



2. Small Business Act (SBA)

Purpose of the consultation:

The European Union's Small Business Act has been in operation since 2008 and aims to support small and medium enterprises. The consultation aimed to survey a range of sources to assess what could be done to make life easier for small and medium enterprises in the future.

Summary of Response:

The EU should focus on reducing the regulatory burden on small and medium enterprises. This should be done by reducing the bureaucratic inconvenience faced by small businesses and minimizing the costs of establishing new enterprises in order to encourage innovation.

All reform to the Small Business Act (SBA) should be focused on reducing the administrative burden on small businesses and making the European Union's economy one which is as internationally competitive as possible. New innovation should be encouraged, and priority should be given to measures that reduce the time and cost associated with establishing a new company. Measures such as mandatory tests for new enterprises or laws which ensure all bankruptcies are covered should be given far less priority. The EU can foster the growth and health of small and medium enterprises by simplifying the access industrial and intellectual property, providing consultation about burdensome legislation, encouraging countries to simplify tax procedures for start-ups, and addressing legislative bottlenecks which impede the expansion of new companies.

The European Union should also be wary of introducing new regulations, and should incorporate an assessment of regulatory impact into its legislative process. In some cases, the cost of implementing the new regulation could be higher than the additional benefits the legislation would create. Care should also be taken before implementing overly optimistic and expensive "proactive programs" like the Commission's proposed "clusters strategy". Innovation can be promoted by removing barriers to legal operation and reducing the bureaucratic burden on companies, not through wasting money on other programs.

In order to assist with opening up the finance market for new companies, the EU should lower the tax rate for reinvested earnings. This would expand the pool of available capital because investors would have the potential of higher return for their investment. Removing obstacles to crowd-funding and raising awareness about its availability as well as risks and benefits could also be beneficial. Helping to revive EU securitization through appropriate legislation should also be prioritized.

The Commission should not, however, prioritize initiatives aimed at doing the enterprises' work for them. Schemes to help startup companies do business outside the EU or establish a "European Resources Efficiency Excellence Centre to inform and advise small and medium enterprises and provide support on this field" are less helpful than simply reducing the administrative burden on the European companies.

As part of a comprehensive policy approach to fostering growth and health of small and medium enterprises, the European Union should also support an international environment that is more conducive for individual enterprises to do business by establishing and following up on small business dialogues with key EU trade partners.

It is also important to foster future innovation in the EU's small business economy. Scaling up the "Erasmus for Young Entrepreneurs Programme" from 800 to 10,000 exchanges a year by 2020 would be very beneficial and help to achieve this goal. Engaging students as young as secondary school age would also be useful in supporting the small and medium enterprises, and the Commission should aim to set targets for all EU countries to integrate entrepreneurship into secondary school curricula as a key subject by 2018. Consulting entrepreneurs throughout Europe to collect ideas for new initiatives to boost innovation in youth should be a key priority of the Commission.

Finally, the Commission's approach should include significant emphasis on boosting skills development. Worthwhile ideas include training schemes for skilled workers, directly involving enterprises from relevant sectors, a dual vocational training system and working towards a better overall image of skilled crafts and technical jobs in small and medium enterprises. The EU could also investigate the possibility of creating courses to assist businesses in better understanding the regulatory requirements on them, including potential courses for understanding and interacting with government institutions.

The main focus of the Small Business Act should be on reducing the bureaucratic burden on businesses and allowing innovation to flourish in the economy. While significant attention should be given to training young entrepreneurs and skilling them for the sector as well as fostering positive business conditions with nations outside the EU, the main hindrance to the sector currently is the burdensome regulation. The EU should focus on making its economic conditions as internationally competitive as possible.