



Simplifying the Innovation Support System

Policy Brief Sweden

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With simplified rules, lower fees, and better support systems, small businesses can navigate bureaucracy and grow sustainably.

Executive Summary

Small businesses struggle with the same regulations as large companies, leading to high compliance costs and administrative burdens. They lack resources to navigate bureaucracy, hindering growth. Simplified rules, lower fees, and better support systems are needed. A user-friendly, centralized online resource could help startups access necessary information and support more easily.

The Challenge

Small businesses face significant challenges due to policies that apply the same regulations to both large and small companies. Consequently, complying with regulations and reporting requirements takes too much time and resources for small businesses. For example, the fee for various permits may be insignificant for a large company but very onerous for a small one. A large company can hire legal- and economic experts to help them navigate government requirements, but a startup or a small company has neither the necessary skills nor the resources to do so. These circumstances hamper business growth prospects.

Some businesses are too small to qualify for national support funds, posing significant obstacles in bureaucracy. This is especially clear when it comes to agricultural support which aims for large-scale economically effective farms and thus disregards all landowners under 4 hectares. Additionally, small-scale landowners, often seasonal and dependent on harvest periods and varying weather conditions, find it challenging to anticipate their need for extra or seasonal workers. Flexible and simplified hiring procedures for fixed-term seasonal and short-term temporary workforce would greatly benefit these rural operations.



The system seems to work better for those who have adapted and “cracked the code” to qualify for rural development support, demonstrating the expertise and ingenuity required to navigate the complexities of the current business support system, but this may also lead to sub-optimization, such as presenting a predominantly social innovation as investment in buildings and machinery.

Small businesses lack the resources to navigate complex bureaucratic systems, hindering growth. Established businesses also struggle with knowledge and time constraints in applying for funds. Women innovators also wish it were easier and cheaper to hire staff. The difficulty in hiring people and paying for sick leave is particularly challenging for a business that operates on small margins.

Policy Solutions

The solution we propose is that small and large companies play in different leagues, with fewer, less complicated rules and lower fees for small businesses.

Moreover, a user-friendly, web-based entryway with links to everything a start-up must consider, including links to organisations that can help them in starting their business, is called for. The Swedish tax authority is exemplary in this regard, but its website only provides information about tax regulations. However, since every new organisation must register with the tax authorities, this authority is well-positioned to point new organisations to relevant webpages, including webpages that provide information directly relevant to upstart support, for example, Almi, Jobs and Society, local incubators, and regional or municipal trade offices.

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Supporting Evidence

WP3 showed that application for funding involves a great deal of bureaucracy in almost all governmental systems. Problems with an onerous bureaucratic system were identified as an obstacle for companies that submitted applications to the Common Agriculture Policy application each year. There have been discussions about simplifying the application process in Sweden for farms for quite some time, but nothing has happened in this area, according to our findings in FLIARA.

In interviews and Community of Practice (CoP) events, female entrepreneurs from the farming and rural sectors emphasized that women often run small businesses that do not align with typical business operations and thus feel unrecognized in regulations. Examples include small-scale (sometimes organic) farms, alternative organizational forms, and tourism enterprises. These small-scale rural and farming businesses often fall between different regulations, which are designed for larger traditional operations.

The results from the FLIARA project showed that 20 % of the sustainability issues identified by rural stakeholders were related to inappropriate, inadequate or biased interventions, incentives and expectations by the society. Public policies were considered to be inefficient, distant and/or bureaucratic, but also that there were an urban and growth bias in the sustainability discourse and solutions.

Sources:

Kuhmonen, T. and Tembo, B. (2024), “D2.2: Future Vision Manifestations”, 6 November, available at: <https://zenodo.org/records/14045244> (accessed 3 April 2025).

Sivini, S., Roos, A. and Leonardelli, I. (2024), “D.3.3: Women-led Innovations in Agriculture and Rural Areas, Lessons Learned Report and Fact Sheets on Female Innovations”, 6 November, available at: <https://zenodo.org/records/14045390> (accessed 3 April 2025).



Conclusion & Call to Action

To meet the needs of small-scale businesses and farms, especially targeting women in rural areas, we propose that small and large companies play in different leagues. This can be done through:

- 🏠 Fewer rules for small businesses.
- 🏠 Less complicated rules for small businesses.
- 🏠 Lower fees for small businesses.
- 🏠 A user-friendly, web-based entryway for start-up.

Further Reading

Kuhmonen, T. and Tembo, B. (2024), "D2.2: Future Vision Manifestations", 6 November, available at: <https://zenodo.org/records/14045244> (accessed 3 April 2025).

Sivini, S., Roos, A. and Leonardelli, I. (2024), "D.3.3: Women-led Innovations in Agriculture and Rural Areas, Lessons Learned Report and Fact Sheets on Female Innovations", 6 November, available at: <https://zenodo.org/records/14045390> (accessed 3 April 2025).

About FLIARA

The project is on a mission to create a more sustainable future by highlighting the role of women in agriculture and rural areas. FLIARA will boost understanding of the needs and challenges facing women leading innovative environmental and rural development practices in EU farming and rural areas.

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Female-Led Innovation in Agriculture and Rural Areas

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