enterprises, 43% specify this as a growth barrier. Uncertainty (resulting from such factors as the Ukraine war, high inflation and rising interest rates) is also highlighted as a significant barrier to growth by young and slightly more established companies alike.

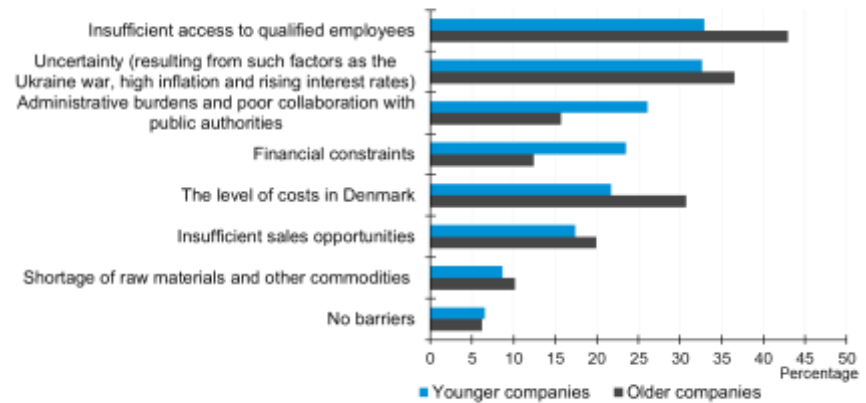
Around a quarter of young companies also pinpoint administrative burdens and poor collaboration with public authorities as significant obstacles to growth, along with financial constraints. This is rather more than among more established companies, a finding probably tied to companies' general need for venture capital during the

³ See Confederation of Danish Industry (2023): *Nye virksomheder skaber vækst, men få vokser sig store og stærke (New enterprises generate growth, but few grow big and strong, in Danish).*

start-up phase. Only 6% of businesses state that they foresee no barriers to growth in the upcoming year.

Shortage of labour is companies' greatest barrier to growth

Which external barriers will impede your business's opportunities for growth in Denmark over the next year? Feel free to give more than one answer



Note: Younger companies are defined as having started within the last seven years while others are considered older. Source: DI's Virksomhedspanel, a business panel comprising a representative cross-section of DI company members, June 2023 (based on 499 responses, 46 of which were provided by young companies) and the financial statements of Lasso X.

DI's proposal for a new entrepreneurship policy

To sharpen the focus on creating more growth entrepreneurs and boosting entrepreneurship efforts in Denmark, last spring DI presented 14 policy proposals for how we can realise the target of at least 1,000 growth entrepreneurs in Denmark by 2030. These proposals can create new, strong growth entrepreneurs all over Denmark and help the country become one of the world's leading start-up nations. You can read more about DI's proposal for a new entrepreneurship policy for Denmark here: *En ny iværksætterstrategi for Danmark (A new entrepreneurship strategy for Denmark, in Danish)*.

What we did

The analysis was prepared on the basis of Statistics Denmark's Entrepreneurship Database containing data on all newly registered businesses in Denmark. This means that a new business in a year is a genuine new business and not, for example, one that has been re-activated after being inactive in the preceding years or has simply been taken over by a new owner. Furthermore, the Entrepreneurship Database is restricted to only containing genuine new businesses that have recorded activity or earnings equal to 0.5 FTE. In this way, businesses run on a hobby-style basis with little or no activity are omitted from the analysis.

Statistics Denmark's General Company Statistics were also used to calculate the number of growth entrepreneurs and their geographic distribution. These statistics contain information about companies' turnover and number of full-time employees (used in the definition of growth entrepreneurs) as well as sector and region. The analysis focuses solely on the private sector, with public sector-dominated sectors omitted.

The use of these data registers and definitions showed that growth entrepreneurs in Denmark totalled 631 and that in aggregate they created 8,737 full-time jobs in the growth period 2018-2021. The number of growth enterprises and the jobs they create have remained almost unchanged for the past 10+ years and are thus a long way off previous levels.

No. of growth entrepreneurs and full-time jobs created in the private sector

Year founded	Growth period	Number of growth entrepreneurs	Full-time jobs created by growth entrepreneurs
2001-2004	2005-2008	916	13,106
2002-2005	2006-2009	752	9,528
2003-2006	2007-2010	612	6,007
2004-2007	2008-2011	562	7,311
2005-2008	2009-2012	642	7,145
2006-2009	2010-2013	584	6,439
2007-2010	2011-2014	554	6,057
2008-2011	2012-2015	574	6,685
2009-2012	2013-2016	591	7,023
2010-2013	2014-2017	579	7,772
2011-2014	2015-2018	650	7,649
2012-2015	2016-2019	670	8,572
2013-2016	2017-2020	597	7,514
2014-2017	2018-2021	631	8,737

Note: Growth entrepreneurs are defined as businesses with an annual increase in full-time employees of no less than 10% over a three-year growth period. They have at least five full-time employees and a minimum annual turnover of DKK 5 million at the start of the growth period.
Source: Statistics Denmark and DI calculations