

**Opinion of the European Economic and Social Committee on the ‘Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Entrepreneurship “2020 Action Plan” — Reigniting the entrepreneurial spirit in Europe’**

COM(2012) 795 final

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Rapporteur: **Gonçalo LOBO XAVIER**

Co-rapporteur: **Ronny LANNOO**

On 18 March 2013 the Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

*Communication from the Commission - Entrepreneurship 2020 Action Plan*

*Reigniting the entrepreneurial spirit in Europe*

COM(2012) 795 final.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee’s work on the subject, adopted its opinion on 29 April 2013.

At its 490th plenary session, held on 22 and 23 May 2013 (meeting of 23 May), the European Economic and Social Committee adopted the following opinion by 61 votes to 8 with 13 abstentions.

## 1. Conclusions and recommendations

1.1 Europe is facing huge challenges and all the Member States must use their critical abilities to contribute to solving the problems which the economic and financial crisis has brought to light. One of the most serious problems, unemployment, whatever the type and irrespective of the groups in society affected, requires the joint and concerted effort of all Member States, which must be organised into a common strategy, to be applied differently according to each country’s characteristics and capabilities.

1.2 This is the context in which the Commission is putting forward the Entrepreneurship 2020 Action Plan as a way to promote an entrepreneurial and innovation culture that will enable its economies to recover and create a truly ‘entrepreneurial spirit in Europe’, with the capacity to inspire society to achieve objectives that concern everyone.

1.3 This opinion analyses the added value of developing the ‘action plan’ as a realistic undertaking in order to unleash entrepreneurship and enterprise as a truly European solution to help overcome the crisis, focused on investment in specific actions and structured short-, medium- and long-term policies that are effective enough to change the current situation by strengthening and promoting an entrepreneurial attitude which will serve society as a spur to innovation and economic growth. This entrepreneurial policy must stimulate the creation of all forms of enterprise. The emergence of freelance and craft businesses, the professions, family businesses

and cooperatives or social enterprises should also be encouraged.

1.4 The EESC believes that society should not look upon entrepreneurship as a cure-all, but rather as an aid to the behaviour change required to develop a culture of innovation, to the search for knowledge and business opportunities, with a view to achieving sustainable economic growth and social well-being in all forms of enterprise.

1.5 The EESC is concerned that the Multiannual Financial Framework (MFF) approved by the European Council will undermine the implementation of the Entrepreneurship 2020 Action Plan, which will end up as little more than a financially unsustainable set of good intentions.

1.6 The EESC warns and urges the European Parliament to reflect on the need to allocate the necessary resources to ensure the substantial and sustainable implementation of the plan and recalls the important role that the Structural Funds can play in this context.

1.7 The EESC reiterates the need to give the various stakeholders on the ground the means to disseminate and promote best practices in entrepreneurship, irrespective of their origin (public or private) or area of activity.

1.8 The EESC calls for the Commission and Member States to implement the action plan in close cooperation with the various SME representative organisations, given their range and importance in Europe.

1.9 The EESC agrees that policies promoting entrepreneurship have to be coordinated with education policies by involving teachers and starting to expose children to the concept from their first years at school. The EESC also calls for these actions to be coordinated at both national and European levels, in order to ensure the harmonious implementation of the proposed actions.

1.10 The EESC believes that the Commission should declare one of the two coming years to be the 'European Year of Entrepreneurship', along the lines of other similar campaigns, promoting joint initiatives and thus giving a boost to the notion of 'European entrepreneurship'. This suggestion is without prejudice to holding an EU Entrepreneurship Day, as mentioned in the proposal.

1.11 The EESC calls on the Commission to establish a fourth area for intervention to strengthen the mentoring, coaching and support activities provided for enterprises, especially the smallest businesses, through intermediary organisations.

1.12 The EESC urges the Commission, the European Parliament and the Council to tap into the experience of many Member States to develop and establish support systems for older people who want to begin self-employed work during their retirement and to simplify the framework for their activities.

## 2. The Commission proposal

2.1 The EESC believes that the three areas for immediate intervention, which are designed to contribute to the sustained development of an entrepreneurial spirit and entrepreneurship in Europe, are appropriate but need to be supported by specific measures, applied locally in a 'European' outlook, and oriented towards global markets. Notwithstanding their conceptual appropriateness, the EESC urges the Commission to ensure the financial sustainability of the actions to be developed.

The areas for immediate intervention are well-defined:

- (a) developing entrepreneurial education and training to support growth and business creation;
- (b) strengthening framework conditions for entrepreneurs by removing existing structural barriers and supporting them in crucial phases of the business lifecycle, without forgetting the importance of funding in the process;

- (c) promoting a culture of entrepreneurship in Europe and nurturing a new generation of entrepreneurs.

In other words, taking action to prepare and train people, creating the right conditions for entrepreneurship and promoting the concept on the basis of conditions created in the meantime.

The EESC reiterates that the concept is well-defined and therefore requires the Member States' joint commitment and clarification regarding the plan's financial sustainability.

## 3. General comments

3.1 Entrepreneurship in itself is a concept that has already been identified and acknowledged as a factor that sets developed societies apart and that should be a positive feature of an organised society <sup>(1)</sup>.

3.2 European society's approach to entrepreneurship can be changed by disseminating existing good practices and successful examples, together with basic concepts associated with the culture of entrepreneurship, while keeping in mind the fact that the investment to be made must focus on making the most of Europe's great wealth of human capital. The resources of the MFF must reflect this need to promote and disseminate existing best practices among SME representative organisations in the Member States.

3.3 The required behaviour change includes important ideas that are not given the prominence they deserve in the document. Examples of this include intellectual property and copyright. The EESC therefore calls on the Commission to include these concepts, which are crucial for achieving the document's overall aims <sup>(2)</sup>, in the design of the programmed actions to be developed. The EESC calls for the Commission and Member States to take a firm line on this in the world trade bodies governing these areas.

3.4 Despite the document's good intentions, it is rather vague as regards the method of implementing and monitoring the policies that the Member States are to promote. The EESC believes that account must be taken of the fact that many of these policies will only be effective if the Member States play an active part in the process of cultural change, something it considers difficult in the current economic climate without recourse to funds from European programmes. The EESC therefore emphasises that the action plan's implementation will be all the more efficient if the various representatives of SMEs are involved, which will secure the participation of the parties concerned in addressing the issues in question and bringing about the required behaviour change.

<sup>(1)</sup> OJ C 48, 15.2.2011, p. 45.

<sup>(2)</sup> OJ C 68, 6.3.2012, p. 28. 'Intellectual Property Rights (IPR) must persevere in their traditional role of driving innovation and growth.'

3.5 The EESC is therefore concerned about the absence of a specific budget for implementing the action plan and wonders how effective it can be without a workable budget that matches up to the proposals outlined. The EESC reiterates that the Structural Funds can play a key role in the system and therefore urges the Commission and Member States to make appropriate use of these funds in order to promote entrepreneurship in the next EU reference framework. The monitoring and assessment of the actions should be taken into consideration in the application of the Structural Funds.

3.6 The EESC believes that the Commission should declare one of the two coming years to be the 'European Year of Entrepreneurship', along the lines of other similar campaigns, promoting relevant joint initiatives and thus giving a boost to the concept of 'European entrepreneurship'.

3.7 The EESC welcomes the Commission's efforts to encourage the elimination of the red tape involved in creating and developing businesses, and calls on the Member States to adopt common measures to protect the European market against unfair competition from other countries or areas of the world.

3.8 The EESC points out that the Member States should, as part of their entrepreneurship promotion programmes, put in place specific arrangements under their social security systems that give entrepreneurs the same type of protection as other workers, thus increasing the protection of those for whom 'risk' is the key to the success of their projects.

3.9 The EESC calls for the establishment of a virtual, but readily available, team of 'entrepreneurship ambassadors', using real success stories to help improve the image of entrepreneurs and businesspeople and, as a consequence, society's perceptions in these areas. These teams would be used to disseminate the values of entrepreneurship and promote common initiatives. The Commission has already taken an initial step in this direction by publishing the *Secret of Success* brochure each year during European SME Week, which features entrepreneur ambassadors in Member States. The *Start-up Europe* initiative in the context of the Digital Agenda has the same aim.

#### 4. Specific comments

##### 4.1 Promoting entrepreneurship and entrepreneurship education

4.1.1 The EESC agrees and emphasises that it is vital to invest in entrepreneurship promotion and education in order to achieve the proposed culture change objectives needed in society. The EESC believes that this promotion must begin during early schooling.

The EESC nevertheless points out that the concept of entrepreneurship is present in various sectors of society and at different stages in people's lives. It is this overarching concept of entrepreneurship which should be promoted. Civil society is normally an incubator for social entrepreneurship, which is crucial to the development of the general concept of entrepreneurship. The EESC calls for this concept to be recognised and supported.

4.1.2 There is a substantial body of good practices in all Member States, which could and should be disseminated and applied according to the characteristics and needs of each country. If these initiatives are promoted and disseminated in the right way, it could help to create an environment that boosts perceptions of the importance of entrepreneurship and business enterprise. It will be important for the MFF to have enough funds to enable the authorities and SME representatives to disseminate and promote these good practices.

4.1.3 The EESC welcomes the idea of promoting good practices in these areas but draws attention to the need never to lose sight of the specific characteristics of each Member State, adapting measures to the specific features of each country.

4.1.4 The EESC points out that the Enterprise Europe Network (EEN) already has capabilities which it could channel into holding promotion and information activities on the action plan for Member States. In order to carry out this work, the EEN would have to collaborate with organisations involved in promoting entrepreneurialism, especially those that have ties with SMEs. It should be remembered that the EEN is not equally active in all countries.

##### 4.2 Promoting a culture of entrepreneurship

4.2.1 The EESC endorses policies to encourage society to embrace entrepreneurship by using models and case studies of proven success. Society tends to emulate good examples and this is an effective way to give certain target groups a positive image of entrepreneurship and greater self-confidence.

4.2.2 As already mentioned, it is, however, absolutely necessary to foster a culture of entrepreneurship in young people at a very early age. There is a cause-effect relationship within target groups that fosters entrepreneurship and innovation. Young people are motivated to respond well to encouragement from the promotion of a culture and environment that enables them to take responsibility for 'creating something' themselves and are enthusiastic about achievements that are truly their own. The earlier young people get involved in projects in which they can learn to be entrepreneurs in a

practical way and act as good examples of the culture of entrepreneurship and of cooperation between individuals who share common goals and values, the better future results will be. This is why teachers play a key role in behaviour change and why the EESC supports initiatives that help them to promote the concept. F1 in Schools <sup>(3)</sup> is a good example of a programme that encourages entrepreneurship and involves teachers. The EESC also recalls the conclusions of the report on Entrepreneurship Education at School in Europe, which gives an overview of the different strategies used in Europe to promote entrepreneurship education <sup>(4)</sup>.

4.2.3 The EESC emphasises that there is no standard culture of entrepreneurship, only a range of cultures that vary according to the size, nature and sector of activity. Promotion activities should concern all types of enterprise and avoid adopting a one-size-fits-all model. They should also target the partners of enterprise, namely banks, public authorities and the media, in order to ensure that these cultural differences are taken into account in the information they provide and the policies they choose.

4.2.4 The EESC would like to stress and recommend to the EU institutions and Member States the need to protect and preserve the diversity of the various forms of enterprise currently in existence so that the Single Market and the European social model might achieve their full potential value. For all forms of enterprise reflect an aspect of European history and each is a bearer of our collective memory and of our various enterprise cultures <sup>(5)</sup>. In addition, for the purposes of providing comprehensive training and promoting European entrepreneurship, the diversity and plurality of business set-ups needs to be clarified and assessed within a European Action Plan.

### 4.3 Promoting a business-friendly environment

4.3.1 The need for all quarters of society to realise that business creation is the outcome of the efforts of a community that recognises, appreciates and is receptive to the added value generated by entrepreneurs and business people would seem obvious. In the current economic situation, it is all the more essential for everyone to see their role in a positive light.

4.3.2 In addition to the appropriate promotion of a business culture, genuinely sustainable and stable conditions, especially in terms of legislation, also need to be created for those who wish to invest in and take the risk of developing an idea, concept or business.

4.3.3 The EESC would again make it clear that while it is indeed essential to promote the creation of new enterprises or to facilitate the transfer of those under threat of closure or bankruptcy, it is just as essential to support existing businesses. Between start-up and closure there is the entire life-cycle of an enterprise, requiring specific policies combining better regulation in order to generate sustainable jobs and economic activity, innovation and competitiveness within the single market and as part of the globalised economy.

4.3.4 Member States must at last complete the positive harmonisation of conditions in order to create ideal conditions for developing businesses and business and social activities, taking the wide variety of business structures into account. Once again, successful examples, such as the various types of collective ownership of the shares of businesses, or the setting-up of cooperatives, could act as a guide to the changes that the Member States should encourage <sup>(6)</sup>.

4.3.5 The EESC advocates clearer and harmonised information in all Member States on the conditions for starting businesses since level playing fields encourage entrepreneurialism. Access should also be given to support services taking account of the different types of enterprise.

4.3.6 The EESC agrees that funding is a European issue, which all Member States must approach with care. Liquidity is in short supply, and it is small-scale entrepreneurs hoping to start a project who suffer most in this situation. This is why it is imperative to strengthen financial support tools for this type of initiative, such as mutual guarantee or subsidised credit lines. Such schemes are essential for small-scale entrepreneurs, who do not get loans from so-called traditional markets <sup>(7)</sup>.

4.3.7 The EESC therefore endorses enhanced support instruments for innovative projects and projects where the degree of risk is directly proportionate to the degree of innovation involved. The decision to step up financial support for testing, demonstrating and piloting new technologies thus also seems appropriate, given its multiplier effect.

4.3.8 In these particularly complex times for businesses, the EESC endorses the policy to make business transfers easier since these operations should be seen as opportunities to support the recovery of economic sectors liable to boost the labour market.

<sup>(3)</sup> <http://www.f1inschools.com>

<sup>(4)</sup> [http://eacea.ec.europa.eu/education/Eurydice/documents/thematic\\_reports/135EN.pdf](http://eacea.ec.europa.eu/education/Eurydice/documents/thematic_reports/135EN.pdf)

<sup>(5)</sup> OJ C 318, 23.12.2009, p. 22.

<sup>(6)</sup> OJ C 191, 29.6.2012, p. 24.

<sup>(7)</sup> OJ C 181, 21.6.2012, p. 125 and OJ C 351, 15.11.2012, p. 45.

4.3.9 In this respect, the quality of legislation applied in the context of the internal market is also important. Member States have a lot of work ahead of them but there can be no turning back.

4.4 The stigma surrounding 'failure' must be eradicated. Failure must not be the 'end of the road'. If lessons are learnt, it can and should be seen as a growth phase.

4.4.1 Much is said about 'American' and 'Anglo-Saxon' attitudes to 'failure' and 'second chances'. The EESC agrees that society at large must make an effort to see entrepreneurs in a different light with respect to their resilience to initial failure. The EESC therefore draws attention to the need to develop mechanisms to help enterprising people who wish to develop something innovative to persevere in their choices. Failing at the first attempt should be viewed, particularly by the financial system, as an opportunity to improve and gain skills for future entrepreneurial projects, not as the 'end of the road'. The EESC also believes that it can be counter-productive to take the promotion of one particular culture too far and that good sense and balance should prevail.

#### 4.5 *Stepping up support for SMEs and other representatives*

4.5.1 The EESC agrees that rules for businesses must be simple and clear to anyone wishing to play an active part in their creation and development. The EESC supports the Commission's and the Member States' efforts to reduce the red tape involved in starting and modernising businesses. Setting up a business, whether in the industrial, service or technological sector, should be straightforward and quick, but adequately supported to avoid exaggerations or misunderstandings for entrepreneurs as well as for the regulatory authorities.

4.5.2 The EESC supports the Commission's suggestion to set up a working group to assess the specific needs of entrepreneurs from the liberal professions in relation to issues such as cutting red tape, internationalisation or access to finance. The EESC recalls that the subsidiarity principle and the specific role of the liberal professions in many Member States should be taken into account in order to encourage the development of a 'European Charter for the liberal professions' similar to the 'European Charter for Small Enterprises'.

4.5.3 The EESC agrees that business advisory and support services are required, but draws attention to the need to create multi-disciplinary teams with an understanding of the market and its specific features. It therefore points to the possi-

bility of tapping into the experience of retired and experienced entrepreneurs who are willing to help by passing on their expertise to 'new' entrepreneurs, making meaningful inter-generational dialogue possible. To that end, the EESC considers it important that such activities should not be simply voluntary, but supported by incentives making it possible for mentors and entrepreneurs to share the benefits of creating generated value. This is also a good way to integrate people who can still contribute to society but who are no longer fully active in the labour market.

4.5.4 Cooperation networks between SMEs should be encouraged as they give a significant boost to SME viability thanks to economies of scale (sharing costs for marketing, collective purchasing or other joint services, cooperation between businesses producing complementary goods or services, opportunities to innovate and globalise).

4.5.5 In addition to efforts to remove red tape and support new entrepreneurs, the EESC stresses the vital role that business organisations play in coaching and mentoring. Without these activities, SMEs, and microenterprises in particular, cannot single-handedly access EU funding, innovate, develop their competitiveness and apply priority measures under the Europe 2020 Strategy, even though they are directly concerned. The EESC regrets that the action plan does not mention the need to strengthen the coaching and mentoring activities of business organisations. The EESC calls for the establishment of a fourth area for intervention to strengthen these actions through support for intermediary organisations. These actions should target the smallest enterprises in particular.

#### 4.6 *Support for specific groups*

4.6.1 The EESC supports efforts specifically geared to encouraging sectors of society that are playing an increasingly important part in joint efforts to accomplish objectives of this type.

4.6.2 The EESC supports policies to encourage the groups mentioned in the action plan (jobseekers, women, older people, young people, people with disabilities and migrants) to take an interest in business issues, creating businesses and value for society. If these groups promoted and disseminated existing good practices, it could facilitate a more comprehensive approach and the implementation of appropriate policies. The EESC shares the view that these groups have the potential to mobilise society in these areas and supports policies to nurture their entrepreneurial values and innovation capacity so as to encourage them to take part in this European challenge.

4.6.3 In particular, the EESC draws the attention of the EU institutions to a growing tendency for people in retirement to start or return to self-employment. This trend is mainly due to increased life expectancy, improved health and the need to supplement pensions affected by the crisis. The EESC calls on the Commission, the European Parliament and the Council to tap into the experience of many Member States to develop and establish support systems for older people who want to take this route and to simplify the framework for their activities.

Brussels, 23 May 2013.

*The President*  
*of the European Economic and Social Committee*  
Henri MALOSSE

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