

**European  
Integration Process  
in the New Regional  
and Global Settings**





# European Integration Process in the New Regional and Global Settings

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# Preface

Main challenges faced by the European Union to compete successfully in the global market refer to the progress needed in innovation and productivity. Taking into account population ageing, shrinking of European labour force, and increasing migration on the one hand, and increasing pressures for social policy reforms and stabilization of public finances on the other, the European Union needs to mobilize all resources, in particular its intellectual capital, to keep its competitiveness. The world economic and financial crisis, and in particular recent economic problems experienced by the Eurozone countries, and consequently by other EU member states, showed visibly how difficult is to continue the common policies. These difficulties were deepened by other threats experienced at national levels.

Economies of the European Union have to deal with some substantial consequences of the crisis: a growth slowdown, an unemployment on the rise, a high deficit and a high debt. There are also downside risks to the recovery. Therefore Europe must change. There is still much to do in completing the Single Market. And Europe can do more to reach out of the World. If we open up to the new markets, actively access new sources of wealth and reduce trade barriers between the EU and other dynamic markets, the prize would be huge: Europe could gain 5.2 million jobs, more than the number we have lost due to the recession. We need to make it easier for companies to start up, grow and prosper as well as to develop new technologies and build new industries to meet the challenges of the next decade. The transformation demanded will not happen with a little tinkering here or there – we must move our continent's economy forward. In other words, as the Europe 2020 Strategy points out clearly the EU needs to become a smart, sustainable and inclusive economy. The challenge now is to make it happen.

The economic context of the current situation calls for a renewed effort to increase the competitiveness of the EU through making the intellectual capital more effective.

The right point of departure is to challenge the conventional wisdom. We have already learned that standard recipes to overcome the crisis are not enough and could be simply inadequate.

The present time requires making a hard choice that can get the EU economy moving, get people back in work and provide a perspective for those in need of help. But the cost is huge. And therefore we all have a shared responsibility to provide the solutions. The publication on the integration process in the European Union under ongoing changes in regional and global settings goes in line with the Europe 2020 Strategy<sup>1</sup>, which emphasizes strongly a need to reinforce the policy coordination.

The book is mainly an aftermath of the international conference 'European integration process in the new regional and global settings' which took place on the October 19–20, 2011 in Warsaw as one of the flagship conferences under the Polish Presidency in the EU.

This publication focuses on selected issues presented and debated during the conference. The conference made itself a platform, where researchers, politicians and representatives of other sectors of economy from countries across Europe shared their expertise and diverse points of view on the EU integration issues. The opinions delivered, questions and remarks were invaluable to create this considerable volume representing differentiated capacity of integration perspectives.

Nowadays, it is observed that most of the Member States are strongly absorbed by national level issues like economic slowdown, unemployment, inflation, regional divergence, increasing state budget deficits, etc. This is why this time the EU is facing additional difficulties to manage a common approach in implementing relevant policies and getting both understanding and approval for them. The Europe 2020 Strategy, adopted by the European Council in June 2010<sup>2</sup>, makes it clear how important the European integration process is for the smart, sustainable and inclusive growth under the new global and regional settings, strongly influenced by the recent world economic and financial crisis. Intensive economic interdependencies require more complex, coordinated and coherent reactions by the Member States in order to return to the sustainable growth path.

A coherent framework for the smart, sustainable and inclusive growth is based on enhanced coordination of policies to promote employment and growth driven by knowledge and innovation and to build a cohesive society. Its focus on innovation,

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<sup>1</sup> Communication from the Commission: EUROPE 2020. A strategy for smart, sustainable and inclusive growth. Brussels: March 3, 2010, COM(2010) 2020.

<sup>2</sup> Conclusions – June 17, 2010, EUCO 13/10. Brussels: June 17, 2010.

energy and climate, education and research, new skills and jobs, poverty, inequalities and structural reforms gives an opportunity to get back from the stagnation phase to the growth path.

For successive implementation of the innovation strategy, declared in the Europe 2020 flagship initiative of Innovation Union, a demand side of innovation processes should be revalued, both at the Member States and at the EU level. This requires a smart use of the single market with its mechanisms supporting a demand side. The single market may become an important innovation asset of the EU, provided that a more balanced innovation market emerges. For the moment, the situation in this respect is very uneven. While the European Commission may still play an important role in setting a vision and facilitating its implementation, the Member States should primarily support the demand for innovation themselves. This is conditioned not only by employing more the demand-side innovation policies at the country level but also by making the national innovation systems more complex. The Member States should also give their backing to ambitious initiatives of the EU aiming at consolidating the single market through the innovation policy at the EU level. The supply-demand relationship may thus be considered a typical example of a synergy where one cannot do without the other and the both are mutually intertwined. If we want innovation to flourish, one cannot just concentrate on the technological issues and innovation developments but has to consider the market strategies within the single market too. However, this requires, among other things, smart consumers (both public and private) as well as properly functioning markets for new products and services. Until recently, the demand side of innovation processes has been largely neglected. Meanwhile, the global economic crisis has marked a new turning point in the way the innovation and the social and market policies are approached.

The main aim of the publication is the promotion of a strategic and integrated approach to innovation which optimizes synergies between and within different EU and national/regional policies and ensures greater involvement of all stakeholders in the innovation process and supports the full use of Europe's intellectual capital. This approach promotes strongly the idea of policies for innovation, which might be very helpful in the process of successful implementation of the Europe 2020 Strategy.

The publication strongly emphasizes the need to reinforce the policy coordination. It is focused on topics we consider to be essential for the single market under these new settings, defined not only by globalization and technological changes but also by other factors like demographic change, new world political and economic interrelations, environmental change, scarcity of resources, political uncertainty, etc. For enhancing the EU capabilities to follow a path of the smart, sustainable,

and inclusive growth a better use of human and natural resources (resource effective economy), promotion of energy policies, diminishing social and regional disparities by combating poverty and improving regional cohesion of the EU are crucial and need to be highlighted.

**Part I** includes the speeches presented during the conference and aimed at 'setting the scene' by referring to both innovation and integration processes in striving for a smart, sustainable and inclusive growth of the EU. Professor Maciej Banach – the Undersecretary of State from the Ministry of Science and Higher Education; Michał Boni, Ph.D. – Minister; Professor Leif Edvinsson – an expert of Knowledge Economics from Lund University and the Hong Kong Polytechnic University, and Grażyna Henclewska – the Secretary of State, the Deputy Minister, Ministry of Economics point out to enhancing integration processes through taking full advantage of the EU intellectual capital as well as its main components i.e. human capital, social capital, structural capital, and relational capital relating. The intellectual capital and its role were also included in the priorities list of the Polish Presidency of the European Council of European Union. As research contributes substantially to progress in the intellectual capital the paper by Dominik Sobczak – DG Research and Innovation, about research in Social Sciences and Humanities under the 7<sup>th</sup> Framework Programme completes that part of the book.

**Part II** covers most important issues connected with the reforms of the financial system in the European Union to enhance integration processes in the context of the growth demanded and effects of the financial crisis. Therefore, this part is focused not only on the Eurozone perspectives but also on the financial regulatory systems and the banking systems as well as capital and services flows. Special attention is put to the public finance consolidation in the European Union, in particular in Poland. The case study of Greece is discussed as well. The above aspects are raised in the papers by: Professor Marek Belka – the President of the National Bank of Poland; Professor Laszlo Csaba – Central European University (CEU); Professor Finn Østrup – University of Copenhagen; Professor Alojzy Z. Nowak – University of Warsaw, Faculty of Management; Professor Dariusz Rosati – Institut of Foreign Trade and European Studies, Professor Ewa Latoszek – Warsaw School of Economics, and Stanisław Kluza, Ph.D. – Warsaw School of Economics; Professor Axel Gerloff – Baden-Wuerttemberg Cooperative State University, and Professor Anna Visvizi – DERE – the American College of Greece.

The EU economic integration is at risk of running at the two speeds. Since improvement of the effectiveness and efficiency of the EU funding instruments is perceived as one of the priorities of investing in growth, contributions

of structural funds to the regional development were viewed from both the cohesion and competitiveness perspectives in **Part III**. As it was pointed out in the papers included here, under the Europe 2020 Strategy with its major focus on competitiveness, identified mainly in terms of the smart and sustainable growth, new and less developed EU Member States may not be able to benefit fully from the new cohesion policy instruments. Problems covered here refer to challenges and opportunities regarding the new cohesion policy for the 2014–2020 financial perspective of EU and faced by different actors including countries, regions, small and medium enterprises. The wide variety of the cohesion policy aspects are presented by: Professor Danuta Hübner – Member of European Parliament; Professor Willem Molle – Erasmus University; Dominique Foray – Lousanne Federal Polytechnic; Professor Andrzej Stępniaak – University of Gdańsk, Professor Anna Maria Nikodemaska-Wołowik – University of Gdańsk, Maciej Krzemiński, Ph.D. – University of Gdańsk; Piotr Zientara, Ph.D. – University of Gdańsk, and Aleksandra Borowicz – University of Gdansk; Przemysław Dubel, Ph.D. – University of Warsaw, Anna Masłoń–Oracz – Warsaw School of Economics, Doctoral Student.

**Part IV** presents some issues regarding social policy reforms, imposed by the demographic change. In the approach proposed, the population ageing accompanied by the shrinking of labour force and its ageing as well as the labour market transformations are considered to be the main drivers of reforms. Since pension reforms are at the top of that policy debate two papers by Professor Marek Góra, Warsaw School of Economics, and by Professor Edward Palmer, Uppsala University, present two views on main dilemmas and prospects of pension reforms in the EU. They refer to the already implemented pension reforms in the EU countries, lessons drawn from the experience, and an interplay between pension reforms and labour market policies. Main obstacles to harmonize pension policies in the EU Member States are commented as well. One of the preconditions for a successful increase of working lifespan is to adjust work places to the growing number of older workers. Until now, that aspect of pension reforms seems to be underestimated in the general debate. Professor Robert M. Lindley, Warwick University, contributes to that debate by presenting employers' attitudes and practices towards older workers and firms' adaptation to manage older labour force. The paper by Professor Irena E. Kotowska, Warsaw School of Economics, shows how important is ongoing demographic change in Europe for pension systems reforms.

**Part V** includes some specific issues of European energy policy aspects. The development prospects of the EU are strongly determined by the energy security. Without relevant solutions on this security it is impossible to combat the climate

change. Contributions by Professor Britta Thomsen – the Member of European Parliament; Krzysztof Maryl, Ph.D. – Ministry of Economy, and Bartłomiej Nowak, Ph.D. – Kozminski University focus mainly on contemporary European challenges and future actions to be taken in the EU energy policy.

The publication is the final result of the EUintegRATIO Project of the 7<sup>th</sup> Framework Programme of Warsaw School of Economics and the Ministry of Science and Higher Education. It was supported by the Faculty of Management, University of Warsaw, University of Gdansk and the National Contact Point for Research Programmes of the European Union. Our team has started the work on the project two years ago. The time which passed since then convinced us on the importance of the selected topics for the future prosperity of the EU.

We propose some recommendations referring to different targets formulated in the Europe 2020 Strategy and suggest research topics considered as crucial for strengthening the integration process of the EU in its multidimensional aspects. The Europe 2020 Strategy relates to the social and economic model which is emerging in the EU following the recent recession and in the context of the crisis in Eurozone. There has been a number of attempts during the recent months to strengthen macroeconomic policy coordination, including the Euro Plus Pact. And it was our intent to discuss how these efforts should reinforce each other in the interest of further convergence and enhancing competitiveness of the EU. We also hope that these topics would be included in the future research programmes carried out under the EU Framework Programme.

In addition, the publication should also create a platform for discussions between scientists and policy makers, including governments' representatives, as well as other important stakeholders: non-governmental organizations, representatives of business (employers and employers associations), local authorities, different social groups (students, pupils and teachers), etc.

Our words of gratitude go to the European Commission, DG Research and Innovation, the Ministry of Science and Higher Education, the National Bank of Poland and the Foundation of National Bank of Poland and Warsaw School of Economics, which financed the EUintegRATIO project, and to all the institutions which supported our undertaking with their patronage. We gained the patronage of the European Commission Representation in Poland, the European Parliament, the Ministry of Foreign Affairs, the Ministry of Economy, the Ministry of Science and Higher Education, the Ministry of Regional Development.

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# EU 2020 from the Small and Medium Enterprises' Perspective

The EU trade contributes to developing and maintaining working places in the long term perspective. Trade influences life of every EU citizen, businessman, family. While taking this into consideration and the fact that 'EU is struck by what probably is the worst crisis in its history'<sup>1</sup> changes in EU trade policy play an important role in both sustaining and improving Europe's position on the international arena.

Potentially, the EU 2020 policy objectives of achieving smart, sustainable and inclusive growth and of creation of working places could be reached by deepening EU trade policy [SEC 2010]. But this will not happen if the established rules of running business across the EU won't be accessible to all, simple and efficient.

Attempting to answer how small and medium enterprises may benefit from EU 2020 regulation is not the objective of this paper. Nor does this paper measure all the aspects of entrepreneurship influencing competitiveness or economy.

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<sup>1</sup> W. Molle's speech during the EUIntegRatio conference, October 19–20, 2011.

The aim is simply to answer how the changes may affect the enterprises? As the deep and efficient single market is the key factor determining the EU's overall macroeconomic performance, which regulations constitute constraints and which package of regulatory reforms may prove to be the most effective in developing a competitive economy?

The upcoming 20<sup>th</sup> anniversary of the 1992 Single Market Program is the opportunity for Europe to make substantial progress within the market integration. As Jose Manuel Barroso said, the Commission would aim to 'regain momentum in the internal market by bringing forward a major package for tomorrow's Single Market' [Barroso 2009]. The single market today is less popular than ever, while Europe needs it more than ever [A New Strategy... 2010] because deeper understanding of the connections between business regulation reforms means broader economic outcomes. Changes in the trade policy seem to increase the predictability of the economic interactions worldwide.

On November 9, 2010, European Commission has published a communiqué on new approach to EU International Trade Policy 'Trade, Growth and World Affairs – Trade Policy as a Core Component of EU's 2020 Strategy' [Trade, Growth... 2010]. Although the communiqué is the key element of foreign dimension of 'Europe 2020' strategy, which goal is the intelligent, sustainable and socially inclusive development, what is important from the perspective of development of entrepreneurship, the document outlines how politics will contribute to trade and investment development. The communiqué is linked to the following documents: Trade as a driver of prosperity [European Commission 2010a] and Report on progress achieved on the Global Europe strategy [European Commission 2010b]. Developing competitive economy based on knowledge and innovation may to bring Europe back to its lost position in World's affairs [see Bochnik 2006]. This process in particular should involve more support for small and medium enterprises sector. United States experiences show that small enterprises, while themselves not prone to changes in economic cycle, may often influence it positively [Wardęga, Kucharski 1999]. Economic boom in the Seventies and Eighties in US was mostly based on intensive development of small and medium enterprises [Surdej 2000: 8; Piasecki 1998: 110]. Small enterprises are perceived as the most 'mobile' sector of the economy. That means that they are able to respond in the most rapid way to changes in the environment and to the needs of potential clients [Skowronek-Mielczarek 2002: 37]. If EU enterprises' cooperation

is to be continued on such a poor level, not even the best strategy will give Europe a competitive edge on the global stage<sup>2</sup>.

The ability of an enterprise to develop innovative solutions in production, processing, marketing or management dimension<sup>3</sup> is the core of its competitive advantage, protects it from losing its position on the market and guarantees a market success [Matejuk 2005: 14]. It is also reflected in EU GNP. As developing innovations requires many years of costly researches, enterprises exploit external innovations [Rigby, Zook 2000: 80–89]. This is the goal of technological parks which create opportunities to access the sophisticated knowledge and abilities impossible to attain with limited financial means of actors active in small and medium enterprises sector. The Eighties and Nineties in OECD countries was the time of popularization of the idea of technological parks and the dynamic development of clusters. Concentration of specialized enterprises led to a higher productivity, what is closely linked to comparative advantage theory and influencing the potential competition to cooperate in a given sector. Because of their specifics the parks play an incubating and cluster-promoting role. In the growth stage the incubating function gives enterprises an access to infrastructure, which is often expensive, and to management support. As far as the cluster-promoting function is concerned, the effect of spatial concentration is definitely an advantage. Assembling enterprises and research institutions at a close distance may lead to a larger number of more rapidly implemented innovations. This in turn generates externalities and leads to production growth of enterprises of the cluster. The common features of every park are: transfer and commercialization of technologies, creating advantageous conditions for developing innovations in enterprises, creating new working places, developing and introducing new products to the market, developing clusters. The development of entrepreneurship and the increase of innovativeness, achieved through strengthening the environment supplying services for enterprises, could bring Europe back on the economic growth track. Preparing modern infrastructure for economic activity, including stimulation of entrepreneurship and innovative activity by fostering business – research links, improving innovations' introduction and commercialization (and technology transfer) – this is the synergy effect which is possible to achieve.

Turning Europe into an important player is the goal of the Europe 2020 Strategy. It encompasses few leading initiatives, like: Union of Innovations – exploiting research

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<sup>2</sup> However, lack of cooperation between enterprises in Europe (around 10–15%) is evident. In Europe's foreign dimension this falls even further to 10%.

<sup>3</sup> Four OECD categories of innovations.

activity and innovations to solve our most grievous problems and eliminating the gap between the world of science and the market, so the inventions turn into products. The technological parks may make this happen.

‘After a great success of Polish entrepreneurship during the transformation period – we should alter the impulses running to the business-world to promote innovations better’ [Boni 2011]. In my opinion only investing in human capital [*Innovation... 2007*] which is prepared for the transfer of knowledge and innovations, the enterprises may be able to compete on the dynamically developing market, regardless EU or other. This is reflected in P.F. Drucker idea, that innovation should be conceived together with individual’s role in production and management processes [see Drucker 2002]. In process of achieving the leader status, the knowledge and science, which are responsible for technological and organizational progress [Berliński 2003: 56], influence the market success of an enterprise, which constantly diversifies the sources of assets and opportunities concerning their exploitation in production and consumption.

From the perspective of Polish enterprises this is far less promising because domestic entrepreneurs will not take advantage of benefits brought by knowledge and innovation. The knowledge is an under-exploited asset in Polish enterprises [see Brdulak 2005]. On European scale innovativeness of Polish economy is very low<sup>4</sup>. In the long run, only ‘innovation coercion’, through systemic elimination of civilization and development differences may positively influence competitiveness of Polish enterprises [Szymański 2005: 7–8]. Despite actions like those introduced in ‘Directions of Developing Economy Innovativeness, 2007–2013’<sup>5</sup>, the Polish situation did not improve. The document encompasses recommendations regarding the directions of action which would enable developing economy based on knowledge in Poland. This would mean that its strength and competitive edge would be a high level of innovations in Polish enterprises.

So does it mean that position of Polish small and medium enterprises sector, in context of planned changes aiming to give EU competitive advantage may improve? Certainly yes, if Polish small and medium enterprises exploit the opportunity created by further liberalization of the market. However, paraphrasing the words of Polish

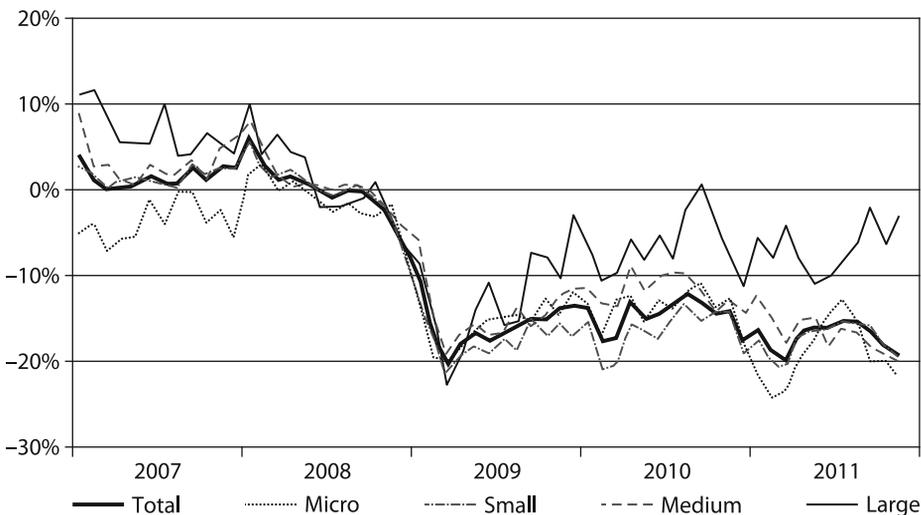
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<sup>4</sup> One may reach such conclusions after the lecture of European Commission [2005], *European Innovation Scoreboard*, Brussels. This places Poland at the end of the list.

<sup>5</sup> Government document accepted on September 4, 2006. The document is a continuation of the government program ‘Improving Innovativeness of Polish Economy before 2006’, accepted on July 11, 2000.

minister Michał Boni referring to the regress of Polish entrepreneurship, because of limited innovativeness it might be hard to achieve. Nevertheless, Polish entrepreneurs representing the sector perceive their situation positively. Despite barriers, like: complicated procedures (35%), unclear law (33%) and dysfunctional tax system (29%) they efficiently develop their business. Only 18% perceived their situation as bad while 42% as good or very good [MŚP... 2011].

In the Central Statistical Office's report 'Economic Trends in Industry, Construction, Trade and Service in November 2011' far less optimism is seen. In all enterprises researched the economic climate is perceived negatively and all sectors signal problems regarding current financial obligations. Enterprises more and more often overuse trade credit, what in many cases determines the situation of Polish small and medium enterprises sector. In perspective of last six years the situation in that respect has deteriorated, as shown on the diagram below.



**Figure 1. Delay/Payments - Diagnosis**

Source: Economic development in construction, trade and service sectors, November 2011

The structure of enterprises in Poland is quite similar to the whole European Union, where small and middle enterprises sector makes up 99% of it. The only factor distinguishing Poland is higher than European average (91.8%) share of micro-enterprises (95.9%). The gap is filled mostly with small enterprises employing 10 to 49 employees. According to the Ministry of Economy the share of the smallest enterprises is much higher in Poland than in European Union. This may mean

that because of many barriers constraining 'Polish micro-enterprises, they evolve into the higher stage of development, that is small enterprises, less often than in the rest of EU'. Polish small and medium enterprises are definitely weaker in terms of technology, capital and cadres, than the members of the old Union. That's the main reason why it is more difficult for them to compete on the single market as well as on global markets. These basic indicators characterizing Polish Small and Medium Enterprises sector, while emphasizing the particularly low level of innovativeness, weaken their competitive position and ability to develop sustainable competitive edge. However, the small and medium enterprises consist the greatest strength of Polish economy, what is shown for example in GUS data referring to the level of employment. 52% of employed work in small enterprises, 40% of which in micro-enterprises. Medium enterprises give work to around 19% of employees. Large enterprises employ 29% of employees.

The role of small and medium enterprises sector is generally perceived as a key to limiting the development differences between Poland and old Union countries. Their activity should be more vigorously supported by the institutions forming their business surroundings. Such a cooperation gives an opportunity to limit or even eliminate all the constraints arising in course of running an enterprise. Additionally, it makes external funding more easily accessible, what definitely intensifies the investments aiming to introduce new technological solutions [Szczegółowy... 2008: 62]. Lack of financial means is a considerable barrier in transferring new technologies to the sector, and is a significant constraint of their development, sometimes even decisive for their survival on the market. High credit costs, limited usage of public funds, lack of venture capital, high costs of B+R [Kierunki... 2006: 50], create a situation in which most of the enterprises still compete on the basis of prices, while new technologies are a competitive edge in only 5% of the researched cases [Pyciński, Żołnierski 2007: 238].

What's interesting, in the last 2011 edition of the report 'Doing business' prepared by the World Bank the opportunity to acquire external financing was given the highest category. Poland was ranked on 15<sup>th</sup> place in the World. The World Bank highly emphasized clarity of Polish law regarding enterprises' obligations and access to information concerning financing. This reflects the fact that for most people participating in the research access to external financing does not pose a problem. The majority (71%) of respondents emphasized that information acquired from financial institutions proved valuable in planning and realization of enterprise's investments [MŚP... 2011].

Although small and medium enterprises improve their financial results and manage to amass some savings<sup>6</sup>, they are cautious in terms of new investments. One of the reasons of limiting investment decisions may be a fear of another economic slowdown in Eurozone, which may negatively influence Polish economy. As the research *MŚP pod lupą* shows, if nowadays small and medium enterprises decide to invest, they mostly finance their decision from their own sources. The fact is uninfluenced by relative liberalization of financial institutions policy regarding financing enterprises.

Despite the fact above, Poland, in terms of general conditions of enterprises' activity, was ranked the 70<sup>th</sup> among 183 states under research, close to Belarus (68<sup>th</sup>), Namibia (69<sup>th</sup>), Tonga (71<sup>st</sup>), and Panama (72<sup>nd</sup>) [Doing business 2011]. Compared to the earlier edition of the report, Poland advanced 3 positions. However this is still not optimistic. To put the results in a perspective: Great Britain was ranked 4<sup>th</sup>, Germany 22<sup>nd</sup> and France 26<sup>th</sup>. Other countries of Central and Eastern Europe were also ranked higher: Lithuania 23<sup>rd</sup>, Latvia 24<sup>th</sup>, Slovakia 41<sup>st</sup>, Slovenia 42<sup>nd</sup>, Czech Republic 63<sup>rd</sup>. Despite dissatisfying ranking in the report, Polish small and medium enterprises dealt very well with Eurozone turbulences. It turns out that enterprises successfully dealt with economic slowdown<sup>7</sup>, which decreased the dynamics of Polish GNP in 2009 to 1.8% from over 6% in 2007 and 2008<sup>8</sup>. One should remember that the result turned out to be the best in Europe. Other countries were experiencing recession. Current dynamics of GNP is as high as it was then and it will reach about 4% [PKB... 2011].

To conclude, during the global crisis small and medium enterprises are important for the economy, because:

- they soften the radical changes of the economic cycles,
- make the allocation of assets more rational,

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<sup>6</sup> According to National Bank of Poland data, AT the end of May 2011 enterprises amassed deposits of PLN 177.1 bn. This means 20% increase compared to the beginning of 2009.

<sup>7</sup> According to Central Statistical Office's *Działalność przedsiębiorstw niefinansowych w 2009 roku*, particularly small enterprises often decided to change the profile of activity to sustain or improve the position on the market. The data does not encompass entities, in PKD classification, to sections: A (agriculture, forestry, hunting and fishery), K (financial or insurance activity), O (public administration and national security, obligatory social security).

<sup>8</sup> *Działalność przedsiębiorstw niefinansowych w 2009 roku* [2011] (Activity of non-financial enterprises in 2009). Warszawa: Główny Urząd Statystyczny.

- support changes in the economy,
- create majority of the new working places,
- play an important role in developing and introducing innovations [Kudła, Banasik 2000].

However, the small and medium enterprises sector after losing 3.25 million of working places, because of the economic crisis, needs a special attention to overcome its consequences.

What may strengthen the position of small and medium enterprises sector in Europe?

The recently conducted review of EU policies showed advantages of the Small Business Act, which it brought to the European enterprises, after being accepted in 2008: it decreased the costs of starting business in EU and substantially simplified the relevant administrative procedures. Additionally the system of support of European norms is beneficial because it positively influences the trade, limits the costs and information disproportions between the supply and demand, especially in case of transnational transactions. A clear correlation on macroeconomic level between normalization of the economy and increase of the output, trade and general economic growth is visible in many econometric researches [*Strategiczna...* 2011]. EU should further exploit the Small Business Act to achieve even more, as far as developing friendly environment for promoting entrepreneurship and supporting small and medium enterprises are concerned.

Intensification of actions of the EU member states in regards of budget consolidation, sustaining means serving stimulation of the economic growth (in such areas like research and innovation, business environment, competition in service sector) may counteract the second wave of the crisis, fear of which impedes the development and investment decisions of entrepreneurs. Further actions on the labor market aiming to improve the indicators of professional activity, countering systemic unemployment, fighting unemployment of young people and limiting premature decisions of finishing education as well as correlating the wages with work efficiency [MEMO... 2011].

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# Family Enterprises in the European Union. A Case for Regional Support

## 1. Introduction

The last few decades saw a surge of interest in the nitty-gritty of the family business [see, *inter alia*, Chua *et al.* 1999; Poutziouris *et al.* 2006; Westhead, Howorth 2006; Mandl 2008; Bailly *et al.* 2008; Uhlaner 2008; Berent *et al.*, 2009].

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