

# How can the European Union contribute to creating a hospitable environment for enterprises, businesses and start-ups to create jobs?

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The Committee on Employment and Social Affairs adopted the initiative report by Anthea McINTYRE (ECR, UK) entitled “How can the European Union contribute to creating a hospitable environment for enterprises, businesses and start-ups to create jobs?”

The Committee on Industry, Research and Energy was also consulted for an opinion on this report pursuant to [Rule 50 of the Rules of Procedure](#) (Associated committee).

Members recall that SMEs are responsible for 85% of newly created jobs. They also recall that 20.7 million SMEs account for over 67% of private-sector employment in the EU, with 30% deriving from micro-enterprises.

Moreover, Members note that despite the fact that we have the best-educated generation of youth in Europe’s history, and Member States have invested huge amounts of money in education and training, our **young people are largely cut off from the labour market** as they compete for temporary and underpaid positions.

Given that the single market and European human resources potential can play a key role in achieving **the Europe 2020 employment targets**, Members call for the following recommendations with a view to contributing to the creation of an environment favourable to job creation by means of the creation of businesses and SMEs :

- **reduce burdens:** Members call on the Commission and the Member States to act with speed and ambition to **reduce the regulatory burden on SMEs**, while ensuring that any proposed solutions are evidence-based and respecting health and safety and Article 9 TFEU;
- **promote ecology and innovation:** Members call on the Commission and the Member States to fully exploit the job potential of the **green economy** by developing a Renaissance of Industry for a Sustainable Europe (RISE) strategy that pursues technological, business and social innovation towards a third industrial revolution including a low-carbon modernisation offensive. They argue that RISE will create new markets, business models and creative entrepreneurs, new jobs and decent work, bringing an industrial renewal with economic dynamism, confidence and competitiveness;
- **encourage micro-entities:** Members support the Commission’s proposal that micro-entities should be excluded from the scope of future proposed legislation unless there is a need for them to be covered;
- **better information for business:** Members call on the Commission to ensure that national SME organisations are part of the newly-established network of SME Envoys and the SME Assembly and are properly informed of EU initiatives and policy proposals;

- **learn new languages:** Members call on the Member States to promote language learning through lifelong learning (vocational training), for employees of SMEs and micro-entities, as a means of reinforcing access to and participation in the single market for such firms;
- **easier access to EU funds:** Members call on the Commission to ensure easier access for SMEs to structural funds, notably by relaxing the requirements for pre-financed projects, reducing the requirements for cofinancing, better targeting different types of SMES, closing the financing gap between call cycles, and supporting capacity-building for SME funding;
- **adequate protection for the self-employed:** Members consider that all measures in support of SMEs should be applicable to the self-employed, especially as regards the different forms of social security system, the benefits provided under those systems and the prevention of occupational hazards.

The parliamentary committee also calls for (i) greater rigour in assessing the impact of future and existing regulation on SMEs and competitiveness in general; (ii) the honouring of the commitment under the Small Business Act to make it possible to start a business within 48 hours maximum; (iii) the addressing of any identified negative effects that EU legislation has on businesses and their ability to create jobs, particularly with regard to the aspects of lack of knowledge, overall perception and lack of support for the practical application of EU legislation.

The Commission is called upon to (i) improve the flow of information to SMEs; (ii) check that all legislation is doing what it was intended to do, and to identify areas where there are inconsistencies or ineffective measures affecting employment opportunities; (iii) support self-employment, possibly across borders and especially among women and young people, by creating an environment and developing an education and social protection system that will encourage entrepreneurs to set up and develop their businesses and create new jobs.

Initiatives are awaited in order to make full use of EU funding sources (e.g. the ESF, ERDF, COSME, Horizon 2020 and Erasmus+ in order to promote an entrepreneurial culture, particularly among women and young people, and to **strengthen business skills in school curricula**.

The report raises the following points:

**Job creation:** to foster job creation, Member States must, with support from the Union where appropriate, put in place the reforms needed to address the following factors: skills, levels of qualification, entrepreneurship, the impact of demographic change, market access, finance, the labour market, rights at work, administrative costs and better regulation. The report highlights the job potential of the **green economy** which, according to Commission estimates, could create 5 million jobs by 2020, as well as the need for **flexible framework provisions** to promote entrepreneurship and self-employment.

**Skills:** Members call for education and training systems to be better adapted to and converge with future businesses' skills needs (in the areas of science, technology, engineering and mathematics in particular).

**Entrepreneurship skills:** stressing that start-ups and self-employment create employment opportunities and help build strong industrial and services sectors, Members advocate that Member States be encouraged to promote entrepreneurial mindsets and skills. To this end, they draw attention to the fact that, faced with the threat of closure, workers in many European companies can **take over the ownership** of those companies through cooperative societies. They call for consideration to be given to possible new lines of support through the European Globalisation Adjustment Fund and the European Investment Bank

in this regard. Concerned at the growing phenomenon of **bogus self-employment** in the European Union, Members call on the Member States to adopt specific policies to prevent this, such as sufficient employment opportunities or better labour inspection.

**Financial and taxation aspects:** Members note that bank lending is still the most common source of finance in Europe but that there are real benefits in new forms of financing through innovative schemes and non-bank routes, such as crowdfunding, SME angels, peer-to-peer lending, micro-lending, easily accessible microcredit agencies and other tools. They believe that unfair tax competition between Member States negatively affects the development of enterprises, that SMEs are often at a disadvantage in tax systems compared to larger companies, and that potential growth and investment where SMEs are concerned are therefore being stifled. They are in favour of **better coordination of company tax systems in the EU through the introduction of a harmonised tax base**, accompanied by action to combat tax evasion and aggressive tax planning.

**Labour market:** Members believe that businesses could create more jobs if the right conditions exist, including access to a qualified and highly-skilled workforce, work-life balance, reasonable costs and taxes, and keeping administrative and regulatory burdens to a minimum. They encourage the establishment of a European definition of the ‘auto-entrepreneur’ for activities related to the European digital economy.

**Better regulation:** lastly, Members stress the need for more efficient and more clearly-worded regulations that can be implemented in a simple manner and can help all actors, including entrepreneurs, operate within the rule of law and enable both entrepreneurs and employees to benefit from the opportunities and protection afforded by employment and health and safety legislation.