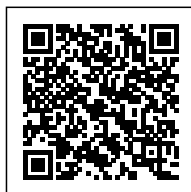


# DRIVING ECONOMIC GROWTH: ENTREPRENEURSHIP AND INNOVATION

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**Digital technologies touch on every sector and industry, promising a reinvention of the companies within them and the creation of new jobs and a brighter future, says Zaryn Dentzel**

Europe is facing challenging times, and traditional business sectors are suffering from economic conditions that are shrinking the Eurozone's GDP. The Internet economy, however, is booming, and the hope is that this could lead to a growth in start-ups, entrepreneurs and innovative technological projects.

The creation of new lines of business and the emergence of more start-ups in Europe, however, need an important cultural change to happen with regards to entrepreneurship. This is in addition to a need to modify existing administrative structures, which lack the flexibility necessary for businesses to thrive.

The processes for setting up new innovative technology projects on the Internet need to be adjusted so to lessen bureaucracy involved, and greater tax and financial support must be provided. Vice-President of the European Commission Neelie Kroes has created The Startup Europe Leaders Club — an independent group of tech entrepreneurship leaders to guide the Commission on strengthening the European Internet business environment – with representatives from Atomico, HackFwd, Rovio Entertainment, Seedcamp, Spotify, Tech City UK, Tuenti and The Next Web. The Club has developed a manifesto to support entrepreneurship and innovation so as to drive economic growth in Europe, and there are some key points I would like to highlight due to their legal implications.

### **Talent**

We believe that facilitating better access to local and international talent is a vital part of this movement. Europe needs to create a more accommodating environment for talented and highly qualified people to be able to start companies and create and find employment.

For this to become a reality, the creation of a pan-European 'start-up visa' that facilitates the entry of talent across Member States would be a very useful tool. First, this would allow companies to hire employees from other countries with fewer obstacles and red tape; and second, start-ups could more easily adapt their teams to suit their requirements at any time.

European companies must not find themselves in a situation where they cannot adapt to the reality of today's and tomorrow's markets because of an inability to hire the talent they need to move forwards. Additionally, the EU must launch campaigns aimed at bringing back home-grown talent by increasing research grants, providing logistical support, and boosting public recognition of the opportunities available at home.

### **Capital gains**

Access to capital and funding is a Europe-wide problem. But, so as to increase the chances of a project's success by adequate financing and fair tax treatment, the EU must take measures to make it easier to gain access to capital. Private and institutional investment in start-ups should be increased, and public markets should be open to fast-growing companies as a way of raising capital – for example, by creating an EU stock market category solely dedicated to the Internet and mobile phones.

Other issues include encouraging the purchase of small European companies by governments, employee taxation on stock options should be seen as capital gains rather than income, and the current process of setting up a company must be simplified and homogenised.

### **Cyber-security**

Another area we believe needs to be modernised relates to privacy, security and data protection in the EU, including reviewing and standardising very outdated data protection laws. The absence of a unifying data protection law in Europe creates unnecessary obstacles for companies that are attempting to do business with, and through, the region. This is one of the reasons that only 12 percent of all Internet transactions made by European consumers are transnational.

It is equally necessary, for example, to do away with the requirement that data providers store information in a specific jurisdiction, and more data should be made public to increase transparency and trust. Governments also have to think digitally if they are to reduce costs and improve services

for their citizens.

### **The manifesto**

These are just some of the measures in the manifesto that we recently presented to Neelie Kroes. It is a programme of initiatives that attempts to be the voice and driving force for European entrepreneurs, and calls for stronger support of entrepreneurship and innovation in the EU. Therefore I encourage everyone who shares these principles to support the manifesto with your signature and be a part of this evolution – [startupmanifesto.eu](http://startupmanifesto.eu).

Zaryn Dentzel is CEO and Founder of Tuenti – the largest social networking platform in Spain.