

SME Week Youth Essay Competition 2019

Ladies and Gentlemen,

Dear colleagues,

Being appointed as the new EU Commissioner for SMEs and Entrepreneurship gives me great pleasure and pride due to the honor and privilege that this role withholds. However, I have acknowledged and I must highlight the belief that these privileges are accompanied by the respective responsibilities. Responsibilities which lay heavy on the shoulders of the person and the group of people who are chosen to undertake this important duty; the duty of finding and providing all the necessary assistance to all those fellow Europeans who are contemplating on the prospect of starting their own businesses. And of course, to those who aspire to expand their already founded ones.

I know that significant progress has been made throughout the years in the entrepreneurial sector of the European Union. But I also accept the fact that there is still a lot of work to be done if we...Europeans aspire to equally and successfully compete with the rest of the world.

I am well aware of the current situation regarding the performance of European entrepreneurship in comparison to our international counterparts. EU is showing an apparent inability to keep up with the entrepreneurial standards of regions such as Asia, the North and Latin Americas and Sub-Saharan Africa. And to be honest this fact makes me quite frustrated and brings up these questions within me...*Why? Why we Europeans are lacking behind in this sector? What makes us less capable than others to achieve and prosper through entrepreneurship?*

To find solutions to a problem, identifying the nature of the problem itself is not enough. It is just the first crucial step of the process. The second and more important step is to understand not only the negative factors which contribute to the problem but to place yourself in the shoes of the people who are affected directly by this issue. Only by familiarizing yourself with the daily challenges that aspiring entrepreneurs face in their pursuit of success, you will be able to create a complete, crystal clear view of their concerns, fears, and obstacles that hold them back from materializing their dreams.

Of course, many would argue that it is solely the duty of the EU Institutions to find the necessary solutions to the problems that the European entrepreneurs face on their endeavors. However, I **strongly believe** that this is not the proper way to move forward. Thus, I am asking for your help, because the road to success in the entrepreneurial world is not one-sided. It is a *back and forth* relationship between the policy-makers and the entrepreneurs themselves. Without a straightforward and constant communication between these two parties, success cannot be achieved or continued. Why the need for constant communication? Because the very nature of entrepreneurship requires, **demands** uninterrupted revisions of the everchanging political and socio-economic circumstances which affect extensively the entrepreneurial sector. We must understand that only through **all-inclusive engagement** and **cooperation** we can both reach our objectives. Mine to fulfill the mission that I have undertaken and the promise that I have made to

myself. The promise to assist all the European entrepreneurs on your journeys to success. And of course, your objective to take advantage of your potential and realize your aspirations.

The issue of the EU's inability to perform properly in the entrepreneurial sector is a multidimensional problem with different layers of factors that have a negative impact on this subject.

First of all, we have to address the issue regarding the low participation of Europeans in entrepreneurial ventures. As studies have indicated, 58% of the Europeans prefer to be employed at someone else's business or a corporation rather than to start their own businesses. Therefore, two are the main questions we have to answer. The first one is **why** Europeans do not prefer to engage in entrepreneurship and secondly, **what** must be done in order to attract their attention and persuade them to do so.

To answer the question of why, a comparison can be used as an indication. In regions such as Asia and Africa, a big portion of the labor force does not have the opportunity to work for large corporations due to the lack of the necessary academic and professional qualifications and connections. Something that forces them to find new ways to sustain themselves economically. So, they make the choice to start their own businesses. This definitely does not mean that education and business connections must be viewed as a burden which should be taken off from how our economies work, but what it means is that Europeans evidently prefer to follow the status quo. In other words, Europeans in their majority choose to follow the path which provides them economic security and stability a priori. This trend shows that we are more conservative when it comes to our career choices and less willing to take risks. What can be done to improve and change this situation?

The beginning has to be made from the educational system. Students from an early stage have to familiarize themselves with not only traditional career prospects such as the professions at law and medicine. New curriculums have to be designed in such a way that they will offer the opportunity to students to think out of the box and experiment with new and available means of creating, engineering and communicating. Means that are and will continue to be offered by the constant advancement of technology.

Furthermore, the most effective way to promote entrepreneurship within the EU is the allocation of the vital financial funding, needed to support and sustain the entrepreneurial ventures during their first steps in the world of business. Without providing a specific amount of economic reassurances to aspiring entrepreneurs, it will be quite impossible to suggest and expect that they are going to choose to engage with entrepreneurship. In particular, the small and medium scale enterprises which are in an immediate need for financial support. Thus, the largest proportion of the available funds should be allocated to this group.

The second important area that needs the immediate attention of the EU policy-makers is the symmetrical development of SME's throughout the region of the EU. This understands that there have to be introduced and implemented different strategies unique to every region in such a manner that all EU regions, Northern and Southern...Eastern and Western Europe will reach a similar, parallel development of entrepreneurship. This entrepreneurial issue should be viewed as

an illustration of the general economic scene of the European Union. From what perspective? From the perspective that there is a visible distinction in the economic efficiency between the Northern EU member countries and the respective Southern ones. In the entrepreneurial area as well, this distinction exists. For instance, Denmark has had a long economic policy, accompanied by a supportive national political leadership, to invest in clean energy by using renewable sources like wind power. Such countries have invested large amounts of funds on these kinds of areas because they are aware that only through new, innovative ideas the critical issue of the climate change and the protection of the environment can be resolved. By investing in entrepreneurship which focuses on research and development in the area of green power not only the preservation of the environment but also better living conditions and more affordable and sustainable energy services will be achieved. So naturally, the question arises... *Why countries of Southern Europe do not undertake similar projects?* Isn't Greece a country with an abundance of solar and wind power energy resources? Why are not there any specific policies implemented by the respective national institutions, policies that are going to promote the prospect of entrepreneurship in the green energy sector of the country? *Is it lack of national funds or is it lack of political will and initiative to invest in such areas?*

We...as the EU Commission for SMEs and Entrepreneurship...pledge to cooperate with the institutions of every member country that requires our guidance and financial assistance in the entrepreneurial projects of their citizens. In addition, we will use our authority to convince national governments that entrepreneurship should not be viewed as a marginalized part of EU's economy, but as a **vital sector** which constantly is gaining importance on the global economic stage.

Finally, two of the most crucial issues that affect directly the success rate of entrepreneurial ventures in the EU are the administrative burden for start-ups and taxes. According to studies, administrative regulations are one of the main reasons why new entrepreneurs are forced to abandon their desire to take on entrepreneurial projects. Even before the start of their businesses they have to overcome a huge number of bureaucratic requirements, which not only are time-consuming but also a financial strain. On the contrary, valuable assets such as time and start-up funds would be more useful to be invested in the infrastructure and scale-up process of the businesses. Of course, there are already in place policies which were introduced to alleviate this burden, such as the Small Business Act (SBA), but further introductions and implementations of new policies and reforms are needed. The political nature of the EU allows the national governments of the member countries to use, on a great scale, their own policies regarding the sector of entrepreneurship. Some could argue that this does not provide a cohesive platform on which a single set of policies would be used by all the regions of EU, thus resulting in a deficient system. But, the element of a great variety of policies in the entrepreneurial sector must be not viewed as a disadvantage but as an asset. Because, it is impossible to promote a single set of policies for the entirety of EU, due the fact that different characteristics affect the various regions of the Union, such as education, economy, culture and politics. Taking advantage of the different administrative practices, we will be able to identify the best ones and promote them to the rest of the countries, by always making the necessary adjustments.

Regarding the subject of taxes. Two are the main sections where our attention must be focused on this matter. The first one is the indirect taxation (VAT) and secondly, the direct taxation on businesses. *Is it possible for small and medium businesses to compete with large corporations when their services and products are subject to the same percentage of VAT?* No, and that's why I firmly believe that there has to be assigned a lower VAT for SMEs...an amount which will allow their products to have the same chance to be sold as the products of large corporations. Concerning the direct taxation of SMEs. How can a small, newly founded business which still has not gained a sufficient and loyal client base, to pay high property and income taxes? *It would be like asking from a baby which just came to this world to start running when it actually didn't have the time to learn how to walk.* In their beginning, the SMEs must be allowed to grow enough to the point where they will be able to have healthy profits and subsequently the ability to respond to their financial obligations.

Entrepreneurship and innovation are not only about discovering new ways to improve the material world around us. On its very essence, entrepreneurship is to find new ways of thinking, to find the courage to challenge the status quo. After all, the main principle on which the Enlightenment Age of the 18th century was based on was to doubt everything. **Only by doubting and challenging the current state of affairs, we can progress.** The perfect case which is indicative of this argument is that of Nicolaus Copernicus. He was the first one to claim that the Earth was not the center of the solar system, but the Sun. By claiming this, he came in open confrontation with the Catholic Church which did not approve of such claims. Nevertheless, no matter the objections of the time Copernicus did not lose faith in himself and his ideas and eventually he was proven right. In the same manner, a young aspiring entrepreneur may have an innovative idea, but his/her close circle or the society may not be willing or ready to support them. What the case of Copernicus teaches us is that no matter the objection you may face as entrepreneurs you **must never give up on your beliefs and aspirations**, because if you do so we may lose the chance to witness something great.

Entrepreneurship is instilled well into the DNA of Europeans. And who could argue differently, taking into consideration our history?! Many examples could be taken as evidence of this claim. Wasn't Christopher Columbus, who with the funding of the Spanish Crown, set sail to find new trade routes and finally discovered a new continent? This famous European with the nature of an explorer, a trait essential to every entrepreneur, in cooperation and under the patronage of a "national institution" proves perfectly that we Europeans have naturally what it takes to succeed in this sector. Nowadays, it does not have to be a royal family the one which will embrace the dreams of our explorers. **Now, it is our turn to take our fair share of responsibility.** It is the turn of the EU family to provide everything needed to all those aspiring entrepreneurs. Perhaps, somewhere along the way, we may have lost some of our appetite for exploration and our courage to get out of our comfort zone and take on ventures which may seem at the beginning infeasible. But, I guarantee you that we will do everything we have to in order to take EU entrepreneurship back on the road of success.

Thank you!