

**Opinion of the Committee of the Regions on ‘Entrepreneurship 2020 Action Plan’**

(2013/C 356/12)

## THE COMMITTEE OF THE REGIONS

- recognising the significance of the Action Plan, stresses the importance of coordinating action by authorities at supranational, national and above all regional and local level to successfully implement the objectives of the Plan;
- stresses that involvement of local and regional authorities and stakeholders in implementing the Action Plan is crucial, since local and regional authorities are the closest level of governance to SMEs and to business support providers, and since most SMEs are embedded in and operate within regional and local markets;
- emphasises that the European Entrepreneurial Regions (EER) award, granted by the Committee of the Region since 2010, can serve as a European benchmark for the development and implementation of entrepreneurship-friendly policies and for tailored SME support and forward-thinking strategies;
- stresses that a more prominent role should be given to self-employment and business development, which should be perceived as a realistic and welcome alternative; highlights that it is important to further promote social entrepreneurship as a valuable alternative to traditional ways of doing business in both for-profit and non-profit forms;
- underlines that Europe should present entrepreneurship to young people as a viable and promising future career path, thus reigniting the entrepreneurial spirit; underlines that local and regional authorities have a mandate to support education while incorporating an entrepreneurial dimension.

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<b>Reference document</b>	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the ENTREPRENEURSHIP 2020 ACTION PLAN — Reigniting the entrepreneurial spirit in Europe
	COM(2012) 795 final

## I. POLICY RECOMMENDATIONS

### THE COMMITTEE OF THE REGIONS

1. welcomes the Commission's Communication Entrepreneurship 2020 Action Plan, aiming to foster a culture of entrepreneurship in Europe, provide better access to finance, deliver high quality business support services, develop role models and reach out to specific groups;
2. restates its full support for actions aimed at fostering entrepreneurship and dismantling the barriers to SME development, thus recognising their key role in making the European Union more competitive;
3. stresses that all authorities at all levels should seek to streamline their authorisation and monitoring procedures as well as other administrative measures. They should work towards a simplified way of exchanging information, standardised terminology and operational flow systems, which enable information from other systems and databases to be retrieved automatically;
4. points out the importance of swift implementation of decisions already taken. Further theoretical discussion would contribute nothing to developing the entrepreneurial environment;
5. stresses that the recent economic downturn, has been very difficult for European small and medium sized entrepreneurs, particularly in peripheral regions which have seen a significant increase in business failure rates;
6. recognises the critical importance of an adequate entrepreneurial environment and a completed Single Market for Europe's economic recovery and growth and a higher level of social cohesion;
7. stresses that the local and regional business environment is a critical factor for success: steps should be taken to develop innovation capacity and cultivate a mind-set conducive to open innovation, whose cornerstones include effective use of knowledge from different sources and motivational dialogue, collaboration and co-creativity;
8. perceives the Action Plan as a necessary step in encouraging the creation of a supportive environment for entrepreneurs within the Single Market and thus contributing to economic recovery across the EU;
9. supports the choice of priorities of the Action Plan as represented by its three pillars (namely developing entrepreneurial education and training, creating the right business environment and role models, and reaching out to specific groups) and welcomes the expected results of this Action Plan;
10. stresses that a more prominent role should be given to self-employment and business development, which should be perceived as a realistic and welcome alternative. They are an essential part of boosting European competitiveness, and therefore require integrated multilevel support; this implies that all levels of government take measures to drastically reduce red tape for the self-employed, improve their social protection and pension entitlements and reduce the tax pressure;
11. recognises the underachievement of women in the enterprise sphere where only 30 % of entrepreneurs are female, and the significant impact of gender specific training and support to increase the number of female entrepreneurs, and calls for the creation of dedicated women's business centres;
12. reiterates its request to the Commission, set out in its recent opinions on industrial policy <sup>(1)</sup> and regional state aid <sup>(2)</sup> to address 'threshold effect' issues associated with the definition of categories of enterprise and to review the definition of SMEs. In concrete terms, the Commission should enhance its powers of analysis and its support measures for businesses, by looking into the possibility of creating, as it has agreed for the agri-food industry, a new category of mid-sized enterprise somewhere between SMEs and large enterprises, employing between 250 and 750 workers and with a turnover of under EUR 200 million. Similarly, the Committee of the Regions calls for

<sup>(1)</sup> CoR opinion of 11 April 2013, CDR2255-2012\_00\_00\_TRA\_AC, point 18.

<sup>(2)</sup> CoR opinion of 31 January 2013, CDR2232-2012\_00\_00\_TRA\_AC, point 45.

a discussion to take account of mid-cap enterprises (MCEs), employing between 250 and 5 000 workers, which have emerged from growth SMEs and which will make a major contribution to Europe's future wealth. These new categories could receive appropriate rates of aid, higher than those for large enterprises and lower than those for SMEs;

13. emphasises that craftsmanship — a part of the SME sector, has played and still plays an important role in the growth of the European economy as a base for industrial development and its specific needs should be taken to a larger extent into account; this applies in particular to development and enhancement of vocational training centres;

14. draws attention, also, to the specific role played by the enterprises that are evolving in the social and solidarity economy. These businesses contribute to economic activity and help to strengthen social ties in disadvantaged areas and fulfil missions of general interest which justify differential treatment, particularly where the setting of rates of public support is concerned;

15. points out that further de-industrialisation can have an impact on European employment and prosperity. The EU should therefore work towards structural reforms to boost its international competitiveness, especially in terms of its industrial capacity;

16. agrees that the role of entrepreneurs in society deserves greater recognition and should be significantly strengthened;

17. welcomes the open and inclusive approach of the Action Plan targeting a broad group of stakeholders and setting out to engage with a large variety of established SMEs, nascent entrepreneurs and potential new entrepreneurs;

18. is committed to promoting a more entrepreneurial Europe and full implementation of the Entrepreneurship 2020 Action Plan and the Small Business Act (SBA) for Europe at local and regional level;

19. is disappointed that the role of local and regional authorities has not been given the recognition it deserves in the Action Plan despite the fact that the local and regional authorities are given an indispensably significant role in realising all objectives set up within the 3 main pillars of the Action Plan;

20. highlights the key role of local and regional authorities in the key areas of the Entrepreneurship 2020 Action Plan, i.e.

education and training, provision of transparent administrative practices, creation of a supportive environment for entrepreneurs, and promotion of entrepreneurship;

21. emphasises that many important measures and initiatives in the areas of the Action Plan have been already taken by local and regional authorities in all Member States;

22. is disappointed that the role of local and regional authorities in implementing the Action Plan is not sufficiently taken into account, while the regional dimension is mentioned only as part of a horizontal network to support businesses;

23. stresses that involvement of local and regional authorities and stakeholders in implementing the Action Plan is crucial since the local and regional authorities are the closest level of governance to SMEs and to business support providers, and since most SMEs are embedded in and operate within regional and local markets;

24. emphasises the central role of local and regional authorities in providing the organisational and political momentum that frees up synergies of cooperation among regionally-embedded actors such as chambers of commerce or crafts, professional organisations, technology centres, technology parks, business incubators, universities, cluster initiatives or others which are suitable partners in assisting SMEs, nascent entrepreneurs, high-growth start-ups and others in their projects;

25. emphasises that local and regional actors are responsible for shaping regional entrepreneurial strategies which can be supported more strongly than ever during the next EU financial perspective, namely from the Structural Funds;

26. highlights that more public intervention and support are needed in the provision of public goods and services, information, expertise and finance for innovative SMEs and start-up businesses including management development and training particularly in financial planning, strategy and marketing for progressive entrepreneurs;

27. considers that there needs to be an improvement in the approach and in the processes of many banks in evaluating entrepreneurial risk and in financing start-ups and SMEs; where public authorities continue to support banks this should be prioritised;

28. emphasises that the European Entrepreneurial Regions (EER) award, granted by the Committee of the Region since 2010, can serve as a European benchmark for the development and implementation of entrepreneurship-friendly policies and for tailored SME support and forward-thinking strategies. The EER can also support the development of local and regional 'SBA partnerships' for 'entrepreneurial partnerships', and as such help to implement the objectives of the Action Plan and the COSME programme;

29. acknowledging the critical role of SMEs as the main driver for job creation and economic growth in Europe (85 % of net new jobs in the EU between 2002 and 2010 created by SMEs), underlines the challenge for local and regional authorities in reaching out to SMEs, tailoring support for the many different types of SMEs — especially micro-enterprises — and providing first-class support measures;

30. recognises that although local and regional authorities play a key role in removing barriers to entrepreneurship, the EU has a major part in the process by smoothing the functioning of the Single Market and improving the business environment;

31. recognising the significance of the Action Plan, stresses the importance of coordinating action by authorities at supra-national, national and above all regional and local level to successfully implement the objectives of the Plan;

32. taking into account the horizontal, cross-cutting nature of projects to foster entrepreneurship, emphasises the need for enhanced cooperation between different Directorates-General of the European Commission;

33. taking the above into account, calls upon the European Commission to ensure full complementarity between different EU funding programmes for enterprises, especially between COSME, the Structural Funds and the Horizon 2020 programme in order to exploit synergies to the maximum and avoid inefficient overlaps;

34. stresses that potential duplication of efforts could prove to be ineffective and inefficient and therefore calls for streamlining and coordination between policy measures implemented at different governance levels;

35. taking into account the significance of the problem, demands more detailed information on specific funding allocated for implementation of the various proposed measures;

36. is disappointed that the Communication does not take into account the specificity of the diverse entrepreneurial

cultures and ecosystems present in European regions, with major differences especially between the 'old' and 'new' Member States, metropolitan and non-metropolitan regions as well as central and peripheral regions;

37. invites local and regional authorities to increase interest in promoting business dynamics and stimulate sustainable growth through innovative companies in their regions;

38. highlights measures to implement entrepreneurial discovery, which is considered one of the cornerstones underlying use of the Structural Funds and smart specialisation;

39. calls on local and regional authorities to develop their Operational Programmes in such a way as to anticipate tailored measures to promote the objectives of the Action Plan and ensure that diversity and gender equality are reflected in Structural Fund Partnerships;

40. stresses that the Committee of the Regions' European Entrepreneurial Region (EER) award label is a good example, demonstrating that regions can develop forward-looking strategies with a specific focus on entrepreneurship and tailored SME support in order to better meet the common and region-specific challenges they face;

41. underlines that the award-winning EER regions (2011-2013) have all initiated interesting new measures or extended existing ones to shape their regional economic policy making;

42. calls for the development of the 'EER network', using the European Commission's flagship programme COSME (2014-2020) as one of the appropriate channels;

43. calls for implementation of the objectives outlined in COSME (Programme for the Competitiveness of Enterprises and SMEs), which is intended to facilitate access to finance for SMEs, create an environment favourable to business creation and growth, encourage an entrepreneurial culture in Europe, increase the sustainable competitiveness of EU companies, help small businesses operate outside their home countries and improve their access to markets;

44. welcomes the European Commission's intention to simplify management of the COSME programme compared to its predecessors such as the CIP (2007-2013) in order to reduce administrative costs and to focus instead on providing better support measures for businesses;

45. demands that the Committee of the Regions be invited to future COSME Management Committee meetings;

46. stresses that the Action Plan should focus on the general policy framework and is disappointed that the entrepreneurial dilemma seems to be perceived by the European Commission mainly as a quantitative challenge (increasing the number of enterprises);

47. highlights measures that significantly increase start-up activities linked to universities and other educational institutions. A key tool is modelling of proven examples of excellence in a way that can be replicated across the EU;

48. stresses that innovative and competitive enterprises are key to economic growth, moreover there is a need to particularly encourage a greater aspiration for growth to global markets and to be globally competitive. If lagging regions are to catch up (converge), and others are to maintain international competitiveness, encouraging the growth of efficient companies is indispensable;

49. is concerned that due to demographic change, many family entrepreneurs will reach the age of retirement on the coming years but that they cannot always find a successor who could take over the company, which can put the future of the company and the jobs at risk;

50. recommends improving the language skills both of entrepreneurs and of pupils and students, in order to make it easier for enterprises to internationalise; as well as expanding the knowledge referring to the possibilities of the common market of the European Union, and of the global market environment;

51. recalls that EU funding should also be used to help adopt the master-apprentice model in entrepreneurship. Transfer of knowledge between the generations creates significant added value, because older workers can pass on ways of thinking and know-how, while younger workers offer fresh ideas and enthusiasm. Thus, the master-apprentice model works in both directions <sup>(3)</sup>;

52. stresses that local and regional business support providers should step up efforts so that SMEs can benefit from full utilisation of the potential of the EU's Single Market; in this respect, stresses that the Enterprise Europe Network's activities should be continued;

53. stresses that other regional actors such as business support providers, universities, technology transfer centres,

clusters etc. should reshape their engagement in the regional development setting, in order to identify the best possible cooperation patterns allowing their regional businesses to receive professional and comprehensive support to conquer new markets;

54. agrees that regardless of strong cooperation and partnerships, EU regions must be able to define their own growth potential and to trigger innovation both in high and low technology sectors, developing for instance smart specialisation strategies in line with region-region specific preconditions;

55. recognises that for some European regions key enabling technologies (advanced materials, nanotechnology, micro- and nano-electronics, biotechnology and photonics) could be of the utmost importance as drivers of growth and new jobs. These sectors are part of a shift to a low carbon, knowledge-based economy. Entrepreneurs active in these technologies could contribute significantly to meeting today's societal challenges and modernising the EU's industry;

56. stresses the importance, alongside conventional entrepreneurship, of accelerating measures to significantly increase academic entrepreneurship among PhDs and PhD students in all Member States;

57. stresses that the EU has supporting competences in the areas covered by the Action Plan, subject to the subsidiarity principle. Underlines that the Action Plan provides a voluntary scheme for regional and local authorities;

58. recognises that the proposed actions specifically target policy failures and market failures such as information asymmetries which can only be tackled at EU level and thus are in line with the Lisbon Treaty;

59. acknowledges that the Action Plan is in line with the proportionality principle. The size and scale of the intended action is expected to generate positive impacts through crowding-in and multiplier effects targeting specific market failures;

#### **Promoting entrepreneurship education and training**

60. underlines that Europe should present entrepreneurship to young people as a viable and promising future career path, thus reigniting the entrepreneurial spirit;

<sup>(3)</sup> CdR 14/2012 fin, ECOS-V-025, point 64

61. underlines that local and regional authorities have a mandate to support education while incorporating an entrepreneurial dimension;

62. stresses that the capacity of local and regional authorities to promote entrepreneurship should be recognised;

63. calls on local and regional training organisations and education systems to provide more tailored formal and non-formal learning opportunities in entrepreneurial and business development training for specific target audiences;

64. stresses the significance of the European framework of key competences, within which entrepreneurship education has been identified as very important, alongside mathematics, problem solving techniques, communication, languages and other competences;

65. urges the Commission to encourage entrepreneurial learning in non-specialist schools and tertiary education with an emphasis on acquisition of practical skills and informal learning between entrepreneurs and pupils and students;

66. calls upon local and regional authorities to introduce or enhance the quality of entrepreneurial education and training programmes currently offered;

67. stresses the importance of entrepreneurial awareness and skills enhancement programmes from as early as primary education in order to nurture the innovative potential and experimental nature of the young generation;

68. considers that the local and regional authorities are able to launch such educational programs, which would enhance the youth's entrepreneurial spirit in region specific economic sectors, contributing to the development of the given economic field and of the whole region, as well;

69. stresses the importance of dialogue among nascent and would-be entrepreneurs, such as that promoted through the 'Erasmus for Young Entrepreneurs' European programme;

70. underlines that some EER-labelled regions have engaged seriously in this programme and results for their entrepreneurs have been very encouraging. The programme offers future entrepreneurs training in established SMEs, with experienced entrepreneurs benefiting at the same time from young, motivated (future) entrepreneurs providing a fresh look at some of their daily challenges (production or existing processes). Thus, there is a great potential to increase the innovation capacity of the companies involved in such exchanges;

71. highlights that it is important to further promote social entrepreneurship as a valuable alternative to traditional ways of

doing business in both for-profit and non-profit forms. Social entrepreneurship can be a very rewarding business activity especially given the persisting financial and economic crisis calls for more sustainable entrepreneurial activity;

### ***Creating an environment where entrepreneurs can flourish and grow***

72. recognises that awareness should be increased among businesses and future entrepreneurs to seize the opportunities offered by the Single Market;

73. encourages the Commission and the Member States to efficiently dismantle the still existing barriers to entrepreneurship as indicated in the second pillar of the Action Plan, moreover considers that social security systems should not discriminate against entrepreneurs and the self-employed;

74. notes that, to create a business-friendly environment, the public authorities must invest in high quality infrastructure in the area of transport and digital technology, and that they will need support from the European Union if they are to achieve this;

75. acknowledges in particular that during the coming years, several hundred thousand older company owners in the EU will either have to transfer their businesses to the next generation or close down; business succession strategies will therefore have to be implemented and awareness of the problem should be raised. In this regard, the Committee of the Regions reiterates the call it made in its Opinion on the Regional State Aid Guidelines<sup>(4)</sup>, for company takeovers to be made eligible by the RSA guidelines;

76. agrees that bankruptcy procedures should be simplified in order to give entrepreneurs a second chance;

### ***Promoting role models and entrepreneurship among specific target groups***

77. thinks it important to make continuous efforts to dismantle the red tape required for starting up, expanding or establishing companies;

78. supports the idea of fostering entrepreneurship among specific target groups taking into account the specific challenges faced;

79. stresses the crucial role of older entrepreneurs in the EU economy and underlines that given the observed demographic processes their role is likely to increase;

<sup>(4)</sup> CoR Opinion of 31 January 2013, CDR2232-2012\_00\_00 TRA\_AC, point 49

80. appreciates the fact that the Action Plan addresses the role of seniors as a valuable resource for entrepreneurship in the EU and as such enables potential synergies with social policies aiming to increase economic activity among the 50+ generation;

81. underlines that, given their long working experience, older employees are a rich source of knowledge and can be crucial in helping a new generation of businessmen to set up or consolidate companies;

82. agrees that business support providers at local and regional level must further identify working models allowing older workers to remain active, based on their own will and helping increase the employability of both students and nascent entrepreneurs (through mentoring programmes);

83. in this respect, recommends stimulating an 'active ageing attitude' in societies. Active ageing benefits not only those directly concerned, but can also be a source of growth and innovation. At local and regional level, decision-makers could further explore and promote the 'golden opportunities' offered by the silver economy, which will depend closely on changing attitudes to new age-aware policies;

84. underlines that some European regions have already targeted specific groups in order to increase their entrepreneurship potential, and encourages other to make use of the knowledge gained; a good example here is the Principi Attivi programme implemented by Puglia Region;

### ***Increasing Europe's innovation potential through entrepreneurship***

85. agrees that the green economy offers considerable innovation potential, and that this could be more effectively targeted by European SMEs;

86. refers to the important role business incubators, cluster initiatives and clusters can play in promoting the smoother transfer of scientific know-how and dissemination of viable knowledge to the real economy, and strengthening the competitive base and advocacy power of regional economies; encourages commercialisation of scientific knowledge;

87. underlines that there are promising examples in many of the EER-labelled regions where clustering initiatives and incubation centres for new entrepreneurs have resulted in new products and services with growth potential. Examples of such successes are the Eco World Styria (EER 2013 region), the Golm Science Park in Brandenburg (EER 2011 region) or the Science Park with incubator in the Murcia Region (EER 2011 region);

88. welcomes the strengthening of the Enterprise Europe Network and the increased budget attached to the 'Improving access to markets' specific objective, which is supported by the Network;

89. calls for all relevant regional actors to be represented in the Enterprise Europe Network in order to reach out to all different types of SMEs and to build stronger relationships.

Brussels, 9 October 2013.

*The President  
of the Committee of the Regions*  
Ramón Luis VALCÁRCEL SISO

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