

## Which country offers the best conditions for setting up a business? Results of the Scoring Method

In an evaluation, teams must evaluate and score products or alternatives (in our case conditions for young entrepreneurs) against a set of evaluation criteria in order to determine the best choice. Teams must produce a clear assessment and provide a rationale that can be used to make and justify decisions.

The process involves

1. establishing a set of evaluation criteria
2. providing a set of numerical weights to determine the relative importance of the criteria
3. developing a scheme for scoring against the evaluation criteria
4. computing the overall score for each option

### Step 1: Establishing a set of evaluation criteria

After a little brainstorming the students agreed on the following criteria:

Costs of setting up a business

Taxes & fees

Economic situation

Funding

Capital needed (LTD.)

Legal formality

Paperwork

Time



## Meeting in Amstetten

### Step 2: Providing a set of numerical weights

In five groups the participants worked out some proposals how their group would weigh the chosen criteria. Each group explained their group result. Afterwards they discussed the pros and cons of each single proposal and they agreed on the set of numerical weights shown in the table below.



### Step 3: Developing a scheme for scoring

The participants analyzed the conditions for starting up a business in each country. They used the presentations hold on Monday and searched further information online. The results of the group discussions are shown below.



## Meeting in Amstetten





Group 1:

	Taxes	Ranking	Costs	Ranking
Austria	Up to 50 %	3	150,- to 5000,- €	2
Slovakia	24 %	6	829,- € +20,- Fee	1
Spain	35 %	2	400,- €	2
Sweden	<del>40%</del> 30%	3	70,- to 300,- €	5
Czech Republic	26 %	5	37,- €	6

Tax Slovakia: Highest rating because lowest total tax

Tax Czech: Almost highest because it's a bit worse than

Slovakia  
Tax Austria: Is good or bad depending on how much is earned

Tax Sweden: Is constantly 30% ~~income~~ + up to 25% Moms

Tax Spain: Is constantly 35% + 35% VAT

costs Czech: It's the cheapest

costs Sweden: Costs more than Czech but still not too much

costs Austria: Large variety, could cost much

costs Spain: Constantly 400€ more expensive than the previous

costs Slovakia: Is a lot more expensive than in the other countries



## Group 2:

## Rating

## Funding:

- Austria:
  - Because of numerous opportunities in Austria to gain "free" capital by contacting governmental facilities, like the "NeuFög", "Junge Wirtschaft", etc. we rate Austria with **5 Points**
- Sweden:
  - There are many ways to gain capital like "Riskkapital" or governmental founding, we rate Sweden with **4 Points**
- Slovakia:
  - There are like in Sweden and Austria many ways capital but for harder conditions, therefore we rate Slovakia with **2 Points**
- Spain:
  - Basically it's the same situation like in Slovakia. We rated Spain with **2 Points**.
- Czech Republic:
  - There are fewer ways to gain capital, therefore we rated the Czech Republic with **1 Point**.

We didn't give 6 points because that would have meant that you have unlimited amount of fundings.

## Capital needed:

We just compared the numbers of the capital needed so that's why Spain got 5 points, Slovakia and Sweden got 4 points, Czech Republic got 3 points and Austria got 2 points. We didn't rate anyone with 6 point because that would have meant that they could have whatever they want to start up a business.

X Ltd.: Spain: 3.000,00€ / Person → 5 points

Austria: 35.000,00€ → 2 Points

Sweden / Slovaki.: 5.000,00€ → 4. Points





**Group 3:**

### **Economic Situation in our countries**

**Sweden:**

Sweden is the seventh-richest country in the world in terms of GDP (gross domestic product) per capita and a high standard of living is experienced by its citizens. The Agriculture sector is only 2%. The unemployment rate is around 8%.

**Austria:**

Austria are ranked 12<sup>th</sup> in terms of GDP. Since the fall of communism, Austrian companies have been quite active players and consolidators in Eastern Europe.

**Czech Republic:**

They have a per capita GDP rate of 87% of the European Union average which makes them better than Slovakia. The unemployment is around 6%. The country is growing pretty fast. However there are many industries just like in Slovakia.

**Slovakia:**

It has a GDP per capita of around 76% from the European average. The unemployment is around 12%. Slovakia is one of the most important car producers and exporters. The inflation rate is pretty low. The tax rates and wages are low and the labour force is well educated -> foreign companies produce there.

**Spain:**

In Spain there is an unemployment of around 20%. It has some weak points like high inflation, underground economy or one of the poorest education system amongst developed countries. There are also many people working in the primary sector (Agriculture). Much money is provided from tourism and industry.

**Group 4:**

**Sweden: 3**

**Spain: 4**

**Slovakia: 3**

**Czech Republic: 3**

**Austria: 3**

**Sweden:** Not much paper work, time is okay, funding is not that good

**Spain:** Time is 47 days, you need lot of time to process and legal formality is quite good. People under 18 need parental guidance. Paperwork is less stressful.

**Slovakia:** 30 days, much paper work (you have to go from one office to the other just to get the allowance by the government). You have to be 18 plus. You have to have a clear criminal register.

**Czech Republic:** Similar to Slovakia. 30 days, 18 plus and also the clear criminal register.

**Austria:** 4 weeks, at least 18, but there is much paper work you have to do.



Group 5:

CZ	Taxes	Costs	37,- €
Ltd min 2 Mno CZK	6,5% Social insurance 4,5% health ins 15% Income tax	Trade licence 1.000 CZK 5 ends Registered cap 200.000 CZK → 1.000,- CZK → 37,- €	<del>37,- €</del> 37,- €
AT	41% 50%	S.T. Registration → Ltd. 35.000,- € min. cap. - 70.000,- entry costs	150
SP	Benefits <del>30% Ltd. 3.000,- € 22%</del> VAT 35% <del>10%</del> 250,- € self employed	Pll. 10.000,- € Partnership → free + Sole Trader	2
SK	~ 24% Income tax	22950 € Register costs for all of type of Cont R. no. € + Ltd 5.000,- € + 750 per members Fees 20,- €	1
SW	30% Income tax Moms till 25%	Register + D - 300,- € licence	1

**Step 4:** Computing the allover score for each country

Finally we computed the allover score for each country. As you can see in the table below Sweden offers the best conditions for starting up a business followed by the Czech Republic, Slovakia, Austria and Spain.

WHICH COUNTRY OFFERS THE BEST CONDITIONS FOR STARTING UP A BUSINESS?											
Evaluation Criteria	weight in %	AUSTRIA		CZECH REPUBLIC		SLOVAKIA		SPAIN		SWEDEN	
COST OF SETTING UP A BUSINESS	25	2	50	6	150	1	25	2	50	5	125
TAXES & FEES	20	3	60	5	100	6	120	2	40	3	60
ECONOMIC SITUATION	20	5	100	4	80	4	80	3	60	6	120
FUNDING	12,5	5	63	1	13	2	25	2	25	4	50
CAPITAL NEEDED (LTD.)	12,5	2	25	3	38	4	50	5	63	4	50
LEGAL FORMALITY	5,0	3	15	3	15	3	15	4	20	3	15
PAPERWORK	3	3	9	3	9	3	9	4	12	3	9
TIME	2	3	6	3	6	3	6	3	6	3	6
<b>Total</b>	<b>100</b>		<b>328</b>		<b>410</b>		<b>330</b>		<b>276</b>		<b>435</b>

