

**Opinion of the European Economic and Social Committee on ‘Creativity and entrepreneurship: mechanisms for climbing out of the crisis’ (own-initiative opinion)**

(2011/C 48/09)

Rapporteur: **Ms SHARMA**

On 18 February 2010, the European Economic and Social Committee, acting under Rule 29 (2) of its Rules of Procedure, decided to draw up an own-initiative opinion on:

*‘Creativity and entrepreneurship: mechanisms for climbing out of the crisis’.*

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee’s work on the subject, adopted its opinion on 1 September 2010.

At its 465th plenary session, held on 15 and 16 September 2010 (meeting of 15 September 2010), the European Economic and Social Committee adopted the following opinion by 109 votes to 2 with 6 abstentions.

## 1. Foreword – ‘The Footbridge’

To exit the financial crisis and address the challenges of unemployment, poverty, inequality, globalisation and climate change, Europe needs to open the minds of its citizens.

1.1 This opinion considers the added-value of **Creativity and Entrepreneurship**, as one mechanism to exit the crisis with a focus on investing in **human capital** by enhancing and fostering the **can-do attitude**.

1.2 Entrepreneurship in Europe is regularly considered as business start-up, SMEs, the profit and social enterprise sectors. **Entrepreneurship is ‘an individual’s ability to turn ideas into action’** and therefore, its value to society, especially in times of crisis, cannot be underestimated or dismissed. It includes:

- creativity, innovation and risk taking,
- ability to plan and manage projects in order to achieve objectives,
- support in daily life at home and in society,
- employees in being aware of the context of their work,
- being able to seize opportunities,
- a foundation for more specific skills and knowledge needed in establishing social or commercial activity <sup>(1)</sup>.

## 2. Conclusion and recommendations

2.1 This opinion seeks to identify ways to value European citizen’s potential and bring it to action. It uses an all inclusive approach to create opportunities for a greater amount of people independent of age, gender, race, abilities or social conditions. That said, specific regional, national and European programmes promoting *Creativity and Entrepreneurship* must pay attention to the disadvantaged groups to address the inequalities in society.

2.2 It addresses:

- how to retain, yet transfer the diversity of Europe to a common identity,
- how to make Europe an ENABLER and empower its citizens,
- how to create a Europe of Pride, Ambition and Values whose citizens are Ambassadors and who celebrate in the successes of their achievements.

2.3 Following the financial crisis the EESC recognises the need to stimulate job creation and create healthy and sustainable Member State economies. High-quality labour needs high-quality entrepreneurship as well as investments in the public and private sectors in order to be internationally competitive. Entrepreneurship is one tool to face this challenge and give realistic hopes of success to all parts of society and help Europe gain a more dynamic identity.

<sup>(1)</sup> COM(2005) 548. Annex point 7.

2.4 The EU 2020 Strategy has thematic and focussed key drivers on the following priorities:

- creating value by basing growth on knowledge;
- empowering people in inclusive societies. The acquisition of new skills, fostering creativity and innovation, the development of entrepreneurship and a smooth transition between jobs will be crucial in a world which will offer more jobs in exchange for greater adaptability;
- creating a competitive, connected and greener economy.

2.5 The crisis allows for new models of development, growth and governance. Improved and coherent framework conditions are essential for change and this presents social partners and civil society with an opportunity to contribute with practical and tangible mechanisms.

2.6 Europe's human capital could be harnessed swiftly by creating an 'ENABLING' environment if the following simple and feasible recommendations are ACTIONED:

### 10 key Footprints to make steps towards change

1. VISION – A Single Vision for Europe;
2. EDUCATION - Promotion of Ambition;
3. MOBILITY - Building opportunities for organised learning;
4. RISK AWARE - Guiding Europeans out of Risk Aversion;
5. STIMULUS - Encouraging the Entrepreneurial Spirit;
6. ACCOUNTABILITY - Of European projects;
7. COMMUNITY- Promoting Active Citizenship;
8. IMPLEMENTATION – Of policy for Entrepreneurs and SMEs;
9. CONSULTATION - A Platform for Stakeholder Discussion;
10. PROMOTION - Of a new culture in the Media and via Ambassadors.

2.7 These recommendations must not remain the task of one stakeholder, but be the responsibility of all. Within a world of

rapid change and complexity, individuals need new capacities and skills to avoid exclusion. Social dialogue can influence change to meet the goals of the EU 2020 and to develop sustainable entrepreneurship. A tradition needs to be created across Europe which enables entrepreneurship for individuals and organisations.

2.8 The European Value in investing in Entrepreneurship:

If I give you EUR 1 and you give me EUR 1 we each have EUR 1,

If I give you 1 idea, and you give me 1 idea we have 2 ideas.

Entrepreneurship in Europe = 500 million People + 500 million Ideas + 500 million Actions;

*How many of these ideas could take us out of the crisis?*

### 3. Europe Today

3.1 In 2008 Europe became embroiled in a financial crisis which began in the US but had serious impacts on the economic and social dimensions of society. The reasons for the crisis are well documented, with Europe being one of the most affected mid- long term.

3.2 In 2010 the EU has 20+ million unemployed. Young people, women, aged workers, migrants and other vulnerable groups form the majority of this un-utilised human capital. Neither the public sector, facing its huge deficits, nor the large companies, facing the challenges of the crisis and globalisation, will single-handedly have the capacity to create these jobs in the short term. The myth of a return to strong EU growth quickly is not realistic unless there is a change in structural conditions as unemployment is a mainly structural problem and not one of the economic cycles.

3.3 The EU needs to focus on the economy; sustainable entrepreneurship, employment and social policy but the pace of globalisation will not wait for it to catch up despite having much to contribute towards the development of others. The European dimension is a source of opportunity for the exchange of experiences and a tool for creating a greater European identity inside and outside of Europe.

3.4 Today Europe is 27 talented, cohesive and productive Member States, with neighbouring countries desperate to join the Union. It has many strengths – peace, stability, diversity, systems of rules, good governance and solidarity. Europe has a strong respect for social values and its lands. Economically Europe has a market of 500m people and its businesses have good potential for growth.

3.5 Now is Europe's time to maximise our collective strengths.

#### 4. Entrepreneurship - A European Strength and One mechanism to exit the Crisis

4.1 Entrepreneurship is about wealth creation which will bring Europe out of the crisis. The Lisbon Treaty recognises entrepreneurship and the diversity of economic actors and now there is a need to find new ways of sustainable entrepreneurship as a key driver for growth to keep Europe competitive.

4.2 It will include searching for new ideas and gathering a momentum which will build confidence, credibility and continued growth for the future. The wealth will support investment in education, jobs, skills, productivity, health and social conditions where entrepreneurship, creativity and innovation are fundamental instruments to progress society.

4.3 A large body of research, theoretical, empirical and practical business experience have established a clear connection between entrepreneurship and growth <sup>(2)</sup>. Business Associations, Trade Union Confederations, International development agencies, World Bank, ILO, OECD and NGOs support the promotion of entrepreneurship as a key tool to growth, development, poverty elevation and social inclusion. Many EESC opinions make recommendations supporting the value of entrepreneurship in society and many Member States have best practice toward entrepreneurship.

4.4 Entrepreneurship has been identified globally as a vehicle of innovation, investment and change and as such has an indispensable role to play to exit the current economic juncture with

its high degree of uncertainty. In this context the recognition of skills and competences through entrepreneurship is one mechanism to solve problems and build on new ideas.

4.5 Economic development in the EU has always been balanced with a strong commitment to the social dimension and must continue with entrepreneurial activities incorporated into daily life. This includes in non-business fields:

- Social inclusion and poverty elevation are supported with entrepreneurship 'because society is at the core of the analysis of innovation <sup>(3)</sup>' as it changes its ideas, practices and institutions.

- Environmental protection relies on sustainable energy sources and climate change adaptation and this will lead to new ways of working, the 'greening' of jobs and the creation of new 'green' jobs and technologies.

- Tourism, regeneration and migration, including the revitalisation of rural and less advantaged regions will require entrepreneurial activities for job creation and infrastructure changes particularly for sectors such as urban regeneration, agriculture, forestry, island <sup>(4)</sup> and agro-tourism.

- Education uses creativity to identify the relevant 'drivers' that trigger a quest for knowledge to ensure people engage with learning at all levels and ages.

- Health Care utilises new ways of working and technologies to provide an optimal environment for delivery of care, research, and the provision of medicines and treatments.

- Demographics trends will require social adaptations, novel and creative solutions to address infrastructure, services, work, family and social protection.

- The NGO sectors, including outreach and training projects, are effective and ground-breaking in numerous sectors requiring new solutions to overcome societal challenges.

<sup>(2)</sup> Audretsch, D. B. and R. Thurik (2001), Linking Entrepreneurship to Growth, OECD Science, Technology and Industry Working Papers, 2001/2, OECD Publishing. doi: 10.1787/736170038056.

<sup>(3)</sup> EUCIS-LLL Barcelona 2010.

<sup>(4)</sup> Bornholme Denmark.

— Public sector capabilities will require solutions to provide the same and improved provision on restricted budgets.

4.6 Every person is talented, with creativity and an entrepreneurial spirit which is enhanced where the environment is conducive to promoting such activities. The focus on the individual, taking diversity into account, is essential because exclusion and discrimination are a vicious downwards spiral exacerbating inequality of opportunity: the less peoples' potential is fulfilled, the less motivated they are to develop themselves<sup>(5)</sup>. Particularly in Europe today this can offer new solutions to overcome the high numbers of unqualified and unemployed people. Moreover, a diverse approach can help create opportunities for a greater amount of people independent of age, gender, race, abilities or social conditions.

4.7 A series of collective factors play the roles of creating the proactive environment for success in any dimension of life, including exiting a crisis:

— A clear VISION with a feasible MISSION and achievable OBJECTIVES

— A PROJECT with a COMMON PURPOSE/IDENTITY

— A FOCUS and a 'CAN DO ATTITUDE'

— LEADERSHIP which promoted individuality together with strong common VALUES.

## 5. 10 FOOTPRINTS - A Can Do List to be actioned to create an enabling environment

Growth is not created in a vacuum; it needs like minded people, networks and stakeholders. Ultimately a tradition in society, the workplace and at home will enable entrepreneurship for individuals and organisations, including the promotion of job creation through small companies and increasing the supply of skilled employees. Stakeholders - employers, trade unions, NGOs, public sector and decision-makers, will need to unite

to address a cultural change and enable an 'entrepreneurial culture' to be exploited by ALL to not only support the exit from this crisis but overcome the long term challenges of the planet.

5.1 **A Single clear Vision for Europe**<sup>(6)</sup> needs to be communicated, with a strategy and concrete objectives. This must include political leadership with accountability, responsibility and a sense of reality. The Single Market Project will bring economic well being for all, increased mobility, new skills, business opportunities and wider choice and must be revitalised and completed. Entrepreneurship for all must be cross cutting across every sector of policy.

5.2 **Entrepreneurship Education across Europe** across the curriculum and as part of life-long learning still requires a real commitment from leaders. The Promotion of Ambition and the significance of creativity and entrepreneurship must be appreciated and not confused with business or profit generation. Creativity develops through learning in formal and informal systems. Educators need to be fully involved to ensure the correct communication is delivered. Teachers may be adverse to a narrow definition of entrepreneurship, as in business start-up, but be more welcoming of a broad concept as a key competence for life. An 'Entrepreneurial staircase' to develop activities and teaching can be used to bring the 'spirit' to the classroom<sup>(7)</sup>.

5.2.1 Teachers need pioneering styles, experimental learning and mechanisms to deliver to students up to date competences and technologies which reflect globalisation. They need to consider their role as 'facilitators' helping students become more independent and take initiative for their learning. Effective teacher training, exchange of good practice and networks<sup>(8)</sup> as well as methodologies and tools can support the teacher in adapting to all learning styles. Partnership with employers, trade unions and NGOs could be considered to support knowledge transfer.

<sup>(6)</sup> Citizens must be able to identify that:

- I. The vision for Europe: A United States of Europe with respect of all cultures, languages and opened to the world;
- II. The strength of Europe: Creation a common and peaceful entity after centuries of civil wars and conflicts;
- III. The EU stands for: prosperous political entity which gives maximum opportunities for individuals and collective dreams;
- IV. To be European is to Share common values, mainly a good mixture of individual (performance.) and collective values;
- V. The benefit of being a EU citizen: Use the EU dimension in cultural, economic, scientific terms, to develop the individuals own skills and qualifications for their future and that of others.

<sup>(7)</sup> OJ C 309, 16.12.2006, p. 110.

<sup>(8)</sup> Towards greater cooperation and coherence in entrepreneurship education EC March 2010.

<sup>(5)</sup> Hillman 1997.

**5.3 Building opportunities for organised learning mobility** must become a natural feature of being a European. Access to learning is a crucial determinant of social cohesion, political participation and the exercise of citizenship<sup>(9)</sup>. An ambitious initiative for a 21st century EU Education Scheme could be launched for discussion by the EESC with stakeholders and later proposed to EU decision-makers.

5.3.1 The knowledge triangle (education, research innovation) plays a crucial role in promoting growth and jobs for the future. Erasmus, Leonardo, Socrates and other programmes have to be open to all, with lower barriers to access, a reduction in administrative burdens and provide the right incentives to participation. The EESC recommends the introduction of a Europass which would record all learning activities undertaken in Europe.

**5.4 Guiding Europeans out of the risk aversion** and into a 'can-do' attitude with a culture of 'assessed' risk should be a focus to develop a productive society. The benefits and rewards of creativity and innovation to society should be promoted with a conscious effort to move away from the negative culture of failure presented in Europe today.

5.4.1 Innovative mechanisms for access to finance must be considered. These could include microcredit mechanism (PROGRESS, ESF, JASMINE, JEREMIE and CIP) and microloans for credit unions and community projects<sup>(10)</sup>. These tools can support not only entrepreneurs but also the sustainability of initiatives for communities and development, especially for NGOs.

5.4.2 Existing instruments to support innovation need to be adjusted to reflect its changing nature (services - open-, user-driven - innovation). Managing and reducing complexity, increasing flexibility of schemes, making collaboration easier, and quicker access to funds are mechanisms which can speed up the transformation of knowledge into marketable products.

**5.5 Encourage large companies as creators and a stimulus for entrepreneurial spirit.** The competence and talents of all workers must be valued as many practical and intellectual skills reside in the workforce. Identifying

competences and intangibles should be encouraged with the development of new tools to support such recognition.

5.5.1 Placement opportunities and apprenticeships for students and the unemployed should be better promoted and encouraged.

5.5.2 The development of a Company Framework for the establishment of spin-offs, where the large company supports, mentors and offers market opportunities for innovators could be used to bring to the market registered patents not yet exposed. Measures to support social dialogue committees and social partners to undertake and contribute to impact assessments in addressing the EU Employment Strategy and EU 2020 need to be considered in the development of relations and the promotion of the optimum workplace environment.

**5.6 Evaluating the long term objectives of European projects** needs to be conducted to justify the investment. This should include considering the project sustainability, the commercialisation of successful outcomes and building upon the results for the benefits to the wider society.

5.6.1 This could include utilising **Intergenerational and transsectoral projects**, including clusters, to propose bringing together experience and fresh minds to share new skills, crafts, knowledge and networks through mentor/tutor relationships. Promoting sustainable economy projects with green entrepreneurs aware of the challenges of climate change, energy and fossil source shortage will highlight environmental protection.

**5.7 Promoting** Community Initiatives and Active Citizenship to encourage projects to benefit the community and/or initiated by the community, with a European perspective. This should take into account diversity and the highly vulnerable and could be coupled with a European voluntary certification mechanism for corporate social responsibility (CSR) and review options for Community initiatives.

5.8 A strong commitment to implement policies is essential to support an enabling environment towards entrepreneurs who do want to start in business. 98 % of all firms in the EU are SMEs and with its long tradition in SME development the EU framework must be maintained and improved<sup>(11)</sup>:

<sup>(9)</sup> BIG ISSUE, ACAF Spain.

<sup>(10)</sup> <http://www.european-microfinance.org> examples of community and social inclusion projects based on entrepreneurship.

<sup>(11)</sup> SMEs are often considered the largest group of entrepreneurs and recommendations to support their growth have been well documented by ETUC and UEAPME and by EESC in many opinions.

- **The Small Business Act for Europe and the ‘Think Small First’** (SME) principle, still requires a strong commitment in many Member States and falls short of what is required in a crisis. Greater access and participation of SMEs in EU projects and public procurement, with open markets which support the growth of entrepreneurs must be addressed. Support for interactive environments can be created using incubators, clusters, science and technology parks, and partnerships with academia. This could include an EU ONE-STOP-SHOP source of information for entrepreneurship in all sectors.
- Consideration must be made towards a **social security safety** net for the self employed, which considers the unique aspects of business management, particularly in terms of maternity, childcare and business closure.
- **Council adoption of the EU SME Company Statute**, thereby supporting the single market project and making cross border operations for SMEs easier. This project, issued as an EESC initiative creates a European identity for new entrepreneurs.
- **Increasing awareness and greater support for Erasmus for Young Entrepreneurs** <sup>(12)</sup>. Solutions need to be found to attract a greater number of host companies and recognise their contribution for real impact. This could include a ‘European Entrepreneurs’ Award’, an EU Brand Mark or participation in high visibility opportunities. Skills Accreditation for Entrepreneurs, unlike workers, can rarely be undertaken and are unrecognised by society for the contribution made.

**5.9 Utilising expertise by establishing a Platform for Stakeholder Discussion** on enhancing the EU Spirit and Culture of ‘Innovation and Creativity’. Fostering cooperation between stakeholders could make concerted and transversal policy recommendations on topics such as improving relations between academia and industry, innovation in commercial and non-commercial environments, researchers’

mobility, structural funds usage, global best practices and establishing a framework for addressing urgent issues. Civil dialogue to facilitate the promotion of the entrepreneurial spirit at regional level can promote the European Entrepreneur profile suited to the 21st century.

**5.10 Promotion of the new culture through the Media, with a network of Ambassadors and role models.** A culture which recognises entrepreneurial thinking and supports initiatives for start-up and growth companies, social entrepreneurs, public sector innovation, work place creativity, succession planning and employee participation must be promoted. The new culture of entrepreneurship within Europe requires leadership and advocacy through spokespersons or ‘ambassadors’.

6. The crisis is the stimulus to make Europe not only recognise the potential of its citizens but foster the entrepreneurial spirit and thinking within them.

6.1 This crisis will not be the only one faced by Europe and in order to ensure Europe is prepared for future challenges a momentum must be created using the 10 footprints as a mechanism to move forward accompanied by:

- Action plan
- European Entrepreneurship Task Force
- Stakeholder Platform
- European and G20 Summit on Entrepreneurship
- Innovate Europe (Europe 2020).

6.1.1 The EESC could develop these ideas with interested parties in the near future.

Brussels, 15 September 2010.

*The President*  
*of the European Economic and Social Committee*  
Mario SEPI

<sup>(12)</sup> Enterprise Erasmus for entrepreneurs programme EC Commission DG Enterprise.