

# ACT SMALL FIRST!

MKB-Nederland (Dutch Federation of Small and Medium Enterprises (SMEs)) and its affiliated sector organisations and entrepreneurs have concluded that legislation takes insufficient account of the scale and possibilities of SMEs. Too many regulations are still being drafted on the basis of a paper reality or from the perspective of large-scale businesses. As a result, these are not geared to the practice of SME entrepreneurs: they cannot be implemented or implemented effectively, they put SMEs at a disadvantage or restrict their growth capabilities.

Consequently, on 11 October during the MKB-Nederland annual conference, chair Michaël van Straalen announced a lobby by the entrepreneurs' organisation for an SME assessment with regard to legislation.

Since then, the Dutch House of Representatives has carried two motions regarding this subject: the motion put forward by Jacques Monasch requesting the government to investigate the possibilities for an SME assessment or statute, and the motion submitted by Dion Graus requesting the government to first examine intended policy regulations with regard to administrative assessability, feasibility and practicability for SMEs. Henk Kamp, the Minister of Economic Affairs, has now responded in a letter to both motions. MKB-Nederland is delighted that the minister has endorsed our position and has accepted our proposed approach in full. In the Netherlands, we must progress from 'think small first' to 'act small first'. Given their major contribution to the economy (62% of GDP) and job creation (2 out of 3 employees work for an SME), that's what SMEs deserve



## 99% ARE SMEs

99% of all businesses in the Netherlands are SMEs. Approximately 97% of those businesses have fewer than 25 employees. The entrepreneur and his or her staff are a tight-knit group. They put every effort into a product or service. Entrepreneurs must come first: they work day and night on new developments, on expanding their markets, contacts with clients, suppliers and financiers. Entrepreneurs provide the earning capacity and the investments that this country requires. Entrepreneurs are optimistic. They see opportunities that others do not.

That requires extra focus on the correct underlying conditions

The majority of SMEs do not have a staff officer for HR or for contacts with regulators or other government institutions. Permits, inspections, sick employees, tendering or applying for subsidies, continually adjusting business operations to new rules, these are all things that entrepreneurs have to do themselves in addition to the real business aspects.

## BUSINESS IMPACT ASSESSMENT DOES NOT WORK

In the case of new legislation, a business impact assessment is mandatory in the current situation. However, MKB-Nederland has concluded that this assessment is never or hardly ever applied and has therefore become more of a paper tiger. Legislation is drawn up without taking account of the viewpoint of SME entrepreneurs.

Consequently, when legislation is drawn up, it is high time that SME entrepreneurs should be taken as the starting point. It is time to progress from 'think small first' to 'act small first'.

# SME ASSESSMENT

MKB-Nederland would like the next government to draw up a statute for SMEs that prescribes that an SME assessment must be performed in the case of all new legislation. The current business impact assessment will be remodelled for this purpose. MKB-Nederland would like to see this laid down in the new coalition agreement.

The SME assessment must determine whether legislation is applicable in practice by and for SME entrepreneurs.

## APPROACH

The ministry in question would involve the relevant entrepreneurs, sectors and specialists (e.g. legal experts and accountants) in the SME assessment as early as possible in the legislative process. For this purpose, MKB-Nederland will propose entrepreneurs to the ministries.

This involvement can be given substance in various ways, e.g. by using interview techniques such as panels and focus groups or, in complex or uncertain situations or in the case of drastic proposals, by introducing an experimental period of six or twelve months. In other words, first see what works and only then formulate policy. Moreover, this will also increase the learning capacity of the government.

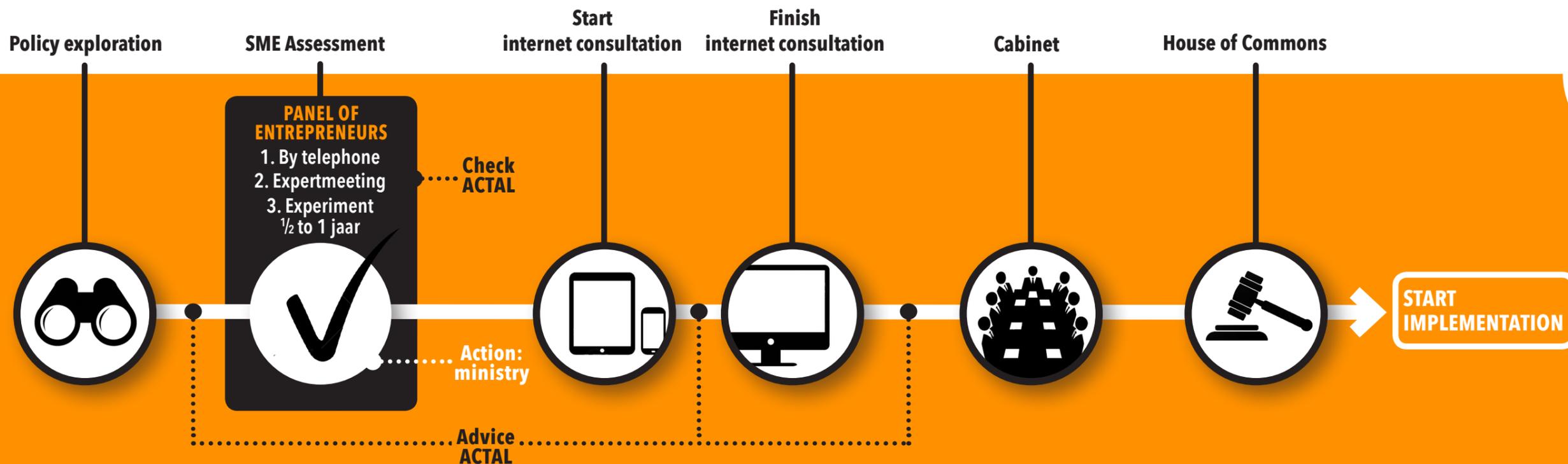
The SME assessment must be performed as early as possible in the legislative process, so that it can be adjusted, if necessary, on time.

## COMMITTEE

For existing legislation, a public-private partnership committee must be set up that works on the basis of a list containing constrictive legislation. The findings of this committee will serve as an agenda for the government.

## CHECK

The Advisory Board on Administrative Burdens (ACTAL) – or its successor – will play an important role in the SME assessment. ACTAL will have to check the application or implementation of the SME assessment at the start of the legislative proposal, during the consultation version and the version that is submitted to the cabinet. The Advisory Board must also be given an ex-post role: mapping out the regulatory burden following the debate on the proposal in the House of Representatives.



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 Submitted by  
 Michaël van Straalen,  
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 to the Parliamentary  
 Standing Committee  
 on Economic Affairs