

Suggested citation:

Walaszczyk, L., & Belina, B. (2017) Entrepreneurship development vs. reluctance in applying for the European Union funds: A case study on the example of the Mazovian Region in Poland. In Wach, K., K., Knežević, B., & Šimurina, N. (Eds.), *Challenges for international business in Central and Eastern Europe* („Przedsiębiorczość Międzynarodowa” vol. 3, no. 1). Kraków: Cracow University of Economics, pp. 65-83.

Entrepreneurship development vs. reluctance in applying for the European Union funds: A case study on the example of the Mazovian Region in Poland

Ludmiła Walaszczyk¹
Beata Belina²

Institute for Sustainable Technologies, National Research Institute in Radom
ul. K. Pułaskiego 6/10, 26-600 Radom, Poland
e-mail: ¹ ludmila.walaszczyk@itee.radom.pl ² beata.belina@itee.radom.pl

Abstract:

The main objective of the article is to investigate why entrepreneurs from the Mazovian region are not eager to apply for the EU funds. The authors asked the following research questions: Why are the entrepreneurs reluctant to apply for the EU funds? How (if) has the situation changed comparing the 2007-2013 and the 2014-2020 perspectives? What should be changed from the side of the EU perspective? In the research a qualitative method – direct interview with entrepreneurs – was used. 171 entrepreneurs were interviewed. Purposive sampling was used. The authors chose the companies, which fulfilled the following conditions: they were interested in applying for the EU funds; they had experience in getting support from the European Union; they perceive themselves as “innovative”. All enterprises were from the Mazovian region in Poland. It was stated that a large number of companies wants to apply for the EU funds, but they cannot do it due to many factors such as the necessity to include own funds; no interest to participate in any project; the willingness to purchase the apparatus or appliance or too high bureaucracy. The best way to make the EU funds available for the companies is to meet their problems and expectations first. It should be done in the form of consultations between the government and business world. Such consultations would bring ideas, which topics should be included into the proposed programmes. The originality of this work lies in studying factors, which make the entrepreneurs from the Mazovian region impossible to apply for the EU funds. It is very important to recognise them as the 2014-2020 perspective offers a huge amount of money, which could be well spent by the entrepreneurs, if they managed with hampering factors.

Keywords: the Mazovian region; entrepreneurship; EU funds; reluctance; project proposal

JEL codes: L26, L38, O22

1. INTRODUCTION

Entrepreneurship plays a significant role in the society (Clark, Guy, 1998; Griffith *et al.*, 2004; Acs *et al.*, 2004; Audretsch, Keilbach, 2004; Lee *et al.*, 2010; Staniewski *et al.*, 2016). First of all, it contributes to the implementation of innovations

(Grabher *et al.*, 2008; Shneider, Veuglers, 2010; Stoner, 2011; Huarng, Yu, 2011; Bettiol *et al.*, 2013; Badzińska, 2016). In order to facilitate the development of innovations by enterprises, in the 2014-2020 perspective the European Union proposes to undertake a lot of various initiatives, which seem to be very attractive for beneficiaries. In Poland there are, among others, national programmes (Infrastructure and Environment, Smart Growth, Knowledge Education Development, Digital Poland, Eastern Poland, Technical Assistance), regional programmes (16 programmes – one for each region) and European Territorial Cooperation Programmes.

The Mazovian Region is perceived as one the most developed (Annoni, Dijkstra, 2013). This is a region with the highest amount of foreign capital. This mainly so because the capital city of Poland – Warsaw – belongs to this region. Moreover, in the region there are 17.3% of innovative enterprises. The position of the Mazovian region is similar to regions from old EU members (Dziemianowicz *et al.*, 2012). On the other hand, more than 73% of investments are financed from own funds of entrepreneurs. It seems that the support of the EU funds could improve the level of the entrepreneurship in the region.

Therefore, in order to promote the innovativeness in the region, there is the possibility to use funds, among others, from the Regional Operational Programme for the Mazovian District 2014-2020. The basic aim of the Programme is to strengthen innovativeness, competitiveness and entrepreneurship of the Mazovian region. It is planned that 23% (c.a. 491.5 million EUR) of the programme budget should be directed towards entrepreneurial development. The emphasis is put on the R&D – business links, higher engagement of enterprises in R&D activities and the application of innovative products in companies.

The programme offers the project calls, which are strongly linked with regional “smart specialisation strategies” (European Commission, 2014; Rusu, 2013; Jucevičius, 2014; Capello, Kroll, 2016; McCann, Ortega-Argiles, 2016), i.e. the areas particularly popular and important in the region. The programme promotes the projects supporting these smart specialisations. In the Mazovian region there are four smart specialisations distinguished: high quality of life, safe food, intelligent management systems and innovative services for business. Selected smart specialisations for the Mazovian region result from the Regional Innovation Strategy for the Mazovian District till the year 2030. This is the basic document for the units, which want to apply for funds. It includes directions that should be included in the projects.

In total, in 2016 there are nearly 50 project calls for entrepreneurs. The scope of the support is huge. The funds are offered to entrepreneurs for the development of innovations and investment in the area of R&D. Thanks to the EU funds the Mazovian region wants not only to integrate scientific environment with enterprises, but to strengthen economic potential in the region as well.

Apart from regional programmes, entrepreneurs from the Mazovian region have the opportunity to apply for national funds, mainly from the National Centre for Research and Development or the Ministry for Development. Such an interesting and rich offer should attract entrepreneurs to use funds for the improvement of

their activity (Tloczynski, 2016; Massimo *et al.*, 2016; Scholleova, 2014). Unfortunately, many enterprises are not interested in obtaining support from the EU funds (Tödting–Schönhofer *et al.*, 2012). The article presents the reasons why Mazovian entrepreneurs do not often apply for the EU funds.

2. BACKGROUND

Since Poland joined the European Union in 2004, it has been successfully catching up with the old EU member countries. The main aim of the structural funds is to decrease differences in the development of countries and regions and at the same time to increase in the competitiveness of member countries and the European Union on the global market.

The aim of structural funds is also to create companies more innovative. In literature we can meet different definitions of the innovativeness of an enterprise. To be the most general, it is the motivation to search and to use commercially the results of scientific research, new concepts, which lead to the increase in novelty and competitiveness position of a company. The companies can be seen as innovative if they are able to create, absorb and achieve new products (services) and these ones, which are able to adopt changes from the market (Janasz, Leśkiewicz, 1995).

The Polish economy has been trying to converge to EU-15 economies, however in terms of innovation and R&D, Poland is even behind the Czech Republic and Hungary – its two closest regional peers. Polish enterprises do not readily spend funds for R&D. The data show that the 2007-2013 perspective supported approximately 28.000 enterprises (c.a. 15.000 micro, 7.500 small, 3.750 medium, c.a. 1.500 big enterprises), but it gives only 1%-2% of the total enterprises in Poland (European Commission, 2015a).

Many evaluation reports of the 2007-2013 perspective show that in Europe this indicator is not high. Similarly to Poland, c.a. 2% of total number of the European enterprises used the European funds (European Commission, 2015).

What are the reasons that the companies do not apply for EU funds? It seems that there are many. First of all, we have to be aware that we can distinguish on the market companies so called “innovative” and traditional companies. Surely these first ones are mainly engaged in receiving the EU funds. The traditional companies are less competitive and they make investment with the use of own funds (European Commission, 2015a).

To see more deeply if there is the majority of innovative or traditional companies, the authors present the chart of companies in Europe (Figure 1).

It can be seen from the Figure that the traditional companies constitute the majority. Regarding the second group, in Poland there are c.a. 23% of innovative companies. It is not a high number comparing e.g. to Germany or Luxemburg. Even Turkey and Serbia have more companies of this type.

The companies can treat themselves as “innovative”, but a very important aspect is how much they spend on R&D (Figure 2). As it can be seen, although Polish companies think they are innovative, they spend very low amount of money for R&D.

The situation has not changed during the period of ten years: from 0.54% to 0.87%. The countries, which spend the highest money for R&D, are Germany and Sweden.

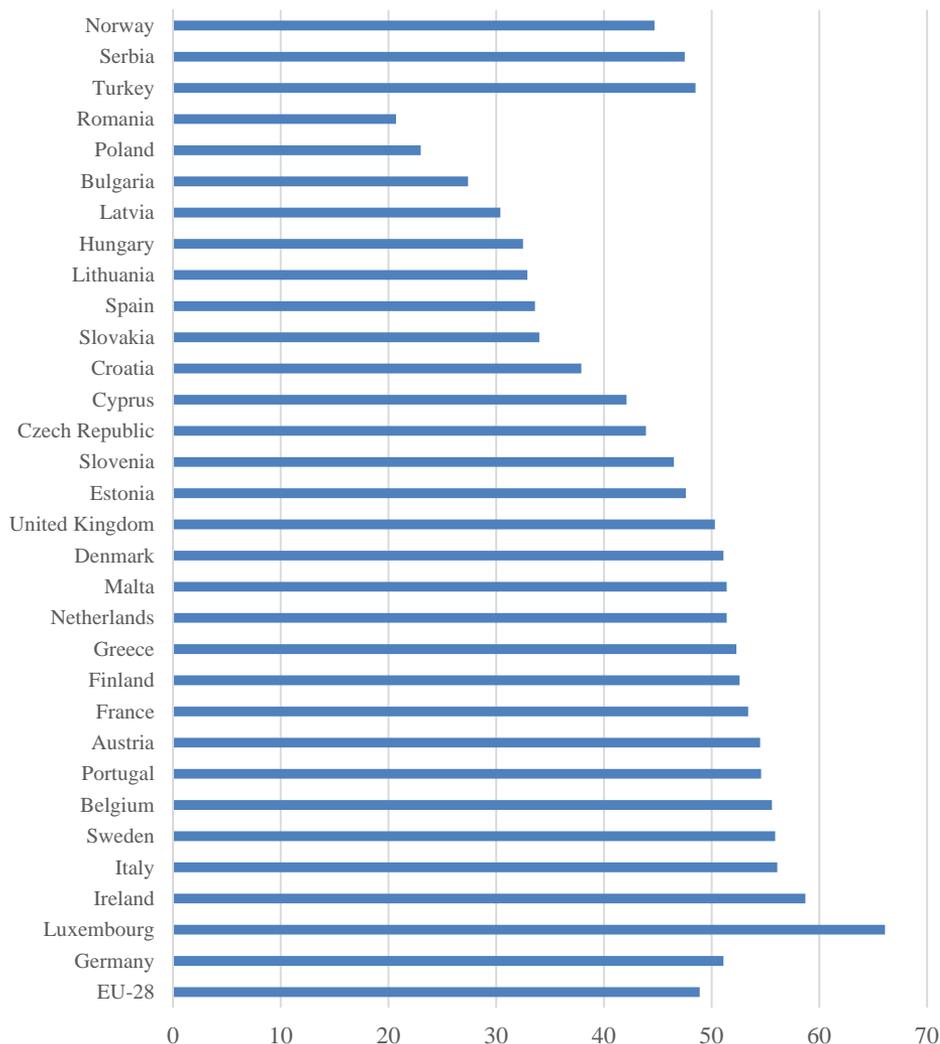


Figure 1. Share of innovative enterprises in Europe in 2010-2012 (% of all enterprises)
Source: EUROSTAT – Community Innovation Survey 2012.

Moreover, as it was stated before, only a small rate of companies were supported from the EU funds (Figure 3). It can be seen here that companies so called “innovative” do not get high funding from the European Commission. Regarding Poland it is c.a. 15.6% of innovative companies, what gives c.a. 3% of all enterprises in the country. The situation in other countries is similar as aforementioned the Czech Republic – c.a. 16.4% and Hungary – 20.6% of innovative companies.

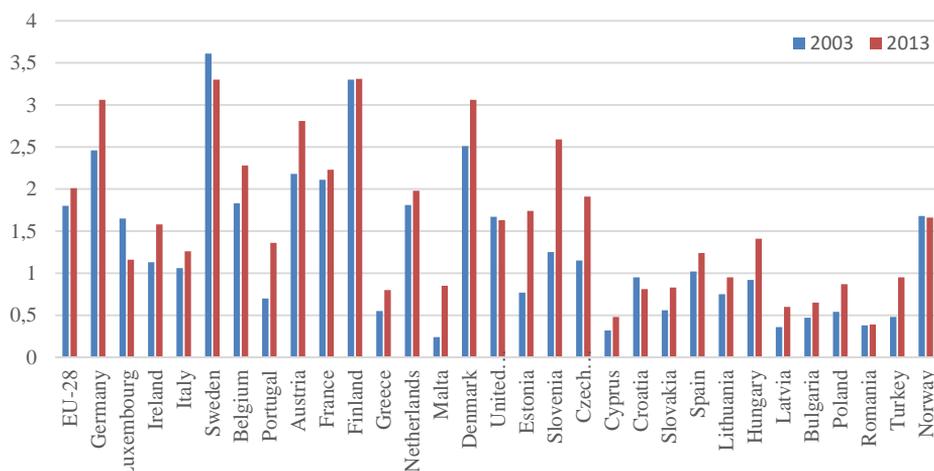


Figure 2. Gross domestic expenditure on R&D, 2003-2013 (% of GDP)
 Source: EUROSTAT Science, technology and innovation in Europe.

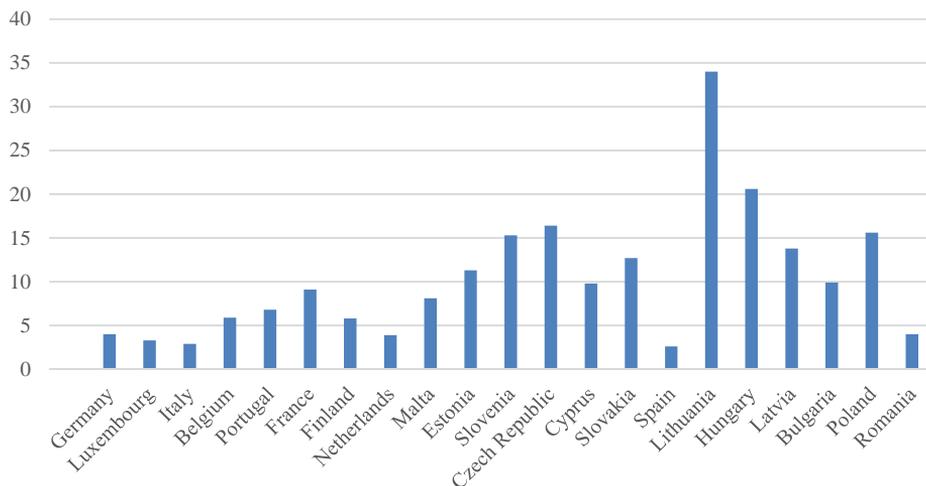


Figure 3. Product and / or process innovative enterprises that received public financial support for innovation activities in 2008–2010 (% of the total of product and/or process innovative enterprises)
 Source: EUROSTAT Science, technology and innovation in Europe.

What causes then that the companies use the EU funds in a very little scope? A response can be partly found in the report of the European Union on “*Support to SMEs – Increasing Research and Innovation in SMEs and SME Development*” (2015), in which it is stated that the main reasons, which did not allow for applying EU funds were: innovation backwardness, limited access to capital, lack of R&D and

ICT infrastructure, insufficient cooperation among firms and between firms and research centres, low internationalization of Polish SMEs (European Commission, 2015). According to another report “*How to make business in Poland? The truth about the most important sector in Polish economy*” (Tomczyk, 2014) the reasons, which contributed not to apply for funds were: the lack of need, the lack of belief that the funds could have been received, very weak information and access to knowledge on European programmes, the lack of funds in specialised branch, the lack of time, too high requirements concerning own equity. The report also made research on the issue if the entrepreneurs intended to apply for funds in the 2014-2020 perspective. From the participants 68.5% did not take any decision, 17.8% said they would not apply for funds and 13.7% said they would apply. The reasons for not applying were, among others, the following: very weak access to information on European funds, the lack of receiving funds in specialised branch, the lack of time, too high requirements concerning own equity, the lack of appropriate support (counselling).

The reasons, which make the entrepreneurs reluctant, are similar in other countries. Again, in the Czech Republic entrepreneurs are open to apply for the EU funds, but they meet obstacles such as a complicated system of subsidy drawing and a lack of methodology and rules. It makes almost impossible to use available money (Entrepreneurs would appreciate easier drawing from EU funds, 2014).

The Czech entrepreneurs however agree that the money had a positive impact on their business and the EU funds are very important for companies. Among the operational programmes, which were available for Czech applicants, the Operational Programme “Enterprises and Innovation” is perceived as the most successful. 72% of the respondents assessed the programme as very good. On the contrary, Regional Operational Programmes were assessed quite weak, which is a surprising result due to the fact that the regional competitiveness improvement and its attractiveness for investors are the main goals (Entrepreneurs would appreciate easier drawing from EU funds, 2014).

Poland, as one of the main beneficiaries of the EU funds, should take care about proper expenditure of funds. However, it can be again observed that the entrepreneurs are not in favour to apply for funds. What are the reasons? Can any obstacles be eliminated?

3. RESEARCH METHODOLOGY

The main objective of the article is to investigate why entrepreneurs from the Mazovian region are not eager to apply for the EU funds.

Research questions

The following research questions were put:

- Why are the entrepreneurs reluctant to apply for the EU funds?
- How (if) has the situation changed comparing the 2007-2013 and the 2014-2020 perspectives?
- What should be changed from the side of the EU perspective?

Method

In the research a qualitative method – direct interview with entrepreneurs – was used. The qualitative research gives a greater understanding of the reasons why entrepreneurs are not eager to apply for the European funds. Qualitative methods enable research aiming at the analysis of processes or structures in order to indicate dependencies and relations in a descriptive way. They are used in situations, when phenomena are difficult to be described with the use of indicators or when data are not available. With the use of qualitative methods a lot of aspects can be tested more efficiently, e.g. through conducting interviews with beneficiaries. There are different types of interviews, e.g. CAPI – Computer Assisted Personal Interview, CAWI – Computer Assisted Web Interview and CATI – Computer Assisted Telephone Interview. They can be of the following structure:

- structured interviews – when the participants give their opinions according to the questions of the interviewer;
- semi-structured interviews – the form of an interview is described, but it can also include additional questions in order to consider selected aspects;
- non-structured interviews – the participants give their opinions freely, without any specific questions.

Before making a non-structured interview, the authors contacted with 250 companies in order to ask if they will to answer the questions regarding the reluctance to apply for EU funds. 171 enterprises (65% of all chosen enterprises) agreed to participate in the research. A non-structured interview was used and the participants were asked questions “Why are the entrepreneurs reluctant to apply for the EU funds?” and “How has the situation changed comparing the 2007-2013 and the 2014-2020 perspectives?” These responses enabled the authors to investigate what should be changed in the 2014-2020 perspective.

Participants

171 entrepreneurs were interviewed and asked why they did not use the European funds, available both at national or regional levels, in order to develop their business activity. Purposive sampling was used. The authors chose the companies, which fulfilled the following conditions:

- they were interested in applying for the EU funds;
- they had experience in getting support from the European Union;
- they perceive themselves as “innovative”.

All enterprises were from the Mazovian region in Poland. The Mazovian region was selected due to the fact, as mentioned before, that it is the region with the capital city of Poland and this is the region well developed. On the other hand, from the statistics we can get to know that the EU funds are not spent very actively. The region is not at the top of regions, which are the most involved in the use of the EU funds. That is why the aim of the article is to get to know about the reasons of not being eager to apply for funds. Micro, small, medium and big enterprises were considered (Table 1).

Table 1. Types of enterprises taking part in the research

Type of enterprise	Number of enterprises participating in the research
Micro	18
Small	75
Medium	39
Big	39

Source: own study.

Procedure

The interviews were conducted between 2015 and 2016 in the Mazovian region. All participants were invited to answer the question concerning the reasons for their lack of possibility in applying for the European funds. The authors asked about the reasons of not applying for funds within the programmes offered by the National Centre for Research and Development (NCBiR), Polish Agency for Enterprise Development (PARP) and Regional Operational Programmes, as such programmes are most often offered in this perspective. The programmes indicated by the authors have similar or the same formal requirements and the same management style. Regarding the content-related aspect, the programmes aim at developing product or process innovations. Each interview lasted about 20 minutes. The same questions were directed to micro, small, medium or big enterprises. The person, who answered the question, was mainly the owner of the company, or in some cases, any other body responsible for management or financial issues.

4. FINDINGS

The responses received from the companies were coded by the authors in terms of grouping them into four groups: financial, technical, organisational and social. The study showed the following reasons for not applying for the European funds, which were included into one of the aforementioned groups:

- financial: the disproportionally high costs of the initiative in comparison with the expected outcomes; the necessity to include own funds; problem with the *de minimis* rule;
- technical: previous purchase of a machine, device etc.; the necessity of undertaking preliminary research before the launch of the project; the willingness to purchase the apparatus or appliance;
- organisational: the lack of an appropriate project call; too high bureaucracy;
- social: no interest in participating in any project.

The results are presented in Figure 4.

Disproportionally high costs of the initiative in comparison with the expected outcomes

13% of the interviewed entrepreneurs were interested in applying for the European funds, but it turned out that the costs, which should be covered by the applicant, are too high in comparison with the expected outcomes. As the example, we can give

the particular situation in which a small company wanted to find a solution how to heat cost-effectively a production hall. After the discussions with other enterprises and scientific institutions it turned out that the execution of the project would require undertake additional preliminary research and costs and therefore the entrepreneur gave up with the submission of the project.

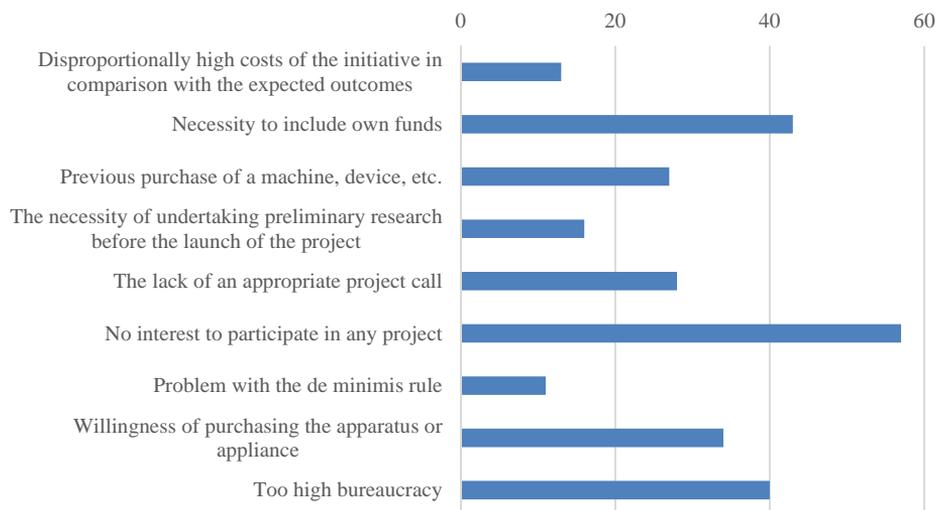


Figure 4. The reasons for not applying for European funds in the Mazovian region [%]
Source: own study.

Necessity to include own funds

A big number of participants (43%) mentioned this problem. They would be interested in applying for the European support, only if no own funds were needed. It mainly concerned micro, small and sometimes medium enterprises.

In fact, there are a lot of project calls for enterprises, but in all of them, own funding is required. The amount of own funds depends on the size of the enterprise. The example of own funding in the Mazovian Regional Operational Programme is presented in Table 2.

As we can see from Table 2, even 20% of own funds for micro or small companies is too much. They would be interested in gaining 100% of the European funds. The reasons, why they do not want to give their input are the following:

- they do not have such amount of money;
- they do not want to take any risk in the project – mainly economic risks, but technological or legal as well;
- they are not aware of the aim of the European funds.

Own input in regional projects is not very high compared to national project calls. As the example we can give the call offered by the NCBiR (the National Centre for Research and Development) – Intelligent Development Operational Programme “R&D activity of companies” in which minimal costs are at

the level of c.a. 1.220.000 EUR. The companies have problems to put such amount of money into one project.

Table 2. Requirements on own funding in the Mazovian Regional Operational Programme

Type of enterprise	Industrial research		Experimental research	
	Max. co-funding	Max. co-funding with bonus ¹	Max. co-funding	Max. co-funding with bonus
Micro	70%	80%	45%	60%
Small	70%	80%	45%	60%
Medium	60%	75%	35%	50%
Big	50%	65%	25%	40%

Source: own study.

Problem with the de minimis rule

11% of companies would like to use the European funds, but they had problems with the *de minimis* rule. *De minimis* is a kind of public support, which is not notified by the European Commission. According to the norm of the Roman law *de minimis non curat lex* – the law does not care for small things, so not significant aid does not disturb the competition on the market. Detailed descriptions are included in Commission Regulation No 1407/2013 from of 18 December 2013, which came into life on 1 January 2014. According to this Regulation, the public support at the level not higher than 200.000 EUR in the last three years shall not be reported (European Commission, 2013). Some enterprises used such public support, so they cannot apply for the funds due to the fact that some calls considered the *de minimis* aid.

Previous purchase of a machine, device, etc.

Almost a quarter of interviewed people (27%) do not need the funding, because the equipment, which they needed in their business activity, has already been bought. In this case the project is not needed anymore.

Necessity of undertaking preliminary research before the launch of the project

In order to launch the project, 16% of the companies needed to do preliminary research. In some cases it was not possible to be done, because the company did not have an appropriate staff to execute such research or they did not want to pay additional money for the research.

Willingness to purchase the apparatus or appliance

In some cases (34%) the companies would have been interested in applying for the project if they had had the opportunity to buy apparatus or appliance. Unfortunately, the project calls assume that the purchase of apparatus and appliance is not a qualified cost. In the 2014-2020 perspective the project calls are, among others,

¹ If the company wants to use this option, it has to guarantee that the achieved results will be published in at least 2 journals of international scope or promoted at conferences or seminars.

directed at the development of the R&D centres in the companies. On the contrary, the companies are not interested in applying such an approach.

Lack of an appropriate project call

Some companies (28%) were interested in applying for the funding, but they were not able to find an appropriate project call. In many cases the topics were so specific that no call was appropriate. Therefore, the companies are still waiting for other project calls.

Too high bureaucracy

A lot of the interviewed (40%) stated that they would like to apply for the project, but the procedure is too complicated. They are not able to fill in the application form correctly and attach all necessary appendixes. Regarding the regional programme, the biggest problem concerns the business plan, which has to be designed and which requires a lot of information.

No interest to participate in any project

Almost half of companies (57%) are simply not interested in applying for the European funds. One of the reason is linked with the fear of losing own funds. Another reason concerned the lack of willingness to take any risk.

5. DISCUSSION

In interviews there are many different responses observed. It can be stated that the main reasons for not being eager to apply for the European funds are: the necessity to include own funds; no interest to participate in any project; the willingness to purchase the apparatus or appliance and too high bureaucracy. It is in accordance with the report “*Support to SMEs – Increasing Research and Innovation in SMEs and SME Development*” (2015).

Taking into account the first mentioned factor, the entrepreneurs are not able to give own input because of insufficient capital (e.g. Titman, Wessels, 1988; Hall *et al.*, 2000; Aivazian *et al.*, 2005). In this research 16 micro, 33 small, 20 medium and 5 big enterprises did not decide to submit the project proposals due to the necessity of including own funds into the project (Figure 5).

The lack of sufficient capital is the factor hampering the development of enterprises (Tödting – Schönhofer *et al.*, 2012; Wilson, Silva, 2013). It can also be confirmed by the research conducted in Poland in 2013. A high percentage of companies (26%) proved that they did not have long-term financing; 30% of them indicated the lack of working capital and 38% said that the financing costs were too high (Grant Thornton, 2013). This fact can be proved by the Global Competitiveness Report 2015-2016 in which Poland ranked 41 according to which the most problematic factor for doing business is, among others, access to financing (Global Competitiveness Report, 2016).

In the Mazovian region the financial reason is crucial. Although the R&D expenditures are the highest in comparison to the rest of regions in Poland, the entrepreneurs still hesitate if they should use the EU funds, because they fear about the necessity to include own funding. New technologies and techniques of their production require a large investment. The problem mainly concerns SMEs in production or service sectors. The lack of own funds is a big barrier to the development of a company (Freel, 2007, p. 31; Hutton, 2011; Mina *et al.*, 2013, p. 883). These problems come from a high interest taken by commercial banks. Despite a wide bank's offer of credit services such as loans, guarantees, invest funds, SMEs still must have their own funds, because the access to credits is difficult. The main reason any banks do not want to give loans is the lack of assets necessary to secure loans and the documents confirming a long presence of the company on the market. That is why the companies do not want to input their own funds into the projects, as such investments can be sometimes very risky.

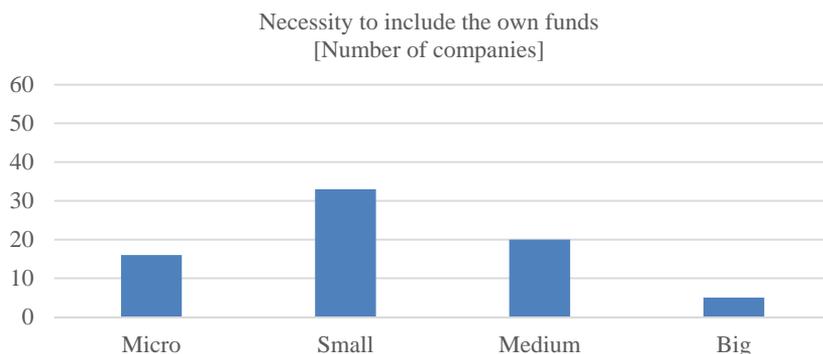


Figure 5. Reasons for not applying for EU funds – necessity to include own funds

Source: own study.

The European Union wanted to help enterprises to have easier access to bank services and therefore the call “Technological credit” at the national level was proposed (Duda, 2012). Own funding is also required: 45% for micro and small enterprises and 55% for medium enterprises. In the city of Warsaw own funding is different: 70% for micro and small and 80% for medium enterprises. In 2015-2016 period only 10% of enterprises from the Mazovian region submitted the proposals.

Another reason, why companies do not apply for the EU funds, is no interest to participate in any project (Figure 6).

The companies are not interested in engaging in EU funds mainly due to psychological factors. First of all, they state that they simply do not need the support as they perceive themselves as self-sufficient (mainly big enterprises). Another serious problem is distrust of the European funds. The entrepreneurs do not believe that they can get the funds without the necessity of returning them when the project is well executed. What is more, they are not aware of the importance of innovation (Andersson *et al.*, 2016; Autio *et al.*, 2014; Herrera, 2016). The lack of need is also

underlined in the report “How to make business in Poland? The truth about the most important sector in Polish economy”. In fact the lack of need is met in the whole Poland, mainly regarding traditional companies.

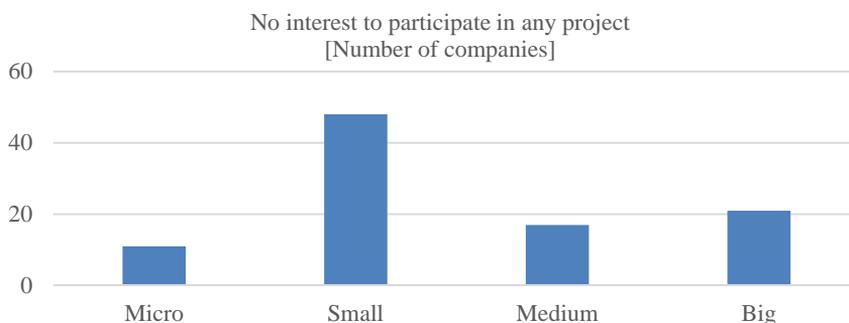


Figure 6. Reasons for not applying for EU funds – no interest to participate in any project
Source: own study.

If the companies finally decide to apply for the funds, they want to get something for them, e.g. the apparatus and appliance (Figure 7).

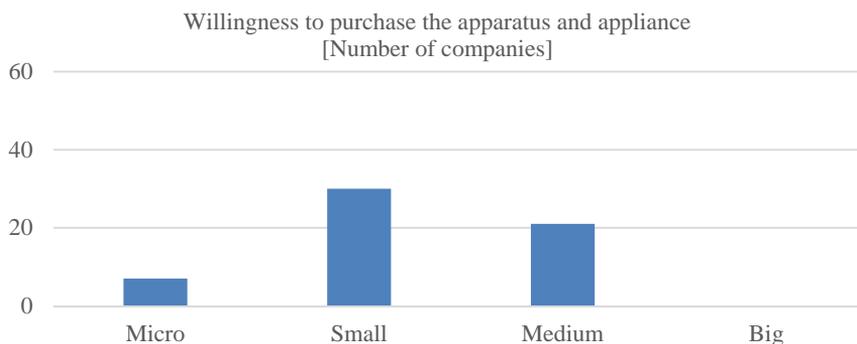


Figure 7. Reasons for not applying for EU funds – willingness to purchase the apparatus or appliance
Source: own study.

As we can see in Figure 7, companies can be interested in applying for the European funds, but only if, after the termination of the project, they get to purchase new equipment. Unfortunately, the idea of the current projects has changed in the last years. Now it is almost impossible to purchase the apparatus or appliance. As an example, in the Regional Operational Programme in the Mazovian District, the qualified costs concerning the apparatus and appliance are the following:

- costs of depreciation of apparatus and appliance during the time in which they are used for the needs of the projects;
- costs of commercial use of R&D apparatus;
- costs of elements, which must be included in the prototype permanently.

Costs of purchase of apparatus or appliance are not qualified.

In programmes at the national level the problem is the same. For example, in the programme financed by the NCBiR – the Intelligent Development Operational Programme “R&D activity of companies (1.1.1)” the depreciation costs are qualified, whereas the costs of purchase are not qualified. Another example, in the programme financed by the Ministry of Development “Support of investments in R&D infrastructure of enterprises, Intelligent Development (2.1)”, the entrepreneurs can buy apparatus, appliance, technologies and other necessary infrastructure, but only on the condition that they will build or develop an R&D centre in the company and this equipment will be the support for the conduction of R&D work in order to design innovative services and products. Such a solution is not convenient for companies as they are not interested in maintaining R&D centre, and paying for additional staff. If they have to do some additional work, they prefer to sub-contract it. A proposed approach discourages them to apply for the European funds in this programme.

Another aspect, which was taken into account in this research, was too high bureaucracy (Figure 8).

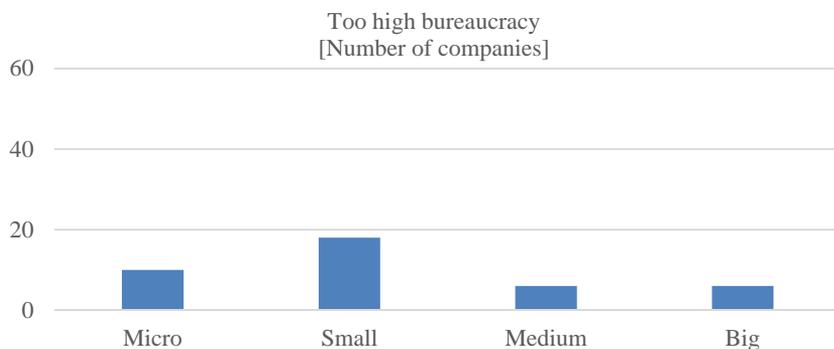


Figure 8. Reasons for not applying for EU funds – too high bureaucracy

Source: own study.

The research shows that entrepreneurs are reluctant to participate in applying for the funds because of the necessity to complete very detailed application form, which is often very long and much information needs to be included (Wostner, 2008). An example indicated by the entrepreneurs the most often is “business plan”, very difficult to design. There are a lot of tables to be filled in and companies either do not know how to do it or they do not have time. Such a detailed document “scares off” the companies. Besides the business plan, there are a lot of other documents to be filled, which means that companies would sooner not apply for the project than waste time on filling in the forms.

During the interviews the representatives of the companies added that they had propositions from other institutions to apply together (mainly in the partnership) for the EU funds. It could come from the fact that in the 2014-2016 period the project calls are mainly directed to apply for the projects by enterprises. Other

institutions like universities or research institutes are not to be applicants and can only be sub-contractors in the projects. They offer the cooperation to the companies as partners or sub-contractors (Figure 9).

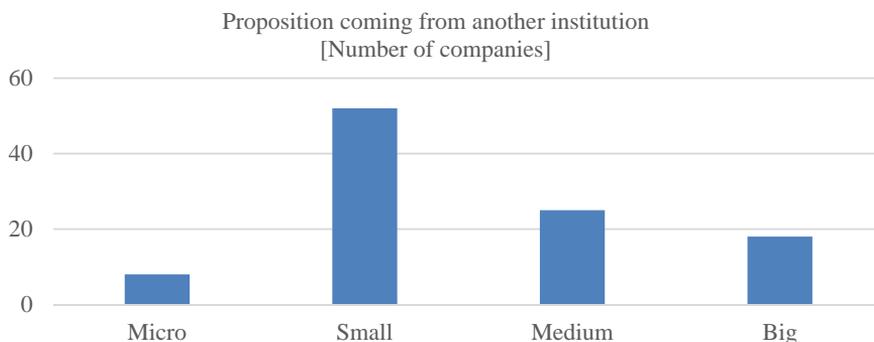


Figure 9. Propositions for applying for the EU funds coming from other institutions
Source: own study.

As it can be seen from Figure 9, many of them rejected such an offer – 8 microenterprises, 52 small enterprises, 25 middle enterprises and 18 big enterprises. It seems that scientists are more interested in such cooperation and there are many reasons for this fact, e.g. conducting additional research, the possibility to verify achieved results in real conditions, the possibility to use machines. In order to develop their own career, they wish to do research in industry. However, entrepreneurs are not so fond of cooperating with the scientific world (Ferreira *et al.*, 2013). People from the science sector must have the bibliometric results, while the industry is interested in applying the research results in production as quickly as possible. They cannot afford for long tests and research due to a great number of competitive companies on the market.

Cooperation between scientific world and the companies is very important as it contributes to many benefits for the society (Muscio, 2010; Ponds *et al.*, 2010). Integration of scientists and entrepreneurs is supported by many governmental initiatives, such as regional, national or even international programmes for cooperation. Unfortunately, these are mainly scientists, who are interested in cooperating with the industry (Ibrahim *et al.*, 2009; Siegel *et al.*, 2003).

The interviewed people stated that current situation concerning applying for funds (the 2014–2020 perspective) is not significantly different from that one in the 2007–2013 perspective. They indicated that the main reasons of not having applied for funds in the old perspective were: the lack of own funds, too high bureaucracy, need of the cooperation with the scientific world and the lack of calls, which would have been appropriate for the companies. The entrepreneurs did not see a big difference between these two perspectives and that is why many of them gave up with trying to apply for funds. In different report and other publications we can find information about the differences, especially financial management (electronic

documentation of the project, reduction of institutions participating in the project execution process etc.) (European Commission, 2015a; Jaworska, 2016), but the main problems of the entrepreneurs are still the same.

5. CONCLUSIONS

The Polish government offers a lot of initiatives to enterprises from the Mazovian region. However a big number of companies cannot use these funds. After having interviewed the representatives of the companies it seems that the best way to make the EU funds available for the companies is to meet their problems and expectations first. It should be done in the form of consultations between the government and business world. Such consultations would bring ideas, which topics should be included into the proposed programmes. If the government decides on the topics without asking the business representatives, the results can be the following:

- the companies will not use the funds,
- the level of the innovativeness and the competitiveness will not increase,
- large amount of funds will have to be given back to the European Union as not consumed.

The programmes should be more convenient for the companies. Therefore, the competitiveness and the innovativeness will increase and easier access to the programmes will cause that enterprises will use the EU funds more often. Surely, in several publications it is stated that there are significant differences between these two perspectives: 2007-2013 and 2014-2020, mainly in terms of financing and management (Jaworska, 2016; European Commission, 2015). However, the entrepreneurs still see problems, which make them impossible to apply for funds successfully.

REFERENCES

- Acs, Z., Braunerhjelm, P., Audretsch, D., Carlsson, B. (2009). The knowledge spillover theory of entrepreneurship. *Small Business Economic*. 32(1), 15-30.
- Aivazian, V.A., Ge, Y., Qiu, J. (2005). The impact of leverage on firm investment: Canadian evidence. *Journal of Corporate Finance*. 11(1-2), 277-291.
- Andersson, U., Dasí, A., Ram, M., Pedersen, T. (2016). Technology, innovation and knowledge: The importance of ideas and international connectivity. *Journal of World Business*. 51(1), 153-162.
- Annoni, P., Dijkstra, L. (2013). *EU Regional Competitiveness Index. JRC Scientific and Policy Reports*. European Commission.
- Audretsch, D., Keilbach, M. (2004). Entrepreneurship capital and economic performance. *Regional Studies*. 38 (8), 949-959.
- Autio, E., Kenney, M., Mustar, P., Siegel, D., Wright, M. (2014). Entrepreneurial innovation: The importance of context. *Research Policy*. 43(7), 1097-1108.
- Badzińska, E. (2016). The Concept of Technological Entrepreneurship: The Example of Business Implementation. *Entrepreneurial Business and Economics Review*, 4(3), 57-72, DOI: <http://dx.doi.org/10.15678/EBER.2016.040305>

- Bettiol, M., De Marchi, V., Di Maria, E., Grandinetti, R. (2013). Determinants of market extension in knowledge-intensive business services: evidence from a regional innovation system. *European Planning Studies*. 21(4), 498-515.
- Capello, R., Kroll, H. (2016). From theory to practice in smart specialisation strategy: emerging limits and possible future trajectories. *European Planning Studies*. 24(8), 1393-1406.
- Clark, J., Guy, K. (1998). Innovation and competitiveness: a review: practitioners' forum. *Technology Analysis Strategic Management*. 10 (3), 363-395.
- Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid. Official Journal of the European Union, L. 352.
- Duda, J. (2012). Role and importance of technological credits in financing of innovative investments by small and medium-sized enterprises in Poland and lesser Poland. *AGH Managerial Economics*. 12, 25-40.
- Dziemianowicz, W., Mackiewicz, M., Zaleski, J. (2012). Konkurencyjność Mazowsza i jej uwarunkowania. *Trendy Rozwojowe Mazowsza*. 5.
- European Commission (2015). *European Structural and Investment Funds 2014-2020. Official texts and commentaries*. Regional and Urban Policy.
- European Commission. (2013). *National/Regional Innovation Strategies for Smart Specialisation (RIS3)*.
- European Commission (2015a). *Support to SMEs – Increasing Research and Innovation in SMEs and SME Development*. Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund (ERDF) and the Cohesion Fund (CF).
- Ferreira, J.M., Raposo, J.J., Rutten, M., Varga, A. (2013). *Cooperation, clusters, and Knowledge transfer. Universities and Firms towards regional competitiveness*. Springer.
- Freel, M.S. (2007). Are small innovators credit rationed? *Small Business Economics*. 28(1), 23-35.
- Grabher, G., Ibert, O., Flohr, S. (2008). The neglected king: the customer in the new knowledge ecology of innovation. *Economic Geography*. 84(3), 253-280.
- Grant Thornton. (2013). *National Economy Chamber, Barriers of the company development*. Report of the survey conducted during the 2nd Forum of Entrepreneurs Grant Thornton. Warsaw.
- Griffith, R., Redding, S., Van Reenen, J. (2004). Mapping the two faces of R&D: productivity growth in a panel of OECD industries. *Review of Economics and Statistics*. 86(4), 883-895.
- Hall, G., Hutchinson, P.J., Michaelas, N. (2000). Industry effects on the determinants of unquoted SMEs' capital structure. *International Journal of the Economics of Business*. 7, 297-312.
- Herrera, M.E. (2016). Innovation for impact: Business innovation for inclusive growth. *Journal of Business Research*. 69(5), 1725-1730.
- <http://www.govdaily.cz/en/news/entrepreneurs-would-appreciate-easier-drawing-from-eu-funds/> [access on 07.09.2016].
- http://www.esfondi.lv/upload/Petijumi_un_izvertejumi/summaries/11_Potential_demand_for_financial_support.pdf [access on 07.09.2016].

- Huang, K.H., Yu, T.H.K. (2011). Entrepreneurship, process innovation and value creation by a non-profit SME. *Management Decision*. 49(2), 284-296.
- Hutton, W., Nightingale, P. (2011). *The Discouraged Economy*. Big Innovation Centre, London.
- Ibrahim, S., Fallah, M., Reilly, R. (2009). Localized sources of knowledge and the effect of knowledge spillovers: an empirical study of inventors in the telecommunications industry. *Journal of Economic Geography*. 9, 405-431.
- Janasz, W., Leśkiewicz, I. (1995). *Identyfikacja i realizacja procesów innowacyjnych w przedsiębiorstwie*. Uniwersytet Szczeciński, Szczecin.
- Jaworska, A. (2016). *Porównanie perspektyw finansowych 2007-2013 i 2014-2020 w Unii Europejskiej na przykładzie Polski*. Olsztyn.
- Jucevičius, R., Galbuogienė, A. (2014). Smart specialisation: towards the potential application of the concept for the local development. *Procedia – Social and Behavioural Sciences*. 156, 141-145.
- Lee, S.J., Park, G.M., Yoon, B.G., Park, J.W. (2010). Open innovation in SMEs: an intermediated network model. *Research Policy*. 39(2), 290-300.
- Massimo, G., Colombo, D., Pirelli, H.L. (2016). The participation of new technology-based firms in EU-funded R&D partnerships: The role of venture capital. *Research Policy*. 45(2), 361-375.
- McCann, P., Ortega-Argiles, R. (2016). Smart Specialisation, Entrepreneurship and SMEs: issues and challenges for a results-oriented EU regional policy. *Small Business Economics*. 46(4), 537-552.
- Mina, A., Lahr, H., Hughes, A. (2013). The demand and supply of external finance for innovative firms. *Industrial and Corporate Change*. 22(4), 869-901.
- Muscio, A. (2010). What drives the university use of technology transfer offices? Evidence from Italy. *Journal of Technology Transfer*. 35(2), 181-202.
- Ponds, R., van Oort, F., Frenken, K. (2010). Innovation, spillovers and university – industry collaboration: an extended knowledge production function approach. *Journal of Economic Geography*. 10(2), 231-255.
- Rusu, M. (2013). Smart specialization a possible solution to the new global challenges. *Procedia Economics and Finance*. 6, 128-136.
- Schneider, C. & Veugelers, R. (2010). On young highly innovative companies: why they matter and how (not) to policy support them. *Industrial and Corporate Change*. 19(4), 969-1007.
- Scholleova, H., Hajek, J. (2014). Effectiveness of innovation support from EU Funds Program. *Procedia – Social and Behavioural Sciences*. 156, 529-532.
- Stoner J. (2011). *Management*. Polish Economic Publishing. Warszawa.
- Staniewski, M., Nowacki, R., Awruk, K. (2016). Entrepreneurship and innovativeness of small and medium-sized construction enterprises. *International Entrepreneurship and Management Journal*. 12(3), 861-877.
- Titman, S., Wessels, R. (1988). The determinants of capital structure choice. *The Journal of Finance*. 43, 1-19.
- Tloczynski, D. (2016). Development policy of Warsaw Chopin Airport in the Light of the European Funds for 2014-2020. *Procedia Engineering*. 134, 408-414.

- Tödting-Schönhofer, H., Polverari, L., Bachtler, J. (2012). *Barriers for applicants to structural funding*. European Union.
- Tomczyk, U. (2014). *Jak w Polsce prowadzi się własny biznes? Cała prawda o najważniejszym sektorze polskiej gospodarki*. Nastroje gospodarcze wśród mikro- i małych firm w II połowie 2013 r. i i połowie 2014 r. Instytut Badań i Analiz.
- Van Looy, B., Debackere, K., Andries, P. (2003). Policies to stimulate regional innovation capabilities via university – industry collaboration: an analysis and an assessment. *R&D Management*. 33(2), 209-229.
- Wilson, K., Silva, F. (2013). Policies for seed and early finance: findings from the 2012 OECD financing questionnaire. OECD Science, Technology and Industry Policy Papers. *OECD Publishing*. 9.
- Wostner, P. (2008). *The micro-efficiency of EU Cohesion Policy*. European Policy Research Paper, No 64, EPRC, Glasgow.

