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## TEXTS ADOPTED

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### **P8\_TA(2016)0359**

#### **How best to harness the job creation potential of SMEs?**

**European Parliament resolution of 15 September 2016 on how best to harness the job creation potential of small and medium-sized enterprises (SMEs) (2015/2320(INI))**

*The European Parliament,*

- having regard to the Treaty on the Functioning of the European Union, and in particular Articles 173 and 49 thereof,
- having regard to the Commission communication of 3 March 2010 entitled ‘Europe 2020: a strategy for smart, sustainable and inclusive growth’ (COM(2010)2020),
- having regard to the Small Business Act (COM(2008)0394),
- having regard to the Commission communication on EU regulatory fitness (COM(2013)0685),
- having regard to the Commission’s Entrepreneurship 2020 action plan,
- having regard to the Commission communication ‘An action plan to improve access to finance for SMEs’ (COM(2011)0870),
- having regard to the Commission communication ‘Towards a job-rich recovery’ (COM(2012)0173),
- having regard to the European Investment Plan,
- having regard to its resolution of 14 June 2012 on ‘Towards a job-rich recovery’<sup>1</sup>,
- having regard to its resolution of 5 February 2013 on ‘Improving access to finance for SMEs’<sup>2</sup>,
- having regard to its resolution of 15 April 2014 entitled ‘How can the European Union contribute to creating a hospitable environment for enterprises, businesses and start-ups to create jobs?’<sup>3</sup>,

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<sup>1</sup> OJ C 332 E, 15.11.2013, p. 81.

<sup>2</sup> OJ C 24, 22.1.2016, p. 2.

<sup>3</sup> Texts adopted, P7\_TA(2014)0394.

- having regard to the Late Payments Directive (Directive 2011/7/EU),
- having regard to the EU programme for Employment and Social Innovation (EaSI),
- having regard to the EU Research and Innovation Programme Horizon 2020,
- having regard to the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME),
- having regard to its resolution of 17 April 2014 on the ‘top ten’ consultation process and lightening the burden of EU regulation on SMEs<sup>1</sup>,
- having regard to the Commission report ‘Minimising regulatory burden for SMEs – Adapting EU regulation to the needs of micro-enterprises’ (COM(2011)0803),
- having regard to the Commission’s ‘Annual Report on European SMEs 2013/2014 – A Partial and Fragile Recovery’,
- having regard to the Eurofound report of January 2013 entitled ‘Born global: The potential of job creation in new international businesses’,
- having regard to the Eurofound report of 2013 entitled ‘Public policy and support for restructuring in SMEs’,
- having regard to the Eurofound report of 2016 entitled ‘ERM annual report 2015: Job creation in SMEs’,
- having regard to the Eurofound report of 2012 entitled ‘Public measures to support self-employment and job creation in one-person and micro enterprises’,
- having regard to the Eurofound report of 2011 entitled ‘SMEs in the crisis: Employment, industrial relations and local partnership’,
- having regard to the Eurofound report of 2011 entitled ‘Employee representation at establishment level in Europe’,
- having regard to the Eurofound report of 2014 entitled ‘Social dialogue in micro and small companies’,
- having regard to the 2015 European Commission survey on the access to finance of enterprises (SAFE),
- having regard to the Commission’s ‘Annual Report on European SMEs 2014/2015 – SMEs start hiring again’,
- having regard to its resolution of 10 September 2015 on creating a competitive EU labour market for the 21st century: matching skills and qualifications with demand and job opportunities, as a way to recover from the crisis<sup>2</sup>,

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<sup>1</sup> Texts adopted, P7\_TA(2014)0459.

<sup>2</sup> Texts adopted, P8\_TA(2015)0321.

- having regard to its resolution of 8 July 2015 on the Green Employment Initiative: Tapping into the job creation potential of the green economy<sup>1</sup>,
  - having regard to its resolution of 23 October 2012 on Small and Medium Size Enterprises (SMEs): competitiveness and business opportunities<sup>2</sup>,
  - having regard to Commission recommendation 2003/361/EC concerning the definition of micro, small and medium-sized enterprises,
  - having regard to the Eurobarometer Survey of 2015 on ‘Internationalisation of Small and Medium-Sized Enterprises’,
  - having regard to the OECD study of 2015 entitled ‘Financing SMEs and Entrepreneurs 2015 – An OECD Scoreboard’,
  - having regard to Rule 52 of its Rules of Procedure,
  - having regard to the report of the Committee on Employment and Social Affairs and the opinions of the Committee on Budgets and the Committee on Regional Development (A8-0248/2016),
- A. whereas SMEs (22,3 million<sup>3</sup> were active in the EU-28 in 2014) create more jobs than other private sector companies, providing about two thirds of all private-sector employment in the EU and whereas entrepreneurs and SMEs make an important contribution to the socio-economic growth and development of the EU; points out that supporting SMEs helps to combat European unemployment and youth unemployment rates, which are at 8,9 % and 19,4 % respectively<sup>4</sup>; whereas the number of unemployed – about 23 million people in 2015 – remains historically high;
- B. whereas in 2014 SMEs contributed greatly to employment growth, up to 71 % in the non-financial business economy;
- C. whereas job creation in SMEs is influenced by a number of internal and external factors – among the latter, the essential conditions are manageable competition (including from multinational corporations (MNCs) and the shadow economy), manageable administrative burdens and overall production costs, as well as access to finance and skilled workers;
- D. whereas recent Eurofound research shows that SMEs which tend to create jobs are often young, innovative, internationally active, located in urban areas and run by skilled managers, and have comprehensive growth and investment strategies;
- E. whereas SMEs play an important role in strengthening economic, social and territorial cohesion, while also contributing to smarter, sustainable and inclusive growth; whereas the SME sector is important at regional level and particularly in rural regions;

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<sup>1</sup> Texts adopted, P8\_TA(2015)0264.

<sup>2</sup> OJ C 68 E, 7.3.2014, p. 40.

<sup>3</sup> Annual Report on European SMEs 2014/2015 ([http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index\\_en.htm](http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index_en.htm)).

<sup>4</sup> Data from February 2016 (<http://ec.europa.eu/eurostat/documents/2995521/7225076/3-04042016-BP-EN.pdf/e04dadf1-8c8b-4d9b-af51-bfc2d5ab8c4a>).

- F. whereas, despite the fact that 90 % of world growth occurs outside the EU, only 13 % of SMEs have conducted international business outside the EU;
- G. whereas there are differences in SME characteristics across the EU, i.e. on scale and impact on national economies; whereas there are historical reasons for these differences;
- H. whereas there are skills scarcity and disparities across the EU, as well as the flow of skilled labour mostly from the post-2004 enlargement Member States and euro zone crisis countries to other Member States, creating peripheral regions with shortages of skilled workers because of the brain drain phenomenon;
- I. whereas, despite the internal market rules, significant differences persist across the EU in terms of regulatory frameworks for SMEs, in particular regarding the certainty of future regulatory developments and the legal quality of regulation in general;
- J. whereas SMEs' representatives point to high labour costs as one of the major restrictions to job creation and expect the reduction of said costs, the highest labour costs having been identified in over-regulated and bureaucratised systems;
- K. whereas, owing to their smaller scale, SMEs find it more difficult than large companies to comply with regulatory standards;
- L. whereas employee representation and social dialogue are not as widespread in SMEs as they are in larger companies and trade unions in some countries are making it a priority to try to increase employee representation in SMEs, for example by trying to encourage the establishment of works councils in SMEs<sup>1</sup>;
- M. whereas the social and solidarity-based economy provides employment for more than 14 million people, representing around 6,5 % of workers in the EU; whereas there are 2 million social and solidarity-based economy enterprises in the EU, representing 10 % of undertakings in the Union; whereas social enterprises have proven resilient during the economic crisis;
- N. whereas SMEs better resist economic crisis in terms of job losses, in particular cooperatives in industry and services have shown better resilience since the 2008 crisis than other enterprises in the same sectors;
- O. whereas business transfers to employees under the form of a cooperative are successful types of business transfers, as is proven by their high survival rates<sup>2</sup>;
- P. whereas too many posts remain vacant because of low labour mobility and the inadequacy of some education and training systems for today's labour market;
- Q. whereas the green sector was one of the main net creators of jobs in Europe during the recession and SMEs with a long-term plan for operating in the green economy create jobs that are more resilient to the current externalities of the globalised economy<sup>3</sup>;

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<sup>1</sup> Eurofound report of 2011 entitled 'Employee representation at establishment level in Europe'.

<sup>2</sup> CECOP publication of 2013 entitled 'Business Transfers to Employees under the Form of a Cooperative in Europe'.

<sup>3</sup> Texts adopted, P8\_TA(2015)0264.

- R. whereas data on contractual arrangements and work organisation in SMEs is difficult to find in general;
- S. whereas according to Eurofound, working conditions in many countries, including working hours, are often more flexible and informally arranged in SMEs than in larger companies; whereas the initial impact of the crisis appears to have had the effect of increasing existing 'internal' flexibilities, as organisations try to cope with shifting external circumstances and demands;
- T. whereas the ECB argues that the sovereign debt crisis increased banks' financing costs in the euro zone crisis countries, which were then passed on to SMEs in the form of higher lending rates or smaller loans;
- U. whereas the EU budget should be used to boost the creation of long-term quality and qualified employment and the potential of SMEs to create decent and sustainable jobs;
- V. whereas access to finance is still one of the main barriers to the creation and growth of SMEs, particularly in the case of social economy enterprises, given, inter alia, the lack of a sufficiently diversified range of equity instruments and risk capital across the Union, which is needed along the growth path of a company;
- W. whereas owing to historical reasons some societies perceive entrepreneurs rather negatively, which in some cases is also reflected in governments' discriminatory treatment of the SME sector, in comparison, for example, with the advantageous environment created in these countries for foreign investment, especially for MNCs;
- X. whereas the unlevel playing field between MNCs and SMEs also results from the practice of profits shifting to countries considered as tax havens;
- Y. whereas the Commission's studies do not provide a detailed assessment of the potential impact of the future Transatlantic Trade and Investment Partnership (TTIP) on SMEs in different Member States;

***Job creation potential and skilled labour force***

1. Recalls that almost 99 % of European companies are SMEs, and are therefore the backbone of the EU economy;
2. Believes that in order to ensure better conditions for quality job creation for the SME sector, Member States and the Commission must address the following problems, which are present in unequal proportions in different Member States and regions: skills shortages, insufficient estimation of future skills needs, skills mismatches, brain drain, unnecessary regulatory burdens and regulatory uncertainty in all fields, insufficient dialogue between labour market stakeholders, limited access to finance and public procurement, poor innovation capacity and access to new technologies, insufficient support for SMEs within public investment policies, the shadow economy and fraud, as well as the advantaged position of MNCs;
3. Takes the view that tackling the above-mentioned structural problems would result, inter alia, in fairer competition and the extension of the social contribution and tax base to a higher number of economic operators, giving Member States the opportunity to finance employment-friendly policies, particularly for SMEs and ensuring fair competition between Member States and fairer market conditions;

4. Stresses the need for a regulatory environment that encourages investment that concurrently fosters sustainable growth and quality jobs;
5. Acknowledges that, among other matters, labour costs, as a part of doing business, have an impact on SMEs' job creation potential and can influence competitiveness; to this end, stresses that the tax burden should be shifted away from labour to other sources of taxation that are less detrimental to employment and growth, while ensuring adequate social protection;
6. Stresses that high standard for workers' protection has to be achieved and that lowering labour costs by reducing workers' protection should not be a means of reducing unemployment; warns in addition that reducing workers' pay and rights could induce higher skills outflows and jeopardises job security, exposing SMEs to shortages of skilled workers, while at the same time generating precariousness in Europe; takes the view that an increase in labour market flexibility should not lead to a reduction of workers' protection, as it does not increase SMEs job creation potential;
7. Takes the view that the unnecessary academisation of some professions does not help to tackle the problem of skills scarcities in SMEs; believes that vocational education and training, and especially dual systems operated in cooperation with SMEs, should be given more public support; stresses that dual vocational education and training is an important tool in reducing youth unemployment and calls for support for SMEs which train young people to become qualified skilled workers and thus make an important contribution to including young people in the labour market and in society; points out that a dual education system used in one Member State cannot be simply copied by another Member State;
8. Asks Member States to foster the development of a strong entrepreneurial culture by embedding related skills in education and training;
9. Considers that apprenticeship schemes within SMEs should be promoted by Member States, including through tax and financial incentives as well as through quality frameworks including appropriate health and safety protection; recalls that SMEs have very specific skills needs; stresses that, in this regard, dual education programmes and the combination of education and traineeship opportunities must also be encouraged, as they play a vital economic and social role as instruments to promote equal opportunities for all citizens;
10. Urges Member States to develop forms of cooperation that involve all governance levels, businesses (including businesses linked to the social economy), trade unions, educational institutions and other stakeholders with a view to adapting their education and training systems to address the disparity between skills/qualifications and the needs of the job market, particularly those of SMEs; calls for encouraging more informal training including on-the-job training and knowledge sharing among staff;
11. Stresses the key role of enterprises, including SMEs and micro-enterprises, in collaborating with policy makers and social partners in transforming the educational systems and vocational training programmes in Europe, both with regard to teaching methods and curricula design, so as to put a stronger focus on the development of 21st century working skills, in particular digital skills, critical thinking, problem solving and teamwork; highlights in this context the importance of hands-on and real-life experiences;

12. Highlights the importance of closing the skills gap that innovative SMEs are facing; believes the Commission needs to put emphasis on facilitating relevant training and education which can contribute to closing the skills gap with regard to ICT skills that are essential for innovative SMEs;
13. Considers that, with a view to balancing supply and demand in employment, Member States should reform their education systems to take account of the changed social context with regard to the importance of teaching and learning one or more languages and technological innovations;
14. Calls on Member States to provide appropriate training and ensure an ongoing professional development of teachers to promote up-to-date teaching methods and the development of 21st century skills and competencies;
15. Calls for extra measures also to be taken for the integration of the Generation 50+ into the labour market, business, education or training with the aim of preventing long-term unemployment and the risk of social exclusion for this category of workers and their families;
16. Considers that SMEs have an important role to play in creating green jobs; encourages further investment in the potential of SMEs to turn ecological challenges into business opportunities;
17. Recognises the growing significance of self-employment and micro enterprises, which are of vital importance for boosting innovation and entrepreneurship; is concerned, however, at the growing phenomenon of bogus self-employment across the EU, which should not be considered in positive terms as contributing to the 'growing number of micro-enterprises', but, instead, causes precariousness of employment, leads to unfavourable working conditions and a reduced or absent social protection, and undermines the image of entrepreneurship, putting many people in vulnerable situations, thereby generating new social problems that need to be tackled;
18. Highlights that the administrative burden of regulation is disproportionately higher for the self-employed and micro enterprises than for larger companies; considers in this regard that any measures concerning 'bogus self-employed workers' must be clearly targeted and must not place any unnecessary administrative burdens on the individual;
19. Is concerned about the precarious working conditions of a high number of self-employed workers and their increasing levels of poverty; calls on the Commission and Member States to promote micro and small enterprise collaborative networks under the cooperative form (such as cooperatives of individual producers, cooperatives of freelancers, cooperatives of SMEs, activity and employment cooperatives) as those networks considerably reinforce the sustainability and the employment potential of the constituent units;
20. Takes note of the Investment Plan for Europe, which is designed to create new jobs and boost innovation and competitiveness, and hopes that the European Investment Project Portal, as a transparent pipeline for investable projects in the EU, will help orientate investors towards existing opportunities, in favour of financing SMEs and start-up development as an important and sustainable way to reduce unemployment and promote long-term quality employment; calls therefore for different categories with proper

thresholds to be included in the European Investment Project Portal in order to allow SMEs and start-ups to fully benefit from its functioning;

21. Recalls that the EU committed itself to strengthening its industrial base by setting the target that industrial production will account for at least 20 % of GDP by 2020, which should be increased to 30 % by 2030; considers that this is an essential prerequisite for improving the employment situation in Europe effectively;
22. Emphasises the role of forward-looking legislation and process facilitation in the context of rapid developments in the knowledge-intensive and highly innovative SME sector, including social economy enterprises and cooperative entrepreneurship, underlining its role in smart specialisation and bearing in mind the EU Urban Agenda, as well as looking ahead to the Pact of Amsterdam and the role of networking and umbrella structures such as the European Innovation Partnership;
23. Notes that SMEs in Member States that do not have public investment banks may be at a disadvantage compared with those in countries with functioning publicly owned investment banks, as an assessment of public interest is not a priority for private banking institutions;
24. Calls on the Member States to enforce the legislation on the equal access of SMEs to public procurement;
25. Calls on the Member States to promote the creation and development of cooperative enterprises as there is a proven experience that they are more resilient during the crisis and less subject to job losses than the average enterprise and to create quality jobs that do not delocalise; calls on the EIB and the Commission to keep Parliament informed of the concrete measures taken so far to enhance the access to funding for cooperatives and social enterprises;
26. Considers that EU and national policies should not only focus on SME start-ups and the creation of new jobs in SMEs and calls on the Commission and Member States to continue to support business transfers as an tool for maintaining existing jobs in SMEs that risk closing down; calls for the promotion of business transfers to employees under the cooperative form as a successful types of business transfers;
27. Calls on the Commission to better engage Member States and local as well as regional authorities, third level education and training facilities, civil society associations, businesses, trade unions and financial institutions with a view to promoting and making full use of EU funding sources (e.g. the EFSI, the ESF, the ERDF, COSME, Horizon 2020 and Erasmus+) so as to help overcome the difficulties in accessing information, counselling and finance which are some of the main barriers to the growth of SMEs and their job creation potential; also emphasises the importance of cross-border SME promotion programmes under the framework of the European research initiative EUREKA as a means to further cooperation between SMEs and research institutes; calls on the Commission and on Member States to better coordinate the different funding instruments for SMEs;
28. Stresses, in this regard, that so far, training and information on such opportunities is almost non-existent, in comparison with actual needs and the many opportunities that these funds could create;



29. Urges the Commission to work with national contact points to develop assertive and effective marketing campaigns, designed solely for SMEs, on the 'Fast Track to Innovation' instrument which is part of the Horizon 2020 programme;
30. Calls on SMEs (including micro-enterprises) as well as on local and regional authorities to take full advantage of the opportunities existing to combine the European Structural and Investment Funds (ESI Funds) and EFSI, bearing in mind that these are two complementary instruments; recommends the combination of ESI Funds and EFSI in thematic and multi-country investment platforms, and invites the Commission and the EIB Group to intensify their efforts in setting up these platforms in order to promote EIB Group products and improve SMEs' access to finance;
31. Underlines the need to increase investment in research, innovation, qualified training and development in order to spur the qualitative growth and job creation potential of European SMEs; stresses the fact that EUR 75 billion has been earmarked to support SMEs under the SME Window of the EFSI; welcomes the successful implementation of SME financing under the EFSI among the approved projects so far;
32. Calls on the Commission, when it revises the multiannual financial framework 2014-2020, to find a way to fully compensate for the reductions to the EFSI budget in the allocations to the Horizon 2020 programme, given its importance to economic development and job creation, particularly for SMEs;
33. Welcomes the move towards using financial instruments for SME support, but believes that grant funding should be maintained where it plays a critical and necessary role in the promotion of innovation, development and research, which are critical for job creation and the future economic success of Europe;
34. Urges both the Member States and the Commission, in the framework of a holistic approach to SME support, to make significant progress in the further simplification of EU funding by 2017 with regard to the application, management and monitoring/control of projects, in particular by introducing a uniform EU-wide electronic public procurement procedure, complete e-cohesion, a single audit based on the risk principle, the reduction of data and information requirements, and the elimination of gold-plating through extensive regulatory optimisation; stresses, however, the need to ensure a proper balance between simplification on the one hand, and the detection and prevention of irregularities, including fraud, on the other; asks the Commission to come forward with proposals for legislative changes to the regulations on cohesion policy during the mid-term review/revision, with the aim of facilitating access to finance for SMEs and in particular for start-ups wanting to scale up; recalls that, on the basis of the Commission's calculations, European e-procurement, transparency and reductions in administrative expenditure could make it possible to save as much as EUR 50 billion per annum;
35. Invites the Commission, before it initiates a full-fledged debate with Parliament on the future financial framework and on cohesion policy in the post-2020 period, to carry out the quantitative studies necessary to gauge the impact of SME support policies and instruments, which would make it possible to carry out preparatory work by monitoring results and assessing their effectiveness compared with that of other forms of assistance not geared towards businesses below a given size;
36. Underlines the importance of accessibility to supportive EU funding measures and to electronic public services for SMEs located in smaller urban zones and rural areas,

enhancing their employment potential and contributing to the economic development in areas at risk of depopulation;

37. Calls on SMEs to overcome the gender gap in the labour market with regard to employment and pay, amongst other issues, by providing or supporting childcare facilities, carers' leave, flexible working hours for carers, and to ensure equal pay for equal work between male and female workers;
38. Calls on the Member States to ensure that local childcare infrastructure is provided in order to facilitate parents' access to the workforce;
39. Calls on the Commission and the Member States to boost ICT and STEM training and education in order to equip both the current and the future workforce with the relevant e-skills; encourages the Commission and Member States to support programmes, such as open online courses, that provide unemployed young people with e-skills, and encourages the same for the 50+ generation/active seniors;
40. Underlines the need for targeted incentives for start-ups, SMEs, micro-enterprises in order to facilitate their establishment and operation, as well as the need to facilitate the hiring of a qualified labour force and the training of employees;
41. Takes the view that mobility in European apprenticeships and professional training must be further strengthened;
42. Encourages the Member States, regional governments, educational institutions and social partners to create opportunities for young people to acquire entrepreneurial skills as well as to better recognise and validate non formal education and skills; also stresses the importance of business mentorship for young entrepreneurs and early-phase SMEs in order to improve success rates and sustainability of companies and jobs;
43. Firmly believes that the Master Craftsman Certificate must be maintained;
44. Welcomes the 'Erasmus for Young Entrepreneurs' programme, which helps provide young entrepreneurs with the knowledge and useful skills to start and/or successfully run a business; believes that such programmes should be further promoted by Member States and the Commission in order to make the programme better known among the target groups and to help more young people to develop their businesses and succeed;
45. Calls on the Member States to adopt favourable legislative frameworks to promote and support the employment of young people in SMEs or incentivise them to start their own businesses, including by better access to information and tailor-made counselling, by facilitating access to credit and funding arrangements as well as by the creation of one-stop shops; believes that such frameworks should also include promotion of work placement programmes for students so they could get their first practical experience in an SME, while ensuring adequate social protection;
46. Notes that measures should be taken to better enable the recognition of qualifications and diplomas across Europe, including diplomas and online certificates such as those provided by Massive Open Online Courses (MOOCs), and the validation of non-formal learning in order to enable professionals to contribute with their knowledge and skills throughout Europe;

47. Welcomes the Commission legislative proposal on business insolvency, including early restructuring and second chances, to address fear of failure and make sure that entrepreneurs have a second chance;
48. Emphasises that corporate social responsibility has a long European tradition and that socially responsible businesses continue to set an example today; stresses that SMEs can play an important role in ensuring environmentally, socially and economically sustainable growth;

***Favourable and stable regulatory environment***

49. Calls on the Member States to avoid overregulation which stifles business' competitiveness and their potential to create jobs; takes the view that removing unnecessary regulatory and administrative burden, together with developing sound and sustainable regulation, including through systematic use of the 'SME test' and efficient implementation in the Member States, constitute the right way to lower SMEs' costs and to increase their job creation potential; stresses that this should not undermine the protection of workers;
50. Takes the view that a favourable and stable regulatory environment, including intrinsic clarity of rules are essential prerequisites for sustainable quality job creation in SMEs; considers that this regulatory certainty must encompass, among other elements, contract law and fiscal and social regulation, protection of workers, as well as tax regulations and also legal certainty and procedural effectiveness; believes that the stability of the regulatory environment is best achieved by an ongoing involvement of social partners in the decision making process;
51. Calls on the Commission and the Member States to consider that if the impact of administrative requirements is felt disproportionately by SMEs, measures to minimise the burden and obstacles should be systematically considered while ensuring that employees receive adequate health and safety protection; stresses in this regard that specific obstacles need tailor-made solutions, taking into account the wide variety of SMEs;
52. Stresses the importance of SME-friendly, effective, flexible and responsive public administration in the Member States in order to promote entrepreneurship values, facilitate the growth of SMEs and enable them to achieve their full potential in generating high-quality jobs;
53. Calls on the Commission to facilitate efficient exchanges of best practices among the Member States regarding their different regulatory environments for SMEs; welcomes in this regard the Network of SME Envoys, whose role is to improve the consultation process with national SMEs and cooperation between EU countries; also encourages cooperation between SMEs and local authorities and the education sector, which can be beneficial for the creation of business clusters and incubators and hence increase their job creation potential; encourages SMEs to become members of representative organisations in order to make their voice heard at national and European levels, as it is mostly the case for multinational corporations; encourages also SMEs' associations to better support SMEs and to play a stronger role as a reliable social partner;
54. Calls on the Member States to review the rules affecting SMEs and fully apply the 'Think Small First' principle in order to remove unjustified burdens confronting SMEs and achieve regulatory and fiscal certainty as a precondition for job stability and quality;

55. Underlines the importance of fulfilling the ex ante conditionality relating to the Small Business Act, with a view to improving the environment and administrative procedures for business development and entrepreneurship, as well as the uptake of funding opportunities for SMEs;
56. Considers that the inherent inequalities between SMEs and multinationals must be remedied in order to enable SMEs to use additional resources and, together with public investment, to create quality jobs;
57. Calls on the Member States to incentivise through taxation the growth and emergence of business angels, seed funds and early stage market player sectors;
58. Draws attention to regional disparities and imbalances in SMEs' access to funding from national promotional banks, EU-funded programmes and other private and public funding institutions; calls for a level playing field for all SMEs – with special focus on less developed, poorer and more remote or isolated regions facing serious problems of depopulation and/or dispersion, and on countries that have been under financial and economic constraints – in accessing funding from EU-supported financial instruments while using intermediaries;
59. Takes the view that only with improved access to financing through the SME correcting factor is a stable financial situation created which fosters growth and thereby sustains employment;
60. Stresses that microcredit, which is mostly targeted at micro-entrepreneurs and people in a disadvantaged position who wish to be self-employed, is a way in overcoming obstacles to accessing traditional bank services; would welcome smart simplification initiatives aimed at improving the efficacy of the assessment of projects needing microcredits; would further welcome accountability measures targeted at financial intermediaries which do not overburden or unreasonably increase costs;
61. Draws attention to the insolvency and bankruptcy risks for SMEs facing delays in payments; calls on the Commission and the Member States to improve the enforcement of the Late Payments Directive; calls, furthermore, on the Member States to consider adequate financial mechanisms, such as bank guarantees;
62. Calls on the Commission to create the European framework regulation to facilitate the creation of pan-European crowd-funding and crowd investing markets;
63. Calls on the Commission to facilitate the securitisation of loans to micro-companies and SMEs to increase their available credit;
64. Calls on the Commission and the Member States to improve the regulatory framework for social businesses;
65. Acknowledges the importance of taking into account the situation, specific needs and difficulties with compliance by micro and small enterprises in the context of the implementation of OSH measures at company level; stresses that awareness raising, exchange of good practices, consultation, user-friendly guides and online platforms are of utmost importance to help SMEs and micro-enterprises comply more effectively with OSH regulatory requirements; calls on the Commission, EU-OSHA and the Member States to continue developing practical tools and guidelines, which support, facilitate and improve the compliance of SMEs and micro-enterprises with OSH requirements;

66. Welcomes the introduction of the EU-OSHA's online interactive risk assessment (OiRA) as well as other e-tools in the Member States that facilitate risk assessment and aim to promote compliance and a culture of prevention, in particular in micro and small enterprises; urges the Member States to use European funding for OSH actions in general and the development of e-tools in particular with the aim of supporting SMEs;
67. Calls on the Commission to continue taking into account the specific nature and situation of SMEs and micro-enterprises when revising the strategic framework in order to help these companies meet the objectives set out as regards health and safety in the workplace;
68. Calls on the Commission to adopt, when appropriate and in the framework of the European Semester's country-specific recommendations, a differentiated approach to improving the environment for SMEs, taking into account the country-specific circumstances and the EU regions' specific structural differences, in order to enhance greater economic, social and territorial cohesion; calls furthermore on the Commission to focus on SMEs, in particular on micro-enterprises;
69. Notes that Thematic Objective 3 – 'Enhancing the competitiveness of SMEs' – has led to Member States including a focus on enhancing growth and job creation potential for SMEs in the operational programmes; stresses that neither future unexpected EU-wide crises nor major initiatives should result in a decrease in commitments or payments relating to Thematic Objective 3 and relevant instruments under Heading 1b of the EU's general budget; acknowledges that SMEs have a weak equity position, and therefore stresses that delays in payments for invoices under cohesion policy should be minimised in order to reduce insolvency risks; urges the Commission and the Member States, accordingly, to further improve the pace of payments for SMEs;
70. Points out that both the Annual Report on European SMEs 2014/2015 and the Annual Growth Survey 2016 reveal regional divergences in the SME environment and other disparities which should be effectively addressed by Member States before the end of the programming period, together with efforts to advance the internationalisation of SMEs by removing non-tariff barriers;
71. Calls on Member States with limited decentralisation of EU funding management to tip the balance of administrative capacity for technical assistance and local and regional support systems, including enhanced access to funding and information solutions, for SMEs (including micro-enterprises) towards local authorities, since this will enable more regionally balanced outcomes and absorption rates, in particular in less developed regions;
72. Emphasises the need to bring together business developers and business incubators, with a view to making start-ups an important tool for creating lasting jobs and to keeping potential within companies, discouraging 'the sale of an important idea' for pure profit;
73. Highlights the need to facilitate access to the single market by removing the remaining unjustified administrative barriers and by combating unfair competition, market distortions, bogus self-employment and 'letter box companies'; calls on the Member States to ensure equitable access conditions to their national market for SMEs, particularly in providing cross-border services; welcomes, in this regard, the strong focus on SMEs in the 2015 Single Market Strategy and urges the Commission and Member States to follow up on the positive initiatives with specific measures that are tangible to SMEs;

74. Calls on the Member States to adopt favourable legislative frameworks for setting up businesses as one of the ways to tackle the shadow economy, which disadvantages SMEs in particular and to make full use of the newly established platform to tackle undeclared work; recognises that economic recession and measures implemented in many Member States contributed to the growth of the shadow economy;
75. Is firmly convinced that integrating refugees into the labour market will be impossible without active, solid support from micro-enterprises and small and medium-sized enterprises in the EU;
76. Stresses that comprehensive language training for refugees is of the utmost importance; stresses that such training should begin as soon as possible and that job-related language knowledge is essential for refugees to integrate in companies;
77. Highlights that further efforts and incentives are necessary in order to encourage and facilitate the creation of SMEs, including social enterprises and micro-enterprises, by people from vulnerable groups and to fight discrimination in this regard; stresses that lifelong skills development and counselling are important tools to ensure equal opportunities; takes the view that the appropriate Member State authorities must provide SMEs with support and advice on integrating vulnerable groups in the labour market;
78. Calls for micro-enterprises and SMEs not to be required in any way to disclose non-financial information about their voluntary social engagement; emphasises that such disclosure can generate disproportionately high bureaucratic costs and would jeopardise, rather than foster, social engagement from firms;
79. Emphasises the fact that it made it absolutely clear in its resolution of 6 February 2013<sup>1</sup> on corporate social responsibility (CSR), that in a free society, CSR can never make charitable action compulsory; is firmly convinced that if CSR were made compulsory, people would be less willing to support charitable causes;
80. Stresses that the temporary employment industry is particularly important to SMEs and a nuanced view should be taken of it;

### ***A level playing field***

81. Notes that in some cases EU competition policy could result in an advantage that mostly benefits big market operators that are characterised by greater economies of scale than SMEs; stresses in this regard that EU competition rules must guarantee a level playing field for small, medium-sized and large enterprises to overcome the lack of economies of scales of SMEs thus enabling their internationalisation and boosting their job creation potential, in particular in the context of new international trade agreements;
82. Appeals to Member State public bodies to officially restrict themselves to their statutory sector when providing services so that their special tax position does not give rise to SMEs suffering because competition has been distorted;
83. Points out that SMEs across Europe are characterised by a diversity of business models and legal forms and that a level playing field should be guaranteed for all of them, including social economy actors;

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<sup>1</sup> OJ C 24, 22.1.2016, p. 33.

84. Takes the view that SMEs' unequal access to markets, information, counselling, public services, skills and finance across the EU is detrimental to their employment creation prospects and is the result of a number of structural differences in terms of enterprises' scale and performance; considers, therefore, that these differences should be taken into account when evaluating the EU's competition policy and the functioning of the internal market;
85. Considers that an image of a SME as an attractive employer, based on good working and employment conditions, is an important competitive advantage with regard to the recruitment of skilled staff;
86. Takes the view that regulations serve the general interest and are intended, among other objectives, to establish a competitive and fair marketplace, protect employees, protect health and safety, promote innovation and preserve the natural environment; stresses the urgent need for a clear and effective regulatory framework which does not cause SMEs unnecessary bureaucratic burdens when they come to apply it;
87. Notes that in regions where economic development is focused on attracting foreign direct investment (FDI), MNCs could be in some cases treated preferentially in legislative matters; believes that a preferential treatment of MNCs should be examined with a view to diminishing their potential negative impact on the SMEs, ensuring a level playing field for them and enhancing their employment creation capacity; also acknowledges the fact that many SMEs are created to support MNCs and their employees through the provision of supply chain products and services; stresses the need to closely monitor respect for workers' rights in these cases and welcomes also the move by the OECD to boost transparency in the international tax system and calls for swift implementation of the BEPS measures;
88. Calls on the Member States to adopt the principle of income taxation in the place where it is generated and other measures against profits shifting practices of MNCs in order to ensure a level playing field for the SMEs and thus improve their job creation potential;
89. Notes that an improved regulatory framework and efficient law enforcement can contribute to tackling the shadow economy and tax avoidance;
90. Takes the view that trade agreements with third countries should take into account the EU regions' specific structural differences in the SME sector across the Union, and assess their impact on future employment perspectives and on workers' rights and wages of SMEs employees;
91. Calls on the Commission to conduct an impact assessment regarding the implications of the proposed TTIP agreement, and of granting China market economy status on the number and quality of jobs in the SME sector in all Member States; stresses that such an impact assessment should include a detailed analysis of the types of SMEs and sectors that might be affected;
92. Notes the opportunities of the Digital Single Market; stresses, however, the need for an evaluation of the potential, benefits and challenges for SMEs with regard to their growth and job creation potential in the different Member States, as well as for the impact on workers and social security systems; recommends that the Commission create the requisite conditions for SMEs to adapt and move gradually into the Digital Single Market;

93. Believes that promoting digitalisation in the public sector (e-government) and increasing broadband availability in remote areas would reduce establishing and operating costs for SMEs, thereby enabling them to further increase job creation potential;
94. Encourages SMEs to promote teleworking and smartworking, which are effective tools for reducing companies' material costs and enabling workers to balance their professional and personal lives better;
95. Welcomes the presence of information portals aimed specifically at SMEs, such as the 'Access to Finance Portal' on Your Europe, and calls on the Commission to further improve their functionality, accessibility and to transform them into more interactive instruments; highlights in particular the importance of delivering effectively the new Single Digital Gateway announced in the Single Market Strategy as an online access point to all single-market related information and services;

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96. Instructs its President to forward this resolution to the Council and the Commission.