

Supporting SMEs in Central-Eastern Europe

László Borbás

Óbuda University Keleti Károly Faculty of Business and Management
Borbás.Laszlo@kgk.uni-obuda.hu

Abstract: Supporting SMEs became one of the backbones of EU's policy. "Small Business Act for Europe" is the key document, which declares the strategy of the Community and at the same time is the basis of members' national SME policies. For us it is even more important to be able to keep up at least with the Central-Eastern European countries in this field. In the present paper our goal is to access the position of these countries in their progress of supporting SMEs. "Small Business Act for Europe" is regularly reviewed by the EU Commission, and concrete analysis of the member states is done in the form of country fact sheets. These documents provide us the basis for following the progress made in the 10 policy areas declared in SBA. From the point of view of the Central-Eastern European countries we make our comments and proposals for the interest of further progress in supporting SMEs.

Keywords: competitiveness, SMEs, policy making, government support, Central-Eastern Europe

1 Introduction

In our previous articles we have analyzed the basic document: "Small Business Act for Europe" (Borbás 2009, Borbás-Kadocska 2010). Based on the SBA Review 2011, we commented the statements of the Commission from the viewpoint of the Hungarian SMEs (Borbás 2011). Central-European authors examined different aspects of SME's position (Bondareva-Zatrochova 2014, Czagány 2010, Csath 2013, Horváthová 2009, Maková 2008, Mikusová 2008, Mustafa-Michelberger 2005, Szerb 2008, Vokounova 2003). In this paper we want to give a picture about the progress the Central-Eastern-European countries made in the field of supporting their SMEs, based on the fact sheets published by the European Commission in 2013.

1.1 Need for SME support

Commission stated that the “Small Business Act” for Europe (SBA), provides a comprehensive SME policy framework, promotes entrepreneurship and anchors the “Think Small First” principle in law and policy making to strengthen SMEs’ competitiveness. There are lots of different kind of possible supporting measures in the hand of governments, but not all of them is able to make use of them. In the fierce competition between countries worldwide, SMEs are the most vulnerable, but at the same time they are able to create jobs locally and they are the ones from whom residents of the countries expect some social sensibility, too. SMEs contribution to the GDP is lower in most of the cases, but job creation became the key aspect of government politics. Supporting SMEs is not a caritative activity, doing so is one of the basic interests of local and national governments. In the Central-Eastern European countries, taking into consideration their backward position inside Europe, it is even more important to subsidize SMEs and rely on them in the fulfilment of national economic policies and improvement of competitiveness.

The SBA fact sheets assess progress in implementation of the Small Business Act at national level. The country sheets focus on indicators and national policy developments equivalent to the 10 SBA's policy dimensions in the 28 EU Member States, Albania, FYROM, Iceland, Israel, Liechtenstein, Norway, Montenegro, Serbia and Turkey. Based on them we summerize the progress of the Central-Eastern European countries performance in the last few years. These progresses are able to explain the level of support from the governments side given to SMEs.

2 Entrepreneurship

Austria’s performance was around the EU average in this field, just like in previous years. A supportive societal environment could be detected for entrepreneurship in Austria. For example 76% of Austrian adults think that successful entrepreneurs enjoy high social status compared to EU’s 69%, while the ‘entrepreneurship rate’, i.e. the proportion of adults who have started their own business is 24%, a bit above EU’s 23%. In some areas we witnessed in comparison with the previous year. The rate of ‘opportunity-driven entrepreneurship’ dropped from 55% to 45 %. According to the SBA Fact Sheet except for two indicators, Austria’s performance is average in entrepreneurship. They found potential explanation for the above mentioned facts: Austrian economy performed quite well during the crisis with a very low unemployment rate which did not encourage potential entrepreneurs to take risk, because of many attractive and safe career opportunities in established firms.

As far as the entrepreneurial policy is concerned, there was a progress in this area in 2012 and the first quarter of 2013. Austrian government took several measures to promote entrepreneurship. E.g. an award is given to support start-ups in the field of technology transfer to promote the transfer between universities and SMEs in the field of high-technology.

Entrepreneurship will be fostered thanks to the reform of ‘limited company’ rules. The minimum share capital for creating a limited company was reduced from €35000 to € 10000 in 2013. The minimum corporate income tax went down to €500, while notary and attorney’s fees incurred in founding a limited company will fall by around 50%. Due to these cost reductions, the reform is expected to create annually 1 000 additional ‘limited company’ start-ups.

Poland’s performance, which is the biggest and most populous among Central-Eastern European countries, in the area of entrepreneurship performed well above the EU average for many indicators. As far as entrepreneurial intentions are concerned every fifth adult is intending to start a business, compared to EU’s 13 %. In line with Polish traditions ‘self-employment rate’ and ‘preference for selfemployment’ are also important. Poland removed many administrative burdens over the last few years, which has facilitated the establishment of new businesses. The Polish government simplified business registration and cut down registration costs. Online submission of documents is required to set-up a business.

As the basis of entrepreneurial policy, a National Entrepreneurship Programme was launched in 2012. (EC 2013a pp.6-7.)

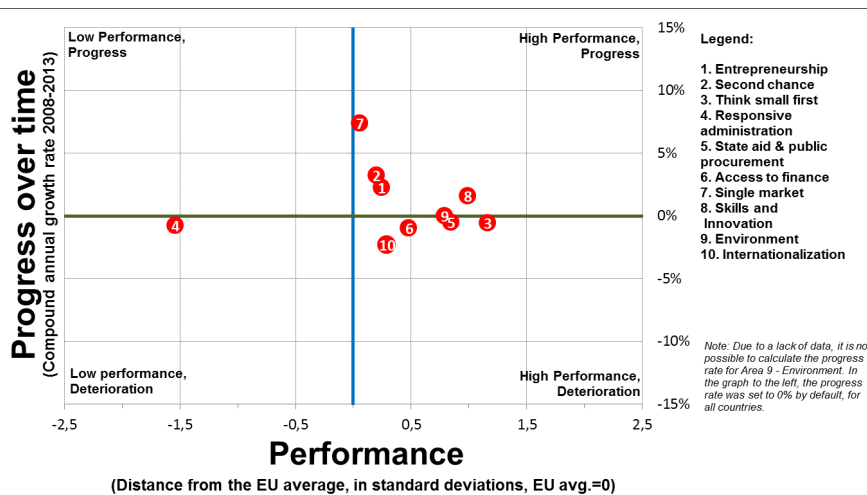


Figure 1
Austria’s SBA performance: status quo and development in 2008-13
Source: 2013 Fact Sheet Austria pp.5.

The overall ‘entrepreneurship’ performance of the Czech Republic was found on EU average level by SBA Fact Sheet. The indicators are quite divergent. Some key indicators like the entrepreneurship rate and self-employment rate are above EU average and ‘entrepreneurial intention’ is in line with it. On the other hand, perceptions of the climate in which entrepreneurs have to operate are rather negative.

In the Czech Republic, beyond simplification of the Labour Code government adopted the 2014-20 SME Support Concept, based on a public consultation, supported by the Czech media. (EC2013f pp.6.). Slovakia’s performance in entrepreneurial policy area was found above the EU average, with an especially good score in opportunity-driven entrepreneurship and with some exceptions e.g. entrepreneurial intention and share of adults who agree that school education helps to develop entrepreneurial attitude. As part of the policy in this field, among others a Governmental Act was initiated on Vocational Education and Training to tailor education and training to labour market requirements. (EC2013c pp.7.)

SBA Fact Sheet of the EU Commission found entrepreneurship as by far the best performing SBA area for Romania. Entrepreneurial culture is well established and entrepreneurs’ willingness to start their own businesses are emphasized by the document. 20% of Romania’s active population are selfemployed, and another 27 % intend to start their own business in the near future. On the other hand fewer Romanian entrepreneurs than EU average are opportunity-driven, while society’s perception of entrepreneurship is more favourable to business owners than the EU average. In 2012-13, a programme for encouraging young entrepreneurs to start up and develop businesses was introduced to encourage the development of microenterprises by increasing their ability to access financial sources and developing the entrepreneurial skills of young entrepreneurs. The ‘START’ initiative was also launched in 2012 to encourage young people to start new SMEs and to improve the economic performance of existing SMEs. (EC 2013d pp.7.)

Hungary’s overall score, showing a significant improvement, has moved up into EU average in entrepreneurship. The biggest change was in attitudes to entrepreneurship. 36% of Hungary’s adult population consider self-employment as a feasible option, twice as much as in 2009. Preferences for self-employment went up to 39 % which is slightly above EU’s 37%. The self-employment rate remained around 12 %. The change were not supported by improved school education or heightened media attention. Especially media attention for entrepreneurship is lower than in the EU (29% to 50 % for the EU).

In 2012 and 2013 the Hungarian government introduced new and significant measures for encouraging entrepreneurship:

- supporting young people in becoming entrepreneurs;
- supporting the acquisition and development of entrepreneurial skills (financial literacy, business plan development, marketing, regulatory environment, etc.)

- as part of the New Széchenyi Plan helping SMEs boost the involvement of women in running businesses.
- as part of the Job Protection Action Plan, a new optional tax scheme was made available for companies employing a maximum of 25 workers. (EC 2013b pp.6-7.)

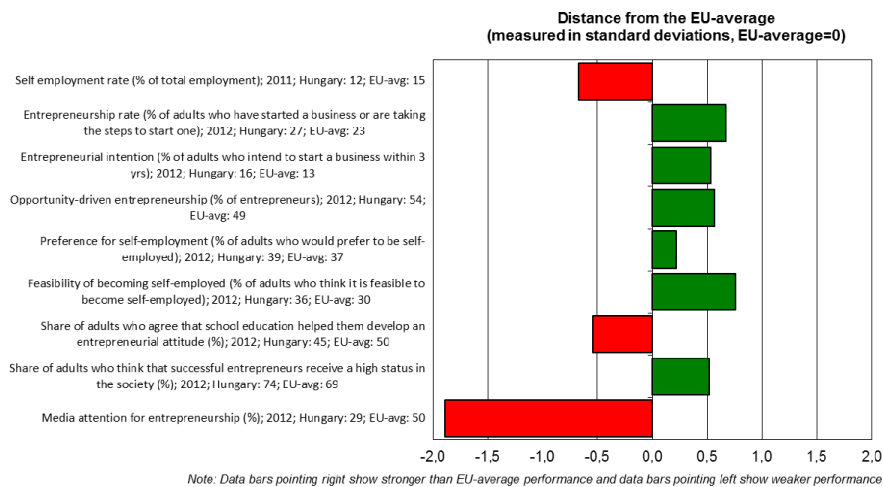


Figure 2
Entrepreneurship indicators of Hungary
Source: 2013 Fact Sheet Hungary pp.7.

3 Second chance

Austria's performance is uneven, but in line with the EU average. In facilitating fresh start, the country is really good, it takes about half the time in Austria to close a business as in the EU in general(1.1 and 2 years respectively) , the level of support in society for second-chance entrepreneurs is lower than elsewhere in the EU. (EC 2013a pp.7.)

According to SBA Fact Sheet, Poland is below the EU average for second chance. It takes one year longer and by 50 % more expensive, while society's support for re-starting entrepreneurs is a bit better than the EU average. Poland announced the 'New Opportunity Policy', for the promotion of constant monitoring of the SME sector's economic situation, deploying an alert mechanism to prevent bankruptcy and offering advisory and training services for second-time entrepreneurs.

Czech Republic's performance in this area is below the EU average across all indicators. As part of the entrepreneurship policy, an important amendment to the

Law on Bankruptcy came into force to ease second chance for honest entrepreneurs. (EC 2013f pp.7.)

Slovakia's performance is similar to the Czech's, i.e. it is significantly below the EU average. In case of time and cost to close a business it is around double of the EU average. The people's support for entrepreneurs taking a second chance is also weak and below the EU average. (EC 2013c pp.7-8.)

Romania's overall score is also below EU average. Closing a business is much more time consuming than in the EU elsewhere and society is less supportive as well. Basically, no policy progress was made in 2013. (EC 2013d pp.8.)

Unfortunately Hungary's overall performance was found below the EU average in case of second chance. 69% of Hungarian people would give a second chance for failed entrepreneurs a second chance, while EU average is 82%. EU Commission did not find any significant policy measures announced or implemented during the reference period. (EC 2013b pp.8.)

4 Think small first

Austria remained in the forefront inside the EU. The country got a better score on regulatory burdens.

New measures were implemented such as

- The 'SME test'
- First Stability Law establishing tax-free allowances for profits and tax deduction for research activities.

Implementation of the announced SME Package, which would have reduced certain administrative burdens on SMEs, was postponed. (EC 2013a pp.8.)

In contrary to Austria, Poland's performance on thinking small first is below the EU average.

No significant policy measures were announced or implemented, but an SME pilot project is being developed by the Polish Agency for Enterprise Development. (EC 2013e pp.8.)

Slovakia's performance remains consistently below the EU average.

No new significant policy initiative was announced or implemented in 2012 and the first quarter of 2013, but new amendments to the Law on income taxes have been adopted for the favour of SMEs. (EC 2013c pp.8.)

Hungary's overall performance remained well below the EU average, while in case of the general burden of government regulation the country ranks last among the EU-27 similar to 'communication and simplification of rules and regimes', In case of licences and permits system, Hungary scores well above the EU average.

New and significant policy measures were taken in 2012 and the first quarter of 2013:

- The cash accounting scheme for VAT
- An individual exemption from VAT below HUF 6 million turnover
- ‘Cutting RedTape’ Programme reducing the administrative burden on businesses. (EC 2013b pp.8.)

5 Responsive administration

Austria scores below average because of three factors:

- it takes longer than average to start a new business
- the amount of paid-in minimum capital is higher than average
- the licensing system tends to be more complex than

average.

Several actions were taken to improve policy, among which the Company Service Portal was created for offering e-government services for companies, seems to be the most valuable. (EC 2013a pp.9-10.)

The Czech Republic’s overall performance on ‘responsive administration’ is improving, but still below the EU average, says the EC document. Further progress has been made in reducing the costs of starting a business and limiting the complexity of the licensing arrangements.

A new Act on Business Corporation takes effect from 1 January 2014 eliminating the minimum capital requirement. (EC 2013f pp.8.)

Poland’s performance improved progressing beyond the EU average, among others reducing time and costs to start a business.

The Law on Reduction of Administrative Burden was implemented in 2012, with the aim of reducing financial bottlenecks and simplifying administrative procedures. (EC 2013e pp.9.)

Slovakia performed well below the EU average. Their aim is compressing the time needed to start a business to three days.

A new web site is being developed to check if the request of information by state authorities is duplicated. The aim of the portal is to map the information requirements and to reduce the amount of information that is unnecessarily requested from the entrepreneurs. (EC 2013c pp.9.)

Hungary improved its performance. Starting up a business in Hungary now takes only half the time (two days) it does in the EU overall.

Most of indicators measuring administrative costs are equal to or even below the EU average (minimum required paid-in capital, cost of transferring property and cost of enforcing contracts).

Time needed to deal with tax payments is still a problem, similar to online administrative assistance.

As far as policy is concerned, most of the significant measures introduced in 2012 have been incorporated in different amendments to the ‘Act general rules of administrative proceedings and services’. In contrary to all of the improvement,

according to EU Commission's opinion, one obstacle remains the over-frequent changes to laws and regulations, which make it very difficult and burdensome for micro firms in particular to follow and adhere to the regulatory framework. (EC 2013b pp.9.)

6 State aid & public procurement

Austria continued to score above the EU average, mostly because of the very short time taken to receive payments from public authorities. On average, this is less than a fortnight, while SMEs elsewhere in the EU have to wait for a month! SMEs benefiting from state aid is around 8 % coming back from 4% in 2010.

Few substantial new policy measures were adopted such as the Public Procurement Guide for stimulating innovation, helping to improve competitiveness, modernise infrastructures and encourage companies to develop innovative products and services. (EC 2013a pp.10.)

Poland's performance is below the EU average, mostly because Polish SMEs account for a lower proportion of the value of public procurement contracts and are less effective in competing for public contracts above EU thresholds. Polish SMEs benefit only marginally from state aid. As a positive step we have to mention that average payment delays by public authorities are shorter, only 19 days, than the EU average.

The law on payment periods in commercial transactions was reviewed setting payment period limits between SMEs to 60 days and to 30 days between public authorities and SMEs. The Polish Council of Ministers adopted the strategic document 'Plan for Electronic Public Procurement in Poland. (EC 2013e pp.10.)

The Czech Republic's overall performance in this area is below the EU average, mainly due to the lack of state support for SMEs, as measured by their shares in state aid and public contracts awarded.

In 2012 the new Act on Public Procurement came into force, which aims to simplify the tendering process and make it more transparent. (EC 2013f pp.9.)

Slovakia's performance in this policy area is close to the EU average, basically because of SMEs' high share of public contracts awarded.

The Public Procurement Act was amended in 2013, which creates a platform for a central electronic market place that is obligatory for small tenders. (EC 2013c pp.9-10.)

Romania is a bit below the EU average on state aid and public procurement, but witnessed the highest jump in the past five years.

The National Authority for Regulating and Monitoring Public Procurement has started to monitor the debate on public procurement legislation, trying to protect SMEs that sub-contract for large companies. (EC 2013d pp.10.)

Hungary's overall score is around EU average. The share of total state aid earmarked for SMEs remained at 1%!

On the policy front, according to the opinion of the Commission, progress remains very limited. No significant policy measures were announced or implemented in this area in 2013-2013 period. (EC 2013b pp.10.)

7 Access to finance

Austria's overall score on 'access to finance' is much above the EU average. Conditions for loan-based financing improved slightly for those SMEs. The rate of loan application rejections for SMEs dropped to just 1% from an already low 3%, opposite to the trend in the EU as a whole, in which rejections have risen from 15% to 17%! Austria also scored above the EU average in other areas of finance, such as the cash-flow situation, the strength of the overall regulatory framework, including the strength of legal rights, and the depth of credit information.

Policy progress was made with new measures such as:

- Amendments to the Delay of Payment Law
- The Gründerfonds Programme, supporting young start-up companies with venture capital of €100000 to €1million in return for equity shares. (EC 2013a pp.11-12.)

Poland's performance on access to finance is above the EU average. Financial conditions seem to be favourable for SMEs, the majority of SMEs are self-financing. Venture capital market, just like in many other countries, is very underdeveloped, which limits the growth opportunities of highly innovative companies in their early stages of development.

As a policy step forward, a new guarantee scheme for SMEs was adopted in 2013. An other positive improvement is that since January 2013, firms have had the possibility to use cash accounting for VAT settlement up to annual sales of EUR 1.2 million. (EC 2013e pp.11.)

The Czech Republic's overall performance is only slightly below the EU average. As far as policy measures are concerned, among others adoption of guarantee scheme (INOSTART) for loans to new entrepreneurs in the regions of Olomouc and Moravia has to be mentioned.

The Seed/Venture Capital Fund is to provide support mainly in the form of capital investment in the registered capital of companies at different stages of development. (EC 2013f pp.9-10.)

Slovakia's performance is slightly below the EU average.

Use of EU funds remained well below the EU average. Regarding JEREMIE financing schemes, they remain underdeveloped in Slovakia.

As a policy measure, a micro lending programme has been announced for January 2013 to increase the survival rate of small entrepreneurs and start-ups, trying to maintain existing employment and enabling creation of new jobs. (EC 2013c pp.10.)

Access to finance remained difficult and costly for SMEs in Romania. 41% of Romanian business owners reported a deterioration in banks' willingness to provide loans, while the conditions for accessing public financial support, including guarantees, have also become more restrictive.

As a policy step, a programme was introduced to facilitate SME access to guarantees and credits, by awarding a line of credit with subsidised interest and partially guaranteed by the state. The national multiannual programme supporting SMEs in the arts and crafts sector was further continued and extended to rural and urban areas. (EC 2013d pp.11.)

The overall ranking of Hungary remained below EU average level. Access to finance is mixed and depends on the financing mode. Access to bank loans has improved gradually over recent years, it still remains very difficult for many SMEs. The rate of rejected loan applications is 26%, remember Austria's 1%!

28 % of SMEs said that banks are less willing to grant loans. The number of businesses which felt that obtaining access to public support, including guarantees, had become more difficult remained the same — at a level much higher than elsewhere in the EU (29 % against 20 %).

In the policy area new and significant measures were taken e.g.:

- to help micro, small and medium-sized enterprises to create new jobs —
- implemented during 2012 — provides financial support for hiring new employees in the convergence regions.
- available financing in 2012-13 was doubled for a new central tender programme to support job creation investment in micro, small and medium-sized enterprises. (EC 2013b pp.11-12.)

8 Single market

As in many other areas Austria scores below the EU average in this area, too. Austria's imports is much above EU average. 53% of Austrian SMEs import goods or services from other Member States compared to 19% of EU average, while growing number of Austrian SMEs (14%) are exporting within the single market. (EC 2013a pp.11-13.)

Poland is under-performing lagging behind the EU average for all indicators. No new significant policy measures were announced or implemented. (EC 2013e pp.12.) The overall performance of the Czech Republic in this area is in line with the EU average. No significant new policy measures were announced or implemented. (EC 2013f pp.10.) Slovakia's performance is its best, well above the EU average.

Slovakia has an intensive trading activity on the EU market. According to the EU Commissions opinion, SMEs take full advantage of the Single Market, thanks to the economic openness and geographical location of Slovakia. (EC 2013c pp.11.)

Romania's score on single market issues is below the EU average and reflects Romanian firms' low competitiveness on the internal market and beyond. According to the criticism of the EU Commission, there is no established culture of considering foreign markets among local Romanian companies, they more often act as sub-contractors for larger national or foreign companies. (EC 2013d pp.12.) 'Single market' is one of the two SBA areas where Hungary's performance matched the EU average already last year, says the EU document. As far as the imports of SMEs are concerned, only 10% of Hungarian SMEs exploit the benefits of the internal market, while on the export side only 7% of SMEs are involved in exporting.

There was one new and significant measure adopted in 2012. An amendment to the Consumer Protection Act came into force, giving new powers to the arbitration boards, entitling SMEs to initiate a procedure at the arbitration boards (EC 2013b pp.12.).

9 Skills & innovation

Austria is ahead of most of its EU partners, not to mention other Central-Eastern European member states. Almost all of their individual indicators measuring innovation and skills levels are positive. They proved an outstanding performance in training employees. 47 % of its SMEs investing in the training of their employees in contrary to 24% of EU average. Austria is relatively weak in performance on market innovation and selling products via the internet.

Important measures were implemented in 2012 e.g. the Austrian Chamber of Commerce provides training and coaching to support trainees and SMEs in vocational training activities. A voucher to strengthen creative industries and encourage innovation projects was launched which targets SMEs. (EC 2013a pp.13-14.)

Skills and innovation is where Poland is far behind EU average. They are also weak in turning new products or processes into sales revenues. Only 10% of Polish micro-enterprises and SMEs are ready to improve the skills of their workforce.

Progress has been achieved on the policy front. The National Centre for Research and Development launched the 'BRIDGE VC programme', a new initiative to support equity investments in startups and to facilitate R&D commercialisation. The Polish Agency for Enterprise Development started a new scheme to support young, innovative SMEs. (EC 2013e pp.12-13.)

The Czech Republic produced its best performance on innovation, while training offered by SMEs and microfirms is below the EU average. Strong use of IT infrastructure by SMEs is positive.

The Czech Technology Agency has adopted an initiative to establish Competence Centres supporting the creation and operation of RDI centres. (EC 2013f pp.11.)

Slovakia is below average in this policy area, but some progress mainly in product or process innovation can be seen. SMEs in Slovakia are reluctant to collaborate with each other, but it is positive that they successfully commercialise new products or services.

A State aid scheme was adopted to support the introduction of innovative and advanced technologies in industry and services, while another one was launched to support clusters. (EC 2013c pp.11-12.)

According to the EU document, Romania lags far behind in skills/training and innovation aspects. They are relatively better in turning innovation into products or services. On the policy side, the 'Support for innovative start-ups and spin-offs' programme implemented in 2008 was further continued, together with innovation voucher scheme, which allows support for R&D in SMEs and encouragement for partnerships with research institutions. (EC 2013d pp.13.) EU Commission's document regarded 'Skills & innovation' as one of the most challenging SBA areas for Hungary. Unfortunately the country in case of all but one indicator scores well below the EU average. The only exception is the share of SMEs introducing process innovation. The lack of investment in innovation and training questions the long term sustainability of the Hungarian innovation scheme. No significant policy measures were announced or implemented in this area during the reference period. (EC 2013b pp.13.)

10 Environment

Austria is again ahead of its EU partners. The best score was found on the proportion of SMEs offering green products and services. No further progress was made and no new measures were implemented or announced. (EC 2013a pp.14.)

Poland, with all indicators, is on EU average level in the area of environment.

The Czech Republic is in line with the EU average in this category. The level of public support for resource efficiency or for green products and services is below the EU average in the Czech Republic. No significant new policy measures were announced or implemented in this field. (EC 2013f pp.12.)

Slovakia's SME performance in terms of Environment is basically in line with the EU average. The Slovakian SMEs got less public support either to become more resource efficient or to provide green products and services, although their performance is around half of EU's figures. It is promising that Slovakia's SMEs are more likely to take steps to be more environmentally friendly. A state aid scheme was adopted to increase energy efficiency in production and consumption and to introduce the use of advanced technologies in the energy field. (EC 2013c pp.12.)

Romania scores well below the average with alterations across the individual indicators. Romanian SMEs are much less likely to take steps to increase their resource-efficiency compared with the European average or to the above analysed

Slovakians. This is mostly because of their much lower public support for such measures. Operational programmes supporting ‘eco-friendly’ products and processes for SMEs were initiated, basically linked to the European structural funds. (EC 2013d pp.14.)

Hungary is last in the EU in the share of SMEs offering ‘green’ goods or services with a 11% experience contrary to the EU’s 26%! Trying to find causes for this position, EU document guess that this may be due to the lower share of SMEs in Hungary which have benefited from public support.

A new initiative was announced in 2012 that promised to promote the production of energy from renewable sources and energy efficiency. (EC 2013b pp.14.)

11 Internationalisation

In terms of ‘internationalisation’, Austria’s SBA performance is in line with the EU average. There is a remarkable difference between Austrian SMEs’ export and import performance inside and outside the EU. Austria is one of the leading intra-EU trader, but their outside the EU performance is around the EU average, with only 5 % export and 7 % import activities. Conditions for trade are developed, but the costs of exporting and importing are higher than the EU average.

New measures were implemented in Austria for the favour of internationalisation in 2012. One of them was the Market Bonus for SME Research funding scheme which provides SMEs with grants of up to €10 000 to help them enter new markets in the high technology segment, and approach new customers and sectors with their research projects. (EC 2013a pp.15.)

Although the Polish SMEs enjoy favourable framework conditions they are less active than other members’ SMEs on new markets outside the EU. Costs of trade and administrative formalities for foreign trading are modest, but administration is time consuming. A new initiative was announced to promote the attractiveness of the Polish economy on the markets most relevant for Polish firms, by among others setting up investors and exporters service centres. (EC 2013e pp.14.)

Except simplification of administration, Czech Republic’s performance in internationalisation is below the EU average. As in case of many other countries in the semi-periphery of the EU, Czech SMEs’ share in direct imports and exports is relatively low and can not easily be changed, because of their sub-contractor role to big industries. A new export strategy was launched to support SMEs and a new web portal for international cooperation bringing together Czech entrepreneurs was created. (EC 2013f pp.12-13.)

Slovakia’s performance in internationalisation is well below the EU average. Foreign trading activity of SMEs is above average within the Single Market, but they are less active outside the EU. The general framework conditions for trading in Slovakia are less supportive. No new policy initiatives were announced or implemented. (EC 2013c pp.13.) The general framework conditions for trading in

Romania are less favourable than in other EU countries. Among other this is why Romanian SMEs in markets outside the EU are less successful. The SME Export Development Programme continuously provides support for Romanian companies to access foreign markets. (EC 2013d pp.15.)

Unfortunately as far as internationalisation is concerned, Hungary performed below the EU average, without significant improvements compared to the previous years. There are only exceptions, the costs of exporting and importing. Both dropped in the last two years. Mostly because of policy support, Hungarian firms are not able to penetrate into overseas markets, except some ICT firms.

No significant policy measures were announced or implemented in 2012 or at the beginning of 2013. (EC 2013b pp.15.)

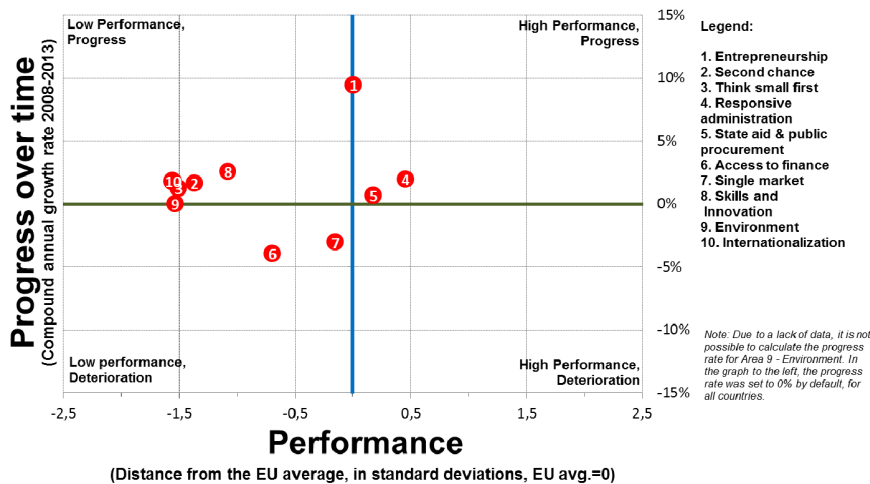


Figure 3
 Hungary's SBA performance: status quo and development in 2008-13
 Source: 2013 SBA Fact Sheet Hungary pp.6.

Conclusions

As it turned out from the detailed analysis of the progress Central-Eastern European countries made in the last few years in the fulfilment of the objectives of 'Small Business Act for Europe', there are significant differences between the results of these countries. Austria does not basically belong to this group of countries, because they were not members of the 'socialist bloc', but geographically they can be considered to belong to this group. Why we analysed them together with the other five is that we can see the decisive differences between former

socialist and non-socialist Central-Eastern European states. The leading position of Austria is beyond any further debate.

As we can see from the facts, in too many cases there were no significant policy measures announced or implemented. This means that government not always did their bests in supporting their SMEs at least on policy level. If new policies are not initiated or the processes inside political institutions are too slow, concrete measures can not be done on time and the gap between West and East will be further widened. It would be important to foster cooperation between these countries at all levels so as to concentrate knowledge and experiences in SME policies. It would also be useful trying to find new solution for the specific problems of SMEs from this peripheral region of the EU. General guidelines from the Commission not always serve the interests of this group. Own solutions and own ways could move us from our unfavourable position.

References

- [1] Bondareva-Zatrochova(2014) Procedia - Social and Behavioral Sciences 110 (2014) 541 – 548 1877-0428 © 2014 The Authors. Published by Elsevier Ltd. Selection and peer-review under responsibility of the Contemporary Issues in Business, Management and Education conference. doi: 10.1016/j.sbspro.2013.12.898 ScienceDirect
- [2] Borbás,L: A critical analysis of the “Small Business Act” for Europe. MEB International Conference Budapest,2009.
- [3] Borbás,L-Kadocsa,Gy: Possible ways for improving the competitiveness of SMEs. A Central-European approach. MEB International Conference Budapest 2010.
- [4] Borbás,L: Comments of the Review on the “Small Business Act” for Europe. A Hungarian viewpoint. MEB International Conference Budapest,2011.
- [5] Czagány L(2010):A kis- és középvállalkozások finanszírozásának aktuális kérdései az Európai Unióban. Közép-Európai Közlemények III. évfolyam 1. szám 2010/1. No. 8. 14-22.old. <http://vikek.hu/wp-content/uploads/2014/02/KEK-08.pdf>
- [6] Csath M(2013): Ők mentik meg Európa gazdaságát. Magyar Nemzet, 2013.01.18. <http://www.mmv09.hu/news.php?extend.105>
- [7] Horváthová,P. The Talent Management and its Usage at Human Resources Management in Enterprises. International Periodical Research Bulletin "Prospectives of Innovations, Economics and Business". Prague: PIEB, 2009, Volume 3, pp.76-79.
- [8] Maková, K. Development of Employment in the European Union in the View of Lisbon and Stockholm Aim. In Medzinárodná vedecká

- konferencia „Lisabonská stratégia pre rast a zamestnanosť“. Banská Bystrica, 2.10.2008. ISBN 978-80-969535-9-2.
- [9] Mikusová,M: Knowledge in Enterprise: The Role and Performance Measurement. In: IOCBM 2008. Boca Raton, Florida: Universal Publishers, 2008,pp.318-329
- [10] Mustafa A. – Michelberger P.(szerk.): Vállalkozás és működése. INOK Budapest,
- [11] 2005
- [12] Szerb L(2008):A hazai kis- és középvállalkozások fejlődését és növekedését befolyásoló tényezők a 2000-es évek közepén. Vállalkozás és innováció. 2. évfolyam, 2. szám. 2008. II. negyedév 1-35.old.
- [13] Vokounova,D(2003): Marketingovy prieskum ako dolezity zdroj informacii. Marketing v politike. Bratislava.pp. 54-68. ISBN 80- 225-1767-4.
- [14] Contemporary Issues in Business, Management and Education 2013
Financial support for the development of SMEs in the Slovak Republic
- [15] http://ac.els-cdn.com/S1877042813055389/1-s2.0-S1877042813055389-main.pdf?_tid=a4fd8eb2-d980-11e3-ad9c-00000aab0f6c&acdnat=1399863409_9ceae2d933d56d2bc5b2101861ebcd4
- [16] NADSME(2013)Report on the state of Small and Medium Enterprises in the Slovak Republic in 2012.
- [17] http://www.sbagency.sk/sites/default/files/stav_msp-2012_en-fin.pdf
- [18] SMEs in V4 countries
- [19] <http://www.visegrad.info/smes-and-innovative-businesses/factsheet/smes-in-v4-countries.html>
- [20] Ministry of Industry and Trade of the Czech Republic(2012) SMALL AND MEDIUM ENTERPRISES SUPPORT STRATEGY 2014 –2020
- [21] http://dataplan.info/img_upload/7bdb1584e3b8a53d337518d988763f8d/sm ess.pdf
- [22] https://www.unido.org/fileadmin/import/30314_NYstudy_Czech_Republic.pdf
- [23] EC(2006): SME Access to Finance in the New Member States. Analytical Report. Flash EB Series 184.
- [24] http://ec.europa.eu/public_opinion/flash/fl184_en.pdf
- [25] Karwowska-Mrozinska: Policy support for SME sin Poland. International Small Business Journal 12,1. pp.61-69.

- [26] Kaczmarek et al(2011) Public report on the analysis of SMEs and stakeholders' needs, requirements and feedback to overcome barriers for research & innovation activities in Poland
- [27] http://mapeer-sme.eu/en/~media/MaPEer-SME/DocumentLibrary/SME%20programmes/Poland_SME_report
- [28] OECD Review of SME and Entrepreneurship Issues and Policies at National and Local Levels in Poland
- [29] <http://www.oecd.org/regional/leed/44729520.pdf>
- [30] EFI Website additional information. Country: Poland.
- [31] http://ec.europa.eu/enterprise/policies/finance/data/enterprise-finance-index/downloads/country-pages/additional/apx-pl_en.pdf
- [32] http://ec.europa.eu/enterprise/policies/finance/data/enterprise-finance-index/situations-in-member-states/pl/index_en.htm
- [33] http://ec.europa.eu/enterprise/policies/finance/data/enterprise-finance-index/situations-in-member-states/cz/index_en.htm
- [34] http://ec.europa.eu/enterprise/policies/finance/data/enterprise-finance-index/situations-in-member-states/hu/index_en.htm
- [35] http://ec.europa.eu/enterprise/policies/finance/data/enterprise-finance-index/situations-in-member-states/ro/index_en.htm
- [36] http://ec.europa.eu/enterprise/policies/finance/data/enterprise-finance-index/situations-in-member-states/at/index_en.htm
- [37] EFI Website additional information. Country: Austria.
- [38] http://ec.europa.eu/enterprise/policies/finance/data/enterprise-finance-index/downloads/country-pages/additional/apx-at_en.pdf
- [39] http://ec.europa.eu/enterprise/policies/finance/data/enterprise-finance-index/situations-in-member-states/si/index_en.htm
- [40] EFI Website additional information. Country: Slovenia
- [41] http://ec.europa.eu/enterprise/policies/finance/data/enterprise-finance-index/downloads/country-pages/additional/apx-si_en.pdf
- [42] EFI Website additional information. Country: Romania
- [43] http://ec.europa.eu/enterprise/policies/finance/data/enterprise-finance-index/downloads/country-pages/additional/apx-ro_en.pdf
- [44] EFI Website additional information. Country: Slovak Republic.
- [45] http://ec.europa.eu/enterprise/policies/finance/data/enterprise-finance-index/downloads/country-pages/additional/apx-sk_en.pdf

- [46] http://ec.europa.eu/enterprise/policies/finance/data/enterprise-finance-index/situations-in-member-states/sk/index_en.htm
- [47] EFI Website additional information. Country: Czech Republic
- [48] http://ec.europa.eu/enterprise/policies/finance/data/enterprise-finance-index/downloads/country-pages/additional/apx-cz_en.pdf
- [49] Central and Eastern Europe Statistics 2012. An EVCA Special Paper Edited by the EVCA Central and Eastern Europe Task Force July 2013. <http://www.psik.org.pl/pliki/psik/Dane/PBCEE12.pdf>
- [50] http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/supporting-documents/2013/annual-report-smes-2013_en.pdf
- [51] http://www.piacessprofit.hu/kkv_cegblog/nagy-lehetosegek-magyar-vallalkozasoknak-romaniaban/
- [52] European Commission(2013a): 2013 SBA Fact Sheet Austria
- [53] http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2013/austria_en.pdf
- [54] European Commission(2013b): 2013 SBA Fact Sheet Hungary
- [55] http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2013/hungary_en.pdf
- [56] European Commission(2013c): 2013 SBA Fact Sheet Slovakia
- [57] http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2013/slovakia_en.pdf
- [58] European Commission(2013d): 2013 SBA Fact Sheet Romania
- [59] http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2013/romania_en.pdf
- [60] European Commission(2013e): 2013 SBA Fact Sheet Poland
- [61] http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2013/poland_en.pdf
- [62] European Commission(2013f): 2013 SBA Fact Sheet Czech Republic
- [63] http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2013/czechrepublic_en.pdf
- [64] http://ec.europa.eu/enterprise/policies/industrial-competitiveness/competitiveness-analysis/european-competitiveness-report/files/eu-2013-eur-comp-rep_en.pdf

- [65] Commission Staff Working Document SWD(2013)347 final. European Competitiveness Report 2013 Towards Knowledge-driven Reindustrialisation

Management, Enterprise and Benchmarking – In the 21ST Century
2014 • Budapest, Hungary