

# **UEAPME Think Small Test**

and

# **Small Business Act Implementation Scoreboard**



## 1. Introduction

The European SME Policy in 2008 was dominated by the discussion about a European Small Business Act (SBA), which should become the cornerstone of a new, better focused SME policy of the European Union.

The European Commission presented in June 2008 its **SBA proposal**, which included a strong self-commitment to respect the principle of “Think Small First”, ten priority areas for a better SME policy at European and national level and seven concrete European legislative proposals to improve the business environment for SMEs in Europe.

The SBA was finally adopted by the European **Competitiveness Council in December 2008**, with a clear commitment of all Member States to implement the policy proposals in the SBA and to follow the Think Small First Principle.

With the “**UEAPME Think Small Test (TST)**” and the “**SBA Implementation Scoreboard**”, the UEAPME Study Unit want to assess the extent to which European Institutions and national governments are fulfilling their commitments as regards the Think Small First Principle and the implementation of the policy promises in the SBA.

Both the TST and the SBA Scoreboard are based on assessments made by policy directors and advisors from European, national, regional and sectoral **SME associations in 19 EU Member States**, which have participated in this exercise. The results of this first edition refer to the situation we have found at the beginning of 2009 and show the level of activities – including their impact – in the different policy areas during 2008.

This means that the results of the TST 2009 and the SBA Scoreboard 2009 must be seen as the starting point for the implementation of the Small Business Act, which was finally adopted in December 2008. Nevertheless, the intensive debate about a better SME policy during 2008 has already initiated significant activities, even if the impact of these activities seems to be limited.

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## 2. The analytical method used for the TST and the SBA Scoreboard

The results of the TST for the European Institutions (European Commission and European Parliament) and the 19 participating Member States<sup>1</sup> as well as the SBA Scoreboard for the 18 participating Member States<sup>2</sup> are based on questionnaires, which were sent to policy experts (directors and advisors) from European and national Crafts and SME associations members of UEAPME all over Europe.

The questionnaire for the Think Small Test (Annex) asks to which degree the Think Small First Principles are respected by the respective institutions in the areas of legislation (i.e. impact assessment, consultation), administration (i.e. accessibility, one-stop-shops) and business support measures (i.e. SME friendliness). For each category a set of questions asks how satisfactory the current situation is, if measures have been taken during the past year and if these measures have led to any improvements. The questionnaire for the SBA Scoreboard (Annex) follows the same structure, but asks questions as regards the degree of implementation in the 10 priority areas of the SBA: entrepreneurship, second chance, better regulation, administration, public procurement, State aid, SME finance, internal market, innovation and internationalisation.

For the seven concrete European legislative proposals in the SBA the Scoreboard uses a different, more descriptive method, which just shows where the legislative and the implementation process is at the moment.

The fact that the results of these analyses are based on answers provided by policy experts from European, national, regional and sectoral SME associations means that the results present necessarily a subjective view from an SME perspective and differ for this reason from any assessment based on input figures from international statistics or on reports made by Member State governments.

The European and national results in an overview will be presented in chapter 3 for the TST and in chapter 4 for the SBA scoreboard. Chapter 5 presents the country sheets for all participating Member States.

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<sup>1</sup> Belgium, Czech Republic, Denmark, Germany, Ireland, Greece, Spain, France, Italy, Cyprus, Luxembourg, Hungary, Netherlands, Austria, Poland, Slovenia, Finland, Sweden, United Kingdom

<sup>2</sup> Same countries as above, but without Netherlands

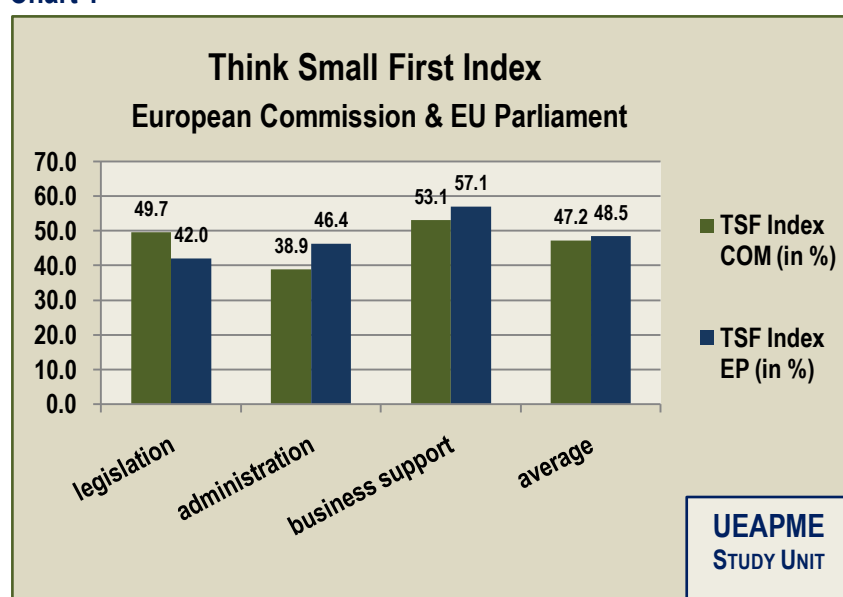
### 3. UEAPME Think Small Test 2009 – the results

The TST tests the level of respect for the Think Small First principle in the areas of legislation, administration and business support services. Each category is based on a set of questions and the results are summarised in a “**Think Small First Index**”, which presents in percentage form the degree to which institutions at European and national level are respecting the Think Small First Principles laid down in the Small Business Act, when they are dealing with issues relevant for SMEs.

#### 3.1. European Commission and European Parliament

The results for the European Institutions (Chart 1) show slightly different results for the Commission and the Parliament. The Commission ranks worst in administration, which may be a result of negative experiences with European programmes as well as of additional administrative burdens by new regulations.

Chart 1



The European Parliament ranks better in administration and support measures, but worse as regards legislation. Here, positive experiences in some areas, where the Parliament helped SMEs to get better solutions, seem to be outweighed by policy areas in which the Parliament amended proposals to the disadvantage of SMEs, especially in the field of consumer, workers’ and environment protection.

Chart 2

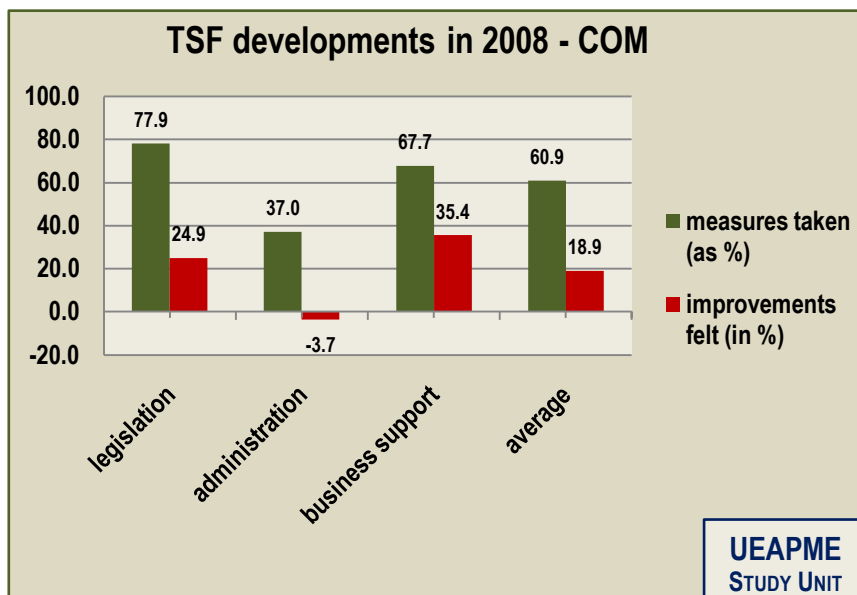


Chart 3

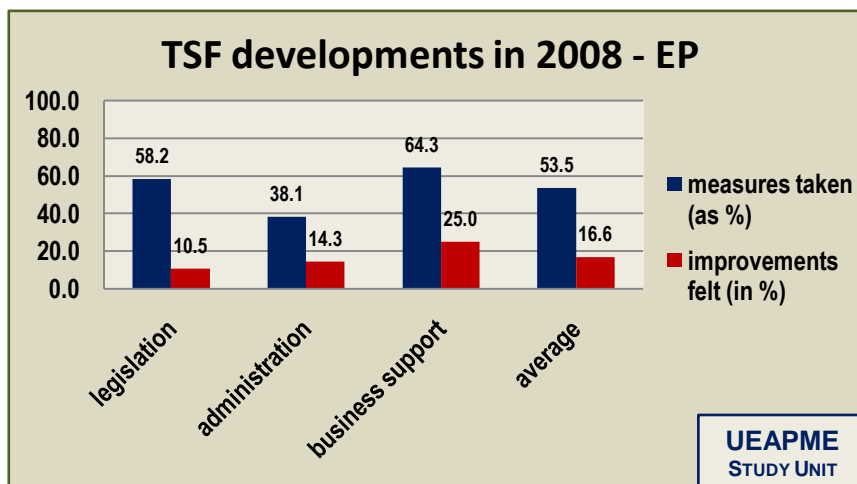


Chart 2 and 3 show a very interesting pattern, which can be found not only for the European Institutions, but more or less everywhere. We see in general a significant discrepancy between the measures taken in the different areas and the effects these measures had.

An outstanding result showing that good policy intentions do not automatically lead to better result for the addressees are the results for administration in Chart 2. After several years of serious efforts made by the Commission to reduce bureaucratic burdens, the SME representatives report

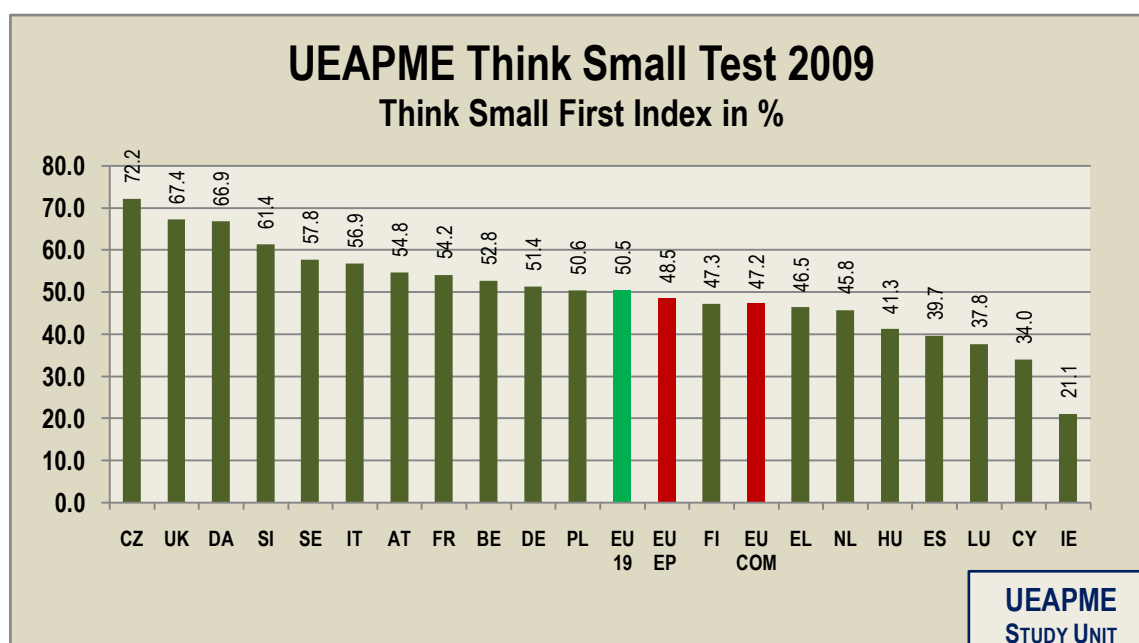
activities in at least 37% of the areas, but judge the overall development negatively (by 3.7%). From our point of view, this is mainly a result of significant additional administrative burdens in some policy areas and goes to show that most of the results of the “better regulation” initiative have not yet reached SMEs and influenced their daily life.

### 3.2. National results

Chart 4 presents the overall results for the TST 2009 for all participating countries, the European average (EU 19) as well as the European Commission and the European Parliament. As already explained above, it is not justified to draw direct conclusions from a country to country comparison. However, it can be said that these are the differences SME representatives are reporting and that this is how SME representatives receive and judge the SME polices of the respective institutions.

This Think Small First Index tells us, from an SME point of view, the level in percentage up to which the respective institution respects its own commitment to “Think Small First”, when dealing with policy issues relevant for SMEs. The above mentioned differentiation between legislation, administration and business support services can be seen in the “Country Sheets” in chapter 5, which also includes the figures found for measures taken in the three areas and their impact as felt by SMEs.

Chart 4



## 4. SBA Implementation Scoreboard

With the SBA Scoreboard we want to show the extent to which national and European institutions have already implemented their commitments made within the SBA, in which areas measures have been taken during the last year and the impact these measures had on SMEs.

### 4.1. National results

The national SBA Scoreboard is based on a set of questions for each of the ten pillars of the SBA, which follows to a large extent the priority areas within the SBA communication from the European Commission. With this set of questions (see Annex), we analysed from an SME point of view the degree to which the commitments in the SBA are already realised, if there have been measures taken in 2008 and if the situation for SMEs has improved.

Chart 5

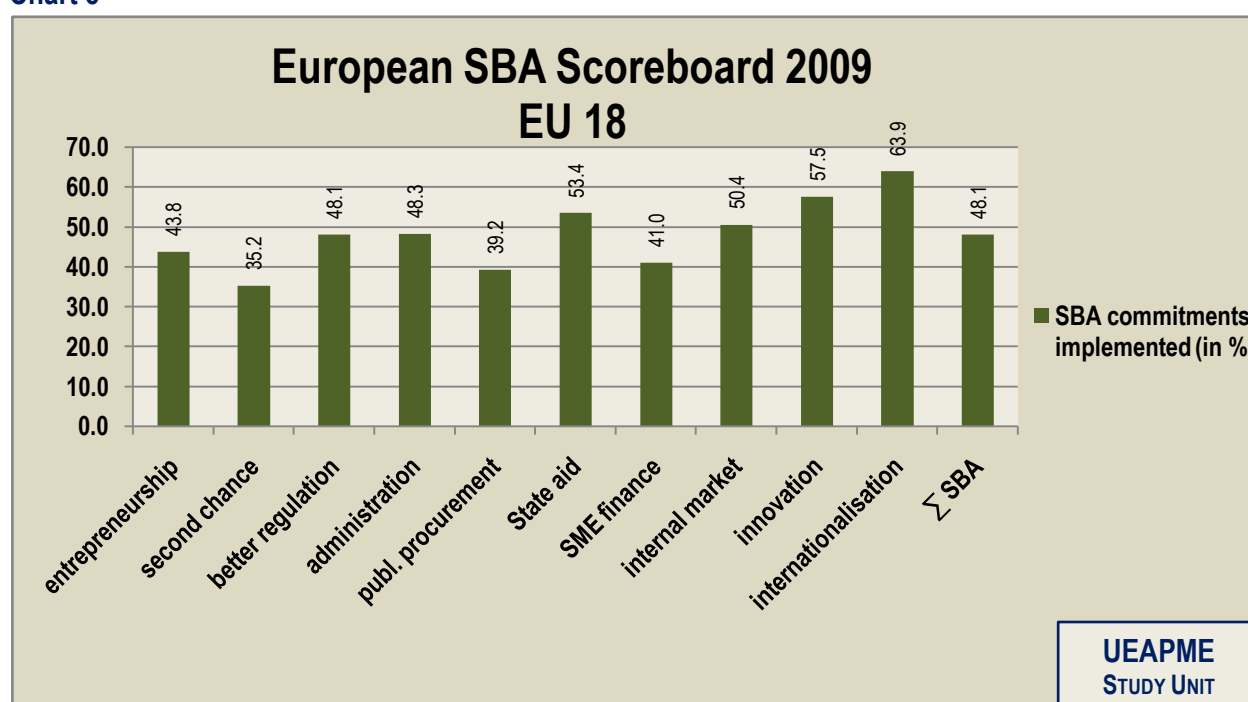


Chart 5 shows the results of the Scoreboard for all the ten selected SME policy areas as an average for the 18 participating countries<sup>3</sup>. We will use these data as a reference to compare the situation in the Member States with the European average, which will highlight the areas in which actions are most urgently needed.

<sup>3</sup> Belgium, Czech Republic, Denmark, Germany, Ireland, Greece, Spain, France, Italy, Cyprus, Luxembourg, Hungary, Austria, Poland, Slovenia, Finland, Sweden, United Kingdom



Chart 6 demonstrates again the significant differences in measures taken and improvements reported, which can have been found for all policy areas. This gives a clear indication that too many measures do not reach their addressee.

Chart 6

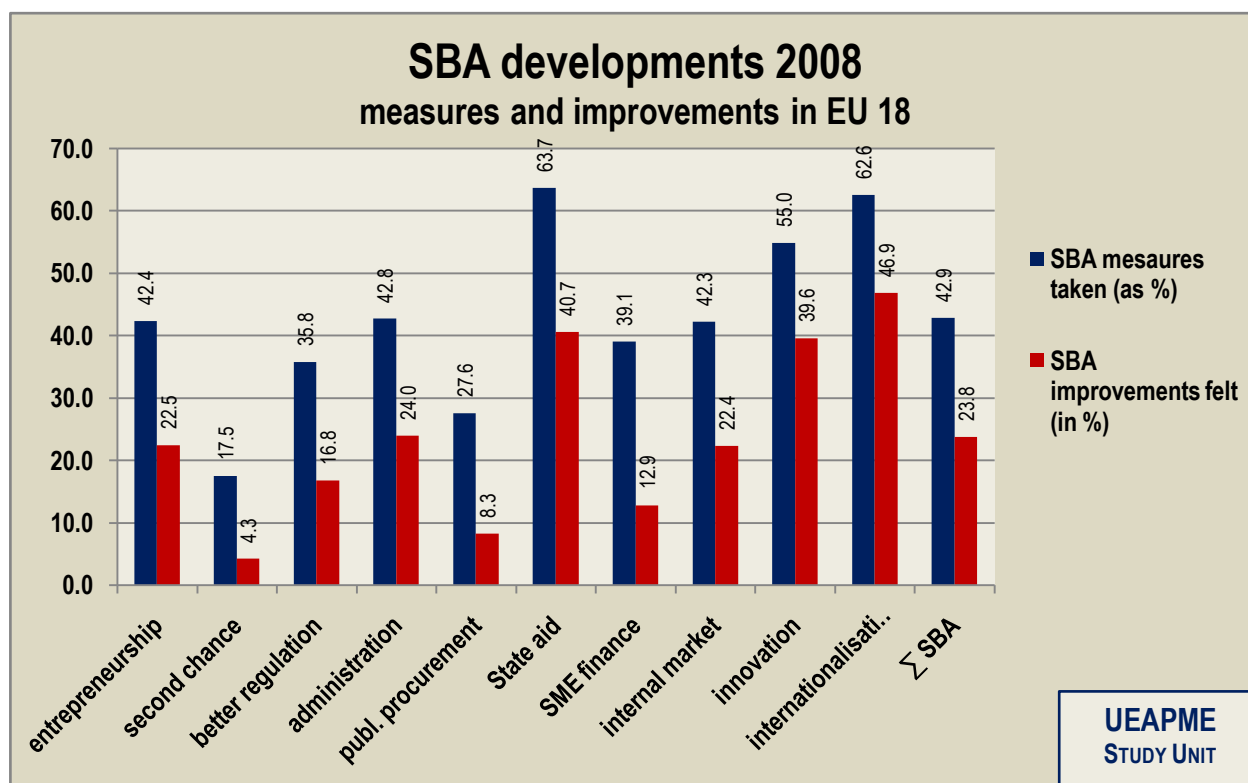
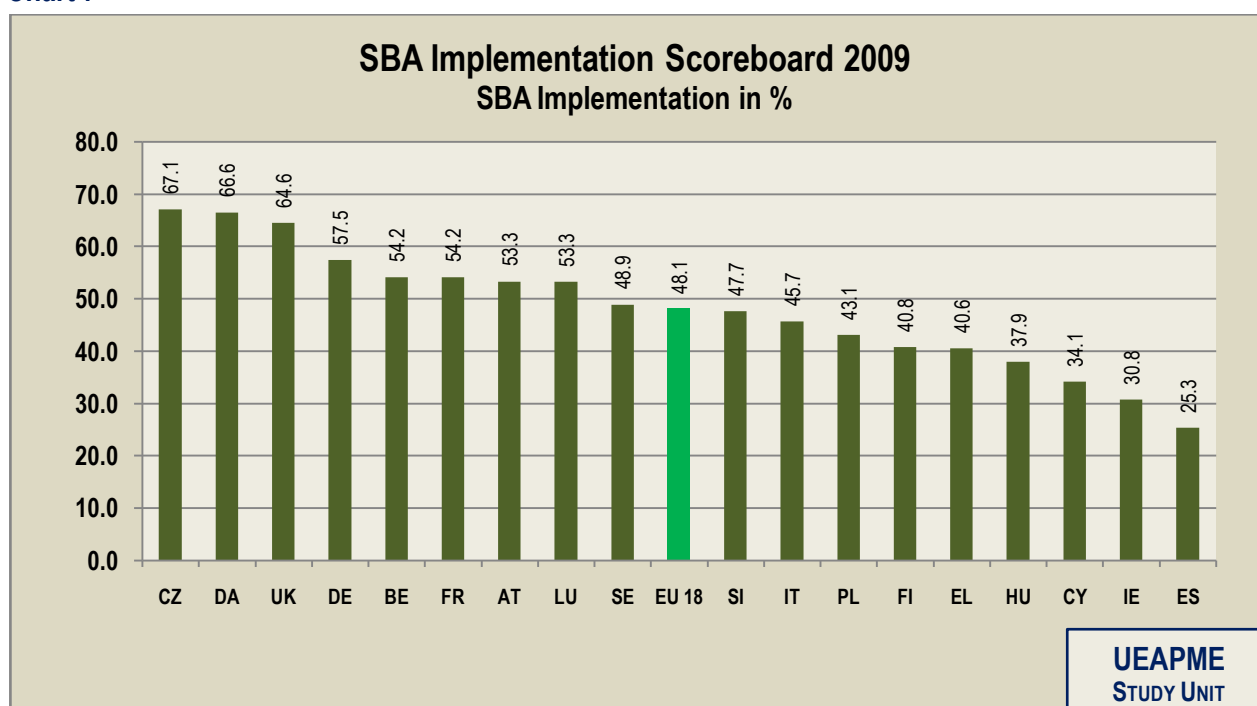


Chart 7



The national data of the SBA Scoreboard provide to our member organisations an analytical tool to put peer pressure on their governments, where necessary. Nevertheless, we are aware that the subjective character of the method used makes it quite difficult to compare different countries (Chart 7). Therefore, national data are information about possible national problems, but must not be read as a ranking exercise.

All country specific information can be found in the “Country Sheets” in chapter 5.

## 4.2. Specific legislative measures at European level

We have chosen a different, more descriptive method to analyse the implementation of the concrete measures that were promised in the SBA for the European level. Chart 7 shows for each of the concrete “legislative” measures, which were announced in the framework of the SBA (June 2008), how far the dossiers are in the legislative process.

Chart 7

<i>Legislative SBA Measures at European level</i>	<i>SME friendly</i>	<i>COM</i>	<i>EP / EIB Council</i>	<i>NAT GOV</i>
European Private Company Statute	+/-	<span style="background-color: green; color: white;"> </span>	<span style="background-color: yellow; color: black;"> </span>	<span style="background-color: red; color: white;"> </span>
Extension of SME loan facility by EIB	+	<span style="background-color: green; color: white;"> </span>	<span style="background-color: green; color: white;"> </span>	<span style="background-color: yellow; color: black;"> </span>
Public Procurement – facilitation or SME participation	+	<span style="background-color: green; color: white;"> </span>	<span style="background-color: white; color: black;"> </span>	<span style="background-color: yellow; color: black;"> </span>
General Block Exemption for State Aid	++	<span style="background-color: green; color: white;"> </span>	<span style="background-color: white; color: black;"> </span>	<span style="background-color: yellow; color: black;"> </span>
Amendment of Late Payment Directive	+/-	<span style="background-color: green; color: white;"> </span>	<span style="background-color: yellow; color: black;"> </span>	<span style="background-color: red; color: white;"> </span>
Erasmus for young entrepreneurs	+	<span style="background-color: green; color: white;"> </span>	<span style="background-color: white; color: black;"> </span>	<span style="background-color: yellow; color: black;"> </span>
Reduced VAT rates for labour intensive services	+	<span style="background-color: green; color: white;"> </span>	<span style="background-color: yellow; color: black;"> </span>	<span style="background-color: red; color: white;"> </span>
not applicable	<span style="background-color: green; color: white;"> </span>	<span style="background-color: yellow; color: black;"> </span>	<span style="background-color: red; color: white;"> </span>	UEAPME STUDY UNIT

The European Commission has presented proposals or final regulations for all promised areas, although not all are in line with the concrete needs of SMEs (see degree of SME friendliness). Some are pending adoption by Council and EU Parliament, but the main task now is the national implementation, where our Members are reporting huge differences at regards the efforts made by their parliaments.