Entrepreneurship, innovation policy and the small and medium enterprises SMEs. Green Paper and Charter

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PURPOSE : to launch a debate on the future of entrepreneurship in Europe. CONTENT : the Green Paper presented by the Commission aims to stimulate debate amongst the widest possible audience of stakeholders. It asks specific questions on the way forward, as a first step towards a solid and coherent approach to the needs of entrepreneurs. Entrepreneurship is multi-dimensional and although it can occur in different contexts, economic or other, and in all types of organisations, this Green Paper focuses on entrepreneurship within a business context. Removing the barriers to entry, growth, transfer or exit of firms are a prerequisite to encouraging entrepreneurship, but it is not enough according to the Commission. Entrepreneurship is first and foremost a mindset: there is a need to motivate people to choose an entrepreneurial career path and they must be equipped with the necessary skills and means to succeed. Therefore, the Green Paper looks at measures that are relevant at the levels of individuals to start a business, of entrepreneurs to grow their firms, and of society at large to actively support entrepreneurial initiative and risk-taking. The Green Paper suggests adopting a co-ordinated approach to entrepreneurship policy. There is a need to involve all the relevant policy-makers at all levels, European and national. Only by mobilising all that have a role to play, we can provide a coherent and comprehensive response to the needs of entrepreneurs. Three pillars for action towards an entrepreneurial society are put forward in this Green paper. - Bringing down barriers to business development and growth; - Balancing the risks and rewards of entrepreneurship; - A society that values entrepreneurship. 1) Bringing down barriers to business development and growth : current work to improve the functioning of the Internal Market and to reduce red tape, must continue to bring down barriers for doing business and the 'think small first' principle should be promoted. Also efforts must be intensified to improve access to finance and skilled workers. Entrepreneurs need to be supported in developing the skills required to adapt their business to changing conditions. Sharing experience and working together, in clusters or networks, can help entrepreneurs to find inspiration and advice, access technology and knowledge, or identify partners. Fostering networks could be particularly effective in support of certain sectors or groups of entrepreneurs, such as ethnic minority businesses; 2) Balancing the risks and rewards of entrepreneurship : risk-taking should be rewarded, rather than punished. Social security and tax provisions must be re-assessed in the light of their effects on entrepreneurs' willingness to take the risk to start a business or grow. Taking over an existing firm should be encouraged and the potential of 'intrapreneurship' could be further explored. To reduce the negative effects of bankruptcy, appropriate measures such as earlier discharge of debts, the retention of certain assets or lifting certain restrictions on bankrupts should be considered. 3) A society that values entrepreneurship : although many people express a preference for being an entrepreneur, many lack theconfidence and skills to turn their ambitions into action. Young people should be exposed to entrepreneurship and be supported, along with their trainers, in developing entrepreneurship skills. Campaigns could provide role models and success stories to showcase entrepreneurs and highlight the benefits that they bring to society. These should particularly address those that can play a key role in supporting prospective entrepreneurs, such as schools, universities, investors, local communities, regions, business organisations, advisers and the media.