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## Rural Micro and Craft Enterprise Entrepreneurs: Sustaining Rural Europe A MICRO Project Composite Report

### Project Partners



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This project has been funded with support from the European Commission.  
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## Executive Summary

This project composite report draws on a range of Pan-European literature to confirm that micro-enterprises, a subset of SME (Small and Medium Enterprises), are the backbone of employment and sustainable development outside of the public sector in Europe. All over Europe it is micro-entrepreneurs who innovate, take risks, and offer viability to communities that would otherwise die or become dependent. While the facts about the contribution of micro-enterprises is well known, micro-enterprises and micro-entrepreneurs are not well researched, understood, or recognised for their contribution. Further, micro-enterprises and micro-entrepreneurs are not dis-aggregated so that we can understand their inner workings. We cannot separate rural micro-entrepreneurs from urban entrepreneurs. Therefore, we do not know precisely their contribution to rural sustainability.

The MICRO project has collected primary research to identify the propensity of rural micro-entrepreneurs to engage in training to sustain and grow their micro-enterprises. From the research much has been learned about the reasons why rural micro-entrepreneurs do/do not engage. The research also identifies training topics that are priorities for rural micro-entrepreneurs. These findings underpin the preparation of rural micro-entrepreneur focused open access training that will be piloted by the MICRO project partners during 2017-18.



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## Introduction: MICRO Project

The MICRO Project is an Erasmus plus funded project 2016-2018 to support the integration of digital solutions and ICT in learning, teaching and training by developing, testing and validating an OER (Open Educational Resource) platform available and accessible for all, but especially for micro-enterprises in rural areas.

The Europe 2020 strategy for smart, sustainable and inclusive growth acknowledges lifelong learning and skills development as key elements in response to the current economic crisis, to demographic ageing and to the broader economic and social challenges within the European Union. Participation in adult learning has continued to fall, from 9,8% of the 25-64 year-old population in 2005 to only 9,1% in 2010, thus making the increased 'ET2020' target of 15 % by 2020 an even greater challenge (EU Council 2011).

MICRO brings together experienced partners from six countries (Belgium, Greece, Ireland, Italy, Macedonia and Spain) coordinated by Irish Rural Link (IRL), with extensive experience in EU-funded projects to address specific priorities in the EU paper *VET for better skills growth and jobs* (EC 2012). MICRO stems from the gaps and needs identified by many EU policy and research papers such as *Identification of Future Skills Needs in Micro-Craft-Type Enterprises up to 2020* (Bacigalupo et al 2016) and the *Entrepreneurship 2020 Action Plan-Reigniting Entrepreneurial Spirit in EU* (EC 2013). The MICRO project is fully in line with *New Skills and Jobs in Europe: Pathways Towards Full Employment* (EC 2012), and the project supports the overall thrust of the EU Economic & Social Committee opinion *Continuing Education and Training in rural areas* (Burns and Trantina, 2015). This opinion notes that EU governments need to recognise that investing in development of micro, family and small businesses in rural and remote areas is a good long-term investment. The investment will reduce migration, reduce pressures on services in cities, restore economic sustainability to local communities, and help preserve the rural environment. The EU Economic & Social Committee opinion (Burns and Trantina, 2015) seeks to addresses capacity and training needs of micro-enterprises in rural areas across EU to sustain their competitiveness for enhanced growth and employment.

Education and training, as presented in the ET2020 strategy, is integral to addressing capacity and training needs of rural micro-enterprises growth and competitiveness across Europe. One of the challenges noted in the strategy is that some member states (MS) do not have comprehensive strategies on Adult Education focusing on rural micro-enterprise entrepreneurs. Where they exist, inadequate measures are taken to monitor and update them, identify gaps, or identify best practice in line with the ET2020 strategy (ET2020, 2009).

The MICRO Project will adopt an innovative open approach collecting primary and secondary data to design an open online platform for training and capacity building, but for possible future rural micro-enterprise entrepreneur networking, facilitation throughout rural Europe for cross-border transaction and match-making among rural micro-enterprises.



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## SECTION 1: Secondary Research

### Rural Micro and Craft Enterprises: A European Overview

The Annual Report on European SMEs (Small and Medium Sized Enterprises): *SME Recovery Continues* (Muller et al. 2016) opens with the following statement:

*SMEs form the backbone of the EU28 economy. In 2015, just under 23 million SMEs generated €3.9 trillion in value added and employed 90 million people ... accounted for two thirds (67%) of EU28 employment and slightly less than three fifths (58%) of EU28 value added in the non-financial business sector<sup>1</sup>. (Executive Summary, p.1)*

These figures have to be taken as approximate, as determining the exact statistics for SMEs is particularly difficult. SME entrepreneurs are by their very nature dynamic and innovative. They rebel against formality and bureaucracy. Statistics such as number of SMEs are based on registrations. While, as you will see following, the numbers of micro, medium and small enterprises is impressive there are a rather large number of entrepreneurs who are innovating in the informal sectors of society. Perhaps in time they would become registered SME entrepreneurs. Equally, their idea may not reach scale or official registration and their business may never become an official statistic. As an example of this variation, the Eurostat Business demography statistics (*Eurostat Statistics Explained 2016*) offer the following statistics for SME development across the EU (underline emphasis added by this report writer);

*In 2014, the EU-28's business economy was made up of around 26 million active enterprises (based on 27 Member States and estimates of missing Greece data) with some 143 million persons employed.*

The Eurostat Business demography statistics (*Eurostat Statistics Explained 2016*) notes that the largest active enterprise population was in Italy (3.9 million), followed by France (3.4 million), Spain (2.9 million), Germany (2.8 million) and the United Kingdom (2.2 million). The services sector was dominant in every country as measured by the highest proportion of active enterprises.

Ninety-nine per-cent (99%) of companies in the EU are SMEs, i.e. with a maximum of 250 employees and maximal turnover € 50 million. That is 23 million SMEs. This is well depicted on page 4, Muller et al. (2016) as follows:

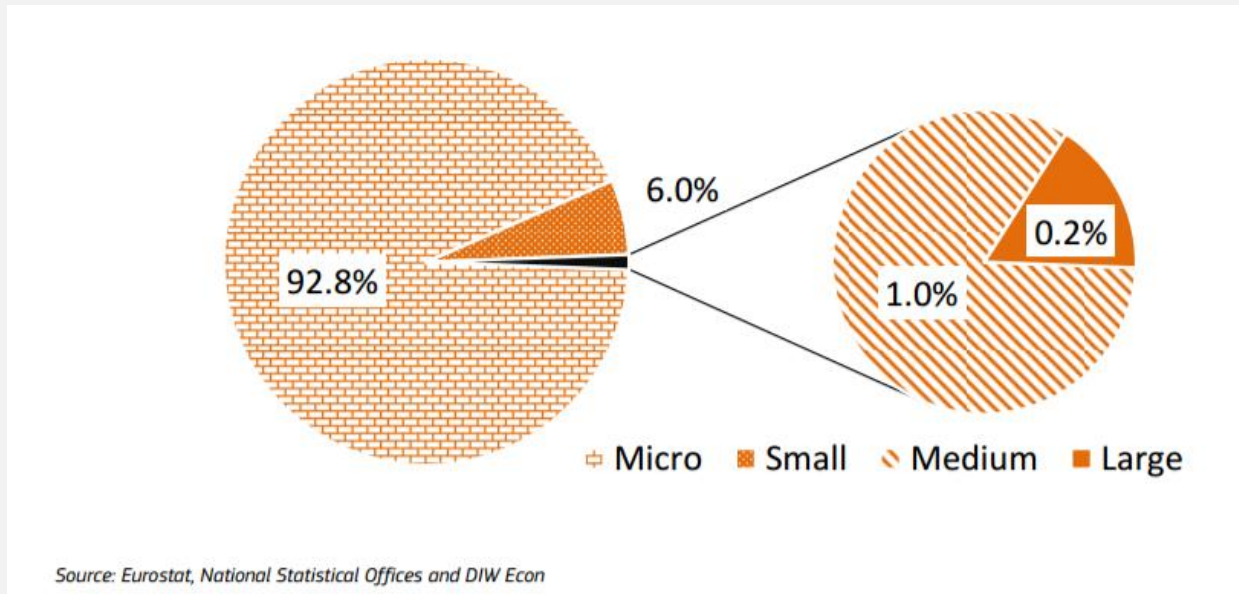
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<sup>1</sup> The non-financial business sector consists of all sectors of the economies of the EU28 or Member States, except for financial services, government services, education, health, arts and culture, agriculture, forestry, and fishing. See: [http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition\\_en](http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en)



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Figure 1.1: EU Enterprise Type Distribution



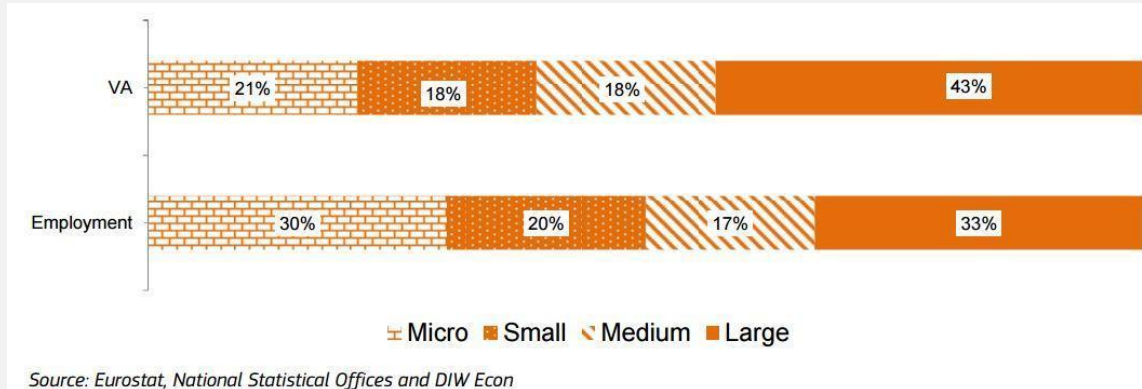
When looked at by percentage (%) size-class the uneven spread is very evident. Micro-enterprises account for 92.8% of enterprises, small enterprises account for 6.0%, and medium enterprises accounting for only 1.0%. Large enterprises account for only 0.2%. The European Commission Annual Report on European SMEs 2015/2016 (EC, 2016) acknowledges this distribution. For further emphasis, it is noted that 93% of the financial business sector are also micro-enterprises.

While the number is large, because micro-enterprises have smaller numbers of employees (0 to 9 persons), in 2012 the 22.3 million enterprises in the EU's non-financial business economy, accounted for 29.2% of employment. Small and medium enterprises account for approximately 20% of the employment each, and large enterprises account for 33.0% of employment. (Source page 4, Muller et al. (2016))



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Figure 1.2: Enterprise Type by numbers employed



Micro-enterprises, as well as small and medium sized enterprises (SMEs), are considered a driver of the European Union (EU) economy, creating jobs and contributing to economic growth. Birth and death rates of enterprises tend to be around 9 % of the total number. There were about 4 million jobs created from 2.6 million newly born enterprises according to 2014 data, while there were 3.5m job losses as a consequence of 2.3 million business deaths; therefore a positive employment balance. Eurostat Business demography statistics (*Eurostat Statistics Explained* 2016) presents SME survival rates as:

*The one-year survival rate for enterprises created in 2013 was about 80%; the five-year survival rate of enterprises born in 2009 and still active in 2014 was nearly 44 %. The highest shares of high-growth enterprises in 2014 were reported in Malta, the United Kingdom and Latvia.*

The data researched for this report does not disaggregate rural and urban statistics for micro and craft-type rural enterprises. Project partners preparing their individual country reports were also not able to determine rural and urban figures separately. Any opinion by the report authors on this would not be adequately supported by robust data. This is a concern because the start-up, maintenance and management and survival challenges for a rural based micro and craft-type rural enterprise entrepreneur is very different to their urban counterparts.

### Define Rural

Rural areas in Europe are fundamental to sustain Europe’s growth, since 56% of inhabitants live in rural areas and 91% of the surface area is classified as rural (Hartman, 2015). For consistency, in 2010 the EU Commission agreed to define urban clusters as grid cells of one km<sup>2</sup> with a minimum population density of 300 inhabitants per km<sup>2</sup>, and a minimum population of 5,000 inhabitants. All areas outside these urban clusters are considered rural, and if more than 50% of the total population lives in rural grid cells, the region is classified as predominantly rural (Hartman, 2015).



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The European Commission's rural development policy is one of the two pillars of the CAP (the Common Agricultural Policy). Through Agenda 2000, a reform of the CAP in 1997 (Pezaros 1998, pp.1-8), rural development was brought under a single regulation addressing wider rural areas needs aimed at creating a coherent and sustainable framework for the future of Europe's rural areas.

The Urban-Rural Typology (Eurostat 2017) presents a new European Union (EU) typology of 'predominantly rural', 'intermediate' or 'predominantly urban' regions based on a variation of the OECD methodology. The new typology proposes a two-step approach to identify population in urban areas as:

1. A population density threshold (300 inhabitants per km<sup>2</sup>) applied to grid cells of 1 km<sup>2</sup>;
2. A minimum size threshold (5 000 inhabitants) applied to grouped grid cells above the density threshold.

The population living in rural areas is the population living outside the urban areas identified through the method described above. According to the definition, the predominantly urban regions have less than 20 % rural population, intermediate regions between 20 % and 50 % and predominantly rural regions more than 50 %.

### Define SME

In the European Union the main definition of SME relates to enterprises with fewer than 250 employees. For this classification, SMEs must be independent entities, their sales do not exceed €50 million or their annual balance sheet does not exceed €43 million<sup>2</sup>.

SMEs are further classified according to (Muller et al. 2016, p.3) into

- Medium-sized enterprises: 50 to 249 persons employed
- Small enterprises: 10 to 49 persons employed
- Micro-enterprises: up to 9 persons employed

**Figure 1.3: EU Definition of SMEs**

Company Category	Employees	Turnover	Balance sheet total
Micro	< 10	< €2 million	< €2 million
Small	< 50	< €10 million	< €10 million
Medium -sized	< 250	< €50 million	< €43 million

Source: Commission Recommendation of 6 May 2003 concerning the definition of micro, small, and medium-sized enterprises. (2003/361/EC), Official Journal of the European Union, L 124/36, 20 May 2003

(Source Muller et al. 2016, p.3)

<sup>2</sup> See: [http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition\\_en](http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en)

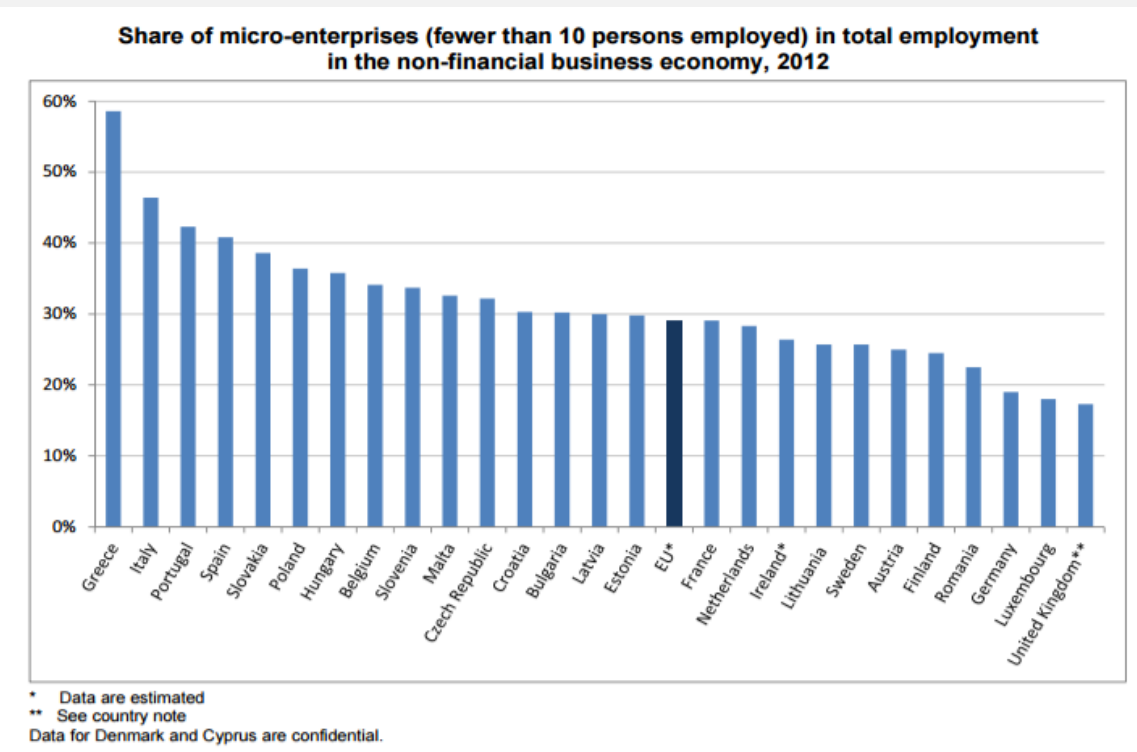


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The three categories of SMEs, Medium /Small/Micro-sized each account for approximately 20% of the share of the total value added generated by the non-financial business sector, with large enterprises accounting for the remaining 40%. In terms of employment in the non-financial business sector, medium and small enterprises account for about 20% each while micro-enterprises account for 30% of total employment as noted above.

There are significant trends in the new enterprise landscape across Europe; 2.3 million enterprises were created across the EU in 2012. Most of them, 70.8%, had no employees. These sole trading entrepreneurs represented 46.9% of all persons employed in early start up enterprises. Each November during European SME week Eurostat, the statistical office of the European Union, publishes data on enterprises broken down by employment, size, classes with a special focus on the importance of micro-enterprises in the EU business economy.

**Figure 1.4: Share of micro-enterprises in total employment in non-financial business economy**



(Source: <http://ec.europa.eu/eurostat/documents/2995521/7076793/4-17112015-AP-EN.pdf/1db58867-0264-45c0-94bf-ab079e62d63f>)

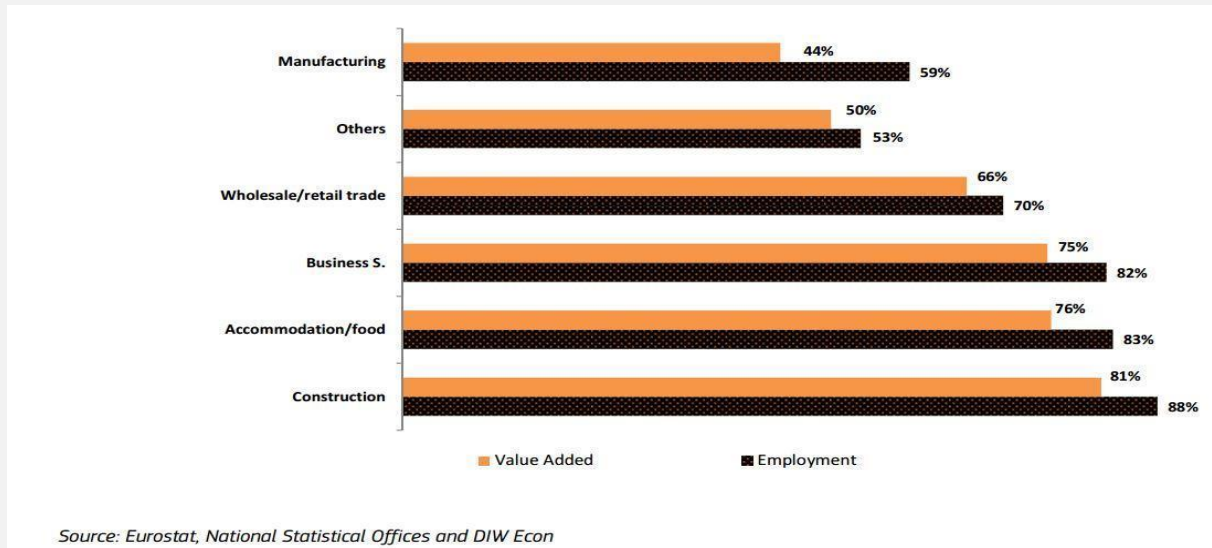
Small and Medium Enterprises (SMEs) are important players in the well-being of society and as drivers of job creation. The five most important SME sectors are accommodation and food, business services, construction, manufacturing, and wholesale/retail trade.





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Figure 1.5: SME Sectors



As noted in *Eurostat Statistics Explained* (2009-14) the European SME sector has an average employment rate of 67%. The rate varies from 85% to 39%: Greece (85%), Cyprus (84%), Portugal and Italy (81%), Spain and Estonia (78%), United Kingdom (46%) and Slovakia (43%), Finland (40%), Germany and France (39%). SMEs and micro-enterprises in rural areas are key actors to ensuring economic growth, innovation, job creation and social integration in the EU.

After the deep economic crisis that hit Europe, European SMEs experienced good growth in employment both in 2014 (+1.1%) and in 2015 (+1.5%) and new employment entirely came from an increasing number of SMEs who retained the average number of employee per enterprise (EC, 2016). However, the Entrepreneurship 2020 Action Plan (EC 2013) states:

*Since 2008 Europe has been suffering the effects of the most severe economic crisis it has seen in 50 years: for the first time in Europe there are over 25 million unemployed and in the majority of Member States small and medium-sized enterprises (SMEs) have not yet been able to bounce back to their pre-crisis levels.*

The Entrepreneurship 2020 Action Plan (EC 2013) proposes to re-ignite the entrepreneurial spirit in Europe (p.28.) through

- Entrepreneurial education and training to support growth and
- Business creation (p.5.) And higher education for entrepreneurship (p.6.)
- Better access to finance (p.8.)



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- New business opportunities in the digital age (p.13.)
- Clearer and simpler rules to reduce the regulatory burden (p.13.)
- Reaching out to women, seniors, migrants, the unemployed, young people as entrepreneurs (p.18.)

The Entrepreneurship 2020 Action Plan is complemented by the Horizon 2020 programme, implementing an Innovative Union, and the Europe 2020 flagship initiative aimed at securing Europe's global competitiveness. Horizon 2020 is seen as a means to drive economic growth and create jobs, and that research is an investment in Europe's future at the heart of the EU's blueprint for smart, sustainable and inclusive growth and jobs.

### **Define Micro & Craft-Type Enterprise**

While the term micro enterprise is a statistical category based on a certain size of enterprise and is accepted across Europe as outlined earlier in this report (micro-enterprise has up to 9 persons employed), the notion of "craft" has developed in the majority of European countries on the basis of specific national traditions and frameworks. There is no EU-wide definition of craft (type) enterprises. The "craft sector" in Europe is very diverse, covering a multitude of different professions and trades. Furthermore, among EU Member States there are very different understandings and legal definitions of what is meant by a "craft" enterprise. For example, *Italy* is the only EU country where crafts are mentioned in the national constitution, defining craft enterprises as enterprises in which the owner himself works and has overall business responsibility and liability. Furthermore, the enterprise should either produce goods or deliver services in the field of artisan products or commodities. The Italian law also stipulates that craft enterprises should not exceed a certain size in terms of number of employees (Buschfield et al, 2011, p.44).

In contrast, there is no craft-specific legislation in Ireland. The only existing characterization of craft and craft related activities in Ireland deriving from a definition of The Design and Crafts Council of Ireland (DCCoI), which does not specifically relate to craft enterprise, but describes craft-type enterprises as *"Encompassing a range of different skills including textile making and clothing, pottery and ceramics, jewellery, glass and woodworking and furniture; Irish craft businesses are characteristically small in scale and are geographically widespread, but taken nationally the industry is a significant employer, currently sustaining 5,700 jobs in this sector."*<sup>3</sup>

Buschfield et al, (2011), suggest a number of specific aspects characterising both craft and micro enterprises

- In micro and craft enterprises the owner plays an important role, being directly involved in the business, carries major personal responsibility and prefers to be financially independent.
- Micro and craft enterprise products/services are often tailor-made or produced in small quantities. This means that craft technical and managerial competences, transferred via person to-person relationships,

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<sup>3</sup> About craft in Ireland, <http://www.craftinireland.com/about>



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play an important role in the enterprises, with these competencies being for example through apprentice systems.

- There is often a close relationship with clients and craft organisations, with many micro- enterprises also playing an important role in local communities. The work has an individual character.
- Craft micro-businesses commonly sell their products through local retail outlets and often engage in personal delivery (Indecon, 2014).



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## Capacity Building for Rural Enterprise

The key message of the OECD *Better Skills, Better Jobs, Better Lives* (2012) report on skills policies around the world is that skills have become the global currency of the twenty-first century. If individual countries want their economy and society to move ahead they must invest in talent development. *“In a fast-changing global economy, skills will to a great extent determine competitiveness and the capacity to drive innovation”* (EC 2016). While skills do not always or automatically convert into jobs and growth, they are essential for sustainability, viability and for capacity enhancement. This is especially true for the small percentage of persons who are innovators and potential entrepreneurs. There is a challenge facing individual countries and the EU to develop effective strategies for building capacity among entrepreneurs, especially those remotely located. Supporting initiatives for the remotely located entrepreneur are important to ensure that rural areas will be able to sustain and grow a balanced population.

While EU Member States have sole responsibility for their own education and training system, Education and Training 2020 (ET2020, 2009), represents the strategic framework for European cooperation in education and training. ET2020 focuses on creating a knowledge-based Europe and making lifelong learning a reality for all, through shared Member State objectives and common methods to support Member States in developing their educational and training systems. Within the EU, the ET2020, Vocational Education and Training (VET) provision is central to addressing problems such as low-skilled workers and emerging knowledge and skill needs of micro and craft-type micro-enterprise entrepreneurs, particularly those in rural settings.

According to European SME Observatory, the lack of skilled labour is a problem for one third of all SMEs in EU, even if with pronounced differences between countries. Indeed, such a problem is less common in countries like Germany or the Netherlands (20-25%) while it is a big issue for managers in other countries: 72% in Lithuania, 50% in Estonia and Turkey, more than 50% in Greece, Romania and Finland (European SME Observatory, 2007). *“40% of European employers have difficulty finding people with the skills they need to grow and innovate”* (EC 2016).

Further, as stated by CEDEFOP, the unavailability of skills is perceived by employers to be one of the most important constraints for SMEs and micro-enterprises growth and future development (CEDEFOP, 2015). To enhance skills and competencies means giving to smaller companies further possibilities to survive and innovate in the future, ensuring their role of job-creators.

Townsend et al. (2014) stressed that information communication technology (ICT) offers new ways to link smaller enterprises in order to create networks that might benefit rural business by expanding their reach. Indeed, geographical remoteness isolates micro-enterprises from one another, as well as their suppliers and clients, limiting their capacity to grow. By better understanding ICT functioning and opportunities micro-enterprises in



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rural areas may be able to network and expand their markets, helping them to overcome the disadvantages of remoteness and isolation.

A guiding initiative to foster entrepreneurship in Europe is *EntreComp: The Entrepreneurship Competence Framework* (Bacigalupo et al 2016), which aims to build consensus around a common understanding of entrepreneurship competence by listing 15 competencies, learning outcomes and proficiency levels, which current and future initiatives can reference. The framework seeks to create a bridge between the worlds of education and entrepreneurial learning. The *2009 Guide for Training in SMEs* addresses facts, figures and trends on SMEs in Europe, the main challenges in SME training, but usefully suggests literature, web-links, training-checklists, online-tools, etc. for SME training. The *Guide for Training in SMEs* also offers an overview framework for 50 cases of good practice.

A study commissioned by the European Commission, DG Enterprise and Industry (Buschfeld et al. 2011) among micro-enterprises, business organisations, professionals and VET providers in Austria, Bulgaria, Denmark, France, Germany, Italy, Poland and UK, identified the following micro-enterprises skill needs:

- Customer and market orientation
- Developing knowledge about foreign markets
- Management skills

However, even in responding to needs, as above, there is a variation in access. The relevant questions are; 1) What is available? 2) How it is available? and, 3) Who can access what is available? This composite report is discussing the training needs of micro and craft rural entrepreneurs with the intention of pilot testing the delivery through the MICRO project. In particular, the MICRO project will be testing online delivery.

The Digital Economy and Society Index (DESI) is a composite index that summarises relevant European digital performance indicators and tracks the evolution of EU member states digital competitiveness (see: <https://ec.europa.eu/digital-single-market/en/desi>). The MICRO project partners discussed varying levels of digital access, performance and planned development at partner meetings. The digital access and performance difficulties for rural based communities was noted. The necessity of digital access and the importance of high quality broadband performance is well debated.

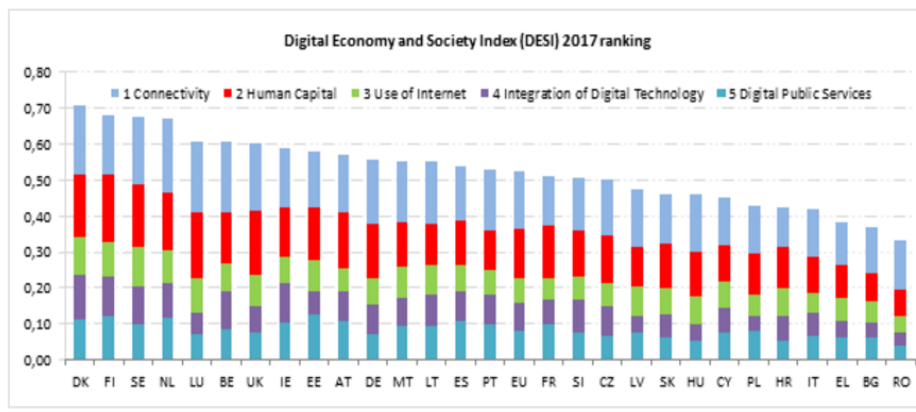
The DESI digital performance composite index shows that Denmark, Finland, Sweden and the Netherlands have the most advanced digital economies in the EU, followed by Luxembourg, Belgium, the UK and Ireland. Romania, Bulgaria, Greece and Italy have the lowest scores on the DESI.



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Figure 1.6: Digital Economy & Society Index (DESI) EU

## DESI 2017



In 2016, all Member States improved on their DESI index score. Slovakia and Slovenia progressed the most (more than 0.04 as opposed to an EU average of 0.028). On the other hand, there was low increases in Portugal, Latvia and Germany (below 0.02).

Seventy-nine per-cent (79%) of Europeans go online regularly, at least once per week. This figure is growing at approximately 3 percent per year. Forty-four per-cent (44%) of Europeans still do not have basic digital skills.

The Human Capital dimension of the DESI index score measures the skills needed to take advantage of digital society possibilities. The skills range from basic user skills (get online, send an email, get goods and services, etc.), to advanced skills that empower the citizen to participate and the workforce to take advantage of technology for enhanced productivity and economic growth. *“In the Human Capital dimension, Denmark, Luxembourg Finland, Sweden and the Netherlands obtained the highest scores in 2016, and Romania, Bulgaria, Greece and Italy got the lowest ones”* (<https://ec.europa.eu/digital-single-market/en/desi> Accessed 29/05/2017).

Uptake of training is also an access issue. According to a 2011 European study (Buschfeld et al. 2011) significant gaps exist in participation rates for employee training as classified by company size. Buschfeld et al. (2011) note that large enterprises have much higher participation rates than smaller ones. Specifically, the highest participation rates are in Nordic countries of Europe while Southern, Central and Eastern European countries show equally low participation rates. The study noted the correlation between the lack of resources for training and skill development and the qualification of workers; a consequence of low training participation.



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The study (Buschfeld et al. 2011) also commented on the relevance of training to SMEs and micro- enterprises, as training programmes are normally designed from the larger companies' perspective. Such training lacks specificity towards solutions for SME/Micro enterprises. A special focus needs to be placed on access to and provision of training for the purpose of building the capacity of micro and craft-type enterprises as they access training less than larger enterprises. Another finding in the same study noted that while micro and craft type entrepreneurs do not spontaneously attend training courses, or make their employees attend, they respond to customer expectations or employee demands. Laister, J. (2012) suggests that the lack of participation in training from micro-enterprise entrepreneurs is understandable in the context of their day-to-day business involvement and the lack of resources to allow them to take time out.

In 2008, the European Commission recognized the importance of SMEs to European enterprise growth, competitiveness and employment by issuing the *Small Business Act for Europe* ([https://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act\\_en](https://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act_en)). The 'Think Small First Principle' drives the Small Business Act (SBA) and "... brings the full weight of EU and its Member States behind small companies. Together we can deliver" According to Commission Vice-President Günter Verheugen" [See: [http://europa.eu/rapid/press-release\\_IP-08-1003\\_en.htm](http://europa.eu/rapid/press-release_IP-08-1003_en.htm) 25th June 2008, Accessed 26/05/2017]. The Small Business Act (SBA) is an overarching framework for the EU policy for SMEs. It aims to improve the approach to entrepreneurship in Europe, simplify the regulatory and policy environment for SMEs, and remove the remaining barriers to their development. The main priorities of the SBA are:

- Promoting entrepreneurship
- Reducing the regulatory burden
- Increasing access to finance
- Increasing access to markets
- Internationalisation
- Improving the approach to entrepreneurship in Europe was an added priority (2011).

In particular, the SBA recognizes the value of training, education and skills for entrepreneurship. A review of the SBA was undertaken in 2011 to integrate it with the Europe 2020 strategy.

One obstacle preventing SMEs and, in particular, micro-enterprise entrepreneurs from taking a systematic approach to training and competence development is the inability to assess their knowledge needs, identify relevant courses/providers, and use available incentives (CEDEFOP 2013). Entrepreneurs report mismatches between formal training provision and training needs in SMEs. This suggests potential for innovation in terms of training supply, content and delivery. The European Commission recognised there are many innovative ways and instruments to address organisational challenges of micro-enterprises (EC. 2009), such as e-learning, open and distant learning, and flexible online platforms to distribute training. Training is best delivered to micro-enterprise entrepreneurs when they are 'on the job' or 'facing the challenge'. For the micro-enterprise



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entrepreneurs training is best delivered in small practical applicable chunks that are constantly engaging and supported by peer and expert mentoring. Micro-enterprise entrepreneurs are not classroom learners.

## Key Training and Capacity Gaps for Rural Micro-Enterprises

*A New Skills Agenda for Europe: Working together to strengthen human capital, employability and competitiveness* (EC 2016) identifies the following priorities for upskilling the workforce:

1. Strengthening the foundation: basic skills
2. Building resilience: key competences and higher, more complex skills
3. Making Vocational Education and Training (VET) a first choice and
4. Getting connected: focus on digital skills

The Entrepreneurship 2020 Action Plan (EC 2013) recommends the following actions in relation to entrepreneurial education and training to support growth and business creation (p.28.).

- Develop a Pan-European entrepreneurial learning initiative bringing together and making available existing European and national expertise for impact analysis, knowledge, development of methodologies and peer mentoring between practitioners from Member States.
- Establishing, jointly with the OECD, a guidance framework to encourage the development of entrepreneurial schools and VET institutions.
- Disseminate the entrepreneurial university guidance framework; facilitate exchange between universities interested in applying the framework; gradually promote it to the EU Higher Education Institutions;
- Endorse successful mechanisms of university-driven business creation (spin-offs etc.) and university-business ecosystems supporting such creations

Although SMEs represent the greater proportion of enterprises they make very low demands on formal education and training because they prefer a learning by doing approach rather than a theoretical one. The reasons why micro-enterprise entrepreneurs do not attend training are:

- Lack of understanding amongst owners/managers of their own deficiencies and their need for training.
- Time: SME entrepreneurs have many commitments and are time poor.
- Micro-enterprise entrepreneurs cannot be absent from their business for extended periods
- Cost-Direct: Fees for existing programmes are seen as a cost in a resource starved entrepreneurial setting
- Cost-In-direct: Costs of paying a manager or worker to 'stand in' is not affordable to micro and craft-type enterprises
- Relevance: Static or slowly developing training programmes are seen as not relevant in the real time of SME entrepreneurs





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- Supply rather than demand driven: Micro-enterprise entrepreneurs perceive that providers do not tailor training courses upon micro-enterprises demands. Micro-enterprise entrepreneurs seek short practical specific and individualised interventions customised to their setting and current challenges ...

*“Although 99% of companies in the EU are SMEs (maximum of 250 employees and maximal turnover € 50 million), most legislation and administrative procedures don’t distinguish on the basis of company size. As a result, 23 million SMEs often have the same administrative requirements as Europe’s 41,000 large companies.”* [See: [http://europa.eu/rapid/press-release\\_IP-08-1003\\_en.htm](http://europa.eu/rapid/press-release_IP-08-1003_en.htm) 25th June 2008, Accessed 26/05/2017).

A vital research question arising in further work is to determine the basic, resilience, VET and digital skills of micro and craft-type entrepreneurs, especially those in rural areas.

In order to grow, innovate, create jobs and contribute to community welfare, SMEs, micro and craft-type entrepreneurs must possess a range of internal capacities (Vital Rural Area 2017), which can be developed and be encouraged by appropriate training. A report from the E-Ruralnet, Programme (2011) found that the major factor affecting the success of the learning for rural micro-enterprises is suitable learning content linked to the needs of the learners and designed for their, the rural micro-enterprises, requirements. The report (E-Ruralnet 2011) noted information technology (IT), business skills, online sales channels, the development of a distribution system, and e-commerce strategies as the most relevant skill needs for rural micro and craft-type enterprises.



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## **MICRO Project Issues from Secondary Research Relevant to Training for Rural Micro and Craft-Type Enterprise Entrepreneurs**

The following are eight key points arising from the literature review relevant to training of rural micro and craft entrepreneurs:

1. Rural areas with 56% of EU inhabitants and 91% of the EU land surface area is a vast resource requiring attention for sustainability.
2. Micro-enterprises, a subset of the Small and Medium Enterprises (SME) class represents over 95 % of European enterprises and are especially important for poorer Southern European countries.
3. The internal and external barriers preventing micro-enterprise and craft-type entrepreneurs attending training are known, but not adequately responded to.
4. The lack of skilled labour is a severe limitation for rural micro and craft-type enterprise contributing to the high failure rate of early stage rural micro and craft-type enterprises, especially in poorer Southern European countries.
5. Geographical remoteness is a particular isolating and cost factor for rural micro and craft-type micro-enterprises, and limits engagement with suppliers and clients relative to urban based micro-enterprises.
6. Training for rural micro and craft-type enterprise entrepreneurs needs to be designed in partnership with micro-enterprise entrepreneurs, and delivered in innovative ways using innovative instruments that address the particular challenges of rural micro and craft-type enterprise entrepreneurs.
7. Quality Broadband connectivity is an essential requirement for rural micro and craft-type micro-enterprise entrepreneurs to provide access, to reduce cost, and to allow equality of access regardless of distance or remoteness.
8. The training topics identified in the MICRO project primary research (following in this report) is supported by a number of secondary research data findings.



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## SECTION 2: Primary Research

### Questionnaire Findings

#### Questionnaire preparation

The initial task for the MICRO project partners was to prepare a questionnaire that would engage with the rural entrepreneurial community and get their direction on the specific training topics for rural entrepreneurs prior to starting the preparation and training materials. Following a number of engagements, a draft questionnaire was prepared. The questionnaire containing eight questions was placed online on the MICRO website and through partner networks, through which the questionnaire was distributed between February and May 2017. While the target was to receive 120 completed questionnaires, 155 were received.

Acceptance of completed questionnaires was closed on 5th May 2017 and Maynooth University (consortium partner 2) analysed the questionnaires on behalf of the group. Maynooth University looked at various tools for analysis, including SPSS (Statistical Package for Social Sciences) and concluded that Excel was the most suitable analysis tool for the purpose of this research. The outcome of the analysis is presented below.

In their country reports MICRO project partners addressed their ongoing engagement with rural micro and craft enterprise entrepreneurs. All the project partners are extensively involved with rural communities. Some are more focused on advocacy and policy development and others are specifically focused on enterprise development in rural areas. For example, IHF discussed their engagement with practitioners, local, national and EU policy makers, entrepreneurial facilitators and international stakeholders involved in rural micro and craft enterprises (See Annex 1, Country report Belgium). Irish Rural Link (consortium partner 1) is a rural community membership organisation which has ongoing dialogical involvement with rural communities. Maynooth University (MU), also based in Ireland, offers education and outreach, especially to disadvantaged rural communities, and engages with a wide range of communities through a range of projects that seek to influence European policy and practice.

**IDP** European Consultants is a consulting and training company that supports clients and partners in developing and implementing projects supported by various EU Funding Programmes like Horizon 2020, COSME and Erasmus Plus. IDP has more than 25 years in EU funded projects and works with SMEs, research centres and universities to tap into international collaborative projects to enhance competitiveness, innovation and research.

**IHF** is an NGO established in Brussels that advocates and promotes European integration through activities of awareness and training on the European policies and programmes. IHF works with different target groups ranging from young people to academia, NGOs and the Third Sector in general.



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**CDI** is based in Macedonia, and offers training and support to rural entrepreneurs, family farms and works on capacity building and advocacy for improvement of the living conditions and the standard of life in rural areas.

**Internet Web Solutions (IWS)** is a leading provider of information technology and engineering services. IWS specialises in professional web design, web development software development, e-commerce solutions, e-learning projects and SEO strategies. IWS provides result-oriented high-tech, custom and quality web design, outsourced web development and software development services with latest and emerging web technologies, in particular PHP, Java Script, Ajax and newest DHTML IT languages.

**EEO Group SA** is a private management consulting firm providing consulting services, conducting studies, developing new technology applications and providing services in the areas of human resources development, vocational education and training, labour market and employment promotion, public administration reform and management of funds.

**Irish rural link (IRL)** supplemented the information collected from questionnaires with discussions at board level, at all their meetings and their specific rural conference on micro-enterprise. IHF also describe their attendance at the seminar organised by ENRD (European Network for Rural Development [https://enrd.ec.europa.eu/about/brief\\_en](https://enrd.ec.europa.eu/about/brief_en)) Contact point on March 30th 2017 in Brussels, Belgium. The seminar titled “Revitalising Rural Areas through Business Innovation” focused on rural business innovation, i.e. how farm and non-farm businesses can innovate in ways that create the conditions for future prosperity and vitality.

### Questionnaire Outline

The questionnaire was made up of both closed-ended and open-ended questions, to leave respondents the possibility to freely make suggestions. The questionnaire asked the nature of the organisation (craft and/or micro-enterprise, craft and/or micro-enterprise in rural area, craft and/or micro entrepreneurship facilitator, University, or other), and if it was rural based. The questionnaire asked about the respondent’s experience of and propensity for training followed by a question on the barriers to accessing training. The questionnaire then asked the respondents to suggest, in priority order, what relevant training topics they suggest are important to enhance competitiveness and growth for micro-enterprises. The final questions gave respondents an opportunity to suggest other relevant training topics and improvements to training that should be considered to enhance competitiveness for rural craft and micro-enterprises.

### Response

A total of 155 questionnaires were received across the six partner countries. Five questionnaires were excluded (3 from Ireland, 1 from Spain and 1 from Greece) due to insufficient data or duplication. This data represents 150 respondents:

- 86 from Ireland



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- 19 from Macedonia
- 18 from Greece
- 12 from Italy
- 11 from Belgium
- 4 from Spain

The following summarises the data collected in questionnaire responses.

## Outcome of Questionnaires

### Organisation Type



The majority of respondents (90) represent craft/micro-enterprise in rural areas. Of the total, 109 (73%) respondents identified themselves as rural entrepreneurs. n=149 (1 non response) **Table 1.1**



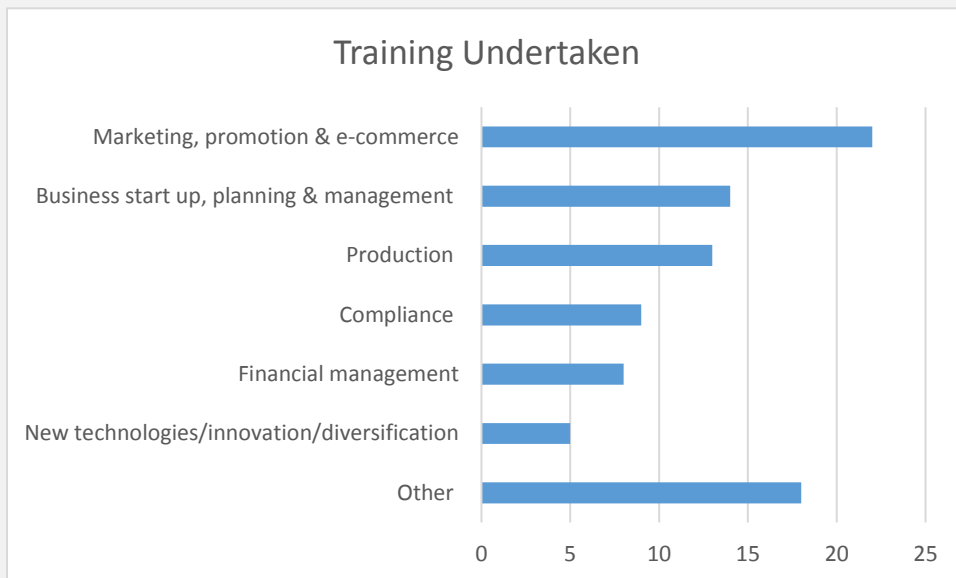
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### Training Undertaken

Sixty-five (43%) respondents engaged in training in the last 12 months. It is notable that the majority (58%) of Irish respondents had engaged in training, whereas the majority (68%) of Macedonian respondents, 82% of Italian respondents and 83% of Greek respondents had not engaged in training.

Respondents were asked to specify training topics undertaken in an open-ended question. Categorising responses, respondents reported that they had undertaken the following training in the last twelve months. n=88 (No response = 62)

**Table 1.2**



The training most frequently undertaken by respondents included marketing, promotion & e-commerce, followed by business start-up, planning and management and production related training.

Specific production training was cited by Macedonian, Italian, Greek and Irish respondents (cheese making, craft butchery, jewellery, beauty therapy, construction

skills, woodturning, coffee roasting, home cooking, snails, organic production, woodworking, olive oil production). New technologies/innovation/diversification training was cited by Irish, Macedonian, Italian and Belgian respondents, specifically relating to agricultural mechanization and diversification, innovation within local area groups and ICT applications. Compliance was mentioned by Irish and Macedonian respondents and referred to health and safety, food safety, HR law, charity regulations etc.

‘Other’ training topics undertaken include costing/pricing product, pathways to markets and customer identification, product development and networking and co-operative training events for creative micro-enterprises. Specific topics were cited as train the trainer, rural tourism, research, facilitation, mentoring and tendering, climate change, communication skills, gender studies and leadership.

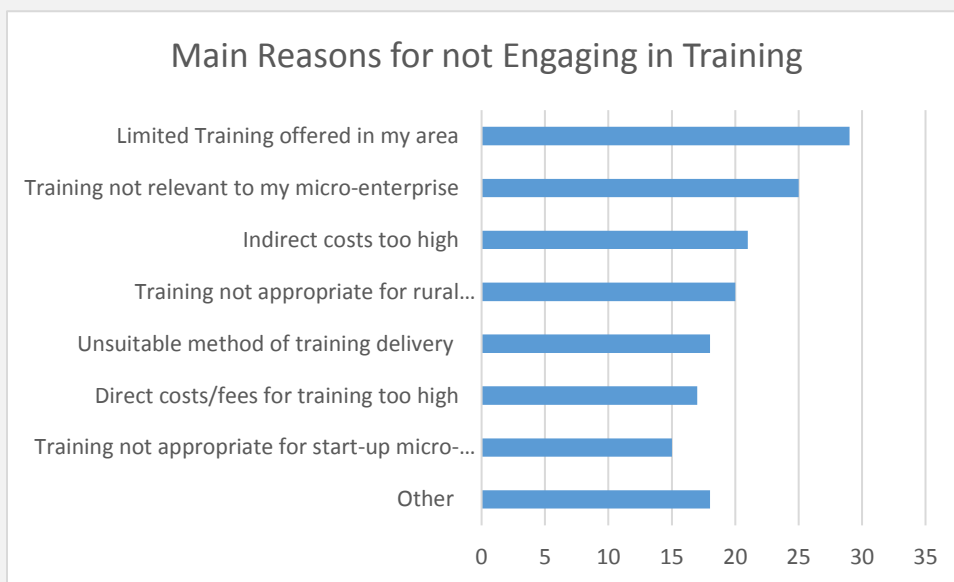


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The main motivation for training cited by respondents related to upskilling, marketing, increasing sales and improving online presence, business start-up, development and diversification/value added product.

Respondents were then asked to specify the principal reason why they had not engaged in training, from a specified list. The main reasons were cited as limited training offered in their area, followed by training not being relevant to their micro-enterprise.

**Table 1.3**

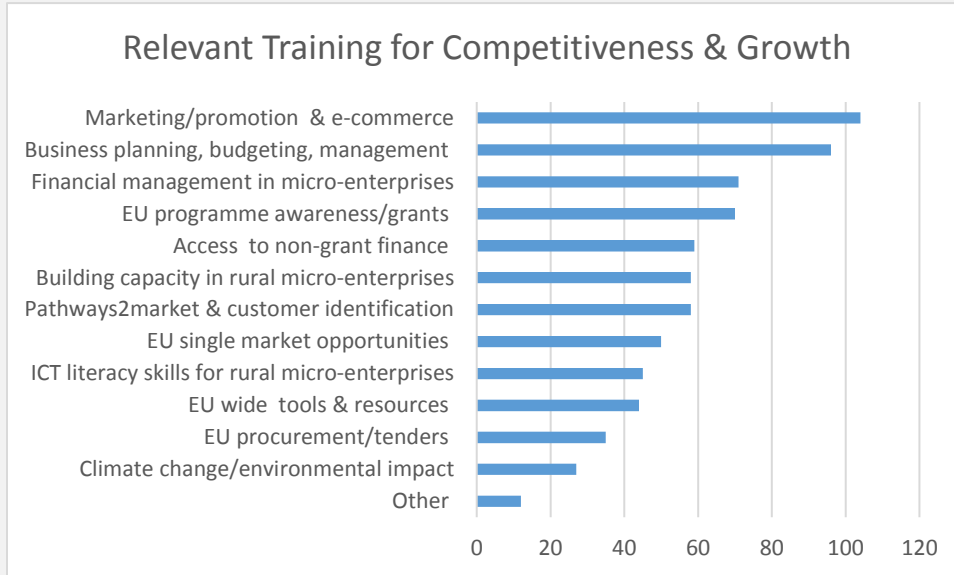


Unsuitable method of training delivery was the most relevant reason outlined by Italian respondents, limited training offered in their area was the most relevant reason for Macedonian and Greek respondents; high indirect costs most relevant for Spanish respondents; training not appropriate for rural entrepreneurs most relevant for Belgian respondents. Irish respondents noted that

training was not relevant to their micro-enterprises. These results indicate that current training offering is not appropriate or not relevant for rural entrepreneurs or micro-enterprises, and also recognised how indirect costs impact on training engagement. n=106 (44 non responses)

Question 6 provided a list of training topics that would help their enterprise be more competitive and grow. Respondents were asked to select the topics most helpful to them. The most commonly selected topics are presented in Table 1.4. (n= 141, non-responses = 9).

**Table 1.4**



Marketing/promotion and e-commerce was the most commonly mentioned (104 respondents), followed by business planning, budgeting, and management skills (96 respondents).

It is notable that these training topics also featured as the top two most frequently undertaken training topic outlined by respondents earlier in this report.

- Marketing, promotion and e-commerce was the most commonly mentioned topic by respondents from Ireland, Italy, Spain and Greece
- Business planning/ budgeting/management skills for rural micro-enterprises was the most commonly mentioned topic by respondents from Macedonia
- Business planning/budgeting etc. plus building capacity in rural micro-enterprise got equal first priority from Belgian respondents (9 each).

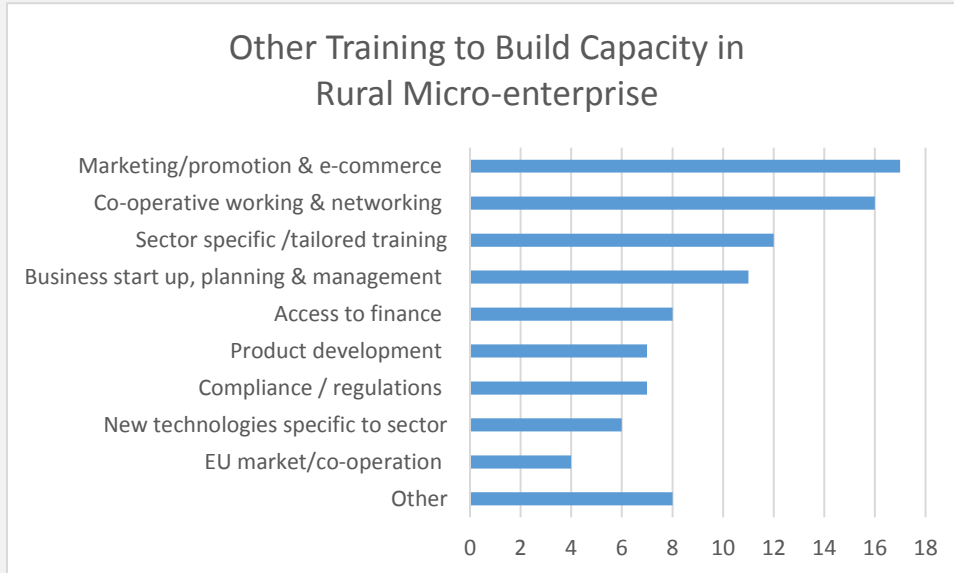
Other topics, in addition to the specified list, were mentioned by 13 respondents. These included EU and national level legal requirements and regulation; mediation; Brexit survival for a border based micro enterprise (Ireland); business loans for start-ups; facilitation and management; production techniques; training to form co-operatives; funding & investment; low cost financing, planning and taxes reduction (Greece) and preparation of application for IPARD fund (Macedonia).





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Table 1.5



The questionnaire also sought the active participation of respondents to understand their specific needs and to detect training gaps. In particular, question 7, an open-ended question, asked respondents to suggest other training topics to be considered to support the capacity building of micro entrepreneurs in rural areas. (n= 85). Responses were categorised as follows:

Marketing/promotion and e-commerce also featured as the most frequently mentioned topic in the open question on additional training to support capacity building of rural micro-enterprise. Within this topic, respondents specified training topics such as market approach, pricing products, communicating in sales channels (Macedonia), ICT, web and social media marketing (Italy), promotion of products through e-commerce (Spain), social media (Belgium), tourism marketing, market analysis and planning, product promotion strategies, and promotion of exports (Greece) and marketing plan, sales techniques, web development, SEO (search engine optimisation) and social media management (Ireland).

Co-operative working and networking in rural areas was cited by Irish, Belgian and Italian respondents and related to opportunities for thematic networking to encourage collaboration between rural micro-enterprises locally, regionally and on a trans-national basis; co-operative marketing and promotion; clustering of similar rural enterprises to reduce cost in purchasing and co-operative transport and product distribution; business networks.

Sector specific / tailored training was mainly mentioned by Irish and Macedonian respondents. Training on offer is considered too broad and not specific to sector by Irish respondents as indicated in comments such as *“Training needs to be more focused, tailored to individual businesses rather than the broad strokes currently used”*. Macedonian respondents cited more specific training in various aspects of beekeeping, development of old crafts, preservation of plant life, production of seeding materials for grapes/fruits, training for old and traditional crafts.



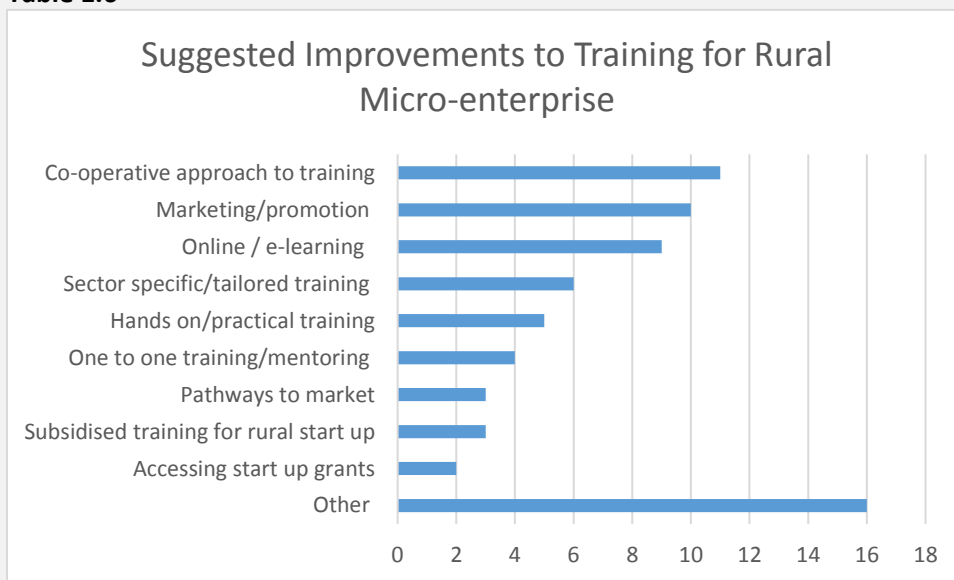
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Sector-specific new technologies related to suggestions for training in CAD (computer aided design), graphic design, video editing, payment software, AI technology, modernising agricultural machinery etc. Other suggestions included social value measuring, communications training and tourism facilities training. Language skills were also mentioned by Greek and Spanish respondents.

In relation to access to finance, respondents referred to funding applications & tendering/procurement and knowledge of available funding programmes (incl. funding applications & loans); suggested improved support for voluntary groups in completing funding applications for projects; training on grant applications and drawdown procedures; increased awareness of supports/mentoring for businesses under 12 months (Irish respondent cited little or no support for non-technical businesses trading under 12 months).

Similarly, question 8 (open-ended question) asked to suggest improvements to training to enhance competitiveness for rural craft and micro-enterprises (n=71). The main suggestions are shown in Table 1.6.

**Table 1.6**



Co-operative approach to training/peer learning and online/e-learning was the most commonly suggested as evidenced in comments such as:

*“More networking events to enable people to meet each other, share ideas and be inspired by the creativity and innovative ways of others”* (Irish respondent).

This was followed by online training/e-learning, which was suggested by respondents as a solution to the time constraints and distances involved for rural micro-enterprises in undertaking site specific training as evidenced in comments such as: *“Offering online courses, webinars etc. to make the training more accessible and allow the individual to take the course in their own time. Often the training can be an hour’s drive away”*



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*“Online training ... It might cut the time out of the workshop to attend training having to travel distances can eat into working time especially if you are a sole trader. Finding the time to attend training can be a key issue for micro entrepreneurs.”*

Other suggested training topics included:

- innovative production methods/techniques to increase productivity; profitable investments abroad; flexible training programmes; market research, segmentation, market targeting, consumer perception, distribution strategy and product promotion strategy (Greece)
- business skills; understanding finance; planning for growth (Belgium)
- product distribution facilities; co-operative marketing through business network (Spain)
- solutions to meet micro-enterprises needs particularly in terms of time management (Italy)
- improve training for better competitiveness and use of accessible terminology (Macedonia)
- VAT registration; tax laws in Ireland & EU; company's structures - pros/cons, continuous development & refresher courses long term, opening job path programme for entrepreneurs.

Various approaches to training were also suggested by respondents as follows:

- online/e-learning;
- short and non-theory training;
- utilising the flipped classroom model/material provided electronically in advance and concrete application of the acquired competencies;
- a training approach combining theoretical, practical and case study visits;
- a co-operative approach to training/learning with sector specific clusters leading to opportunities for peer learning/networking.
- opportunities for peer training/networking/shared learning
- non-prescriptive training and use of culture/design for creative approaches to training and
- one to one training / mentoring for start-up or development stages of business.

The following points emerged from responses to open questions (Q.7/Q.8)

- that barriers to participation in training for rural micro-enterprises relate to timing of training, distances to travel and additional cost to get to urban centres. Noted that micro-entrepreneurs often cannot afford to take a day away for training as it is a day of work lost. Flexible options to training were suggested, including online options and blended learning, which would provide occasional opportunities to meet / workshop ideas with other micro-enterprises in same sector.
- a need to form co-operative / networking structures for micro-enterprises in rural areas, due to geographical remoteness isolating rural micro-enterprises from each other. Sector specific business networks and co-operative models of working would provide opportunities for rural entrepreneurs to meet and share experiences, relevant peer learning, and explore mutually beneficial ways of working



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together to improve business effectiveness and reduce costs. Opportunities for co-operative purchasing, transport, distribution, promotion were mentioned.

## Outcome of MICRO Primary Research/Topics Suggested by MICRO Questionnaire Respondents

As already outlined above, the training topics most commonly mentioned by respondents were marketing/promotion and e-commerce and business planning/budgeting/management skills.

The training topics were selected in order of importance from the list provided in Question 6 (Select training topics relevant to helping your enterprise become more competitive and grow). Even though respondents were asked to prioritise these topics from most relevant to least relevant, the results demonstrated that it was more representative of responses to select topics mentioned most, rather than topics identified as most relevant by respondents, as demonstrated in table below (e.g. Pathways to Market and Customer Identification was mentioned by 1 respondent as most relevant, however it was mentioned by 58 respondents in total across all priorities. Marketing / promotion was mentioned by 18 as most relevant, however it was mentioned by 104 respondents across all priorities).

**Table 1.7**

	<b>Total 1st Choice</b>	<b>Total Mentions</b>
Business planning, budgeting, management skills for rural micro-enterprise	62	96
EU single market opportunities for rural micro-enterprises	13	50
Financial management in micro-enterprises	10	71
Access to non-grant finance for micro-enterprises in rural areas	7	59
EU programme awareness/grants for rural micro-enterprise	4	70
Building capacity in rural micro-enterprises	4	58
Marketing/promotion & e-commerce	18	104
EU procurement/tenders as opportunities for micro-enterprises	0	35
Pathways2market & customer identification	1	58
ICT literacy skills for rural micro-enterprises	5	45
Climate change/environmental consequence impact	5	27
EU wide tools & resources for rural micro-enterprise development	3	44



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## **MICRO Project Recommendations From Primary Research**

The ten most commonly mentioned training topics were subsequently discussed by project partners. It was agreed that they would form the basis for design of the MICRO online training. The training topics are as follows:

- Marketing/promotion & e-commerce
- Business planning, budgeting, management skills for rural micro-enterprise
- Financial management in micro-enterprises
- EU programme awareness/grants for rural micro-enterprise
- Access to non-grant finance for micro-enterprises in rural areas
- Building capacity in rural micro-enterprises
- Pathways2market & customer identification
- EU single market opportunities for rural micro-enterprises
- ICT Literacy skills etc.
- EU wide tools and resources for rural micro -enterprise development



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## Appendix 1 Partner Country Reports – Key Findings

### MICRO Country Report – ITALY

1. Microenterprises are the backbone of the Italian economy, representing 95% of GDP
2. Most of the Italian microenterprises are family businesses, some tend to export abroad but the majority continue to serve local and regional markets, also due to poor skills in managing bigger organizations and low awareness of EU opportunities
3. Microenterprises are very heterogeneous by sector and economic activity
4. Structural issues: labor law, fiscal and other administrative requirements represent a generalized disincentive to grow (Bank of Italy)
5. 83% of respondents did not engage in any training in the last 12 months. Training is not felt as an important activity for microenterprises and micro-entrepreneurs prefer to attend training courses only in the evening or on Saturday morning. Only 29% of SMEs attend vocational training and, in particular, only 5% of employees in microenterprises have access to training in the workplace.
6. Priority training for the growth and competitiveness of microenterprises in Italy were:
  - a. ICT skills: Teach them how to promote and sell products online, how to offer e-commerce services, how to be really visible to the copious online buyers and how to use ICT to enhance their competitiveness its fundamental to sustain their growth;
  - b. Business skills (management and entrepreneurship): Those who invest in training and are able to acquire the right capabilities to reach bigger markets observe great success but most of Italians feel they are not ready to start a business due to poor competencies.
  - c. Financial management: Microenterprises in Italy are more indebted than other categories of enterprises on average. This prevents investment and growth.
  - d. EU single market opportunities: Microenterprises in Italy who are able to sell abroad observe great success even thanks to the “Made in Italy” effect but a low percentage of microenterprises in Italy serve international markets.
  - e. Climate change/environmental consequence impact: the primary research indicates an emerging attention towards the impact of environment on businesses.
7. The current training offered is not adequate to the needs of microenterprises in Italy. Microenterprises in Italy are looking for peer-to-peer training/networking/co-operative training, sector specific training, tailored contents training, and the possibility of online training options.
8. Training contents and methodologies do not seem to meet micro-enterprise needs



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9. It is difficult at times to distinguish between microenterprises and farms.
10. Generalized low understanding of training as a means for growth and competitiveness, micro-enterprises tend to dismiss training as an investment and do not attend training courses
11. There are generalised cultural (business mindset), time (training may divert resources from business activities) and accessibility (rural enterprises face distance) barriers to training
12. Most Italian enterprises lack digital skills, they use computers and internet but rarely see ICT as a real opportunity to boost their business
13. Competencies should be enhanced in: ICT skills; business skills (management and entrepreneurship); Financial management; EU single market opportunities.

## **MICRO Country Report - Republic of Macedonia**

1. The Republic of Macedonia is a small economy in transition. However, the rural population has low family incomes and the village community have unsolved basic infrastructural needs.
2. The main agricultural challenges for Macedonia are to address food security, poverty reduction/wealth creation in the agricultural sector. There is also need to create new and innovative non-farm rural sector opportunities.
3. Macedonia is #2 in the world on the ease of starting a business (State Statistical Annual Book 2016) but the percentage of SMEs introducing in-house innovation remains weak.
4. Entrepreneurship in the Republic of Macedonia is above the EU average (Entrepreneurial intentions measured as the percentage of adults who intend to start a business within the next three years (29 %), compared to EU average (12 %). Entrepreneurship in the Republic of Macedonia is a significantly more desirable career choice than in the EU on average (70 % versus 57 %).
5. Turnover from e-commerce was rather low and in-house innovation is weak.
6. Most micro and SMEs have not attended relevant training in the last 12 months.
7. Priority trainings suggested are: business planning, budgeting and management skills, financial skills, marketing and e-commerce and identification of markets.
8. Access to finance and loans, especially for small enterprises in agriculture and tourism outside Skopje, account for the largest demand of micro and craft entrepreneurs. As lending is mostly collateral-based, the access to affordable finance gap is higher in rural areas, with agriculture remaining largely under served.
9. Training needs to be more practical, have a better approach and use known terminology.



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## MICRO Country Report - Republic of Ireland

1. Population changes between 2006 and 2011 showed a marked population decline or low population growth in the areas more remote from major urban areas.
2. There is no available statistical data on 'rural' micro-enterprises or craft (type) enterprises as a proportion of micro-enterprises in Ireland, i.e. no demarcation between rural and urban micro-enterprise data.
3. Craft enterprises form an important part of rural micro-enterprises with a geographic location away from main population centre markets.
4. The OECD (2008) 'Ireland: Towards an Integrated Public Service' report highlighted weak local government and the cross-over of local agencies reporting to other Government departments. This weakness is being addressed. In 2015 the government introduced mid to long-term strategies to benefit micro enterprises or SME's including; the National Entrepreneurship Policy/five-year plan, the Innovation 2020 strategy, the National Skills Strategy 2025, the Enterprise 2025 strategy, and the Further Education and Training (FET) Strategy.
5. The ongoing trend of migration out of rural areas has compounded the difficulty for micro-enterprises to access the skilled labour force they require from within their area.
6. A lack of data relating specifically to rural micro-enterprise and subsequent challenges specific to rural micro-enterprises



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### **MICRO Country Report - Belgium**

1. The poor participation of micro-enterprises in the vocational education and training (VET) and entrepreneurship education in general.
2. Microenterprises needs skills in customer and market orientation, foreign markets knowledge, and management skills.

### **MICRO Country Report - Spain**

1. The Spanish target group showed an extremely low response compared to other target groups from other EU Projects on micro and crafts entrepreneurship. This point is significant in terms of propensity to online communication among micro and crafts entrepreneurs.
2. It is difficult to find country statistics - data usually provided per region (17 Spanish regions), and statistics outdated.
3. In Spain most rural micro-enterprises are devoted to agricultural activities, followed by construction and commerce.
4. Rural areas in Spain are characterised by a low population, isolation and with a strong depopulation and aging factor.
5. 94% of Spanish enterprises are uni-personal (one person) and micro-enterprises (less than 10 workers).
6. There are many business support networks providing entrepreneurial training in general, but the need for more sectorial type of training is evident.
7. Some of the challenges of developing rural craft and micro-enterprise are: isolation, lack of online and ICT skills/facilities, bureaucracy, low education, and access to suitable training.
8. Business owners are mainly middle-aged males.



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## MICRO Country Report - Greece

1. Greek SMEs provide 72 % of value added and employ 86% of the workforce, larger than the EU average at 58% and 67% respectively. Greece is ranked 6th in terms of SMEs' number in the EU-15 (Observatory of European SME's, 2003).
2. Significant challenges for Greek SMEs are: administrative difficulties/bureaucracy, difficulty in finding seed capital, social insurance charges, fear of business failure, lack of business knowledge and skills, and difficulties in transforming the family business.
3. Greece's agricultural sector is characterized by older farmer population (only 5.2% Greek farmers are under 35 years old) and small-sized farms (76.7% of holdings less than 5 hectares, average farm size of 6.8 ha which is smaller than the average EU-28 holding of 16.1 ha) but is of high economic importance.
4. Greece's agricultural sector contributes 3.8% of the total GVA to Greece's economy (EU-28: 1.6%), and to employment 13.6% of total employment (4.7% in EU-28). This indicates the particular high economic importance of the sector.
5. Greece is among the three most poorly performing Member States in relation to the single market and access to finance.
6. Greek SMEs have borne the brunt of the recent economic crisis with almost one in four (more than 205,000) of the SMEs that existed in 2008 closing down, reducing the total added value volume by a third of 2008 levels.
7. The following skills & innovation initiatives enhance micro-enterprise growth and competitiveness: Establishment of clusters and incubators, the development of SMEs' Research and Development (R&D) competencies, facilitation access to innovation and knowledge, the adaptation of vocational training to the labor market requirements, development of a network of training providers accessible throughout the country, and the creation of start-ups.
8. Business planning, budgeting, management skills for rural micro-enterprises are topics to help micro-enterprises become more competitive & grow.