EUROPEAN
COMMISSION

Brussels, 9.1.2013
COM(2012) 795 final

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

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Reigniting the entrepreneurial spirit in Europe

Since 2008 Europe has been suffering the effects of the most severe economic crisis it has seen in 50 years: for the first time in Europe there are over 25 million unemployed and in the majority of Member States small and medium-sized enterprises (SMEs) have not yet been able to bounce back to their pre-crisis levels.

Before the on-going economic and financial crisis, the European economy faced structural challenges to its competitiveness and growth, and obstacles to entrepreneurship. Many of these persist, but the crisis has also been a catalyst for deep change and restructuring. The world economy has also been transformed over the last decade. Rapidly increasing demand and production in global markets has put pressure on resource and energy supplies leading to changing cost structures for Europe's companies, many of which are dependent on imports for these supplies.

The Europe 2020 Strategy responded to this by setting out the foundations for future growth and competitiveness that will be smart, sustainable and inclusive, and which would address our principal societal challenges. Correcting the problems of the past and putting the EU on a more sustainable development path for the future is a shared responsibility of the Member States and the EU Institutions. Recognising that our economies are closely intertwined, the EU is now reshaping its economic governance to ensure better policy responses to current and future challenges.

To bring Europe back to growth and higher levels of employment, Europe needs more entrepreneurs. As a follow up to the Small Business Act review of April 2011 and of the Industrial policy communication adopted last October, the proposed Action Plan sets out a renewed vision and a number of actions to be taken at both EU and Member States' level to support entrepreneurship in Europe. It is based on three pillars : developing entrepreneurial education and training; creating the right business environment; role models and reaching out to specific groups.

1. OUR CHALLENGE – MORE ENTREPRENEURS FOR EUROPE

Entrepreneurship is a powerful driver of economic growth and job creation[1]: it creates new companies and jobs, opens up new markets, and nurtures new skills and capabilities. In the field of industry for instance, it is therefore particularly important to fast development of the six emerging growth sectors identified in the Commission's Industrial Policy update[2].

[1] For the job creation potential of entrepreneurship, see the Communication from the Commission "Towards a job-rich recovery", 18.4.2012, COM(2012) 173 final.

[2] COM(2012) 582 final of October 2012 identified: advanced manufacturing technologies and clean production, key enabling technologies, bio-based products, sustainable industrial and construction policy and raw materials, clean vehicles, smart grids.

Entrepreneurship makes economies **more competitive and** innovative and is crucial in achieving the objectives of several European sectorial policies**.**[3] Commercialising new ideas improves productivity and creates wealth. Without the jobs from new firms, average net employment growth would be negative[4]. **New companies,** especially SMEs, **represent the most important source of new employment:** they create more than 4 million new jobs every year in Europe.[5] Yet the engine for this recovery has been stuttering: since 2004, **the share of people preferring self-employment to being an employee has dropped** in 23 out of the 27 EU Member States.[6] While three years ago for 45% of Europeans self-employment was their first choice, now **this percentage is down to 37%**.[7] By contrast in the USA and China this proportion is much higher: 51% and 56% respectively. Moreover, when **new enterprises are founded**, **they grow more slowly**[8] **in the EU** than in the USA or emerging countries, and **fewer of them join the ranks of the world's largest firms.**[9]

The level of entrepreneurship and its nature vary widely between Member States, and the reasons for low enthusiasm for an entrepreneurial career are therefore diverse. Some Member States with higher levels of entrepreneurship are less successful than others at helping new and small enterprises to grow. Generally **would-be entrepreneurs in Europe find themselves in a tough environment**: education does not offer the right foundation for an entrepreneurial career, difficult access to credits and markets, difficulty in transferring businesses, the fear of punitive sanctions in case of failure, and burdensome administrative procedures. The Annual Growth Survey 2013 has recently emphasised the need to improve the business environment to increase the competitiveness of EU economies. Furthermore, **support measures for SMEs remain unbalanced**, with a substantial number of EU Member States still neglecting to take into account the characteristics of small businesses, in particular micro-businesses[10], when designing legislation or not facilitating a second chance for honest bankrupt entrepreneurs.[11]

Not only is the environment challenging, but there is also a widespread **culture that does not recognise or reward entrepreneurial endeavours enough** and does not celebrate successful entrepreneurs, as role models who create jobs and income. To make entrepreneurship the growth engine of our economy **Europe needs a thorough, far-reaching cultural change**.

Against the background of the current economic crisis and the new economic governance mechanism, this communication further develops and accentuates action in those fields where

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3 For instance COM "Blue Growth opportunities for marine and maritime sustainable growth" - COM(2012) 494 final.

4 Kauffman Foundation "Business Dynamics Statistics Briefing: Jobs created from business start-ups in the United States" http://www.kauffman.org/uploadedFiles/BDS_Jobs_Created_011209b.pdf.

5 Commission calculation based on Eurostat data (2009).

6 The countries where preference for self-employment grew between 2004 and 2012 were the Czech Republic (from 30% to 34%), Latvia (42% to 49%), Lithuania (52% to 58%) and Slovakia (30% to 33%). http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/eurobarometer/index_en.htm.

7 EU Commission Flash EB No 354 " Entrepreneurship".

8 Albert Bravo-Biosca "The dynamics of Europe's industrial structure and the growth of innovative firms"JRC Conference Seville, October 2011.

9 Strikingly, Europe's corporate giants include only 12 companies born in the second half of the twentieth century, against 51 in the US and 46 in emerging countries; of these, only three were created after 1975 in Europe, compared with 26 in the US and 21 in emerging markets. T Philippon, N Veron, Bruegel Policy Brief 2008/1.

10 As evidenced in the Communication from the Commission: "A European Initiative for the development of microcredit" COM(2007)0708 final (adopted 20/12/2007).

11 'Business Dynamics: Start-ups, Business Transfers and Bankruptcy' http://ec.europa.eu/enterprise/policies/sme/business-environment/files/business_dynamics_final_report_en.pdf.

the Commission's Review of the Small Business Act[12] identified a continued need for improvements on national and European level.

Each SME is different: their variations in size, field of activity and legal form require the appropriately adapted attention of policymakers.'[13] This principle applies equally to liberal professions and individual entrepreneurs who also contribute significantly to the EU economy[14]. **The principle of "think small first" must become the touchstone of European and national policies.**

We must work on ensuring that being an entrepreneur is an attractive prospect for Europeans. This also includes social entrepreneurs whose potential is often underestimated[15]. They generate sustainable jobs and have demonstrated a stronger resilience to the crisis than the general economy. Social entrepreneurs are innovators, drive social inclusion and contribute to achieving the objectives of the EU2020 strategy

The current situation can only be transformed with **bold and co-ordinated action by all administrations at European, national and regional levels**.

This Action Plan is a blueprint for decisive joint action to unleash Europe's entrepreneurial potential, to remove existing obstacles and to revolutionise the culture of entrepreneurship in Europe. It aims to ease the creation of new businesses and to create a much more supportive environment for existing entrepreneurs to thrive and grow.

It proposes three areas for immediate intervention:

1. Entrepreneurial education and training to support growth and business creation

2. Strengthening framework conditions for entrepreneurs by removing existing structural barriers and supporting them in crucial phases of the business lifecycle,

3. Dynamising the culture of entrepreneurship in Europe: nurturing the new generation of entrepreneurs.

2. ACTION PILLAR 1 – ENTREPRENEURIAL EDUCATION AND TRAINING TO SUPPORT GROWTH AND BUSINESS CREATION

2.1. New foundations: increasing the prevalence and quality of entrepreneurial learning…

Investing in entrepreneurship education is one of the highest return investments Europe can make. Surveys suggest that between 15% and 20% of students who participate in a mini-company programme in secondary school will later start their own company, a figure that is

12 COM(2011)78 final (adopted 23/02/2011), Review of the "Small Business Act" for Europe.

13 Idem.

14 Directive 2005/36/CE: "To the extent that they are regulated, … liberal professions, … are, according to this Directive, those practised on the basis of relevant professional qualifications in a personal, responsible and professionally independent capacity by those providing intellectual and conceptual services in the interest of the client and the public."

15 COM(2011)682 final (adopted 25/102011) "Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation". A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders.

about three to five times that for the general population[16]. Whether or not they go on to found businesses or social enterprises, young people who benefit from entrepreneurial learning, develop **business knowledge** and **essential skills and attitudes** including **creativity, initiative, tenacity, teamwork, understanding of risk** and a **sense of responsibility**. This is the entrepreneurial mind-set that helps entrepreneurs **transform ideas into action** and also significantly increases employability.

Entrepreneurship is a key competence in the European Framework[17], and an action in both the recent Rethinking Education Commission Communication[18]. The role of entrepreneurship as an instrument to improve employability levels is also stressed in the Annual Growth Survey 2013[19]. A number of Member States have successfully introduced national strategies for entrepreneurship education or made entrepreneurial learning a mandatory part of curricula. but more is needed. Education should be brought to life through **practical experiential learning models** and experience of **real-world entrepreneurs.** Defined entrepreneurial learning outcomes for all educators are needed, to introduce effective entrepreneurial learning methodologies into the classroom.

Practical entrepreneurial experiences can also be gained outside education. Young people should be encouraged to develop entrepreneurial skills through informal and non-formal education like volunteering. Such experiences should also be validated and recognized, in accordance with the proposed Commission recommendation in this area[20].

Partnerships with businesses can ensure that education and training curricula are relevant to the real world. Initiatives such as the VET[21]-Business forum and Sector Skills Alliances[22] provide routes to involve business. Education institutions should be encouraged to become more entrepreneurial in their wider approach, to ensure that they develop and live a culture of entrepreneurship and innovation through their missions, leadership, stakeholder engagement, curricula and learning outcomes.

2.2. …and new frontiers: higher education for entrepreneurship

The role of higher education in entrepreneurship goes far beyond the delivery of knowledge to participating in ecosystems, partnerships and industrial alliances. With high-tech and high-growth enterprises increasingly becoming a focus of entrepreneurship-related public policies, higher education institutions are an active component of the innovation policies of Member States and EU.

The European Institute of Technology (EIT) has pioneered the role of entrepreneurship as a key enabler of innovation on EU level and is helping to bridge the gap between education and innovation for industry. A number of start-ups have already been created out of the EIT's Knowledge and Innovation Communities (KICs). EIT programmes ensure that students are exposed to excellence-driven science with entrepreneurship education, business creation services, and mobility schemes. Partnerships can provide a powerful platform for addressing

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16 C. Jenner, 'Business and Education: Powerful Social Innovation Partners', Stanford Social Innovation Review (Aug. 27, 2012).

17 The Recommendation of the European Parliament and of the Council of 18 December 2006 on key competences for lifelong learning.

18 COM (2012) 669 http://ec.europa.eu/education/news/rethinking_en.htm.

19 See p11, Annual Growth Survey COM(2012) 750 http://ec.europa.eu/europe2020/pdf/ags2013_en.pdf.

20 COM(2012) 485.

21 VET – vocational education and training.

22 http://ec.europa.eu/education/news/20120425_en.htm.

the entrepreneurship skills of various sectors by directly involving in the provision, application and updating of skills.

Universities should become more entrepreneurial.[23] Against this backdrop, the European Commission in collaboration with OECD has already developed a framework for entrepreneurial universities. The framework is designed to help interested universities assess themselves and improve their capability with tailor-made learning modules. The access to the framework will be expanded gradually.

The Commission will:

- *Develop a pan-European entrepreneurial learning initiative bringing together existing European and national expertise for impact analysis, knowledge sharing, development of methodologies and peer mentoring between practitioners from Member States.*
- *Reinforce co-operation with the Member States to assess the introduction of entrepreneurship education in each country based on real experience and to support public administrations wishing to learn from successful peers.*
- *Establish, jointly with the OECD, a guidance framework to encourage the development of entrepreneurial schools and VET institutions*[24].
- *Promote the recognition and validation of entrepreneurial learning in an informal or non-formal learning environment*[25].
- *Disseminate the entrepreneurial university guidance framework in early 2013; facilitate exchange between universities interested in applying the framework; gradually promote it to the EU Higher Education Institutions;*
- *Endorse successful mechanisms of university-driven business creation (spin-offs etc.) and emerging university-business ecosystems around key societal challenges.*

The Member States are invited to:

- *Ensure that the key competence "entrepreneurship" is embedded into curricula across primary, secondary, vocational, higher and adult education before the end of 2015.*
- *Offer the opportunity to young people to have at least one practical entrepreneurial experience*[26] *before leaving compulsory education, such as running a mini-company, being responsible for an entrepreneurial project for a company or a social project*
- *Boost* ***entrepreneurial training for young people and adults in education by means of Structural Funds resources in line with national job plan, .****notably the European Social Fund (ESF) in line with National Job Plans, particularly as a tool for second*

[23] Cf. Gibb A, Haskins G, Robertson I, *Leading the Entrepreneurial University*, University of Oxford, 2009.

[24] Please see recent *Rethinking Education Communication* COM(2012) 669, section 2.1.

[25] COM(2012) 485 final, 05.09.2012.

[26] Please see recent *Rethinking Education Communication* COM(2012) 669, section 2.1.

chance education for those not engaged in education, employment or training. Take full advantage of the training possibilities available under the rural development fund - European Agricultural Fund for Rural Development (EAFRD).

- *Promote entrepreneurial learning modules for young people participating in national Youth Guarantee schemes.*[27]

3. ACTION PILLAR 2 – CREATE AN ENVIRONMENT WHERE ENTREPRENEURS CAN FLOURISH AND GROW

New businesses need specific care. There are **six key areas** where action is needed to remove existing obstacles impeding their creation and growth:

- Access to finance
- Support for entrepreneurs in the crucial phases of the business lifecycle and their growth
- Unleashing new business opportunities in the digital age
- Transfers of businesses
- Bankruptcy procedures and second chance for honest entrepreneurs
- Regulatory burden reduction.

3.1. Better access to finance

Without adequate funding and without liquidity, no business can operate, invest and grow – indeed, access to finance is one of the levers for growth for SMEs.[28] According to a public consultation launched by the Commission in July 2012, access to finance constitutes one of the most significant constraints on growth and entrepreneurship in Europe. SMEs have historically relied on bank lending and consequently the current bank credit constraints due to the crisis have a disproportionate impact on SMEs. In addition to this**, entrepreneurs particularly have difficulties raising finance in the early stages of their businesses**. In December 2011 the European Commission presented an Action Plan to improve access to finance for SMEs[29] and proposals on venture capital funds and social entrepreneurship funds.[30] Particular attention has also been given to SMEs in Financial Instruments Directive[31] and in the final negotiations on Capital Requirements Directive[32]. However, more must be

27 Proposal for a Council Recommendation on Establishing a Youth Guarantee, COM(2012) 729.

28 COM(2011)206 final, "Single Market Act. Twelve levers to boost growth and strengthen confidence. Working together to create new growth".

29 COM(2011) 870 Final, An action plan to improve access to finance for SMEs.

30 Proposal for a Regulation of the European Parliament and of Council on European Venture Capital Funds, COM(2011)860 final; Proposal for a Regulation of the European Parliament and of the Council on European Social Entrepreneurship Funds, COM(2011)862 final.

31 Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC.

32 Proposal for a Directive of the European Parliament and of the Council on the access to the activity of credit institutions and investment firms and amending Directive 2002/87/EC of the European

done at both European and national levels to overcome market deficiencies, including exploring alternatives to bank lending for SMEs, to complement the limited private financing available and to make information on funding more easily available.

It is also important to increase the quality and financial returns of start-up projects. Financial support for testing, demonstrating and piloting new technologies, strengthening venture capital, angel investments, incubators **and loans for high potential SMEs** are some of the areas where action is possible. Entrepreneurs need **funds to commercialise research and development and test innovative business models**. Support for these areas is proposed by the Commission under the future **Programme for the Competitiveness of Enterprises and SMEs** (**COSME**)[33] and **Horizon 2020,** and are reinforced under the European Structural Funds[34].

Social economy actors and social enterprises are important drivers of inclusive job creation and social innovation. While they face similar problems as most SMEs, they may encounter additional difficulties, accessing finance which the Commission addressed in the future **Programme for Social Change and Innovation (PSCI) as well as in the Structural Funds regulations**[35]**.**

An important component of a successful entrepreneurial ecosystem consist of an array of early stage investors (venture capitals and business angels) that provide seed and first round equity investments. These investors use an extensive network of peers and provide valuable knowledge and support about the market and the development of the venture "smart money". These investments may also be spurred by fiscal incentives.

In 2008 the Commission created the **Enterprise Europe Network**, a partnership with over 600 hosting organisations, one of whose tasks is to provide businesses and would-be entrepreneurs with the necessary information on access to EU funding and EU finance. To date, **better information on EU support is still a major business request**. The Commission is working, together with stakeholders, **to strengthen the Network** to make it more active and effective.

The Commission will:

- *Finance programmes aimed at developing a market for microfinance in Europe, through initiatives as Progress Microfinance and the Joint Action to Support Microfinance Institutions (JASMINE) initiative and make resources for micro-financing available to Member States and regions via the European Social Fund or the European Regional Development Fund.*
- *Facilitate the direct access of SMEs to the capital market through the development of an EU regime for venues specialised in the trading of shares and bonds issued by SMEs ("SMEs growth markets"), in the context of the review of the Market in Financial Instruments Directive (MiFID)*

Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate.

33 Proposal for a regulation establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (2014-2020), COM(2011) 834 final.

34 According to the Commission proposal for the future Structural Funds, comprehensive strategies for inclusive start-up support must be in place in order to obtain ESF or ERDF investments in entrepreneurship. (COM/2012/0496 final - 2011/0276 (COD).

35 See the legislative proposal: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52011PC0609:EN:NOT.

The Member States are invited to:

- *Assess the need of amending current national financial legislation with the aim of facilitating new, alternative forms of financing for start-ups and SMEs in general, in particular as regards platforms for crowd funding, as well as consider the need for simplification of tax legislation to stimulate further development of alternative financial markets like for example business angel investments.*

- *Make use of structural funds' resources to set up microfinance support schemes under the respective investment priorities of the European Social Fund (ESF) and the European Regional Development Fund (ERDF).*

- *Utilise the full potential under the EAFRD to ensure access to financing of entrepreneurship, in particular at an early stage of the business in agriculture (such as setting up of young farmers) and in rural areas in general, also by means of financial instruments.*

3.2. Supporting new businesses in crucial phases of their lifecycle and help them grow

About **50% of new businesses fail during their first five years**. If European entrepreneurs are to be able to deliver the growth we expect from them, we must devote greater resources to helping them to get through this period. **Businesses often lack an appropriate ecosystem that will enable them to grow.**

Vital lifelines can be provided by support services that know their markets and thus significantly increase the success rate of new enterprises. Effective support consists of holistic programmes that integrate the essential elements like management training, R&D coaching, and networking with peers, potential suppliers and clients. Entrepreneurs increasingly need advice and support in dealing with resource constraints and supply insecurity through strategic investment and product development. Many smaller enterprises are also under increasing pressure from the companies they supply to meet new standards and design requirements linked to improved resource efficiency and recyclability.

Reducing tax compliance costs would improve the business environment, in particular for small firms. Given their limited resources and experience, small and newly created businesses suffer more from high compliance costs arising from complex tax legislation and cumbersome tax reporting procedures than large corporations do. Member States should also consider simplifying VAT registration procedures and create one-stop electronic registration to facilitate cross-border digital commerce by small businesses.

Many new ideas for successful businesses come from science and research but more can be done to make business use research results. Therefore more information on the insights from projects financed by the Framework Programmes for Research and Development should be shared with businesses.

New businesses often fall victim to **misleading marketing practices**. They range from providing false or misleading information about the service to sending offers disguised as invoices or misleading forms asking for updates in business directories. The Commission

published a strategy[36] with a detailed list of actions for the future to increase the protection of businesses, and it intends to present a legislative proposal in the course of 2013.

Removing obstacles to the Single Market and thereby creating a level playing field will help small businesses develop cross-border activities. This includes tackling double taxation and removing tax mismatches and other tax measures that constitute cross border obstacles on the single market and for foreign investment in the EU.

Moreover, in most of the EU, the legal frameworks for social security of self-employed persons differ substantially from that for the employed, creating additional barriers to entrepreneurs. Support for new business is particularly important for transitions from unemployment to self-employment. Arrangements to make it easier for people who depend on welfare benefits (such as unemployment benefit) to start their own business and become economically independent (welfare bridges) can help. Therefore, Member States could explore the possibility for the self-employed to receive benefits (e.g. health, retirement, disability, unemployment benefit in case of business closure/bankruptcy, etc.) that are comparable to the benefits for employed workers without reducing those of the latter.

To thrive, entrepreneurs and **SMEs need specific, customised expertise** that can help them develop competitive advantages and benefit from global value chains and shared management of human resources. **Clusters, business networks and other types of association of enterprises can provide such supportive environments** as they bring together the relevant actors from business, education, research and the public sector[37]. Among SMEs, some companies, such as social enterprises, often have specific business models requiring dedicated support schemes. Grouping SMEs may lead to an increase in competitiveness.[38] Therefore, Member States could consider whether their tax regimes could be improved to allow for more such SME groups.

Additionally, entrepreneurs can greatly benefit from the Single Market. However, at the moment, the good operation of the Single Market is still hampered by some barriers. On the 3rd of October 2012 the European Commission issued the **Single Market Act II**[39] to reduce current barriers. **Effective implementation** of these measures can promote entrepreneurship in Europe, in areas such as cross-border services, recognition of diplomas and qualifications, and right of establishment.

Moreover, **exchanges with knowledgeable entrepreneurs within the EU** should be encouraged, such as through the Commission's Erasmus for Young Entrepreneurs (EYE) scheme.

The Commission will:

- *Identify and promote Member States best practices with a view to create a more entrepreneur-friendly fiscal environment.*

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36 COM(2012)702 "Protecting businesses against misleading marketing practices and ensuring effective enforcement; Review of Directive 2006/114/EC concerning misleading and comparative advertising".

37 The Concept Of Clusters And Cluster Policies And Their Role For Competitiveness And Innovation: Main Statistical Results And Lessons Learned, Commission Staff Working Document SEC(2008) 2637.

38 European Cluster Policy Group Final Recommendations, recommendation 5, athttp://www.proinno-europe.eu/sites/default/files/newsroom/2010/09/ECPG_Final_Report_web-low1.pdf,, following up on recommendations of the European Cluster Alliance.

39 COM(2012) 573 final, "Single Market Act II – Together for new growth".

- *Support the cooperation between clusters and business networks;*

- *Support the networking and exchange of best practice between agencies running schemes on resource efficiency for SMEs;*

- *Reinforce the partnership of the Enterprise Europe Network with hosting organisations, the Single Points of Contact and all SME support organisations to (i) widely spread information on EU initiatives, on sources of finance, and on support for innovation, (ii) encourage Member States to reinforce measures to increase investment readiness of entrepreneurs and SMEs and (iii) provide effective assistance to help businesses fully benefit from the Single Market and help access markets in third countries.*

- *Revise the rules prohibiting certain misleading marketing practices*[40] *to make them more robust and strengthen enforcement against such practices in cross-border cases.*

- *Unlock the full potential of the Digital Single Market for SMEs by tackling existing barriers to cross-border online business.*[41]

- *Continue the development of the Erasmus for Young Entrepreneurs programme to meet the increased demand for participation from new entrepreneurs across the Single Market*[42]

- *Encourage exchanges of young entrepreneurs between the EU and third countries*

- *Help Member States develop integrated support schemes through capacity building seminars financed by ESF technical assistance, involving relevant stakeholders including education and training providers to develop integrated strategies and setting up of specific actions, notably for young entrepreneurs.*

- *Continue to develop the Your Europe Business portal with information on the Single Market from both the Commission and Member States.*

The Member States are invited to:

- *Make the national tax administration environment more favourable to early stage business. Reduce the cost of tax compliance by simplifying tax filing and tax payment, by extending the use of electronic means, including speeding up the full implementation of the Digital Single Market.*

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40 Directive 2006/114/EC concerning misleading and comparative advertising.

41 Including, for example, a mini "one-stop-shop" for VAT registration, declaration and payment as in the Commission Communication on the future of VAT (IP/11/1508).

42 In 2013 demand from New Entrepreneurs will exceed available budget: as of end-December 2012 there were about 950 New Entrepreneurs eligible for an exchange while the available budget could allow for about 930 exchanges. Given that the pool of New Entrepreneurs eligible for an exchange is growing on average by 25 entrepreneurs every week it is obvious that demand will exceed supply in 2013. Already in 2012, a number of Intermediary Organisations had used up their allocated budget and could not anymore establish exchanges.

- *Promote tax coordination to ensure that inconsistencies in tax treatment do not lead to double taxation or other harmful tax practices that impede the Single Market by hampering cross-border businesses and cross-border venture capital investments.*

- *Reassess corporate income tax regimes to consider extending the statute of limitation of losses and deductions in the Corporate Income Tax.*

- *Consider implementing as from 2013 the option offered for small businesses of a cash accounting scheme for VAT.*

- *Adopt the necessary measures to support the commercialisation of innovation, research and development projects taking into account the special challenges of newly established firms.*

- *Consider the option for owners of new enterprises to request possible adjustments of payment schedules for social contributions for a limited time and based on the specific situation of the firm and sound justifications.*

- *Take full advantage of the newly introduced support options under the European Agricultural Fund for Rural Development (EAFRD) for business start-up and development of comprehensive schemes for professional exchange of entrepreneurs and farm visits, also supporting clusters, business networks and co-operation activities in agriculture, forestry, agro-food processing and among rural non-agricultural businesses.*

3.3. Unleashing new business opportunities in the digital age

Better use of information and communication technology (ICT) can significantly help new businesses to thrive. ICT is the key source of growth for national economies and European SMEs grow two to three times faster when they embrace ICT. As indicated in the Commission Industrial Policy Communication[43], "*entrepreneurs need to exploit the full potential of the digital single market* ***in the EU that is expected to grow by 10% a year up to 2016***."

Based on the **Digital Agenda** and the **Industrial policy flagship initiatives**, the Commission will help entrepreneurs and SMEs to fully exploit the potential of ICT, both in terms of ***supply*** of new digital products and services, and in terms of ***demand*** and smart use of these technologies.

On the supply side, **Web entrepreneurs** constitute a specific category of entrepreneurs who create new digital services and products that use the web as an indispensable component. Web start-ups tend to grow and fail faster than other businesses and scale exponentially, which translates into higher rewards but also higher risks. They operate in a complex and fast moving eco-system, where networking and experimenting is paramount. Web start-ups are cheaper to set-up and the entry barriers are low, making them an attractive vehicle to start an entrepreneurial career. Web entrepreneurs require for that reason tailored support measures to structurally strengthen the web start-up ecosystem.

[43] A Stronger European Industry for Growth and Economic Recovery, Industrial Policy Communication Update, COM(2012)582 of 10 October 2012.

On the demand side, **investing in digital technologies is no longer a choice**: companies can nowadays only be competitive when they embrace the digital world. This poses opportunities and challenges, in particular for SMEs, since they are often less equipped to deal with the increased sophistication of new business models.

Digital entrepreneurs are those entrepreneurs that fully exploit digital products and services, including "cloud computing", to reinvent their business models and sharpen their competitiveness[44]. The EU initiatives "Smart use of information technologies and the integration of SMEs in global industrial value chains", and e-Skills will promote the uptake of digital technologies and connect SMEs to the digital world.

The potential of e-commerce as a part of the Digital Single Market opportunities for entrepreneurs is still not fully tapped. A number of specific actions will enhance trust towards online trade.[45]

*The **Commission** will:*

- ***Foster the knowledge base** on major market trends and innovative business models, by establishing an online Market Monitoring Mechanisms and a Scoreboard, in cooperation with the main stakeholders, to facilitate dialogue and lead to a shared agenda for action.*

- ***Raise awareness through** a Europe-wide information campaign for entrepreneurs and SMEs on the benefits from the new digital evolutions; the campaign will promote European success stories, pan-European contests and prize award schemes to sensitise entrepreneurs on the changing business landscape and new business opportunities.*

- ***Facilitate networking** to sparkle and support new business ideas, such as: the creation of a **European Mentors Network** for training, advice and hands-on coaching on how to do business in the digital age, and match-making events among stakeholders to explore new partnerships.*

- ***Launch specific actions for Web entrepreneurs** such as: i) a Start-up Europe Partnership to unlock expertise, mentoring, technology and services, ii) a Web Entrepreneurs Leaders Club to bring together world-class web entrepreneurs and strengthen the web entrepreneurial culture in Europe; iii) a European network of web business accelerators; iv) work with European investors in order to increase the flow of venture capital and crowd-funding into web start-ups; and v) Fostering web talent by stimulating the emergence of Massive Online Open Courses[46] and the setting up of platforms for mentoring, and skill building.*

- ***Strengthen competences and skills** by intensifying its E-skills actions to improve e-leadership skills, scientific and creative disciplines, and managerial and entrepreneurial skills to address new technological and markets.*

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44 COM(2012)529 "Unleashing the Potential of Cloud Computing in Europe".

45 COM(2011)942 of 11 January 2012. A coherent framework for building trust in the Digital Single Market for e-commerce and online services.

46 See for example http://www.radicalsocialentreps.org/, http://www.youtube.com/watch?v=iE7YRHxwoDs and http://www.academicmatters.ca/2012/05/the-massive-open-online-professor/

*The **Member States** are invited to:*

- *Reinforce national or regional support for digital and web start-ups and foster alternative financing for early-stage technology start-ups, such as ICT innovation voucher schemes.*
- *Promote access for entrepreneurs to Open Data and Big Data compiled in public or industry-backed programs such as the cultural data set Europeana.*[47]
- *Support the most talented entrepreneurs, e.g. by encouraging, the brightest graduates to begin their career in start-ups.*
- *Support the swift adoption of on-going policy initiatives such as the data protection reform and the proposal for a Common European Sales Law which will lower barriers to the uptake of cloud computing in the EU.*
- *Ensure the best use of European funds for web and digital entrepreneurship according to the applicable rules and priorities.*

3.4. Easier business transfers

Every year approximately **450,000 firms with 2 million employees are transferred** across Europe. Yet it can be so difficult to make a transfer that **an estimated 150,000 companies with 600,000 jobs may be lost each year**.[48] The main factors of this are regulatory or tax burdens, lack of awareness of needed preparations and of transparent markets for such transactions, and the long time periods needed to comply with formalities. Moreover, the legal form of a company (sole proprietorships) as well as its age (especially companies less than three years old) are additional elements of vulnerability. That's why **the smallest businesses are the most exposed to failed transfers.**

These businesses are 'going concerns' with established products, markets and customers and so have a higher probability of survival than new firms. Would-be entrepreneurs should know that the **acquisition of a 'going concern' may be an attractive alternative to starting a new business**. **Transfers should be made easier** for both the entrepreneur who wishes to pass on his or her business and the acquirer.

Transferring a business from one generation to the next is the defining feature of a family business and the greatest challenge that it can face. A family business transfer must be considered as a transfer of ownership, where that ownership is not a liquid asset but something which is built up and developed by the family over generations, including values, traditions and know how. The scope and scale of diverse approaches to inheritance and estate taxes across the EU demonstrate that there is still much room for improving the legal climate for family business transfers.

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47 http://**Europeana.eu** is a cultural portal, created with the support of the European Commission, that acts as an interface to millions of books, paintings, films, museum objects and archival records that have been digitised throughout Europe.

48 'Business Dynamics: Start-ups, Business Transfers and Bankruptcy' (2011) http://ec.europa.eu/enterprise/policies/sme/business-environment/files/business_dynamics_final_report_en.pdf.

The area of business transfers has been **specifically addressed by the Small Business Act** (SBA)[49] and the **Review of the SBA for Europe of 2011**[50] and was specifically addressed in the **Commission Communication of 2006,** "Implementing the Lisbon Community Program for Growth and Jobs: Transfer of Businesses - Continuity through a new beginning"[51].

Although some European countries have made progress and a more transfer-friendly regulatory framework has been developed, even in those countries **there may still be low awareness of the entrepreneurial community and stakeholders** (professional associations, legal firms and consultants to entrepreneurs) about possibilities for transfer and about needed preparations.

As the barriers to successful business transfers are largely to be found at local, regional and national levels, it can clearly be worthwhile comparing approaches across Europe with a view to **exchanging best practices and to take actions**, notably in terms of **awareness raising for business transfers, special financial facilities designed to finance transfers, legal transformation** (notably the possibility to create public limited companies facilitating the selling of a firm) **and transparent markets** for business transfers.[52]

The Commission will:

- *Develop guidelines on the most effective programmes and best practices to make business transfers easier, including measures for deepening and expanding the markets for enterprises, mapping available programmes in Europe and proposing necessary actions to remove remaining possible barriers to cross-border business transfers. To this effect, the Commission is organising an expert working group with Member States representatives which in 2013 will aim at performing a stock-taking and analysis of the reasons for remaining barriers in this area and proposing recommendations and support measures addressing these barriers.*

The Member States are invited to:

- *Improve legal, administrative, and tax provisions for transfers of business taking into account the 2006 Commission Communication on transfers of businesses and the 2011 Commission Communication on tackling cross-border inheritance tax obstacles within the EU*[53].

- *Use existing European funds according to their applicable rules and priorities to support transfers of small and medium-sized businesses to entrepreneurs intending to continue running the business.*

- *Improve information and advice services for business transfers as well as improve data collection on and monitoring of business transfers.*

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49 COM(2008) 394 final. - “Think Small First” A“Small Business Act” for Europe.

50 COM(2011) 78 final Review of the “Small Business Act” for Europe.

51 COM(2006) 117 final.

52 For example, according to the 'Business Dynamics' study, only 1/3 of Member States surveyed offered special financial products to support transfers and in a dozen Member States little or no mentoring or training on the subject was available.

53 COM/2011/864 and associated recommendation 2011/856/EU regarding relief for double taxation of inheritances.

- *Effectively publicise business transfer platforms and marketplaces and launch campaigns to raise awareness among potential sellers and buyers of viable businesses.*

- *Consider reviewing tax regulation with respect to its impacts on the liquidity of a small or medium-sized family business in case of a succession of ownership without impacting revenues negatively.*

3.5. Turning failure into success: second chances for honest bankrupts

Business failure, like business creation, is part of a dynamic, healthy market. **Evidence shows that by far the majority (96%) of bankruptcies are due to a string of late payments or other objective problems** – they are, in other words 'honest failures', without any fraud by the entrepreneur.[54] Entrepreneurs are nevertheless treated by many bankruptcy laws as if they were fraudulent, having to go through complex procedures before they can be discharged. In some Member States the procedure may take such a long time that entrepreneurs will not consider another business venture[55]. In some cases they may be legally barred from starting a new enterprise for much or all of their lifetimes.

Even after a discharge, former bankrupts are stigmatised and have difficulties financing a new enterprise. Therefore, many potential entrepreneurs simply give up and do not consider trying again.

Yet research shows that **'second starters' are more successful and survive longer than average start-ups**; **they grow faster and employ more workers**[56]. Thus, **a failure** in entrepreneurship **should not result in a "life sentence"** prohibiting any future entrepreneurial activity **but should be seen as an opportunity for learning and improving** – a viewpoint that we already today fully accept as the basis of progress in scientific research. Consequently, any move to encourage a new generation of entrepreneurs must include reassurance that, if their first idea does not fly, they will not be forever barred from trying to 'take off' again. Thus bankruptcy laws must provide for swift, efficient ways of lodging and recovering claims for creditor enterprises, while faster and more affordable procedures for winding up businesses and for discharge from bankruptcy should be put in place.

The Commission adopted last December a Communication on a new European approach to business failure and insolvency[57] to create a more business friendly environment, for example by improving the efficiency of national insolvency laws including the length and costs of the period of discharge from bankruptcy. As a first step to be taken, the Commission also adopted at the same time a proposal for the modernisation of the Regulation on insolvency proceedings[58] which will ensure cross-border recognition of the rescue of enterprises and also includes facilitating the lodging of claims in another Member State.

The Commission will:

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54 http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0584:FIN:en:PDF.

55 In some Member States liquidation procedure of the business takes approximately 1-2 years. An additional 3 to 9 years are needed to start again business.

56 E. Stam, D. B. Audretsch and J. Meijaard, "Renascent Entrepreneurship", Erasmus Research Institute of Management, 2006.

57 COM(2012) 742 "A new European approach to business failure and insolvency".

58 COM(2012) 744.

- *Launch a public consultation so as to receive views from stakeholders on the issues identified in the Communication on a new European approach to business failure and insolvency, including on giving honest bankrupts a second chance and on shortening and aligning the "time to discharge".*

The Member States are invited to:

- *Reduce when possible, the discharge time and debt settlement for an honest entrepreneur after bankruptcy to a maximum of three years by 2013.*[59]

- *Offer support services to businesses for early restructuring, advice to prevent bankruptcies and support for SMEs to restructure and re-launch.*

- *Provide advisory services to bankrupt entrepreneurs to manage debt and to facilitate economic and social inclusion and develop programmes for 'second starters' for mentoring, training and business networking.*

3.6. Regulatory burden: clearer and simpler rules

Entrepreneurs should be the 'normal customer' for whom administrations benchmark their procedural requirements and yet nearly three-quarters of Europeans consider it too difficult to start their own business because of administrative complexities[60]. Many more complained about heavy regulatory burdens imposed on the running of a business. Aware of this, in 2007 the Commission committed to an Action Programme to cut red tape stemming from EU legislation by 25% before the end of 2012[61]. In November 2011 the Commission adopted its Report on minimising regulatory burden for SMEs – adapting EU regulation to the needs of micro-enterprises,[62] which extended the focus to a far wider range of all regulatory burdens beyond the administrative burden of reporting to authorities, and introducing the principle of reverse burden of proof for any new regulatory burden. It also committed the Commission to improved consultation with smaller businesses and the adoption of an annual scoreboard on progress towards implementation in Member States.

The Commission has tabled proposals beyond the target of 25% reduction Measures worth EUR 30.8 billion in annual savings for businesses have been adopted by the EU legislator. This represents 25% of the regulatory burden, which has been estimated at EUR 123.8 billion. Another 5.5% of burden reduction could be achieved if the additional proposals tabled by the Commission were adopted by the European Parliament and Council.

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59 As requested by the Conclusions from the May 2011 Competitiveness Council.

60 EU Commission Flash Eurobarometer No 354 "Entrepreneurship".

61 The Action Programme to eliminate unnecessary administrative burdens on businesses in the EU identified priority areas which generated around 80% of the administrative burden from EU legislation, including national rules implementing or transposing this legislation. In concert with the Stoiber Group which served as an independent adviser, hundreds of adaptations were proposed that have already generated over €40 billion in annual savings for enterprises. Proposals involved areas ranging from agriculture, environment, and fisheries to company law, tax, statistics, food safety and pharmaceuticals. The biggest "contributors" to the savings are tax law (moving from paper bills to electronic bills) and company law (exceptions for micro-enterprises from some provisions regarding the balance sheet and publication obligations).

62 COM(2011)803 and Communication on EU regulatory fitness (REFIT!) see: http://ec.europa.eu/governance/better_regulation/index_en.htm.

Notable savings have been realised in the areas of **tax law** (moving from paper to electronic billing) and company law (exceptions for micro-enterprises from some provisions on financial reporting obligations). For instance, the Invoicing Directive[63] has created equal treatment between paper and e-invoices and no longer allows Member States to prescribe a certain technology for e-invoices[64]. Progress has also been made in modernising **customs legislation**, reducing statistical reporting obligations on SMEs, and an extensive range of areas across the Member States.[65]

Reducing unnecessary or excessive regulatory burden remains on the top of the Commission's political agenda. To this effect, in addition to conferences being held in Member States, on 1 October 2012 a public consultation was launched to identify the **ten most burdensome pieces of EU legislation**[66]. The outcome of this consultation, together with more specific analysis, will be taken into consideration when assessing the need for reviewing EU regulation in specific areas.

Regulatory obligations of businesses should be clear and simple. In addition to protecting public and workplace health and safety and the environment, clear regulatory frameworks ensure a level playing field, fair and free competition, business certainty and market predictability. Smart regulation can also drive innovation putting European Companies in the lead in key technologies and services. However, duplicative or uncoordinated licensing should be eliminated. Similarly, burdensome formalities such as the request to prove the authenticity of public documents (e.g. corporate records), should be eliminated for business activities inside the Internal Market.

Red tape should be eliminated or reduced wherever possible **for all businesses** and particularly for micro-enterprises **including the self-employed and the liberal professions**, who are exceptionally vulnerable to the burdens of bureaucracy due to their smaller size and limited human and financial resources. At the same time, remaining undue and unjustified barriers to entry in liberal professions should be removed.

In the area of public procurement SMEs and cross-border bidders are hampered by administrative requirements (e.g. provision of evidentiary documents), problems in obtaining information and sometimes disproportionate requirements by contracting authorities. The share of SMEs winning public procurement contracts has not changed significantly since 2002. The most significant factor affecting SME participation is the size of a contract – SMEs do not have the capacity to bid for or fulfil requirements of large public contracts and in general, contracts above €300,000 seem to be beyond their capacity. Use of lots for contracts with a total value above certain thresholds would increase the number of contracts accessible to SMEs.

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63 Council Directive 2010/45/EU of 13 July 2010 amending Directive 2006/112/EC on the common system of value added tax as regards the rules on invoicing.

64 It is estimated that if all businesses adopt e-invoicing savings would amount to €18 billion in the medium-term.

65 For a compendium of best practices see extensive annexes to 'Europe can do better', adopted by the High Level Group on reducing administrative burdens (Nov 2011), at http://ec.europa.eu/dgs/secretariat_general/admin_burden/best_practice_report/docs/bp_report_signature_en.pdf.

66 Consultation: "Which are the TOP10 most burdensome EU legislative acts for SMEs?" http://ec.europa.eu/enterprise/policies/sme/public-consultation-new/index_en.htm.

Furthermore, the Commission recommends to Member States to continue modernising labour markets by simplifying employment legislation and developing flexible working arrangements, including short-time working arrangements.[67]

In addition, businesses should be able to count **on expert advice and assistance** whenever they face misapplied Internal Market law, an area where the Commission's (SOLVIT) network has been active for the last 10 years.

Entrepreneurs should also be able to count on one single contact point to receive comprehensive information on licenses, **administrative procedures, finance and public support**. 'One stop shops' for entrepreneurs such as "Barcelonactiva", winner of the 2011 European Enterprise Promotion Award, should be expanded. Moreover, the Commission has recently launched a new "Your Europe" portal which includes **a single access point on EU financial instruments**[68]. More administrative procedures should be made available online for businesses, including across borders. Member States are encouraged to extend their Points of Single Contact set up under the Services Directive to more procedures, to follow the business lifecycle approach, be multilingual and be more user-friendly.

The Commission will:

- *Continue to vigorously pursue the reduction of regulatory burden in EU proposed legislation especially in areas where such burdens are the highest.*
- *Indicate how it will go about reviewing and revising EU regulation to reduce the unnecessary or excessive burden in areas identified in the' top ten most burdensome'. Legislative initiatives reducing administrative burden in other areas will also be proposed, such as those promoting e-invoicing in the field of public procurement and making business easier through a standard VAT declaration*[69]*.*
- *Propose legislation abolishing burdensome authentication requirements for public documents which SMEs have to produce to conduct cross-border business within the Single Market.*
- *Set up a working group to assess the specific needs of liberal profession entrepreneurs in relation to issues such as simplification, internationalization or access to finance.*
- *Monitor progress via the Points of Single Contact under the Services Directive and encourage Member States to take a more business-oriented approach.*
- *Take action to ensure that more businesses get help through SOLVIT when their rights are denied in the single market by public authorities. The Enterprise Europe Network should assist business with a view to ensuring that they can effectively access and make use of SOLVIT. Screen all existing resources for entrepreneurs at*

67 "Towards a job-rich recovery", 18.4.2012, COM(2012) 173 final. See also 'Obstacles to growth - Recruiting the first employee', report of the First Employee expert group, .http://ec.europa.eu/enterprise/policies/sme/files/support_measures/first_emp/1st_emp_en.pdf.

68 This is the result of the Commission Action Plan to improve access to finance for SMEs, (COM(2011) 870 final.

69 Commission Work Programme 2013 (COM (2012) 629 final).

the EU level, to ensure clarity and accessibility and avoid duplication and outdated information.

The Member States are invited to:

- *Reduce time for licensing and other authorisations necessary to start a business activity to one month by the end of 2015.*[70]
- *Fully implement the 'European Code of Best Practices facilitating SMEs' access to public procurement' by 2013.*
- *Continue modernising labour markets by simplifying employment legislation and developing flexible working arrangements, including short-time working arrangements.*[71]
- *Extend the Points of Single Contact to more economic activities and make them more user-friendly;*
- *Set up "one-stop-shops for entrepreneurs" to bring together all business support services including mentoring, facilitation and advice on access to conventional and non-conventional finance, access to 'incubators' and 'business accelerators' and support for early internationalisation of young enterprises. All relevant stakeholders should be involved to ensure a partnership approach, including education and training providers.*

4. ACTION PILLAR 3 – ROLE MODELS AND REACHING OUT TO SPECIFIC GROUPS

4.1. New perceptions: entrepreneurs as role models

Europe has a limited number of known entrepreneurial success stories. This is due to the fact that entrepreneurship has not been celebrated as a preferred career path. It is rare in Europe to find 'entrepreneur' ranked highly among desirable occupations. Despite the fact that entrepreneurs create jobs and power the economy their successes are not presented as role models in the media. For young people, this makes an entrepreneurial career rank rather low in the list of attractive professions and it is a deterrent to those who might want to become entrepreneurs.

An important element to change the entrepreneurial culture is thus **a change in the perception of entrepreneurs through practical and positive communication** about the achievements of entrepreneurs, their value to society and the opportunities of new business creation or acquisition as a career destination. To achieve this, their visibility as role models must be stepped up, taking into account the diversity of entrepreneurial profiles and paths to success. Clear and engaging information on the challenges and rewards of an entrepreneurial career can counteract negative impressions. A corresponding broader discussion in public, especially in the media, is thus essential for an entrepreneurial revolution. Public and private institutions should be encouraged to emphasize the social and economic importance of

[70] The 'Business Dynamics' Study from 2010 found that in 7 out of 33 European countries surveyed, it was possible for five model companies to obtain all necessary licences within 30 days.

[71] http://ec.europa.eu/europe2020/pdf/ags2013_en.pdf, page 10.

entrepreneurs not only as a legitimate career path but also as a matter of utmost national, European and international interest.

The Commission will:

- *Establish, in the framework of the "SME Week", a Europe-wide "EU Entrepreneurship Day" for students in their last year of secondary education. Events could include meetings with entrepreneurs, case studies, lectures, workshops and "company open days".*

The Member States are invited to:

- *Step up entrepreneurship promotion activities and appoint known entrepreneurs as national Entrepreneurship Ambassadors to become "the face of entrepreneurship" in their countries. Their role will be to promote the value of entrepreneurship to society, emphasise the importance of developing entrepreneurial skills and experiences in education, and highlight entrepreneurship as a career opportunity.*

- *Better take into account the variety of business models and legal statuses in their national or local business support schemes, and develop social entrepreneurship education and training.*

4.2. New horizons: reaching out to women, seniors, migrants, the unemployed, young people

Demographic groups that are underrepresented within the entrepreneurial population and especially founders of start-ups are young people, women, disabled and/or migrants. Europe has to open up for them paths into entrepreneurship to create for them jobs, empower them economically and socially and leverage their creative and innovative capacities. These paths should be sensitive to the needs of different groups, their expectations and their norms with regards to how advice and information is delivered and received. Actions should be based on an integrated support scheme that promotes human capital, as well as providing financial support. Besides specific activities adapted to the needs of each of these groups, they should all be included into entrepreneurship training programmes that are designed and offered in partnership with education and training providers, youth organisations, mainstream business advisers and financial institutions.

4.2.1. Women

Women constitute 52% of the total European population but only one-third of the self-employed or of all business starters in the EU.[72] **Women thus represent a large pool of entrepreneurial potential in Europe**. When establishing and running a business, women face more difficulties than men, mainly in access to finance, training, networking, and in reconciling business and family.[73]

Potential women entrepreneurs should be made aware of business support programmes and funding opportunities.

[72] Eurostat, 'Statistics in focus: the entrepreneurial gap between men and women' (30/2007).

[73] See, e.g., O. Bekh, ETF Women's Entrepreneurship Development, Policy Brief (2012); A. Lesina, F. Lotti, 'Do Women Pay More for Credit? Evidence from Italy', NBER Working Paper (2008); 'women in business and decision-making', Eurochambres (2004).

In 2009 the Commission inaugurated the European Network of Female Entrepreneurship Ambassadors, to serve as inspirational role models for potential women entrepreneurs. This was followed in 2011 by the European Network of Mentors for Women Entrepreneurs, who voluntarily counsel women starting and running new businesses. In 2012, the Commission made a proposal to improve the gender balance in boards of publicly listed companies. Even though board membership requires different competences and skills compared to entrepreneurship, more women in senior management positions could serve as a role model for other women in general. The visibility of bigger number of successful professional women will show other women that they have chances of success on the labour market.

Effective implementation of existing gender equality legislation, in particular Directive 2010/41/EC[74] should further stimulate female entrepreneurship.

The Commission will:

- *Create a Europe-wide on-line mentoring, advisory, educational and business networking platform for women entrepreneurs that will bring the current national ambassadors and mentors networks on-line, deepen their offer and expand their reach and support female entrepreneurship at national and regional level by promoting the exchange of best practices between Member States.*

Member States are invited to:

- *Design and implement national strategies for women's entrepreneurship that aim at increasing the share of women-led companies.*
- *Collect gender-disaggregated data and produce annual updates on the state of women entrepreneurs nationally.*
- *Continue and expand the existing networks of Female Entrepreneurship Ambassadors and Mentors for Women Entrepreneurs.*
- *Implement policies enabling women to achieve an adequate work-life balance, by establishing appropriate and affordable care for children and elderly dependents, notably by taking full advantage of support options under the EAFRD, ERDF and ESF.*

4.2.2. Seniors

Seniors are a valuable resource for entrepreneurship. Between 1990 and 2010 the share of citizens aged over 50 increased in Europe from 32.1% to 36.5% and the median age of the European population is expected to rise for the coming decades. A growing cohort of well educated, highly experienced adults is retiring every year and to date society has not been innovative in occupying them and benefitting from their know-how and skills. Engaging them in both business creation and in supporting new and existing entrepreneurs would maximise the wealth of experience they possess that can be lost on retirement, cultivate intergenerational learning and ensure knowledge transfer.

[74] O.J. L 180/1 of 15.7.2010.

As people live longer and healthier lives, traditional models of and choices for retirement are beginning to change. Those seniors who wish to start a business for the first-time should benefit from the full range of existing support services.

Senior entrepreneurs can also be a valuable resource for other entrepreneurs. Retired business people have precious know-how and experience that can make it easier to start and run a company than it might otherwise be for an inexperienced founder. This knowledge represents valuable European intellectual capital and should be made the most of. Europe could take inspiration from programmes such as 'Senior Enterprise' (Ireland) and 'Maillages' (France) encouraging motivated seniors to serve as voluntary mentors, potential buyers of or investors in businesses, or as temporary managers to assist vulnerable start-ups or businesses in transition.[75]

The Commission will:

- *Help exchange best practices helping senior executives and entrepreneurs to mentor new entrepreneurs as well as support mutual and intergenerational mentoring between entrepreneurs, to exchange vital skills, such as ICT literacy and the experience of seniors.*

The Member States are invited to:

- *Foster senior entrepreneurs interested in transferring know-how to new entrepreneurs and match senior entrepreneurs with inexperienced entrepreneurs to create teams with broader skill sets.*
- *Ensure that the participation of senior entrepreneurs and retired executives in projects is compatible with their pension prospects.*

4.2.3. Migrant entrepreneurs

Immigrants founded 52% of start-ups created in Silicon Valley between 1995 and 2005 and Israel owes much of its success to its immigrant population. **According to the OECD, migrants are more entrepreneurial than natives and a foreign-born self-employed person who owns a small or medium firm creates between 1.4 and 2.1 additional jobs[76]. Migrants represent an important pool of potential entrepreneurs** in Europe. However, today European migrant businesses are mainly micro-businesses with no or very few employees. They are also small in comparison with indigenous businesses as regards turnover and profit. Qualified migrants populations often face legal difficulties, limited labour markets and career opportunities that push them into self-employment. It should also be noted that some third countries have a migration policy particularly attractive to facilitate the arrival of entrepreneurs. The more vulnerable groups of less qualified migrants should also be

[75] A further example of what can be achieved may be seen in the US-based Service Corps of Retired Executives (SCORE) which established a network of 13,000 volunteers whose expert counselling helped create over 67,000 jobs in 2011.

[76] OECD(2010), Open for Business; Migrant Entrepreneurshi in OECD Countries, OECD Publishing, http://dx.doi.org/10.1787/9789264095830-en.

addressed. Notwithstanding that migrants have higher business creation rates than the rest of the population they fail more due to a lack of information, knowledge and language skills[77].

The EU has publicly recognized the key contribution that migrant entrepreneurs can make to sustainable growth and employment. The European Agenda for the Integration of Third-Country Nationals[78] stresses the important role of migrants as entrepreneurs and states that "their creativity and innovation capacity should also be reinforced". It is important that policies to encourage entrepreneurship in Europe take full account of the entrepreneurship potential represented by this group. Highly-qualified non-EU nationals can already be admitted as workers under the Blue Card Directive.[79] National and European policies should also consider the potential of qualified migrants for the creation of businesses and jobs. In particular, support measures and policy initiatives should help attract talented would-be entrepreneurs wishing to create global companies based in Europe.

The Commission will:

- *Propose policy initiatives to attract migrant entrepreneurs and to facilitate entrepreneurship among migrants already present in the EU or arriving for reasons other than setting up business, building on the best practices developed in the Member States, including by local authorities.*
- *Analyse the opportunity of proposing legislation aimed at removing legal obstacles to establishment of businesses and giving qualified immigrant entrepreneurs a stable permit.*

The Member States are invited to:

- *Remove legal obstacles to establishment of businesses by legal migrant entrepreneurs, such as considering initiatives to give to qualified immigrant entrepreneurs or immigrant graduates of a European university-level institution a stable permit to allow them to set up a business in Europe, which can be extended if pre-defined targets in terms of job-creation, turnover or raising of new funding are achieved.*
- *Facilitate access to information and networking for migrant entrepreneurs and prospective migrant entrepreneurs by, e.g., creating relevant information centres in areas densely populated by migrants.*

4.2.4. Unemployed, in particular young people

Given the significant number of unemployed people across Europe, entrepreneurship support schemes should be put in place to encourage business creation as a route out of

[77] Rath, J., Eurofound (2011), *Promoting ethnic entrepreneurship in European cities*, Publications Office of the European Union, Luxembourg. Europe, available at : http://www.eurofound.europa.eu/pubdocs/2011/38/en/2/EF1138EN.pdf.

[78] COM(2011) 455 final and SEC(2011) 957 final.

[79] Council Directive 2009/50/EC.

unemployment.[80] Few business development support schemes target unemployed youth specifically.[81]

All business development support should include signposting information and providing links to support services, advice and counselling, and business coaching and mentorship. Such assistance may also extend to the provision of particular skills (e.g. opportunity recognition, business planning, financial management, sales and marketing), delivered either informally (e.g. mentoring scheme) or more formally by attending a course. Support should be targeted at groups with the greatest potential (such as unemployed workers with professional skills, women or young people), and should rely on close co-operation between employment services, business support and finance providers. The goal is to help the unemployed make an effective transition into self-employment, increase the sustainability of their businesses, and to tailor support to groups who may require additional resources such as young people or those who may not be best reached through traditional channels of business support.

Attention should also be paid to the unemployed in general, in particular those who already possess skills and competences that could be transferred through business coaching and mentorship to self-employed businesses.

The Commission will:

- *Launch in 2014 the future micro-finance facility under the PSCI which will target vulnerable groups, including persons who have lost or are at risk of losing their job, or have difficulty in entering or re-entering the labour market.*
- *Provide, through the European Social Fund, Technical Assistance to focus, among others, on setting up support schemes for young business starters and social entrepreneurs.*
- *Organise, in the context of the Progress Microfinance Facility, a micro-finance and social entrepreneurship stakeholders' forum in June 2013 with a view to engaging local financial intermediaries in promoting entrepreneurial activity in the green economy.*
- *Analyse in its 2013 Annual Report on Entrepreneurship, jointly developed with the OECD, the situation of entrepreneurship for the unemployed. The report will present an analysis of the current situation, offer examples of good practice in tackling the issue and propose relevant policy recommendations.*
- *Analyse results of the study on "Self-employment and entrepreneurship: the contribution of Public Employment Services to job creation", and organise a dissemination event for Public Employment Services in June 2013.*

The Member States are invited to:

- *Connect Public Employment Services with business support services and (micro)finance providers to help the unemployed find their way into entrepreneurship.*

[80] "Moving Youth into employment", COM (2012) 727.

[81] See in particular the European Commission-OECD Policy Brief on Youth Entrepreneurship in Europe, available at: http://ec.europa.eu/youth/news/20120504-youth-entrepreurship-employment_en.htm.

- *Tackle the problem of unemployment by designing business training programmes for out-of-work youngsters that include clearly defined stages: profiling, planning, start-up, consolidation and growth, each stage offering a variable menu of services (counselling, training and qualification, mentoring and access to microcredit), in partnership with youth and other organisations, mainstream business advisers and financial institutions.*

- *Launch active labour market programmes that provide financial support to all unemployed people for starting a business.*

- *Establish and run entrepreneurship education schemes for the unemployed to enable them to (re-)enter business life as entrepreneurs based on successful models from a number of Member States, in partnership with education and training systems as an engagement route into second chance education.*

5. CONCLUSIONS

In the current economic crisis, **new and young enterprises represent a key ingredient in creating a job-rich recovery in Europe**. Problems linked to the low rate of company creation, high rate of churn and low growth of companies in Europe are well known. It is time for action to enable Europe's entrepreneurs, and Europe as a whole, to be more adaptable, creative and to have greater impact in globalised competition that is more demanding and more rapid than ever before.

To reinvigorate Europe's entrepreneurs and push its entrepreneurial activity, the Commission and Member States must work simultaneously on restoring confidence, creating the best possible environment for entrepreneurs by putting them at the heart of business policy and practice, and revolutionising the culture of entrepreneurship.

Successful examples from all over Europe show that there are good practices that can make entrepreneurs flourish and grow. Europe must fully embrace and exploit the richness of these experiences to tear down obstacles and abolish burdensome requirements that hamper business operations. **Recognition of entrepreneurs as creators of jobs and prosperity** should be spread into the administrations of all Member States Furthermore, Europe has to become a welcoming place for the smartest entrepreneurial minds on an international level: regulatory and support frameworks should entice founders from other regions of the world to come to Europe instead of, for instance, the US or East Asia. Only with such an attitude can far-reaching progress be achieved in the essential areas: more proportionate and simpler regulatory requirements, access to finance, support of new businesses, transfers of businesses and efficient bankruptcy procedures and a fair second chance to honest failed entrepreneurs.

However, while these elements are necessary, they will not, alone, suffice to reinvigorate European entrepreneurship. The main motives of Europeans for starting an enterprise are self-realisation and flexibility of time and place of work, not good framework conditions.[82] Therefore **a radical change of the European culture towards new notions about entrepreneurship is needed**, one that publicly celebrates success, brings the contributions of entrepreneurs to European prosperity to the fore and showcases the rewards of an entrepreneurial career.

[82] http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/eurobarometer/

For all of these reasons, investment in changing the public perception of entrepreneurs, in entrepreneurship education and in the support of groups that are underrepresented among entrepreneurs are indispensable if we want to create an enduring change. Only if a large number of Europeans recognise an entrepreneurial career as a rewarding and attractive option will entrepreneurial activity in Europe thrive in the long term.

Bringing about an entrepreneurial revolution is a joint task of the Commission and the Member States on which they have to embark for the long term.

This Action plan and its key actions will be followed up by the Commission through the competitiveness and industrial policy and the Small Business Act governance mechanisms, including in their external dimension with the candidate, potential candidate and neighbourhood countries. The network of National SME Envoys shall, together with the EU SME Envoy, play a particularly key role in ensuring that progress is made on the proposed measures. Member States are invited to report on progress on the key actions of this Communication at national level in the context of their National Reform Programmes in the framework of the European Semester.

ANNEX: COMMISSION KEY ACTIONS

Annex: Entrepreneurship 2020 Action Plan - re-igniting the entrepreneurial spirit in Europe		
Key areas	***Proposals by the Commission***	***Date of implementation***
Entrepreneurial education and training to support growth and business creation		
Education and training	• Develop a pan-European entrepreneurial learning initiative bringing to gather and make available existing European and national expertise for impact analysis, knowledge,, development of methodologies and peer mentoring between practitioners from Member States.	• 2013-15
	• Establishing, jointly with the OECD, a guidance framework to encourage the development of entrepreneurial schools and VET institutions.	• 2013-2014
	• Disseminate the entrepreneurial university guidance framework; facilitate exchange between universities interested in applying the framework; gradually promote it to the EU Higher	• 2012 - 2013

	Education Institutions; • Endorse successful mechanisms of university-driven business creation (spin-offs etc.) and university-business ecosystems supporting such creations	
Create an Environment where Entrepreneurs can Flourish and Grow		
Access to finance	• Fund programmes aimed at further developing a market for microfinance in Europe, through initiatives as PSCI and and the Joint Action to Support Microfinance Institutions (JASMINE) and make resources for micro-financing available to Member States and regions via the European Social Fund or the European Regional Development Fund. • Develop an EU regime for exchanges trading in shares and bonds issued by SMEs ("SMEs growth markets") to facilitate the direct access of SMEs to the capital market in the context of the review of the Market in Financial Instruments Directive (MiFID)	• Ongoing, to be reinforced in new MFF from 2014 • Ongoing
Supporting new businesses in crucial phases of their lifecycle and help them grow	• Identify and promote Member States best practices with a view to create a more entrepreneur-friendly fiscal environment. • Revise the rules prohibiting certain misleading marketing practices to make them more robust and strengthen enforcement against such practices in cross-border cases. • Help Member States develop integrated support schemes and actions for new entrepreneurs, notably for young entrepreneurs through capacity building seminars financed by ESF technical	• Ongoing • 2013 • 2013

	assistance, involving inter alia relevant education and training providers to develop integrated strategies.. •	
Unleashing new business opportunities in the digital age	• Fostering the build-up of a knowledge base on major trends and innovative business models:in the digital sector.. • Raise awareness through a Europe-wide information campaign for SMEs on the benefits from ICT and including the creation of a European network of web businesses. • Facilitate networking via the creation of a European Mentors Network for training and advice and match-making to explore new partnerships. • Specific initiatives will be launched for Web entrepreneurs such as the creation of a **Start-up Europe Partnership** to unlock expertise, mentoring, technology and services, as well as of a **Web Entrepreneurs Leaders Club** to bring together world-class web entrepreneurs and strengthen the web entrepreneurial culture in Europe and the emergence of Massive Online Open Courses to foster web talent and the setting up of platforms for mentoring, and skill building. • Strengthen competences and skills **i.e.** intensify the creation and acquisition of E-skills, scientific and creative skills and managerial and entrepreneurial skills to address new markets.	• 2013-on • 2013-on • 2014 • 2013 • Ongoing

Transfers of businesses	• Develop guidelines on the most effective programmes and best practices to make business transfers easier, including measures for deepening and expanding the markets for enterprises, mapping available programmes in Europe and proposing necessary actions to remove remaining possible barriers to cross-border business transfers based on the work of an expert working group and a study..	• 2013-14
Second chances for honest bankrupts	• Launch a public consultation to receive views from stakeholders on the issues identified in the Communication on a new European approach to business failure and insolvency, including on giving honest bankrupts a second chance and on shortening and aligning the "time to discharge".	• 2013
Regulatory burden: clearer and simpler rules	• Propose legislation abolishing burdensome authentication requirements for public documents which SMEs have to produce to conduct cross-border business within the Internal Market. • Set up a working group to assess the specific needs of liberal profession entrepreneurs in relation to issues such as simplification, internationalization or access to finance. • Take action to ensure that more businesses get help through SOLVIT when their rights are denied in the single market by public authorities.	• 2013 • 2013 • 2013
Role models and reaching out to specific groups		
New perceptions: Entrepreneurs as	• Establish, in the framework of the "SME Week", a Europe-wide "EU Entrepreneurship Day" for students in	• 2013

role models	their last year of secondary education.	
Women	• Create a Europe-wide on-line mentoring, advisory, educational and business networking platform for women entrepreneurs that will bring the current national ambassadors and mentors networks on-line, deepen their offer and expand their reach at national and regional level	• 2013-15
Seniors	• Help senior executives and entrepreneurs to mentor new entrepreneurs as well as support mutual and intergenerational mentoring between entrepreneurs, to exchange vital skills..	• 2013-15
Migrants	• Propose policy initiatives to attract migrant entrepreneurs and to facilitate entrepreneurship among migrants already present in the EU or arriving for reasons other than setting up business, based on good practices from Member States. • Analyse the opportunity of proposing legislation to remove legal obstacles to qualified immigrant entrepreneurs establish a business and obtain a stable residence permit.	• 2014-2017 • 2014-2017
Unemployed	• Launch the future micro-finance facility under the PSCI which will target vulnerable groups, including persons who have lost or are at risk of losing their job, or have difficulty in (re)entering the labour market. • Provide, through the European Social Fund, technical assistance to focus,, on setting up support schemes for young business starters and social entrepreneurs. • Organise, connected to the Progress Microfinance Facility, a micro-finance and social entrepreneurship stakeholders' forum to engage local financial intermediaries in promoting	• 2013 • March 2013 • 2013

	entrepreneurship in the green economy. • Analyse insights from the study on "Self-employment and entrepreneurship: the contribution of Public Employment Services to job creation", and organise a dissemination event to share the lessons learned with Public Employment Services.	• 2013