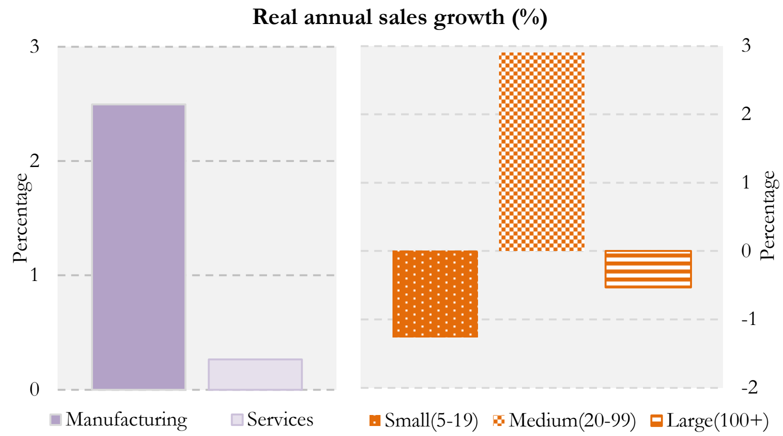
Country Highlights SWEDEN 2014

WORLD BANK GROUP

The World Bank interviewed a representative sample of the private sector in 4 of the most active economic regions in **Sweden**. The sample consisted of 600 business establishments surveyed from January 2014 through November 2014. The Enterprise Survey (ES) covers several topics of the business environment as well as performance measures for each firm. Below are the main highlights from the survey.

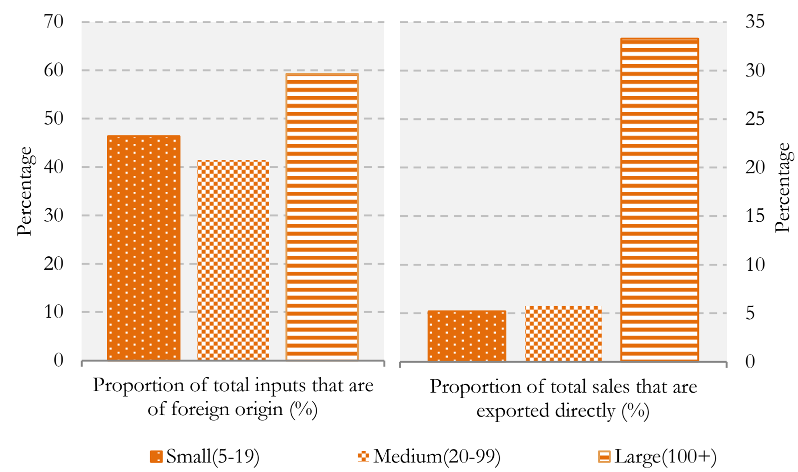
Between 2011 and 2013, real annual sales grew at a higher rate in manufacturing than in services sectors

Real annual sales grew at very different annual rates in manufacturing and services sectors between 2011 and 2013. In manufacturing, real sales grew at an annual average rate of 2.5%, while the same rate was only 0.3% in services. Interestingly, medium-sized firms (with between 20 and 99 employees), exhibit stronger sales growth compared to small or large firms (5-19 employees and 100 or more employees, respectively). In particular, small and large firms had negative sales growth rates (-1.3% and -0.5%, respectively), while real sales of medium-sized firms grew at 2.9% per year between 2011 and 2013.



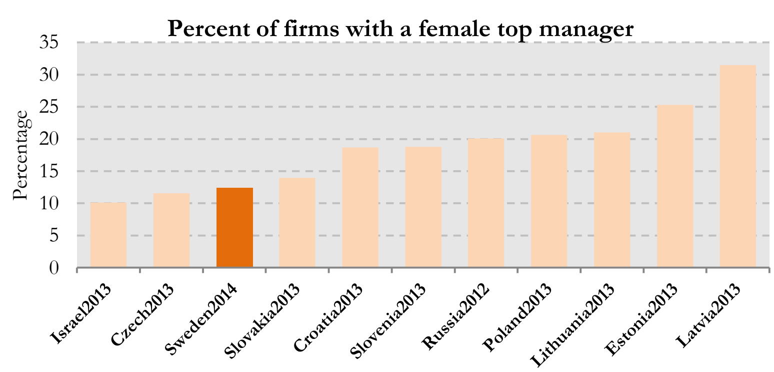
Large firms engage in international trade much more than small or medium firms

Large firms in Sweden **import and export** more than small and medium firms. However, the difference is much more remarkable for exports than for imports. While the proportion of total inputs that are of foreign origin is 46% among small firms, 41% among medium firms, and 59% among large firms, the proportion of total sales that are exported directly is much higher among large firms (33%) than among small or medium firms (5% and 6%, respectively). Similarly, while 100% of large firms use material inputs or supplies of foreign origin, the proportion is only 81% and 83% among small and medium firms. Among large firms, 72% export either directly or indirectly, while only 30% of small firms and 27% of medium firms export directly or indirectly.



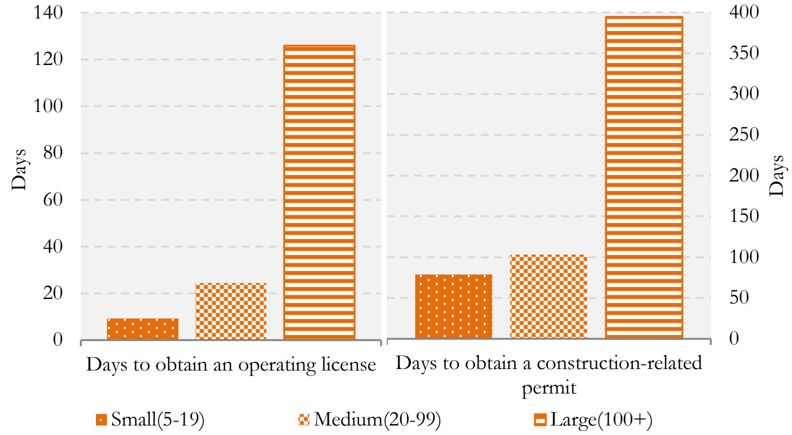
Women constitute more than one-third of a firm's workforce, but only 1 in 8 firms has a female top manager

In 2013, women comprised 34% of the total number of permanent, full-time employees in a typical Swedish firm. However, compared to a group of high-income countries where Enterprise Surveys have been conducted, Sweden has a much smaller **proportion of firms whose top manager is a woman**. Women lead only 12% of firms in Sweden compared to 19% in Croatia and Slovenia, 20% in the Russian Federation, and 31% in Latvia. These data suggest that the "glass ceiling" is still an issue despite the high level of women's participation in the labor market.



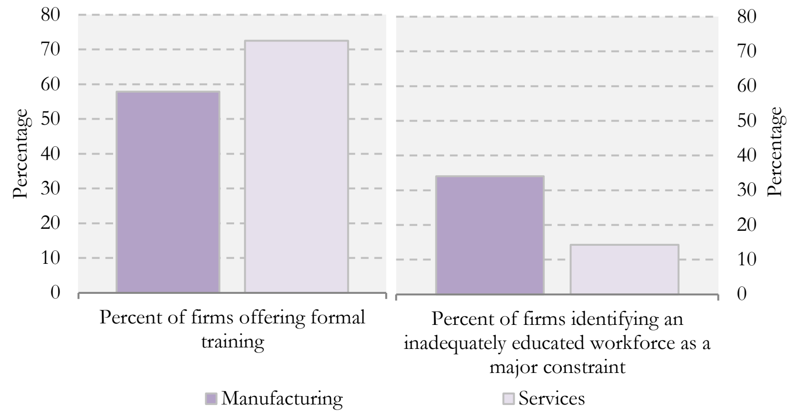
Obtaining an operating license or a construction permit takes much longer for large firms

Large firms in Sweden require more days to **obtain an operating license** compared to smaller firms: 126 days as opposed to 24 and 9 days for medium-sized and small firms, respectively. The time required to get a construction-related permit also varies greatly depending on the size of the firm. For small firms, the average number of days required to get a permit is 78. A much longer time, on average 103 days, is required for medium-sized firms. An even longer time is required for large firms. Perhaps due to the different size of the planned constructions, obtaining a construction permit takes on average 395 days for this type of firm: more than 5 times the amount of time required for small firms.



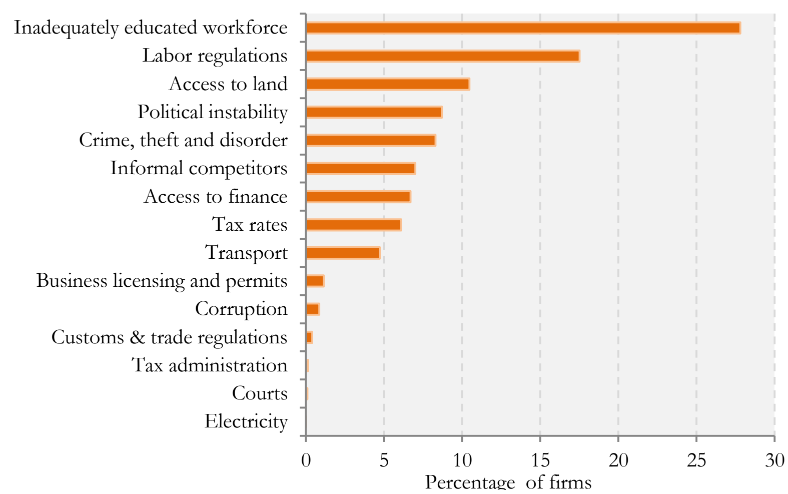
Services firms are more likely to provide training than manufacturing firms, and complain less about lack of skills

Swedish firms tend to invest in the skills of their **workforce**. In particular, in the services sector, the percentage of firms who offer formal training programs to their employees is 72%, although the percentage is much smaller among manufacturing firms (58%). In terms of the educational training of workers, services firms are less likely to identify an “inadequately educated workforce” as a major constraint for the firm’s operations (34%) compared to manufacturers (14%), suggesting that services firms are able to gather the required skills through a combination of hiring and training.



Labor market issues such as labor regulations and inadequate education are ranked as top obstacles

The survey asked business owners and top managers to name the **biggest obstacle** that the establishment faces in its everyday operations. An inadequately educated workforce was the most frequently mentioned top obstacle, ranking first for 28% of firms, which perhaps explains why the large majority of firms provide formal training to their employees. The second most frequently cited obstacle was labor regulations (18%). Interestingly, the third-most-cited top obstacle was access to land (10%). Coupled with the very long time required to obtain a construction permit, this obstacle is most likely to limit the operations of large firms, or the expansion of small and medium firms.



The Enterprise Analysis Unit is a joint World Bank and IFC team of economists, survey experts specialized in private sector development. Surveys implemented by the team reveal what businesses and firms experience across the world by interviewing representative samples of the formal, non-agricultural, non-extractive, private sector with 5 employees or more. The resulting globally comparable firm-level data is used to construct business environment indicators and measure firm performance. The findings and recommendations help policy makers identify, prioritize, and implement policy reforms that support efficient private economic activity.

For more information on the survey visit http://www.enterprisesurveys.org