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## The new EU SME strategy: 50 actions to make it work

### Introduction

We welcome the announcement of the European Commission's intention to publish a renewed EU SME strategy. A comprehensive and action-oriented initiative is essential to improve the operating environment for SMEs and for the economic and social wellbeing of our societies.

With its forthcoming strategy, the European Commission has an opportunity to shape the EU SME policy to bolster the number of vibrant SMEs in the EU and help them fully grasp the opportunities and respond robustly to the challenges brought by a rapidly changing business environment.

The EU SME strategy should build on the achievements of the Small Business Act (SBA), an overarching framework for the EU SME policy which delivered a number of encouraging outcomes. However, the priorities outlined in the SBA should be updated by taking account of the **new needs of SMEs**.

The strategy should be based on a set of result-oriented principles, be driven by a **clear, structured and effective governance** monitoring its concrete implementation both at the European and national level and ensure that all growth-related EU strategies include clear aims in terms of promoting SME growth.

SMEs are a driver of economic growth, key players in cross-sectoral and cross-regional value chains, enablers of innovation and account for two thirds of the total job creation in the EU. Together with larger companies, they also have a central role to play in achieving an economically competitive EU including environmental and social goals. However, without profitable companies, no inclusive growth, jobs, nor technological solutions can be maintained and further developed to enhance our societies and protect the environment.

In our [Prosperity, People and Planet](#) agenda for the EU BusinessEurope already identified 30 priority areas which are relevant to all-sized companies. Building on this, it is essential to support SMEs strongly, taking account of their diversity in terms of size, age or sector, and to recognise the role played by mid-caps in the economy, which should also be strategically addressed at the EU level.

This paper focuses on SMEs. For the policy areas which are the most relevant to them – such as better regulation, the single market, internationalisation, sustainability and circular economy, digital transformation, innovation, access to finance and skills – we provide an outline of what is at stake, what the situation is today and **we propose 50 SME-specific actions**.



## 1. A modern legal and administrative environment

### WHAT IS AT STAKE?

Deploying promising new digital-based business models in today's regulatory landscape is often very challenging. Old rules have become unclear or conflicting with each other in the digital context. This can also be the case for recent rules. SMEs need EU rules that are future-proof and sufficiently flexible to allow business, innovation, new business models and digital transformation.

The impact of EU draft legislation and other policy initiatives/programmes on SMEs should be better assessed, to avoid that SMEs carry disproportionate burdens.

### WHAT IS TODAY'S SITUATION?

The accelerating digital transformation is changing the way SMEs do business and the way the public sector interact with companies. If we want SMEs to innovate and apply new technologies and business models, businesses have to be provided with a foresighted regulatory framework. In this regard, it is of utmost importance that attention remains high on the need for a digitalisation-ready and innovation friendly legislation as a vital part of the Better Regulation agenda. In its Better Regulation Toolbox, the European Commission has already included relevant tools, such as those on "SME Test" (tool 22) and "Research and Innovation" (tool 21). These steps are welcome, but there is a need to use those tools better and more consistently. The ongoing Single Market Strategy included various actions to support SME growth in Europe. While the European Commission is planning to continue implementing the regulatory framework provided in the Single Market Strategy and Digital Single Market Strategy, new ideas are needed in matching the real needs of the SMEs and the future-proof rules.

### SME-TARGETED ACTIONS:

- **commit more strongly to the "Think Small First" principle.** Full application of the **SME Test** in the impact assessments that will or might have effects on SMEs is needed. The final outcome of the legislative process should be covered by an evidence-based impact assessment. Encourage EU member states and other EU institutions to apply the SME Test in the policy-making process. To augment the quality of implementation of the SME Test in the member states, the European Commission should encourage and support the exchange of national best-practices;
- **ensure a good representation of SMEs in the public consultation process** in order to make sure that their views are properly and adequately collected, analysed and presented in the impact assessments. Further consideration is needed on how to best collect the views of the SMEs, for instance by drafting public consultations' questionnaires in a more business-friendly language. A concrete suggestion is to include some extra explanatory text, notes and/or qualifiers to support SMEs in particular facing technical questions;



- **set realistic implementation periods** to assure that SMEs have sufficient time to adapt to new or revised EU legislation;
- **strengthen the role of national SME Envoys.** Their work and initiatives should bring value added consistently in priority areas for SMEs and be connected to EU work. The role of national SME Envoys can be improved by i) monitoring and reporting periodically to competent national authorities the legislative or administrative measures with a significant load in terms of financial or administrative burdens for SMEs, ii) establishing periodic and structured processes in which the SME Envoys consult European and national representative SME associations and iii) doing the assessment of the countries' progress in implementing the Small Business Act at national level, presented in the SBA fact sheets - and the future SME strategy - in cooperation with national businesses;
- **further develop and promote actions aimed to encourage entrepreneurship as well as to provide a more positive image of entrepreneurs in financial distress.** Communication actions aimed to promote the exchange of best practices among EU member states are relevant both at European and national level. In order to give entrepreneurs a second chance, stigmatising insolvency legislation should be removed;
- **do not fundamentally modify the basic structure of the EU SME definition.** BusinessEurope recommends that the basic EU SME definition of 2003 should not be fundamentally modified, except to take into account the recent jurisprudence from the K-Chemica and Crosfield cases, to facilitate equity financing by financial intermediaries and to possibly adjust the level of financial parameters, to take account of inflation.

## 2. The green transition



### WHAT IS AT STAKE?

Sustainability is an important topic for SMEs. SMEs are committed to the Paris Agreement. At the same time, some SMEs are innovative agents for change while others are more vulnerable to disruption. Therefore, a full-scale transition towards climate neutrality asks for clear, cost-efficient and facilitating policies. It is key that European policies and legislation on sustainability offer the right framework to enable the transition to greener and more sustainable business operations. In addition, the European Commission should focus on 'unburdening' solutions, preventing SMEs from having additional burdens and restrictions in their daily operation and should put more emphasis on removing inconsistencies and barriers in the current policy framework.



## WHAT IS TODAY'S SITUATION?

The European Green Deal should be strongly linked to the SME strategy. In practice, many SMEs are suppliers of larger companies throughout the supply chain, and will be more stimulated to provide green products and services if their large customers demand these. Currently this link is lacking, even though many initiatives and proposals are very relevant for SMEs.

The further elaboration of the plans in the European Green Deal and the SME strategy should make sure competitive ecosystems are created, which utilises the knowledge present at SMEs. The systemic changes necessary for climate mitigation and adaptation also present opportunities. Developing the climate friendly solutions by SMEs should be facilitated through the golden triangle of business-government-science.

### SME-TARGETED ACTIONS:

- **ensure a thorough (cumulative) assessment of the impact on SMEs of the recent introduced policy measures of the European Green Deal**, based on the “Think Small First” principle;
- **provide additional innovation tracks** needed where support to invest is directly offered to SMEs;
- **facilitate participation of SMEs in the circular economy**. In general, tools should be developed to simplify procedures and reduce costs for mandatory footprint declarations. Regulations for chemical products must be manageable and should protect the level playing field for SMEs;
- **consider additional financing instruments for SMEs for energy saving measures**;
- **stimulate a market for Energy Service Companies (ESCO)**. This can significantly support SMEs in initially covering such investments by charging a (monthly) premium which corresponds with an entrepreneurs (monthly) savings on its energy bill;
- **encourage the introduction in SMEs of risk assessment activities** and support their investments addressed to reduce the risks deriving from natural disasters through appropriate incentives and automatic financing instruments (such as tax credit).



### 3. The Single Market

#### WHAT IS AT STAKE?

The EU internal market is of great importance to SMEs. To unleash SME growth in the Single Market, it is essential to:

- improve company access to information on markets and regulations;
- simplify the administrative procedures needed to operate cross-border;
- tackle barriers due to implementation and lack of enforcement of Single Market legislation, for example through more transparent reporting on transposition of directives and more resources for market surveillance (inter alia through the Single Market Programme); a strong European Commission role and resources for enforcement are needed;
- ensure that national legislative activity does not generate new barriers to trade (e.g. due to the non-respect of notification mechanisms such as TRIS);
- adopt EU rules that reflect the realities of a new generation of products where goods, services and digital technology come as one.

#### WHAT IS TODAY'S SITUATION?

Further opening and integration of the markets of goods and services, including logistics and network services, is needed in order to unleash the full economic potential of the EU and establish a solid basis for global competition in the long run. However, increasing regulatory complexity is challenging European SMEs and the amount of national technical regulation makes it difficult for SMEs to expand their businesses across Europe. Moreover, SMEs are often not aware of which rules they need to follow in the different national markets and often rules and procedures are not conceived from the perspective of businesses and this makes it hard for SMEs to operate. A particular attention should be paid to services, which despite in Europe account for about 70% of EU GDP and some 90% of new jobs created, cross-border provision of services is still under-developed. Companies still face many obstacles when providing their services across borders and experience that a true single market for services is not a reality yet.

#### SME-TARGETED ACTIONS:

- **secure better access for SME to public procurement by simplification and promoting market dialogue.** Public tenders are increasingly overcharged with too far-reaching, and in part very complex, conditions apart from the core criteria regarding quality and price of goods of services. As an example of a tool that could concretely be simplified, the European Single Procurement Document (ESPD) should become much more user-friendly. By way of illustration, the ESPD today contains the question: “Is the economic operator a SME?” even though the same economic operator also must report their size in terms of yearly turnover or other economic key indicators;
- **continue to explore the possibilities for a European company law form designed for SMEs** taking inspiration in the work done on the European Private Company proposal;



- **increase the awareness of the principle of mutual recognition of goods among SMEs and ensure that it is applied by member states in an effective way.** Due to some national different regulations, many SMEs need to adapt their products to meet different national technical regulations. As this represents a cost, hence a barrier for SMEs who might not have the resources to adapt a product, some decide not to scale their business across the Single Market;
- **support the connection between SMEs and “leading companies” / flagship enterprises.** This cooperation can raise their competitiveness and foster SMEs access to international markets. Some examples can be a regional “match portal” to connect SMEs with flagship enterprises, the creation of an online platform for SMEs where they can offer their services, financial support for young enterprises (e.g. venture capital, reduction of bureaucracy);
- **help SMEs to reap the broadly accepted benefits of Intellectual Property (IP)** by putting more efforts on IP awareness and access to knowledge, enhanced access to skills and external advice, support to SME internationalisation and digital transformation, and IP enforcement. To achieve concrete results, there is a need to strengthen interaction between EU institutions, IP national offices, local regional and national authorities, business associations and SMEs themselves;
- **improve tools supporting SMEs in the internal market.** EU tools such as EURES, Point of Single Contact or Your Europe Advice have functioned as great platforms for SMEs growth. Nonetheless, the actual use of current tools could be significantly improved when looking at performance barometers. Knowing that the Single Digital Gateway will aim to facilitate information on administrative procedures and assistance services for businesses getting active in other countries, a better overview of existing national services and see how these services could bring added value to the palette of SME services is however needed. Synergies with national service providers should be sought with the involvement and cooperation of sectorial and national SME federations;
- **improve the effectiveness of tools intended to help SMEs deal with unfair or discriminatory rules and decisions in another EU country** and increase the awareness of businesses on the availability of such problem-solving mechanisms. Awareness-raising in particular must be increased substantially, as in some EU countries surveys show that only 15% of businesses are aware of SOLVIT, and far less have decided to use it;
- **reduce VAT-compliance cost for cross-border transactions for SMEs.** While today’s VAT-regulations are currently complicated for all companies regardless of size, the compliance cost for smaller businesses is particularly acute as they work with more limited resources than large enterprises. VAT-rules between member states are different and SMEs often lack access to information to understand these rules up to a point where an SME may even decline to operate in cross-border transactions. Increasing dialogue among all stakeholders is key. Moreover, there is a need to prepare the VAT system



for the digitalisation of the economy and to introduce a VAT web information portal, where SMEs can quickly find legally binding and accurate access to all the relevant information about the VAT system in the different member states. It is also crucial to **improve and further expand the One-Stop-Shop (OSS) and rethink the proposed definitive VAT regime;**

- **ensure quality control of EU legislation transposition in the interest of SMEs.** EU legislation needs to be transposed and applied in an effective and equal way to assure that no further costs and burdens are put on SMEs which might affect their competitiveness negatively. Member states should be transparent about the way they transpose European directives. They should explain and justify the elements that are added to the national transposition measure but are not required by the directive.

## 4. Internationalisation

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### WHAT IS AT STAKE?

An ambitious EU trade agenda is needed. Awareness-raising and administrative simplification are needed to encourage more SMEs to take advantage of the preferential tariffs set by the Free Trade Agreements (FTAs) signed by the EU. It should be simpler for an SME to demonstrate that its products/services qualify for preferential treatment. The future FTAs should contain a specific chapter on SMEs, and the EU Market Access Strategy should also have an SME focus. EU services in the area of SME internationalisation (Enterprise Europe Network and other services) should be further improved while maintaining synergies with national services.

### WHAT IS TODAY'S SITUATION?

In global trade today, SMEs are confronted with protectionism, increasing uncertainty and mounting pressure on the multilateral trading system. That is why European businesses want an EU trade strategy that is open, rules-based and better enforced. SMEs participation in global trade / global value chains is important because it is estimated that 90% of global growth will originate outside the EU in the coming years and developing and emerging markets are expected to account for 60% of world GDP by 2030. Given increased market integration, SMEs can play an important role in global value chains. Increasing the internationalisation of SMEs and helping them access third markets is crucial for Europe's competitiveness, employment, economic growth and innovation. For SMEs, the participation in global markets means creation of opportunities to scale up, innovate, broaden and deepen the skillset and enhance productivity.

**SME-TARGETED ACTIONS:**

- **make sure that the insertion of an SME Chapter becomes a standard approach in the future EU bilateral trade negotiations with third countries**, building on the interesting model of the SME Chapter in the EU-Japan Economic Partnership Agreement (EPA). The SME community should be consulted at an early stage regarding the content of these SME chapters;
- **make it simpler for an SME to demonstrate that its products/services qualify for preferential tariffs** avoiding the introduction of excessive burdens for SMEs as occurred with the EPA with Japan as regards to the use of the “Importer’s knowledge” as an alternative of the “Declaration of Origin”. This has caused difficulties related to the need for the importer to provide detailed information about production process and suppliers that could be considered confidential for the company. This approach inadequately protects commercially sensitive data from *de facto* being transferred or preferential treatment being foregone due to the pressure this approach places on the commercial relationship between the exporter and importer;
- **enhance SME awareness and information on how to have access to preferential treatment and simplify the administrative procedures linked to FTAs**, e.g. by establishing a central EU digital tool where all relevant information is made accessible to SMEs in a user-friendly fashion. A way to support SMEs in taking opportunities created under FTAs is through the creation of tools allowing compliance with rules of origin requirements. An example of such action would be the creation of a “rules of origin calculator for SMEs”, on which the European Commission has already made some steps, but which needs to be prioritised. However, similar tools should not introduce further complications for SMEs, such as the need to disclose sensitive data to use the calculator. In this respect, a mechanism should be established in the tool to safeguard the confidentiality of the information provided by the company;
- **improve the Enterprise Europe Network (EEN) as a tool to support SME internationalisation inside and outside the EU**. Several tools to support SMEs internationalisation both at European and national level exist. However, cooperation and synergies with national service providers, as well as with sectorial and national SME federations, should be improved.



## 5. Digital transformation

### WHAT IS AT STAKE?

The EU should step up efforts to coordinate national digitalisation initiatives. An ambitious Digital Europe Programme operating in synergy with other relevant EU programmes is needed to accelerate the digital transition of SMEs, including adoption of the industry 4.0. model and establishment of a well-designed Network of Digital Innovation Hubs. In order to enhance cyber security, it is essential to raise SMEs awareness about cyber risks, improve the protection of digital infrastructure through the definition of shared standards and increase investment in personnel education. A fair and dynamic platform economy must be enabled, which upholds trust of citizens and business users. The free movement of data must be ensured. Business to business data sharing should be encouraged to strengthen cooperation in value chains and provide opportunities for increasing the economic power of our economy through improving the availability and accessibility of data (from the government, from the value chain) around data sharing and portability.

### WHAT IS TODAY'S SITUATION?

Digital technologies offer new opportunities for SMEs to innovate and grow. However, at the same time, digital transformation represents a challenge for policy-makers, businesses and citizens alike. One of the main challenges of SMEs is to find skilled employees, therefore intelligent and efficient solutions are required to counter the growing skills gap and skills mismatch. SMEs need to be continuously supported with unlocking the potential of digitalisation and ensuring the uptake and effective use of digital technologies by traditional SMEs and entrepreneurs is central to unlock fully the potential of the digital revolution. The accessibility, reliability and affordability of top-performing digital infrastructure is of critical importance to SME digitalisation. Quality infrastructure includes broadband connectivity, including in remote areas, cybersecurity, e-government platforms and a vibrant and competitive data economy. Digitalisation offers new opportunities for SMEs to participate in the global economy; at the same time, the market position of large incumbent digital platforms often creates entry barriers to innovative SMEs and start-ups. Moreover, the lack of interoperability of digital platforms locks-in SMEs and other end-users preventing the creation of a fair, competitive data economy.

#### SME-TARGETED ACTIONS:

- **further develop the Digital Innovation Hubs (DIHs) network by looking nationally how to gain the best synergies between EU, national and regional levels.** Companies are closely involved in this discussion and it is important they benefit from already existing DIHs which vary in character. Developing the competence and know how of the DIHs is key for them to bring true added value in advancing SME digitalisation (deployment);



- **focus on the role that Digital Innovation Hubs may play within the Digital Europe Programme to support SMEs**, starting by enhancing existing best practices. This is why it will be important to use inclusive and flexible criteria in the selection process of DIHs which intend to participate to the Programme;
- **ensure that SMEs can acquire the right skills** for a better understanding of the opportunities and challenges that new technologies could bring, including in particular associated risks. Special attention should be focused on enhancing digital literacy among employers and employees;
- **ensure that SMEs can easily switch digital service providers and take advantage of the portability of data**, as laid down by the Regulation on the free flow of non-personal data. In this regard, we encourage digital service providers implement the codes of conduct on data portability which would have a positive impact on the interoperability between platforms, lower switching costs and improve the competitive process;
- **raise awareness among SMEs on the threats associated to the information and communication technologies**, stimulating investments in the cyber-security area and increasing the security level.

## 6. Innovation

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### WHAT IS AT STAKE?

The EU should strengthen the research and innovation ecosystem, with all its components: large companies, SMEs, research and technology organisations (RTOs), academia, the private/public sources of innovation finance, etc. The aim should be to support all innovative SMEs, whether they work on disruptive innovations or other kinds. Creating an EU innovation-friendly market framework is key in particular for progressing the sustainability agenda. Within that framework, government should act as launching customer for innovative products and systems linked to the energy transition, the circular economy, etc.

### WHAT IS TODAY'S SITUATION?

Innovation is vital to SMEs and is crucial for competing in the global economy. The EU is implementing policies and programmes that support the development of innovation to increase investment in research and development, and to better convert research into improved goods, services, or processes for the market. However, firms, and particularly SMEs, rarely have all capabilities to fully develop new technologies/innovation projects on their own. The increasing need for multi-disciplinary cooperation and the blurring lines between sectors make collaboration across companies and between companies and public research actors increasingly important. This is why in the discussions on Horizon Europe, BusinessEurope has been particularly committed to efficient and open partnerships – collaboration for innovation must be fostered in Europe. A survey by BusinessEurope showed that companies are developing more and more collaboration



projects: 93% of responding companies have increased their share of RDI investments dedicated to collaborative projects, compared to five years ago. It is important to support all innovative SMEs. This means that attention should not be exclusively focused on breakthrough innovation, but also on incremental innovation, on which many SMEs are active.

## **SME-TARGETED ACTIONS:**

- **ensure that programmes of real European added value for SME competitiveness and development are included in the next Multiannual Financial Framework.** The relevant implementing measures should clearly identify, and specifically support, SMEs as a distinct category;
- **ensure that Structural Funds put more emphasis on financing investment by SMEs in innovation and skills,** and encourage interaction between SMEs and large companies. Synergies among the different EU funding programmes triggering innovation (for example, seal of excellence and smart specialisation) should be supported by foreseeing rewarding mechanisms at regional or national level;
- **support collaboration and partnerships between consolidated SMEs and start-ups,** in particular by incentivising Corporate Venture Capital (for example, via tax credit or other automatic mechanisms). The European Commission and national competition authorities could provide SMEs with clear and practical guidance on acceptable collaboration between competitors, and potential competitors, as currently the risk of a potential competition law infringement refrains SMEs from collaborating;
- **ensure that the European Innovation Council involve industry of any size and maturity,** in order to ensure that SMEs have the possibility to develop in very diversified ecosystems and are able to collaborate with all R&I players.

## **7. Access to finance**



### **WHAT IS AT STAKE?**

Enhancing capital markets and the regulatory environment for SME financing is key. The EU should encourage the market-based development of alternative financing sources, e.g. equity and venture capital. Banks should also consider qualitative elements in addition to quantitative analysis when assessing SME credit applications.

EU financial instruments supplying loan guarantees and equity funds are very efficient tools that should be further implemented.



## WHAT IS TODAY'S SITUATION?

The EU must invest at an unprecedented level to meet the challenges of energy, economic and digital transitions, and transform its economic production model. In such a context, access to finance, specifically long-term financing and equity investment, is a pre-condition for companies to thrive and make the investment necessary to drive growth, maintain competitiveness and provide jobs and prosperity to citizens. In order to both ensure stability and meet the different financing needs of companies, in particular of SMEs, finance needs to be available through a variety of channels and on reasonable terms. It is also important to ensure that SMEs financing is available along the entire lifecycle of a company. Recent surveys [SME Envoys, 2019] showed that access to finance for small businesses remain a key and growing concern in some member states and there is a need to improve access to venture capital and other risk capital for start-ups and scale-ups. Moreover, financing gaps differ widely across member states and challenges like high transaction costs or information asymmetries continue. The knowledge, skills and awareness of SMEs and intermediaries on finance forms is still limited and the alternative finance market is still not mature. SMEs need to be sustained in their investment efforts. "Tailored to SMEs" incentives, characterized by simple and, where possible, automatic mechanisms, should be strongly encouraged in any strategy, financial instrument or programme adopted.

Further developing the Capital Markets Union (CMU) should provide for more alternative ways of financing. Finance through capital markets should still, especially for smaller companies, be regarded as an addition to financing coming from banks. Especially start-ups and scale-ups benefit from the presence of a better functioning CMU. As a result, Europe becomes more attractive to fast growing and high-potential companies and foreign companies that would like to establish a business in the EU.

The issue of late payments will also require careful considerations. The ongoing review of the Late Payment Directive is an important step that should closely involve the consultation of SME stakeholders.

### SME-TARGETED ACTIONS:

- **provide SMEs with access via a single-entry point for all enquiries on EU financing opportunities;**
- **simplify the procedures for accessing EU funds by facilitating and supporting the participation of smaller companies and reducing the "burdens" for beneficiaries.** In this regard, a larger use of European funds, in particular the Structural Funds, for example via tax credit or other automatic mechanisms, should be promoted;
- **promote alternative sources of financing** that are accessible, "SME-sized" and sustainable. Enhance access to venture capital and mobilise more equity capital for young entrepreneurs. The creation of a **public-private fund dedicated to SMEs Initial Public Offering (IPO)** is an interesting initiative which goes in the right direction;



- **ensure a tailored implementation of the reform of Basel III** in the EU in order to prevent future changes to capital requirements from increasing excessively the cost of capital and put EU SMEs at a competitive disadvantage. This includes in particular:
  - maintaining the SME Supporting Factor for bank loans foreseen in the Capital Requirement Regulation (CRR) as it reduces the cost of lending to smaller and medium-sized companies. It is vital to maintain it in order to mitigate the disadvantaged position of such lending due to the combined effect of enhanced capital requirements and liquidity rules;
  - maintaining the Infrastructure Supporting Factor foreseen by the revised CRR and ensure a prudent treatment of exposures to the building sector that takes into account the specificity of the sector;
  - mitigating the impact transposition will have on unrated companies as SMEs.
- **enhance the qualitative elements in the assessment banks have to make of the creditworthiness**, to fully grasp the potential of SMEs to grow and develop
- **promote the diffusion of the "supply chain finance"**, in order to improve access to credit for smaller companies: in the "supply chain finance" the chain of suppliers of leading companies that have stable contractual relationships with solid head-chain companies, can access the credit on their own terms. Among other things, Digital Innovation Hubs could integrate supply chain tools with the digital mapping of the supply chain in order to bring out the intangible value of the supply chain itself and to stimulate common investments, where possible;
- **avoid the introduction of new rules that might penalize bank lending to SMEs**. In this regard, it is important to ensure that the expected EBA Guidelines on Loan Origination and Monitoring have a proportional approach and do not penalize credit to SMEs;
- **facilitate SMEs' access to the market**. In order to promote SMEs access to the market, there is the need to simplify regulation for their access to growth markets, with particular regard to the market abuse regulation. Recent changes to the rules on market research (MiFID), which require stockbrokers to charge investors separately for company research and securities trading, have led to a drop in spending on research especially in smaller companies making capital markets less accessible for these companies. This should be reviewed. Furthermore, the use of new technologies (like pan-European platforms managing end to end operations) to open SMEs access to debt markets should be encouraged, as well as harmonisation of the documentation required;



- **support start-ups especially during scale up and facilitate their access to investors.** Moreover, investments are mostly attracted by leading companies which, through collaboration, could generate multiple positive effects for start-ups and SMEs;
- **pay special attention to access to finance for SMEs that want to operate internationally.** Especially when exploring new markets, it often proves challenging for SMEs to obtain the finances needed. The European Commission should also critically assess existing instruments for export finance and see how these can be improved upon.

## 8. Access to skills



### WHAT IS AT STAKE?

Skills shortages and mismatches create bottlenecks to SME growth. It is vital to improve SME access to a skilled workforce and external advice that can help them to seize the new market, technology and financing opportunities. Entrepreneurs should have access to tools that help developing their skills for taking on their societal responsibilities. Labour markets are also a key priority for reforms.

### WHAT IS TODAY'S SITUATION?

European employers are concerned about the growing skills mismatches and labour force shortages in a majority of member states. If left unaddressed, this worrying trend will have a negative impact on innovation and productivity, both in highly innovative sectors and other services sectors, some of which are already confronted with the challenge of attracting motivated and competent workers. Skills are fundamental to face future challenges and guarantee a sustainable growth and, to this end, it is necessary to support SMEs in acquiring and retaining more qualified profiles and in enhancing the knowledge base of enterprises

Policy-makers at all appropriate levels need to prioritise measures designed with the purpose to reduce labour shortages by improving skills matching across European Member States. To improve the situation this means focusing on strategic priorities, such as reforming education and training systems, putting in place a new EU VET strategy for 2030, strengthening cooperation between business, schools, vocational schools, professional colleges and universities, promoting labour mobility across Europe and within the member states.

### SME-TARGETED ACTIONS:

- **develop a set of guidelines on entrepreneurship skills, building on the EU's entrepreneurship competence framework.** The EU could provide guidance on how to reform school curricula and help today's students to acquire the skills that they will need to become entrepreneurs or pursue successful careers in enterprises and help share best national practices;



- **promote the business culture in SMEs and life-long learning of entrepreneurs and managerial profiles** in order to adapt or raise their professional level, in close connection with the new production processes and business models;
- **favour the cross-fertilisation, collaboration and exchange of ideas among SMEs.** To this end, it appears necessary to push for a rationalization of the existing European financing programmes dedicated to SMEs mobility, putting a stronger focus not only on the business owners but also on the employees. More clarity and coordination should be ensured via a single access point to these programmes;
- **promote on-the-job training by addressing SME internal barriers and obstacles for training.** A high-quality, criteria-based education premium/learning bonus could be provided to SMEs providing training to their employees, notably to cover the costs related to their absence while on training. Regarding training courses, SMEs will need organisational support in order to be able to offer high quality training. Modular training courses can be integrated more easily in the work life balance of employees;
- **focus on digital skills and soft skills needed by SMEs, linked to regional “qualification-clusters”.** The potential of digital learning methods for SMEs need to be better exploited. Qualification clusters are interest groups of companies as well as educational institutions and adult education providers. Qualification-clusters can help regional companies by identifying their qualification requirements and by creating appropriate training opportunities for their (future) employees. The cooperation between SMEs and (adult) education and training providers could allow for the development of educational and training approaches that are tailored to SMEs skills needs, with a view to providing skills that respond to qualification demands of a region and supporting SMEs develop technologies of the future. SMEs would benefit from these clusters as they often do not have enough resources to offer high-quality training opportunities themselves. Project- and experience-oriented learning in STEM classes are especially relevant for SMEs;
- **encourage dual "SME-universities" study programmes in the higher education sector (university) especially for STEM classes.** These programmes with regional SMEs can build a bridge between academics and practical experience. Qualification clusters could help in connecting SMEs with universities that provide needed talents for them. For example, a study programme can consist of theory periods at a university and practical periods at a SME. The curriculum could be agreed between both organisations and the student, with mutually agreed arrangements for the duration of the studies.

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## FOR MORE INFORMATION ON BUSINESS EUROPE VIEWS, PLEASE CONSULT:

### On “a modern legal and administrative environment”:

- [Stocktaking of the Commission's 'better regulation' approach - BusinessEurope reply to the public consultation](#)
- [Revision of the EU definition of SMEs](#)
- [Making the EU SME definition fit for SMEs in need of venture capital and other sources of growth finance](#)

### On “the green transition”:

- [European business views on a competitive energy & climate strategy](#)
- [Priorities on circular economy for the next EU political cycle](#)

### On “the Single Market”:

- [Priorities for the Single Market beyond 2019](#)
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