



## An SME Policy for a Competitive Europe

**A fresh approach to SME policy across Europe is needed: one that is framed by a coherent set of principles throughout the policy cycle, from conception to definition, implementation to evaluation, and is:**

- 1 **Enabling:** the overriding objective of SME policy is to promote economic growth and employment. There needs to be greater emphasis on encouraging the ability of European entrepreneurs to create, consolidate, grow or transfer their business, including beyond their own national borders, without being held back by unnecessary regulation.
- 2 **Recognising of diversity:** European enterprises are extremely heterogeneous, varying across geographies and sectors, differing in size and structure. Their wealth of experience and aspiration is a source of competitive strength to be properly understood and acknowledged by policy-makers.
- 3 **Focused on outcomes:** the definition of overall policy goals requires the utmost care and attention. The impact on SMEs must be targeted, proportionate and restricted to that necessary to attain the desired effect. Appropriate use needs to be made of non-legislative instruments available to European, national, regional or local authorities.
- 4 **Based on evidence:** policy-makers must clearly and publicly justify the economic and / or social need for new legislative measures. In general, regulatory initiatives should deal with existing market failures, whilst taking into account the possible consequences, likely costs and cumulative impact on the array of affected businesses.
- 5 **Genuinely consultative:** other than in exceptional circumstances, there must be adequate time for policy to be drafted and properly evaluated impact assessments to be completed. Thorough, open and sufficiently long (at least 12 weeks) consultations enable the identification of potential unintended consequences as well as alternative policy options.
- 6 **Constant and coherent:** the ability of entrepreneurs to manage frequent regulatory change is often limited. A stable yet holistic approach, which ensures consistency between new and existing measures across the policy spectrum whilst reducing the frequency of demands on enterprises, is to the benefit of all SMEs.
- 7 **Simply communicated:** businesses need to immediately understand the reasons for and requirements of policy change. Access to easily digestible and appropriately tailored information and support well in advance of any policy changes is vital. Legislation, guidance documents, forms and other material must be simple, comprehensible and, in the majority of cases, free of charge.
- 8 **Easily applicable:** new measures need to be straightforward to implement, easy to comply with and enforced in a fair, consistent manner. SMEs must also know what to expect from the relevant authorities.
- 9 **Accountable:** periodic post-implementation reviews help determine whether the original goals have been achieved, whilst considering the use of alternative instruments or the repeal of existing measures. Data gathered during such analysis will better inform the development of future policy. Reviews need to be, in preference, independent and made publicly available.
- 10 **Fully endorsed:** for a modern SME policy to truly support entrepreneurs in a competitive, global economy, it must have greater buy-in by all concerned policy-makers and stakeholders, at national as at European level.

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