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The impacts of EU support programs on SMEs: a literature review

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Theoretical background

- Public policies at national, regional and local levels are critical to provide the right environment (Wilson, 2006);
- Public policies support the SMEs' development in term of financial and non-financial activities (Appiah et al., 2019) through the creation of actions in different areas of intervention (Wilson, 2006).
- Central role of the institutions in the creation of a context in which the SMEs can easily have access to information, can become part of more open networks and share the best practices (Wilson, 2006) improving the business surrounding and internal abilities of the companies (Pietrasieński et al., 2015).
- The role of government to support the SME's development in terms of financial and non- financial activities results to be relevant and important (Appiah, 2019).

SMEs' participation in EU funding programmes: an evaluation of the impacts

Supporting SMEs' competitiveness becomes one of the key elements of EU policies (European Commission, 2020).

Improving the competitiveness of SMEs is one of the 11 thematic objectives for Cohesion Policy, but SMEs are also supported under other thematic objectives, particularly Research and Innovation (European Commission, 2020)

Supporting the creation of a business-friendly environment for SMEs to enhance their growth, their innovation activities and consequently develop their potential within the global context (Labudová et al., 2019).

European funding available at regional and European level as the first source available to SMEs to increase the innovation capability and competitiveness.

Main benefits for SMEs (European Commission, 2014):

- Access to investment financing;
- Entrance to global markets and international value chains;
- Promoting entrepreneurship;
- New growth opportunities;
- Investment in human capital and organizational activities;
- Support ICT technologies and enabling innovation;
- Support interaction among different actors.

Several instruments have been developed by the EC to enhancing the competitiveness of SMEs (Kiełek-Więcławska, 2016).

Program	Objective
COSME	Improving SMEs' access to finance and markets
HORIZON	Improving Research and Innovation
Regional Policy EUROPEAN STRUCTURAL AND INVESTMENT (ESI) FUNDS <ul style="list-style-type: none"> • ERDF • ESF • EAFRD • EMFF 	Supporting business competitiveness, economic growth and new job generation
CEF (Connecting Europe Facility)	Supporting funds related to energy, transport and ICT projects
CAP (Common Agricultural Policy)	Supporting agriculture in the European Union

Studies on SMEs participation to EU funding programmes:

1. Opportunities and barriers

- Awareness of SMEs regarding the use of public funding;
- Analysis of perceived barriers;
- Analysis of the level of participation in EU public programmes.

2. Studies on impacts

- Ex post evaluation of the effects;
- Analysis of the effectiveness of EU public funding;
- Impact evaluation of EU subsidies on R&D performance.

The impacts of EU support programs on SMEs: a literature review

- RQ1: Which are the main approaches in the literature about the study of the participation of SMEs in public programs?
- RQ2. Which are the main impacts of participation in public funding identified by the literature?
- RQ3. Which future research areas can be identified to contribute to the expansion of this topic?

Methodology

- Structured literature review to identify the state of knowledge about the topic (Sydner, 2019).
- Scopus and Web of Science Databases were used.
- Keywords used: **SMEs AND EU funding**”, “**SMEs AND European Programme**” and “**SMEs AND regional funding**”.
- Period of publication (2002-2020) and selected subject areas.

Table I. Literature search on the main search engines.

Keywords	Databases	
	Web of Science	Scopus
Results by keywords	347	212
Results by the period of publication and subject's area	204	131
TOT	335	
Unification of the databases and elimination of the duplication	TOT 238	
The abstract is appropriate to answer the research questions	33 Articles	

Results pt. 1

Table 2. Profiles of the selected works

1. Methodology		3. Approaches	
1A Quantitative	22	3A. Evaluation of the impacts	24
1B Qualitative	6	3B. SMEs perceptions	9
1C Literature review	4		
1D Mixed Methods	1		
TOT	33	TOT	33
2. Funding typology		4. Year of publication	
2A Regional Funding	14	4A. 2002-2007	3
2B Direct funding	19	4B. 2008-2013	5
		4C. 2014-2020	25
TOT	33	TOT	33

Results pt.2

SMES are not friendly with the use of EU funding programmes
(Visković et al., 2017).

Main reasons:

- The procedures are perceived as difficult and complicated (Visković et al., 2017; Gilmore et al., 2013; Hunya et al., 2011);
- Very demanding requirements (Hunya et al., 2011);
- Lack of project management knowledge (Gilmore et al., 2013);
- Lack of competences in drafting application (Hunya et al., 2011);
- Lack of financial resources for professional help (Gilmore et al., 2013);
- Difficulties of finding additional resources to co-finance the projects (Hunya et al., 2011);
- Difficulties of finding and managing the relationships with the partners (Caloff et al., 2014);
- Difficulties in identifying the best source for their projects (Hunya et al., 2011)

Results pt. 3

Economic and financial effects

- Increase of sales and profits (Lewandowska et al., 2015);
- Modernization of fixed aspects (Lewandowska et al., 2015);
- Investment in equipment's, machinery and new plants (Dvouletý et al, 2018; Radicic et al., 2018);
- Job creation (Boratynska et al., 2018; Lewandowska et al., 2015; Bedu et al., 2019; Mikołajczak et al., 2017);
- Turnover increase (Čučković, 2018, Nillson et al., 2007);
- Cost-saving (Nillson et al., 2007; Stewardson et al., 2003).

Results pt. 3

Products and technical improvements

- Improvement of products and technology (Lewandowska et al., 2015);
- Extension of product portfolio of the companies (Lewandowska et al., 2015);
- Upgrade of quality system or/and processes (Lewandowska et al., 2015);
- Increase of the number of innovations and the probability of patent application (Čučković, 2018; Czarnitzki et al., 2015; Venckuviene, 2014);
- Extension of innovation activities (Radicic et al., 2018).

Results pt. 3

Networking and educational effects

- Creation of long run relationships (Caloffi et al., 2014; Radicic et al., 2018);
- Stimulation of innovation potential of SMEs (Nepelski et al., 2017);
- Enhance relationships with variety of organizations, universities and other agencies specialized in innovation activities (Caloffi et al., 2014);
- Strengthen the relationships with knowledge providers, such as consultant and research centres (Radicic et al., 2018);
- Improve the knowledge in project management practices (Lewandowska et al., 2015; Faber et al., 2015).

Conclusions

This topic has gained attention in the last years both for the benefits that the SMEs can obtain using such funding and from a policy's point of view.

The investigation of these topics remain challenging for different reasons:

- lack of availability of economic indicators and data about SMEs;
- the effectiveness of the use of these resources depends on internal factors and from the influence of external organizations (researches centres, universities, consultancy agencies) which role is central in providing the right support to SMEs.