



How much do we really know about third-country nationals that come to Sweden as start-up founders?

Presentation at the Swedish EMN Seminar “Attracting start-ups and innovative entrepreneurs from outside the EU - a key in Sweden’s high skill ecosystems”, 25 November 2019

Jonas Hols,
EMN Sweden
Swedish Migration Agency



What is a startup, the Swedish way?

“Start-ups are stand-alone, young, innovative businesses with growth ambition and a competitive, scalable business model with a potential to grow internationally. Often, the scalable business model builds on digital technology and/or intangible assets. These businesses are knowledge-intensive and are developing new concepts and products in the interface between the goods and services sectors which distinguishes start-ups from most other young companies”

Source: Swedish government website (translation from Swedish)



Sweden's ecosystems for start-ups

Private stakeholders

corporations, start-ups, hubs, co-working facilities etc.

Private

partnership operation, eg. Ignite

Events/support such as startup camps, pitch training, "Sthlm Tech Fest", "33 list", Femtech Boot Camp etc.

Municipalities/regions

incubation initiatives

University connected **innovation** bureaus, accelerators, e.g. Chalmers Ventures, KTH Innovation

Business community;

Startup Manifesto, Startup Grind etc.

Swedish Incubators and **Science Parks (SISP)**

Stockholm thriving start-up scene, local success stories, *unicorns* at \$ 1 bn, but other metropolitan areas too

Public stakeholders (government agencies, public investment companies), e.g. Vinnova, Almi, the Agency for Economic and Regional Growth; National Innovation Council; Ministry of Enterprise

Admission – legal framework



- **No special scheme** for the admission of third-country nationals as start-up founders or innovative entrepreneurs
- No special scheme for start-up **employees**; general framework for labour immigration
- **No investor scheme**
- The **legal base** for immigration is the same as for other self-employed persons
 - considerable **experience** in the sector in question, previous experience in running one's own business, executive responsibility and at least fifty per cent ownership, **sufficient funds** to support himself/herself and show that company will have its finances **in balance after two years**
 - possibility to be accompanied **by family members** (if supported)
 - permanent residence permit after two years, **no right to work** until then



Possible explanations/ alternative migratory paths?



- Swedish Migration Agency **estimates that no start-ups** apply via the migratory path for self employed persons
- Some **requirements** might be **challenging** for start-ups to fulfil?, provision not known? no right to work?
- Long **application processing times**; in 2018 on average 330 days for first applications, 186 days on average for renewals
- **Probable**: Start-up founders initially come via **other legal migration paths**, e.g. labour migration, family reunification, and in particular university studies

Public and policy debate



- In parliament (the Moderate Party and the Liberal Party e.g.) have argued in favour of **more accommodating policies** and the introduction of special (visa) schemes
- Employer organisations (The Association of Swedish Engineering Industries, The Stockholm Chamber of Commerce e.g.) have called for **simplified admission rules, talent visa, strategy to attract global talent**, Startup community; e.g. Startup Manifesto
- International recruitment including **“talent expulsions”** topical
- 73-Point Declaration – **special residence permit for highly skilled** that are job seekers or intend to **start a company** in Sweden (1 January 2021)

Measures for attracting/retaining third-country startup founders



- The government promotes Sweden as an attractive business destination in its overall trade and foreign policies, no **special strategy** to attract or retain third-country start-up founders
- **Swedish Institute** (“experts visitors programmes”) and **Business Sweden** (“Going Global”) tasked with assignments that were partly aimed at attracting
- Cities/regions, (Stockholm: “Welcome to the UNICORN factory”), **unicorns/local success stories**
- Sweden 4th on **OECD 2019 ranking** of talent attractiveness; top ranked under “family environment”
- Reasonably **universities and higher education** institutions serve to attract

Good practices & challenges



- **User friendly** one stop shop to register company (verksamt.se)
- Migration Agency's **certification system** for employers potentially benefits tech sector
- **International students** can start company without changing status, and are allowed to submit application as self-employed without having to leave the country
- **Socio-economic factors** (living costs, salaries, taxation)
- Several sources say **international recruitment** is a challenge to start-ups in Sweden – administrative burden and costs, including "talent expulsions"
- No support aimed for "**soft landing**"

Conclusions

- **Lack of data** makes phenomenon difficult to study and to draw conclusions
- But third-country nationals do in all likelihood arrive in Sweden and engage in start-up activities as employees or founders (later)
- **Reports** available for download from the [EU EMN Website](#) and [EMN Sweden](#) website

Thank you!

Jonas Hols

jonas.hols@migrationsverket.se

