



REPORT OF THE BUSINESS  
ENVIRONMENT SIMPLIFICATION  
TASK FORCE

**BEST**

Volume II

REPORT OF THE BUSINESS ENVIRONMENT  
SIMPLIFICATION TASK FORCE

BEST

Volume II

A great deal of additional information on the European Union is available on the Internet. It can be accessed through the Europa server (<http://europa.eu.int>).

Cataloguing data can be found at the end of this publication.

Luxembourg: Office for Official Publications of the European Communities, 1998

ISBN 92-828-3431-X

© European Communities, 1998

Reproduction is authorised provided the source is acknowledged.

*Printed in Germany*

PRINTED ON WHITE CHLORINE-FREE PAPER

# INTRODUCTION

The BEST task force's objective was to prepare an independent report which would make proposals for concrete measures to be taken by the Commission and the Member States to improve the quality of legislation and eliminate the unnecessary burdens which restrain the development of European businesses, particularly SMEs.

As the BEST task force was considering a very wide range of issues it established four targeted working groups to examine key areas, such as education, training and innovation, taking on employees, access to finance and administrative simplification. However, in terms of presenting proposals to the Commission and to the Member States it was also necessary to indicate priorities.

After considerable consultation and debate among the members of the BEST task force these priorities were decided and set out in Volume I of the final report presented to Commissioner Papoutsis at the European Commission on 7 May 1998.

Additional recommendations are made by the BEST task force in the four detailed working group reports, along with more detailed information on the thinking behind the principle recommendations. These are set out in full as annexes in this second volume of the BEST task force report.

## *Annex 1: Working group I: Employment and taking on employees*

Europe needs to promote an entrepreneurial culture so that more people take the risk of creating an enterprise. Entrepreneurs themselves need the support of a motivated and adaptable workforce which is as vital to their success as other inputs. Yet the lack of flexibility in employment and working conditions has been recognised as one of the inhibiting factors in the European economy. BEST makes both major recommendations about the development of a direct dialogue between employers and employees at an enterprise level, and other detailed recommendations which seek to introduce greater flexibility in the workplace.

## *Annex 2: Working group II: Access to finance*

Whether it is a young entrepreneur beginning life in business with a small venture, or a well-established firm hoping to expand, or a rapidly growing high-tech company looking for substantial further expansion, access to finance on the right conditions is crucial.

In discussing finance for SMEs it is also important to distinguish between the different types of enterprise and their need for differing kinds of finance. The BEST task force recommendations in this working group have taken account of this. It should be noted that the BEST task force suggested that some of their ideas and recommendations for change could usefully be considered by the round table of bankers and SMEs which is organised by the Commission.

## *Annex 3: Working group III: Training, education and research*

BEST makes some important recommendations in relation to education and training and the need for an entrepreneurial culture to begin in schools and be carried through into higher education and training systems. There is a fundamental culture problem in Europe. That has to change so pupils and students realise that these are issues which are important to their own future. BEST also looked at the problem facing SMEs in exploiting the opportunities provided by the Union's excellent capacity for innovative research and high technology.

## *Annex 4: Working group IV: Business environment and administrative simplification*

Public authorities acting as regulators or as providers of support to businesses in the form of advice, assistance and information need to see themselves as delivering a service to enterprises. The better the service the more competitive the enterprises are likely to be. It has also been the experience in a number of Member States that the introduction of changes, which challenge established assumptions and previous administrative procedures,

require attention and support at the highest political level in order to ensure changes are made and progress established. This working group looked at a broad range of legislative and administrative procedures and in particular at the specific issues that are of importance for business start-ups.

The detailed recommendations contained in this Volume II should be considered just as carefully as those contained in the main report in Volume I. Their implementation should be considered in the procedures adopted for the implementation of the priority issues identified in Volume I.



## Working group I

**— Employment and taking on employees —**

# Introduction

The working group on employment and taking on employees decided on the following as its list of priority issues:

1. The flexibility of working conditions
  - Representation of SMEs
  - Collective agreements
  - The functional flexibility of workers
  - Working time patterns
2. Health and safety regulations
3. Social security systems
4. Administration of sickness benefit and other State schemes
5. The transfer of undertakings directive
6. The transfer of businesses to the next generation
7. Employment subsidies



# 1. The flexibility of working conditions

Entrepreneurs need the support of a motivated and adaptable workforce, yet for some while now, the lack of flexibility in employment and working conditions has been recognised as one of the inhibiting factors in the European economy. This has had particularly serious consequences in Europe's failure to respond to widespread unemployment.

Enterprises are reluctant to take on extra workers because of the extent and complexity of the obligations that arise with that commitment.

A series of related issues needs to be addressed. The most important are outlined in the following sections. Common to all the proposals is the recognition of the need of businesses to operate more flexibly at the enterprise level.

To achieve this aim, however, it is necessary to engage the active support of the workforce. This means in turn that it will also be necessary to develop, or in some instances to initiate, a direct dialogue between the employers and employees at the enterprise level.

As a result of this dialogue, it should be possible to introduce greater flexibility into the application of framework agreements at the enterprise level, giving firms the scope they need to adjust to their own particular circumstances, while at the same time preserving national or sectoral arrangements as a fall-back position.

These issues need to be raised in all the appropriate forums. At a European level, they must be part of the dialogue launched by the Treaty of Maastricht where issues

affecting entrepreneurs and smaller businesses must be given a higher profile.

## Representation of SMEs

### (a) *The nature of the problem*

- Dialogue between management and labour at Community level in the field of social policy is provided for in the Treaty of Maastricht.
- This dialogue needs to take into account the particular situations that arise in small and medium-sized enterprises.

### (b) *Causes*

- Agreement on effective representation of SME interests has not yet been possible between the various European business organisations concerned.

### (c) *Proposals for change*

- Representative European small business organisations should become full partners in all levels of decision making that concern the Social Protocol of the Treaty of Maastricht.

At the enterprise level:

## Collective agreements

### (a) *The nature of the problem*

- In most EU Member States there is an obligation to observe collective agreements, negotiated nationally, even in an enterprise where the employer is not a member of the employers federation and employees are not represented by the trade

union that has negotiated the agreement. This restricts the scope of business activity, especially of small enterprises.

- The general and obligatory nature of these collective agreements restricts competition and prevents the conditions of employment from being changed even when the enterprise is facing difficulties.

#### **(b) Causes**

- In most EU countries there are regulations which require employers to observe the collective agreements of their own industry.

In these countries collective agreements have a status such that, under certain conditions, the authorities can apply the provisions even to those who have had no part in negotiating the agreement.

This situation does not obtain in certain countries — namely in the UK, Ireland, Denmark and Sweden.

- Labour legislation defines the minimum conditions to be followed in employment contracts.

The terms and conditions of employment as stated in collective agreements are mostly more favourable to the employee than the statutory conditions provided by law.

- The employer who is obliged to observe a collective agreement may not agree with the employee terms which differ from those in the collective agreement, even though these terms would observe the statutory minimum.

In fact, even if the enterprise has serious business problems and a departure from the normal agreement would save jobs, enterprises are not allowed to take this course of action.

- This general obligation to comply with

collective agreements does not guarantee basic employment terms at a certain minimum standard. These are already guaranteed by the legislation. Rather they are used to restrict competition in the terms of employment which are an important element in labour market competition.

- The lack of flexibility in this system restricts the ability of enterprises to adjust to changes in market conditions and thus works to restrict the ability of businesses to create employment.

- The effect is particularly felt by small enterprises, which, in signing employment contracts, take a bigger risk in relation to the resources available to the business than is the case with larger firms.

#### **(c) Proposals for change**

- Employers and employees should be given the right to agree on variations from general collective agreements, as long as these agreements are arrived at voluntarily by both sides and as long as they observe the statutory minimum conditions of employment.

## **The functional flexibility of workers**

### **(a) The nature of the problem**

- Employment contracts often have job descriptions which define tasks in a way that is too narrowly restricted for the modern economy. Employees can refuse to undertake tasks even if they are perfectly capable of doing them, simply because these tasks have not been written into the job description. This makes the organisation of work very difficult.

### **(b) Causes**

- It is a common practice to define the responsibilities of employees in great detail in employment contracts, especially where a particular craft or trade is referred to, since the responsibilities of the practitioners of well-established crafts have themselves been defined in considerable detail. In addition, in many working environments, it has been the practice to specify in very detailed terms the responsibilities of each position.
- Trade unions will frequently insist on employees only undertaking tasks that have been defined as part of their responsibility.

### **(c) Proposals for change**

- The range of responsibilities established in job descriptions in employment contracts must be extended and defined in more general terms.

This should be a matter of negotiation between the employers and employees at the enterprise level.

- In the workplace, dialogue between employers and employees should help attitudes to be changed. Employees must be encouraged to understand that all tasks are important and that their proper completion contributes to the success of the enterprise and improves the position of the employee.

## **Working time patterns**

### **(a) The nature of the problem**

- In enterprises where labour utilisation varies, for instance because of seasonal considerations or because orders are not regular, difficulties can occur in planning labour requirements.
- On the other hand, enterprises do have a duty to provide their full-time employees

with regular employment even when there is not work for them to do. For this reason some enterprises tend to avoid employing permanent staff.

### **(b) Causes**

- Legislation and collective agreements restrict the scope for negotiations with the employees on working hours that could be more appropriate for both parties.
- The flexibility which is built into the working time directive is not being used.
- Overtime expenses are very high in many countries, so that although the employees would be willing to work, the employers can not afford to employ them at these rates.
- Legislation and collective agreements restrict the scope for employment on a temporary or part-time basis.

### **(c) Proposals for change**

- The parties in an employment contract — employer and employees — should have the freedom to negotiate working hours to suit their own circumstances.
- In order to bring flexibility to legislation and regulations governing working hours, without directly increasing them, better use should be made of the current flexibility provisions in the working time directive. Consideration should be given to a calculation of working hours on an annual basis rather than on a weekly or daily basis.
- Arrangements should be negotiated between the employers and employees at the enterprise level to implement these provisions, particularly in dealing with overtime payments appropriately.
- It should be possible to sign a limited number of temporary contracts in succession with the same employee.

## 2. Health and safety regulations

### (a) *The nature of the problem*

- There are an enormous number of health and safety regulations both at the EU and Member State level. For a typical entrepreneur these regulations are barely comprehensible and are quite incompatible one with the other.

The introduction of new approaches to health and safety by European legislation has complicated the picture considerably.

- In many cases entrepreneurs are not in a position to know what kind of health and safety regulations are applicable in their businesses.

- The language and the concepts used in these regulations are unfamiliar to businesses and in many cases the regulations also seem to be fairly impractical, at least from the point of view of a layman.

The vast number of regulations creates excessive compliance costs and administrative burdens for SMEs. In most cases, when they meet health or safety problems in their companies, they need to consult an expert to find out about the regulations and to know what the possible solutions are.

Relatively this is more expensive for the smallest firms who typically do not have such expertise available within the company.

### (b) *Causes*

- The system of health and safety regulation has been created gradually over a long period. This means that the regulations and rules in many cases have been created independently of each other and do not take into account their relationship to other regulations.

- Health and safety regulations are often motivated by medical considerations and aim to reduce certain diseases or accidents which have been found to be typical in workplaces.

Even if these regulations are effective from a medical point of view often other aspects have simply not been taken into account. The consequence is that these regulations are very complicated and frequently have not even been kept up to date.

- A lot of bureaucracy is involved in complying with health and safety regulations.

### (c) *Proposals for change*

- At the EU level, there must be restraint in proposals for further legislation on health and safety until the current regulations have been made to work.

- New proposals for health and safety legislation at a European level should only be made after thorough consultation with business organisations, particularly SMEs, and the completion of a regulatory impact assessment. The results of the consultation and the impact assessment should be published.

- Existing health and safety regulations, including monitoring and reporting requirements, should be simplified and put into a more coherent framework, possibly through a SLIM exercise.

- Member States must intensify their work to revise, simplify and modernise their own health and safety legislation, so that both medical and economic objectives can be met more effectively.

At the moment SMEs pose the greatest problems in terms of enforcing health and

safety regulations. In that respect easing the administrative burden of health and safety regulation is likely to improve compliance and consequently to enhance its effectiveness from a medical point of view.

- Inevitably the costs of health and safety regulations are higher in small companies than in larger ones, since they are often in the form of fixed costs which are independent of the size of the company. For this, specific technical and financial assistance should be given to SMEs so that they can comply with health and safety rules.
- Currently the role of the authorities is mainly to ensure that inspection takes place. But certain countries have had encouraging results from also giving authorities the task of advising companies

on how to comply with health and safety regulations. This experience shows that the authorities can have the role of both inspector and adviser at the same time. This could be extremely helpful for SMEs and it is recommended that the practice be generalised.

- Inspectors should first visit a firm and advise on what regulations are applicable and how to comply with them. If the firm is already complying this should be confirmed in writing. If changes have to be introduced, it should only be on a second visit that a formal inspection takes place.
- Better information is also required, particularly in the form of practical examples of how to apply the regulations.

### 3. Social security systems

#### (a) *The nature of the problem*

- According to many studies high indirect wage costs are one of the main obstacles to employing people. These costs arise for different reasons but the main part consists of compulsory social security contributions which are especially burdensome for SMEs since they are generally more labour intensive than larger companies.

- The social security system is very complex in most Member States. Employers, the main financers of the system, also bear a large part of the administrative costs.

- In many cases there are different ways of paying in contributions. These are paid to separate organisations and the information needed is collected separately by each agency. This is an unnecessary burden for the business sector and is relatively most burdensome for small employers.

- Some health and safety provision, organised by employers in accordance with legal requirements, is partly reimbursed by public sector agencies. This system has been created in most countries in recent decades with very little thought for the administrative consequences.

#### (b) *Causes*

- Financing social security is a high cost to be taken into account by employers when employing people. Often this cost is not seen at all by the employees. Thus people generally do not know how much it really costs the employer to hire an extra person.

- In many cases the costs are not apparent even to decision makers who are also concerned about the unemployment rates in their society.

- Separate social security agencies have their own systems for collecting contributions. They have also their own information systems and even separate legal procedures.

This situation arises from the creation of social security systems in the decades after the Second World War. Each one of the schemes has been created separately and therefore has its own characteristic financing system, information system and legal procedures. Steps have been taken in some countries to ameliorate the situation.

- The many detailed rules relating to the reimbursement for some health and safety provision have imposed a considerable burden on enterprises.

Understanding the specific meaning of the rules is often impossible without the help of an expert.

#### (c) *Proposals for change*

- In Denmark social security schemes are mainly financed through general taxation. This means that employers hardly pay any social security contributions at all.

This system avoids both high indirect wage costs and the administrative burden of administering a complex and costly system. The burden is also shared with capital intensive companies, thus assisting employment, as is apparent in the Danish unemployment figures.

- The Member States should simplify the administration and financing of their social security systems. The Danish system deserves consideration as a system which avoids complex administration and financing costs, and removes the burden from

labour intensive firms, thus assisting employment.

- In some countries, for example Sweden and Ireland, companies only pay their social security contributions to one agency and provide the same agency with all the information required. This is a simple measure of administrative simplification for companies and is welcome in going some way to reducing costs, even if impor-

tant costs arising from the system still remain.

At the minimum, this measure of administrative simplification already in use in some Member States, should be recommended to the other Member States as well.

- The rules concerning reimbursements for certain health and safety provision should be simplified.

## 4. Administration of sickness benefit and other State schemes

### *(a) The nature of the problem*

- Sickness benefit schemes seem to require very complicated reimbursement systems in most Member States.

Where an employee has sick leave and he or she is eligible for sickness benefits, the coordination of the payment of the benefit with the payment of wages due usually involves a complicated administrative procedure which falls on the employer without any compensation whatsoever.

- Another aspect of the complicated system of health care is the health schemes organised for its workforce by a company. These schemes are typically partly financed by the public sector, but they are subject to inspection and very detailed and complicated rules, both bringing extra costs for employers.

### *(b) Causes*

- Usually at the beginning of their sick leave, sickness benefit is included with the wages employees receive. As a result of collective agreements, it is usually the case that employees get the full wage or a proportion of it for a certain period. At the same time employees are eligible for sick-

ness benefits according to the public scheme. Double reimbursement is avoided by giving the employer the right to receive the sickness benefit meant for the employee during the period when the employer continues to pay the employee directly.

This reimbursement system means a lot of administrative work for each separate case of sickness, as money is transferred between the social security agency and the company. The organisation taking on this work is, of course, not the social security agency but the company.

### *(c) Proposals for change*

- Simpler and more uniform administrative systems have to be created for SMEs. It should not be necessary to transfer money backwards and forwards between companies and social insurance agencies. If companies are to undertake the administrative work of adjusting wages to take account of the sickness benefits of their employees, they should be compensated.

Member States should adopt ways of administering sickness benefits that impose less of a burden on SMEs.



## 5. The transfer of undertakings directive

### (a) *The nature of the problem*

- The effective transfer of business property is at risk because of the obligation on the part of the buyer in certain circumstances to take on the employees in the enterprise being sold, even if this is not part of the original agreement.

- There are also circumstances where changing a subcontractor or hiring a subcontractor for a job that was previously done in the enterprise itself can lead to the new subcontractor having to employ workers who had previously done the work.

This endangers the pursuit of economically rational courses of action and the development of strong supply chains.

### (b) *Causes*

- The EU directive on the transfer of Undertakings (77/187/EEC), sometimes known as the 'acquired rights directive' and the related decisions of the Court of

Justice of the European Communities are surrounded by a considerable amount of confusion and uncertainty.

- Basing themselves on the judgements of the Court of Justice, national courts have tended to interpret the provisions relating to the transfer of business very rigidly.

### (c) *Proposals for change*

- Firms must know where they stand in relation to acquired rights. The provisions and scope of the directive on the transfer of undertakings must be clarified in order to avoid the confusion that has arisen and improved so that companies will be encouraged rather than dissuaded from taking on personnel.

- Outsourcing and changes of subcontractors and retailers should be excluded from the scope of the directive.

## 6. The transfer of businesses to the next generation

### *(a) The nature of the problem*

- The transfer of businesses from one generation to the next on the death or retirement of the original owner is administratively complex in some Member States and is often complicated by inheritance taxes.

This situation puts at risk many viable businesses and undermines the job security of their employees.

### *(b) Causes*

- There is a tendency to see the transfer of businesses from one generation to the next as a transfer of wealth rather than handing

on an enterprise.

- Provision for this situation varies considerably between Member States.

### *(c) Proposals for change*

- Further progress needs to be made in helping the continuation of businesses after the original owner is no longer involved.
- The Commission's communication on the transfer of small and medium-sized enterprises of 24 March 1998 sets out an appropriate framework.

## 7. Employment subsidies

### **(a) *The nature of the problem***

- Most Member States have a range of schemes to subsidise various forms of employment. These schemes are targeted at different groups, such as the long-term unemployed, young people, older people, people with disabilities and ethnic minorities.

Usually the employer receives a direct subsidy for employing someone in these categories.

- These subsidies can amount to a considerable sum of money and have a considerable impact in certain sectors of the economy. Unfortunately the impact on unemployment is often offset by the negative effects on enterprises not receiving the subsidy. In effect, these programmes can lead to unfair competition and increase the tax burden on other businesses.
- There are a large number of such schemes, often with regional variations. Enterprises are frequently confused by their number and complexity.

### **(b) *Causes***

- The need for governments to be seen to be responding to high levels of unemployment encourages them to adopt such schemes, often without sufficient thought on their operation and their effects.

- Such schemes are sometimes motivated by considerations of social policy, including the need to help the unemployed to avoid permanent exclusion from the labour market.

### **(c) *Proposals for change***

- Member States should reappraise their employment subsidy policies, reviewing their cost and effectiveness. They should consider whether the same objectives might not be accomplished more effectively by other means, including the reduction of social costs.
- Some of these subsidies might better serve as incentives to the unemployed to create their own businesses. Unemployment benefits, for example, might be convertible for a certain period into tax credits for new entrepreneurs.
- New schemes should not be introduced without being thoroughly evaluated, if necessary on the basis of pilot schemes.
- Those schemes that are found to be worthwhile should be rationalised and made easier for enterprises to understand and implement.
- The European Union should ensure that the Structural Funds conform to these principles.



Working group II

— **Access to finance** —

# Introduction

The working group access to finance has decided on the following as its list of priority issues:

1. Seed capital and start-ups
2. Working capital and short-term credit
3. Venture capital and capital markets
4. Taxation and allowances for small companies
5. Late payment
6. Mentoring and business angels

All businesses must be financed and there are plenty of sources of finance available, especially for established successful businesses, but there are also persistent complaints that businesses, particularly those that are new or innovative, find that they can not get hold of the funds they need. The working group on access to finance has highlighted the following problems and proposes certain solutions.

In discussing finance for SMEs it is important to distinguish between types of enterprise and their need for differing kinds of finance. Appropriate finance and credit for start-ups is a different matter from the funding required for more established, medium-sized businesses. Development capital for rapidly growing and innovative enterprises is clearly a particular and important case.

These broad distinctions are themselves fairly crude and, although we should not forget that there are some issues that affect SMEs across the board, such as late payment, in general, much finer distinctions are required for adapting sources of finance to the range of businesses that could make productive use of them. In this sense, although important in themselves, the proposals that are being made are just a start. They are indicative of what could be done, if comparisons of experience were taken further by the financial sector and public authorities.

In this respect BEST has found the work of the round table of bankers and SMEs to be encouraging.

# 1. Seed capital and start-ups

## (a) *The nature of the problem*

- A basic problem is that there is simply not enough seed capital provided to meet the demand from start-up entrepreneurs with viable projects.

## (b) *Causes*

- Most start-ups are not of the ideal type, in the sense of being highly innovative or of bringing to the market some new application based on careful R & D. Often, therefore, start-ups do not attract the attention of existing seed capital funds.

Governments have a role to play in identifying the market failures in the provision of enterprise seed capital and helping to correct them.

Finance from public agencies can have a particularly important effect in leveraging private finance.

## (c) *Proposals for change*

- Seed capital funds must be more encompassing in their scope.
- In order to achieve this effectively, they will need to join forces and cooperate with the State agencies that are responsible for economic development.

- Alternative sources of seed capital should be established by:

- government agencies
- semi-public bodies
- banks.

- Building on experience elsewhere in the world and notably in some States in the USA, banks should find ways to help finance start-ups without requiring personal guarantees, particularly where this includes the home of the entrepreneur, and also without obliging borrowers to have all other loans in associated banks.

- Under the Community's Regional Funds and under Member States' regional initiatives, ways have been found to make finance available for quite small projects.

In Ireland, for example, enterprise boards have operated successfully at a regional level, making finance rapidly available for start-ups. Access is easy, there are simplified procedures and localised (personal) knowledge comes into play. There are also fast responses. An answer is provided within two weeks of submitting a simple business plan.

This good practice should be adopted more widely.

## 2. Working capital and short-term credit

### (a) *The nature of the problem*

- Because SMEs are nearly always under-financed, short-term loans and other forms of commercial credit are vital to their financial health.

This situation is frequently made worse by late payment for goods and services by institutional and government organisations and by other companies.

- Even established SMEs often find it difficult to borrow relatively small sums of money to finance expansion of their activities.

### (b) *Causes*

- Private commercial banks tend to find it difficult to assess the risk of projects proposed by SMEs, particularly as decisions on lending become more centralised. Overdrafts and other forms of short-term credit are limited accordingly.

- Because of the higher perceived risk, banks also charge higher interest rates than to large companies and multinationals, which have higher credit ratings.

- The sort of loan guarantee scheme that is operated by the US Small Business Administration is not as widely available in Europe.

- Assistance provided, for instance by business support agencies, in improving the presentation of proposals to banks on the basis of proper business planning is not utilised as much as it could be.

- Most investment support schemes developed by governments and the EU do not

contain provision for working capital. This remains a frequent cause of the failure of projects.

### (c) *Proposals for change*

- Loan guarantee schemes have an important part to play in mobilising bank credit. More effective schemes of this kind should be brought into operation, with the support of the European Investment Bank.

- The growth and employment initiative should be made operational as soon as possible. All SMEs should be eligible and all banks allowed to participate. Decisions on whether to offer guarantees should be communicated to SMEs within a month.

- Business support agencies should promote better the assistance they can provide in helping entrepreneurs to present their proposals effectively to banks and other sources of short and medium-term credit.

- Mutual guarantee schemes could have a similar effect and should be encouraged.

- Institutional grants and investment incentives provided at regional, national and EU levels should include provision for working capital.

- The European Investment Bank and the European Investment Fund should examine this problem further in order to allow a greater degree of flexibility in relation to working capital, both in their direct and indirect interventions.

- Business support agencies active in this area, such as the business innovation centres, should be more involved in the allocation of funds.



### 3. Venture capital and capital markets

#### (a) *The nature of the problem*

- Typically, established manufacturing SMEs face severe financial constraints when they are expanding or diversifying their initial line of business.

The most direct way for the enterprise to acquire funds in this situation is by the partners or shareholders increasing their participation. However, this is often not possible and medium to long-term finance through a bank is sometimes too expensive to be practical.

A financial engineering solution involving venture capital would be the logical answer but seldom is because of the very low acceptance rate of proposals by venture capital organisations.

- Markets for capital invested in SMEs are still a long way from being effective. The difficulty of exiting from an investment in an SME inhibits funds from going in in the first place.

#### (b) *Causes*

- The rate at which projects are accepted by venture capital funds is presently very low because of the risk aversion of venture capitalists. Instead they tend to concentrate their investment activities in larger projects at the mature end of the market.
- Entrepreneurs, who may have excellent technical knowledge, often lack the expertise necessary to put together a business plan that looks convincing to venture capitalists.
- Investment on Easdaq and other European stock markets will be greatly encouraged when they increase their volume of trading and consequently their liquidity.

- The costs incurred in connection with stock market transactions (agency support, costs for business analysis, drawing up a prospectus, etc.) can be substantial and are incurred before any capital is raised.

- The rules and regulations governing the various European stock exchanges need simplifying for SMEs and should be designed to encourage flotations.

#### (c) *Proposals for change*

- There is a need for venture capital schemes involving supplementary funding to ease project acceptance and to engage venture capitalists through lowering the levels of perceived risk.

This should always be available when the internationalisation of businesses is at stake.

- Business support agencies again have a role to play in helping enterprises to prepare convincing business plans for presentation to providers of finance. The practice of some banks in providing this type of service could also be adopted more widely.

- In Ireland, under the business expansion scheme (BES), private investors are eligible for a tax rebate if they invest in SMEs. This has proved to be a very successful way of bringing sometimes relatively small amounts of capital into smaller enterprises. Assistance for the SMEs is provided by business mentors, if required.

Ways of bringing even relatively small amounts of capital into promising smaller enterprises should be found. The Irish business expansion scheme, the enterprise investment scheme in the UK and those

operated by the US Small Business Administration provide good examples.

Similar schemes should be adopted more generally.

- Member States should allow pension funds to invest a higher percentage of their funds in venture capital. Equally, venture capital funds should reserve a certain percentage of their capital to invest in start-ups.
- Venture capital firms should not be subject to capital gains taxes.
- It is necessary to make public funds available for venture participation, particularly for innovative enterprises in the start-up and expansion phases, in order to stimulate the deployment of private funding.

- In the system of direct investment support, it should be ensured that equity-financed projects or investments are not disadvantaged as against externally financed projects.

- The promotion of Easdaq and similar markets is important in order to increase the volume of trading and consequently their liquidity.

- The rules and regulations governing the various European stock exchanges need simplifying for SMEs and should be designed to encourage flotations.

- All the costs associated with SME flotations and the raising of equity in general should be, at least, tax deductible or form tax credits.

## 4. Taxation and allowances for small companies

### (a) *The nature of the problem*

- The taxation regime can be particularly important either in stimulating or in hindering the development of dynamic, highly innovative SMEs.
- The taxation authorities in EU countries do not take sufficient note of the disadvantages faced by SMEs, of their diversity and of their fragility.
- SMEs, despite being very versatile and flexible, are more susceptible to failure through unexpected set-backs or unforeseen market changes and are subject to proportionately greater variations from year to year in income, expenditure and hence profits.
- Regulations governing accounting procedures only allow invested capital in companies to be written off over relatively long periods. This has implications for production costs, for the extent and scheduling of equipment replacement and for the levels of intangible investment.
- Taxation of investors is equally a significant issue for dynamic SMEs, since it affects the readiness of wealthy individuals to commit their capital to projects of greater than average risk.
- Especially in high-tech companies, competition for very talented, often uniquely qualified people takes place on a world scale. The right reward packages are essential for attracting such talent and are very influenced by the taxation regime and similar regulations on elements such as share ownership and options.

### (b) *Causes*

- Taxation authorities often apply uniform tax rates indiscriminately.
- By inflexible regulations they can cause financial disruption and cash flow shortages.
- Requirements to forward VAT to the authorities can precede the receipt of the VAT invoiced.
- Lack of imagination in the taxation regime means that opportunities to encourage external investment and re-investment of profits are not taken.
- Similarly, regulations on share ownership and options can have a major effect on the recruitment of highly talented people, especially for high-tech companies.
- Sufficient allowance is not made for the high costs of research and development once this investment pays off in later years.
- Although they vary in effect with the type of investment, capital allowances cause distortions in the reported levels of profit.
- Facilitating the exit of capital from investment through the taxation system can be as important as directly encouraging its entry, since large penalties at exit discourage the initial investment.
- It is believed that capital gains tax rates of less than 10% for investments held between three and five years would stimulate a substantial improvement in investment in high-tech SMEs.
- Where tax relief for reinvestment by private investors and business angels is available it is often restricted to investment in private companies.

*(c) Proposals for change*

- SMEs would be able to benefit if a graduated system of taxation generally applied to company profits.
- SMEs should not have to pre-pay taxes collected on behalf of the state. Cash-based accounting should be allowed for determining the amount payable.
- SMEs should be allowed to accumulate tax credits for expenditure on research and development.
- SMEs should be allowed to write-off capital investment over a shorter period, allowing profits to be retained within the companies.

Three to four years is suggested.

- The tendency to lower rates of taxation on capital gains should be encouraged in order to facilitate exit from investments.
- When tax-relief is not available for re-investment by private investors and business angels, it should be introduced and, in light of the potential increase in publicly quoted companies, this should be extended to investment in public and quoted companies up to a valuation of ECU 75 million.
- Restrictions should be lifted on elements in the reward packages necessary for the recruitment and retention of very talented people, such as those of share ownership and options.

## 5. Late payment

### **(a) *The nature of the problem***

- In many parts of Europe, prompt payment by companies and public administrations has become a rare event. It is not unusual in some countries for payment for goods and services to be delayed for up to six months, without legal action being taken by the creditor.

Such unreasonable delay causes one of the most serious financial problems that SMEs face. The situation is particularly serious when the firm only deals with a restricted number of clients.

### **(b) *Causes***

- The generalised practice of late payment is the result of a vicious circle originating in the unduly long delays in settling the accounts of suppliers on the part of most state agencies and administrations and

many large companies. Because of this situation, firms supplying goods and services to the public sector are unable to honour commitments to their own suppliers and sub-contractors. In consequence a general default culture has been created with serious implications for the whole economy.

### **(c) *Proposals for change***

- Serious and urgent action must be taken at both national and Community level to address the problem of late payment.

- The Council and the European Parliament are urged to respond positively to the proposed directive on late payment, so that it can be adopted as soon as possible.

- Equally, Member State governments need to adopt this legislation quickly with a view to breaking the vicious circle.

## 6. Mentoring and business angels

### **(a) *The nature of the problem***

- Enterprises at all stages of their development frequently lack some of the very diverse range of knowledge and skills necessary for the successful growth of their business. Advice and assistance from someone with the right experience can be extremely valuable in these circumstances.
- Businesses that may have considerable growth and development potential often face acute financial constraints because they cannot overcome the perception on the part of traditional sources of finance that a firm that is developing or even in need of restructuring is simply too risky.
- Business angels can often be a solution to this problem, but this is a solution that is not without its own difficulties.
- Contacts between business angels and enterprises that might benefit from them have often been a matter of chance. Systems for putting the two sides together are very under-developed.

### **(b) *Causes***

- Although the potential of mentoring is widely recognised, it is not sufficiently promoted.

- The conditions under which a business angel becomes involved have to be right for both sides. The involvement of a business angel can be difficult for entrepreneurs, who, as they see it, are required to give up control of their business.

- The involvement of business angels is usually a private arrangement and is not under the control of the authorities. Both sides clearly have to be careful about their involvement.

### **(c) *Proposals for change***

- Incentive schemes must be created to catalyse more mentoring by experienced individuals.

- Greater attention and recognition should be given to business angels by administrative and fiscal authorities, as a way of rendering this alternative form of company financing more acceptable, more visible and less risky for all parties concerned.

- Introduction to business angels should be facilitated by organising easily-accessible networks and providing better communication between projects and angels.



Working group III

— Training, education and research —

# Introduction

The working on group training, education and research had to reflect on two distinct areas: training and education on the one hand and research on the other. The issues addressed in each area are listed separately.

## **I. Training and education**

1. Education for the entrepreneurial society
2. The education and training of entrepreneurs
3. The education and training of employees
4. The use of information and communication technologies in education and training

## **II. Research and technological development**

1. Access to the research results and technology transfer
2. Participation in research programmes
3. Patent and licensing procedures

Patent protection

Patent filing procedures

Protection for 'small inventions' and utility models

Licence agreements



# I. Training and education

## 1. Education for the entrepreneurial society

### (a) *The nature of the problem*

- There is a fundamental cultural problem in Europe in that the concepts of enterprise and entrepreneurial skills do not have a sufficient presence in national education systems.

The possibility of becoming an entrepreneur, through academic studies in business administration or through in-company training, ought to have a larger place in the school curriculum.

- Attitudes towards failure in business also represent a cultural problem, especially when contrasted with the way it is regarded in North America. The value of failure as a learning experience is not recognised.

- The significance of entrepreneurship for the economy and the importance of a basic knowledge of business administration are not recognised sufficiently in schools and are taught too late in the curriculum to have a real impact.

- Equally, many SMEs have problems in finding qualified workers, even though there are high rates of unemployment.

- Clearly, the right skills for employment in today's economy are not being taught.

- The planners of education and training should take into account the prospect that many more people in future will be working in SMEs and establishing their own businesses.

### (b) *Causes*

- In traditional school education there is too much emphasis on academic knowl-

edge in preparation for an academic career.

- There is too little encouragement of the spirit of entrepreneurship; few attempts are made to arouse an interest in young people in the prospect of running their own business and there is too little provision for acquiring the knowledge and skills which are needed to become an entrepreneur.

- The skills which are imparted are more appropriate for employment in large companies or in public services than in SMEs.

### (c) *Proposals for change*

- In schools and colleges there has to be a more effective dissemination of information about the role and economic significance of the entrepreneur in the modern economy.

- Even at an early stage in schools, knowledge of business administration with a special emphasis on the role of the entrepreneur should be imparted — and this should not be confined to specialised or optional parts of the curriculum.

- A more positive attitude towards 'failure' should be instilled and its value as a learning experience recognised.

- Pupils should be made more aware of the rapidly changing needs of working life and be shown more clearly the various routes to becoming an entrepreneur — including in-company training and training for becoming a master craftsman.

- The education and training systems need to bring together the business sector and

the public authorities. SMEs should be encouraged to work in close cooperation with schools to promote the excitement of life in a small business.

- To give pupils the opportunity to gain an insight into the organisation and rhythm of work in businesses, more scope for student placements should be created. The completion of a period of work experience should be referred to in the final school report.

- Schools need to provide more opportunities for pupils to carry out school projects on aspects of business administration. For example, these projects could be carried out by small teams of pupils, focus on every day economic questions and empha-

size the importance of working within fixed time limits.

- Member States at the highest levels should seek to promote and endorse entrepreneurs and an enterprise culture.

- Large businesses in different sectors should set up prestigious awards, run by industry and endorsed by governments, to recognise successful entrepreneurs and SMEs within those sectors. In addition, the European Commission and Member State governments should create prestigious awards for individuals, departments, authorities and politicians who have done something particularly useful and innovative for SMEs.

## 2. The education and training of entrepreneurs

### (a) *The nature of the problem*

Professional training and qualifications are the basic requirement for the economic success of entrepreneurs, especially those in small and medium-sized enterprises. With the integration of markets and stronger competition, enterprises can only be successful if their entrepreneurs are highly qualified. This is as true for the start-up phase of an enterprise as for the later stages in its life span. Continuous and developing training is necessary throughout the whole life of an enterprise.

- The under-provision of independent training courses and the problems with their mutual recognition — on a national as well as a European level — mean that the mobility of entrepreneurs is restricted.
- Courses of further training available to entrepreneurs do not sufficiently take into account the special situation and needs of SMEs.
- Participation in further training courses often imposes heavy organisational and financial problems on entrepreneurs in SMEs.
- The role of women in SMEs and their contribution both as entrepreneurs and as colleagues, is not supported sufficiently.

### (b) *Causes*

- Because of the single market and the globalisation of the world economy, there is a rapidly increasing interdependence of national markets which demands the ever greater mobility of entrepreneurs.
- Technological changes of increasing rapidity reinforce the growing competition created by the single market and globali-

sation. Consequently ever more sophisticated training measures are required.

- All economically active persons have an entrepreneurial potential and this is not being fully exploited.
- Training systems have not sufficiently adjusted to the new economic realities and particularly the growing economic and social significance of small businesses.
- Not enough is known in other Member States about training measures offered at the national level. This restricts the mobility of entrepreneurs.

### (c) *Proposals for change*

- The whole 'market' for training needs reorientation, in close cooperation with the business community, so as to take greater account of the special needs of SMEs. Training which provides practical, really useable skills should be a priority.
- In view of the increasingly fierce international competition, more emphasis has to be put on the whole area of business management skills — including marketing, international business procedures, quality and control and the application of business computer software.
- Comparative information about the provisions for training in national legislation and regulations has to be improved. It should be easier to find out about the content and structure of training measures for professional skills and business administration in other Member States.

The training of master craftsman as it is understood in Germany, Austria and Luxembourg represents an instructive case of a single comprehensive training system

which provides a solid base for setting up a private business. To this extent, the training of master craftsman could serve as an example for other Member States.

- Promotion of the concept of the old helping the young is necessary. Reinforcing traditional training measures by means of an informal exchange of business experience and professional skills between experienced entrepreneurs and young entrepreneurs is an approach that is to be commended.

- There should be financial incentives for entrepreneurs to participate in further training, for instance by means of business scholarships or the tax deductibility of training related expenses.

- There should be promotion of training to assist women to become entrepreneurs and an improvement in the methodology of such training.

Women should be encouraged more to become entrepreneurs in their own right and they should be supported in this endeavour. However, the question should also be addressed of how to improve the recognition of those partners (usually women) who act as colleagues or in fact the indispensable mainstay, of the entrepreneur. Here the French concept of a diploma for spouses working in an enterprise (BCCEA — Brevet de collaboratrice de chef d'entreprise artisanale) could serve as an example of best practice.

### 3. The education and training of employees

#### **(a) *The nature of the problem***

SMEs provide the greater part of in-company training. In this way they contribute decisively to keeping youth unemployment rates down. However, the potential of in-company training is not being exploited to the fullest. The readiness of SMEs to provide this type of training puts a considerable organisational and financial strain on their businesses. On the other hand there is a need for training regulations and curricula which do justice to the different needs of young people as well as to the enterprises offering training.

- Employees need to be ready to respond to structural changes in the economy and to be willing to learn new skills throughout their active working life.
- Inflexible and theoretical training regulations and curricula deter less talented, more practically oriented young people from even starting a programme of in-company training.
- For highly talented young people in-company training is often looked upon as not being sufficiently attractive not least because of the lack of links with the possibility of formal study.
- In the working places provided by enterprises there is too little account taken of the different talents and qualifications of employees and consequently a failure to benefit from this potential.
- The mobility of apprentices within the European Union is being restricted by the highly divergent national training provisions and curricula and by a lack of comparative information on these matters.

#### **(b) *Causes***

- Existing training provisions and curricula do not provide sufficiently differentiated qualifications to correspond to the different capabilities and talents of young people.
- Training provisions and curricula need to adapt more quickly to the current and future needs of the different sectors of the economy.

#### **(c) *Proposals for change***

- Employees should be made more aware of the rapidly changing needs of working life and the consequent need for updating their qualifications.
- There should be specific training for employment in SMEs. Training provisions should take into account different kinds of SMEs and industry sectors, and their different requirements ranging between the highly-skilled and employees with no specific skills.
- There should be fiscal incentives for SMEs to carry out training.
- Less demanding and more practically oriented levels of qualification which correspond to the capabilities and talents of young people at the beginning of their working life should be established.
- These should be supplemented by opportunities at a later stage for these young people to develop new career opportunities by means of additional qualifications.
- To increase the attractiveness of in-company training for highly talented young people, this type of training, once

completed, should open the way to further studies, in particular at a higher or university level.

The qualifications acquired through in-company training should be recognised in part in a later academic education. This would also help to enhance the reputation of in-company training among young people.

- Conversely, in-company training could provide an interesting career opportunity for many young people who do not complete a higher education course or whose college diploma fails to open up job prospects. This would be facilitated, if the knowledge and skills acquired in college were recognised and taken into account when starting in-company training.

- Differentiated training qualifications must match the requirements of a correspondingly differentiated range of positions in the workplace.

- The employment potential of flexible training provisions and curricula can only be exploited if the social partners make greater efforts to open up the possibilities for enterprises to take on less qualified employees in corresponding working posts with correspondingly differentiated levels of pay.

- To meet the requirements of the single market, there is a need for a more effective exchange of information on national training regulations and curricula. There should be mutual recognition of qualifications based on cooperation agreements between the competent institutions for in-company training. The decentralised nature of these voluntary cooperation agreements provides a guarantee that the quality of in-company training is maintained, while allowing for different regional requirements to be taken into account.

## 4. The use of information and communication technologies in education and training

### *(a) The nature of the problem*

One of the major challenges that craft firms and small companies face today is the revolution in information technology. The previously separate basic technologies of computers and telecommunications have now merged and there are nearly limitless business opportunities in the use of multimedia. The use of information and communication technologies therefore poses a great challenge both for enterprises and for training institutions.

- The possibilities for using information and communication technologies in both the organisational and teaching aspects of initial and further training are not being sufficiently exploited.
- The application of information and telecommunication technologies is constantly changing. However, the process of adapting both the initial training provisions and curricula and the opportunities for further training is simply too slow.

### *(b) Causes*

- Information and telecommunication technologies are not being integrated rapidly enough into the qualification systems of the different professions.
- Information and telecommunication technologies should increasingly be applied in the initial and further training sectors.

### *(c) Proposals for change*

#### *(i) In the provision of training*

- Highly professional in-company training and opportunities for further training

should be brought up to date and kept at the state-of-the-art level through the application of the latest information and telecommunication technologies.

There is a strong need for the support of tele- and long-distance learning methods. This would serve not only to familiarise trainees with the latest information and telecommunication technologies, it would also reduce the time spent in training institutions, allowing trainees to spend more time in their firms, to the benefit of both the firms and the employees.

In bringing in these new arrangements, it should, however, be clear that these methods can only be used as a supplement to normal instruction especially in conveying the theoretical aspects of the subject in certain fields. There can also be no alternative to the practical training of the employee in the enterprise.

- In the training programme, video systems should be used and promoted more extensively. They can help teach complicated topics through the use of well prepared visual illustrations, which can be repeated over and over again. Equally they can help save valuable time, money and resources by filming expensive technical processes that have to be staged only once.
- There is also a need for a stronger integration of innovative technologies into the different training methods. The development and preparation of software to assist in training programmes (for initial as well as for further training) should therefore be fostered by a close cooperation between training institutions (especially chambers

of crafts, industry and commerce) and software developers.

(ii) For managers and in the professions

- In order to best exploit the potential of information and communication technologies, there is the need for a continuous adaptation of professional skills and the assimilation of the vast range of applications.
- The creation of arrangements for teleworking also contributes to a reduction of

administrative costs and a boost in the efficiency of small and medium-sized enterprises. A large part of the office work arising on a day-to-day basis in a company (e.g. accounting, translation, etc.) could be performed by specialised office agencies working in other locations. Furthermore, teleworking could contribute to the separation of work place and work performance and thus support efforts for a greater flexibility of working hours.



## II. Research and technological development

### 1. Access to research results and technology transfer

#### (a) *The nature of the problem*

Information about new technological developments is of considerable importance for the economic success of a business. A firm can only be run profitably if it knows and applies the latest technologies in its industry.

Many firms have an interest in using RTD findings and new technologies, but have no R & D capacity of their own.

There is, however, considerable difficulty for small businesses in accessing the research findings that could be used for new products or processes.

However, it is not only these information gaps that seem to be responsible for the failure to transform research findings into marketable products. Barriers are also constituted by fears on the part of SMEs about entering into unknown territory. They fear that they lack the knowledge of how to buy from research establishments because, for instance, of difficulties in communicating with people who appear to be from another world. In addition, there are certain legal pitfalls. Applying existing technological processes or installing certain types of equipment may infringe rights that are protected by law. Ignorance of the existence of these rights can be very detrimental financially.

An important source of information is patents and licences. However, bureaucratic regulations render the administrative procedures in technology transfers just as

time-consuming and expensive as registering patents. Time and time again, information about research development programmes is available, but hard to get hold of.

Barriers consist of:

- a lack of information on research findings and patents
- a lack of information on contacts for joint research projects
- a lack of information on possible financial support for research activities.

#### (b) *Causes*

- University research establishments are not primarily equipped to carry out research projects with SMEs.
- Research establishments do not work in a market-oriented fashion.
- Mental barriers exist in talking to university institutions as partners in a research project.
- There is an important information deficit arising from a lack of communication between SMEs, universities and national patent offices.
- There is a lack of knowledge about which non-university research establishments can be approached.
- Fear of competition from industrial partners can be an inhibiting factor.

- EU and national research programmes and/or instruments are not transparent or are not consistent with each other, leading to the 'support jungle'.

**(c) *Proposals for change***

- There has to be a substantial improvement in the way that SMEs make use of research and technology. These matters could benefit from further in-depth investigation and action both at a national and EU level.
- Schemes to promote technology transfer and individual mentoring play an important role in this area by bringing experience to bear in a very practical way.
- There should be support for cooperation between SMEs in this area through building up business networks of SMEs, and of SMEs, academics and major enterprises and through a reinforcement of technological 'clusters' enabling local knowledge to be exploited.
- Regional technology transfer agencies and specialist information and innovation centres, such as the business innovation centres, have to be improved by developing an important degree of regional expertise and focus and through regional and inter-regional 'clusters of competence'.
- Incubators which nurture new company start-ups should be encouraged, taking advantage of the best practice in France, Germany, the UK and other Member States.
- Practical information exchanges directly from one business to another should be promoted, particularly by making use of

new information technology. Best practice should be identified and exchanged.

- Enterprises or individuals that already have experience of the successful exploitation of research and technology should be able to help SMEs that are new to the process through the development of mentoring schemes.
- A 'performance component' should be encouraged in the funding of research by directing resources to applied research institutions and making funds dependent on a willingness to cooperate with enterprises.

There could be an obligation on the universities to deploy a certain percentage of their public funds to research projects with SMEs.

- The services offered by the national patent offices should be extended to include the conduct of investigations and the publishing of reports on the state of the art in particular technological areas.

They could provide advice on whether a particular invention is patentable, both before and alongside patent filing procedures.

- In general, the advisory activities of the national patent offices should be intensified. It would be worthwhile to have on-the-spot information for SMEs which could also be available in other business support agencies.

It is also conceivable that a state-of-the-art analysis could be automatically conducted for all supported research projects, both at the start and at the end of the research project.

## 2. Participation in research programmes

### (a) *The nature of the problem*

- SME participation in international research programmes is still very restricted.
- Information on funding possibilities and particularly on opportunities for making proposals under EU RTD programmes needs to be more effectively targeted at SMEs which could benefit.
- Application procedures for EU and national RTD funding are often too complicated and take too long to be processed to be practical for SMEs.
- Scope for SME input into the formulation and design of Community RTD programmes is rather limited.

### (b) *Causes*

- Usually there are no organisational units within SMEs that can regularly and strategically deal with research activities (design, applications, possible funding mechanisms, etc.). Frequently, the information and knowledge that does exist is not effectively deployed.
- EU research programmes are still primarily tailored to research establishments and/or major enterprises.
- National bodies are often not very effective in passing on proposal documentation. Frequently they do not filter and structure the information they receive. Often it is not even translated.
- For research to lead to a successful market application, there is not only need for a technical input, but also for finance, some marketing research and possibly training. It is often difficult for SMEs to bring all these elements together.

- Banks and other funding organisations suffer from a lack of knowledge on how to evaluate technology-oriented projects.

### (c) *Proposals for change*

- SMEs have to be helped to make better use of research and technology.
- EU research and technology development programmes need to be much more sensitive to SME requirements and help to bring together all the elements (technical, financial etc) necessary for a successful business application of the results of research. In particular, RTD funds under the fifth framework programme will need to be far better targeted to help SMEs.
- A proportion of expert posts should be reserved for people from SMEs in the various consultation and assessment processes, project and programme audits, strategic studies and bodies consulted. The same principle should apply to the consultative panels created to advise on priorities for the next framework programme.
- There is a need for better targeted information and awareness campaigns, to promote SME involvement in RTD and its applications.
- A more SME-friendly structure for Community research programmes could be achieved by:
  - well publicised procedures for SME projects in all research programmes;
  - better promotion of the CORDIS database on research programmes and results and of the system for an EU-wide search for partners;

— greater consideration for small scale projects in the selection procedure, along with a reduction of the number of SMEs required to commission research;

— reduction of the administrative expenses imposed by current procedures and an acceleration of the selection process;

— use of simplified application forms;

— a much more rapid response on the likelihood of success given to applications by SMEs;

— cutting the time taken between award and signature of a contract.

- Access to support for SMEs should be rationalised and reorganised with a special budget for micro-enterprises and start-up support for RTD projects extended. In particular, support should already be made available at the stage of identifying a project.

- Attempts should be made to increase the interaction between the various elements necessary for a successful application of research. For instance, staff from venture capital funds should be involved in the evaluation of projects.

- There needs to be promotion of the networks of technology brokers who act as middlemen in the supply of and demand

for knowledge and information on RTD and its applications.

- These should work closely with a network of experts set up to provide 'technology ratings' — assessments of the risks associated with the introduction and marketing of new technologies — thus making it easier for those funding technology projects to come to a reasonable conclusion in their financing decisions.

- Equally, business support agencies such as the chambers of commerce should have a much greater involvement in promoting RTD, acting as 'first-stop-shops'.

- Other examples of best practice should be taken up, such as the Austrian 'I' initiative (ideas x investment), which brings together innovative SMEs and experienced investors.

- The restrictive provisions in the technology transfer sector at an EU level that hinder participation in Community research programmes require urgent consideration.

- The movement of researchers and engineers into SMEs should also be encouraged, contributing to an increase in the flow of know-how, for example by tax allowances for engaging additional scientists and technical personnel.

## 3. Patent and licensing procedures

### Patent protection

#### (a) *The nature of the problem*

- Many businesses are not sufficiently aware of the importance of patent protection as an element for promoting innovation and as a marketing instrument.
- Patents pose a high risk for SMEs because of the potential costs arising from patent litigation proceedings.
- There are other important costs arising from the need for translation into other languages.

#### (b) *Causes*

- The lack of awareness about patents is often attributable to a failure to make use of existing technology and an inadequate knowledge of the economic effects of industrial property rights.
- In patent litigation cases, SMEs may be subject to unsustainable costs, particularly as a result of the length of procedures and legal costs involved.
- For reasons of legal protection it appears to be necessary to translate patents into all the respective languages. Otherwise other enterprises, and particularly SMEs with their weak language skills in the area of complex patent terminology, might make use of a patented product without being aware of it.

#### (c) *Proposals for change*

- The advisory functions of the national patent offices should be extended, enabling the accent to be placed on publicising the benefits of patent protection. Even at the stage when a business is being set up, the

SME support agencies should be talking about patent law protection for inventions with an industrial application and thus contributing to an improvement in communication between SMEs and national patent offices.

- It should be easier for SMEs to protect their patent rights, for instance by allowing the courts to grant interim injunctions on the basis of a prima facie violation by another firm and reversing the burden of proof in the subsequent full hearing.
- Translation costs should be reduced by following the global solution proposed by the European Office for Harmonisation in the Internal Market in Alicante. This solution would require that only a summary, extraction or brief description of the patent should be translated.
- Longer deadlines should be allowed before translation has to be supplied. In return, limited patent protection could be afforded by reducing the amount of damages allowed in cases of contravention.

### Patent filing procedures

#### (a) *The nature of the problem*

- Businesses often shy away from filing their business innovations for a patent because they are afraid of the duration of the procedure, the complicated formal requirements and the high charges. There is a lack of knowledge about the patent filing procedures *per se*, and especially about the differences in procedures between different countries.

- There is no patent protection in the period between applying for and receiving a patent.

**(b) Causes**

- When an applicant is confronted with the numerous complicated requirements in the filing procedure and has to pay high charges even before filing the patent has been granted, the attraction of patent protection is reduced. A lack of information and, in part, misinformation in the media, and a false perspective on technology in the SME sector make access to the patent filing procedure much more difficult.

**(c) Proposals for change**

- Harmonisation of filing procedures and requirements should be brought about along the lines currently being negotiated within the framework of the PLT (Patent Law Treaty) and the WIPO (World Intellectual Property Organisation).
- Great importance should be attached to maintaining or setting up charge structures that provide for low filing costs and low costs in the first year.
- Some form of tax relief or tax credits for patent costs should be introduced.
- Rather than transferring the surpluses of the European Office for Harmonisation in the Internal Market in Alicante to the Community budget, they should be used for lowering registration fees.
- Alongside this, ideas should be developed for improved promotion of patenting through the media.
- The possibility for compensation for patent transgressions during the registration period should be introduced. However, the actual claim should not be allowed before the patent has been granted.

## Protection for 'small inventions' and utility models

**(a) The nature of the problem**

- The protection of inventions is becoming ever more important for SMEs.
- Firms are disadvantaged where they have economically valuable business innovations, but patent protection is not possible because the conditions for granting a patent are not satisfied at the required level of invention.

The Commission has made a proposal for the approximation of national utility model legislation. Nonetheless certain problems remain.

**(b) Causes**

- Protection for 'small inventions' is not at present provided for in all Member States in the form of a utility model.
- Problems with the Commission proposals for a directive on utility models include the following considerations:
  - a state-of-the-art research report is not obligatory, which makes legal protection more difficult to establish;
  - a utility model application has to contain claims; SMEs unfamiliar with these procedures are likely to fall foul of this requirement;
  - there are relatively high filing and research costs during the preliminary phase;
  - in contrast to the situation in the United States, no period of grace has been proposed between publication of research results and registration.

**(c) Proposals for change**

- Utility model laws should be enacted in all Member States and, at the same time,

efforts should be made to harmonise legislation at the national level in order to avoid distortions of competition.

- The Commission proposals for a directive to bring about the approximation of national utility model legislation is to be welcomed by SMEs in as far as it will create a uniform legal situation.

- The Commission's proposals should be modified so that:

- a state-of-the-art research report should be obligatory, although in order to compensate for the possible delay, the utility model protection could be published before the research report;

- the presentation of claims should not be obligatory, so that a utility model application would not be denied for formal reasons; it should be possible to present claims after application;

- fees for the applicant should be low during the initial phase; the registration fee should be separate from the annual protection fees;

- provision for a period of grace should be included in both patent and utility model protection, for the benefit of SMEs and university research institutes.

- The access paths to industrial property rights should be eased as far as possible, for example, by allowing the conversion of a patent filing into a utility model filing and vice versa, and of branching utility model filings off from patent filings.

- The development of utility models needs to be dealt with at the same time as the further development of the patenting system, since the interchangeability of patents and utility models has been proposed.

## **Licence agreements**

### **(a) *The nature of the problem***

- In some countries, access to the use of patent-protected inventions in the form of voluntary licences very often presents an expensive option for potentially interested parties.

### **(b) *Causes***

- The formal requirements for making licence agreements vary widely from country to country and are often very complex. Likewise, in some Member States, it is compulsory to notify or register licence agreements with the public authorities, which constitutes a burden on commercial business.

### **(c) *Proposals for change***

- The existing formal requirements for making licence agreements should be reviewed to see if they are necessary. Notification and requirements to register with public authorities should be reduced to a minimum.

- Community-wide harmonisation should be made a goal.

## Working group IV

**— Business environment and administrative —  
simplification**



# Introduction

The working group on business environment and administrative simplification looked both at the broad range of legislative and administrative procedures which particularly affect SMEs and at the specific issues that are of importance for business start-ups.

The working group decided on the following as its list of priority issues:

## **I. Legislative and administrative procedures**

1. Coordination and improvement of regulatory policy in the EU institutions
2. Regulatory policy in the Member States
3. The transparency of administrative procedures in Community and Member State legislation
4. The mutual recognition of professional diplomas
5. The mutual recognition of conformity assessment testing and certification
6. Simplification of public procurement legislation and improved provision of information
7. Simplified accounting procedures
8. Legal obligations towards employees

## **II. Business start-ups**

1. Starting-up and registering a business
2. Licensing, permits and authorisations for products, installations and services
3. Access to public and private information and advisory services

# I. Legislative and administrative procedures

## 1. Coordination and improvement of regulatory policy in the EU institutions

### (a) *The nature of the problem*

- It has been the experience of a number of Member States that the introduction of changes which challenge established assumptions and administrative procedures requires the attention and support of the highest political levels in order to make progress.

The institutions of the European Union have no corresponding arrangement to ensure that regulatory reform is pursued.

- Effective regulatory reform requires there to be a clear overview of the sometimes competing objectives of policy and the complex institutional arrangements for its implementation.

- Regulatory reform should also be a continuing process and one that brings about a consistency of approach across the public service.

- Special attention is required to ensure that amendments to legislative proposals made by the Council and the European Parliament improve the quality of the legislation rather than detract from it.

### (b) *Causes*

- In terms of the difficulties encountered in bringing about regulatory reform, the institutions of the European Union share many of the characteristics of administrative systems at a national level.

- There have been a number of initiatives in the European Commission which have tried to ensure that legislation and other

regulations are sensitive to the requirements of business, but there is a need to coordinate these initiatives and to place regulatory reform at the centre of European administration.

- The techniques of regulatory impact assessment are not sufficiently known and implemented.

### (c) *Proposals for change*

- A central ‘better regulation unit’ should be created under the direct responsibility of the President of the European Commission to oversee and coordinate regulatory review and reform and ensure that the consequences of any legislative proposals for SMEs have been assessed and fully taken into account.

- This central unit should be responsible for promoting good regulatory practice in operational departments, including establishing that proposed legislation is really necessary, that appropriate consultation takes place, that sufficient information is provided and that regulatory impact assessments have been properly carried out.

The unit should also initiate reviews of existing regulation.

- The Council should be invited to establish a corresponding central unit, under the responsibility of the Secretary General.

This unit should help improve the quality of legislation and promote clarity, simplicity and coherence. It should also ensure

that the final form of legislation has taken proper account of the effect on businesses, for instance, by checking that amendments to legislative proposals have also been subject to impact assessment.

It would be advisable to have staff from the corresponding units at national level participate in the work of the Council's unit.

- Information provided to these units for use in their evaluation of legislative proposals should be accessible to the public.

- The European Parliament should be invited to consider whether similar provisions need to be made in order to monitor the application of good regulatory practice in the preparation of legislative proposals and to assist in improving the clarity and effectiveness of its own contributions to EU legislation.

## 2. Regulatory policy in the Member States

### **(a) *The nature of the problem***

- Much legislation which affects businesses arises at Member State level.
- Even where legislation has its origins in Community directives, transposition into national legislation can mean that important detail is decided at the national level.
- The 'culture' of national administrations and the extent to which they are responsive to the circumstances of smaller businesses is the basic determinant of the quality of the regulatory environment in which businesses of all sizes operate.
- National authorities sometimes 'gold-plate' Community directives, by adding extra provisions when transposing them into national law.

### **(b) *Causes***

- There are differences between Member States in the political weight given to improving the regulatory and administrative environment of enterprises.

This is reflected in the level within government at which these matters are dealt with and in the level and extent of dialogue with SME representatives.

- There are also variations in the extent to which national authorities are aware of and adopt good regulatory practices.
- The transposition of directives into national law allows an important scope for adjusting the legislation to fit in with national legal and administrative systems, but it also provides an occasion for new complexity and costs.
- Community directives often provide the opportunity to introduce measures that

national administrations have not been able to fit into their legislative programme elsewhere. This 'gold-plating' can further complicate the provisions of legislation decided at a Community level.

### **(c) *Proposals for change***

- Member States should carry through at the national level the logic of the arrangements proposed for the EU Institutions, with a view to coordinating regulatory review and reform. This will require greater coordination and cooperation between the different ministries or government departments within the Member States, when legislative proposals are being considered.
- Where there are not already arrangements for regulatory matters to come under the direct and central responsibility of decision makers at the highest political level, these should be put in place.
- Responsibility should remain at this level for deciding whether legislation is actually necessary or whether there are alternative courses of action and for ensuring that the point of view of SMEs has been taken into account in legislative proposals.
- In the new arrangements for regulatory matters, all the government departments involved in the business environment should be represented.
- The staff in public administrations should be encouraged to be more aware of the circumstances of SMEs through specific training measures, information and awareness campaigns.

- The impact of legislation on business must be an important consideration in determining its form and content.

- The ‘think small first’ approach should be the guiding principle and best practice should be identified and subsequently adopted in relation to:

- consulting businesses before the introduction of new regulatory instruments;

- developing regulatory impact analysis and instruments for evaluating compliance costs and administrative burdens, such as impact index cards which indicate the cumulative effect of regulations;

- allowing reasonable time frames for the implementation of legislation, especially for SMEs;

- conducting effective information campaigns regarding changes required by new legislation;

- consulting businesses before the introduction of new administrative practices including new forms and questionnaires, to ensure that enterprises can provide the information, and that it is not already available elsewhere.

- Further developments in best practice should be identified through exchanges of information between the Member States.

- In the case of directives being transposed into national legislation, care should be taken to avoid adding undue complications and ‘gold plating’ should be resisted and eventually eliminated. In the meanwhile, it should be made clear when additional provisions are being made. These should be identified and evaluated separately.

### 3. The transparency of administrative procedures in Community and Member State legislation

#### (a) *The nature of the problem*

Community and national legislation often include procedural rules to govern implementation. Since each piece of legislation can introduce its own procedures there is a wide range of practice which is confusing for businesses. There is a general need for transparency and clarity in procedures which directly involve the public.

- This is particularly important for dealings between SMEs, the Commission services and national administrations when accessing Community programmes or Community funds.

#### (b) *Causes*

- The scope for variations in procedural requirements is very large, affecting how fees are paid for obtaining permits or licences, the way information must be presented, time-limits on decisions and the rules governing appeals against decisions.

- As regards the European institutions the variations in practice between different Commission services and agencies makes it difficult for businesses and SMEs in particular to take part in programmes or projects funded by the Commission. There may be differences in the periods of execution from selection of successful candidates from a call for tender to the agreed starting date of the contract; different views on the kinds of costs considered eligible; different requirements as to the presentation of accounts and requests for information which may be unnecessary for evaluating a project.

All such variations make it difficult for businesses to make reliable estimates about the time a proposal will take to complete or the liquidity required to cover periods of non-payment and there is no consistency about the information given to applicants on the obligation of the services to respect certain time limits. SMEs with a viable project requiring additional funds cannot usually afford the investment in time or money to cope with such uncertainty. On the other hand institutions, such as universities or large companies with financial security, can afford long lead times on projects or can factor into their costs the delays in payments.

- The firms and organisations which have adapted to the system know how to shop around different services to exploit different procedures.

- For the credibility of Community funding for SMEs, particularly in the larger programmes, there is a need for transparency and clarity in information made available to applicants about the procedures to be followed and the obligations of the administration to respect them.

- In so far as national legislation is concerned, including that which transposes Community directives into national law, similar problems may occur. The same principles of transparency and clarity must apply particularly as regards the obligations of the administration towards its clients.

**(c) *Proposals for change***

- The institutions at a European level need to both simplify and standardise procedures to increase transparency, so that enterprises know what to expect and what is required of them. Member States should also examine the opportunities for standardising their procedures.
- The political and practical complexities in achieving coherence and standardisation between different autonomous bodies on a voluntary basis requires a commitment at the highest political level. Without such a commitment BEST would propose a legislative solution such as a regulation specifying the criteria to be respected in administrative procedures in order to minimise the administrative burden on enterprises.
- There should be a standardised procedure for seeking redress from a public administration when it has not met its obligations, including the obligation to complete procedures within a specified time.
- Standardisation is particularly relevant to dealing with access to Community programmes or dealing with the requirements of EU legislation.
- Procedures relating to access to Community funds should be standardised at both European and national level. This should include a clear indication of the kind and quantity of information required and the purpose for which it is required. Information required for statistical or other similar administrative reasons should be separately identified.
- Accounting procedures should be radically simplified for both the responsible authorities and for SMEs receiving grants or funds. Accounting procedures should be compatible with normal business accounting systems.
- In the management of the Structural Funds programmes Member States are requested to ensure that their financial procedures are designed to maintain a sufficient cash flow in SMEs participating in the programmes.

## 4. The mutual recognition of professional diplomas

### *(a) The nature of the problem*

- The freedom of movement of persons is one of the fundamental freedoms underpinning the operation of the single market.
- A problem raised by SME organisations is that in practice the mutual recognition of diplomas is interpreted in a way that obstructs the proper functioning of the single market.

This applies particularly to those regulated professions which fall within the scope of the two general directives on the recognition of higher education diplomas (Directive 89/48, OJ 1989, L 19 — academic qualifications) and on the recognition of professional education and training (Directive 92/51, OJ 1992, L 209).

### *(b) Causes*

Although these directives were intended to promote mutual recognition of qualifications, they did allow a requirement for either an additional test or an additional training period in cases where there was a substantial difference in the education or training required for the diploma. In some instances this requirement has tended to become the rule rather than the exception.

Professionals wanting to establish a business in another Member State are not in a position to appeal against the decisions of administrations which refuse to give the intended semi-automatic recognition of their qualifications. Appeal procedures are simply too expensive.

### *(c) Proposals for change*

- Rather than formally conforming to Community law, the Member States must ensure that the substance of the directives governing mutual recognition of diplomas is observed.
- As a general rule, national administrations should recognise qualifications originating in other Member States as equivalent to their own.

Where there are exceptions, these should apply only when the absolute need for additional tests or training can be demonstrated.

- The Commission should conduct a survey of the application of Community and national laws on the recognition of diplomas, with a view to making recommendations for improving the situation.



## 5. The mutual recognition of conformity assessment testing and certification

### *(a) The nature of the problem*

- The freedom of movement of goods is central to the operation of the single market.
- A continuing problem is the not uncommon requirement to have products tested before they are sold in another country even though harmonised testing procedures exist.
- Similarly, problems arise when national authorities are requested to recognise an equivalent test carried out in another Member State.

### *(b) Causes*

- The European system for accreditation of conformity assessment testing has not been taken up sufficiently by testing centres. National officials are too ready to require further testing, even when there are results from tests carried out elsewhere.

SMEs are not in a position to appeal against the decisions of administrations which insist on repeat testing. Appeal procedures involve too much time and cost.

### *(c) Proposals for change*

- Rather than formally conforming to Community law, the Member States must ensure that the substance of the directives governing mutual recognition of testing is observed.
- In the situations where problems continue to arise, the burden of proof should be reversed. Products which are tested and legally sold in other Member States should be regarded as acceptable, unless sufficient grounds can be established for stopping their sale.
- The Commission should conduct a survey of the application of Community and national laws on testing and certification procedures, with a view to making recommendations for improving the situation.

## 6. Simplification of public procurement legislation and improved provision of information

### (a) *The nature of the problem*

- The directives concerning public procurement were intended to be an important part of the liberalised trading environment resulting from the completion of the single market.
- SMEs should have benefited from increased opportunities to tender for public contracts across the European Union.
- Unfortunately there are still many public authorities that do not publish calls for tender before awarding contracts in the areas covered by the directives.
- When calls are published, awarding authorities often find the procedures so complex that they have difficulty in complying with them.
- Equally SMEs have difficulties in following the procedures and observing all the requirements.

### (b) *Causes*

- Many public officials are still unaware of their authority's obligations under the public procurement directives.
- The directives and the procedures they impose are too complex both for the awarding authorities and for the tenderers.

- Information, both on tendering opportunities and on the way that the tendering system works, is still not sufficiently available.

### (c) *Proposals for change*

- The directives on public procurement should be revised prior to the end of 1999, with a view to a simplification of the procedures and rules.

A SLIM exercise might help this process.

- The Commission along with the Member States and local authorities should cooperate to improve information provision, if necessary by designating dedicated public procurement information centres.

The information centres would have a role of promoting awareness of public procurement systems in general and, in particular, of making enterprises aware of the opportunities arising to compete in this market.

- The Commission is encouraged to continue to investigate and promote the use of information technology to disseminate information on public procurement and to assist SMEs to participate.

## 7. Simplified accounting procedures

### **(a) *The nature of the problem***

- A large proportion of the administrative expenses of enterprises derive from obligations relating to the preparation of annual accounts.
- The very demanding accounting standards with which SMEs must comply were really intended for larger companies with many shareholders and with fully developed administrative and book-keeping departments.
- Wherever there is already some provision for simplified accounting procedures for small firms, this tends to be ill-conceived or still requires too much information from simple businesses.

### **(b) *Causes***

- Public administrations are usually unaware of the burden and difficulties that their demands cause.

- Because of their concern to generate reliable statistics, public administrators tend to require excessive detail in their accounting regulations.

- The obligations relating to annual accounts on private and public limited liability companies derive largely from the fourth and seventh directives on company law.

### **(c) *Proposals for change***

- Although in most EU countries some efforts are already being made to ease administrative burdens caused by reporting requirements, additional action should be taken to simplify and reduce demands in this area.

- Specifically it is proposed that up to a certain threshold level of turnover, the requirement for fully audited accounts should be dropped.

## 8. Legal obligations towards employees

### (a) *The nature of the problem*

- When enterprises come to employ people, they notice how much extra administration is required beyond the procedures immediately connected with taking on somebody. In particular the number of external agencies that have an interest and require information is remarkable. This means extra work and expense without any obvious benefit, as far as the employer is concerned.

### (b) *Causes*

- Employers have to give information about their employees to social insurance agencies, trade unions and to various public organisations involved in training and labour market matters and the collection of statistics. All these agencies ask similar questions but use separate forms and request the information at different times during the year. Quite often the definitions used differ slightly from those used by other agencies.

The basic problem is that all the agencies involved are working to their own agenda, yet the information which is needed is fairly similar.

### (c) *Proposals for change*

- There should be a re-examination of the necessity for requests for information as soon as possible.

- Information already available, for example, that required on registration, should be made use of and information should be exchanged between public agencies. This way the number of requests could be drastically reduced.

- As far as possible there should be coordination in the requests for information so that the same forms can be used and the information provided for several agencies at the same time.

The example of France can be used, where various submissions required on an annual basis are made using only one simple form.

- Member States should reduce drastically legal obligations to report data on their employees.

- Information required by the EU should be examined in order to avoid duplicated requests for information, for example for statistical purposes.

## II. Business start-ups

### 1. Starting-up and registering a business

#### (a) *The nature of the problem*

- The procedures necessary to start up a business can be very confusing. There are a number of different offices to visit and too many different forms to fill out.
- There is often a lack of coordination between the different public authorities.
- The level of activity at which it is necessary to register, for example for VAT, differs considerably between Member States.

#### (b) *Causes*

- The systems for registering business start-ups were not designed with the convenience of the customer in mind.
- Although best practice in this area has been defined through the extensive discussions leading up to the Commission recommendation on improving and simplifying the business environment for business start-ups, some Member States have been slow to react.

#### (c) *Proposals for change*

- Member States should take initiatives to facilitate the creation of enterprises.

- The procedures proposed in the Commission recommendation on improving and simplifying the business environment for business start-ups should be widely adopted.

- In particular, there should be:

a single location for registration purposes;

a single registration document;

a single identification number;

sharing of data between the public authorities involved in registration.

- Start-ups should be allowed to make use of modern information technology in registering and submitting the necessary information.

- Support services for start-ups — support actions, advice and information — should be located under one roof.

- Member States should inform the Commission on the progress that is being made with the adoption of the best practice identified in the Commission recommendation on improving and simplifying the business environment for business start-ups

## 2. Licensing, permits and authorisations for products, installations and services

### **(a) *The nature of the problem***

- Before commencing operations, many businesses require an array of licenses, permits or authorisations for their services, products or the premises and plant that they wish to use.
- The nature of the authorisations seem to vary quite considerably between one Member State and another.
- There are often long delays in processing applications of this type.

### **(b) *Causes***

- Regulations of this kind have grown up over a long period and often in response to particular problems that are no longer a major consideration.
- They need a comprehensive review, but often this has not been conducted.

### **(c) *Proposals for change***

- Unless already performed in the recent past, a comprehensive review of provisions

for licensing, permits and authorisations should be undertaken by each Member State, leading to a rationalisation of these regulations.

When examining the necessity for each regulation, consideration should be given to achieving a similar outcome by the use of alternative mechanisms of control.

- Licensing and notification requirements should be centralised so that, as far as possible, they can be complied with at the same easily-accessible location.
- Procedures for granting the necessary authorisations should be speeded up and a period set after which failure to respond on the part of the authorities can be deemed to constitute consent.
- Appropriate resources need to be allocated to this important area of public administration.

### 3. Access to public and private information and advisory services

#### *(a) The nature of the problem*

- Good information and advice services are a valuable support in the creation of businesses and in helping them at critical stages of their development.
- Unfortunately, access to information and advice services is not as straightforward as it should be. Services are often fragmented and uncoordinated and their quality is not always of a high standard.
- Enterprises do not make use of such services as often as they could.

#### *(b) Causes*

- Information and advice services have been created in a variety of organisations and with a variety of different objectives.
- Even where there have been attempts to achieve a strategic overview of such provision and to create structures that correspond to the requirements of businesses, it has often been difficult to get the providers of the services to cooperate effectively.
- The provision of business information and advice is still not widely established as a distinct profession with appropriate career structures, professional practices and training support.
- Businesses are often unaware of the assistance that is available.

#### *(c) Proposals for change*

- Integrated information and advice services should be created out of the existing

public provision. The ideal would be for enterprises to have only one place to contact in order to have access to these services.

They should work closely with organisations representing SMEs.

- They should have access to and make greater use of the latest information technology and actively encourage SMEs to make use of it.
- Europe-wide electronic networking should be promoted.
- A continuous improvement in the quality of information and advice services should be encouraged.

There should be regular monitoring and evaluation of the quality of services delivered.

Promotion of a distinctive professional standing amongst those who provide such services should be part of the drive to improve quality.

Enterprises must be made aware of the benefits of using such services. Their profile should be raised and the fact of their availability promoted vigorously.

They could be encouraged through the provision of practical guides directed at an SME audience, for instance giving information on European and national support programmes.

European Commission

**Report of the business environment simplification task force**

**BEST — Volume II**

Luxembourg: Office for Official Publications of the European Communities

1998 — 73 pp. — 17.6 x 25 cm

ISBN 92-828-3431-X

The key recommendations of BEST are presented in volume I.



Venta • Saig • Verkauf • Πωλήσεις • Sales • Vente • Vendita • Verkoop • Venda • Myynti • Försäljning

BELGIQUE/BELGIE

**Jean De Lannoy**  
Avenue du Roi 202/Koningslaan 202  
B-1190 Bruxelles/Brussel  
Tel (32-2) 538 43 08  
Fax (32-2) 538 08 41  
E-mail jean.de.lannoy@infoboard.be  
URL <http://www.jean-de-lannoy.be>

**La librairie européenne/De Europese Boekhandel**  
Rue de la Loi 244/Wetstraat 244  
B-1040 Bruxelles/Brussel  
Tel (32-2) 295 26 39  
Fax (32-2) 735 08 60  
E-mail mail@libeurope.be  
URL <http://www.libeurope.be>

**Moniteur belge/Belgisch Staatsblad**  
Rue de Louvain 40-42/Leuvenseweg 40-42  
B-1000 Bruxelles/Brussel  
Tel (32-2) 552 22 11  
Fax (32-2) 511 01 84

DANMARK

**J. H. Schultz Information A/S**  
Herstvedvang 10-12  
DK-2620 Albertslund  
Tlf (45) 43 63 23 00  
Fax (45) 43 63 23 69  
E-mail schultz@schultz.dk  
URL <http://www.schultz.dk>

DEUTSCHLAND

**Bundesanzeiger Verlag GmbH**  
Vertriebsabteilung  
Amsterdamer Straße 192  
D-50735 Köln  
Tel (49-221) 97 66 80  
Fax (49-221) 97 66 82 78  
E-Mail vertneb@bundesanzeiger.de  
URL <http://www.bundesanzeiger.de>

Nur für Veröffentlichungen des Gerichtshofes

**Carl Heymanns Verlag KG**  
Luxemburger Strasse 449  
D-50939 Köln  
Tel (49-221) 94 373-0  
Fax (49-221) 94 373-901

ΕΛΛΑΔΑ/GREECE

**G. C. Eleftheroudakis SA**  
International Bookstore  
Panepistimiou 17  
GR-10564 Athina  
Tel (30-1) 331 41 80/112/3/4/5  
Fax (30-1) 323 98 21  
E-mail: elebooks@netor.gr

ESPAÑA

**Boletín Oficial del Estado**  
Trafalgar, 27  
E-28071 Madrid  
Tel. (34) 915 38 21 11 (Libros/  
913 84 17 14 (Suscripciones)  
Fax (34) 915 38 21 21 (Libros/  
913 84 17 14 (Suscripciones)  
E-mail clientes@com.boe.es  
URL <http://www.boe.es>

**Mundi Prensa Libros, SA**

Castelló, 37  
E-28001 Madrid  
Tel (34) 914 36 37 00  
Fax (34) 915 75 39 98  
E-mail librena@mundiprensa.es  
URL <http://www.mundiprensa.com>

FRANCE

**Journal officiel**  
Service des publications des CE  
26, rue Desaix  
F-75727 Paris Cedex 15  
Tel (33) 140 58 77 31  
Fax (33) 140 58 77 00

IRELAND

**Government Supplies Agency**  
Publications Section  
4-5 Harcourt Road  
Dublin 2  
Tel (353-1) 661 31 11  
Fax (353-1) 475 27 60

ITALIA

**Licosa SpA**  
Via Duca di Calabria, 1/1  
Casella postale 552  
I-50125 Firenze  
Tel (39-55) 64 54 15  
Fax (39-55) 64 12 57  
E-mail licosa@fiboc.it  
URL <http://www.fiboc.it/licosa>

LUXEMBOURG

**Messageries du livre SARL**  
5, rue Raiffeisen  
L-2411 Luxembourg  
Tel (352) 40 10 20  
Fax (352) 49 06 61  
E-mail mdl@pt.lu  
URL <http://www.mdl.lu>

Abonnements.

**Messageries Paul Kraus**  
11, rue Christophe Plantin  
L-2339 Luxembourg  
Tel (352) 49 98 98-8  
Fax (352) 49 98 88-44  
E-mail mpk@pt.lu  
URL <http://www.mpk.lu>

NETHERLAND

**SDU Servicecentrum Uitgevers**  
Christoffel Plantijnstraat 2  
Postbus 20014  
2500 EA Den Haag  
Tel (31-70) 378 98 80  
Fax (31-70) 378 97 83  
E-mail sdu@sdu.nl  
URL <http://www.sdu.nl>

OSTERREICH

**Manz'sche Verlags- und  
Universitätsbuchhandlung GmbH**  
Kohlmarkt 16  
A-1014 Wien  
Tel (43-1) 53 16 11 00  
Fax (43-1) 53 16 11 67  
E-Mail bestellen@manz.co.at  
URL <http://www.austria.eu.net/81/manz>

PORTUGAL

**Distribuidora de Livros Bertrand Ld.ª**  
Grupo Bertrand, SA  
Rua das Terras dos Vales, 4-A  
Apartado 60037  
P-2700 Amadora  
Tel (351-2) 495 90 50  
Fax (351-2) 496 02 55

**Imprensa Nacional-Casa da Moeda, EP**

Rua Marquês Sá da Bandeira, 16-A  
P-1050 Lisboa Codex  
Tel (351-1) 353 03 99  
Fax (351-1) 353 02 94  
E-mail del.ncm@mmail.telepac.pt  
URL <http://www.ncm.pt>

SUOMI/FINLAND

**Akateeminen Kirjakauppa/Akademiska  
Bokhandeln**  
Keskuskatu 1/Centralgatan 1  
PL/PB 128  
FIN-00101 Helsinki/Helsingfors  
P/tn (358-9) 121 44 18  
F fax (358-9) 121 44 35  
Sähköposti: akatilaus@stockmann.fi  
URL <http://www.akateeminen.com>

SVERIGE

**BTJ AB**  
Traktorvagen 11  
S-221 82 Lund  
Tfn (46-46) 18 00 00  
Fax (46-46) 30 79 47  
E-post btjeu-pub@btj.se  
URL <http://www.btj.se>

UNITED KINGDOM

**The Stationery Office Ltd**  
International Sales Agency  
51 Nine Elms Lane  
London SW8 5DR  
Tel (44-171) 873 90 90  
Fax (44-171) 873 94 53  
E-mail: ipaenquiries@theso.co.uk  
URL <http://www.the-stationery-office.co.uk>

ISLAND

**Bokabud Larusar Blöndal**  
Skólavörðustíg, 2  
IS-101 Reykjavík  
Tel (354) 551 56 50  
Fax (354) 552 56 00

NORGE

**Swets Norge AS**  
Ostenjovøien 18  
Boks 6512 Etterstad  
N-0606 Oslo  
Tel (47-22) 97 45 00  
Fax (47-22) 97 45 45

SCHWEIZ/SUISSE/SVIZZERA

**Euro Info Center Schweiz**  
c/o OSEC  
Stampfenbachstraße 85  
PF 492  
CH-8035 Zurich  
Tel. (41-1) 365 53 15  
Fax (41-1) 365 54 11  
E-mail eics@osec.ch  
URL <http://www.osec.ch/eics>

BÁLGARJA

**Europress Euromedia Ltd**  
59, blvd Vitosha  
BG-1000 Sofia  
Tel (359-2) 980 37 66  
Fax (359-2) 980 42 30  
E-mail Milena@mbox.co.bg

ČESKÁ REPUBLIKA

ÚSIS

NIS-prodejna  
Havellkova 22  
CZ-130 00 Praha 3  
Tel (420-2) 24 23 14 86  
Fax (420-2) 24 23 11 14  
E-mail: nkposp@dec.nis.cz  
URL <http://www.nis.cz>

CYPRUS

**Cyprus Chamber of Commerce  
and Industry**  
PO Box 1455  
CY-1509 Nicosia  
Tel (357-2) 66 95 00  
Fax (357-2) 66 10 44  
E-mail info@ccci.org.cy

ESTI

**Easti Kaubandus-Tööstuskoda (Estonian  
Chamber of Commerce and Industry)**  
Toom-Kooli 17  
EE-0001 Tallinn  
Tel (372) 646 02 44  
Fax (372) 646 02 45  
E-mail: info@koda.ee  
URL <http://www.koda.ee>

MAGYARORSZÁG

**Euro Info Service**  
Európa Ház  
Margitsziget  
PO Box 475  
H-1396 Budapest 62  
Tel (36-1) 350 80 25  
Fax (36-1) 350 90 32  
E-mail: euroinfo@mail.matav.hu  
URL <http://www.euroinfo.hu/index.htm>

MALTA

**Miller Distributors Ltd**  
Malta International Airport  
PO Box 25  
Luqa LQA 05  
Tel. (356) 66 44 88  
Fax (356) 67 67 99  
E-mail gwirth@usa.net

POLSKA

**Ars Polona**  
Krakowskie Przedmiescie 7  
Skł pocztowa 1001  
PL-00-950 Warszawa  
Tel (48-22) 826 12 01  
Fax (48-22) 826 62 40  
E-mail ars\_pol@bevy.hsn.com.pl

ROMÂNIA

**Euromedia**  
Str. G-ral Berthelot Nr 41  
RO-70749 Bucuresti  
Tel (40-1) 315 44 03  
Fax (40-1) 315 44 03

SLOVAKIA

**Centrum VTI SR**  
Nám. Slobody, 19  
SK-81223 Bratislava  
Tel (421-7) 531 83 64  
Fax (421-7) 531 83 64  
E-mail: europ@tbl.sk.stuba.sk  
URL <http://www.stik.stuba.sk>

SLOVENIA

**Gospodarski Vestnik**  
Dunajska cesta 5  
SI-O-1000 Ljubljana  
Tel (386) 611 33 03 54  
Fax (386) 611 33 91 28  
E-mail repanskej@gvestnik.si  
URL <http://www.gvestnik.si>

TURKIYE

**Dünya Infotel AS**  
100, Yil Mahallesi 34440  
TR-80050 Bagcilar-Istanbul  
Tel (90-212) 629 46 89  
Fax (90-212) 629 46 27

AUSTRALIA

**Hunter Publications**  
PO Box 404  
3067 Abbotsford, Victoria  
Tel (61-3) 94 17 53 61  
Fax (61-3) 94 19 71 54  
E-mail jpdavies@ozemail.com.au

CANADA

**Renouf Publishing Co. Ltd**  
5369 Chemin Canotek Road Unit 1  
K1J 9J3 Ottawa, Ontario  
Tel (1-613) 745 26 65  
Fax (1-613) 745 76 60  
E-mail: order\_dept@renoufbooks.com  
URL <http://www.renoufbooks.com>

EGYPT

**The Middle East Observer**  
41 Sherif Street  
Cairo  
Tel (20-2) 393 97 32  
Fax (20-2) 393 97 32

HRVATSKA

**Mediatrix Ltd**  
Pavla Hatza 1  
HR-10000 Zagreb  
Tel (385-1) 43 03 92  
Fax (385-1) 43 03 92

INDIA

**EBIC India**  
3rd Floor, Y. B. Chavan Centre  
Gen J. Bhosale Marg  
400 021 Mumbai  
Tel (91-22) 282 60 64  
Fax (91-22) 285 45 64  
E-mail ebic@gasbm01.vsnl.net.in  
URL <http://www.ebicindia.com>

ISRAEL

**ROY International**  
PO Box 13056  
61130 Tel Aviv  
Tel (972-3) 546 14 23  
Fax (972-3) 546 14 42  
E-mail: royil@netvision.net.il

Sub-agent for the Palestinian Authority

**Index Information Services**

PO Box 19502  
Jerusalem  
Tel (972-2) 627 16 34  
Fax (972-2) 627 12 19

JAPAN

**PSI-Japan**  
Asahi Sanbancho Plaza #206  
7-1 Sanbancho, Chiyoda-ku  
Tokyo 100  
Tel (81-3) 32 34 69 21  
Fax (81-3) 32 34 69 15  
E-mail books@psi-japan.co.jp  
URL <http://www.psi-japan.com>

MALAYSIA

**EBIC Malaysia**  
Level 7, Wisma Hong Leong  
18 Jalan Perak  
50450 Kuala Lumpur  
Tel (60-3) 262 62 98  
Fax (60-3) 262 61 98  
E-mail ebic-kl@mol.net.my

PHILIPPINES

**EBIC Philippines**  
19th Floor, PS Bank Tower  
Sen. Gil J. Puyat Ave. cor Tindalo St  
Makati City  
Metro Manila  
Tel (63-2) 759 66 80  
Fax (63-2) 759 66 90  
E-mail ecbppcom@globe.com.ph  
URL <http://www.ecpp.com>

RUSSIA

**CCEC**  
60-Ietnya Oktyabrya Av. 9  
117312 Moscow  
Tel (70-95) 135 52 27  
Fax (70-95) 135 52 27

SOUTH AFRICA

**Safto**  
Safto House  
NO 5 Esterhysen Street  
PO Box 782 706  
2146 Sandton  
Tel (27-11) 883 37 37  
Fax (27-11) 883 65 69  
E-mail emalstar@ide.co.za  
URL <http://www.safto.co.za>

SOUTH KOREA

**Information Centre for Europe (ICE)**  
204 Woo Sol Parktel  
395-185 Saogyo Dong, Mapo Ku  
121-210 Seoul  
Tel (82-2) 322 53 03  
Fax (82-2) 322 53 14  
E-mail: euroinfo@shinbri.com

THAILAND

**EBIC Thailand**  
29 Vanassa Building, 8th Floor  
Soi Chidlom  
Ploenchit  
10330 Bangkok  
Tel (66-2) 655 06 27  
Fax (66-2) 655 06 28  
E-mail ebicbk@kcc15.th.com  
URL <http://www.ebicbk.org>

UNITED STATES OF AMERICA

**Berman Associates**

4611-F Assembly Drive  
Lanham MD20706  
Tel (1-800) 274 44 47 (toll free telephone)  
Fax (1-800) 865 34 50 (toll free fax)  
E-mail query@berman.com  
URL <http://www.berman.com>

ANDERE LANDER/OTHER COUNTRIES/  
AUTRES PAYS

Bitte wenden Sie sich an ein Büro Ihrer  
Wahl / Please contact the sales office of  
your choice / Veuillez vous adresser au  
bureau de vente de votre choix

08 10 04

CT-79-98-002-EN-C



OFFICE FOR OFFICIAL PUBLICATIONS  
OF THE EUROPEAN COMMUNITIES

L-2985 Luxembourg

ISBN 92-828-3431-X



9 789282 834312 >