

***What do SMEs need to become sustainable and resilient, in the context of COVID-19 and other global challenges? How can EU policy best aid entrepreneurs?***

Pablo Pastor Vidal

“Sustainable” and “resilient” are the words of the next decade. A decade when everything is about to change. We have only started to see it in 2020, a year that has completely challenged our expectations and has shown us how the whole world is linked. Everything we could think of was influenced by a tiny virus we could not even see with our eyes, but that could travel as fast as we did. And this affected Europeans in a lot of ways: some people had to come back home from their trips or others had to stay far from their homes until they could come back. Some people lost their jobs, while others discovered the gift to be near their loved ones while working at home. Everyone was impacted by this new context but, of course, not everyone was impacted in the same way. Some small entrepreneurs and innovators saw how their Internet platforms grew quickly by the increasing demand, while more traditional face-to-face shops or entertainment centres could not afford the losses.

I think we should face it: 2020 and the years after it will be the toughest years in a long time, not because we *should*, but because we are instead obliged to face a crisis, even when the time we control this virus comes and because it threatens our very way to live: human contact, although we are more prepared to face a pandemic than ever in our history. Winning the battle to the virus is feasible thanks to common policies such as the centralized buy of vaccines by the European Commission. And if I could only just take one lesson from this pandemic, I would undoubtedly say I will always remember how fragile humans are. But at the same time, this individual fragility is what makes us so special, because when we unite, we can be stronger than ever. That is probably one the best definitions of *resilience*: finding strength in our common fragility.

Unfortunately, human memory is very short. While Europe has achieved something we never had before in thousands of years: a long-lasting peace and common policies working together all across one continent, at the time the virus appeared we were just recovering from a shocking financial crisis that had made everyone worry about their futures for a long time. This was especially shocking for my generation: we grew up as adolescents in a moment of crisis, and we are becoming adults in the middle of another

one. How many more are we to endure? This is the exact reason why our society asks for resilient SMEs: enterprises that are made to support any condition, to be resistant in any environment and to be prepared for anything that comes so that they are able to recover. It is not only a strength for the small enterprises, is a living skill that life has taught us.

Therefore, resilience is built by creating grassroots projects, that support the local communities. For a long time, we were told that if you wanted to create a company it should be as big as possible and you had to “think big to be big”. Nonetheless, we know that SMEs are flexible and can start from tiny ideas based in the needs of ordinary people. It is not a coincidence that they account for two out of every three jobs (66.7%) in the region. EU policies must be aligned with new entrepreneurs to create companies that are based in real needs of the people around them, that generate solid alliances between the neighbourhoods and regions. This is also why it is important to foster exchanges such as Erasmus for Young Entrepreneurs, that help us work towards a simplification of frontiers and common regulations. Resilience becomes inevitable when everyone needs everyone. The really tough question to answer is what do people actually need. Programs that focus more on well-being and compound data tracking the needs of ordinary people all around Europe could be a way to solve this equation for SMEs to prosper and be constructed on actual and vital needs that do not obey to mere fads of the market.

Secondly, why do we want to become *sustainable*? I will answer the previous rhetorical question I posed about crises: if we do not take care of our environment, we will face just another crisis, but this time it will be so big that we will not recover again. This is not like a videogame. SMEs are the backbone of the economy and without them all the countries would collapse: who would produce goods for the supermarket? Who would be there to help us to have more liveable houses? Who would take care of us when we are older? All these activities were essential in the midst of this pandemic. But without taking care of the Earth and the resources we have; how can we expect to grow continuously for the next years to come? How could we hope to create enduring entrepreneur platforms? Sustainability comes even before resilience, because it is not anymore about survival: it is about our future.

Stiglitz said that there were at least three economic forces offsetting the limitations imposed by natural resources: technical change, the substitution of man-made factors of production (capital) for natural resources and returns to scale. This means that with those three factors we could produce more wasting less. Probably a lot of people is acceptable

with technological change in an abstract way, but we know there also a lot of citizens that worry about being replaced by robots in their jobs, as if we were experiencing a newly wave of anxious Luddism. But at the same time, it is a sign that we are on the verge of a new industrial revolution, with new possibilities, and governments are doing very little to help businesses that are leading the change such as all the tech-apps. Maybe because they feel threatened as well, maybe because they are not reacting as fast as they should, and this is another policy that could be discussed at the European level.

There is a highly interesting political theory, which I love, developed by English academics Nick Srnicek and Alex Williams (although the ideas have been on the air for a very long time) called “accelerationism” and which urges us to accept these changes starting to be present in the economic system and that, instead of running from them, we ought to use them to create a better, more egalitarian world. They discuss a lot of ideas that have to do with the public sector in terms of redistributing wealth and decreasing inequalities, but they also put the focus on how private projects that are based on new technologies and that are responsible for the environment are basic in their scheme. For example, all the wealth generated by these new machines can be used to support basic policies such as a hypothetical Universal Basic Income.

This is why we cannot look to Administrations in the traditional sense as kinds of “helpers” to enterprises that are only responsible of social services, but as a supplementaries that ensure that society is satisfied as a whole and that small projects that contribute to local economies are taken care of to grow. That all communities have their chance to feel supported. And it is paramount, because we live in an era of growing inequalities, where depressed neighbourhoods do not stand the same chances to resist covid-19: just look at the south of Madrid and you will realize that the virus affects poorer places, that coincide where the possibilities to grow a business are more difficult.

In brief, how can SMEs become more resilient and sustainable? And how can EU policies help them? Firstly, by focusing on grassroots projects that are conscious of the needs around them. EU policies should put the focus on local issues but also help connect different entrepreneurs, since a good idea can be applied in different contexts. Secondly, not being scared about progress and the new revolution. EU policies could pressure governments to educate on digital transformation as well as entrepreneurship so that the public becomes less a big deflated balloon that takes a lot of space and more like a small but solid cell in the middle of the civil society. Finally, by being aware of new ideas but

without forgetting old problems, like poverty or pollution, we are giving the opportunity to SMEs to come up with more socially responsible values from the beginning.

When someone asks me if I am optimistic or pessimistic about the future, I say that I take “my daily dose of pessimism” just to be aware of the problems that we have to face. It is in the hands of every entrepreneur.

Thank you.