



## SPEAKING NOTES

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### **CONFERENCE ON THE EUROPEAN CHARTER FOR SMALL ENTERPRISES, BLED, 3-4 JUNE 2008**

#### **PANEL DISCUSSION: SETTING THE MINDS FOR STARTING AND GROWING COMPANIES**

#### **SPEAKING NOTES FOR HUGH MORGAN-WILLIAMS, VICE-CHAIR OF BUSINESSEUROPE'S SME COMMITTEE WEDNESDAY, 4 JUNE, 09:00 – 10:30**

##### **- Europeans are less keen to create companies than their main competitors:**

- Europe is less entrepreneurial than the rest of the world: **only 45% of European citizens would prefer to be self-employed.** 47% of Europeans say the idea of starting a business has never occurred to them.
- **In the US**, however, 61% express a preference for being self-employed and only 27% have never thought of starting a business.
- This gap has a direct influence on business creations in Europe which are lower than in other parts of the world. The **consequences for job creation, growth and European competitiveness** are real and make the Lisbon Agenda harder to fulfil.

##### **- Fostering an entrepreneurial mindset is therefore essential. Action in school and university programmes is one way to achieve this:**

- The recent consultation by the European Commission on the Small Business Act revealed that 84% of respondents thought education systems were not sufficiently adapted to entrepreneurship. Real efforts must therefore be made so entrepreneurship courses in school and university are **implemented in member states' programmes.**

- **Entrepreneurship courses for students have a positive effect on the economy as they foster business creations:** JA-YE, an organisation specialised in entrepreneurship courses, found out that 15% of former participants in their programme aged between 20 and 29 had started a business and 36% intended to do so in the next three years.
  - Developing entrepreneurship in school curricula can also have **very positive side effects for students**. It is a good opportunity to **develop personal skills**, such as team work, negotiation, or public presentation. It is also a good introduction to a **better understanding of issues** such as market economy, globalisation, the importance of law and regulations. It can also be an occasion to teach **ethical principles**.
  - Even if these students do not end up starting a company, these skills can greatly **help them to integrate and work efficiently in the companies that will employ them**.
  - **National examples** show the way. In Poland, entrepreneurship is mandatory in secondary and higher education, with a one to two hour weekly session. In Finland, after an entrepreneurship steering group was set up in 2002, entrepreneurship is now taught along with citizenship in secondary school. Although the impact of such courses can only be felt in the long term, surveys show that in that country, a 7% rise in the will to be self-employed has actually occurred since that programme was introduced. Entrepreneurship can also start at a young age: Luxembourg proposes such a programme in primary education!
  - However, while other European countries include entrepreneurship in national programmes in various forms, **many still do not propose such schemes** in general education. A wide margin of improvement remains on that issue. In some countries, school books still present entrepreneurs in a negative way.
- **The general business environment is also decisive in setting the minds for starting and growing companies.**
- **Regulations regarding business creation reflect the attitude of public authorities towards entrepreneurship.** True, much has been done in that regard since 2000. But additional measures need to be implemented: making business creations simpler and easier is a way for public authorities to send a political signal to would-be entrepreneurs and to encourage them to step in.
  - **Whereas the US is ranked fourth (by the World Bank) as the easiest place to start a business, only one European country is in the top ten (UK).** But as a British entrepreneur, even though my country is ranked first in Europe, I must say that there are still significant obstacles for business creations in the UK. For example, it takes three months for the government to deliver a VAT number to new companies, which is a real burden for them.

- Facilitating **business transfers** is also useful as it encourages people to take over a business and become entrepreneurs. This can be achieved through adapted taxation or helpdesks.
- **European SMEs also find it hard to grow**, especially when compared with their US counterparts. In the US, firms on average increase their employment by 60% by their seventh year, while employment gains amongst firms in Europe are in the order of 10 to 20%. **Lifting the obstacles to European SMEs' development will help them take bolder steps and expand.** This can be done by implementing the policies BUSINESSEUROPE advocates: alleviating administrative burdens, reducing the remaining barriers in the internal market, making taxation regimes more competitive, fostering innovation and easing access to finance for SMEs.

Raising awareness on entrepreneurship is a long-term task. Much remains to be done at national level. However, Europe also has a role to play and in that regard, the European SBA is a very positive initiative.

**- The European Small Business Act represents a great opportunity for European SMEs**

We look forward to the publication of the Commission's proposal for a European SBA in June/July. Our point of view on this is known but I would like to outline the following issues which are of particular importance to European SMEs:

- Real implementation of the **think-small-first principle** through integrated policies that take better account of the specificities and constraints of SMEs.
- An increase in **simplification efforts** and that are **felt on the ground** by entrepreneurs and impact assessments of future legislation for SMEs.
- A reduction of **remaining barriers in the internal market** so SMEs can truly take advantage of it. That includes full transposition of the services directive, the adoption of the European Private Company Statute, simplified access of SMEs to public procurement and more competitive tax regimes.
- Implementation of **more flexible labour laws** so SMEs can have access to a variety of contractual arrangements.
- **Easing access to finance for SMEs**, in making existing public products less bureaucratic and developing venture capital, mezzanine finance and micro-credit.
- Rendering **innovation programmes less bureaucratic** and more accessible for SMEs. Making innovation less costly also implies the adoption of a **more competitive patent system.**
- Developing SMEs' **access to international markets**, through the establishment of EU centres in key emerging countries.



- Helping SMEs **tackle the energy and climate change issue**, by cutting red tape associated with environment rules and raising the threshold for the future ETS to 25,000 tons of CO<sub>2</sub>.

In conclusion, I would like to thank the Commission and the Slovenian Presidency for organising this conference and debate which contribute to raising awareness on the issue of entrepreneurship and creating the right mindset in Europe. Europe needs to become more entrepreneurial and the SBA should help us achieve more tangible results in that regard.

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