



# **Report on the results of public consultation on The Entrepreneurship 2020 Action Plan**

## **Table of contents**

<b>1. Background and scope .....</b>	<b>3</b>
<b>2. Framework Conditions .....</b>	<b>4</b>
<b>3. Facilitating transfers of business .....</b>	<b>8</b>
<b>4. Efficient bankruptcy procedures/second chances for honest bankruptcies.....</b>	<b>10</b>
<b>5. Supporting new entrepreneurs .....</b>	<b>12</b>
<b>6. Improving access to finance.....</b>	<b>15</b>
<b>7. Entrepreneurial education and training for youth .....</b>	<b>17</b>
<b>8. Untapped entrepreneurial potential of women .....</b>	<b>21</b>
<b>9. Seniors – second careers and business experience .....</b>	<b>25</b>
<b>10. Specific support for migrant, minority or other specific groups of potential entrepreneurs .....</b>	<b>27</b>
<b>11. Conclusion .....</b>	<b>28</b>

## 1. Background and scope

Europe lags behind its competitors in entrepreneurial attitudes and SMEs are the biggest source of new jobs and related growth. A European Entrepreneurship Action Plan is needed to address areas where entrepreneurial potential can be unleashed and where key bottlenecks can be overcome and obstacles to entrepreneurial activities removed.

DG Enterprise and Industry of the European Commission launched a public consultation in July 2012 on the Entrepreneurship 2020 Action Plan. The aim was to gather input from stakeholders and citizens, business support organisations and entrepreneurs on the scope of possible future actions at EU, national and regional level to promote entrepreneurship across Europe.

This report attempts to summarise the results of the consultation, and seeks to identify measures that will have a significant impact in achieving the goals of such an Action Plan.

The consultation put particular focus on three main topics:

- (1) **Promoting the spirit of entrepreneurship in schools and universities**  
Education for entrepreneurship can make a difference as young people who go through entrepreneurial programmes and activities start more companies and earlier – the percentage of alumni who become entrepreneurs 3 to 5 years after leaving school is 3-5%, whereas for those who participated in any entrepreneurship education this percentage rises to 15-20%.
- (2) **Women, Seniors – untapped pools of entrepreneurial potential**  
Women entrepreneurs constitute only 34.4% of the self-employed in the EU but 52% of the total European population. Women represent the most underused source of entrepreneurial potential in Europe. Seniors can often bring valuable know-how and experience to the table that could make them excellent mentors for those who are less experienced founders.
- (3) **Migrant, minority or other specific groups of potential entrepreneurs**  
It is important that policies to encourage entrepreneurship in Europe take full account of the entrepreneurship potential represented by migrants and members of ethnic minorities.

Other issues covered by the consultation include framework conditions for business, facilitating transfers of business, efficient bankruptcy procedures/second chances for honest bankruptcies, supporting new entrepreneurs, and improving access to finance.

The public consultation was running from 9 July 2012 to 1 October 201. 538 responses were received and the majority of those from Belgium (85), Spain (84), France (71), Italy (63) and Germany (45). Out of these 538 responses, 40% came from entrepreneurs (majority solo and micro-enterprises), 30% from business support organisations and 30% from "other" (students, ex- and future entrepreneurs, Universities, Chambers of Commerce, local and regional administrations, employer's associations).

## **2. Framework Conditions**

The first chapter of the questionnaire referred to framework conditions and consisted of 9 questions. The respondents were asked to give their views on a series of initiatives which could contribute to improving conditions for European entrepreneurs, framework conditions and support for success on European, national or regional level.

To give a good overview and comparison between target groups, the graphs below are divided into 3 bars where responses are shown per category i.e. all respondents (538), entrepreneurs (218) and business support organisations (164). Each graph represents one question replied to, per category and ranking.

Replies indicate how impactful and important each measure could be using a ranking scale from 0-3 where 0= no opinion, 1= not very impactful/important, 2= moderately impactful/important and 3= very impactful/important.

Looking at the results, one can conclude that speeding up and simplifying administrative procedures is key to the respondents. All three groups of respondents have categorically given a very high importance rate to all nine questions, in particular to the first question on cutting red tape where more than 78% of all respondents rated it very important and as many as 82% from the business support organisations.

The second question on abolishing legalization and other administrative formalities when using public documents cross-border showed a more even spread where almost 40% of all respondents rated it moderately important and 35% very important.

The following question on one stop shop and relationship managers in business support organisations for business that are starting out was rated very important by half of the respondents and almost 60% by the business support organisations. Only 12% of all respondents rated it not very important.

One stop shop for taxation and financial reporting showed a similar result as nearly 52% of all respondents rated it very impactful.

Another measure considered critical is speeding up and simplification of licensing as no less than 60% of all respondents and 62% of the business support organisations rated it very important.

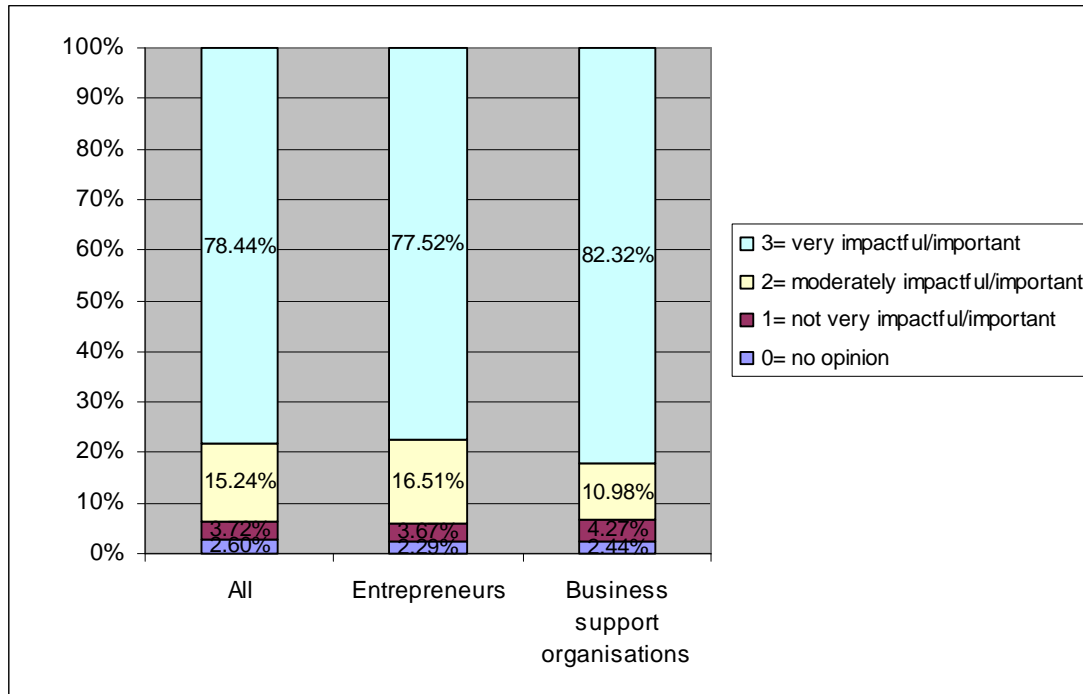
It is also interesting to see that tax and social contributions related to effective cash flow of business was considered important and very important by as many as 85% of all respondents.

While about a third of all respondents rated the topic "same social security protections available to entrepreneurs as to employees" as moderately impactful, 40% rated it very impactful and slightly more than 20% rated it not very impactful. However almost half of the group entrepreneurs rated it as very impactful.

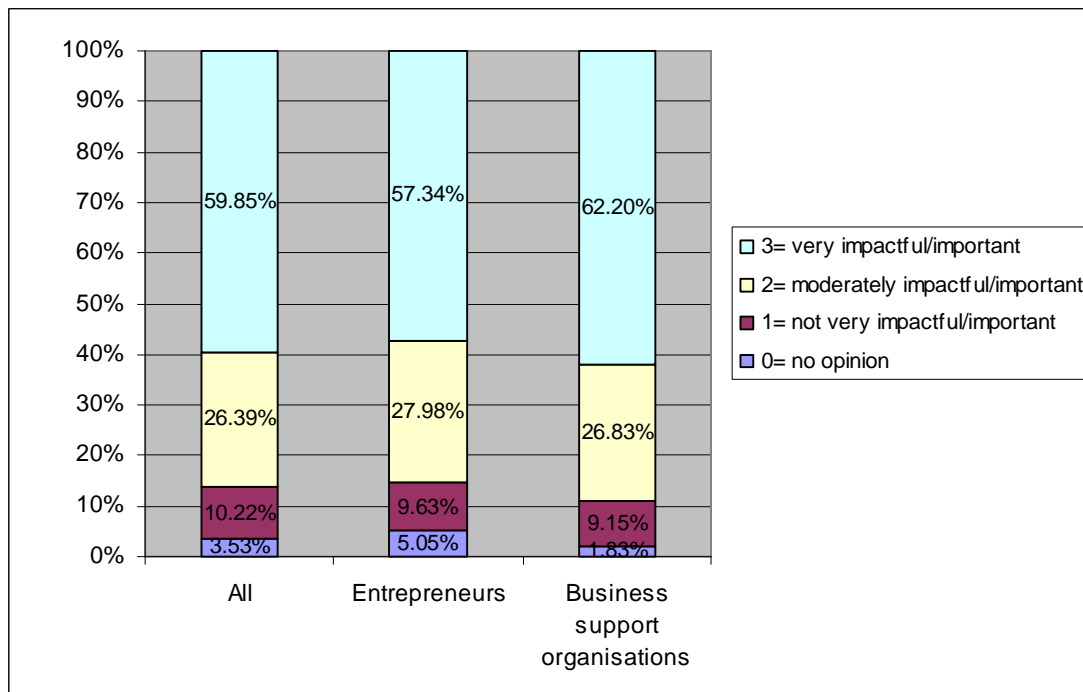
Raising awareness of government administrations and their staff about entrepreneurial and SME challenges generated a major interest amongst the respondents as more than 64% rated this measure as very important.

52% of all respondents consider "improve the quality and variety of business support advice for start-ups" a very important measure and only 12% rate it as not very impactful.

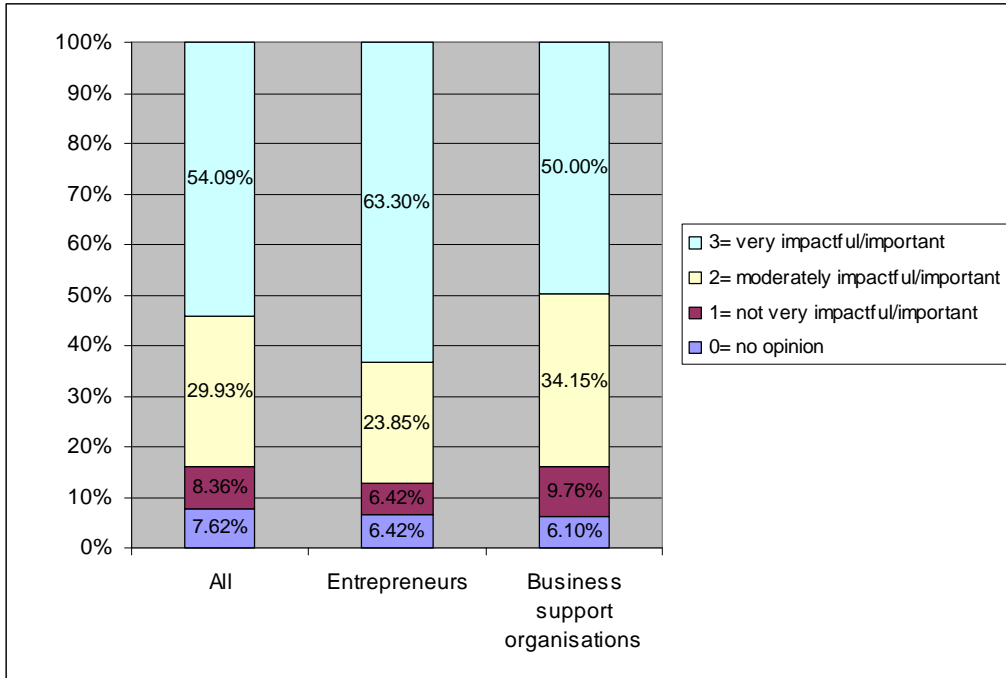
**Chart 1: Question 1 - "Cutting red tape" (reducing the number of administrative procedures, simplifying them and avoiding duplication of tasks)**



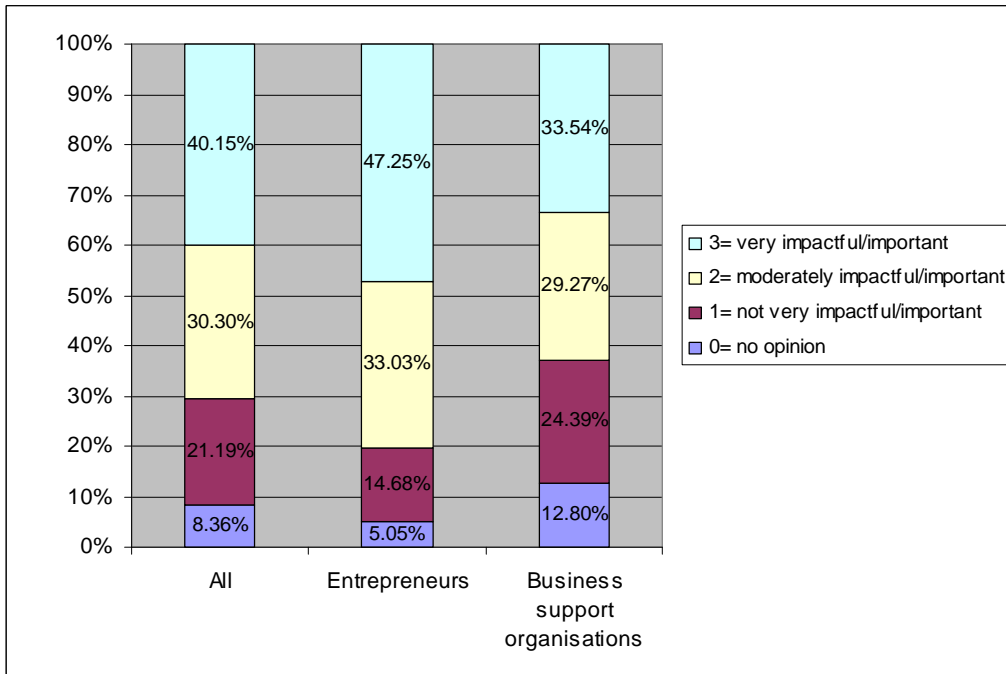
**Chart 2: Question 5 - Speed up and simplification of licensing and other permit procedures**



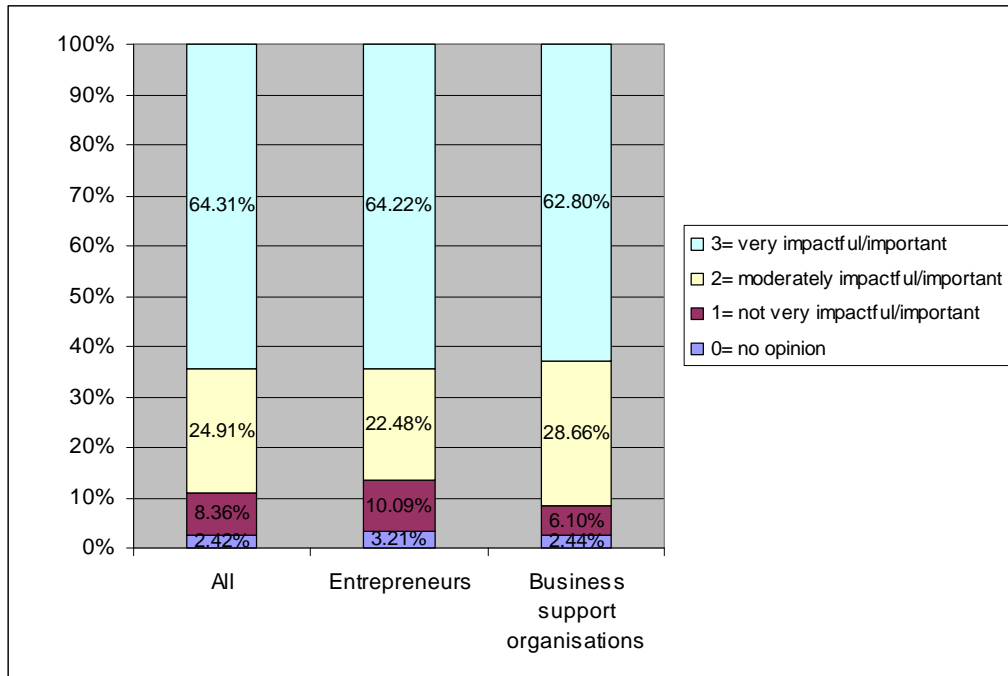
**Chart 3: Question 6 - Tax and social contributions related to effective cash flow of business**



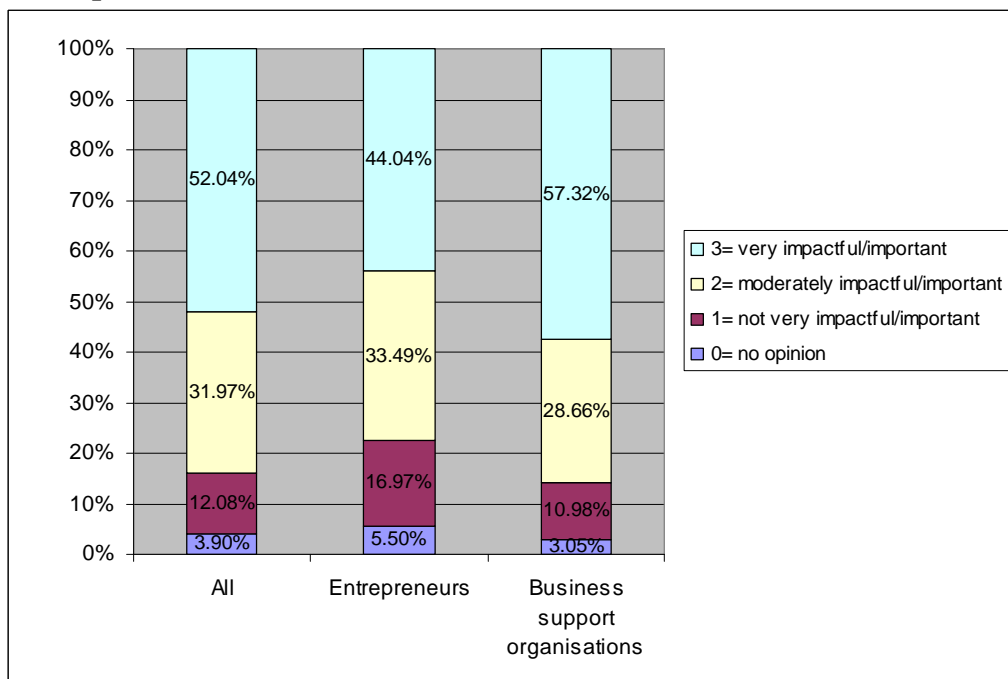
**Chart 4: Question 7 - Same social security protections available to entrepreneurs as to employees**



**Chart 5: Question 8 - Raising awareness of government administrations and their staff about entrepreneurial and SME challenges**



**Chart 6: Question 9 - Improve the quality and variety of business support advice for start-ups**



### 3. Facilitating transfers of business

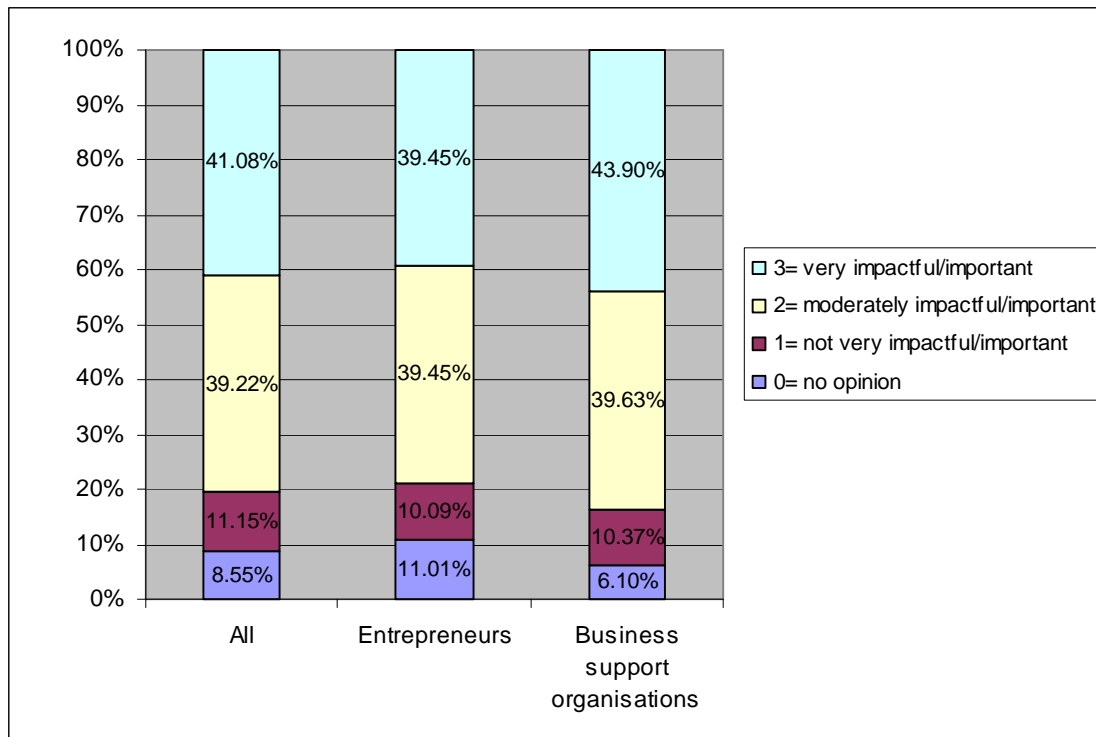
Every year hundreds of thousands of businesses are transferred in Europe, because the owners retire or move on to other activities. It is estimated that every year some 150,000 companies with 600,000 jobs may be lost due to difficulties of doing so in some areas. Those are in general sustainable SMEs with a rich, precious know-how, experienced staff, viable products and a solid customer base; winding down an enterprise because of a failed transfer means irretrievably losing its productive potential. A loss Europe cannot afford.

In this chapter three topics were treated;

1. Improve legal, administrative and tax provisions for business transfers
2. Improve information and advice provision for business transfers
3. Develop, publicise and improve platforms and marketplaces for successful business transfers

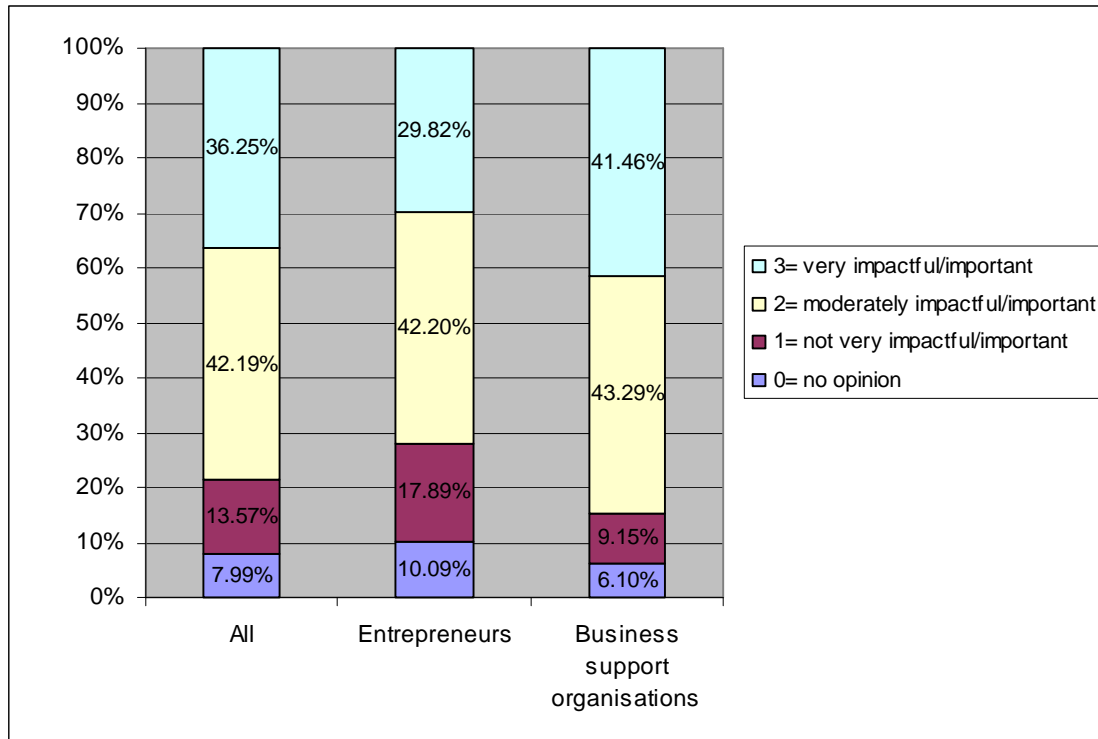
These three measures were rated important and very important by the majority of respondents and in particular by the business support organisations.

**Chart 7: Question 10 - Improve legal, administrative and tax provisions for business transfers**

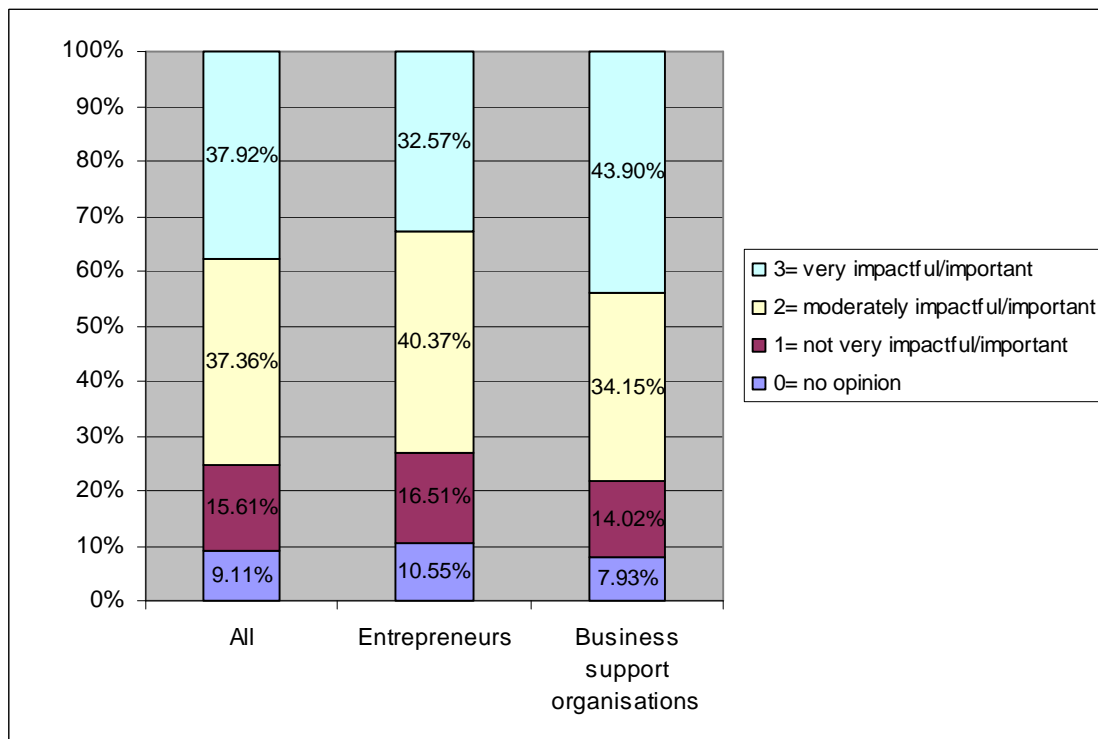




**Chart 8: Question 11 - Improve information and advice provision for business transfers**



**Chart 9: Question 12 - Develop, publicise and improve platforms and marketplaces for successful business transfers**



## **4. Efficient bankruptcy procedures/second chances for honest bankruptcies**

Evidence shows that honest bankrupts (i.e., due to late payments, and other objective reasons, without fraud), are by far the majority (96% of bankruptcy cases). However, they are treated by most bankruptcy laws in Member States as strictly as fraudulent bankrupts. This means that in most cases they have to go through long periods before they can get a discharge or even cannot get one during their lifetime. Furthermore, even after a discharge, former bankrupts face difficulties and discrimination in starting anew. Yet research shows, that second starters are more successful and survive longer than the average new start-up business. They also grow faster and employ more workers. Clearly, as a consequence of existing bankruptcy laws and business practices, a potential source of growth is being wasted.

In this chapter, respondents were asked to reply to four questions:

1. Develop and expand programmes to mentor, train, advise and support second starters
2. Put in place faster and more affordable procedures for winding up businesses and discharging bankruptcies
3. Awareness raising in business and finance community to remove stigma of failure
4. Specific financial instruments available for second starters

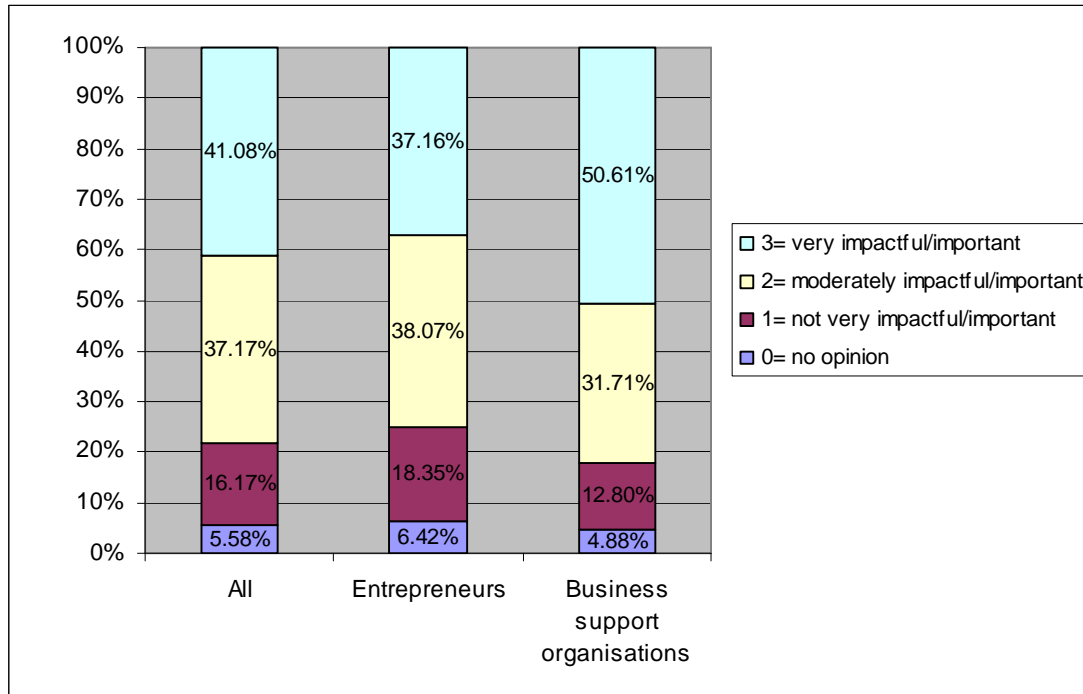
The first question was considered vital by slightly more than 40% of the respondents and by half of the business support organisations, only 16% of all respondents rated the measure as not very important.

Putting in place faster and more affordable procedures is a measure which is regarded as very important by almost half of the entrepreneurs and more than 38% of the business support organisations.

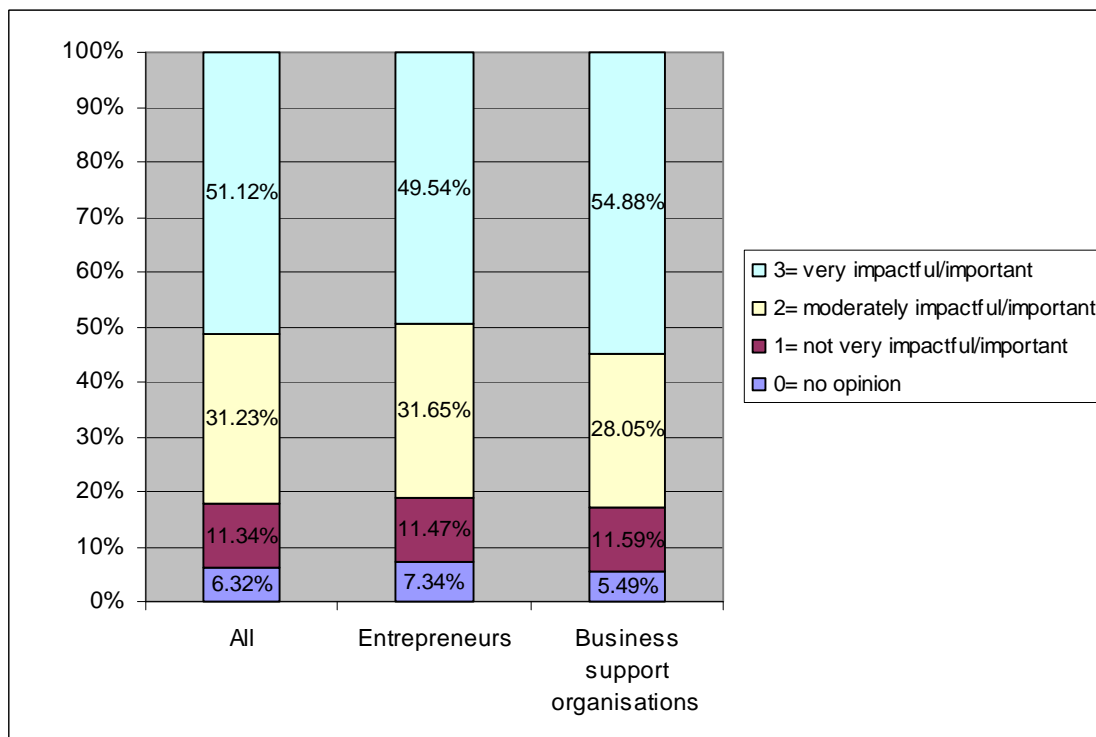
It is interesting to see that the third question on awareness raising seemed crucial by the respondents as more than half of them rated it as very impactful, almost 55% by the business support organisations.

Lastly, making specific financial instruments available for second starters is considered very impactful by almost 40% of the respondents, however 20% consider them not very important.

**Chart 10: Question 13 – Develop and expand programmes to mentor, train, advise and support second starters**



**Chart 11: Question 15 - Awareness raising in business and finance community to remove stigma of failure**



## **5. Supporting new entrepreneurs**

About 50% of new businesses fail during their first five years, the so-called 'valley of death' of business development. To achieve the increased economic growth rates targeted by Europe 2020 it is vital to increase the resilience and competitiveness of these firms. Dedicated information, professional services and technical advice support are fundamental tools for this goal. Existing programmes in Europe and the US prove that advice and mentoring by experienced entrepreneurs improves resilience, increases internationalisation, leads to greater growth and more newly founded enterprises.

IT and the Internet are the single most important sources of growth for national economies around the world. European SMEs grow two to three times faster when they embrace digital technologies. Therefore, European entrepreneurs should be equipped with the knowledge, skills, hardware and software needed to capture the opportunities brought about by this Market, especially to be able to function exclusively or predominantly as web-entrepreneurs if they choose this mode of operation.

The first question in this section of the consultation was on increasing and improving targeted business support services which half of the respondents rated as very impactful and important.

Also the following question on dedicated support for SMEs to benefit from digital entrepreneurship showed a similar result with 44% of all respondents considering it very impactful, 36% important and only 14% not very important.

However, support for SMEs to go green showed a more even spread with 20% considering it not very important and two thirds estimating it important and very important.

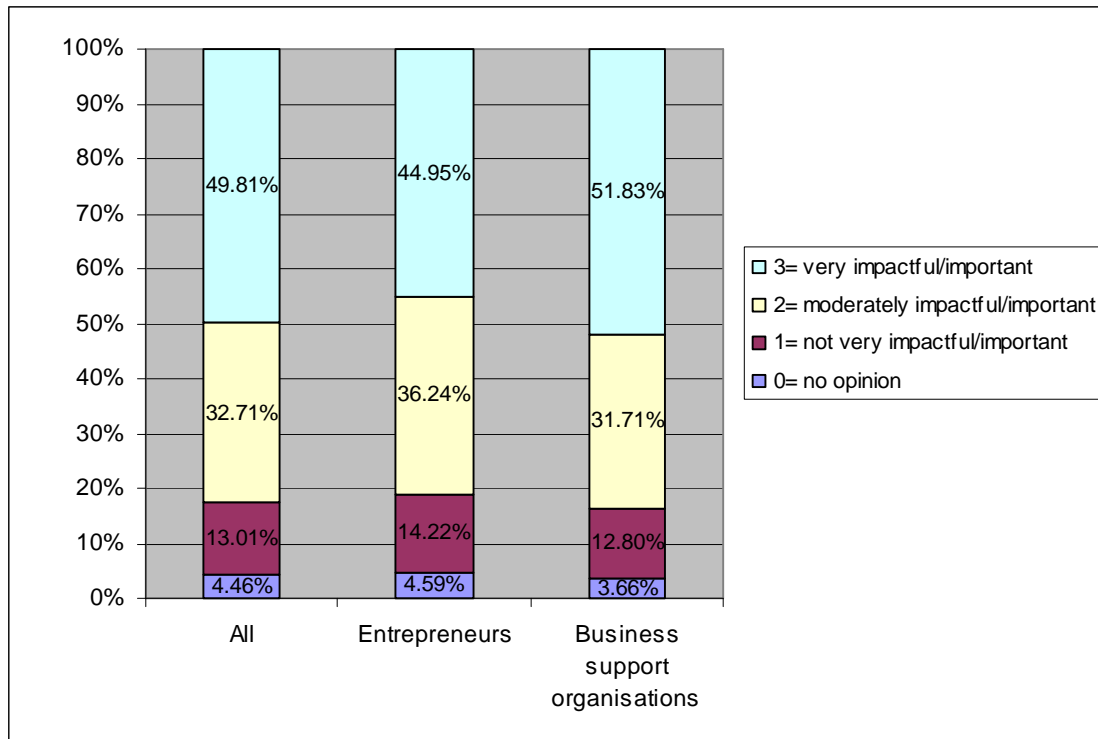
Improving implementation of the Digital Single Market was rated moderately important by 40% of the respondents and almost 45% by the business support organisations.

The two following questions "offer tailor-made assistance and advice for micro-multi-nationals collaborating across distance, borders and markets" and "offer dedicated support for SMEs to benefit from European trainees" were rated almost identically; 37-38% very impactful, 36-37% moderately important and 14-18% not important.

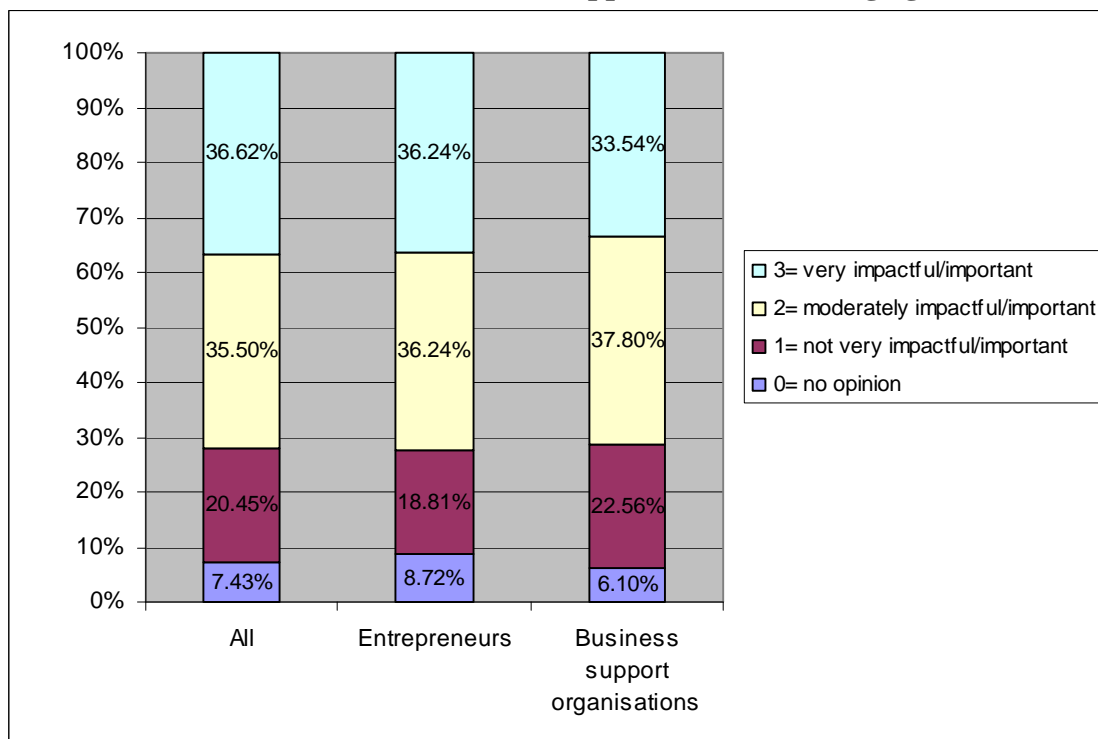
Targeted training, finance, internationalisation support programmes for high growth potential SMEs was considered crucial by the respondents as 57% rated it very important, more than 60% by the business support organisation.

Offering support for new businesses to innovate is deemed essential as roughly 62% of all respondents rated it very impactful and as many as two thirds from business support organisations.

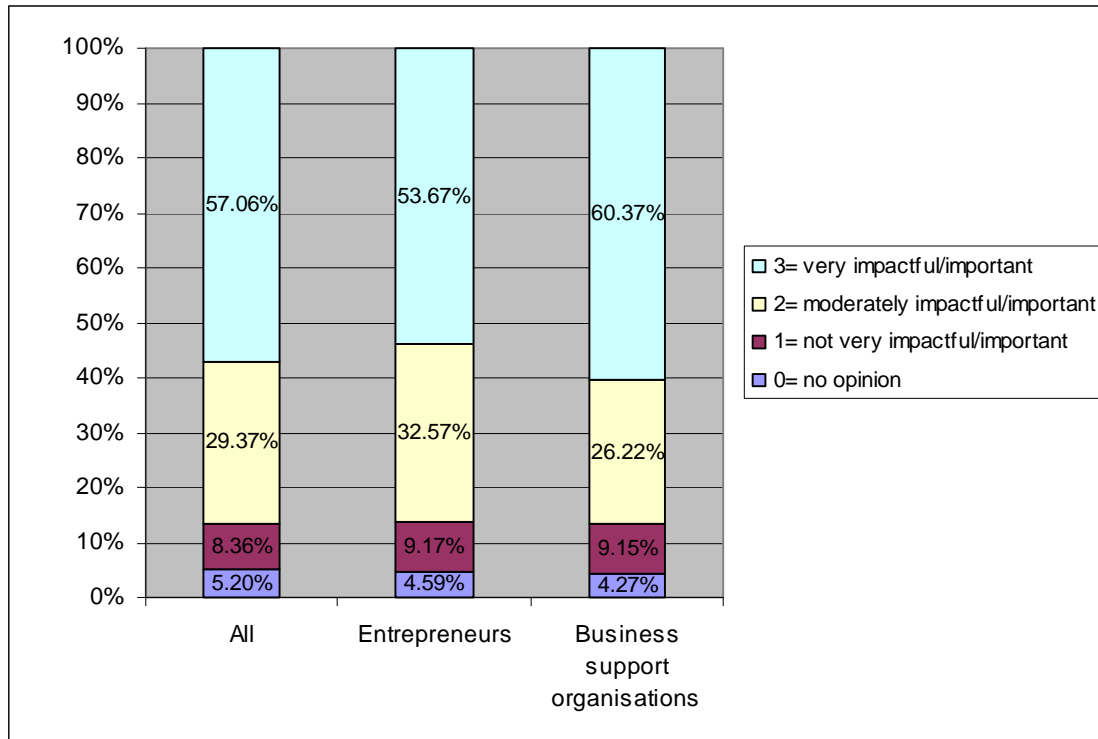
**Chart 12: Question 17 – Increase and improve targeted business support services**



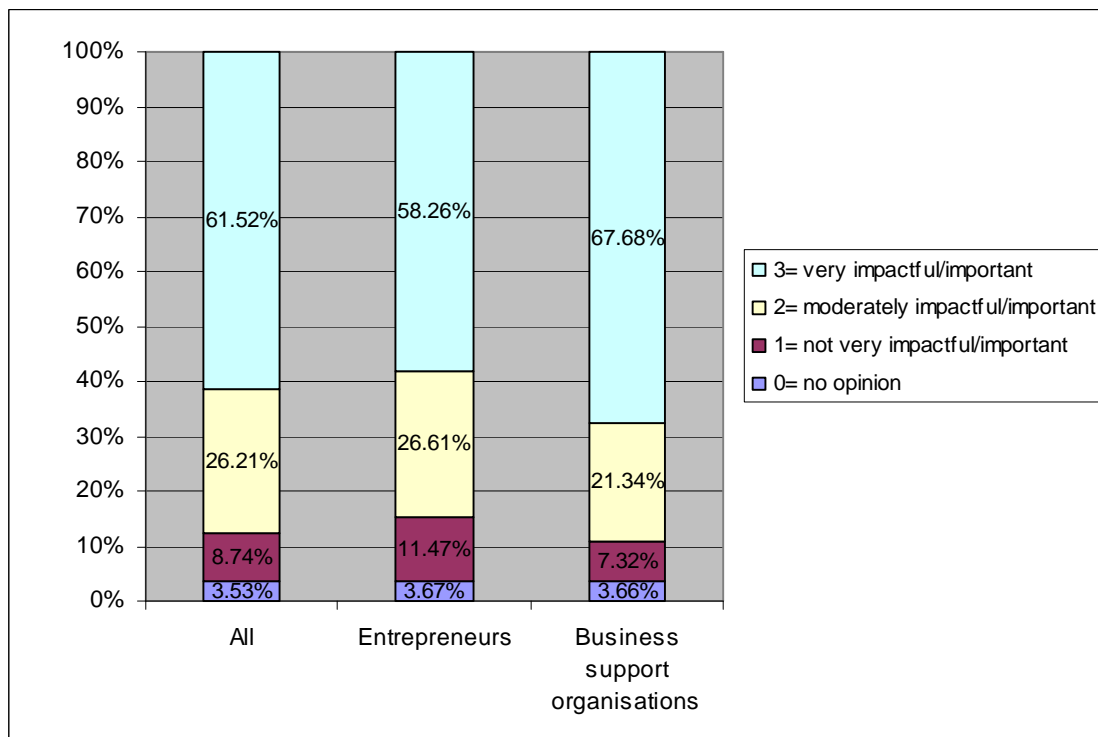
**Chart 13: Question 19 – Offer dedicated support for SMEs to "go green"**



**Chart 14: Question 23 – Targeted training, finance, internationalisation support programmes for high growth potential SMEs**



**Chart 15: Question 24 – Offer support for new businesses to innovate**



## 6. Improving access to finance

Access to appropriate sources of finance constitutes one of the most significant constraints on growth and entrepreneurship in Europe. Market deficiencies lead to a lack of financial support for European firms with growth potential and entrepreneurship in general. This necessitates public actions to overcome market deficiencies and to complement the limited amounts of private finance available.

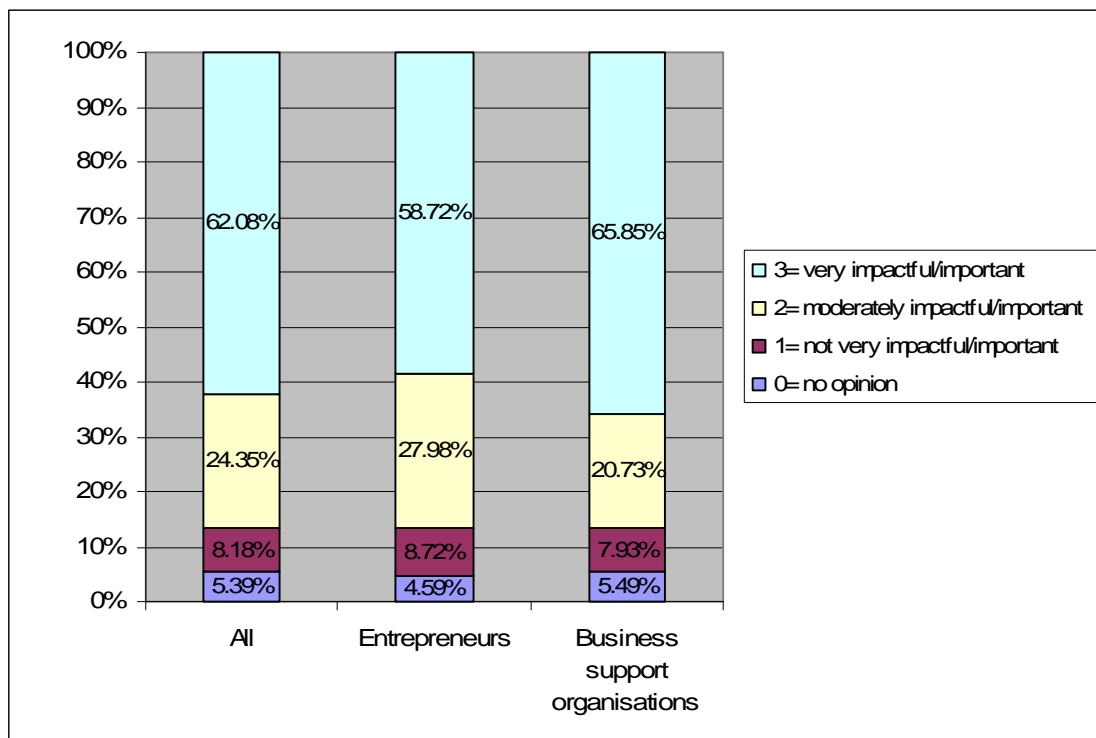
The first question "reinforce loan guarantee and venture capital facilities" was rated as very important by as many as 62% of the respondents and almost 66% by the business support organisations.

"Improve financial advisory capacity of the Enterprise Europe Network" gave a more evenly spread number of votes but with the majority (36%) nevertheless considering the measure very impactful.

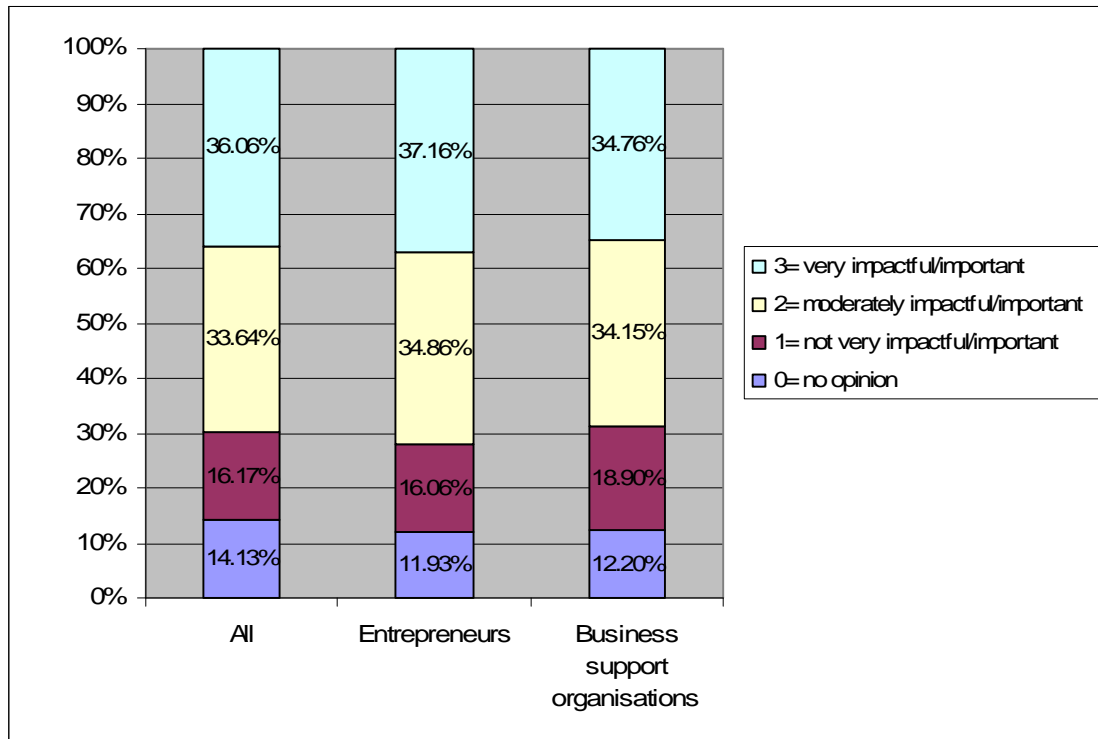
The following two questions on "single multilingual online portal on EU finance for SMEs" and "single national portals on national sources of SME finance" were considered equally essential as half of the respondents rated them as very impactful.

The fifth and last question "make tax environment more favourable to early stage financing" however showed an impressive 68% of respondents voting it very important and as many as 73% from the group entrepreneurs.

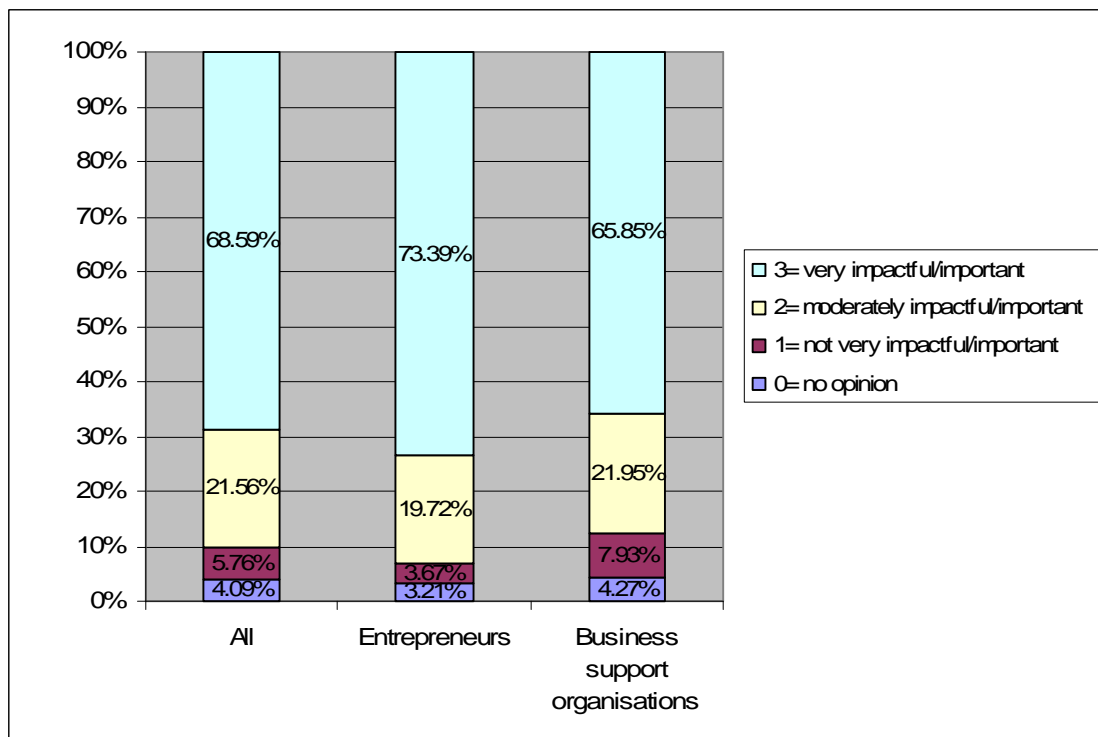
**Chart 16: Question 25 – Reinforce loan guarantee and venture capital facilities**



**Chart 17: Question 25 – Improve financial advisory capacity of Enterprise Europe Network**



**Chart 18: Question 29 – Make tax environment more favourable to early stage financing**



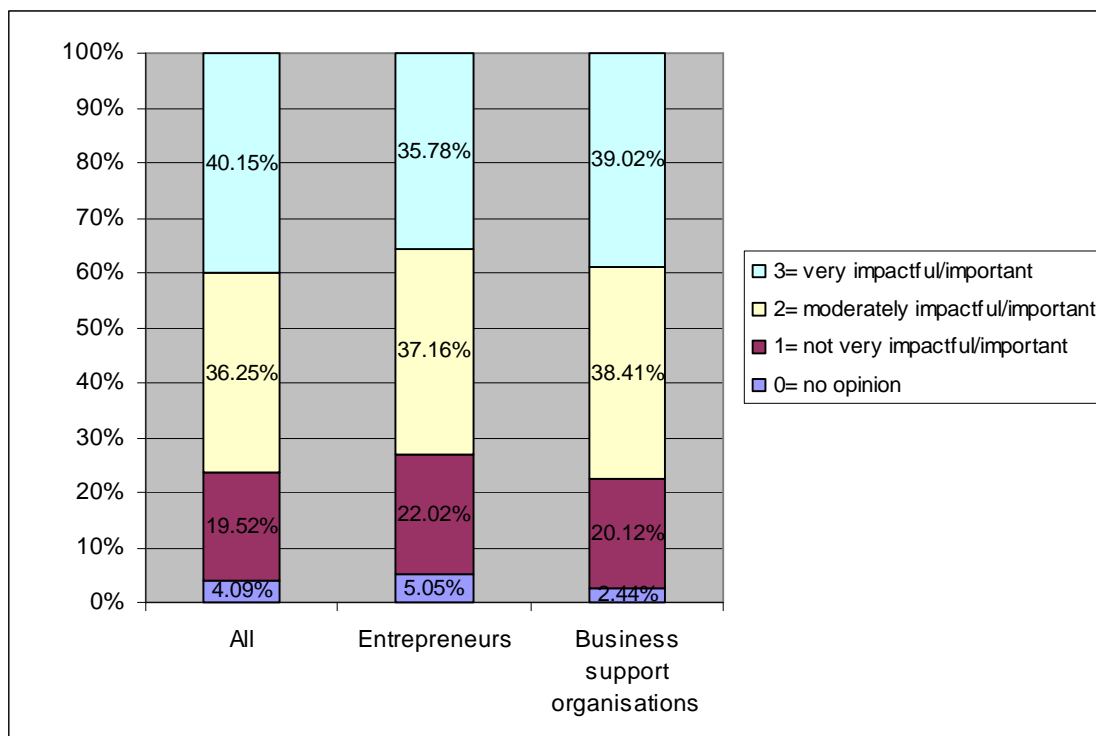


## 7. Entrepreneurial education and training for youth

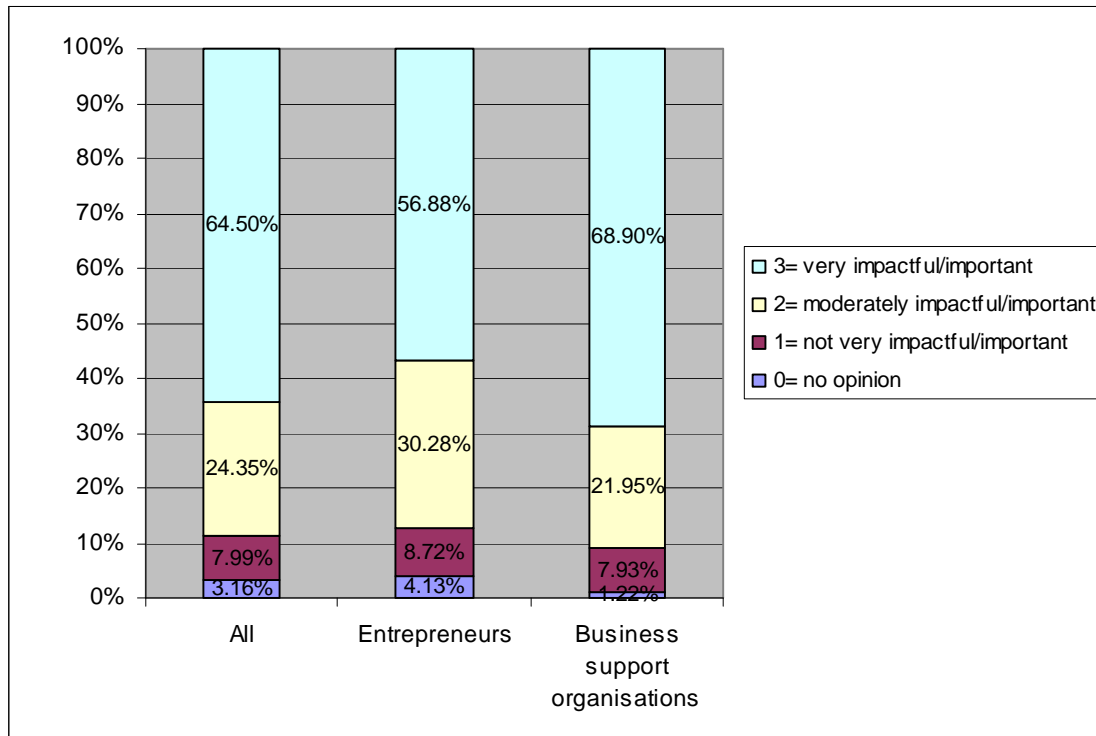
Promoting entrepreneurship in schools and other educational settings is of key importance to encourage more entrepreneurial mindsets. Education for entrepreneurship makes a difference, as young people who go through entrepreneurial programmes and activities start more companies – the percentage of alumni who become entrepreneurs 3 to 5 years after leaving school is 3-5%, whereas for those who participated in any entrepreneurship education this percentage rises to 15-20%. They also start companies earlier. Studies show that university students who had received entrepreneurship education founded businesses 0.7 years before graduation, while those without an education in entrepreneurship founded enterprises 2.8 years after graduation.

In this chapter of the consultation six measures were dealt with and they were all, without exception, rated as very impactful and important by the majority of the respondents (40-64%). Notably, respondents considered the measures on "entrepreneurial education to be embedded in national curricula" and "all young people to have one entrepreneurial experience before leaving secondary school" particularly important.

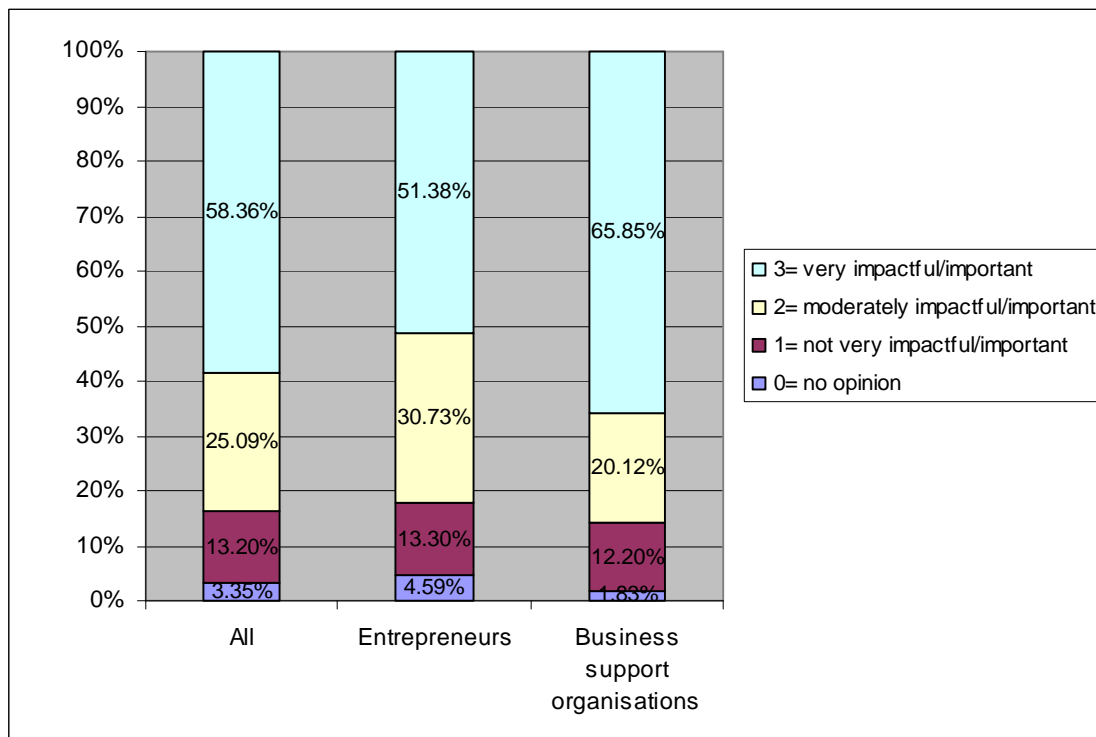
**Chart 19: Question 30 – Create a European platform or hub for entrepreneurial learning to share best practice and develop common models for policy, implementation and measurement**



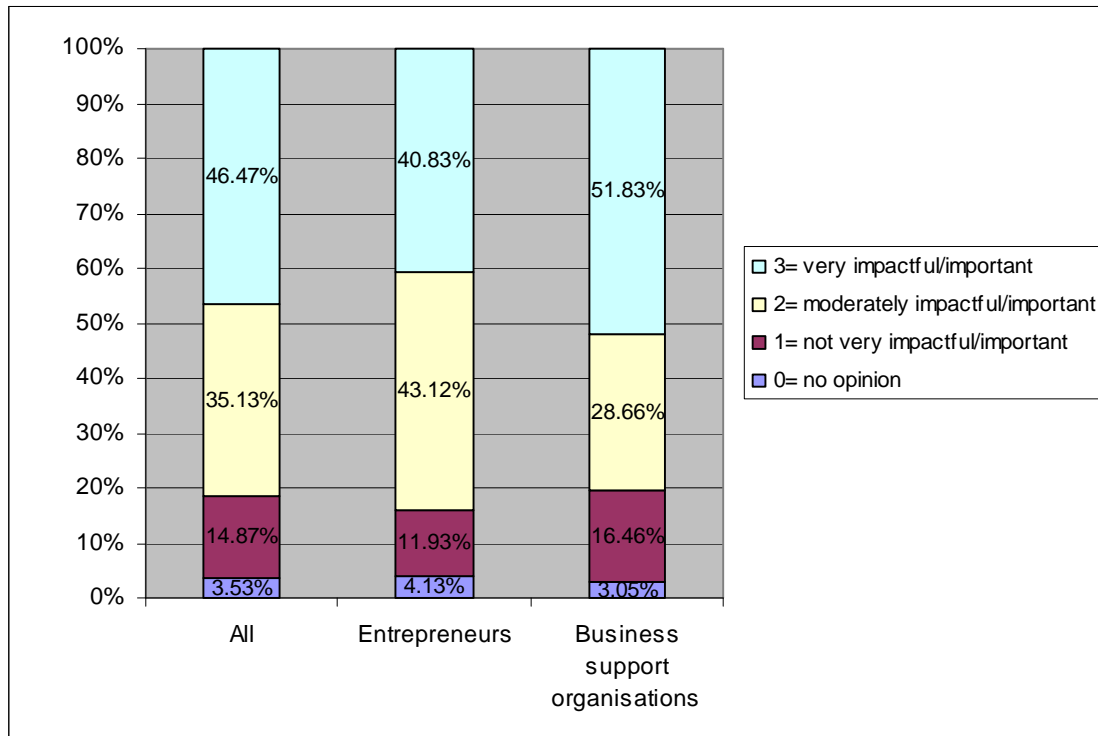
**Chart 20: Question 31 – Entrepreneurial behaviour, skills and mindsets to be embedded in national/regional curricula at all levels – primary, secondary, vocational, higher education and non-formal education and training, alongside integration of work-based teaching and learning in all disciplines and curricula**



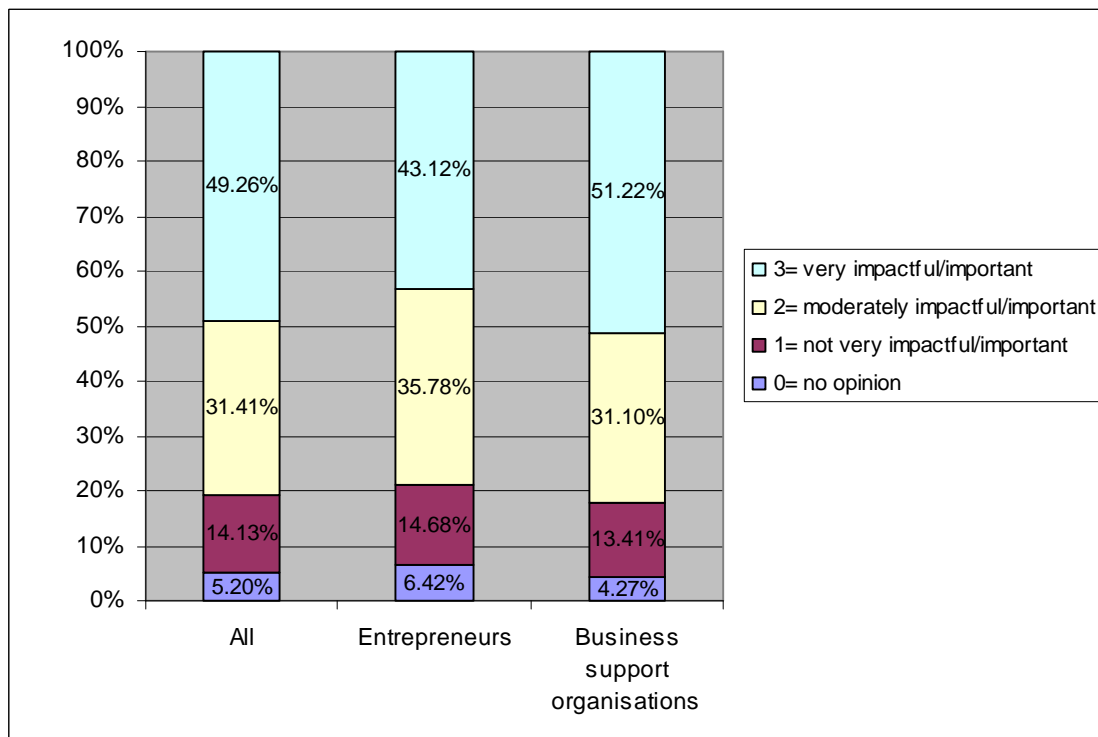
**Chart 21: Question 32 – All young people to have one entrepreneurial experience before leaving secondary school (either as a formal part of the curricula or as an extra-curricular activity that is overseen by the school or a non-formal education body)**



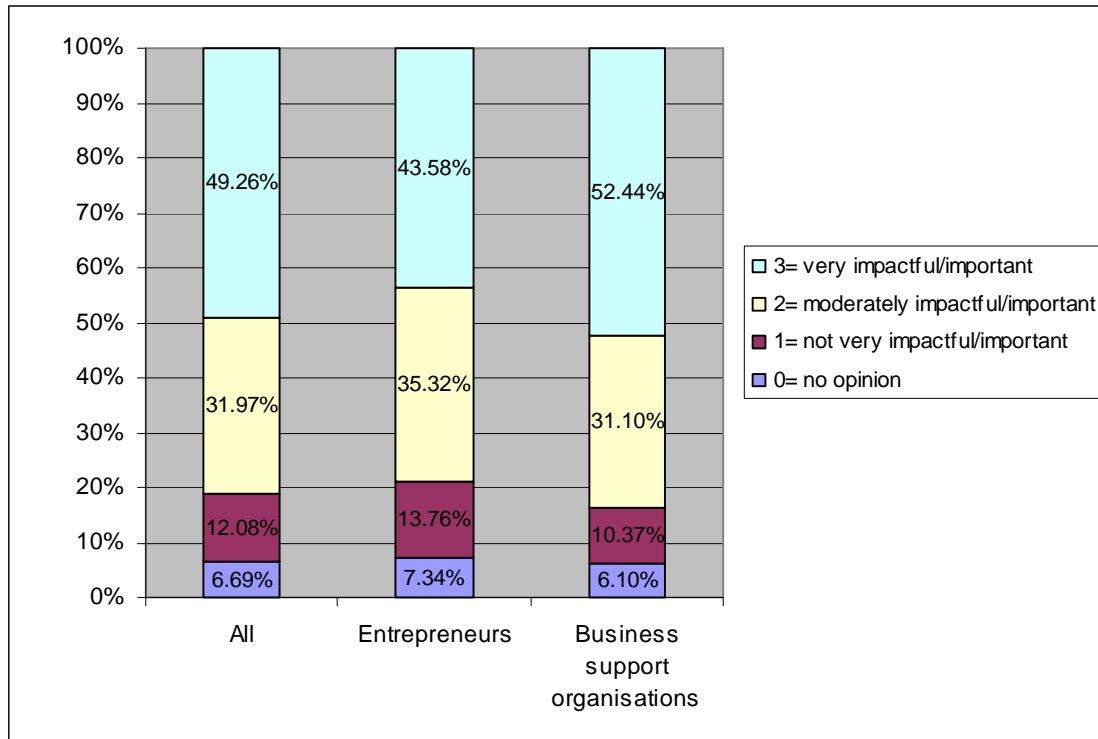
**Chart 22: Question 33 – Develop a guiding framework to encourage and support the development of entrepreneurial education institutions (vocational and higher education)**



**Chart 23: Question 34 – Increase entrepreneurship education supported via EU education funding programmes**



**Chart 24: Question 35 – Increase entrepreneurial training in line with national job plans**



## 8. Untapped entrepreneurial potential of women

Women represent the most underused source of entrepreneurial potential in Europe. They face a number of difficulties in establishing and running their businesses which are more significant than for men, mainly in the areas of access to finance and networking, and difficulties in reconciling business and family obligations.

First question on expanding networks of women entrepreneurship ambassadors and mentors was regarded important and very important by two thirds of all respondents.

Tailored entrepreneurial training for women showed an interesting result. While it was regarded very important by a third of all respondents it was likewise considered not very important by almost the same number of respondents.

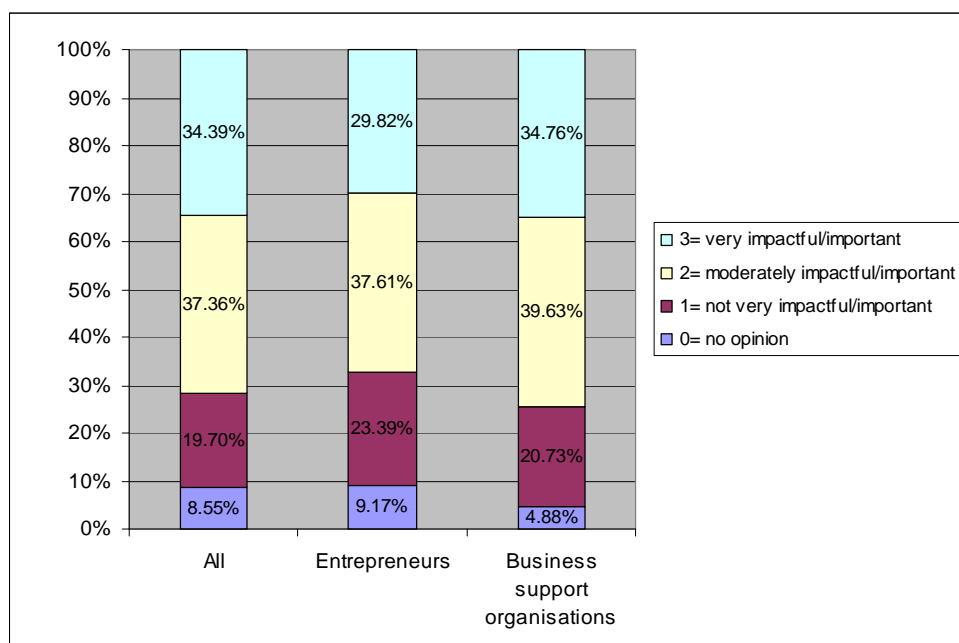
Creating/fostering female investors and networking among women entrepreneurs was deemed important and very important by two thirds of the respondents.

As far as investment readiness training for women entrepreneurs is concerned, 28% of the group entrepreneurs considered it very important while as many as 22% from the same group voted it not important.

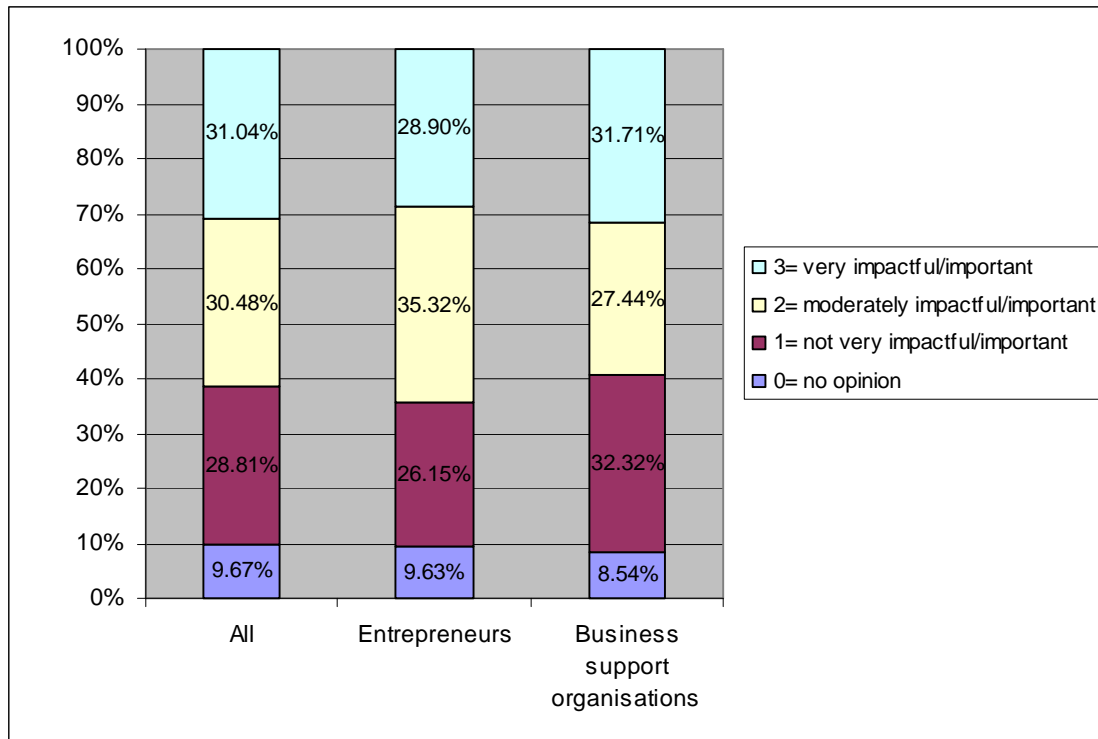
The subsequent question on same maternity rights for women entrepreneurs as for employees was regarded important and very important by 75% of all respondents. Only 16% considered it not important.

A full 64% of all respondents considered available adequate child/dependent care facilities very important and impactful.

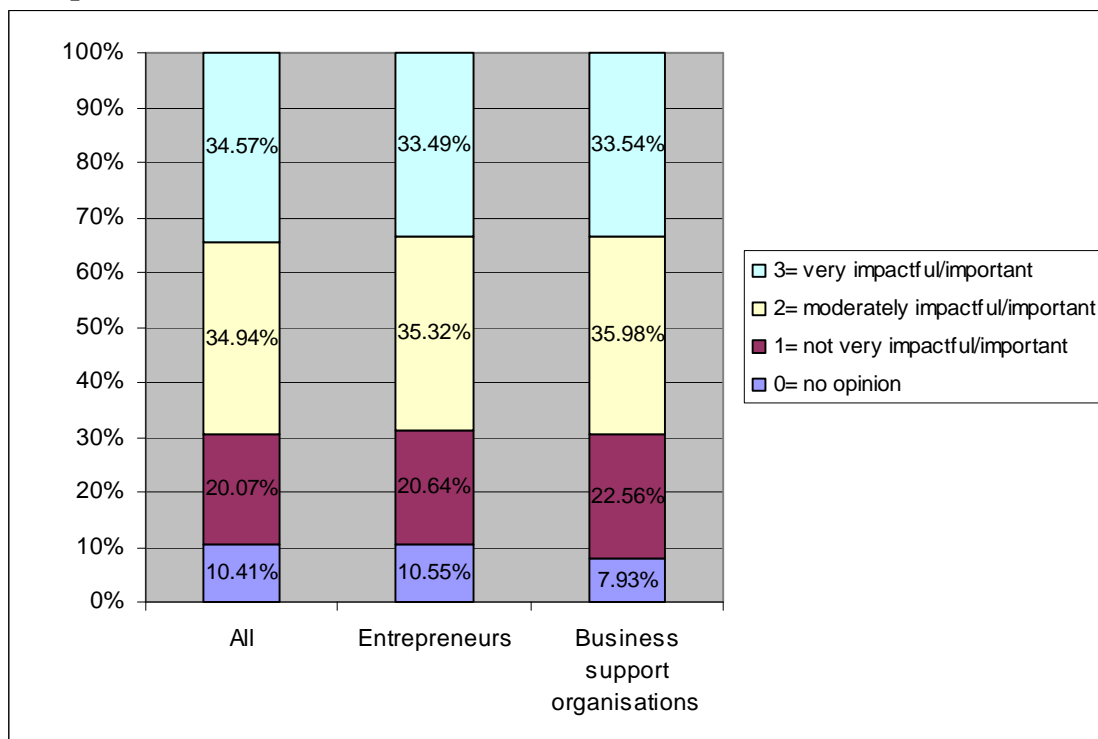
**Chart 25: Question 36 – Continue/expand networks of women entrepreneurship ambassadors and mentors networks**



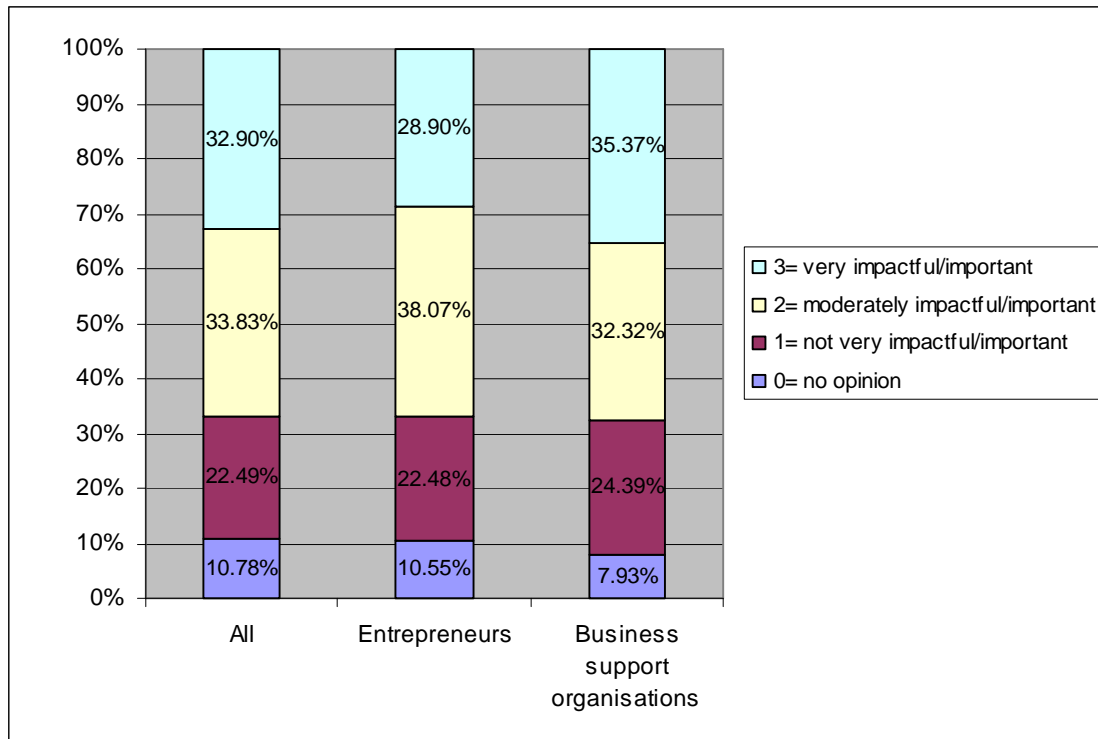
**Chart 26: Question 37 – Tailored entrepreneurial training for women**



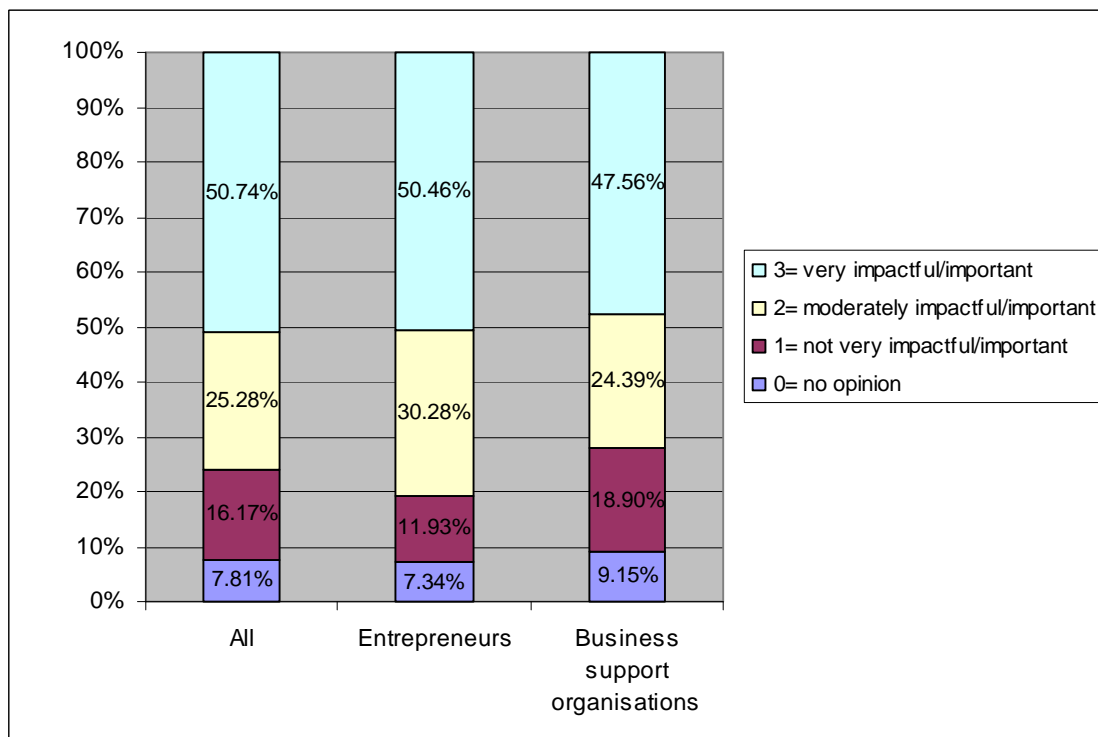
**Chart 27: Question 38 – Create/foster female investors and networking among women entrepreneurs**



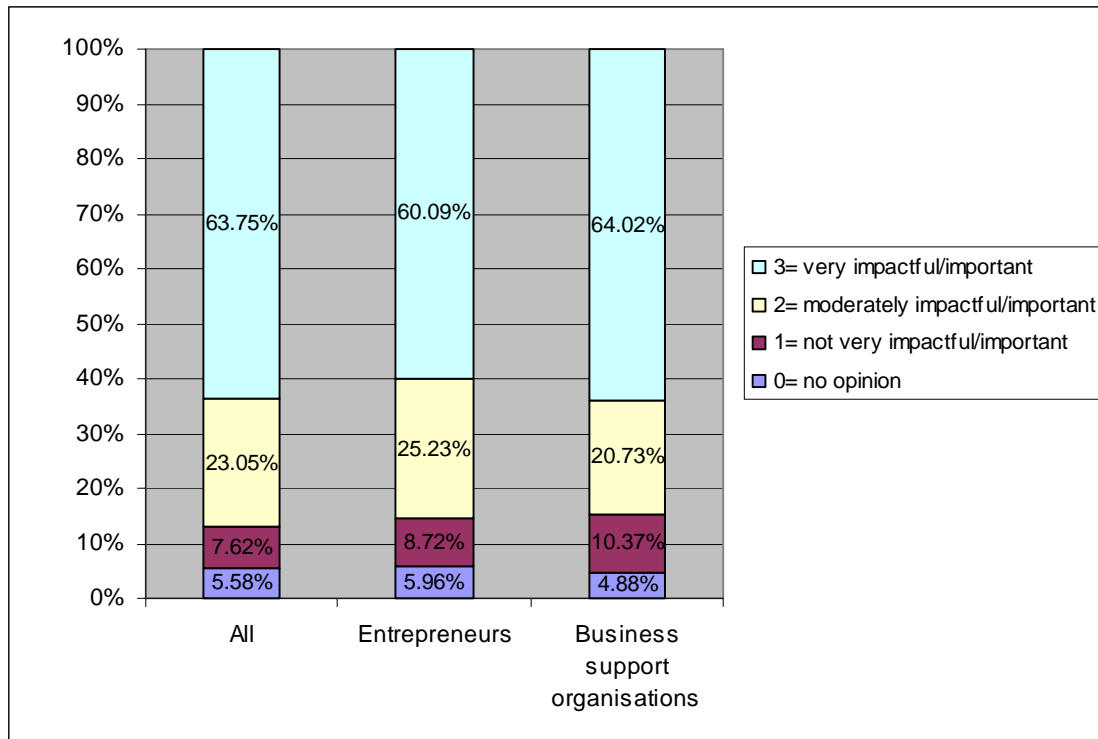
**Chart 28: Question 39 – Investment readiness training for women entrepreneurs**



**Chart 29: Question 40 – Same maternity rights for women entrepreneurs as for employees**



**Chart 30: Question 41 – Adequate child/dependent care facilities available**





## 9. Seniors – second careers and business experience

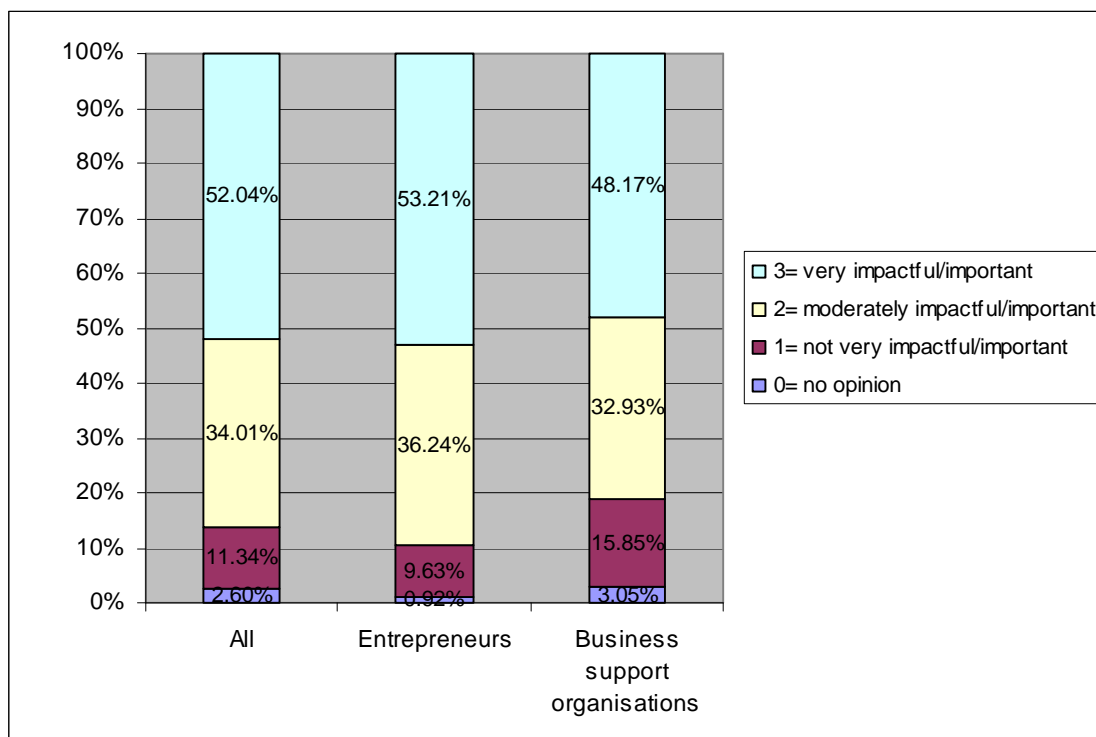
Between 1990 and 2010 the share of citizens aged above 50 increased in Europe from 32.1% to 36.5%. They bring valuable know-how and experience to the table that makes it easier to start and run a company than for an inexperienced founder. Their experience and skills make them invaluable as mentors or potential buyers in a transfer of business.

More than half of all respondents considered establishing networks of volunteer seniors as a very important measure and only 11% regarded it not very impactful.

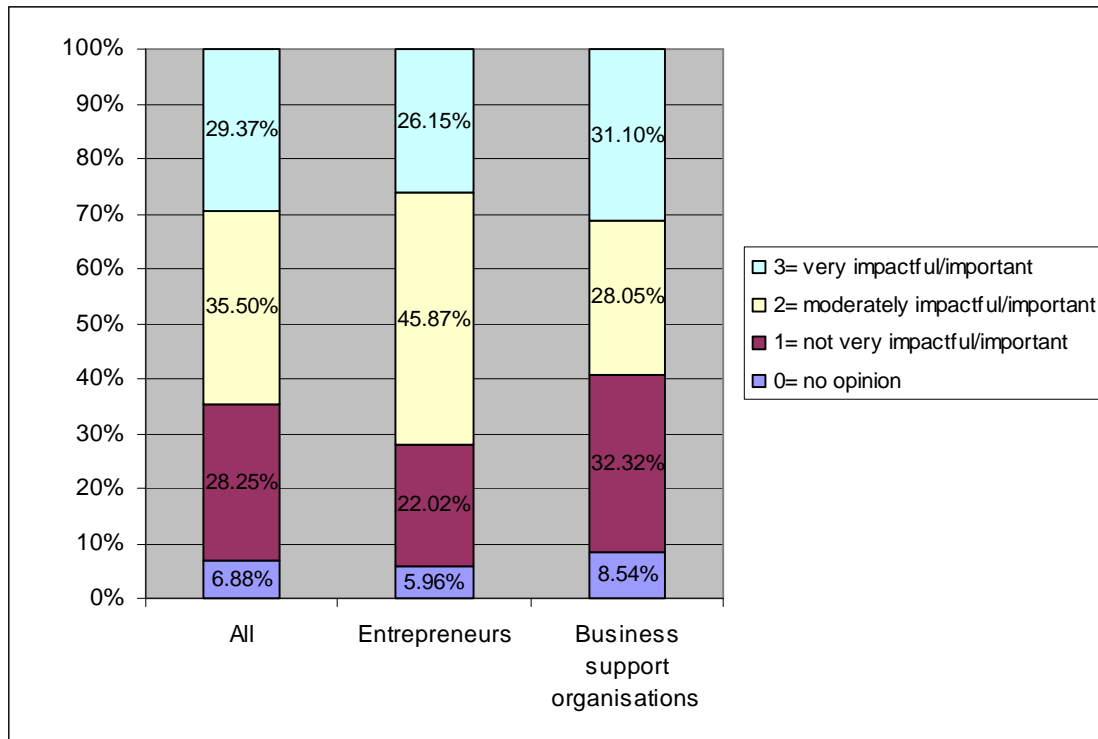
The question on tailored entrepreneurial training was rated not important by 28% of all respondents, however 65% considered it impactful and very important.

Offer grants for unemployed seniors to become entrepreneurs received an even spread of votes by the groups, nevertheless the majority of respondents considered this question as very important. An interesting observation though is that roughly 34% of the business support organisations evaluated it as not important.

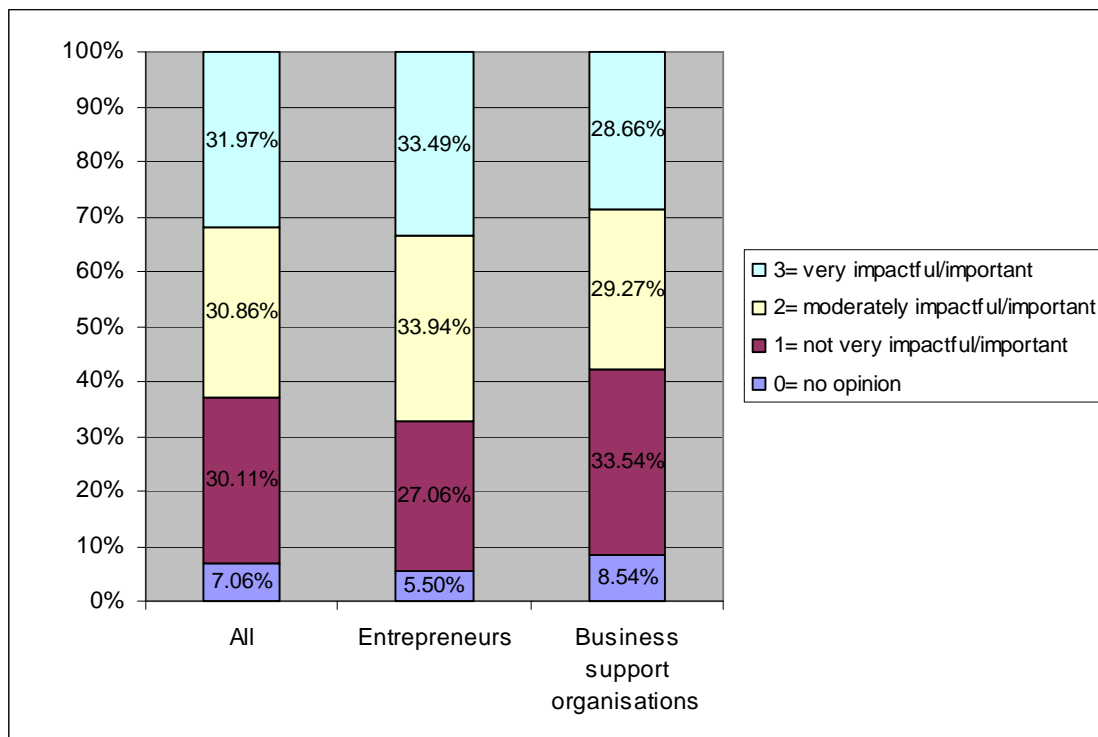
**Chart 31: Question 42 – Establish networks of volunteer seniors to counsel young inexperienced entrepreneurs**



**Chart 32: Question 43 – Tailored entrepreneurial training for seniors without previous business experience**



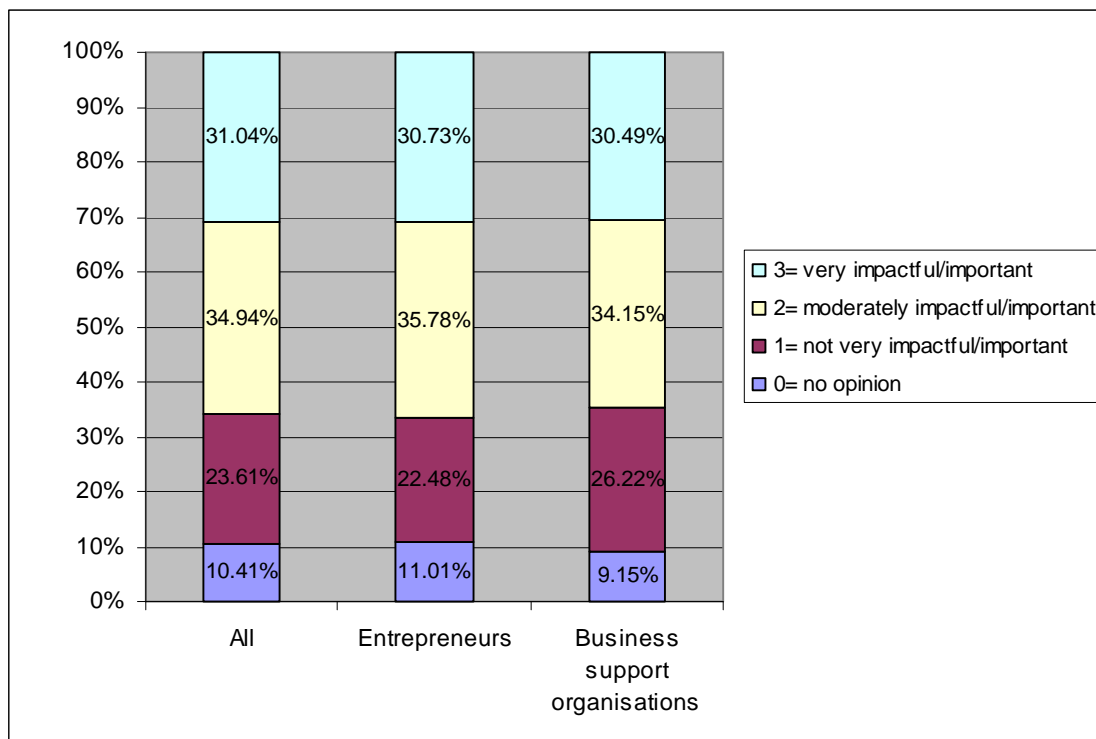
**Chart 33: Question 44 – Offer grants for unemployed seniors to become entrepreneurs**



## 10. Specific support for migrant, minority or other specific groups of potential entrepreneurs

Migrants and members of ethnic minorities represent a valuable entrepreneurial potential of Europe which should be exploited. The measure on offering these groups tailored support was considered important and very important by roughly two thirds of the respondents.

**Chart 34: Question 45 – Tailored support for other specific groups of potential entrepreneurs**



## **11. Conclusion**

Based on the 538 contributions received, it can be said that all the 45 measures in the questionnaire are in general considered essential and necessary as they all – without exception – were regarded by the majority of respondents important and very important.

It can also be concluded that the following 10 measures are of particular interest and importance to the respondents based on the votes given:

1. "Cutting red tape" (reducing the number of administrative procedures, simplifying them and avoiding duplication of tasks) (78.4%)
2. Make tax environment more favourable to early stage financing (68.6%)
3. Entrepreneurial behaviour, skills and mindsets to be embedded in national/regional curricula at all levels – primary, secondary, vocational, higher education and non-formal education and training, alongside integration of work-based teaching and learning in all disciplines and curricula (64.5%)
4. Raising awareness of government administrations and their staff about entrepreneurial and SME challenges (64.3%)
5. Adequate child/dependent care facilities available (63.8%)
6. Reinforce loan guarantee and venture capital facilities (62.1%)
7. Offer support for new businesses to innovate (61.5%)
8. Speed up and simplification of licensing and other permit procedures (59.9%)
9. All young people to have one entrepreneurial experience before leaving secondary school (either as a formal part of the curricula or as an extra-curricular activity that is overseen by the school or a non-formal education body) (58.4%)
10. Targeted training, finance, internationalisation support programmes for high growth potential SMEs (57.1%)