

Report on the public consultation on the “New SME Policy”

1. Introduction

In September 2014, the European Commission launched a public consultation to gather feed-back and ideas on how the Small Business Act (SBA) for Europe should be revised to continue a strong European policy to support small and medium-sized enterprises (SMEs) and entrepreneurs in the coming years. The online survey questionnaire was available until 15 December 2014.

The consultation document and the online questionnaire were based on the preparatory work carried out by the Network of SME Envoys, and took into account the policy debate on future SME policy held at the Competitiveness Council of Ministers in September 2013.

The structure of the consultation document and questionnaire followed the four priority areas of the SBA - facilitating SMEs' access to finance and to markets, reducing administrative burden and promoting entrepreneurship. In addition, the need to address the shortage of skilled workers was identified as a fifth priority at the initiative of the SME Envoys. A limited number of new initiatives under each priority area were submitted to the consultation. In addition, the respondents had the possibility to give their views on each priority area and propose actions.

The Commission promoted the public consultation extensively, including through the Enterprise Europe Network (EEN) and social media. Both European level and national stakeholder associations organised events to discuss the future of the EU policy and to provide valuable input to the public consultation.

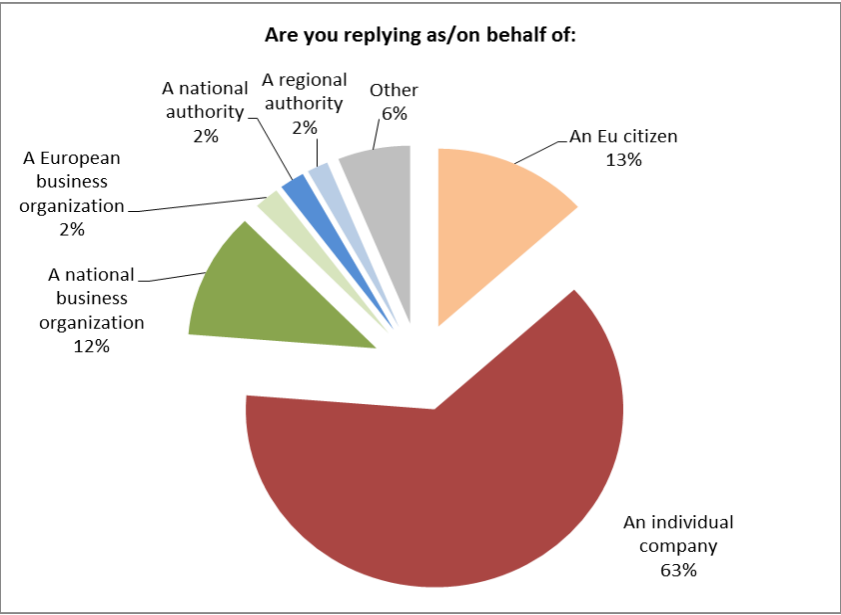
This report gives an overview of the replies to the online questionnaire. The individual replies will be uploaded in DG GROW website by end May 2015.

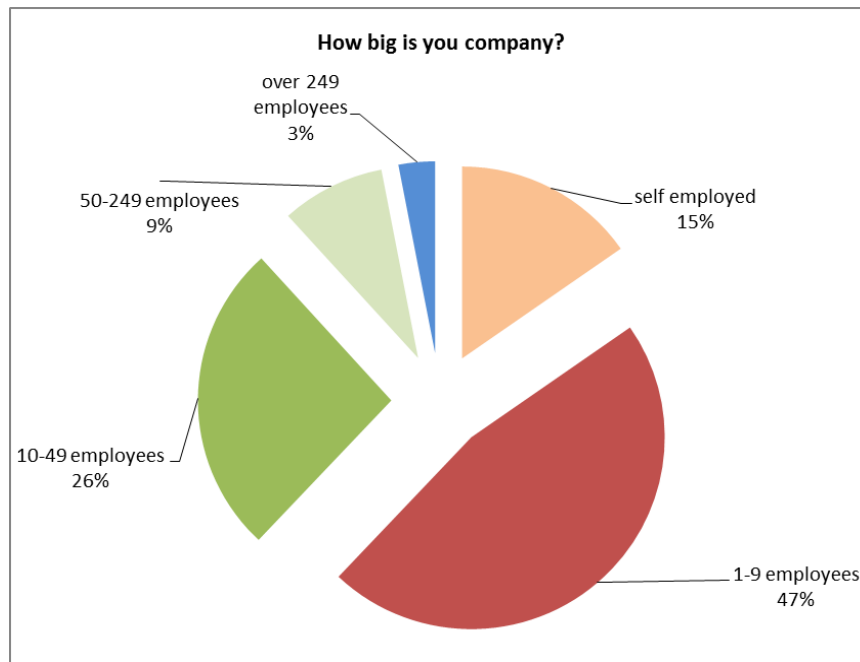
2. Profile of the respondents

The consultation was prepared with a view to encouraging a wide participation from different stakeholder groups, including individual entrepreneurs. To this end, the consultation documents were translated into all EU official languages and specific attention was paid to the drafting of the material to keep it simple and accessible to all. The public consultation received approximately 1800 replies: 1710 via the EU Survey tool and a number of position papers from SME stakeholders and regional and national administrations. Compared to previous public consultations on SME policy this represents a significant increase: in 2008 the public consultation on the SBA attracted approximately 500 replies and the public consultation on the TOP 10 most burdensome pieces of legislation approximately 1000 replies in 2012.

The large majority of the respondents (63%) were companies while business organisations and citizens represented respectively 14% and 13% of the participants.

Several EU-level business organisations participated in the consultation by collecting input from their members and providing consolidated replies. These replies represent then the voice of millions of European SMEs. In addition, the consultation reached a large number of individual entrepreneurs. More than 60% of the companies replying to the questionnaire were self-employed or microenterprises.





The geographic coverage of the consultation was broad. The respondents were based in all the 28 EU Member States with a large participation from Italy (16%), Belgium (15%), Romania (8%), Hungary (7%) and Germany (7%). Some 1.7 % of the replies were received from third countries (e.g. Switzerland, Norway and Turkey).

3. Ratings of actions proposed in the five priority areas

Overall, the actions proposed in the five priority areas were well received with a high percentage of useful/very useful or important/very important replies, from 67% to 97%. This confirms the continuing relevance of the existing SBA priorities and indicates support in implementing its actions throughout the EU.

3.1 – Reducing administrative burden

Questions:

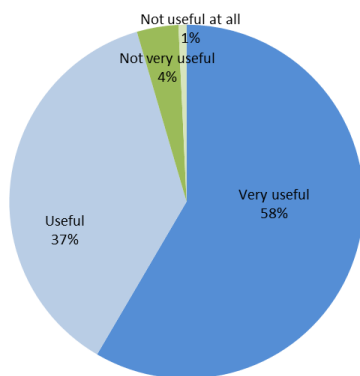
- **How important is a new EU regulation on regulatory simplification, designed to ensure the following in all EU countries?**
 - Setting up a company at a maximum cost of €100 & within 3 days
 - Obtaining the licenses needed within 1 month
 - Making the application of the "SME Test" or an equivalent system mandatory in all EU countries
 - Ensuring that national laws provide for a discharge within 3 years at most for entrepreneurs who have gone bankrupt
- **How useful is an EU-wide campaign to cut red tape for SMEs?**
- **How useful is explore the possibility of lowering the transaction costs/fees for SMEs to facilitate their access to industrial and intellectual property?**
- **How useful is improving consultation at an early stage of SMEs (and the**

organizations representing them) about burdensome legislation, focusing on implementation procedures at EU and national level?

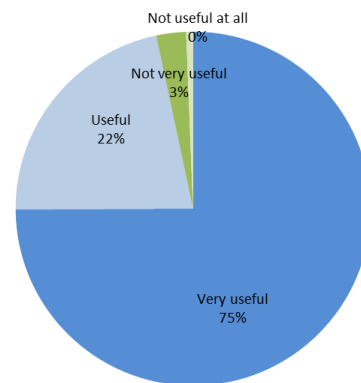
- How useful is encouraging EU countries to simplify tax procedures for new companies in their start-up phase to reduce administrative burdens and help them develop faster?
- How useful is identifying and addressing bottlenecks in national legislation which impede SMEs to grow?

The replies to the consultation show that there is a strong support for actions aimed at further reducing administrative burden and at simplifying the business environment. In fact, the actions proposed in this section received the highest average “score” compared to actions proposed in other priority areas. Skills development also ranked high.

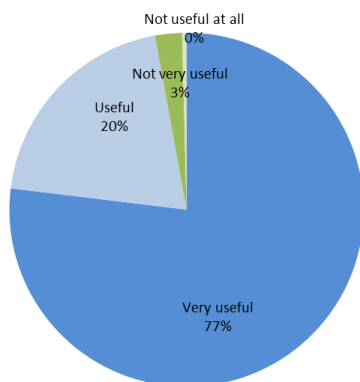
Improving consultation at an early stage of SMEs (and the organizations representing them) about burdensome legislation, focusing on implementation procedures at EU and national level, is:



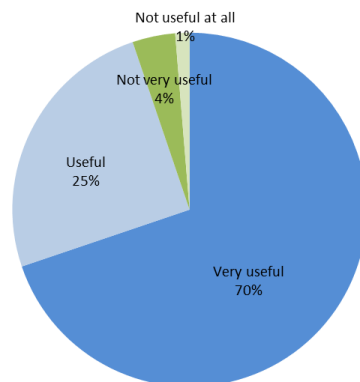
Encouraging EU countries to simplify tax procedures for new companies in their start-up phase to reduce administrative burdens and help them develop faster is:



Identifying and addressing bottlenecks in national legislation which impede SMEs to grow is:



An EU-wide campaign to cut red tape for SMEs is:



In particular, the proposals to improve the consultation of SMEs and their stakeholders at an early stage, to encourage Member States to simplify tax procedure for new companies and to identify and address bottlenecks (impeding SMEs to grow) in national legislation

were the “most voted” ones with appreciation going from 95% to 97%. The idea of launching an EU-wide campaign to cut red tape for SMEs was also considered very positively (95%).

In fact, the large majority of respondents considered these proposals as “very useful” giving them the highest rates among all the measures proposed in the consultation. These proposals were equally appreciated by all the main categories of respondents: companies, business organisations, public authorities and citizens.

The measure proposing to make mandatory the application of the SME test in Member States was more appreciated by the business organisations and public authorities (around 80%) and less by companies (around 70%) probably because of the more “technical” nature of the action.

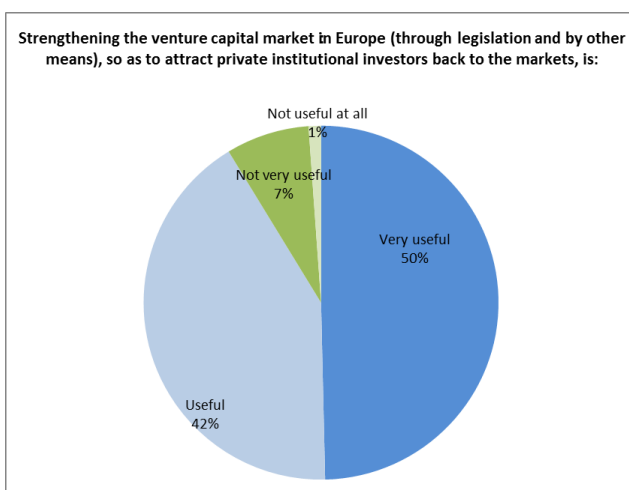
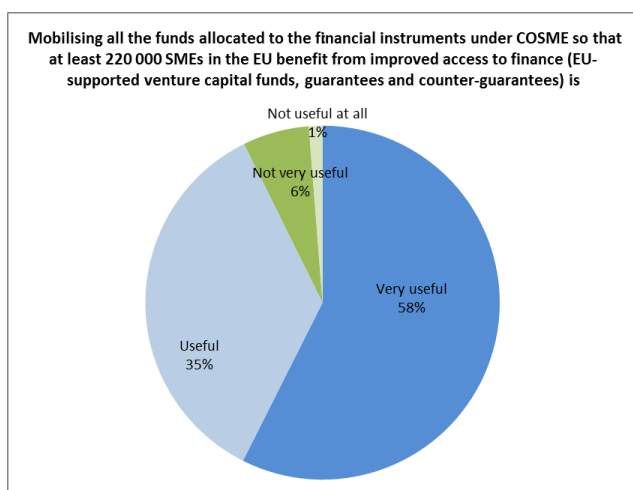
3.2 – Access to finance

Questions:

- **How useful is strengthening the venture capital market in Europe (through legislation and by other means), so as to attract private institutional investors back to the markets?**
- **How useful is mobilizing all the funds allocated to the financial instruments under COSME so that at least 220 000 SMEs in the EU benefit from improved access to finance (EU-supported venture capital funds, guarantees and counter-guarantees)?**
- **How important are the following initiatives in developing alternative sources of finance?**
 - Removing obstacles to crowd-funding & raising awareness about its risks and benefits and how SMEs can access it (through information, events, forums for those potentially interested, etc.)
 - Further developing & spreading mezzanine financing (hybrid, i.e. debt/equity, form of financing) by sharing best practices & setting up discussion forums on the subject
 - Disseminating good practices in the field of supply chain finance through awareness-raising activities
- **How useful is helping to revive EU securitization markets through appropriate legislation?**
- **How useful to increase cooperation with financial institutions to raise awareness of EU financial instruments for SMEs by signing agreements with relevant EU and national associations?**

The proposals for new actions on access to finance consist, on the one hand, of strengthening the ongoing activities with a particular focus on improving the awareness on and uptake of the existing measures and, on the other hand, of undertaking new actions, e.g. in the area of alternative sources of finance. The proposals of the former category received the highest scores: respondents gave very high support to mobilising the COSME financial instruments to benefit at least 220.000 SMEs (93%) and to reinforce the venture capital market (92%). While business organisations, citizens and companies supported the mobilisation of COSME financial instruments, public authorities showed a preference for the reinforcement of the capital market.

The other proposals concerning the alternative sources of finance (crowd-funding, mezzanine financing and supply chain), the revival of the securitization markets and the cooperation with financial institutions to raise awareness of EU financial instruments for SMEs were also well received by a large majority of respondents (from 77% to 90%).



3.3 Promoting market access for SMEs

Questions:

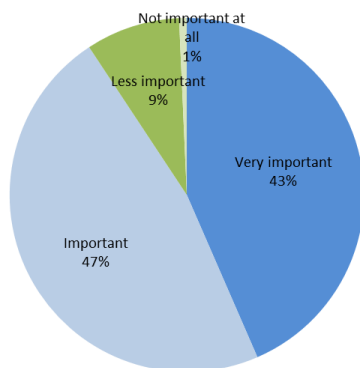
- **How important are the following initiatives in improving access to the EU single market for SMEs?**
 - Upgrading the Enterprise Europe Network by developing local cooperation with SMEs stakeholders & providing new services
 - Setting up a European Resource Efficiency Excellence Centre to inform & advise SMEs & provide support on this field
 - Helping some 100 less-advanced cluster organizations to develop customised support services for SMEs through twinning schemes with advanced cluster organizations - by 2020
- **How useful is developing an integrated Commission strategy to help SMEs do business outside the EU (to increase the percentage of such firms up to 20% by 2020)?**

- **How important are the following proposals, which could be included in the Commission's strategy to help SMEs do business outside the EU? (only if you replied “very useful” or “useful” to previous question)?**
 - Providing added value & complementing the national & regional assistance provided by defining the geographic scope of measures clearly
 - Strengthening links between various EU support programmes & initiatives (EEN, IPR Helpdesk, EU SME Centres, etc).
 - Showcasing successful EU SMEs operating on global markets & increasing awareness among SMEs of EU-financed initiatives in this field
 - Encouraging SMEs to expand business outside the EU through Missions for Growth & cooperation within international clusters
 - Supporting an international environment that is more conducive to doing business for SMEs by establishing & following up SME dialogues with key EU trade partners
- **How useful is exploring the option of targeting policy measures on mid-range companies (firms with over 249 employees) to help them expand their international business?**

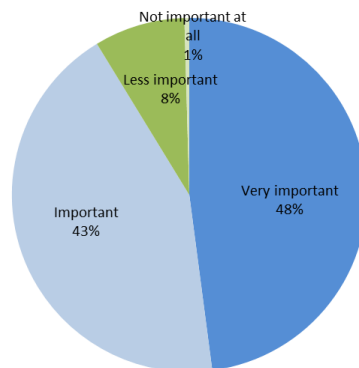
The priority area on promoting market access for SMEs consists mainly of two types of proposals: first, to improve SMEs’ access to the Single Market and, secondly, to help SMEs do business outside the EU with the objective of increasing the percentage of such firms to 20% by 2020.

There is a general agreement that an integrated Commission strategy to support SMEs’ internationalisation outside the EU is needed (86%). Among the specific actions proposed the most voted were strengthening the links between various EU support programmes (90%) which might be seen as a measure to avoid overlapping and reinforce synergies, and establishing and following up SME dialogues with key EU trade partners (91%).

Strengthening links between various EU support programmes & initiatives (EEN, IPR Helpdesk, EU SME Centres, etc.) is:



Supporting an international environment that is more conducive to doing business for SMEs by establishing & following up SME dialogues with key EU trade partners is:



The upgrading of the Enterprise Europe Network by developing local cooperation with SMEs' stakeholders and providing new service was also appreciated (84%) while the proposal for a specific support to less advanced clusters received less support (67%) in particular from business organisations and companies.

3.4 - Releasing entrepreneurial & innovation potential for growth

Questions:

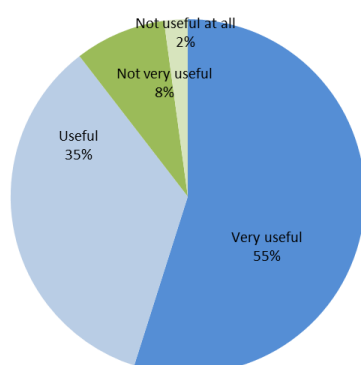
- How useful is scaling up the "Erasmus for Young Entrepreneurs Programme" from 800 to 10 000 exchanges a year by 2020?
- How useful is an EU-wide Early Warning Platform for stakeholders and experts to provide counselling to business in difficulties and help viable companies surmount the crisis, save jobs and avoid bankruptcy?
- How useful is setting targets for all EU countries to integrate entrepreneurship into secondary school curricula as a key subject by 2018?
- How useful is ensuring that the on-line platform for women entrepreneurs (to be launched in 2015) becomes a recognized and used one-stop shop involving local, national & EU stakeholders?
- How useful is consulting entrepreneurs throughout Europe to collect ideas for new initiatives to promote entrepreneurship and youth start-ups?
- How useful is supporting EU countries and regions to develop models for start-up and growth centers and promoting these models?
- How important are the following initiatives in facilitating the transfer of business?
 - Urging EU countries to put in place national action plans on business transfers and have a one-stop shop on transfer or a transfer of business element in existing one-stop shops by 2017
 - Developing and spreading "Quality Standards" for online markets for business transfers & encouraging the linkages between already existing cross-border matching platforms
 - Facilitating EU-wide networking to encourage exchanges between researchers & practitioners; setting up a European Mentors Network for Transfers
 - Supporting an EU-wide matching platform for universities/business schools focusing on business transfer
- How important are the following measures in supporting the Commission's new clusters strategy?
 - Promoting and supporting business management innovative models, also through initiatives aimed at developing new managerial skills for SMEs
 - Bringing together cluster policy-makers in a European Cluster Growth Policy Platform, to share policy experience & develop a shared methodology for cluster policy

- Setting up a regular dialogue on emerging industries with SME communities and business support & clusters practitioners

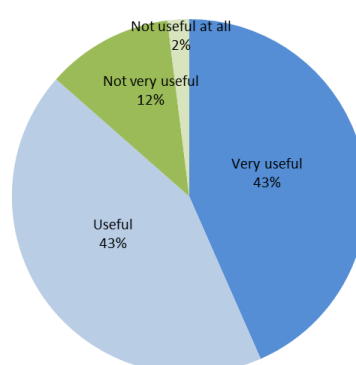
The actions on entrepreneurship and innovation subject to public consultation focus mainly on strengthening the existing initiatives such as, among others, through the Entrepreneurship Action Plan of 2013. The new actions proposed in the consultation aim at helping viable businesses survive in a situation of a transfer and/or in a difficult economic context and promoting innovation through a new clusters strategy.

The most appreciated proposal (close to 90%) was the integration of entrepreneurship into secondary school curricula. The proposed upgrading of the Erasmus for Young Entrepreneurs programme also received wide support (86%) and was considered especially useful by the business organisations and public authorities (around 90%). The measures to support youth start-ups and develop models for start-ups and growth centres also received consensus by 87% of the respondents.

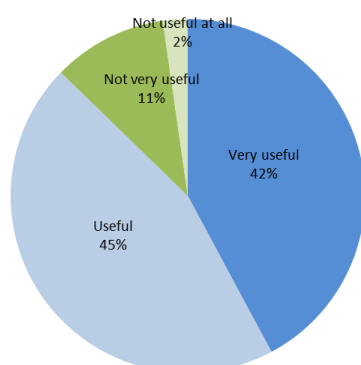
Setting targets for all EU countries to integrate entrepreneurship into secondary school curricula as a key subject by 2018 is:



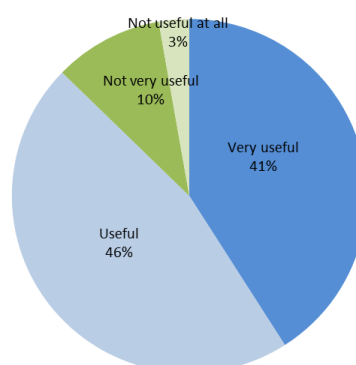
Scaling up the "Erasmus for Young Entrepreneurs Programme" from 800 to 10 000 exchanges a year by 2020 is:



Consulting entrepreneurs throughout Europe to collect ideas for new initiatives to promote entrepreneurship and youth start-ups is:



Supporting EU countries and regions to develop models for start-up and growth centres and promoting these models is:



Among the proposals concerning the transfer of business, the idea to have national plans and one-stop shops was the most voted (79%). For the clusters strategy, the promotion and support of business management innovative models was considered useful or very useful by 86% of the respondents while the European Cluster Growth Policy Platform was less appreciated (69%).

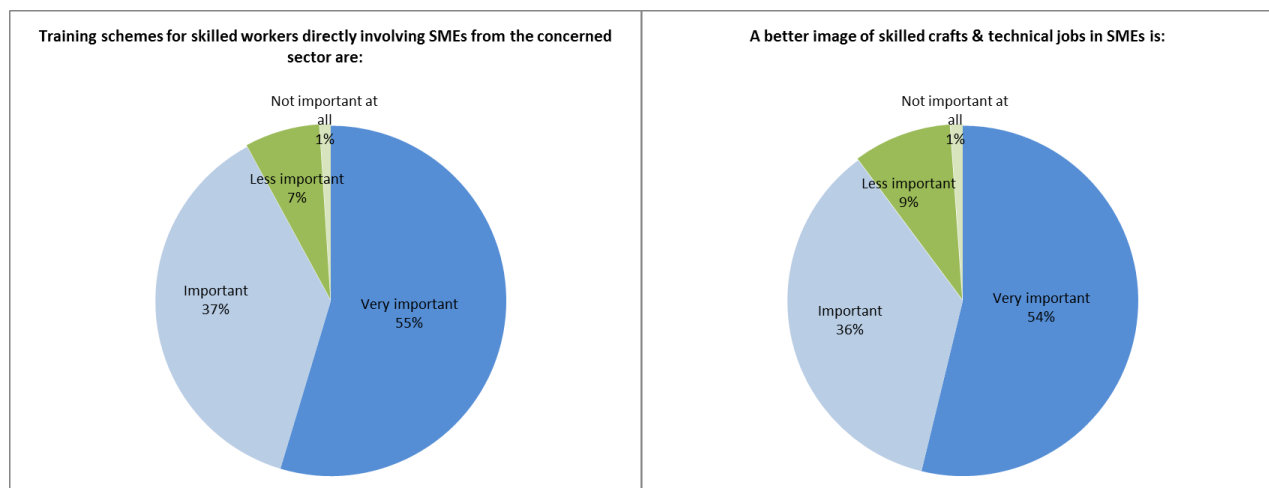
3.5 - Boosting skills development

Questions:

- **How important is to launch a Commission initiative, comprising employment, education & enterprise dimensions, to overcome the shortage of skilled labor by promoting the following measures?**
 - Training schemes for skilled workers directly involving SMEs from the concerned sector
 - A dual system in vocational training
 - A better image of skilled crafts & technical jobs in SMEs

The actions subject to consultation aim at ensuring a strong SME dimension within the existing policy framework.

All three proposals in the area of skills development received very high scores: 92% for the training schemes for skilled workers involving SMEs, 88% for the dual system in vocational training and 90% for improving the image of skilled crafts and technical jobs in SMEs. They were all strongly supported by all the respondents receiving in two cases also a high percentage of “very useful” (55% and 54%).



4. Conclusion

The high number of responses to the on-line survey on the future of the EU SME policy confirms the stakeholders' interest and support for further EU action in favour of SMEs.

The large majority of responses came from entrepreneurs, most of them self-employed or running a microenterprise as well as from business associations, which represent a large number of SMEs. Their replies confirm the high expectations for a renewed strategy for SMEs with a special focus on the five priority areas identified by the SME Envoy Network.

The concrete measures subject to consultation were appreciated by the respondents and received very high scores, in particular in the areas of administrative burden reduction and skills development.

The administrative and legislative burden remains the top concern for stakeholders. The proposal on stepping up the consultation of stakeholders was also highly "demanded", especially regarding the conception and preparation of new legislative and policy initiatives.

Access to finance remains difficult despite the actions taken both at the EU and Member States' level. The respondents stressed the need to make a more efficient use of the existing instruments, particularly of COSME financial instruments.

Replies show that further efforts are required in the area of access to market as regards creating better synergies between existing programmes, especially EU programmes. Promoting entrepreneurship at an "early stage", (e.g. entrepreneurship education, Erasmus for Young Entrepreneurs) and supporting youth start-ups are also key actions.

Finally, results show that there is a strong support on the need to tackle the lack of skills in SMEs.