Mendel University in Brno
Faculty of Business and Economics

The European Union support tools and their impact on Small and Medium – sized Enterprises in Czech and Slovak Republic

Diploma thesis

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At least I would like to thank my family for the support and tolerance.

Statutory Declaration

Herewith I declare that I have written my final thesis: "*The European Union support tools and their impact on Small and Medium – sized Enterprises in Czech and Slovak Republic "* by myself and all sources and data used are quoted in the list of references. I agree that my work will be published in accordance with Section 47b of Act No. 111/1998 Sb. On Higher Education as amended thereafter and in accordance with the Guidelines on the Publishing of University Student Theses.
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Abstract
SRDOŠOVÁ, Kristína. *The European Union support tools and their impact on Small and Medium – sized Enterprises in Czech and Slovak Republic.* Brno, 2015. Diploma thesis. Mendel University in Brno.

Small and medium – sized enterprises play an important role in the economy of the European Union and the global economy as whole. The European Union offers many of the support programs for SMEs. This diploma thesis deals with the description and analysis of important EU support tools for SMEs in Czech Republic and Slovakia. The goal of the diploma thesis is to analyze these tools, impact on SMEs, analyze the participation of the Czech and Slovak SMEs within these programs, their interest, do statistics, compare the both states and based on above mentioned analysis and questionnaire survey on chosen sample of small and medium – sized enterprises, some recommendations for the Slovak and Czech SMEs are done and the conclusion about the situation in this sphere is determined.

Keywords

Small and medium – sized enterprises, European Union support tools, Slovak Republic, Czech Republic

Abstrakt
SRDOŠOVÁ, Kristína. *Podporné nástroje Európskej Únie a ich dopad na malé a stredné podniky v Českej a Slovenskej republike*. Brno, 2015. Diplomová práca. Mendelova Univerzita v Brne.

Malé a stredné podniky hrajú dôležitú rolu v ekonomike Európskej Únie a globálnej ekonomiky ako celku. Európska Únia ponúka viacero podporných programov pre MSP. Diplomová práca sa zaoberá opisom a analýzou dôležitých podporných nástrojov pre MSP v Českej republike a na Slovensku. Cieľom diplomovej práce je analýza týchto nástrojov, ich dopad na MSP, analýza účasti českých a slovenských MSP v rámci programov, ich záujem, štatistiky, porovnanie oboch štátov a na základe zmienenej analýzy a dotazníkového šetrenia na vybranej vzorke malých a stredných podnikov, sú vytvorené odporučenia pre slovenské a české MSP a je stanovený záver ohľadom situácie v tejto sfére.

Kľúčové slová

Malé a stredné podniky, podporné nástroje Európskej únie, Slovenská republika, Česká republika

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€	Euro
CIP	Competitiveness and Innovation Framework Program
COSME	Competitiveness of Enterprises and Small and Medium-sized Enterprises
EC	European Commission
EU	European Union
FP7	Seventh Framework Program
HE	Host entrepreneurs
NE	New entrepreneurs
R&D	Research & Development
SBA	Small Business Act
SMEs	Small and medium – sized enterprises
TED	Tenders electronic daily

1 Introduction

All over the world and in the area of the European Union member states, small and medium sized enterprises are so called the "skeleton" of the society and the economic prosperity and they represent one of the most important part of the economy of every state.

Within the functioning of the SMEs, there are many positive effects for the community, e.g. the development of entrepreneurial skills, ability to employ, competence of innovations and their flexibility, which is connected with the capability to fulfill the empty places within the market and regions, in which the big corporations are not interested.

Small and medium-sized enterprises have significant participation in the process of market forming, creation of GDP, employment in the European Union and also in small countries as is Slovakia and Czech Republic. This field of enterprises presents large potential, which could be raised by using of support on the different levels, by using of knowledge or by implementation of innovations.

In the Slovak Republic, SMEs are on the high level of importance, because they created 72 % working places in the 2013 (2014 SBA Fact Sheet - Slovakia, 2014) and in the Czech Republic it was the value of 68, 5 % in the 2013 (2014 SBA Fact Sheet – Czech Republic, 2014).

Financing and the subsidies for the small and medium – sized enterprises are on the road of higher efficiency and the stronger emphasis of their importance for the economy as whole.

The European Union has a major position within the support for the SME´s in the Slovak and Czech Republic. There are many possibilities and opportunities, how the small and medium - sized companies can improve their conditions, administrative and legal environment through the subsidies and support programs from the European Union.

One of the most important steps, which the European Union has made, was the Small Business Act for Europe from the year 2008. SBA reflects the Commission's political allowance to recognize the most important position of SMEs in the EU economy and for the first time mentions a comprehensive SME policy framework for the EU and its member states. It includes ten principles which should guide the design and help to implement of SMEs policies on the national and the European level.

The next significant approach to the area of small and medium – sized enterprises are so called Community programs, which include the COSME program, HORIZON 2020, Erasmus for Young Entrepreneurs and EUROSTARS 2. Using of the structural funds through Operational programs for the programming period 2014 – 2020 and public contracts for the European Union companies have to be mentioned too.

The mentioned proceedings of the European Union representatives make evidence that the environment of the SMEs is on the highest position in the European economy, therefore it has to be supported and year by year there should be done moves towards the better conditions in this area.

On the one hand, there are many small and medium – sized companies, which apply and use the European Union support tools effectively, on the other hand many firms do this in an ineffective way or they do not participate anyway. This inefficiency should be excised to make the Czech and Slovak SMEs environment more competitive within the European Union member states and also worldwide.

2 Objectives of the thesis

The main goal of diploma thesis is to look through the effectiveness and impact of the European Union support tools for small and medium – sized enterprises in Czech and Slovak Republic and analyze the position of SMEs in the modern economy of 21th century.

The main objective is divided into the several partial objectives.

The first partial objective is connected with the presentation of the general statistics in the area of European Union support within the most important support programs and initiatives, public contracts, participation of SMEs generally or concretely of Slovak and Czech small and medium – sized enterprises in programs (depends whether the detailed information is available or not).

The second partial objective is to find out the information about the participation of chosen sample of SMEs from Czech Republic and Slovakia within the EU support tools, their impact on chosen SMEs, SME´s success in this field, attitude of chosen SMEs towards the European Union and its acting within the support for SMEs. Achievement of this goal is based on the questionnaire survey.

There will be done a conclusion if the principles of the European Union support tools work in a right way, recommendations based on statistics and questionnaire research and also a comparison of both states situation in this area will be determined.

3 Literary overview

This chapter provides the theoretical review towards the issue of the environment of the small and medium – sized enterprises. First section is dedicated to the main characteristics of the SMEs, many patterns of their position within the national and the European economy, their functions and also the difficulties and disadvantages within this area are mentioned here. Next chapters are devoted to the description of the situation in the environment of the SMEs in the EU – 28 and in the Slovak and Czech Republic. In the next following chapters, there is detailed description of the attitude of the European Union to the SMEs, characteristics of the EU support tools, initiatives, operational and community programs as significant steps that lead to the process of improving the conditions in this background. Situation in the area of public contracts and barriers of participation in EU programs are also described in this section.

3.1 Characteristics of SME

European Union has made a new definition of the small and medium – sized enterprises, which is written in the EU law, Extract of Article 2 of the Annex of Recommendation 2003/361/EC, (Official Journal of the European Union, 2003): "*The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro*".

Mr. Günter Verheugen, one of the members of the European Commission and Responsible for Enterprise and Industry described the SME as following (The new SME definition, 2005):

"*Micro, small and medium-sized enterprises (SMEs) are the engine of the European economy. They are an essential source of jobs, create entrepreneurial spirit and innovation in the EU and are thus crucial for fostering competitiveness and employment. The new SME definition, which entered into force on 1 January 2005, represents a major step towards an improved business environment for SMEs and aims at promoting entrepreneurship, investments and growth. This definition has been elaborated after broad consultations with the stakeholders involved which proves that listening to SMEs is a key towards the successful implementation of the Lisbon goals."*

Many authors are interested in the area of SMEs and provide the following patterns.

As Wagnerová and Šebestová (2007) say, SMEs can be understood as self - manage units, which contribute to the stabilization of the state economy, significantly participate in the process of creation of the new jobs in each location and create its culture.

Svetlana Shirobakina in her essay, The role of small and medium – sized enterprises (SMEs) in Europe´s economy (2004), described the SMEs as "*independent firms, which employ less than 250 employees…promote productivity and consequently eco-*

nomic growth through high job turnover rates, which is an important part of the competitive process and structural change within the EU."

When we look on the definition of SMEs from this "number site", European Commission (Direction 800/2008) has divided the companies in to the following three parts (Vochozka, Mulač, 2012):

- micro – enterprises – very small firms, employing less than 10 people,
- small enterprises – less than 50 employees,
- medium enterprises – less than 250 people.

From the other point of view, social and economic importance, it can be said that the small and medium – sized enterprises represent local capital, relationships towards the regions, participate in many community events, focus on the nature of the cities (Záboj, Vajčnerová, Peprný, 2011).

3.1.1 SMEs functions, benefits for national economy

Živělová a Zichová (2004) have described five main functions of the small and medium – sized companies. The functions are following:

- ensuring of the competitive environment – SMEs act against the monopoly tendencies, companies have to attract the consumers and this can lead to the decrease in prices, competitiveness in the area of the SMEs not towards the big firms;
- innovation source – SMEs are very flexible and it leads to the acceleration in the field of technological innovations, new products, better technologies, universality;
- ensuring of social stability and freedom – the liberal versatility of the entrepreneurs, own responsibility of the managers, their decisions influence the employees;
- act as the prevention against the crisis – as there are more and more economic units within the state economy, there is higher level of prevention against the economic crisis, higher endurance against the business deflection;
- assuring of employment and the trainings of cubs – SMEs ensure more working places as the very big companies, SMEs take care about the graduates, women working on half – time job.

There are still a lot of important functions of SMEs, e.g. positive influence on the balance of payments, significant role in the foreign trade and the others.

On the other side, there is a high need of the development of the small and medium size enterprises and it presumes investment in innovations and human resources development (Jurčík, 2013).

3.1.2 SMEs disadvantages and difficulties

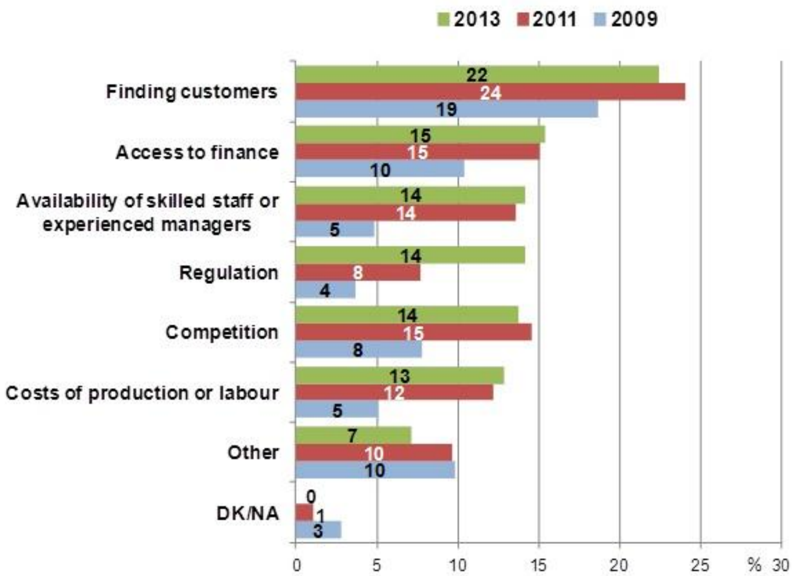
In the area of the SMEs, there is a basic problem, which the SMEs have to face to – the very difficult access to the capital, knowledge and information. The small and medium – sized enterprises often cannot afford to employ the best manag-

ers and traders and this, of course, exacerbates their position against the large companies. The lack of capital means limited development and the impossibility of the realization of the orders connected with the high investments. This limitation stems from the distrust of banks and other creditors in the risk clientele that the SMEs represent (Rosypalová, 2010).
The statistics also show that SMEs are, on average, offered with the loans with higher interest rates. Therefore, in comparison with the large enterprises, they invest less and long-term exhibit a lower ratio of investment to turnover (Lednický, Slávik, Vaněk, 2002).
Based on the Annual Report on European SMEs 2013/2014 – A Partial and Fragile Recovery from the 2014, the concrete countries have faced the following problems:

- finding customers - it is cited as a problem by over 50 % of SMEs in 15 countries that account for 71 % of all EU - 28 SMEs;
- access to finance considered a pressing issue by a very large proportion of SMEs in Slovakia (70 %), Greece (61 %), Cyprus (62 %), Italy (50 %) and Spain (50 %);
- availability of skilled workers is a concern for over half of the respondents from seven countries that account for a relatively low share of EU SMEs (24 %);
- difficulties with regulations – Slovakia, Poland, Italy, France (41 %).

Fig. 1 The most pressing problems SMEs reported

Source: Joint Commission/ECB report: Access to finance and finding customers the most pressing problems for SMEs, 2013



3.2 SMEs in EU – 28

This chapter is dealing with the description of the environment and performance of the small and medium – sized enterprises in the European Union. This depiction is based on the Annual Report on European SMEs 2013/2014 – A Partial and Fragile Recovery from the 2014, from the European Commission.

Tab. 1 Number of SMEs in EU – 28 in 2013

Source: Annual Report on European SMEs 2013/2014 – A Partial and Fragile Recovery, 2014

	Micro	Small	Medium	SMEs	Large	Total
Number of enterprises						
Number	19 969 338	1 378 374	223 648	21 571 360	43 517	21 614 908
%	92, 4	6, 4	1, 0	99, 8	0, 2	100
Employment						
Number	38 629 012	27 353 660	22 860 792	88 843 464	44 053 576	132 897 040
%	29, 1	20, 6	17, 2	66, 9	33, 1	100
Value added factor costs						
Million Euros	1 362 336	1 147 885	1 156 558	3 666 799	2 643 795	6 310 557
%	21, 6	18, 2	18, 3	58, 1	41, 9	100

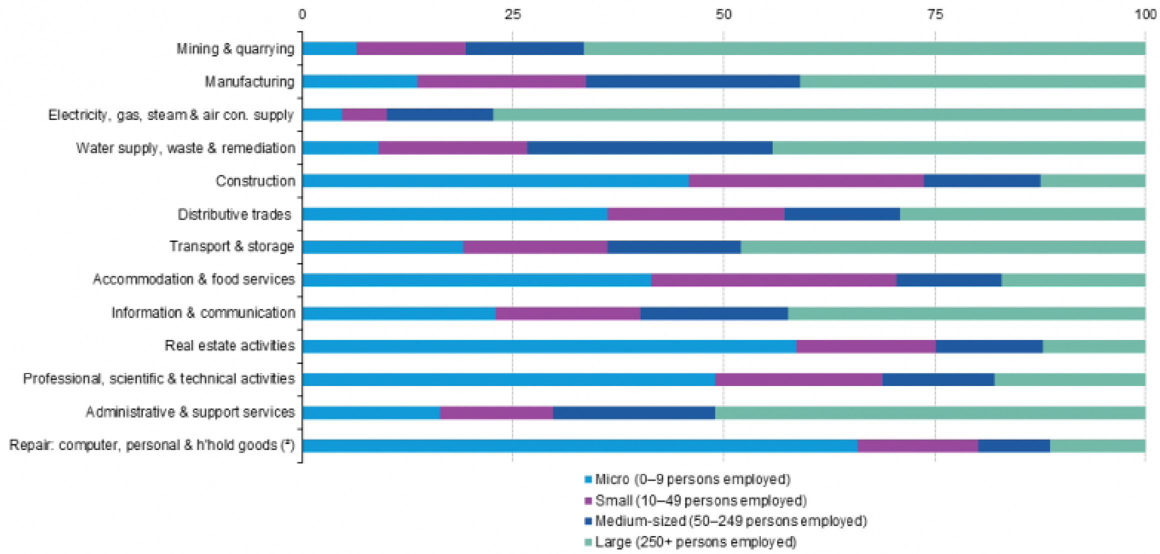
3.2.1 Performance of SMEs in 2013

The following key findings inform us about the situation of SMEs in the year 2013:

- SMEs are integral to job growth, employing 88, 8 million people in 2013 in the EU – 28;
- € 3, 666 trillion in value added generated by SMEs in 2013 in the EU - 28 (28 % of EU - 28 GDP);
- the performance of the SMEs varies considerably among size classes, sectors and member states;
- five key economic sectors account for approximately 78 % of all SMEs in the EU - 28: manufacturing, construction, professional, scientific and technical activities, accommodation and food and wholesale and retail trade, repair of motor vehicles and motorcycles;
- SMEs play the biggest role in the economy of the following member countries: Italy, Slovakia, Czech Republic, Poland, Slovenia and Romania;
- the retail sector is the most dominant sector in the European Union member countries.

Fig. 2 Enterprise size class analysis of employment, EU – 28, 2012

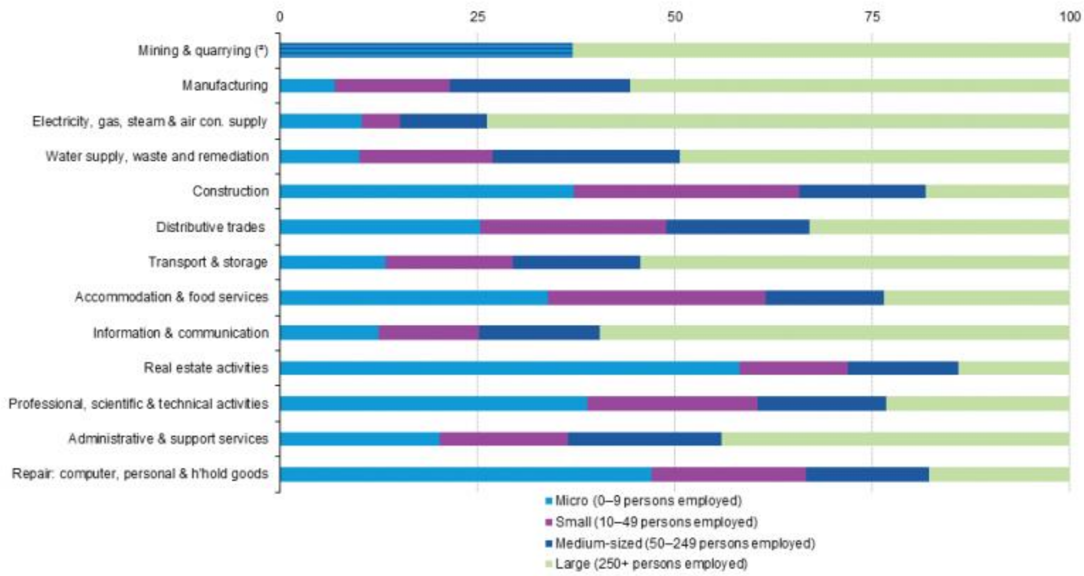
Source: Eurostat, 2015



(1) Estimates.
(2) 2011.
Source: Eurostat (online data codes: sbs_sc_ind_r2, sbs_sc_con_r2, sbs_sc_dt_r2 and sbs_sc_1b_se_r2)

Fig. 3 Enterprise size class analysis of value added, EU – 28, 2012 (% of sectoral total)

Source: Eurostat, 2015



(1) Estimates.
(2) Micro, small and medium-sized enterprises: combined.
Source: Eurostat (online data codes: sbs_sc_ind_r2, sbs_sc_con_r2, sbs_sc_dt_r2 and sbs_sc_1b_se_r2)

The figures (2 and 3) represent size class analysis of employment and of value added of the 28 European Union member states from the year 2012 according to the each sector. As is seen above, small and medium – sized enterprises play a significant role in this area.

3.2.2 Differences across the member states

This subchapter pursues with the differences across the countries of EU – 28. Small and medium – sized enterprises of many member states have not yet completely recovered from the recession. The observed data, employment and value added, were compared to the values of the year 2008 in the described year 2013 of these countries. Countries are divided to the deferred groups:

- front runner group – comprises **Slovakia**, Austria, Belgium, Germany, Estonia, Malta and Sweden - the value added generated in 2013 by SMEs in the non-financial business sector exceeded by more than 10 % the value added, which was created in 2008, but only Germany achieved the employment level in SMEs higher than 10 % more in 2013 than in 2008, other states noticed the level between 2 % - 10 % (except Estonia, SME employment level was 8 % lower than in 2008);
- solid performer group – includes France, Finland, Lithuania, UK and Luxembourg - value added generated by SMEs in the non-financial business sector was between 2 % and 10 % higher in 2013 than in 2008, SME employment rate was mixed – France 16 % higher than in 2008, Luxembourg and United Kingdom 4 % higher, Finland 3 % lower and Lithuania 12 % lower than relative to 2008;
- no change group – only Netherlands – values of SME employment rate and value added very close to the year 2008;
- weak performers group – Bulgaria, Denmark, Italy, Latvia and Poland – value added of this group was between 2 % - 10 % lower than in 2008, from the SME employment level point of view, Bulgaria and Poland posted this rate 8 % and 5 % lower, while Denmark, Italy and Poland employment levels were down by 10 %, 11 % and 13 %;
- very weak performers – this group includes 10 countries - **Czech Republic**, Croatia, Cyprus, Hungary, Greece, Ireland, Portugal, Romania, Slovenia and Spain; in this group of countries the level of value added generated in 2013 by SMEs in the non-financial business sector was 10 % (or more) lower than in 2008, the largest declines of value added are observed in Romania (-17 %), Greece (-38 %) and Cyprus (-22 %), in all these countries, except the Czech Republic, Romania and Slovenia, SME employment rate in 2013 was 10 % (or more) lower than in 2008, in Romania and Slovenia employment was down by 7 % and 9 % in 2013 relative to 2008 while in the Czech Republic employment was down by only 2 %.

3.3 SMEs in Slovak Republic

The position and the importance of the SMEs for the Slovak economy, as was already said, is very high and make up 99.9 % of the proportion of the total number of business entities (Analýza stavu malého a stredného podnikania, 2012).

The following table demonstrates the complex data connected to the year 2013.

Tab. 2 Analysis of SMEs in 2013, Slovakia

Source: 2014 SBA Fact Sheet – Slovakia, 2014

	Number of enterprises				Value added	
	Slovakia		EU 28	Slovakia		EU 28
	Number	Proportion in %	Proportion in %	Billion Euro	Proportion in %	Proportion in %
Micro - enterprises	375 780	95, 8	92, 4	10	29, 8	21, 6
Small - enterprises	13 810	3, 5	6, 4	7	19, 1	18, 2
Medium - enterprises	2 213	0, 6	1, 0	6	15, 8	18, 3
SMEs	**391 803**	**99,9**	**99, 8**	**23**	**64, 6**	**58, 1**
Large enterprises	465	0, 1	0, 2	12	35, 4	41, 9
Sum	392 268	100,0	100,0	35	100,0	100, 0

Generally, it can be said that the Slovak economy is markedly dependent on the small and medium – sized companies, because as was already said in the introduction, SMEs create 72 % of jobs and 64, 6 % of value added in the country. These values are higher than the average values in the European Union (67 % and 58 %). As well as in other EU states, most SMEs act in the area of services and trade (2014 SBA Fact Sheet – Slovakia, 2014).

Fig. 4 Number of SMEs in Slovakia

Source: 2014 SBA Fact Sheet – Slovakia, 2014

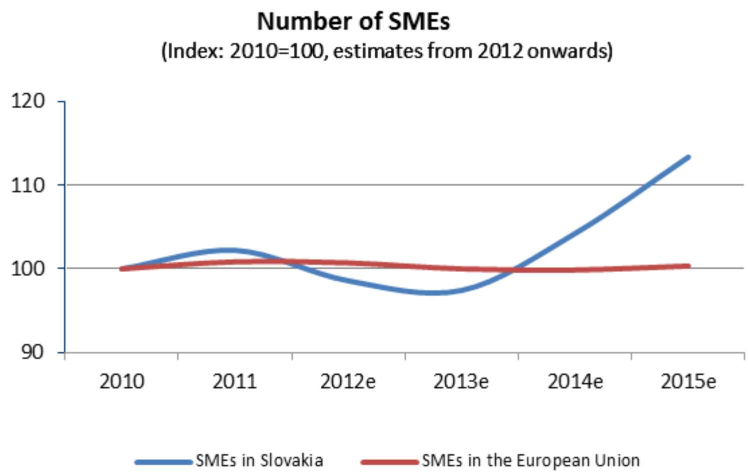


Fig. 5 Employment in SMEs in Slovakia

Source: 2014 SBA Fact Sheet - Slovakia, 2014

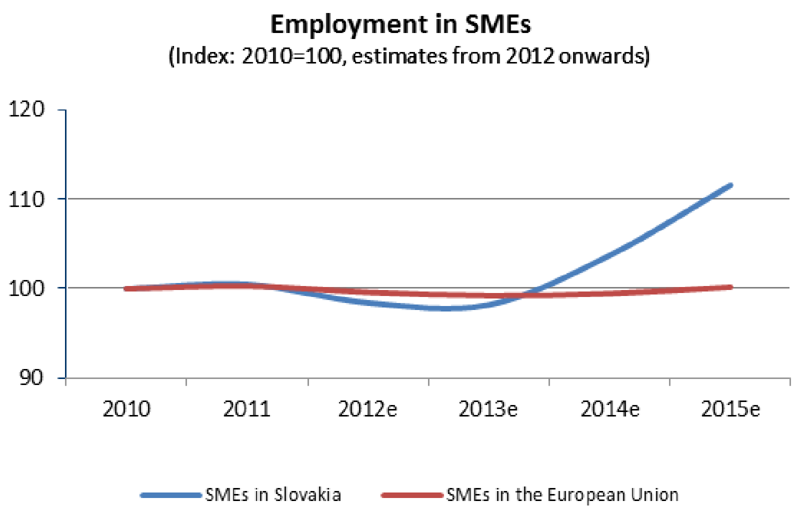
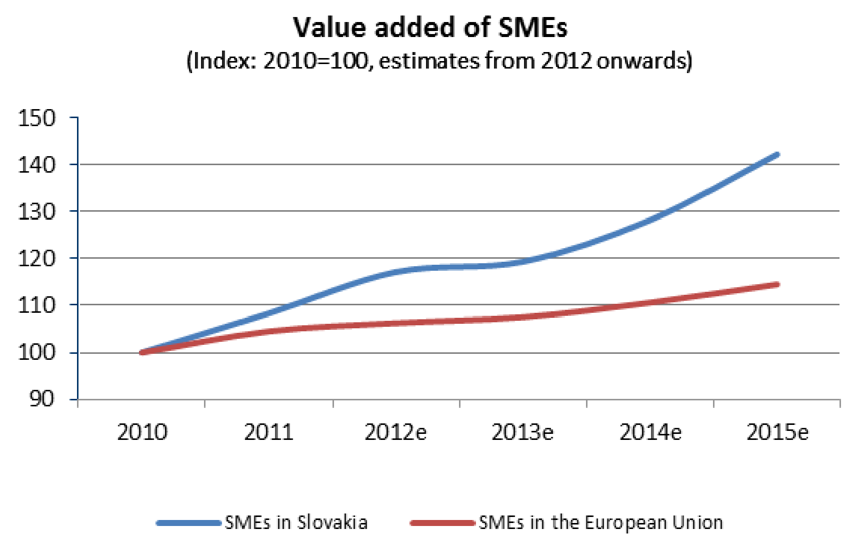


Fig. 6 Value added of SMEs in Slovakia

Source: 2014 SBA Fact Sheet – Slovakia, 2014



The already stated number we can see in the graphs, so as it was said, the numbers are higher than in the European Union as whole. The high importance of the small and medium – sized enterprises in the Slovak Republic is affirmed again.
The area of the small and medium – sized enterprises in Slovakia was significantly influenced by the entrance into the European Union in 2004. The following facts are connected with the accession (Lesáková, 2006):

- economy became more open,
- implementation of the new tax system,
- implementation of the more efficient administrative procedures,
- harmonization of the Slovak and EU legislation,
- orientation of the banks towards the financing of the SMEs (new loan products),
- loans with high interest rates for the SMEs.

3.4 SMEs in Czech Republic

The position and the performance of the small and medium – sized enterprises is little bit different in comparison to the Slovak Republic despite the fact that SMEs´ share within the all Czech economic entities is also 99 % (Kubíčková, Peprný, 2006).
Recent Czech SME policy has been pragmatic, with strong emphasis on developing skills and innovation.

Despite this effort, there are areas of SME policy where action is needed and where Czech performance fails to keep up with the European average. According to the data from the year 2013, value added of SMEs in the Czech Republic was significantly lower than in 2008, about 11 % (2014 SBA Fact Sheet – Czech Republic, 2014.

Tab. 3 Analysis of SMEs in 2013, Czech Republic

Source: 2014 SBA Fact Sheet – Czech Republic, 2014

	Number of enterprises			Value added		
	Czech Republic		EU 28	Czech Republic		EU 28
	Number	Proportion in %	Proportion in %	Billion Euro	Proportion in %	Proportion in %
Micro - enterprises	968 998	96, 1	92, 4	16	19, 8	21, 6
Small - enterprises	31 850	3, 2	6, 4	12	14, 5	18, 2
Medium - enterprises	6 273	0, 6	1, 0	16	19, 9	18, 3
SMEs	**1 007 121**	**99,9**	**99, 8**	**45**	**54, 1**	**58, 1**
Large enterprises	1 406	0, 1	0, 2	38	45, 9	41, 9
Sum	1 008 527	100,0	100,0	83	100,0	100, 0

As compared to Slovakia, SMEs are also the pillar of the Czech economy on the one hand.

On the other hand, as it can be seen from the table, value added (it´s proportion in EU) is substantially lower than in Slovakia. Numbers of enterprises are, naturally, higher. Czech Republic has almost two times higher population than Slovak Republic.

Fig. 7 Number of SMEs in Czech Republic

Source: 2014 SBA Fact Sheet – Czech Republic, 2014

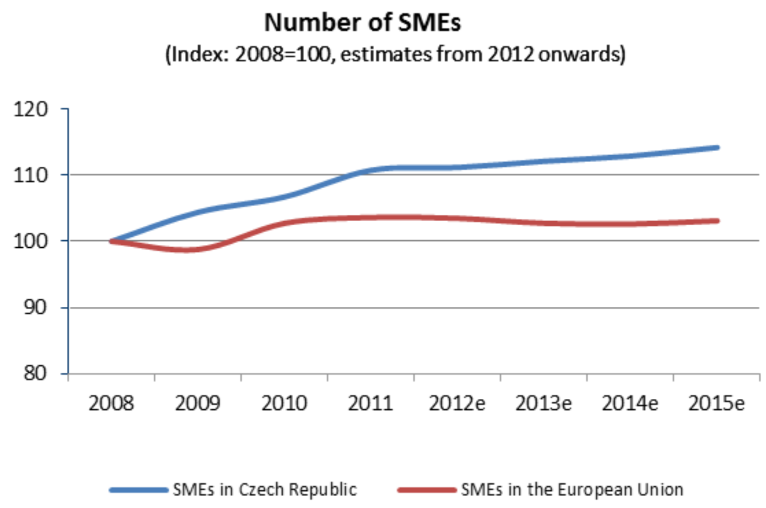


Fig. 8 Employment in SMEs in Czech Republic

Source: 2014 SBA Fact Sheet – Czech Republic, 2014

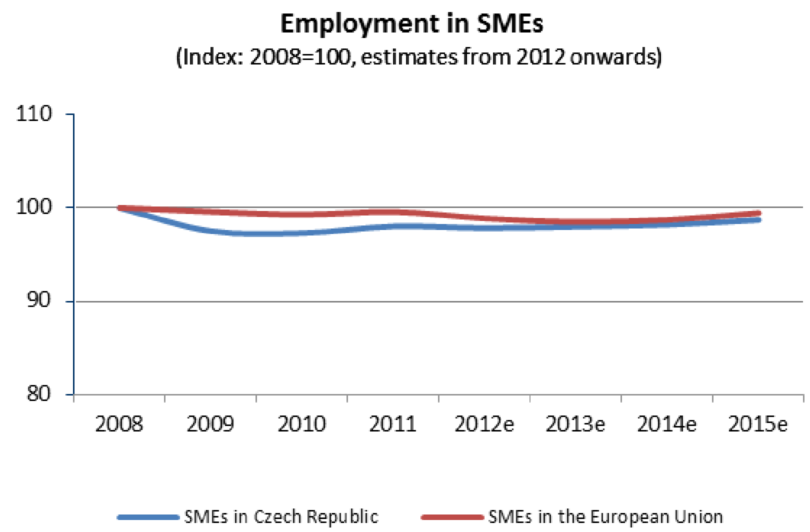
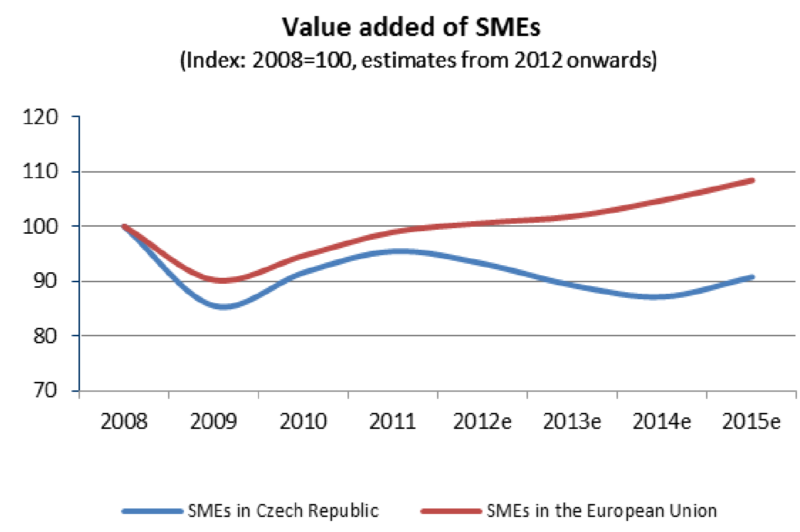


Fig. 9 Value added of SMEs in Czech Republic

Source: 2014 SBA Fact Sheet – Czech Republic, 2014



The business environment of the small and medium – sized enterprises in the Czech Republic (after the accession into the European Union in the 2004) is characterized by the following features (Chládková, 2010):

- high degree of openness of the economy,
- harmonization of almost all the national legislation with the EU legislation,
- overall complexity of the tax system, high administrative cost for the small businesses,
- limited capital market,
- lack of instruments for financing projects,
- inflow of direct foreign investments,
- lack of infrastructure to facilitate the transfer of research results into commercial use.

3.5 EU funds

This subchapter is connected with the European Union funds as the support tools from the European Union and finance possibilities for the enterprises, which are specifically interconnected into the each EU support program. The brief description of their mission is mentioned here.

3.5.1 Structural funds

Structural funds are the funds of the European Union, which are primary aimed at balancing of the disparities in the regions within the EU member states. The funds are instruments of the regional policy of the union and they are intended only for the countries of the European Union. In the area of the structural funds, it is true, that in the process of drawing the projects are financed on the base of the cofinancing with the funds from the state budget (in case if the applicant is a state institution) or from the funds of the applicant (corporate entity or physical entity). The structural funds are divided into the following funds (OVERVIEW OF OPTIONS SME'S FINANCING FROM ALTERNATIVE SOURCES, 2013):

- European Regional Development Fund (ERDF) - it is designed for economic and social development of the European Union by reducing the differences between the regions and between social groups. Its ultimate goal is the creating of the job opportunities; the financial assistance of the ERDF is intended on the support of the small and medium-sized enterprises, support of productive investment, development of the infrastructure and the strengthening of local development.
- European Social Fund – it is a basic finance tool in the area of the improving professional qualification, systems of education and the increase of the working potential of the European Union citizens.

3.5.2 Cohesion fund

This fund is the second important tool of the Regional policy of the European Union. The objective of the fund is the financing of the infrastructural projects in the field of environment and transport. The cohesion fund rebalances the regional disparities, but unlike the structural funds, it is intended to support the development of poorer countries, not regions. The assessment, selection of the projects and finances for the projects is in the hands of the European Commission (OVERVIEW OF OPTIONS SME'S FINANCING FROM ALTERNATIVE SOURCES, 2013).

3.6 European Union initiatives

This subchapter of the Literary overview deals with the inscription of the concrete European Union support tools. There exist many programs, initiatives and steps in this area of the small and medium – sized enterprises support. The main of them, SBA, Operational programs and Community programs are described in the following sentences and chapters according to the programming period into which they belong.

3.6.1 SBA

Small Business Act is the main initiative of the European Union policy for supporting of the small and medium – sized enterprises. The roots of this initiative can be found in the process of admission of the *Lisbon strategy for Growth and Jobs (2000),* which stresses the importance of the existence and growth of SMEs, as one of the preconditions for the EU to create the fastest growing economy in the world by 2010. Development of the recommendations, which Small Business Act represents,

passed since several major milestones. In November 2005 the European Commission presented a radically new innovative, comprehensive SME policy, named *Think small first*. Subsequently, in June 2008, the European Commission presented a proposal for the Small Business Act, which unites all already realized activities into a single document. The European Council has adopted the Small Business Act in December 2008 (Správa o stave implementácie iniciatívy SBA pre rozvoj sektora MSP na Slovensku, 2014).
"Today Small Business Act is a step towards Europe of entrepreneurs with less bureaucracy and with more favorable conditions for 23 millions of small and medium-sized enterprises in Europe. Its goal is to help the small enterprises to prosper and to provide to the best a "stepping stone" to become a global leader..." (Barroso, 2008).

SBA comprises a set of 10 principles and regulations, which should guide the preparation and implementation of policies on the European level as well as on the national level (A "Small Business Act" for Europe, 2008):

1. *Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded.*
2. *Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance.*
3. *Design rules according to the "Think Small First" principle.*
4. *Make public administrations responsive to SMEs' needs.*
5. *Adapt public policy tools to SME needs: facilitate SMEs' participation in public procurement and better use State Aid possibilities for SMEs.*
6. *Facilitate SMEs' access to finance and develop a legal and business environment supportive to timely payments in commercial transactions.*
7. *Help SMEs to benefit more from the opportunities offered by the Single Market.*
8. *Promote the upgrading of skills in SMEs and all forms of innovation.*
9. *Enable SMEs to turn environmental challenges into opportunities.*
10. *Encourage and support SMEs to benefit from the growth of markets.*

To conclude, Small Business Act is a package of concrete and far reaching new measures including four legislative proposals which translate these principles into action at the EU and member state level.

The following figure shows the percent distribution of policy measures being adopted/ implemented amongst 10 SBA principles during the reference period 2013/2014. As can be seen from the figure, Access to Finance, Entrepreneurship, Skills & Innovation, Responsive Administration, and Internationalization had the highest implementation rate both during 2013/14.

Fig. 10 Percent distribution of policy measures per SBA principle in EU 28 – 2013/2014

Source: Annual Report on European SMEs 2013/2014 – A Partial and Fragile Recovery from the 2014

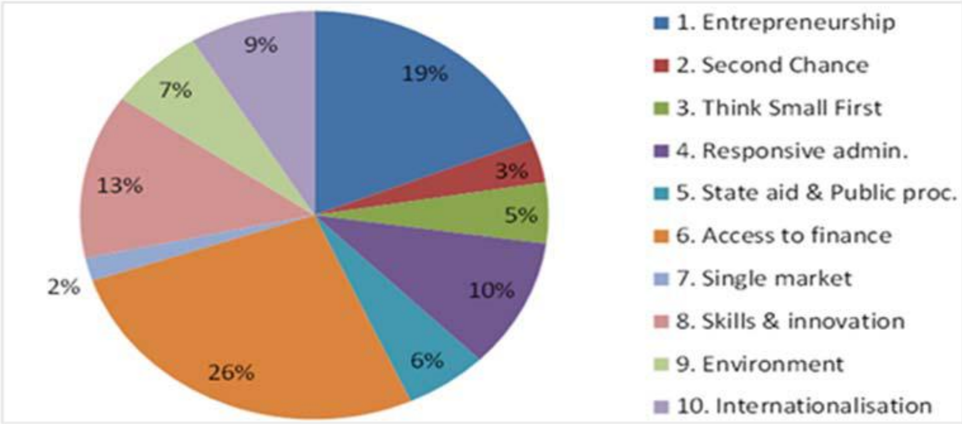
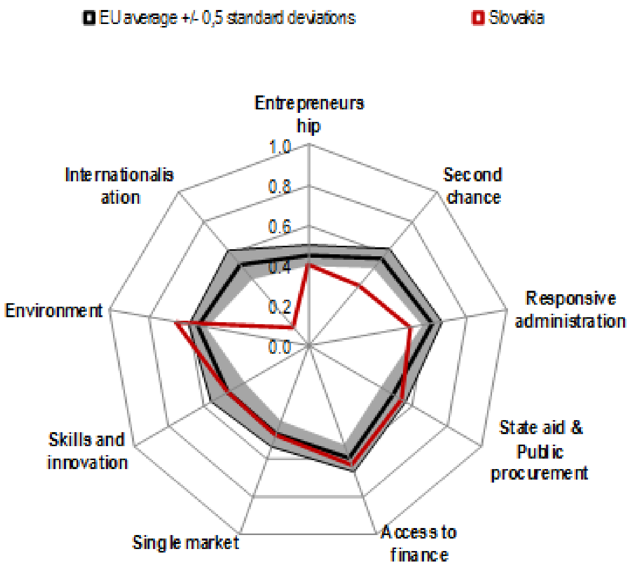


Fig. 11 SBA profile in Slovakia

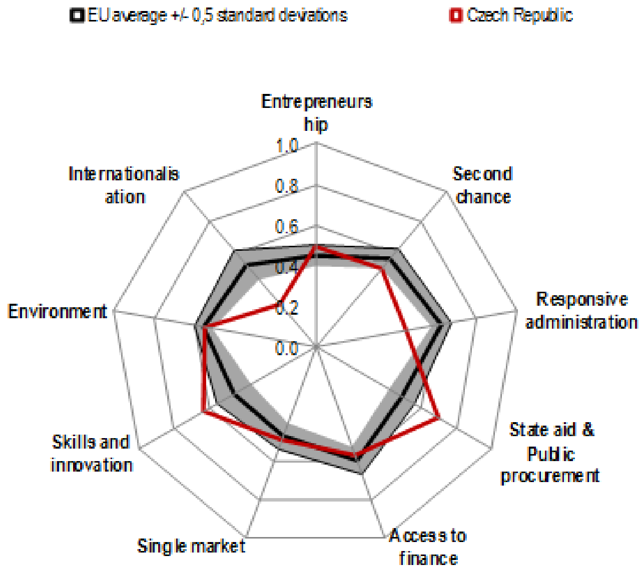
Source: European Commission, Enterprise and Industry, 2014



The SBA profile of the Slovak Republic in 2013, which is shown above was mixed, with comparative strengths in environment, access to finance and public procurement, but weaknesses in the area internationalization and second chance (2014 SBA Fact Sheet – Slovakia, 2014).

Fig. 12 SBA profile in Czech Republic

Source: European Commission, Enterprise and Industry, 2014



As it can be seen from the figure above, the Czech Republic's SBA profile is also mixed. The country performs well on state aid and public procurement and on skills and innovation. However, the Czech public administration remains very slow and it has a negative spill-over effects in other areas. For example, doing business across borders is relatively difficult for the Czech SMEs, both in the single market and outside the EU because of the country's unfavorable import and export procedures. Most other SBA areas have average results (2014 SBA Fact Sheet – Czech Republic, 2014).

3.7 EU support programs for SMEs, 2014 - 2020

This section deals with the description of the European Union support programs for the period 2014 – 2020, which significantly help the entrepreneurs in the area of the small and medium – sized companies.

3.7.1 Operational programs

Operational programs for the programming period 2014-2020, during which it will be possible to draw the structural funds of the European Union, shall be divided into six basic operational programs – concretely for the Slovak Republic (European Commission, Regional Policy – Inforegio, 2014):

- Integrated Infrastructure – supporting a multimodal Single European Transport Area, developing and improving environmentally friendly transport systems, developing and rehabilitating comprehensive and high quality railway systems.

- Integrated Regional Operational Program – safe and environmentally friendly transport in the regions, easier access to effective and quality public services, mobilizing creative potential in the regions, improving the quality of life in the regions, community development.
- Operational Program Human Resources – emphasis on combating youth unemployment, help for people with difficulties and from disadvantageous groups to have the same opportunities, work with Roma communities.
- Quality of Environment – sustainable use of natural resources, flood protection, adaptation on climate change, energy efficient low – carbon economy in all sectors.
- Research and Innovation – supporting research, development and innovations, enhancing the competitiveness and growth of the SMEs, increased share in export of SMEs, increased share in value added of SMEs, growth of employment in support enterprises.
- Technical Assistance – management, control and audit of European Structural and Investment Funds, systemic and technical support.

For the Czech Republic, the following operational programs were approved for the period 2014 – 2020; the eight basic programs (Ministerstvo pro místní rozvoj ČR, 2015):

- Enterprises and Innovations for Competitiveness - the increase in the number of firms capable of taking or at least reach the technological frontier in their field, business development and innovation in the fields with lower knowledge intensity, the shift to an energy-efficient, low-carbon economy, facilitate the development of business, services and access to the services of the state through high-speed internet access and a wider range of services in information and communication technology, support of the SMEs area.
- Research, Development and Education - the strengthening of the capacity for quality research, the development of universities and human resources for research and development, equal access to quality pre-school, primary and secondary education.
- Transport.
- Environment - improving water quality and reducing the risk of flooding, improving air quality in human settlements, waste and material flows, environmental burdens and risks, the protection and care of nature and the landscape, energy savings, technical assistance.
- Employment - the promotion of employment and adaptability of working powers, social inclusion and the fight with the poverty, social innovation and international cooperation, effective public administration, technical assistance.
- Integrated Regional OP – reducing of territorial disparities, improved infrastructure and the strengthening of competitiveness in the regions.
- OP Prague – the Growth Pole of the Czech Republic.

- Technical Assistance - the removal of barriers at the level of the entrance of the other operational programs.

3.7.2 Community programs

A separate chapter of the available resources for the small and medium – sized enterprises in the new programming period 2014 - 2020 is community program. The community programs are unlike the structural funds administered by the European Commission directly and within this program there is more than € 15 billion dedicated to the support of the SMEs (Poznáte komunitárne programy?, 2014).

The community programs bring many advantages, e.g. more simple rules in the process of implementation than by using structural funds, the possibility to finance almost 100 % of the activities, exclusively electronic form of communication and transparency and flexibility (Poznáte komunitárne programy?, 2014).

The four main programs included in the community programs are described here.

COSME

COSME can be described as an European Union program for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (SMEs) running from 2014 to 2020 with a planned budget of € 2, 3 bn. COSME supports SMEs in the four following areas (European Commission, Enterprise and Industry, 2014):

1. Better access to finance for small and medium – sized enterprises – COSME facilitates the access to finance through 2 different programs:

- The Loan Guarantee Facility – COSME budget funds guarantees and counter – guarantees for financial intermediaries (guarantee organizations, banks and leasing companies) to help them provide more loan and lease finance to SMEs. This facility also includes securitization of SME debt finance portfolios.
- The Equity Facility for Growth - COSME budget is also invested in funds that provides venture capital, finance to expansion and growth-stage SMEs in particular those operating across the borders. The fund managers operate on a commercial basis to ensure that investments are focused on SMEs with the greatest growth potential.

2. Access to markets – all the businesses have access to the services of the Enterprise Europe Network (een.ec.europa.eu) and can freely approach the local partner in their region. The services include many information, e.g. information about the EU legislation, assistance to find the partner within the European Union and also worldwide, advice on the European Union access to finance and the others.

3. Supporting entrepreneurs - The *Entrepreneurship 2020 Action Plan* is a decisive call for a common action at the European, national, regional and local level. The initiatives under the Action Plan include three main improvements:

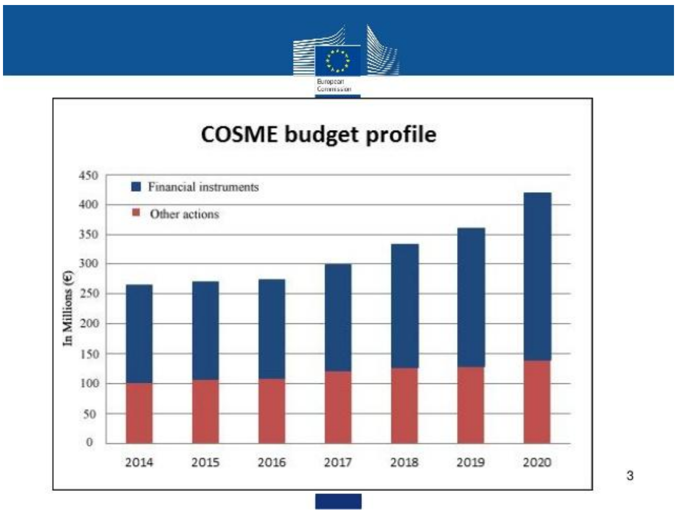
- entrepreneurship education – COSME supports exchanges among the European educators and trainers support the best practice in entrepreneurship education within the European member countries;
- improving the business environment, so entrepreneurs can grow and flourish – improving the legal and fiscal environment, the experts also develop recommendations on the best support for businesses throughout their lifecycles;
- role models and outreach to specific groups – under the COSME groups such as young people, women or senior entrepreneurs are able to benefit from mentoring or other tailored programs.

4. More favorable conditions for business creation and growth – this area deals with the next four parts:

- reduction of administrative and regulatory burden,
- identification and exchange of best practices among national administrations to improve SMEs policy,
- analytical tools for better policy,
- sectorial actions such as tourism.

Fig. 13 COSME budget profile 2014 – 2020

Source: Enhancing European Tourism, 2015



As Katarína Jastrzembská, from the European Commission, for the Slovak portal TERAZ.SK/Ekonomika (2013) said, the reason why the COSME program began is that "*up to one-third of small and medium-sized enterprises still cannot get a bank loan in full or not at all.*"
It is necessary to emphasize that the COSME program is not a structural fund type; therefore, here arises the need to change processes leading to the acquisition of financial resources. For the entrepreneurs everything works through the financial

institutions, for which they are listed here the tenders relating to the volume of the allocated financial resources. After the approval by the European Commission, certain volume of funds is allocated to financial institutions and SMEs can contact them with their applications (Národní asociace pro rozvoj podnikání, 2014).

HORIZON 2020

Horizon 2020 is the biggest EU program for supporting of the research and innovation. The aim is the ensuring of the development of excellent science in the framework of the EU, the removal of barriers to innovation and to facilitate the cooperation between public and private sector in the area of innovation (Poznáte komunitárne programy?, 2014).

It was created by the merger of the initiatives of the Seventh Framework Program for Research and Development, the Framework of the Competitiveness and Innovation Program and the European Institute of Innovation and Technology from the previous programming period 2007 – 2013 (Prehľad možností čerpania finančných prostriedkov pre malých a stredných podnikateľov Bratislavského kraja 2014 – 2020, 2013).

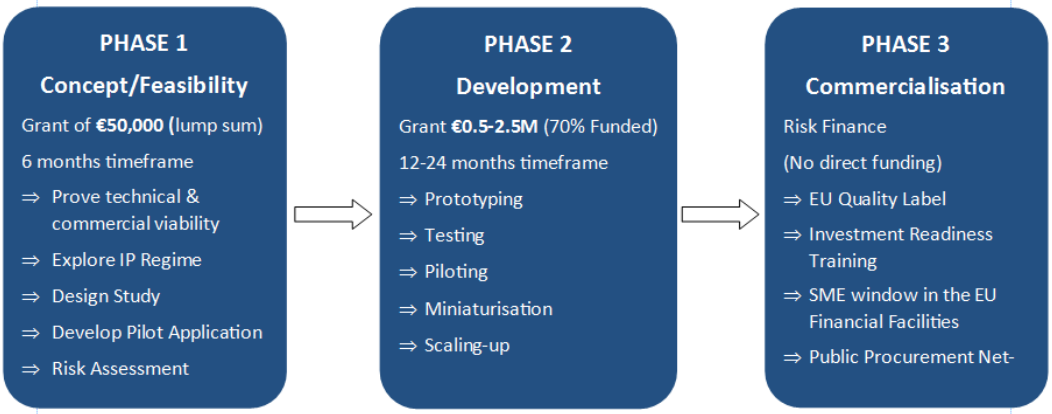
It has three main pillars (SMEs Participation under Horizon 2020, 2013):

1. Excellent science – comprises four key elements: the European Research Council (ERC), Future and Emerging Technologies (FET), Marie Skłodowska-Curie Actions and Research Infrastructures.
2. Industrial leadership – comprises these objectives: Leadership in Enabling and Industrial Technologies (LEIT), Access to risk finance, Innovation in SMEs and Promoting transnational market - oriented innovations – the most interesting pillar for SMEs.
3. Societal challenges – include Health, Demographic change and well-being, European Bio-economy challenges, Secure, clean and efficient energy, Smart, green and integrated transport, Climate action, Resource efficiency and raw materials, Europe in a changing world, Secure societies.

The innovation activities of the SMEs in the program HORIZON 2020 are specifically supported through a tool for SMEs (SME Instrument). Through this instrument, there is provided a systematic support for the development of innovative products, technology, testing or demonstration, the prototype and services production. The tool aims to allow the SMEs to bring their innovative ideas from the initial intended to phase, when it is possible to put them on the market. These activities are supported by the within the three phases, in the third phase there is a focus on the commercialization of the product (development was supported by the first two stages) and it is supported only by financial instruments. For entry into each of these phases is necessary to succeed in the tough competitive struggle. In the last phase, only highly competitive products and services get to the market. For the SMEs, there is also appealing opportunity to participate in the project individually, without having to create an international research consortium, which is usually a necessity for other types of projects (Národní asociace pro rozvoj podnikání, 2014).

Fig. 14 Phases of the HORIZON 2020 program

Source: NIMBUS, 2014



It has to be stated that Horizon 2020 and COSME are the programs each with a specific focus: on the one side, Horizon 2020 is focused on innovation driven growth, on the other side, COSME concentrates on support to create a favorable business environment and competitiveness. COSME might broaden the set of potential participants among SMEs as there is no relationship to innovation. In principle, both programs might therefore render complementarities (SMEs Participation under Horizon 2020, 2013).

Erasmus for Young Entrepreneurs

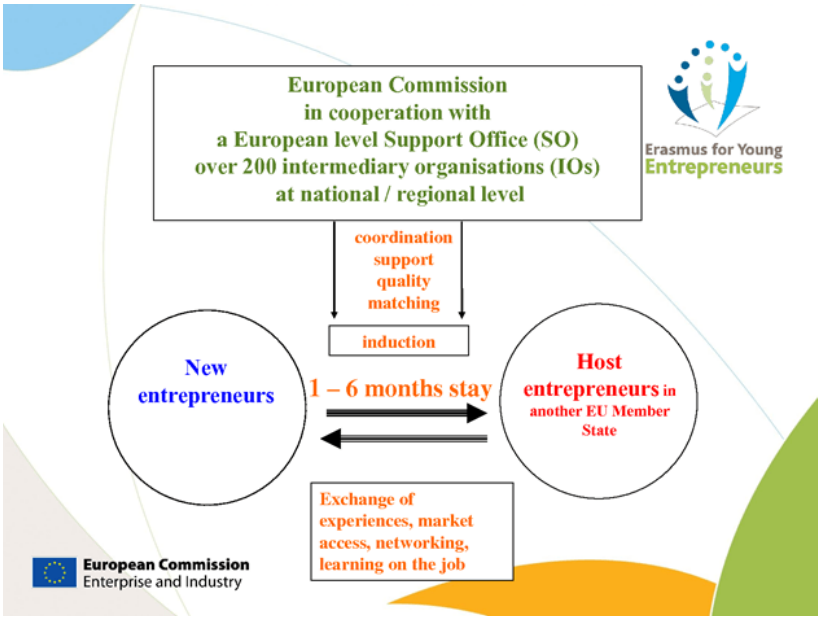
Erasmus for Young Entrepreneurs is a cross-border exchange program that gives the new or promising entrepreneurs the opportunity to learn something from the experienced entrepreneurs from other participating countries, who run the small enterprises. Exchange of experience takes place during a stay with an experienced entrepreneur, who helps new entrepreneurs acquire the skills necessary to operate a small business. A host benefits from a new perspective of his business and is getting the opportunities for cooperation with foreign partners or has the opportunity to learn something about the new markets. The residence is partly funded by the European Union. Regardless of whether the participators are new or well experienced entrepreneurs, the program can offer great added value for their business: the exchange of knowledge and experiences, wide network of contacts and opportunities across the Europe, establishing new business relationships or obtaining new markets abroad (Erasmus For Young Entrepreneurs, 2015).
The Erasmus program offers 1 to 6 monthly stays for budding entrepreneurs with experienced entrepreneurs (Prehľad možností čerpania finančných prostriedkov pre malých a stredných podnikateľov Bratislavského kraja 2014 – 2020, 2013).

The main goal of this program is following (European Commission, Enterprise and Industry, 2015):

- increasing the number of start-ups and boosting their resilience,
- fostering cross-border transfers of knowledge and cooperation between small firms,
- helping small firms innovate and go international,
- creating new jobs.

Fig. 15 Process of the Erasmus for Young Entrepreneurs

Source: Erasmus for Young Entrepreneurs, Concept, Roles & First Results, 2014



EUROSTARS 2

Eurostars 2 is a program aimed at SMEs, which is dedicated to science and research. Small and medium – sized enterprises from any sector can join, whose results can be used commercially. Eurostars is a transnational program designed for the projects with partners from at least two Eurostars countries (EU countries, Iceland, Israel, Norway, Switzerland, Turkey and South Korea). The total budget of the Eurostars program is of 1, 14 billion Euros, but the funding at the level of the projects varies by each country. For example, Slovakia is financed up to 50 % of the eligible cost with the maximum allocation for the project in amount of € 150 000 (Poznáte komunitárne programy?, 2014).

3.8 Programming period 2007 – 2013

In this chapter the European Union support tools and programs for the SMEs within the programming period 2007 – 2013 are described.

3.8.1 FP7

The Seventh Framework Program for Research and Technological Development (FP7) is the European Union's main instrument for funding research in Europe, which has applied to the years 2007-2013. Participation in the Seventh Framework Program is open to a wide range of organizations and individuals, universities, research centres, multinational corporations, small and medium-sized enterprises, public administrations from anywhere in the world – all have the opportunity to participate in FP7 (The Seventh Framework Program, 2013).

The Seventh Framework Program (FP7) includes several specific programs (The Seventh Framework Program, 2013):

- Cooperation – fostering collaboration between industry and academia to gain leadership in key technology areas.
- Ideas – supporting basic research at the scientific frontiers (implemented by the European Research Council).
- People – supporting mobility and career development for researchers both within and outside Europe.
- Capacities – helping develop the capacities that Europe needs to be a thriving knowledge-based economy.
- Nuclear research (Euratom program) – developing Europe's nuclear mission and fusion capabilities.

The European Commission puts the SMEs at a preferential position of the participants of the framework programs for research and development. Small and medium - sized enterprises have their firm place in the three main pillars of the FP7 (Analýza účasti malých a stredných podnikov v 7RP, 2013):

- Cooperation - thematic research and demonstration projects and projects based on private - public partnership (PPP). Projects of this program are intended to the firms, which have the research teams, as well as businesses, which use the technologies in the production process. It includes 10 main areas: HEALTH, Food, agriculture, fisheries and biotechnology KBBE, Information and communication technology ICT, Nanosciences, nanotechnologies, materials and new production technologies NPM, ENERGY, Environment ENV, TRANSPORT, Socio – economic sciences and humanities SSH, Security SEC and SPACE.
- People - through the schemes of partnerships between academic research organizations (IAPP) or thematic networks for trainees (ITN).
- Capacities - the EC has proposed a program for industrial companies, which need to innovate, but do not have sufficient own capacity for research and development. In the projects of the type "Research for the benefit of SMEs", these companies can order the delivery of the technology or research services from the renowned research facilities.

3.8.2 CIP

Competitiveness and Innovation Framework Program (CIP) is the European support program mainly for the small and medium – sized enterprises, which supports innovation activities (including ecological innovations), provides better access to finance and the next important role is the delivery of the business support activities in the regions of the EU member states (European Commission, Competitiveness and Innovation Framework Program, 2014).
The CIP has run from 2007 to 2013 with an overall budget of € 3 621 million. This support program is divided into the three following operational programs and it works on the basis that each program has its specific goals, aimed at contributing to the competitiveness of enterprises and their innovative capacity in their own areas, such as information and communication technologies or sustainable energy (European Commission, Competitiveness and Innovation Framework Program, 2014):

1. The Entrepreneurship and Innovation Program (EIP) – with following six objectives: access to finance for the start-up and growth of SMEs and investment in innovation activities, creation of an environment favorable to SME cooperation, particularly in the field of cross-border cooperation, all forms of innovation in enterprises, eco-innovation, entrepreneurship and innovation culture and enterprise and innovation-related economic and administrative reform (CIP Performance Report, 2013).
2. The Information Communication Technologies Policy Support Program (ICT-PSP) - it supports activities to accelerate innovation and implementation of ICT-based services and systems through the wider uptake and better use of ICT and the exploitation of digital content by citizens, governments and businesses (CIP Performance Report, 2013).
3. The Intelligent Energy Europe Program (IEE) – connected with the fostering of energy efficiency and the rational use of energy resources, promoting new and renewable energy sources and supporting of energy diversification, promoting of energy efficiency and the use of new and renewable energy sources in transport (CIP Performance Report, 2013).

3.8.3 EUROSTARS

Eurostars is a program that supports research-performing small and medium enterprises, which develop innovative products, processes and services, to gain competitive advantage. Eurostars does this by providing funding for transnational innovation projects; the products of which are then rapidly commercialized and promoted (EUROSTARS, 2013).

The Eurostars program is focused on the business-oriented projects in the field of research, development and innovation, which can contribute to the growth of Europe's competitiveness. The most supported projects are these projects, which have a significant positive impact on the development of new technologies, innovation, market and competitive conditions of participating small and medium-

sized enterprises. This program includes a minimum of two participants from two different Eurostars member countries, taking most of the participation in the project (i.e. at least 51 %) must consist of one or more small and medium-sized enterprises with an intensive research and development. To obtain the support of the project is to make this a project aimed at increasing the level of European competitiveness (Ministerstvo školstva, vedy, výskumu a športu Slovenskej Republiky, 2015).
SMEs addressed by Eurostars must fulfill the following criteria (SMEs Participation Under HORIZON 2020, 2013):

- The leading SME must be an SME that conducts R&D.
- All the SMEs must fulfill the EU definition of an SME.
- The leading SME must be based in a Eurostars participating country.
- There has to be at least one other participant from a second Eurostars country.
- The R&D performing SMEs must undertake at least 50 % of total project costs.
- No partner or country is performing more than 75 % of project total cost.
- The project duration is ≤ 3 years.
- Market introduction is foreseen within 2 years after project end.

3.8.4 JEREMIE

JEREMIE is one of the special support instruments of the European Union: *Joint European Resources for Micro to Medium Enterprises.*

JEREMIE can be described as an initiative of the European Commission, which was developed together with the European Investment Fund. It promotes the use of the financial instruments to improve the accession to finance for small and medium – sized enterprises through Structural Funds interventions.

This program helps to support the creation of the new business or the expansion of the already existed one, developing of the new products, access to the investment capital, technological modernization, productive investments which are connected with the creation of the sustainable jobs.

JEREMIE works on the basis that the contributions from the European Regional Development Fund (the ERDF supports investment in production for the purpose of creation and retention of permanent jobs, further investment in infrastructure or investment in the development of local, primarily small and medium-sized enterprises (Báčová, 2013)), are allocated to guarantees, loans or venture capital funds to invest in the enterprises. The returns from the investments are reinvested to the enterprises so the pool of funds can be used for several times, so the public funds are recycled, sustainability is increasing and the impact of the public resources is allocated to the small and medium sized enterprises.

The initiative JEREMIE provides many advantages in the form of:

- sustainability,
- flexibility – specific needs,

- leverage – combination of the structural funds and the complementary sources of the investments,
- expertise – benefiting from the expertise from the banking and private sector,
- partnership – cooperation between countries, regions.

All the information about the JEREMIE initiative is obtained from the official website of the European Commission, Regional Policy – Inforegio, 2014.

3.9 Barriers of the SMEs participation in the EU programs

The main obstacles which stay against the more extensive participation of the SMEs in the EU support programs are the following (Zhodnocení účasti českých MSP v 7.RP v období říjen 2007 – říjen 2011, 2012):

- financial barriers - large number of the Czech SMEs deal with the relatively tense situation in the area of finance (thin capitalization, cash flow etc.), savings in the field of investments into the research and innovations;
- personnel barriers – the companies do not have enough workers, which could be allocates for the preparation of the project and its implementation, solving of the daily administrative, the companies do not have enough experiences with the solution of national and European projects, their management, reports and posting, the companies do not have staff with such linguistic skills, which would allow them to solve complicated issues associated with preparation and the implementation of the project;
- factual barriers - the long time elapsed between the deadline and the end of the project is for some fields and firms unacceptable;
- competition of the other programs - participation in the FP is for the companies quite complicated from the administrative, linguistic and legal point of view;
- problems in the process of preparation – less experienced companies prepare the projects on their own, without any help, the firms in the preparation process of project proposals do not consult their steps with the professionals from the consulting sphere or it is on the low communication degree, the plans are not well discussed, companies are preparing proposals just before the deadline.

3.10 Public contracts

Public contract is defined according to The Free Dictionary by Farlex (2015) as "*an agreement to perform a particular task to benefit the community at large that is financed by government funds".*

Public tenders are a specific way of concluding contracts, where one of the parties entering into the contract is a contracting authority within the meaning of the law on public procurement. This is a special case of conclusion of the contract

(the condition it is in written form), which is preceded by a tender procedure that ensures competition in the selection of the most suitable offer. The main purpose of public procurement is mainly the saving of financial resources (mainly public), which is obtained by creating a transparent competitive environment, which should ensure the efficiency and effectiveness of the expenditure of public finances (BusinessInfo.cz, 2015).
Division of public contracts (BusinessInfo.cz, 2015):

1. According to subject: public contracts for supplies, works and services.
2. According to price: above – limit, sub - limit and minor public contracts.

As a business registered in the EU, the enterprises have the right to compete for public contracts in other EU countries.
To create a level playing field for all businesses across Europe, the EU law sets minimum harmonized rules. These rules, transposed into national legislation, apply to the tenders whose monetary value exceeds a certain amount (threshold). This "above threshold" tenders are of cross-border interest, so it means that the tender value makes it worth-while for a business to submit a tender abroad.
For tenders of lower value, national rules are applied (these tenders also have to respect general principles of EU law). The 'below threshold' procedures may be simplified compared to the EU-wide tenders (Your Europe, 2015).
For all tenders, public authorities (Your Europe, 2015):

- may not discriminate against a business because it is registered in another European Union member state;
- may not refer to specific brands, trademarks or patents when describing the characteristics of products and services they wish to purchase;
- may not refuse to accept supporting documents (certificates, diplomas and others) issued by another EU country, as long as they provide the same level of guarantee;
- must make all information regarding tenders available to all interested companies, regardless of what EU country they are registered in.

TED
TED – tenders electronic daily – can be described as an online version of Supplement of the Official Journal of the EU dedicated to the public procurement within the European Union. TED provides free access to business opportunities. Updated five times a week with approximately 1 500 notifications on public procurement of the European Union, the European economic area and beyond. Notice of a procurement it is possible to browse, search, and sort by country, region, business sector and other aspects. Information on any document of public procurement are published in the 24 official languages of the European Union (TED – tenders electronic daily, 2015).
The information about the public contracts is based on so called CPV codes according to each business sector. There is division of 15 business sectors (TED – tenders electronic daily, 2015):

- Agriculture and Food.
- Computer and Related Services.
- Construction and Real Estate.
- Education.
- Energy and Related Services.
- Environment and Sanitation.
- Finance and Related Services.
- Materials and Products.
- Mining and Ores.
- Printing and Publishing.
- Research and Development.
- Other Services.
- Technology and Equipment.
- Transport and Related Services.
- Defence and security.

4 Methodology

Methodology of the diploma thesis is divided into two main parts.

In the first part called General statistics, there is presented an analysis and general statistics of the situation and performance of the small and medium – sized enterprises in the area of European Union support tools. Firstly, the statistics are connected to the programming period 2007 – 2013 (FP7, CIP and EUROSTARS programs). Afterwards the following analysis is devoted to the performance of SMEs within the insist programming period 2014 – 2020 (HORIZON 2020, COSME, EUROSTARS 2 and Erasmus for Young Entrepreneurs programs). The last section of the general statistics deals with the information about the SMEs in the field of public procurements. First part is based on collecting of secondary data.

It has to be stated that some of the statistics refer to the environment of small and medium – sized enterprises generally; some of them are related concretely to the Czech and Slovak SMEs. In this part there is done almost no difference between the business sectors except the subchapter 5.4 (Chosen sample for questionnaire survey), where the statistics are devoted concretely to the chosen sample of SMEs.

Another important information is that the data, tables and figures are the last available and in some cases (see chapter 5.2.3) there were found no resources, which would provide essential information.

The data are obtained from official resources, e.g. Eurostat, European Commission websites, Executive Agency for SMEs, EUREKA, performance reports of each program etc.

The business sectors difference can be seen in the second part called Questionnaire survey evaluation, where the concrete business sector of SMEs in Czech Republic and Slovakia was chosen. For collection of questionnaires, Google.docs system was used, the questionnaires were sending through email addresses.

Chosen sample for the survey was obtained from the database AMADEUS, which contains the information on around 21 million companies across the Europe (contact details). It is possible to make a list of companies according to selected criteria from this European database. Chosen SMEs are enterprises included in section J62 (Computer programming, consultancy and related activities) and J63 (Data processing, hosting and related activities; web portals) according to NACE classification (particular searching strategy of chosen SMEs is described in chapter 5.4). The primary data obtaining was based on the questioning method, afterwards the data and process of collecting were evaluated (chapter 6).

On the basis of above mentioned methodology the recommendation for Czech and Slovak small and medium – sized enterprises and comparison of SMEs environment in both EU countries is determined.

5 General statistics

The following part of the diploma thesis dedicates to the last general available statistics in the area of the participation of the Slovak and Czech small and medium – sized enterprises within the European support programs, which deal with the SMEs issues.
Firstly, there is an analysis of the programming period 2007 – 2013 (Seventh Framework Program, CIP and EUROSTARS). The next part comprises the analysis of the instant programming period 2014 – 2020 (HORIZON 2020, EUROSTARS 2, Erasmus for Young entrepreneurs and COSME).

5.1 Participation of SMEs in support programs 2007 - 2013

5.1.1 Performance of SMEs in FP7

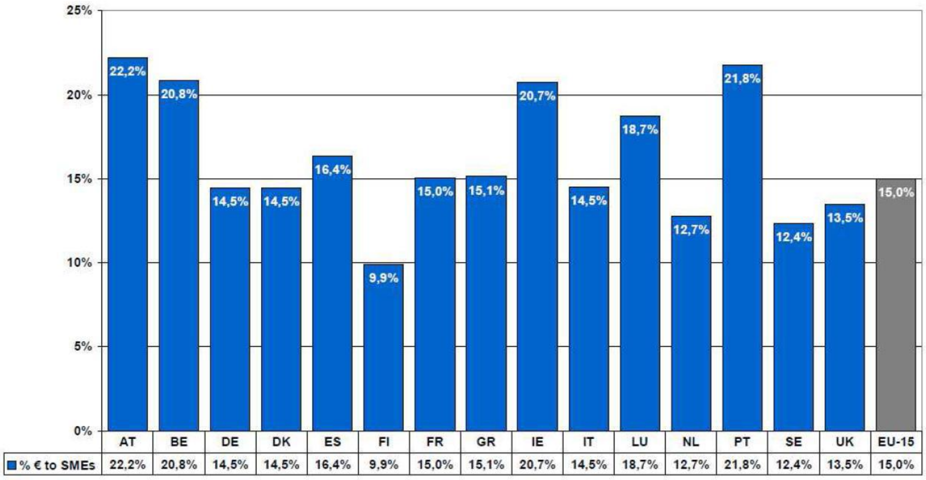
Generally, as of September 2012, SMEs account for 17, 9 % of all participations in the five specific programs of FP7 and receive 14, 1 % of the FP7 budget. Due to the SMEs specific measures within the Capacity program, SMEs have the highest percentage share of participation and funding within this program (31, 3 %). The highest EU contribution in funding provided for SMEs under FP7 (about € 3 billion) is, however, in the Cooperation program, which at present devotes 16, 3% of its overall budget to SMEs and has 10 644 SMEs participations. The EU contribution to SMEs under the People program is at 5, 9 % (801 SMEs participants) of all participations within this program (SMEs Participation under Horizon 2020, 2013).

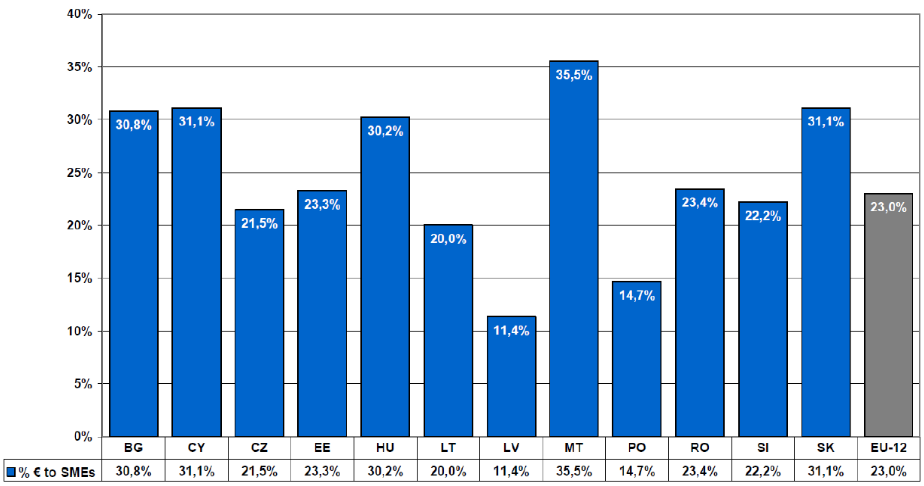
Concretely, within the Cooperation program, the following figures show that the position of the Slovak SMEs is on a very good level with the participation about 31, 1 %. The results of the participation of SMEs in FP7 represent one of the rare criteria, in which the Slovak Republic reaches the first rungs of the evaluation of participation.

On the other side, there is Czech Republic with almost 10 % lower participation in the Seventh Framework Program (21, 5 %). Within this program, Slovak SMEs have showed higher activity than Czech companies.

Fig. 16 The percentage contribution of the European Commission's program Cooperation for SMEs (2007-2011), according to countries of EU - 27

Source: HORIZONT 2020, 2013





Slovakia

Summary statistics of the small and medium – sized enterprises according to the participation in the FP7 (HORIZONT 2020, 2013):

- 71 signed contracts for projects with the participation of SMEs;
- the participation of 54 SMEs - a total of 80 interests including cumulative (multiple) investments;
- the average number of SMEs in the project: 1, 5;
- the total budget for Slovak SMEs: € 21, 12 million;
- the total contribution from the EC: € 15, 94 million;
- the average level of funding for SMEs: 75, 5 %;

- five of the most successful companies gained 20 holdings (25 % of all participations SMEs) and 7, 44 million Euro (47 % of the total contribution for SMEs).

Czech Republic

Summary statistics of the small and medium – sized enterprises according to the participation in the FP7 (Zhodnocení účasti českých MSP v 7.RP v období říjen 2007 – říjen 2011, 2012):

- signed grant agreements with the European Commission: 798 participants;
- financial subsidy for the Czech organizations: € 150 million;
- proportion of the SMEs within the total amount of the participants: 19, 2 %;
- financial subsidy for SMEs within the total amount of financial subsidy for Czech organizations: 19, 6 %.

Last available data are used in these countries´ statistics.

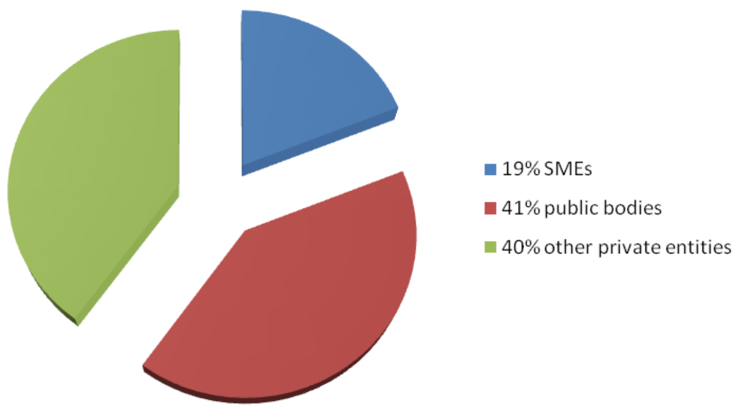
5.1.2 Performance of SMEs in CIP

The next statistics are divided to the three programs of CIP (CIP Performance Report, 2013):

- Entrepreneurship and Innovation Program - the EIP has helped to mobilise over € 14 billion of loans and € 2, 3 billion of venture capital for SMEs across the Europe, the EIP has helped more than 240 000 SMEs to access loans.
- The Information Communication Technologies Policy Support Program – after six years in operation, more than 210 actions will have been supported through the ICT PSP, representing nearly € 550 million.

Fig. 17 Participation in ICT PSP, 2007 - 2012

Source: CIP Performance Report, 2013

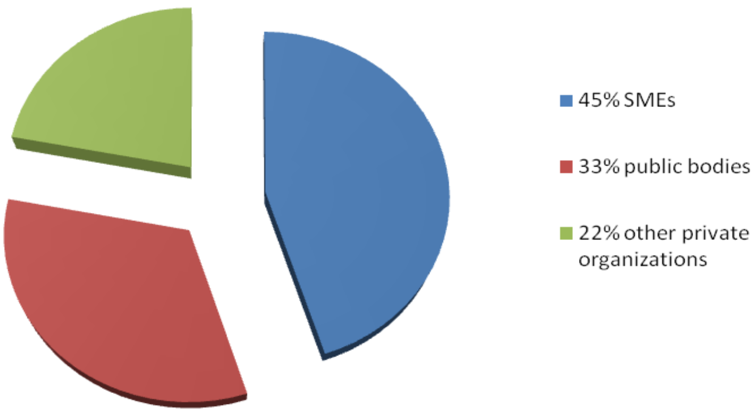


The figure above shows the participation of the SMEs in the ICT PSP, SMEs represent 19 % of all the proposals. The majority of the ICT PSP projects were still running in the period when the Report was written. Last available sources (SMEs Participation under Horizon 2020, 2013) inform us that almost 70 % of final beneficiaries were small and medium – sized enterprises.

- Intelligent Energy Europe Program – up to the end of 2012 the IEE has supported more than 370 actions, mainly through grants, representing about € 400 million; the interest in these projects is very high. The figure (18) analyzes the situation of the beneficiaries according to IEE program and there is seen that the SMEs were quite successful, because they represent 45 % of all the beneficiaries within this program.

Fig. 18 Beneficiaries IEE, 2007 - 2012

Source: CIP Performace Report, 2013



5.1.3 Performance of SMEs in EUROSTARS

In the first 7 calls of the Eurostars program, 2237 applications were submitted. In total, around € 370 million of public funding were estimated for the first 7 calls, earmarked to 545 project applications. This corresponds to a successful application rate of 24 %. More than 70 % of applications were submitted by SMEs. In total the € 370 million of public funding mobilized € 414 million of private investment. In a typical Eurostars project, there are on average 3, 3 participants stemming from 2, 4 countries. Average project costs are € 1, 4 million. The average project duration is 29, 1 month. On average, 79 % of the shared costs are for R&D (Research and Development) SMEs and SMEs. Small and medium – sized enterprises participating in Eurostars are fast growing SMEs with high R&D intensity: 40 % are micro SMEs (0-9 employees) with very high impact expectations and 43% are small SMEs (10-49 employees) with high expectations. When submitting an application, R&D performing SMEs expect on average to double their annual turnover and to increase their number of employees by 60 % (SMEs Participation Under HORIZON 2020, 2013).

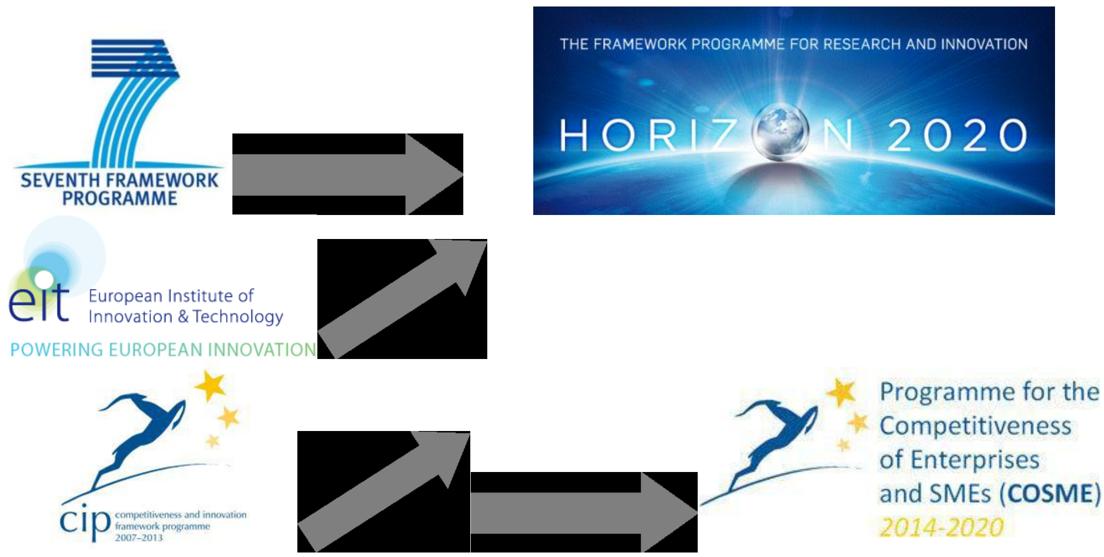
The statistics connected into the area of the FP7, CIP and EUROSTARS are very wild, so the above shown numbers and values are dedicated only to the small and medium – sized enterprises and only the main available figures and numbers are mentioned here just to have a universal information about the participation and performance of the SMEs within the programming period 2007 – 2013. The concrete numbers of the each member country´s SMEs performance are not available (available only in case of FP7), that is the reason, why only general statistics are used and, as was already mentioned above, no more actual data are available in connection with these issues.

To conclude, participation of these small and medium – sized enterprises should be improved, higher numbers of SMEs within the European support programs should be observed despite the fact, that the programming period 2007 – 2013 and its support programs has been generally successful. This is a challenge for the instant programming period 2014 – 2020.

Fig. 19 Structure of the EU programs 2007 – 2013 and 2014 - 2020

Source: HORIZONT 2020, 2013

2007 – 2013 2014 - 2020



5.2 Participation of SMEs in EU support programs 2014 – 2020

The new programming period of the European Union is in the process. Within this phase, small and medium – sized enterprises of the EU – 28 can be a part of the concrete support programs in each sphere.

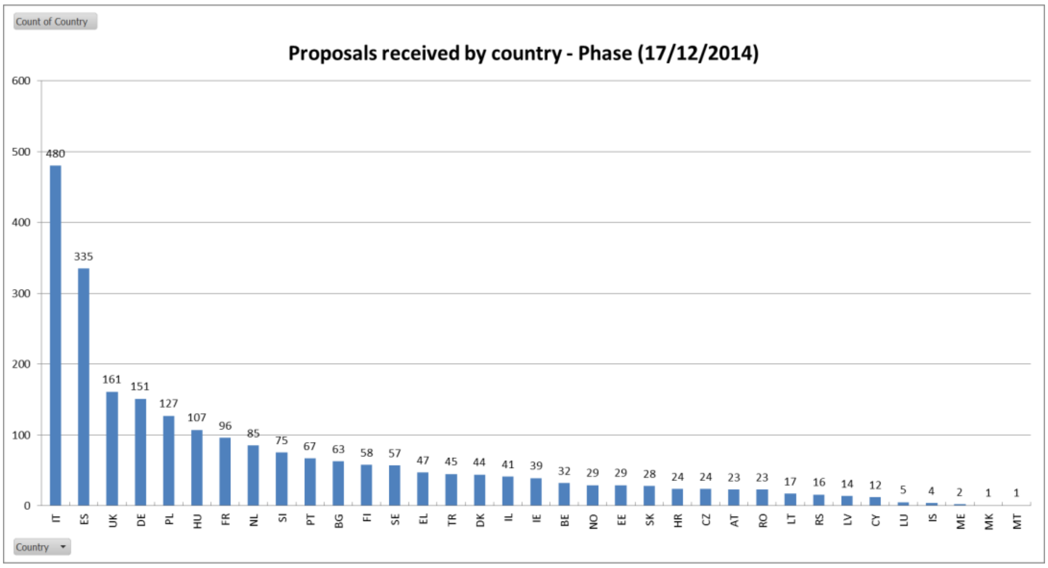
5.2.1 Performance of SMEs in HORIZON 2020

The following figures show the participation of the European Union member countries in the program HORIZON 2020. There are shown the latest available data from the Phase 1 from, until June 2014 and from the Phase 2, from June 2014 till December 2014.

According to this data, the most proposals have been received from Italy (480), Spain (335) and Great Britain (161) within the phase 1. The most important numbers for our analysis are the numbers of proposals from the Czech and Slovak SMEs. The first group is connected with 24 proposals and the Slovak SMEs with 28 furnished proposals.

Fig. 20 HORIZON 2020 – number of proposals received by country, phase 1

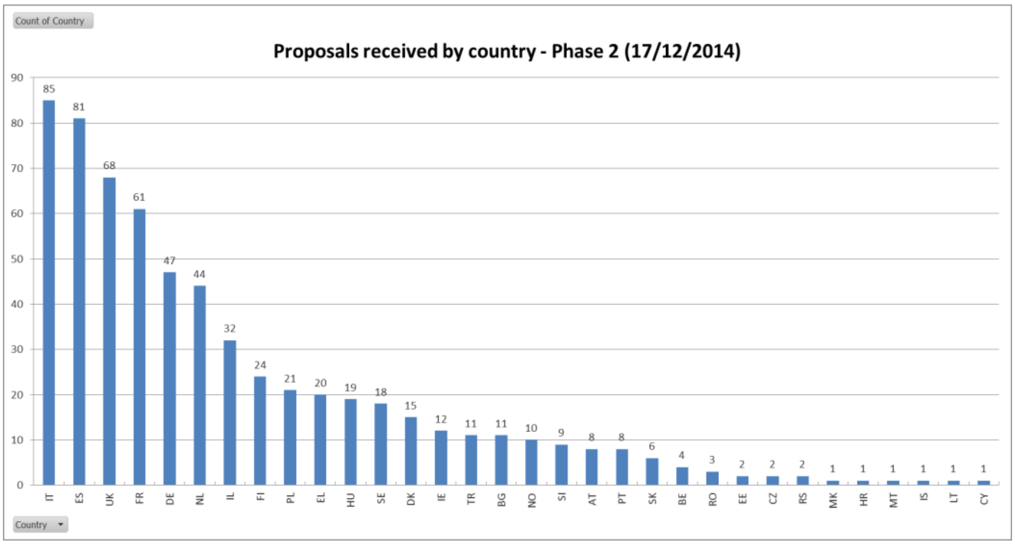
Source: Executive Agency for SMEs, 2015



The second phase of the HORIZON 2020 program reflects much lower numbers of the proposals. On the top, there is still Italy, Spain and Great Britain. Slovak small and medium – sized enterprises were engaged to this program within the 6 proposals and Czech Republic only with 2 proposals.

Fig. 21 HORIZON 2020 – number of proposals received by country, phase 2

Source: Executive Agency for SMEs, 2015



The followings figures (22 and 23) show us the number of beneficiaries according to the program HORIZON 2020.
For the first phase, the Commission received 1 944 proposals by the second cut-off date of Phase 1 on 24 September 2014. 237 received an evaluation score above the application threshold and 75 % have been selected for funding. As is seen above, there were sent 24 proposals from the Czech SMEs and 28 proposals from the Slovak SMEs within this phase. However, the table says that the number of beneficiaries is only 1 in Czech Republic and from Slovakia there is none. It can be said that the situation is critical in this view. The most successful were Spanish, Italian and UK proposals (European Commission, Research and Innovation, 2015).

Within the phase 2, the Commission received 580 project proposals involving 785 SMEs by the first cut-off date of Horizon 2020's SME Instrument program Phase 2 (9 October 2014). Evaluation by independent experts showed that 132 of the proposals met the evaluation standard. 45, 5% have been selected for funding. UK companies have been particularly successful in this call, with 10 participants on track to receive over € 17 million. They are closely followed by France, the Netherlands and Spain, which actually has the biggest number of single beneficiaries. The situation in Czech Republic and Slovakia is very similar, or it can be said, that it is more acute than in the phase 1. The number of beneficiaries for Slovakia and Czech Republic is zero despite the fact that there were sent 6 proposals from Slovak SMEs and 2 from the Czech SMEs (European Commission, Research and Innovation, 2015).

Fig. 22 Number of beneficiaries per country, HORIZON 2020, phase 1

Source: European Commission, Research and Innovation, 2015

SME Instrument Phase 1 - Number of beneficiaries per country

Country	18/06/2014 cut-off	24/09/2014 cut-off	TOTAL
Spain	41	31	72
Italy	23	36	59
United Kingdom	27	19	46
Germany	11	15	26
France	10	13	23
Netherlands	4	14	18
Ireland	10	5	15
Denmark	4	10	14
Finland	5	9	14
Sweden	4	9	13
Slovenia	2	5	7
Austria	4	3	7
Israel	4	3	7
Norway	2	5	7
Estonia	2	5	7
Portugal	1	5	6
Hungary	3	2	5
Turkey	2	1	3
Belgium	0	2	2
Greece	0	2	2
Lithuania	1	1	2
Latvia	0	1	1
Iceland	0	1	1
Serbia	0	1	1
Czech Republic	0	1	1
Poland	1	0	1
Malta	1	0	1
TOTAL	162	199	361

Fig. 23 Number of beneficiaries per country, HORIZON 2020, phase 2

Source: European Commission, Research and Innovation, 2015

Horizon 2020's SME Instrument

Phase 2 - cut-off 09/10/2014

Sum of grant requested and number of beneficiaries selected by country

Country	Grant requested (€ m.)	Number of SMEs
United Kingdom	17,0	10
France	14,9	9
Netherlands	13,8	10
Spain	13,4	12
Sweden	10,1	6
Germany	9,1	6
Ireland	8,5	4
Italy	3,3	3
Finland	3,0	2
Estonia	2,7	3
Denmark	2,6	2
Hungary	2,4	2
Belgium	2,3	1
Israel	2,0	1
Slovenia	1,6	3
Luxembourg	0,7	1
Poland	0,6	2
Turkey	0,2	1
Total	**108,1**	**78**

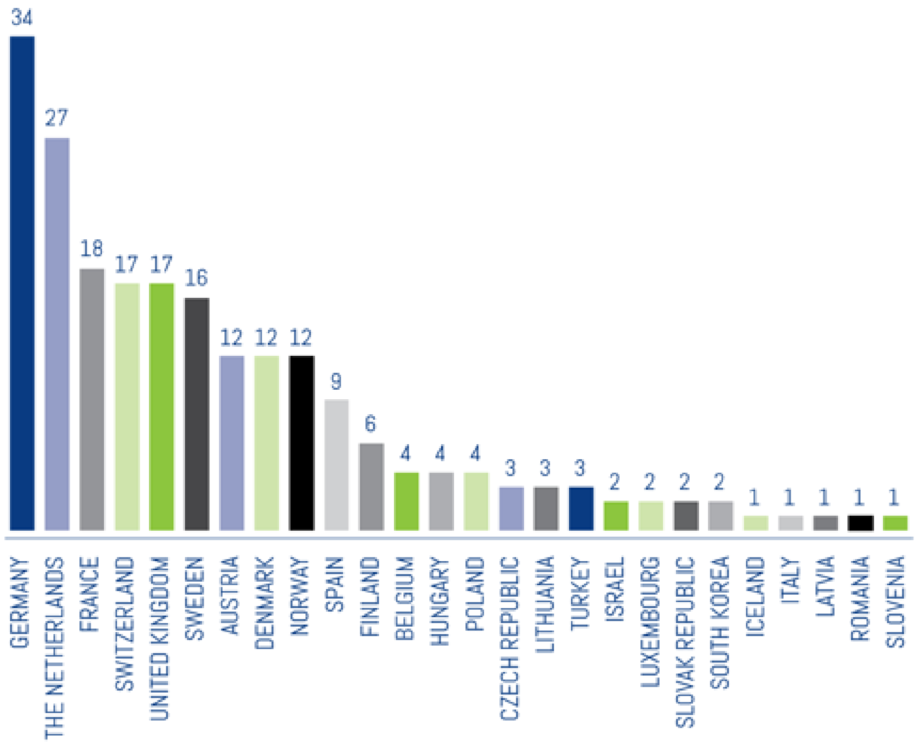
5.2.2 Performance of SMEs in EUROSTARS 2

The following analysis is connected to the participation of the SMEs in program EUROSTARS 2 (data from the second cut off, September 2014). Of the 356 applications submitted for funding, 113 were positively evaluated and the 90 were selected to be funded by the program, representing an overall success rate of 25 %. Eurostars can be described as a competition. The application process is easy but only the very best applications receive funding. Applications can be submitted at any time but are evaluated twice a year (EUREKA, 2014).

As is seen from the figure, Slovakia (2 projects) and Czech Republic (3 projects) are in the group of the countries with the lowest amount of the projects, which were selected for funding within this program. However, it has to be said, that many countries were not successful with any project.

Fig. 24 Number of projects selected for funding per country

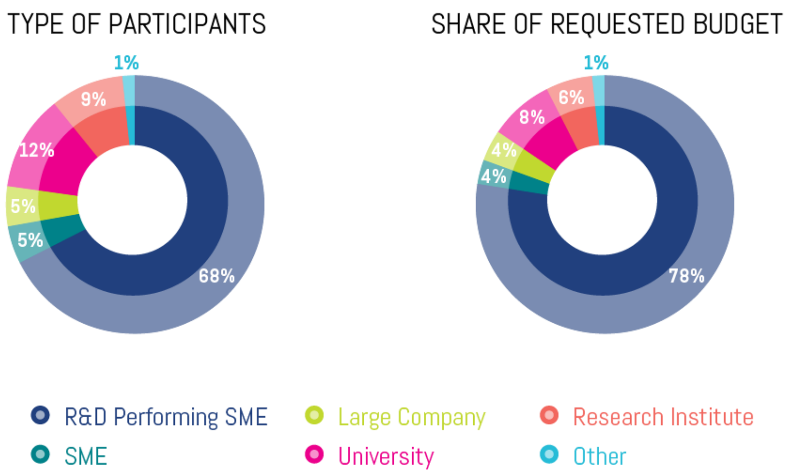
Source: EUREKA, 2014



Small and medium-sized enterprises are the main beneficiaries of cut-off 2: out of 1082 organizations, 789 were SMEs and it represents 73 % of the participants and 82 % of the total project costs. This analysis is seen in the next figures.

Fig. 25 Type of participants and share of requested budget within EUROSTARS 2, 2014

Source: EUREKA, 2014



5.2.3 Performance of SMEs in COSME program

The data connected to the performance of the small and medium – sized enterprises from the Czech and Slovak COSME program are not available.

Some results are seen in the questionnaire results evaluation (e.g. how many companies from the chosen sample are participating in this program).

5.2.4 Performance of SMEs in Erasmus for Young Entrepreneurs

Erasmus for Young Entrepreneurs is a very successful support program for the small and medium – sized enterprises across the Europe and this fact can be seen from the following table and figure.

The table 4 shows the number of registrations from the EU countries according to this program. When we look at the position of the Czech Republic, there were registered only 11 host entrepreneurs and 18 new entrepreneurs. On the other side, there is Slovak Republic with 26 registered host companies and 46 new companies. Again, there is seen a difference between these two states. Although the numbers from Slovakia are higher, this opportunity is still not utilized as it should be.

Generally, the interest in this program is very high, on the top there is Spain with 1424 entrepreneurs and Italy with 1403 registered companies.

The entrepreneurs, who have already participated in the Erasmus for Young Entrepreneurs program, are very enthusiastic:

Lucian Avadani, New Entrepreneur, UK (European Commission, Press Release Database, 2013): *"It was an incredible opportunity which I totally recommend to new entrepreneurs that have just started or intend to start a business. Erasmus for Young Entrepreneurs provides an opportunity to learn at an early stage the art of entrepreneurship and how to avoid risks. In future, I hope that I will, in turn, become host entrepreneur and return the favour to another new entrepreneur in the European Union."*

Ella Alcasas, host entrepreneur from Luxembourg, (European Commission, Press Release Database, 2013): *"Without the program it was impossible to imagine to be able to open a new branch in another country simply because it was too complicated for us, we would have needed to study a whole new market there."*

There were gained no opinions from any of the entrepreneurs from Czech Republic or Slovakia according to this issue. That is the reason, why the ideas from foreign entrepreneurs are published here.

Tab. 4 Registrations by Country of Origin

Source: European Commission, Press Release Database, 2013

Erasmus for Young Entrepreneurs
www.erasmus-entrepreneurs.eu

Registrations by Country of Origin

Countries	HE	NE	Total
Austria	58	64	122
Belgium	150	60	210
Bulgaria	12	72	84
Croatia		2	2
Cyprus	35	24	59
Czech Republic	11	18	29
Denmark	44	7	51
Estonia	4	18	22
Finland	33	74	107
France	120	164	284
French Guiana		1	1
Germany	168	121	289
Greece	53	190	243
Hungary	27	94	121
Ireland	18	20	38
Italy	445	958	1403
Latvia	14	73	87
Lithuania	11	63	74
Luxembourg	9	6	15
Malta	33	24	57
Myanmar		1	1
Netherlands	83	44	127
Poland	22	162	184
Portugal	67	115	182
Romania	34	188	222
Serbia		1	1
Slovakia	26	46	72
Slovenia	15	61	76
Spain	494	930	1424
Sweden	25	61	86
Turkey		1	1
United Kingdom	229	144	373
United States		1	1
Total	2240	3808	6048

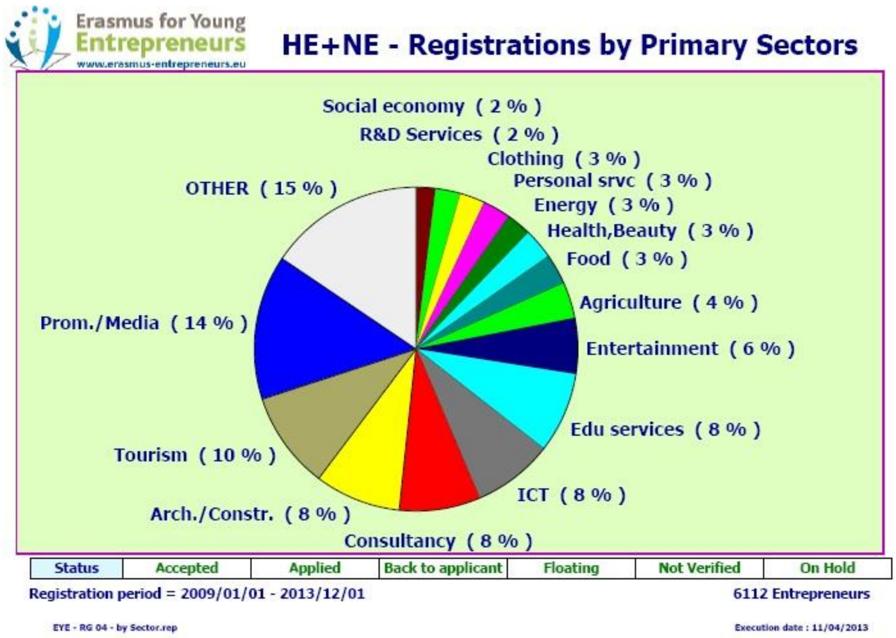
Status
Accepted
Applied
Back to applicant
Not Verified
On Hold
Refused

EYE - RG 10 - by Country of Origin.rep   Execution date : 11/04/2013

According to the sectors, the statistics are shown in the following figure. On the top there is Promotion and Media, Tourism, Architecture, Consultancy and high percentage is seen also in the area of ICT.

Fig. 26 HE + NE Registrations by Sectors, 2013

Source: Source: European Commission, Press Release Database, 2013



5.3 Public contracts

This subchapter provides the general information about the situation in the area of public contracts in the Czech Republic and Slovakia in 2013 (last available data from the countries) and also deals with the information from *TED – tenders electronic daily* – Supplement of the Official Journal of the EU.

Slovakia

Division of the enterprises (successful applicants) according to the size class within the public procurement in 2013 (Informácia o celkovom štatistickom vyhodnotení procesu verejného obstarávania za rok 2013, 2014):

- large enterprises – 12, 5 %,
- medium enterprises – 25, 8 %,
- small enterprises – 59, 9 %,
- other business entities – 1, 8 %.

According to the type of public contracts, there were done (Informácia o celkovom štatistickom vyhodnotení procesu verejného obstarávania za rok 2013, 2014):

- above – limit public contracts - 1 348 procedures in the value of contracts € 4 735 157 million,
- sub – limit public contracts - 2 992 procedures in the value of contracts € 645 885 million,
- minor public contracts - 4 556 in the value of contracts € 470 022 million.

Generally said, Slovakia's performance in this policy area is quite better than the European Union average. Despite SMEs receiving a lower share of the value of public procurement contracts — 25 %, compared with 29 % in the EU (year 2013) – higher than average proportion of them participated in public procurement procedures. This indicates that small firms are on low degree of success in winning public contracts. Slovak Republic does better than the EU as a whole in implementing a public electronic tender system, which is used more widely by businesses (2014 SBA Fact Sheet – Slovakia, 2014).

The evaluation of public contracts financed from the funds of the European Union: 3 620 completed procedures in the contract value of € 3 106 144 million representing 40, 7 % of the total number of procedures and 53, 1 % of the total value of completed procedures. Compared to 2012, this represents an increase of 69, 2 % of the procedures and increase of 103, 7 % of the value of contracts related to the projects financed from the EU funds (Informácia o celkovom štatistickom vyhodnotení procesu verejného obstarávania za rok 2013, 2014).

As was written above, this subchapter deals also with the information from the TED - Supplement of the Official Journal of the EU. From this database, there is available information that in the time, when there was done a research and statistics for the diploma thesis, (from March 1, 2015 to April 30, 2015), there are published 21 public procurements from all 15 business sectors according to CPV code. The following statistics is connected with the business sector *Computer and Related Services (CPV code)* because this field of acting is interesting from this diploma thesis view (chosen sample for questionnaire survey). This business sector is divided to these subsectors (TED – tenders electronic daily, 2015):

- CPV code 30000000 Office and computing machinery, equipment and supplies except furniture and software packages,
- CPV code 48000000 - Software package and information systems,
- CPV code 72000000 - IT services: consulting, software development, Internet and support.

In this area of functioning, there are 8 public procurements carried in TED.

Czech Republic
According to the type of public contracts, the following amounts of contracts were realized (Výroční zpráva o stavu veřejných zákazek v České republice za rok 2013, 2014):

- above – limit public contracts – 3 626 procedures in amount of 180 milliard CZK,
- sub – limit public contracts – 11 524 procedures in amount of 59 milliard CZK,
- minor public contracts – 1 180 procedures in amount of 11 milliard CZK.

2014 SBA Fact Sheet – Czech Republic (2014) provides general information that Czech Republic was top-performing SBA area in 2013 and saw rapid progress, although stakeholders expected more still. These results are quite possibly thanks to the Act on Public Procurement, which entered into force in April 2012 with the goal of making the tendering process simpler and more transparent. Despite the good performance of the indicators, the new act often results strict and long procurement procedures. Participation in public procurement is almost twice as widespread among Czech businesses as among EU companies on average and a significantly higher proportion of Czech companies use e-procurement facilities. Furthermore, a larger proportion of Czech SMEs succeed in winning public tenders than in the EU – in Czech Republic it was about 35 % and in the EU 29 %.

The evaluation of public contracts finance from the funds of the European Union: in the year 2013 there was seen an increase in terms of financing from EU funds compared to the year 2012 from 65 milliard CZK to 73 milliard CZK. The first place according to the financing of public contracts was taken by the own resources (54, 2 % of the contract value) and the EU funds were on the second position (29, 3 % of the contract value) (Výroční zpráva o stavu veřejných zákazek v České republice za rok 2013, 2014).

The following table shows the information about the public contracts in the area of ICT commodities. This information was chosen because the chosen sample for the questionnaire survey of the diploma thesis deals with the SMEs acting in this field. Similar information about the situation in Slovakia is not available.

Tab. 5 Public contracts, ICT commodities in 2013

Source: Výroční zpráva o stavu veřejných zákazek v České republice za rok 2013, 2014

Public contracts - ICT		Number of public contracts	Value in milliard CZK
Supplies	Programs packages and information systems	263	3, 4
	Hardware and PC equipment	432	2, 5
	Telecommunications equipment	147	1, 5
Services	PC services	639	6, 6
	Telecommunication services	154	1, 5
Other not specified ICT commodities		110	4, 2
Total		1 745	19, 6

From TED, there is available following information within the same time (March, 1, 2015 to April, 30, 2015):

- there are published 107 public procurements within the all 15 business sectors;
- according to the business sector *Computer and Related Services* based on the same CPV codes (30000000, 48000000 and 72000000) there are publicized 36 public procurements.

All the information is accessible from TED – tenders electronic daily (2015). Information about the numbers of companies included is more concretely not available.

5.4 Chosen sample for questionnaire survey

For the questionnaire research, there was chosen the sample of the small and medium – sized enterprises, which are subsumed in the section J62 and J63 within the NACE classification. As was written in the Methodology, SMEs were selected from the AMADEUS database based on the following criteria:

1. Status – active enterprises.
2. Country – Slovakia and Czech Republic.
3. Division according to NACE classification.
4. Category of companies by size: small and medium – sized enterprises.
5. Operating turnover (last available year): maximum of € 50 000 000.
6. Number of employees: 0 – 249.
7. All companies with e-mail address.

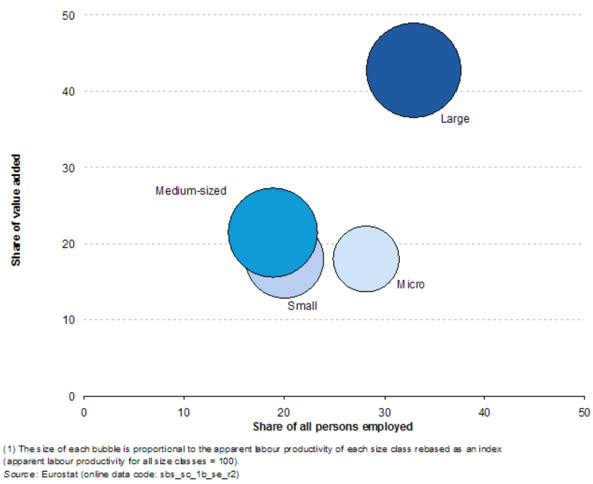
The concrete groups of companies are following:
J62 Computer programming, consultancy and related activities
J62.0 Computer programming, consultancy and related activities
J62.0.1 Computer programming activities
J62.0.2 Computer consultancy activities
J62.0.3 Computer facilities management activities
J62.0.9 Other information technology and computer service activities

J63.1 Data processing, hosting and related activities; web portals
J63.1.1 Data processing, hosting and related activities
J63.1.2 Web portals

The groups of companies opt in the research were chosen based on the idea that the small and medium – sized enterprises working in the area of computer technologies and IT are companies, which are very successful, but still need to be supported to get on the higher and higher level of competitiveness within the European Union countries.
In the following figures, there is seen the importance of the SMEs (NACE classification J62 and J63).
The figure 27 shows us the relative importance of enterprise size classes of section J62 in terms of employment and value added of the EU – 27 from the year 2010. As is seen, the highest share had large enterprises and medium – sized enterprises.

Fig. 27 Relative importance of enterprise size classes, NACE division J 62, EU – 27, 2010

Source: Eurostat, 2015



The table (6) below is connected with the share of employment in the companies included in section J62. The numbers presented here inform us that in the Slovak Republic, 73, 8 % share of employment in the area of companies J62 is in the small and medium – sized enterprises and in the Czech Republic it is 75, 2 %, so the numbers can be qualified as very high and it affirms the high level of importance of the SMEs in this field. The percentage in the other EU member states are similar, there is difference ± 10%.

Tab. 6 Employment by enterprise size class, NACE division J 62, EU – 27, 2010

Source: Eurostat, 2015

	Total (thousands)	SMEs	Micro	Small (% of total)	Medium-sized	Large
EU-27	2 614.8	67.1	28.2	20.0	18.9	32.9
Belgium	65.1	75.1	37.0	19.5	18.6	24.9
Bulgaria	26.2	75.9	27.0	25.4	23.5	24.1
Czech Republic	56.0	75.2	28.7	22.6	23.9	24.8
Denmark	46.3	60.4	24.4	19.1	17.0	39.6
Germany	483.7	70.5	22.4	24.9	23.2	29.5
Estonia	6.7	:	39.3	:	25.3	:
Ireland	:	:	:	:	:	:
Greece	:	:	:	:	:	:
Spain	205.9	50.1	17.2	15.3	17.6	49.9
France	319.8	49.5	18.6	15.6	15.2	50.5
Italy	232.3	65.1	29.4	19.3	16.4	34.9
Cyprus	1.9	:	38.0	:	18.6	:
Latvia	6.2	79.3	34.7	23.6	21.1	20.7
Lithuania	8.2	:	32.2	30.0	:	:
Luxembourg	:	:	:	:	:	:
Hungary	49.6	78.1	48.2	17.0	13.0	21.9
Malta	:	:	:	:	:	:
Netherlands	150.6	67.6	29.4	20.3	17.8	32.4
Austria	37.3	87.6	39.8	26.2	21.7	12.4
Poland	93.7	78.8	51.1	12.7	15.0	21.2
Portugal	37.4	79.6	32.8	21.2	25.5	20.4
Romania	41.1	80.1	30.8	23.6	25.7	19.9
Slovenia	10.5	89.6	46.7	28.1	14.8	10.4
Slovakia	17.9	73.8	38.0	9.2	26.5	26.2
Finland	43.6	59.1	:	:	19.2	40.9
Sweden	99.4	66.5	22.7	23.1	20.8	33.5
United Kingdom	522.6	71.5	35.1	19.4	17.0	28.5
Norway	33.8	65.0	23.1	20.9	21.0	35.0
Switzerland	57.3	82.5	21.5	34.7	26.4	17.5
Croatia	11.4	:	44.9	33.0	:	:

Source: Eurostat (online data code: sbs_sc_1b_se_r2)

When we look at the concrete numbers of value added of section J62 enterprises (table 7), Slovak SMEs make up 68, 3 % and Czech Republic 62, 6 % of value added. These two countries are part of the countries with the highest share of value added.

Tab. 7 Value added by enterprise size class, NACE division J 62, EU – 27, 2010

Source: Eurostat, 2015

	Total (EUR million)	SMEs	Micro	Small (% of total)	Medium-sized	Large
EU-27	174 419	57.3	18.0	17.9	21.4	42.7
Belgium	5 428	61.2	20.1	20.8	20.3	38.8
Bulgaria	448	70.1	16.0	23.9	30.2	29.9
Czech Republic	2 142	62.6	14.5	19.1	28.9	37.4
Denmark	4 367	55.1	18.0	18.4	18.7	44.9
Germany	38 081	57.2	14.7	19.3	23.2	42.8
Estonia	185	:	28.5	:	28.5	:
Ireland	:	:	:	:	:	:
Greece	:	:	:	:	:	:
Spain	10 822	41.8	11.6	12.7	17.5	58.2
France	23 475	46.6	14.5	15.6	16.5	53.4
Italy	13 812	53.0	18.6	17.0	17.3	47.0
Cyprus	110	:	32.7	:	23.8	:
Latvia	130	67.6	19.2	24.2	24.1	32.4
Lithuania	142	:	16.9	34.6	:	:
Luxembourg	:	:	:	:	:	:
Hungary	1 119	66.3	25.8	17.0	23.5	33.7
Malta	:	:	:	:	:	:
Netherlands	10 762	63.7	23.1	19.4	21.2	36.3
Austria	2 330	80.2	24.1	26.9	29.2	19.8
Poland	2 476	63.7	30.0	13.5	20.2	36.3
Portugal	1 368	70.9	17.1	20.8	33.0	29.1
Romania	765	69.0	15.3	21.3	32.4	31.0
Slovenia	389	:	29.4	:	23.6	:
Slovakia	580	68.3	10.4	10.3	47.6	31.7
Finland	3 055	53.7	:	:	19.4	46.3
Sweden	7 146	61.9	18.2	20.8	23.0	38.1
United Kingdom	41 238	61.1	21.1	17.7	22.3	38.9
Norway	3 715	62.0	17.2	19.2	25.6	38.0
Switzerland	6 320	75.5	14.6	33.4	27.5	24.5
Croatia	295	:	27.1	38.2	:	:

Source: Eurostat (online data code: sbs_sc_1b_se_r2)

The following two tables (8 and 9) are devoted to the companies included in the section J63.
The table 8 reflects the employment , concretely in the Slovak Republic, there is 65, 4 % share and in the Czech Republic it is 71 % share of employment in the small and medium sized enterprises.
The table 9 points out the value added of the EU – 27 within the section J63. Slovakia is connected with the 63, 1 % and Czech Republic with the 45, 0 %. There is seen the highest difference according to the statistics mentioned in this chapter.

Tab. 8 Employment by enterprise size class, NACE division J 63, EU – 27, 2010

Source: Eurostat, 2015

	Total	SMEs	Micro	Small	Medium-sized	Large
	(thousands)	(% of total)				
EU-27	481.2	75.5	38.0	18.8	18.7	24.5
Belgium	3.7	:	:	21.5	21.4	:
Bulgaria	5.8	74.9	27.9	20.5	26.5	25.1
Czech Republic	12.1	71.0	33.1	14.9	22.9	29.0
Denmark	4.0	:	28.1	:	33.1	:
Germany	72.5	72.9	24.8	21.0	27.1	27.1
Estonia	1.4	100.0	42.0	:	:	0.0
Ireland	:	:	:	:	:	:
Greece	:	:	:	:	:	:
Spain	21.5	83.7	27.3	22.8	33.5	16.3
France	61.9	59.5	21.0	17.5	21.0	40.5
Italy	134.0	91.4	58.1	22.2	11.1	8.6
Cyprus	0.3	100.0	:	:	66.9	0.0
Latvia	2.2	100.0	49.2	23.6	27.3	0.0
Lithuania	1.5	100.0	31.8	33.4	34.8	0.0
Luxembourg	:	:	:	:	:	:
Hungary	12.4	85.9	58.6	14.7	12.6	14.1
Malta	:	:	:	:	:	:
Netherlands	14.8	:	67.7	:	8.7	:
Austria	16.0	69.3	38.1	15.0	16.2	30.7
Poland	25.1	71.7	44.9	9.1	17.7	28.3
Portugal	4.3	:	27.5	14.3	:	:
Romania	7.7	92.6	42.5	25.1	25.1	7.4
Slovenia	1.5	100.0	47.5	:	:	0.0
Slovakia	7.3	65.4	50.8	:	:	34.6
Finland	3.8	:	22.4	:	:	:
Sweden	7.8	:	:	:	:	:
United Kingdom	:	:	:	:	:	:
Norway	4.5	100.0	24.4	33.3	42.3	0.0
Switzerland	6.2	64.8	9.9	27.0	27.9	35.2
Croatia	:	:	:	:	:	:

Source: Eurostat (online data code: sbs_sc_1b_se_r2)

Tab. 9 Value added by enterprise size class, NACE division J 63, EU – 27, 2010

Source: Eurostat, 2015

	Total	SMEs	Micro	Small	Medium-sized	Large
	(EUR million)	(% of total)				
EU-27	:	:	:	:	:	:
Belgium	265	:	:	15.9	31.5	:
Bulgaria	68	60.6	16.4	21.1	23.0	39.4
Czech Republic	442	45.0	14.9	13.4	16.7	55.0
Denmark	330	:	25.8	:	31.6	:
Germany	4 437	71.8	21.0	17.0	33.9	28.2
Estonia	20	100.0	32.8	:	:	0.0
Ireland	:	:	:	:	:	:
Greece	:	:	:	:	:	:
Spain	1 005	75.0	14.1	21.5	39.3	25.0
France	3 308	63.8	18.4	19.6	25.8	36.2
Italy	4 915	81.2	40.9	21.1	19.3	18.8
Cyprus	17	100.0	:	:	77.7	0.0
Latvia	38	100.0	23.6	29.8	46.6	0.0
Lithuania	29	100.0	13.0	30.3	56.7	0.0
Luxembourg	:	:	:	:	:	:
Hungary	210	88.0	34.2	22.5	31.3	12.0
Malta	:	:	:	:	:	:
Netherlands	644	:	38.9	:	24.1	:
Austria	1 059	56.5	19.5	14.1	23.0	43.5
Poland	526	57.9	15.9	13.9	28.2	42.1
Portugal	168	:	13.5	15.2	:	:
Romania	95	:	25.5	:	:	:
Slovenia	49	100.0	21.0	:	:	0.0
Slovakia	219	63.1	16.0	:	:	36.9
Finland	270	:	12.3	:	:	:
Sweden	482	:	:	:	:	:
United Kingdom	7 641	29.2	10.9	7.7	10.5	70.8
Norway	440	100.0	17.8	43.4	38.8	0.0
Switzerland	:	:	:	:	:	:
Croatia	:	:	:	:	:	:

Source: Eurostat (online data code: sbs_sc_1b_se_r2)

Thanks to the statistics above, the importance of the small and medium – sized enterprises in the field of IT and computer technologies was affirmed and the concrete numbers (employment and value added) connected with Slovak and Czech Republic have brought closer the situation in this branch of business.
There are used the data from the year 2010, which are the last available.

6 Questionnaire survey evaluation

The questionnaire survey was based on the collecting of the primary data from the chosen sample of companies (section J62 and J63 according to NACE classification).

The questionnaire was created for two groups of small and medium – sized enterprises (see Annex I and ANNEX II). One of them was sending to the companies from Slovakia, the second one to the firms from Czech Republic, to make it able to compare these two countries. The questions were the same for both groups and the amount of questions is 20 – closed and open type of questions.

The questionnaires were sending to the respondents via emails and they were created in the Google.docs system, system created for purposes of surveys. For the analysis of the primary data, Microsoft Office Excel was used.

There were forms posted to the 544 Slovak small and medium – sized enterprises and 2 253 Czech SMEs (see 5.4 Chosen sample for questionnaire survey).
There were obtained 91 filled questionnaires from Slovak SMEs and 228 from Czech SMEs, so it represents the returned ratio almost 17 % from Slovakia and from Czech Republic it represents 10 %. Some of the respondents have answered and have described their situation and position in the area of EU support for them through emails and are not included in above mentioned numbers.

Mainly the primary data were collected to find out how many SMEs have been participating in the European Union support programs within the period 2007 – 2013 and 2014 – 2020, how many companies were successful and how many not within the effort to participate in the programs, reasons, why there are many firms not interested in the EU support for SMEs, what are the main barriers both from EU and companies side, which steps from the European Union side would be the most appreciated and also portion on public contracts. The detailed evaluation of the concrete questions is seen below.

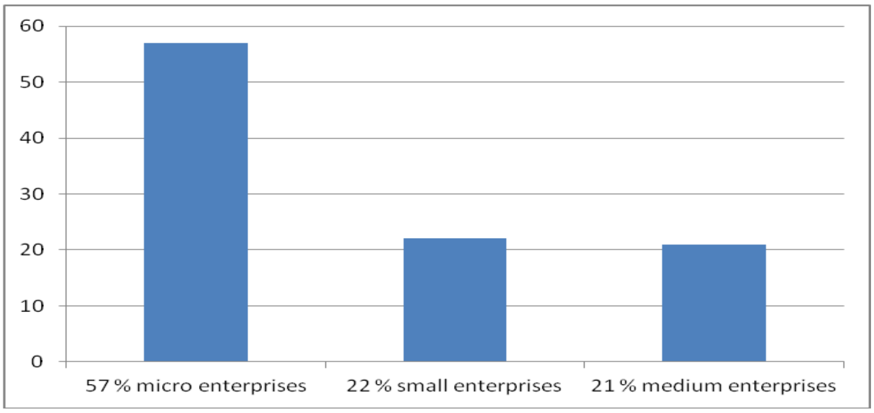
6.1 Division of respondents

Respondents are divided according to the size of enterprises and also according to the region.
In the questionnaire, there were three types of groups according to the size: micro enterprises (less than 10 employees, turnover does not exceed 2 million euro), small enterprises (less than 50 employees, turnover does not exceed 10 million euro) and medium - sized enterprises (less than 250 employees, turnover does not exceed 50 million euro).

In Slovakia, the biggest part of the enterprises, which have fulfilled the questionnaires were micro enterprises with the amount of 52 companies and it represents 57 %, the second place take small enterprises (20 companies) with 22 % and medium – sized enterprises have the third position (19 companies) with 21 % (see figure 28).

Fig. 28 Division of respondents according to size, Slovakia

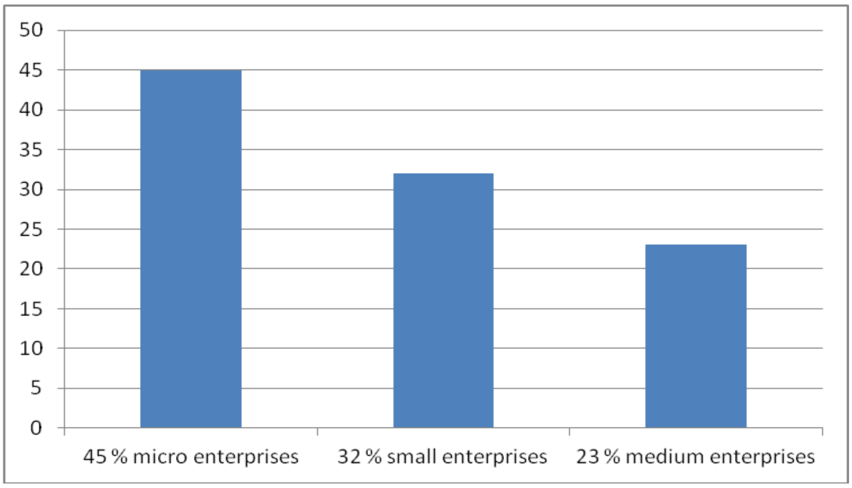
Source: own elaboration



The following figure (29) is connected to the division of respondents based on the size in Czech Republic. There is seen no difference in the terms that micro enterprises are on the first position also in this country. Micro enterprises (102) represent 45 % of fulfilled questionnaires, small enterprises (73) are connected with the amount of 32 % and the third place belongs to the medium – sized enterprises (53) with 23 %.

Fig. 29 Division of respondents according to size, Czech Republic

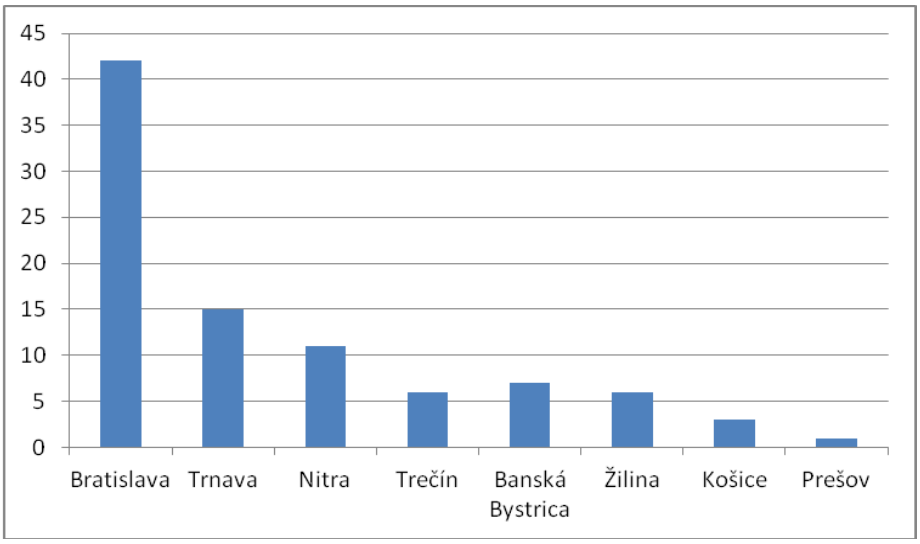
Source: own elaboration



Based on the questionnaire survey, it is possible to make a division of respondents according to the region.
In Slovak Republic, there exist 8 regions: Bratislava with the highest number of companies (42) fulfilled the questionnaires, Trnava with 15 questionnaires, Nitra with the number of 11 companies, then Trenčín (6), Banská Bystrica (7), Žilina (6), Košice with 3 questionnaires and Prešov with the number 1. This statistics also show that the highest amount of companies acting in the field of computer technologies and IT are situated in the capital city.

Fig. 30 Division of respondents according to region, Slovakia

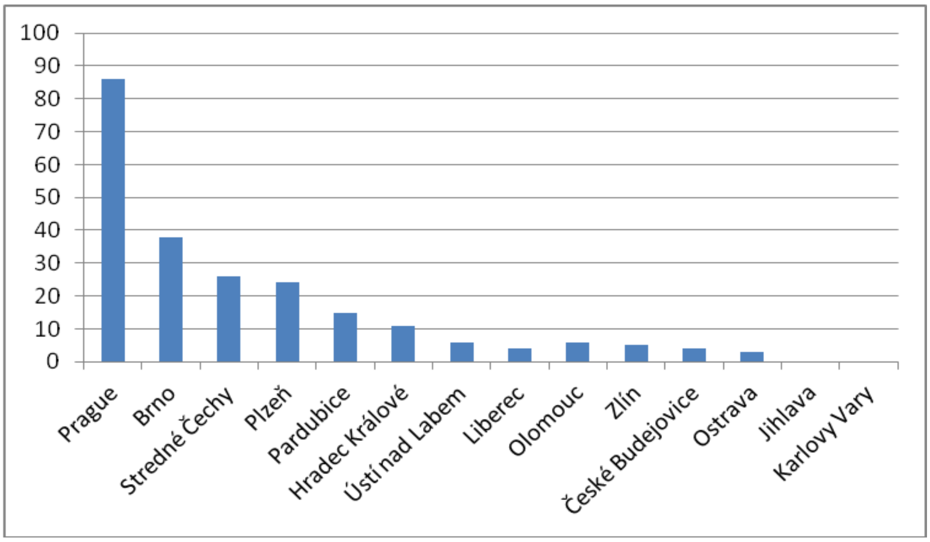
Source: own elaboration



In Czech Republic the situation remains the same in terms of the evidence that the most fullfilled questionnaires were obtained from the enterprises from capital city Prague (86), the second place takes Brno (38), third postion belongs to the region Stredné Čechy (26), then Pardubice (15) and Hradec Králové (11), Ústí nad Labem (6) and also Olomouc (6), Zlín (5), Liberec and České Budejovice with 4 questionnaires, Ostrava (3) and there were obtained zero questionnaires from the companies belonging to the region Karlovy Vary and Jihlava.

Fig. 31 Division of respondents according to region, Czech Republic

Source: own elaboration



6.2 Programming period 2014 – 2020

In the questionnaire survey, there were asked 4 questions connected to the instant programming period 2014 – 2020.

The goal of these questions was to find out how many of the asked SMEs are participating in the EU support programs in these times, how many companies are in the process of preparation or effort to participate and how many of the firms have already asked for the support and if they were successful or not. The respondents have had the opportunity to choose the concrete program, which is engaged with their acting.

In the following graphs, there are seen the reactions for the questions carrying about how many of respondents are engaged to the EU support programs within this programming period and concrete programs are shown here.

In the case of Slovak small and medium – sized enterprises, only 11 % of asked companies have answered that they are participating in some of the EU support program and 89 % have chosen the answer No.

In Czech SMEs the situation is very similar. As is seen below, only 12 % are the firms engaged to the EU support tools, 88 % not.

Fig. 32 SMEs participating in EU support programs 2014 – 2020, Slovakia

Source: own elaboration

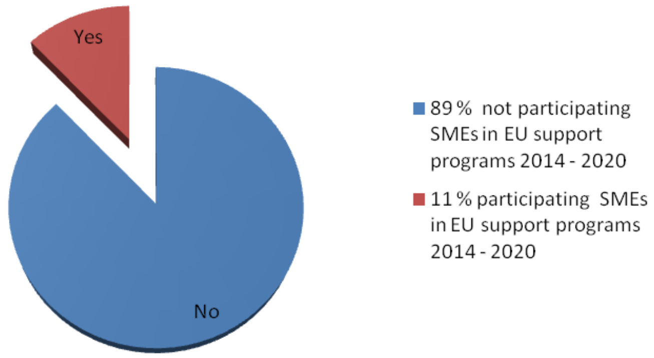
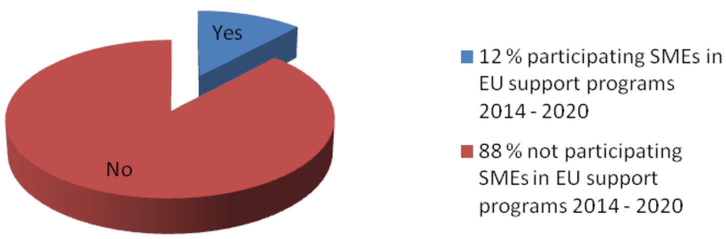


Fig. 33 SMEs participating in EU support programs 2014 – 2020, Czech Republic

Source: own elaboration



The next figures (34 and 35) inform us about the concrete European Union support programs, into which Slovak and Czech SMEs are closed within this programming period. As is shown there, participation is distributed between the HORIZON 2020 (36 %), Erasmus for Young Entrepreneurs program (45 %) and other programs (19 %) which the respondents did not specificate in case of Slovak SMEs.

Czech SMEs are involved mainly in EUROSTARS program with 56 %, then HORIZON 2020 and other programs have similarly 22 %. In case of the opportunity Others, one respondent specified the program – it is about the program Epsilon.

Fig. 34 SMEs participation in concrete EU support programs 2014 – 2020, Slovakia

Source: own elaboration

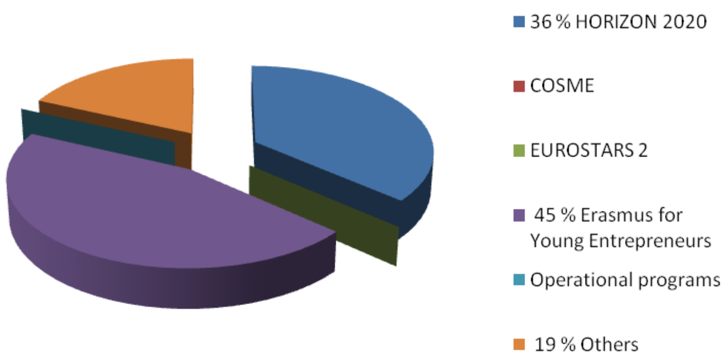
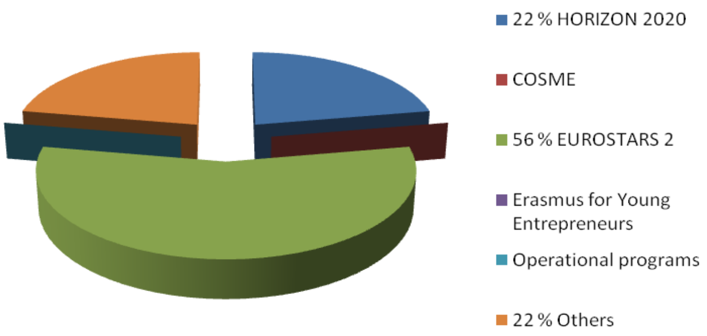


Fig. 35 SMEs participation in concrete EU support programs 2014 – 2020, Czech Republic

Source: own elaboration



Another two questions were devoted to the objective to determine the information, how many of the SMEs are in the process of preparation or effort to be included in some of the EU support programs and about which of the offered alternatives it is.

From the 91 Slovak SMEs only 17 % is in the process of preparation and 83 % is not interested. In the area of Czech SMEs there is seen no difference. Only 10 % of the companies expend the energy to be included in these programs and 90 % of the firms are on the other side of the river (figure 36 and 37).

Fig. 36 SMEs in process of preparation to be included in EU support 2014 – 2020, Slovakia

Source: own elaboration

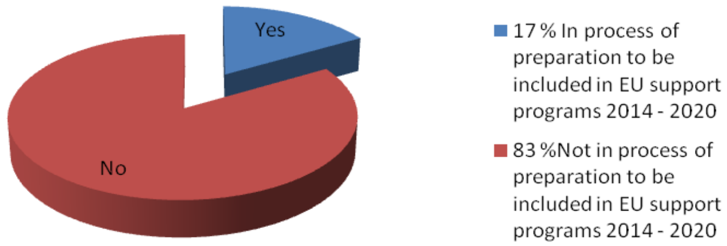
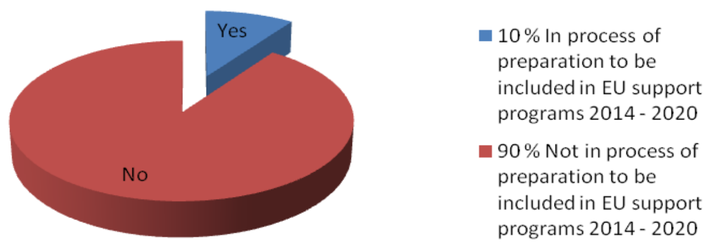


Fig. 37 SMEs in process of preparation to be included in EU support 2014 – 2020, Czech Republic

Source: own elaboration



When we look concretely on the programs (figure 38 and 39), the highest interest is in the case of the EUROSTARS 2 program (47 %) and HORIZON 2020 (40 %) of the Slovak entrepreneurs. Operational programs and the alternative Others (program MEDIA) both represent 6, 5 %.

In the environment of Czech companies, answers are similar. The four alternatives were chosen by the respondents, i.e. HORIZON 2020 with 18 % and the same percentage also for EUROSTARS 2 program. The highest interest is for Operational programs with 36 % and Others with 28 % (answer not more closer specified).

Fig. 38 SMEs effort to participate in concrete EU support programs 2014 – 2020, Slovakia

Source: own elaboration

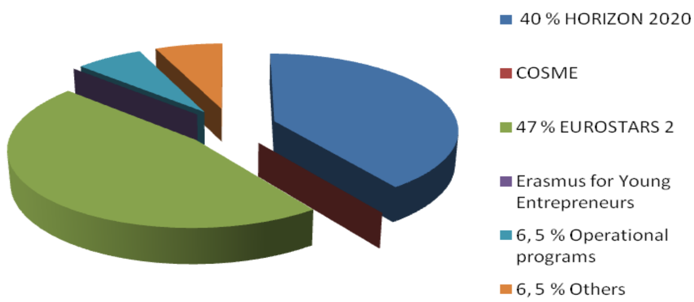
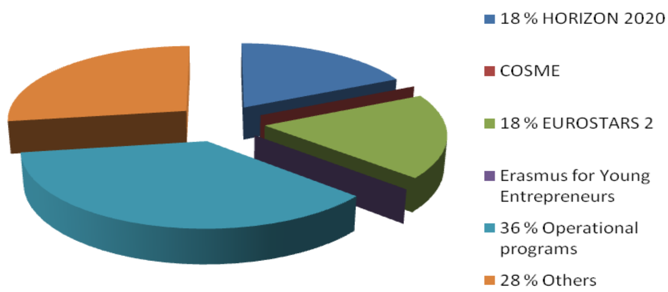


Fig. 39 SMEs effort to participate in concrete EU support programs 2014 – 2020, Czech Republic

Source: own elaboration



Another data, which wanted to be obtained is connected with the information how many of the companies already tried to be engaged to the EU support programs in the past within this programming period, how many were successful, how many not and in which programs the firms were interested.

In the area of the Slovak small and medium – sized enterprises, from 91 companies, 19 (21 %) SMEs already tried to be engaged to the European Union support tools and as is seen below, only eleven (58 %) from these 19 companies were successful and are part of some support program and 8 (42 %) were not successful within their effort. Concrete programs are to be seen in mentioned figure 34 (successful). Not successful companies were interested mainly in HORIZON 2020 (all 8 companies).

Fig. 40 SMEs which already tried to be included in EU support programs 2014 – 2020, Slovakia

Source: own elaboration

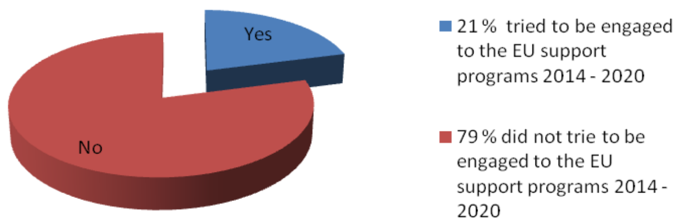
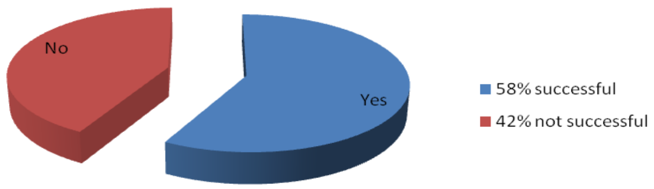


Fig. 41 SMEs and rate of success in EU support programs 2014 – 2020, Slovakia

Source: own elaboration



From the view of Czech SMEs, from 228 respondents, 49 asked companies tried to be included in some of the EU support program and only 27 firms were successful and other 22 companies were not. Detailed participation within each program can be seen in figure 35 above (successful). In case of unsuccessful firms, the interest was devoted to HORIZON 2020 (8 companies), EUROSTARS 2 (4 companies), Operational programs (6) and Others (4 - Epsilon).

Fig. 42 SMEs which already tried to be included in EU support programs 2014 – 2020, Czech Republic

Source: own elaboration

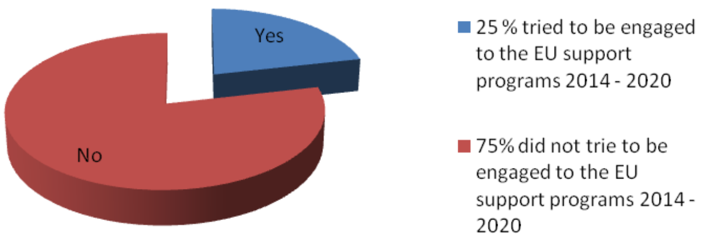
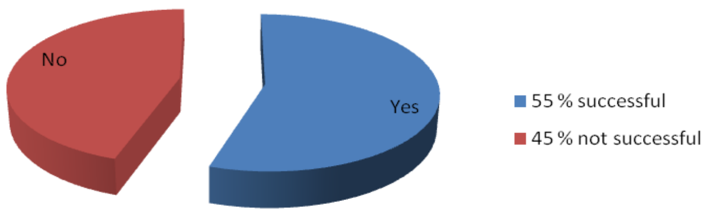


Fig. 43 SMEs and rate of success in EU support programs 2014 – 2020, Czech Republic

Source: own elaboration



To conclude the programming period 2014 – 2020, Slovak and Czech SMEs are not interested in the European Union support, in many of the programs they do not participate and from the chosen sample, the rates connected to each questions are low and can be sensed in a negative way – small and medium – sized enterprises do not utilize the support from EU and they not not make an effort to change it and if yes, they are not very successful despite the fact, that the rate of successful companies is higher that in case of unsuccessful (rates of success are still very low). Situation between Slovakia and Czech Republic seems to be very similar from this point of view.

6.3 Programming period 2007 – 2013

Another part of the questionnaire research deals with the information about the programming period 2007 – 2013.

The objective of another three questions was to find out the rate of participation of Slovak and Czech SMEs in the EU support programs within this period; the rate of success and concrete programs are able to seen in the figures below.

From all 91 asked Slovak respondents, 25 (27 %) respondents tried to be involved in EU programs within period 2007 – 2013 and 13 (52 %) of them were successful. From the EU programs point of view, Slovak SMEs were interested in all offered EU programs – CIP, FP7, EUROSTARS program, Operational programs and Others (program MEDIA, not all the respondents have specified the programs). Percentage distribution is shown in following figures. It has to be mentioned that there is done no difference between programs, in which companies were or were not successful, so it means that in figure 46, there are shown the rates according to all 25 respondents.

Fig. 44 SMEs which already tried to be included in EU support programs 2007 – 2013, Slovakia

Source: own elaboration

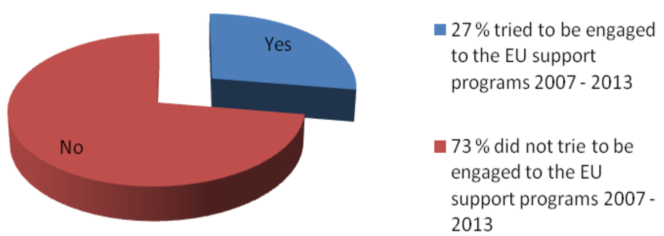


Fig. 45 SMEs and rate of success in EU support programs 2007 – 2013, Slovakia

Source: own elaboration

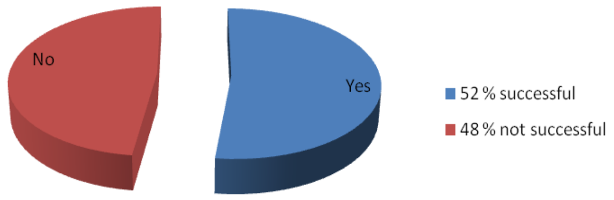
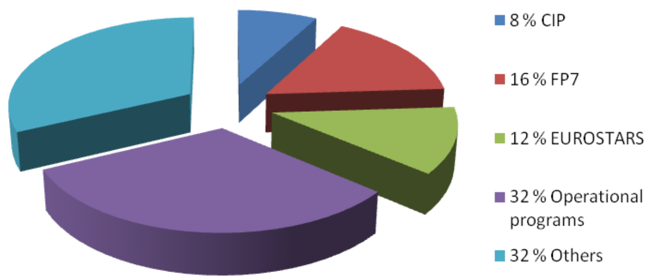


Fig. 46 SMEs participation / effort to be included in concrete EU support programs 2007 – 2013, Slovakia

Source: own elaboration



From the Czech SMEs, there was gained following information: within the programming period 2007 – 2013, from all 228 received questionnaires, 39 (17 %) respondents positively answered the question about the participation in EU support programs. From these 39 companies, 26 were successful and 13 were not successful in this field. Same as in Slovakia, SMEs demonstrated their interest in all of the offered alternatives of EU support programs. In case of alterantive Others, program Epsilon was mentioned again (see following figures 47, 48 and 49). Again there has to be mentioned no difference done between the programs – so it does not matter if the firms were effectual or not, rates in figure 49 are related to all 39 companies.

Fig. 47 SMEs which already tried to be included in EU support programs 2007 – 2013, Czech Republic

Source: own elaboration

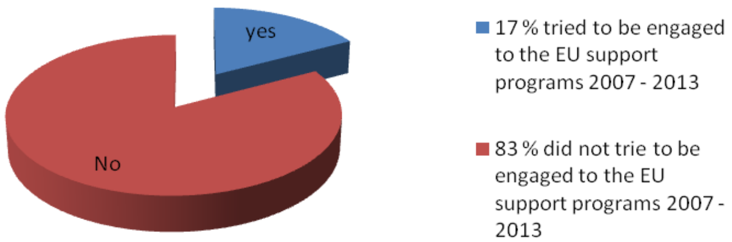


Fig. 48 SMEs and rate of success in EU support programs 2007 – 2013, Czech Republic

Source: own elaboration

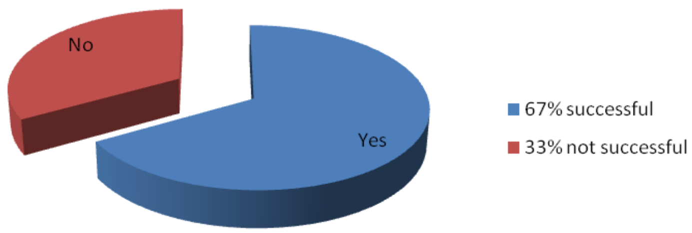
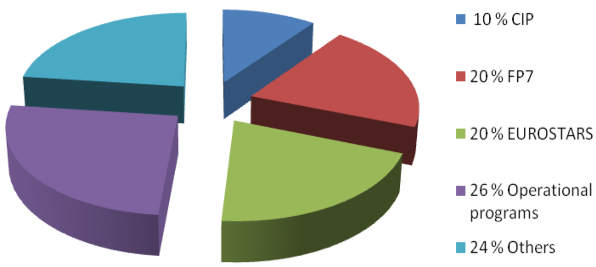


Fig. 49 SMEs participation / effort to be included in concrete EU support programs 2007 – 2013, Czech republic

Source: own elaboration



When we summarize the situation within the programming period 2007 – 2013 and Slovak and Czech SMEs, it can be said, that the obtained numbers are very low (in the view of number of companies which tried to be included in the EU support programs). As successful situation can be described the fact that in both Slovak and Czech SMEs, from companies which made an effort to be a part od European Union support programs, there were more successful companies than these, which were not. Within the comparison of both states, according to the amount of respondents, Slovak SMEs seem to be more active in this area.

6.4 Reasons of failure and no interest

In the questionnaire survey, another two open questions were dedicated to the goal to get the information from the enterprises about the reasons of their bad luck (if they had applied for the EU support) and the companies also had the space to explain, why they are not included in any of the European Union support programs.

As was already written, these two questions were open a many of the entrepreneurs have taken an advantage to give an opinion to this issue.

According to the first of two questions carrying about the nonsuccess, the following ideas were written in the questionnaires:

- Entrepreneur, Slovakia: "*The reason of our failure was too complicated disposal which our company did not cope*."
- Entrepreneur, Slovakia: "*Our proposal was not chosen*."
- Entrepreneur, Slovakia: "*We were unable to meet the requirements for entry into the program."*
- Entrepreneur, Czech Republic: "*Totally out of all proportion to the burden of red tape, for small business unbearable."*

- Entrepreneur, Czech Republic: "*Our project was not approved*."
- Entrepreneur, Czech Republic: "*We did not get all the information, our company has moved on the last round, which had no public criteria, our application was rejected."*

From the answers obtained thanks to the questionnaire survey, the most frequent opinions are seen above. The entrepreneurs, both from Slovakia and Czech Republic, generally do not have very positive experiences with the EU support application processes. However, it has to be mentioned too that there are seen also the problems from the companies´ side, e.g. in situation when they were not able to meet the EU requirements for the specific program.
The next thoughts are connected to the second question which is interested in the issue, why the small and medium – sized enterprises are not involved in any of the EU support program, why they are not concerned in this area, what are the main reasons:

- Entrepreneur, Slovakia: "*I have no chance to get support with regard to the size of the company. Funds are united with politicians who want some % as reward for mediation. In my application, it was not about huge amount of Money and this was uninteresting for them."*
- Entrepreneur, Slovakia: "*I consider it as a distortion of the market, the room for corruption and a huge bureaucracy*."
- Entrepreneur, Slovakia: "*Our company is small with local field of action, we are not interested in suchlike activities*."
- Entrepreneur, Czech Republic: "*EU programs spoiling the market environment and teaching people the wrong habits in the business. There are also absolutely unprecedented thefts of EU money*."
- Entrepreneur, Czech Republic: "*The EU is, in my opinion, absolutely ineffective administrative uselessness, which complicates life for people and businesses."*
- Entrepreneur, Czech Republic: "*Very complicated bureaucracy around the management of the project, which we couldn't do yourself. The high cost of business, which would be capable to take care of the agenda and management of the project to carry out instead of us. Many of the limitations in the life of the company."*
- Entrepreneur, Czech Republic: "*Too much bureaucracy, complicated requirements."*

From the previous opinions it is seen that the entrepreneurs are skeptical about the European Union support tools and about the acting of the European Union as whole, does not matter if it is about the Slovak and Czech company. The main reasons, which stand against the firms, are, in their opinions, bureaucracy, corruption, high requirements and also simply the reason that the firms try to work on their own and are not interested in any support.

It has to stated that there are published the opinions, which generally describe the attitude of the companies to this issue. Not all the answers are made public because of the high amount of reactions.

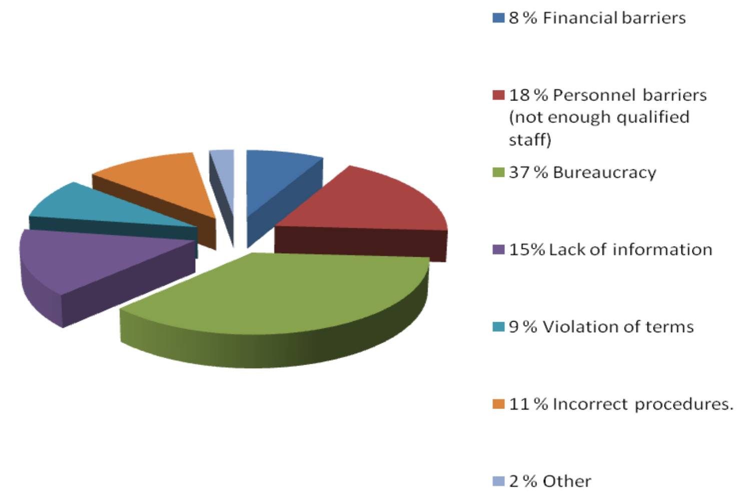
6.5 Barriers from EU and SMEs position

This subchapter which deals with the information about the most frequent barriers within the process of project preparation, effort to be included in any of the European Union support programs from the EU position and SME position. The opinions of the entrepreneurs from the subchapter 6.4 are affirmed here.

The figure 50 represents the answers of the Slovak asked companies about the most important barriers from their side. As is seen below, as the most important barriers, which come from the companies is bureaucracy (37 %), high percentage is also in the case of personnel barriers (not enough qualified staff, 18 %), lack of information about the processes (15 %) of which passes also the incorrect procedures (11 %). Financial barriers (8 %) represent the costingness of the processes which the companies cannot handle; other alternatives were not specified by the respondents. Violation of terms takes 9 %.

Fig. 50 Barriers from SMEs position, Slovakia

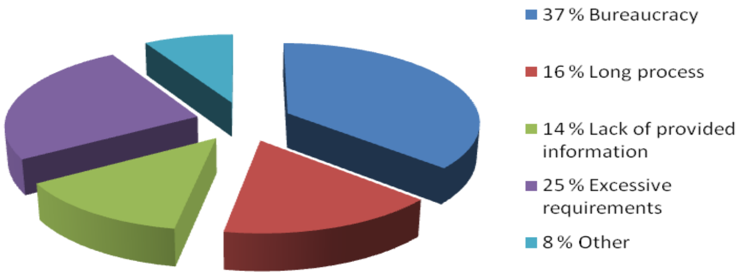
Source: own elaboration



Slovak respondents have also answered the question about the barriers which the European Union brings to the proceedings connected to the EU support programs. The first place takes again bureacracy with 37 % and excessive requirements disposes also with high rate of 25 %. Long process (16 %) and lack of provided information (14 %) are also included into the group of the most barriers from the EU position which dissuade the Slovak small and medium – sized enterprises from the application proceedings within the EU support programs for them.

Fig. 51 Barriers from EU position, Slovakia

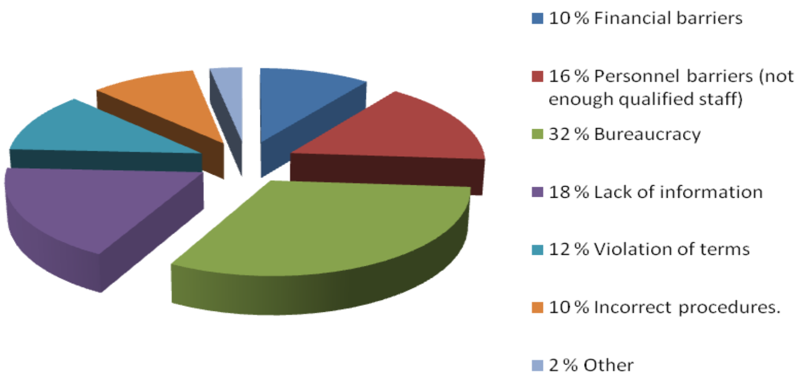
Source: own elaboration



Within the Czech small and medium – sized enterprises is the situation according to this issue very similar. As is shown in the figure 52, the problem with bureaucracy takes again the first place with 32 %, the second place achieves lack of information with 18 % and 16 % belongs to the problem with not enough qualified staff within the company. Violation of terms is connected to the percentage of amount 12 %, financial barriers and incorrect procedures have both 10 %. It can be said that the companies in Czech Republic meet the same barriers in internal space of the businesses as within Slovak SMEs.

Fig. 52 Barriers from SMEs position, Czech Republic

Source: own elaboration

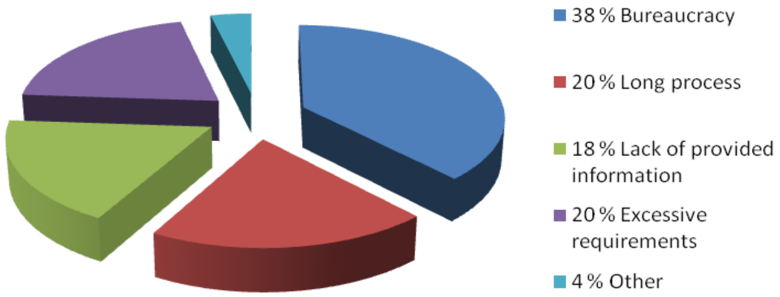


The situation seems to be the same also within the issue of barriers coming from the European Union side. Bureaucracy is the most important barrier with 38 % from this point of view, long procces and excessive requirements have 20 %, lack of provided information takes the third place with 18 %.

Both in cases of Slovak and Czech SMEs, respondents did not specify the alternative Other and this alternative has achieved the lowest percentage.

Fig. 53 Barriers from EU position, Czech Republic

Source: own elaboration



6.6 Effectiveness of the European Union support tools for SMEs

To find out the information if the European Union support tools are effective for the Slovak and Czech small and medium – sized enterprises, there was asked one simple question.

From the 91 obtained fulfilled questionnaires from Slovak SMEs, 62 % of the respondents' stated negative answer about the effectiveness of EU support tools for Slovak SMEs, 38 % of the answers was positive.

Fig. 54 Effectiveness of the EU support tools, Slovakia

Source: own elaboration

From the Czech respondents the answers are similar, 60 % are negative and 40 % are positive answers.

Fig. 55 Effectiveness of the EU support tools, Czech Republic

Source: own elaboration

Despite the fact that the negative answers prevail, we can observe also the numbers of entrepreneurs which consider EU support tools, programs for SMEs effective, so that is the possitive impuls that affirms that the EU support is on a right way, but should be improved.

Some of the steps which would be appreciated from the entrepreneurs are states below:

- Entrepreneur, Slovakia: "*Change processes for the allocation of funds, blow the state and public administration from the process due to the inability and red tape, better target, simplification and not to destroy the market*."
- Entrepreneur, Slovakia: "*Trade the process of funds electronically like in MEDIA. The biggest problems like corruption, bureaucracy and dispensation of the funds through personnel contacts would be excised*."
- Entrepreneur, Slovakia: "*Simplification of the processes, generalize the resources also for smaller firms."*
- Entrepreneur, Czech Republic: "*Courses of how to do it, applications in reality."*
- Entrepreneur, Czech Republic: "*It should be primarily to improve the functioning of the ministries on the Czech side. How is it possible that up to 1 year after the start of the new programming period, we want the EU to approve its settings and parameters?"*
- Entrepreneur, Czech Republic: "*Unified forms for the award of requests, tenders - clearly and in a timely manner defined the criteria valid for the period 2014-2020, simple and clear rules, the existence of the advisory committee, which would clearly explain to the applicant what is correct and what is not correct (from the submission of the application through the implementation until the period of monitoring of the sustainability of the project."*
- Entrepreneur, Czech Republic: "*Abolish the European Union."*

According to the above written opinions from the Slovak and Czech entrepreneurs, on the one hand, there are many of them who provide some suggestions for the European Union side or within the whole proceeding in the area of EU support tools. This seems to be a positive factor, when there would be a space for discussion and recommendations from both sides. On the other hand, many entrepreneurs negative attitude to the EU as whole (see the last opinion of Czech entrepreneur).

6.7 Public contracts

To the area of public contracts, there were devoted two simple questions about how many public contracts does the firm realize annually and which group of the public contracts it is about. It has to be stated that the field of public contracts is not the supporting theme of this diploma thesis. That is the reason, why the questions are comprehensive and thanks to the answers of the respondents only main information is determined.

From the Slovak obtained questionnaires, more than half (51 %) of the SMEs do not realize any public contract annually, the highest amount of contracts is from 1 to 5 public contracts annually (27 %), there are realized 13 % public procurements in amount from 6 to 10, only 9 % is connected with the number more the eleven.

As is seen in the figure 57, from realized public contracts, the most are minor (53 %), in case of above – limit and sub – limit contracts the rates are 36 % and 11 %.

Fig. 56 Amount of public contracts annually, Slovakia

Source: own elaboration

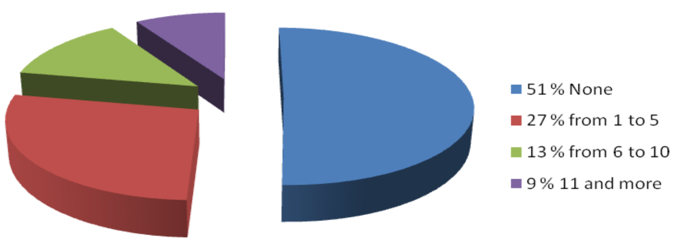
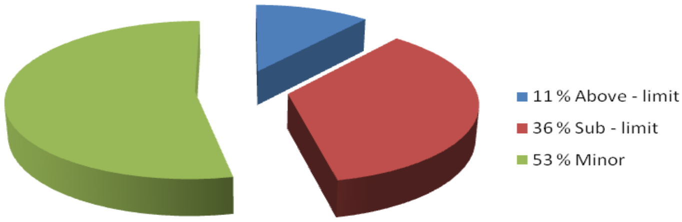


Fig. 57 Division of realized public contracts, Slovakia

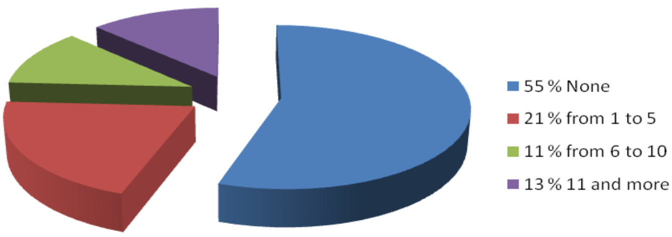
Source: own elaboration



In case of Czech small and medium – sized enterprises, the situation is following. Czech SMEs do not realize any public contracts in amount of 55 % of asked respondents, 21 % is in the numbers from 1 to 5, in case of 6 to 10 and eleven and more public contracts annually, the rates are similar, i.e. 11 % and 13 %.

Fig. 58 Amount of public contracts annually, Czech Republic

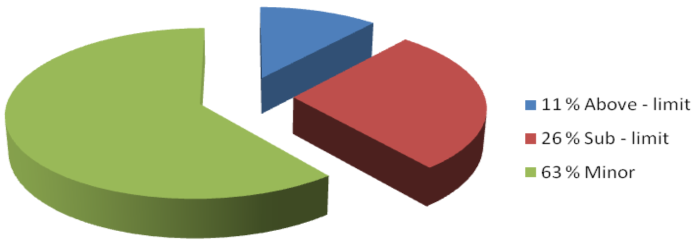
Source: own elaboration



The figure 59 inform us that from all the realized public contracts, the highest rate belongs to the minor contracts with 63 %, the second place take sub – limit contracts with 26 % and above – limit public contracts are at least realized with 11 %.

Fig. 59 Division of realized public contracts, Czech Republic

Source: own elaboration



As was already mentioned, some of the respondents (6 from Slovakia and 11 from Czech Republic) have described their situation in the field of European Union support tools via emails (they are not included in 91 obtained questionnaires from Slovakia and 228 from Czech SMEs). To summarize the answers, most of them have written that their companies are too small to apply for the support, they are not interested in this type of support or they do not consider the processes connected to the EU support programs as effective (bureaucracy, corruption), so they do not make any effort to be included there.

The full text of the questionnaire is available in the Annexes in the end of the diploma thesis.

7 Comparison of states

One of the objectives of this diploma thesis is to make a comparison of the situation within the European Union support tools for small and medium – sized enterprises in Czech Republic and Slovakia.

This comparison is divided into two parts. First part is devoted to the general statistics (chapter 5), which has offered an overview about the participation of Slovak and Czech SMEs in the most important support programs for them.

The second part of the comparison is based on the questionnaire survey evaluation (chapter 6), obtained data from the questionnaires from the chosen sample of Slovak and Czech SMEs.

7.1 Comparison based on general statistics

From the general statistics, there can be made a conclusion that the situation is in the field of Czech and Slovak small and medium – sized enterprises similar in general view, numbers connected with the proposals, successful participation are in most of the programs very close (one of the reasons can be similar historical, geographical and economical conditions of the states).

However, in some way, Slovak SMEs are more active (see statistics about FP7, Erasmus for Young Entrepreneurs or HORIZON 2020 – registrations and numbers of proposals).

To conclude, the activity of Slovak and Czech SMEs is on the low level (these countries are mostly in the groups with the lowest numbers), when we compare it with the other member states of the European Union. This can be based on some psychological background – as was seen in the questionnaire research evaluation, the entrepreneurs are very skeptic about the European Union support programs for them (corruption, bureaucracy, high costs) and it does not matter if it is about the chosen sample of SMEs for the thesis or SMEs generally – this reason can be valid for all.

7.2 Comparison based on questionnaire survey

The questionnaire research evaluation has affirmed the foregoing statements that the situation in the environment of the small and medium – sized enterprises in Czech and Slovak Republic seems to be much resembled.

Despite the fact that for the survey there was chosen a concrete group of enterprises (IT, computer technologies field), conclusion is the same. Slovak and Czech SMEs are not very interested in the EU support programs for SMEs. There were seen the low numbers for the SMEs participating in the programs or for SMEs with interest to be included there and also in the situation when the SMEs have made an effort, many of them were not successful (despite the fact that the rates of success were higher). The numbers and rates are very close for both Slovakia and Czech Republic in the view of participation, success (both in the programming period 2014 – 2020 and 2007 – 2013). There are seen only some differences according to the concrete chosen support programs by SMEs. SMEs within the both states see the biggest problems connected with EU support in bureaucracy and corruption, as was already mentioned several times before.

The answers of the Slovak and Czech respondents are conformable also in the area of public contracts.

8 Recommendations

This chapter provides the general recommendations for the small and medium – sized enterprises, which are not successful within the process of European Union support programs, how to avoid the mistakes, how to use the support tools effectively.

1. **Be interested in the EU support programs for SMEs** – European Union provides support programs for small and medium – sized enterprises, which have a big potential and should be used. Each enterprise should be interested in these tools to make its business more competitive within the state and also the European Union and the world economy as whole. Despite the negative experiences of many companies, there still exist many of the firms with positive expertise and Slovak and Czech SMEs should take an example from them (within each state or across the borders). In the era of internet communication, there should be no problem to contact successful companies. When there is an opportunity to be better, this opportunity should be taken as an advantage.

2. **Hunt for the information about the best support program for your business** - according to the questionnaire survey, many of the respondents were connected with the problem of lack of information (both from company or EU position). If there is made a resolution to be included in the EU support programs, firstly a company should think about the best possibility for its business from all offered support tools. It is not a good way to be interested in all the opportunities, do everything at once and nothing with all the skills. Connection with other firms, which were successful or are in the same position, as was written above, is a right way how to be effectual. Contact all the authorities and experts who are engaged in the processes.

3. **Create the team responsible for the process connected with the programs** – the team which would be responsible for the whole process from the first sign until the end of the project is one of the most important thing. The team should be formed from the persons, whose working time would be almost fully dedicated to the processes connected with the EU support, responsible people, skilled in administration, languages and communication to avoid the mistakes. Naturally, it is connected with some costs. However, positively said, if the project, proposal or participation would be successful, the costs will be lower than the profit from this success.

4. **Use the support effectively, take an opportunity to be in the program as an advantage** – in the case of successful participation within the EU

support programs, continue in a right way, use the support effectively, use all the opportunities which the program offers, take the best from the participation, take care about the whole procedure.

5. **If you are a small firm, cooperate with other company** – it is true that the participation of the small firms in the EU programs is very difficult because of the too high costs. One of the possibilities, how to make also the small firms more competitive is the cooperation with the other, bigger companies, to make a common project. The costs would be divided between the firms and the rate of possible success would be higher.

6. **Make proposals for authorities** – from the reactions from the questionnaire survey (opened questions), many of the entrepreneurs have outlined some proposals or ideas how to make EU support tools and programs for SMEs more effective. The proposals, experiences should not remain only in the oral plane, on the contrary, they should be officially published. Communication between the firms and authorities is the cornerstone of the success.

Generally, the procedures connected to the EU support programs are not very simple; the entrepreneurs have to insert a lot of energy to be successful. Nevertheless the possibilities of support from EU should be embraced.
Above mentioned recommendations are determined from the general point of view for all the Czech and Slovak SMEs. Each company has its own difficulties, opportunities and performance, but these suggestions can be valid for all of them.

9 Discussion

To achieve the objectives of the diploma thesis, there was a need to look through many sources, which are connected to the issue of the small and medium – sized enterprises and European Union support tools for them. Firstly, there was done a literary overview to provide general information about the position of EU and SMEs (Czech and Slovak) in this sphere and to make the diploma thesis more understandable for the readers.

General statistics were based mainly on the official websites from the European Union authorities (European Commission, reports), official websites of each concrete program or programming period and other statistical sources like Eurostat – in general, collecting of secondary data. These resources made it able to do general statistics about the SMEs and their acting in this area; in some cases there were found data concretely linked to the Czech and Slovak SMEs, in other there were available only general information. Within the COSME program, no data engaged to the activity of SMEs were published.

In other part of the thesis, it was needed to make a questionnaire survey to acquire another defined goal. The questionnaire forms were sent to the small and medium – sized enterprises in Czech Republic and Slovakia, server Google.docs was used. Chosen sample of SMEs was chosen according to NACE classification (section J62 and J63), questionnaires were sent to the SMEs acting in the area of IT, computer technologies. For searching of SMEs, database AMADEUS was used (searching criteria are described in chapter 5.4). The idea to choose mentioned sample was based on the fact that companies acting in this field are successful, have big potential, but still need to be supported to be more competitive within the EU area.

The respondents for the research were divided to groups – Czech and Slovak SMEs, division based on size (micro, small and medium – sized enterprises) and region. There were sent 2 253 forms to Czech companies and 544 to Slovak companies. The return ratio from Czech SMEs was 10 % and from Slovak SMEs it was 17 %. The return ratio can be perceived as successful. Some of the firms did not fulfilled the questionnaire (are not covered in the return ratios), but they have answered by emails. It has to be stated that some of the sent questionnaires were not sent successfully. It can be based on the fact that some contact information was not valid, actual.

As was seen in the questionnaire survey evaluation, many of the respondents were very skeptic about the EU support tools, programs, functioning of EU as whole, did not have very good experiences - the opinions can be described still as subjective (opened questions). Otherwise the answers connected to the close questions can be considered as objective data.

On the one hand, the European Union has made many successful steps according to the small and medium – sized enterprises (Small Business Act for Europe, community programs, possibility of public procurements, etc.). On the other hand, concretely Czech and Slovak SMEs, they are not so interested to use these opportunities. There is a time for question, if this fact is based only on ineffective procedures from the European Union side or the Slovak and Czech SMEs are not so active and do not effort so much as they should or have other difficulties (high costs, employees etc.). Another problem is connected with the never-ending bureaucracy from the EU site, which can be described as the biggest barrier within these procedures. These barriers should be minimized from both sides.

The difference between the Czech and Slovak SMEs is minimal. It is true that in some cases, performance of Slovak SMEs is on a higher level in the view of their activity. However, the observed numbers connected to the Slovak and Czech SMEs are very low in comparison with other countries in the area of European Union.

The programming period 2014 – 2020 is running and as was already written, it is a challenge for the European Union, but also for the Slovak and Czech businesses – to improve the conditions and procedures and to be able to utilize the offered opportunity to be more competitive and prosperous.

10 Conclusion

Small and medium – sized enterprises have an important position in the European Union member states economy. Czech Republic and Slovakia are not departures from the rule. SMEs take a huge portion of all the companies within the European Union – 99, 8 %; in Slovakia and Czech Republic the rates are very similar, for both countries it is the value of 99, 9 %. From these numbers it is visible that the importance of the SMEs within each country or EU is on a high level. This is one of the reasons, why the European Union authorities offer many of the support tools and programs for SMEs. This should work in an effective way to help the companies and small and medium – sized enterprises should actively participate within these opportunities.

The objective of the thesis was to analyze the situation of Czech and Slovak SMEs as significant players in the economy of 21.century, describe the impact of the European Union support tools on Czech and Slovak SMEs. For the achievement of this goal, there were done general statistics connected to the acting of Czech and Slovak SMEs within the EU support tools and questionnaire survey.

Based on the above mentioned analysis, statistics and questionnaire research, the following information about the relationship of Slovak and Czech SMEs was obtained.

As was already mentioned, EU offers many of the tools how to support small and medium – sized enterprises and this issue is very wild. Within the programming period 2007 – 2013 and 2014 – 2020, there were and are many programs for the SMEs to support their acting in each state and in the EU as whole. In the previous programming period, FP7, CIP and EUROSTARS program were very important steps from the EU towards SMEs; operational programs has to be mentioned too as an integral part of support for SMEs. Instant programming period 2014 – 2020 continues in program EUROSTARS 2, HORIZON 2020, COSME program, Erasmus for Young Entrepreneurs and again many of the Operational programs. There is also the possibility to be included in some public procurement within the state or across the borders.

Slovak and Czech SMEs seem to be not very active within the participation in the EU support programs. To compare them with other member states, their activity is on much lower level than in other countries (e.g. UK, Spain or Italy). When we compare situation between Czech Republic and Slovakia, their contribution is in most of the programs very similar, in some ways, Slovakia meets higher numbers (e.g. in view of numbers of proposals).

From the questionnaire survey, which was devoted to the chosen sample of SMEs, there was seen that most of the respondents are not interested in any of EU support programs, do not use the possibility to be more competitive thanks to the provided opportunities. Their attitude is different – most of the entrepreneurs are very skeptic about the role of the EU in relationship with SMEs, they do not consider steps from the European Union as successful and positive, by contrast, they associate the procedures with bureaucracy, corruption and negative experiences.

The negative experiences are also based on the difficulties within each company – unskilled staff, not enough money, problems with administration (e.g. violation of terms). Despite all these inversed facts, there were and are still some companies, which see the potential of the programs, some of them have positive expertise and this should be an engine for both European Union and small and medium – sized enterprises in Slovakia and Czech Republic.

Another important part of the diploma thesis was the determination of the recommendations for the SMEs. As first, there was determined the recommendation for SMEs connected to the issue of simple interest in EU support tools. If the companies would not be interested in this area, it would be not possible to be successful. Searching for the information as the second recommendation – many of the SMEs have had problems with lack of information. On the one hand, it can be a problem coming from the EU; on the other hand, SMEs seem to be not very active. Creation of the team, which will be fully connected to the whole procedure, cannot be forgotten. SMEs have to take the opportunities from the EU as an advantage; the participation within each program is a long process, but it can bring much more profit than costs.

Many of the respondents in the questionnaire survey have described their situation that they are too small and for them, it is not profitable to be included in the programs. It is true, that the procedures are connected with the costs; however, there is a possibility to bind together with other firm. Then the rate of success is higher and costs much lower.

Making of proposals for the authorities, or generally said, the communication is important also in this area. Better level of communication from small and medium – sized enterprises and EU side would help to satisfy the needs of SMEs and improve the European Union´s role in the eyes of entrepreneurs.

Universally said, the European Union support tools have a good impact on the small and medium – sized enterprises in the Czech and Slovak Republic, they make it able for SMEs to become more successful and to compete with other businesses within the national economy or on the European Union level. However, some procedures have to be changed, because there exist many of the SMEs, which do not consider the position of EU according to SMEs in a positive way with a good impact on them.

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Annexes

ANNEX I Questionnaire for Czech SMEs

Is your company connected into the any of the European Union support programs within the programming period 2014 - 2020?

Yes
No

Which of the following programs are they?

HORIZON 2020
COSME
EUROSTARS 2
Erasmus for Young Entrepreneurs
Operational programs
Others

Is your company in the process of preparation of the project or effort to participate in any of the European Union support programs within the programming period 2014 - 2020?

Yes
No

Which of the following programs are they?

HORIZON 2020
COSME
EUROSTARS 2
Erasmus for Young Entrepreneurs
Operational programs
Others

Have you ever tried to engage into the European Union support programs within the programming period 2014 - 2020?

Yes
No

Have you been successful?

Yes
No

About which European Union support programs was it?

HORIZON 2020
COSME
EUROSTARS 2
Erasmus for Young Entrepreneurs
Operational programs
Others

Have you ever tried to engage into the European Union support programs within the programming period 2007 - 2013?

Yes

No

Were you successful?

Yes

No

About which European Union support programs was it?

CIP (Competitiveness and Innovation Framework Program)

FP7 (Seventh Framework Program)

EUROSTARS

Operational programs

Others

If you were not succesfull, write down please, the reason of your unsuccess.
(Programming period 2007 – 2013 or 2014 – 2020)

If it is your case, please write down the reason, why you do not participate in any European Union support program.

What do you consider as the most common errors during the preparation of the project or effort to participate in the EU programs from company side?

Financial barriers

Personnel barriers (not enough qualified staff)

Bureaucracy

Lack of information

Violation of terms

Incorrect procedures

Other

What are the most important barriers within the effort to participate in the EU support programs from the European Union side?

Bureaucracy

Long process

Lack of provided information

Excessive requirements

Other

In your opinion, are the support programs of the EU for Czech SMEs effective?

Yes

No

What should be changed? Which steps from the EU would you appreciate?

How many public contracts do you realize annualy?
None
1 – 5
6 – 10
11 – more

What kind of public contract is it?
Above – limit
Sub – limit
Minor

To which category does your company belong?
Micro enterprise (less than 10 employees, turnover does not exceed 2 million euro)
Small enterprise (less than 50 employees, turnover does not exceed 10 million euro)
Medium enterprise (less than 250 employees, turnoover does not exceed 50 million euro)

In which of the regions does your company have a registered office?
Karlovy Vary
Plzeň
Ústí nad Labem
Liberec
Stredné Čechy
České Budějovice
Hradec Králové
Pardubice
Jihlava
Olomouc
Brno
Ostrava
Zlín
Capital city Prague

Annex II Questionnaire for Slovak SMEs

Is your company connected into the any of the European Union support programs within the programming period 2014 - 2020?

Yes
No

Which of the following programs are they?

HORIZON 2020
COSME
EUROSTARS 2
Erasmus for Young Entrepreneurs
Operational programs
Others

Is your company in the process of preparation of the project or effort to participate in any of the European Union support programs within the programming period 2014 - 2020?

Yes
No

Which of the following programs are they?

HORIZON 2020
COSME
EUROSTARS 2
Erasmus for Young Entrepreneurs
Operational programs
Others

Have you ever tried to engage into the European Union support programs within the programming period 2014 - 2020?

Yes
No

Have you been successful?

Yes
No

About which European Union support programs was it?

HORIZON 2020
COSME
EUROSTARS 2
Erasmus for Young Entrepreneurs
Operational programs
Others

Have you ever tried to engage into the European Union support programs within the programming period 2007 - 2013?
Yes
No

Were you successful?
Yes
No

About which European Union support programs was it?
CIP (Competitiveness and Innovation Framework Program)
FP7 (Seventh Framework Program)
EUROSTARS
Operational programs
Others

If you were not succesfull, write down please, the reason of your unsuccess.
(Programming period 2007 – 2013 or 2014 – 2020)

If it is your case, please write down the reason, why you do not participate in any European Union support program.

What do you consider as the most common errors during the preparation of the project or effort to participate in the EU programs from company side?
Financial barriers
Personnel barriers (not enough qualified staff)
Bureaucracy
Lack of information
Violation of terms
Incorrect procedures
Other

What are the most important barriers within the effort to participate in the EU support programs from the European Union side?
Bureaucracy
Long process
Lack of provided information
Excessive requirements
Other

In your opinion, are the support programs of the EU for Slovak SMEs effective?
Yes
No

What should be changed? Which steps from the EU would you appreciate?

How many public contracts do you realize annualy?

None

1 – 5

6 – 10

11 – more

What kind of public contract is it?

Above – limit

Sub – limit

Minor

To which category does your company belong?

Micro enterprise (less than 10 employees, turnover does not exceed 2 million euro)

Small enterprise (less than 50 employees, turnover does not exceed 10 million euro)

Medium enterprise (less than 250 employees, turnover does not exceed 50 million euro)

In which of the regions does your company have a registered office?

Bratislava

Trnava

Nitra

Trenčín

Žilina

Banská Bystrica

Prešov

Košice