

CHAPTER 20.

POLAND'S INTEGRATION WITH THE EUROPEAN UNION AND ITS IMPLICATION FOR SMALL AND MEDIUM SCALE ENTERPRISES

Mirjana Radović-Marković¹

Imani Silver Kyaruzi²

Abstract

The development of SMEs is very sensitive to the overall economic situation of every country such as the dynamics of economic growth, stability of the local currency, supply and demand on the home and foreign markets and the state's micro-economic policy. This paper discusses the SME development in Poland since its accession to the EU in 2004. In this context, the authors examine the question of whether the SME development policies following Poland's integration into the EU has contributed positively to the sustainable development of the Polish economy– we examine whether the country's accession into the EU has created a better environment for entrepreneurship development than it was in the pre-accession phase. In this paper, we attempt to provide answers to three key questions: (1) What were the main specific adjustments necessary to accession requirements? (2) What are the main opportunities for Polish SMEs arising out of EU membership? (3) What kind of progress has been made in the SME sector after Poland's accession into the EU?

Considering the research problem the authors have reviewed the academic literature in search of a theoretical background and conducted the analyses based on state statistical data.

Key words: *SME, accession, entrepreneurship, development, Poland, EU*

¹ Full professor, Institute of Economic Sciences, Belgrade, Republic of Serbia, email: mradovic@gmail.com

² Ass. professor, Birmingham Graduate School, Birmingham, UK, imanisilver@googlemail.com

INTRODUCTION

Poland's integration into the EU economy was a gradual process which was formally initiated in 1991 when Poland and the EU signed the Europe Agreement. This process was completed in 2004 on the referendum in which 77% of voters supported Poland's EU accession, while 23% voted against it (see Ewa Balcerowicz, 2007).

A number of conditions and opportunities were discussed during this process. First, the process of integration called either for deeper restructuring and modernization of traditional industries and enterprises or for emergence and development of new and modern high technology industries. Second, the integration with the European Union gives the Polish a chance to revitalize their economy and pass from an area at the periphery into a business hub of expanded Europe with blending management cultures, administration models and entrepreneurship types. Within these opportunities, short, medium, and long-term specific adjustments were deemed necessary. Short, medium, and long-term specific adjustment effects include, for instance, an improved quality of the natural environment, improved working conditions, a higher quality of the market offer, a change in the economic structure and long-term effectiveness in the allocation of production factors. In essence, they include both the effects characteristic for the transformation process itself, and the effects resulting from an adjustment to accession requirements connected with the membership in the EU.

THE ENTREPRENEURIAL ENVIRONMENT IN POLAND IN PRE- ACCESSION PHASE

The rapid growth of entrepreneurship and small firms has been one of the greatest successes in post-Communist transformation in Poland. In other words, small enterprises have become the growth engine of post-socialist economies because they tend to be more responsive to consumer demand than large firms. Formerly it was the state-owned enterprises that generated employment, but now it is the private sector which provide employment outside the state sector. Small enterprise entry has been explosive in Poland, and is most rapidly growing among transition economies (Berkowitz et.al, 2001). In particular, the *SME* sector has played an important role in absorbing the negative consequences of the changes in the Polish economy.

The history of SME development in Poland dates back in 1982, when the sector of small enterprises began to develop. However, this move was not automatically

translated into success as it existed without a considerable influence on the improvement of the economy. In 1985, the share of private enterprises in industrial production was only 3.21% (GUS, 1990)³. These enterprises, particularly in the first half of the 1990s, somehow helped to reduce unemployment. There are evidences to suggest that many employees who had previously been working in state-owned companies set up their own businesses, thus creating new jobs. The private sector created jobs for about 72% of all employed in the Polish economy and more than a half of fixed assets are now in private hands (SMEs in V4 countries, (2010).

Since the mid-1990s the rate of development of private enterprises has been much slower due to the existing bureaucracy when it comes to setting up new companies and accessing bank loans. Despite some obstacles, the private sector became the dominant form of ownership. By the end of 1999, the privatization process covered over 60% of the total number of state enterprises that existed in 1990. The private sector's share in the total investments is estimated to be around 60%. Foreign capital played an important role in restructuring of the economy. The growing number of small and medium enterprises (SMEs) has been a positive feature of changes in the ownership structure. At the end of 1998, there were nearly 2.8 million of SMEs which accounted for 99.8% of total number of enterprises. Large enterprises accounted for only 0.2% (GUS, 1999). Over 7.1 million people were employed in SMEs, accounting for nearly 63% of total labour force. The SMEs created about 50% of the GDP (The Government Center for Strategic Studies, 2000). In addition, the entrepreneurial environment in the country in the pre-accession phase was characterized by the strong regional disproportion and competitive gaps occurred when they were compared with firms in EU. The major competitive advantages of EU firms vis-à-vis companies in Poland include a higher investment capacity, the use of more advanced technology, as well as experience with the internal market.

In a Polish survey of 500 SMEs (2001), 68% of respondents reported a technological gap with EU competitors (Polish Agency for Enterprise Development, 2002.) This is the result of the natural, social and economic conditions. The success of SMEs, is therefore, influenced by the set of selected external and internal factors. In similar vein, going through various indices of development in Poland, one will observe that most economic entities, especially the industries in the country, were still in their infancy. In spite of the government programs supporting the SMEs in Poland, their role in the economic growth has not been fully recognized. The country's economic policy has always favored large companies and that is why a number of this policy's elements are less

³ Statistical data from the Polish Central Statistical Office (GUS).

favorable for SMEs (relatively low tax rate for state companies and capital ventures and progressive tax rates for individual businesses). It is for this reason that it was necessary to conduct an economic transformation and change the economic structure of the country. Short, medium, and long-term specific adjustments were necessary to accession requirements connected with future membership in the EU.

The SME support was one of the priorities in the government's economic agenda. Within this context, the government document entitled "Directions of government actions for small and medium-sized enterprises till 2002" defines the SME policy during pre-accession period and it is focused on the adaptation of the Polish SMEs to intensifying competition especially in the conditions of the *Single Market*. This program takes into account the experience gained during the implementation of the first programme of government SME policy and the directions of activity set out in the National Integration Strategy and the National Programme of Preparation for Membership, and the Program of support for the development of regional technology transfer institutions. The main goal of that programme is to ensure favorable conditions for the creation and the full use of the SME growth potential. This goal is split into three indirect goals as follows:

- (a) ***Raising SME international competitiveness:*** Specific measures were targeted at strengthening the companies' international competitiveness. Within these measures, the government activities had to take the form of:
 - (i) legislative changes oriented towards reducing enterprise costs connected with workforce employment;
 - (ii) financial support for innovation;
 - (iii) development of economic infrastructure including a business counseling network;
 - (iv) creation of a network ensuring common access of entrepreneurs to information important from the view of their business activity type;
 - (v) facilitating access to management know-how for entrepreneurs.One example is the *Polish Strategy for the light industry 2000-2005*, which provides various types of support to increase the international competitiveness of the clothing, textile and leather industry in the fields of price, quality and technology.
- (b) Fostering international competitiveness of enterprises represents the basic policy strategy in relation to EU accession not only in Poland, but also in many of the candidate countries' general economic and business development programs.

(b)Growth of SME Exports: It was considered important that the scope of using the state competitive policy instruments should be entity-tailored in order to stimulate the development of export and high-tech industries.

(c) Growth of Investment Outlays in the SME Sector: Within the implementation of this goal it was planned to: (i) enlarge and reinforce financially the system of loan guarantee funds facilitating access to bank loan for entrepreneurs; (ii) promote development of non-banking institutions in the financial environment of the SME sector such as funds of venture capital type, loan societies (credit unions); SME support includes a number of initiatives within the framework of the Structural Funds. These initiatives were aimed at influencing both the demand side through co-funding national or regional business services addressed to SMEs and the supply side through assistance in creating, developing and supporting the business infrastructure.

The task of the undertaken measures was to provide support for the SMEs in less developed regions (with per capita GDP below 75% of the EU average) in their effective adaptation to the Single Market conditions. Its importance is confirmed by the EU experience, which indicates that the Single Market generates varying implications for SMEs operating in more and less developed countries. That is one of the possibilities of assessing opportunities standing before Polish SMEs. It was expected that an important role in these processes should be played by the SME sector. It is meant to pay special attention and to study more closely the experience of EU countries in the field of such fundamental determinants of SME business activity, such as growth of sales turnover, employment and exports and adjust this experience to the weaknesses and strengths of the Polish SME sector. The impact and nature of these opportunities depend on the firm size, the type of the firm's business activity and its sensitivity to the Single Market programme. The adaptation processes of the Polish economy to the Single Market requirements are connected with deep transformations in the country's economic structure being an effect, among other things, of changes in domestic demand structure and international trade structure, foreign direct investments, concentration and restructuring processes, development of different forms of domestic and international co-operation. An important role in these processes belongs to the SME sector, which should undergo major transformations. These transformations have to be promoted also by a quality of the economic policy and strategic behaviors of enterprises themselves. In addition, some experts especially showed some degree of caution and pointed out that the Poland-EU integration increased the economic risk for enterprises, especially production and finance risks. Therefore, a significant role in the process of adapting to new changes should be played by the state policy (Skawińska & Zalewski, 2003).

The enlargement process may pose challenges with respect to the labour market in at least two ways: (i) through the accelerated structural change and (ii) through a free movement of labour within the expanded EU. However, labour supply in transition countries hardly keeps pace with these requirements, as it is

characterized by relatively low mobility of workers across labour market strata, occupations and sectors (European Commission, Brussels, 2001). Under these conditions, both unemployment and skill gaps occur.

In addition, the integration into the EU required a complex process of adaptation of legislation, regulatory systems and methods of certification and standards to meet the EU requirements. The adoption of EU legislation in Poland in the pre-accession phase was seen as an important step meant to increase the effectiveness, efficiency and reliability of their entire institutional framework, such as the functioning of administrative authorities, courts, or the macro-economic policy. Specific improvements for businesses were expected, for example, in the fields of corruption, legal proceedings or public procurement procedures. The fight against corruption was one of the key challenges in the pre-accession phase in Poland.

Key barriers to SME development included: i) regulatory complexities and administrative costs; ii) high tax rates; iii) inadequate access to financing; iv) lack of qualified labour; and v) deficiencies in knowledge, management and competitiveness.

The effects of policy on SMEs is that although government took a number of steps towards SME development, government policy was limited in its scope by not addressing the needs of entrepreneurs. The lack of policy in providing access to capital, technology, business skill training, and preferences to small business for low rate credits and tax incentives was a major hindrance in SME development in Poland.

SMEs DEVELOPMENT IN POLAND AFTER ITS ACCESSION IN THE EU

Currently, Poland is the biggest market in Central Eastern Europe (CEE) with 38.5m people. The access of Poland to the European Union introduced a great challenge for the business sphere and inhabitants. The European market became the “local” market offering national entrepreneurs new chances and possibilities (Krzysztof, 2007). The impact of the integration of the Polish SMEs depends to some extent on their ability to adapt to the new external environment in order to maintain and/or improve their competitiveness.

Most of the East European countries in the process of transition show certain specific features with respect to the economic development and development of entrepreneurship. It is possible to notice (Table 1) discrepancies in GDP per capita between Poland and EU countries. Namely, Poland makes for only 56% of

value reached in EU countries ,but there is a few discrepancies in unemployment and inflation between Poland and EU countries.

Table 1: Selected economic indicators in 2008 (in %)

	Poland	EU countries (27)
GDP per capita	56	100
Unemployment	7	7.6
Inflation	4.2	3.7

Source: basing on SME Sector in Poland in 2007-2008, Warsaw, PARP 2009, p. 22

Between 2002 and 2008, the number of SMEs has grown in Poland by 5 %. The SMEs have greatly contributed to the employment, investment and value added in the Polish economy. In addition, their contribution to the national GDP was 47 % in 2007. The SME sector accounts for 99.8% of all firms in Poland. Total employment in the SME sector is 5.9 million employees, or 70.1% of all workers employed. They are active in retail and wholesale trades, services and in the production and employ 2.1 persons on average. Their density per 1000 inhabitants varies quite significantly from region to region. Poland is close to the European average (and ranks as 15th) in terms of “enterprise density” (SMEs in V4 countries, 2010).

Table 2: Structure of SMEs and Employment in Poland (2008)

	ENTREPRISES		EMPLOYMENT	
	Number	Share	Number	Share
Micro	1 502 959	96.0%	3 295 674	38.6%
Small	44 500	2.8 %	988 919	11.6 %
Medium-sized	15 185	1.0 %	1 595 013	18.7 %
SMEs	1 562 644	99.8 %	5 879 606	68.9 %
large	3 105	0.2%	2 654 220	31.1 %
TOTAL	1 565 749	100.0 %	8 533 826	100.0 %

Source: Eurostat , 2009.

The economic transformations taking place in Poland in recent years have been also accompanied by changes in the companies' structure. There is a disproportionate share of micro-enterprises, with fewer than 10 employees, and

relatively few firms in the intermediate size classes, especially the 10-49 employee class. Namely, in the structure of the SME sector in Poland the highest share belongs to the micro enterprises (96.0% in 2008), which is achieved mainly at the expense of small enterprises, and may suggest growth barriers between these two categories .

SMEs in Poland are rarely involved in export activity, they tend to lack the capacity, resources or willingness to invest in new technology and the low quality of their products or processes makes them generally uncompetitive in global markets. Micro-enterprises operate in particular in crafts, commerce, transport, industrial manufacturing, construction industry, real estate and business services. They employ about 3.2 – 3.5 million people which amounts to nearly 20% of total employment in the economy (on average 2 persons per micro-enterprise).

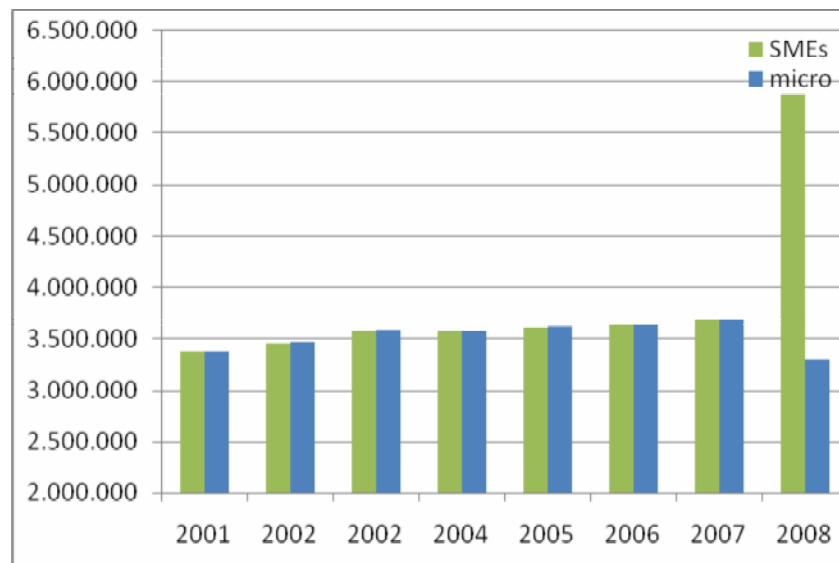
The contribution of micro firms to employment in Poland (39 %) is higher than the European average (30 %), while the contribution of small firms is relatively lower. As a consequence, the contribution of the total SME sector to employment (69 %) in Poland is only slightly higher than in the EU on average. Despite these, the small and micro businesses became an important source of growth in the new employment in Poland, although these potentials have not been fully utilized yet.

In comparison with more established EU member states, private enterprises in Poland are very few technology based .The small share of technology oriented and high value added SMEs in the economic structure, combined with the low level of expenditure on R&D and other innovation-related activities emphasizes the importance of prioritizing the development and implementation of effective innovation policies. Polish SMEs perform poorly on most innovation indicators, reflecting underdeveloped market-oriented innovation systems at the national and regional levels (Ruszkowski,2010). In this context ,the strategic goals of Science, Technology and Innovation policy focus on R&D and innovation and its potential contribution to competitiveness. In general, the role of STI Policy is focused on promoting excellence at the national level and the competitiveness of the national economy, rather than regional needs. It has five main priorities as follow: (1) Human resources for a modern economy; (2) Research for the economy; (3) Intellectual property for innovation; (4) Capital for innovation; and (5) Infrastructure for innovation.

A number of researchers suggested that entrepreneurship and innovation policy is not perceived as a vote winner by regional politicians, who often see greater political benefit in supporting road or rail improvement schemes or similar high profile infrastructure initiatives, rather than promoting entrepreneurship.

Under the present system, regional innovation-related projects tend to be small and proposed by entrepreneurs rather than the scientific community. The planned „KNOW,, centres, focused on universities, are unlikely to be evenly distributed regionally because their main goal is to contribute to national innovative performance rather than to regional development (OECD,2010)).

Graph 1: Number of registered SMEs and Micro firms in Poland, 2001-2008.



Source: Used statistical data from GUS

The role of small companies, employing up to 50 persons, has been constantly growing. Additionally, the percentages of firms, which perceive themselves as competitive on European markets grew from 43.3% to 52.2%, whereas the percentage of firms that consider themselves unable to effectively compete on the European markets dropped from 16% to 10.6% (Krzysztof, 2007).

According to the recent research of the Institute for Private Enterprise and Democracy (2009) carried out among small companies, most companies (60%) belonged to the service sector and the rest were construction companies (40%). In the medium-sized companies group, one half offered services and the other half belonged to the production sector. As for the large companies, 60% were service delivering companies and 40% of the large firms belonged to the manufacturing sector. In the whole sample, the service providing companies constituted 56%, the manufacturers made up 31% of the population and the remaining 13% were construction companies. While a sectoral approach to industrial policy dominated

in the period prior to accession to the EU, in post-Accession the emphasis has been horizontal, rather than targeting specific sectors or enterprises.

The most significant barometers of the strength of the SME sector is also its survival rate (Chmiel, 2007; Zagoździńska et al., 2008). Research by Chmiel (2007) confirms that firms from the SME sector enjoy a relatively high rate of survival (60 per cent) in their first year of operation – a statistic that has remained constant for the last few years. A four-year rate of survival is estimated to be about 30 per cent. Both entry and exit rates for enterprises, almost entirely small ones, are higher in Poland than on average in the EU. This indicates considerable dynamism in the sector which has contributed to the progressive diversification of the Polish economy since the end of central planning.

The majority of enterprises in Poland are sole proprietorships, amounting to 76.1% of all existing companies. The second most popular organizational structure is a civil law partnership (a company that has no legal personality) constituting 7.7% of all economic operators. Companies based on the commercial law – mostly limited liability companies amount to 6.7% of all economic entities. Other organizational schemes are significantly less popular.

A commonly held view is that the implementation of entrepreneurship and economic development policy at the regional level has been slow, with limited co-ordination. Some explanations for this point refer to a lack of political commitment at the regional level to promoting entrepreneurship and a lack of understanding of the potential importance of entrepreneurship and SMEs to economic development (OECD, 2010). A lack of co-ordination is likely to contribute to increased fragmentation of policies in the eyes of entrepreneurs rather than the simplification that makes it easier for them to find and access the support they need. The recently established National Co-ordinating Committee for Development Policy is recognition of the need to improve co-ordination within the system.

THE PERSPECTIVES OF SMEs DEVELOPMENT AND THE PRIORITIES OF ENTREPRENEURSHIP POLICY IN POLAND

Poland's status as a new member state of the European Union has important implications for entrepreneurship and innovation policy in the country. The current approach is heavily dependent on EU Structural Funds, which the country relies on to provide funds for policy implementation. This is facilitated through a combination of National Operational Programmes (NOP) and Regional

Operational Programmes (ROP), which inevitably means that policy priorities and the orientation of policy are influenced by criteria established at the EU level.

Many programs in Poland are broadly-based – they try to appeal to different stakeholders in the Polish economy, such as entrepreneurs, employees, public institutions and agencies, research centers, business and technology incubators, universities, and research and development institutes, etc. The priorities of national entrepreneurship policy include human capital, improved access to finance, better regulation, R&D and innovation, access to markets, business environment, including infrastructure. One of the current policy priorities is regulatory reform, driven partly by the EU agenda.

The implementation of entrepreneurship policy in Poland involves a number of key institutions and networks at the national and regional levels. The national business support network (KSU) is managed by PAED. This network of service providers consists of independent, „not-for-profit organizations that provide support for start-ups and established businesses. The main areas where PAED consider publicly funded support is necessary are information, pro-innovation advice, loans, and loan guarantees. At the same time, the support needs of businesses vary between different regions, which mean that a „one size fits all□ approach is unlikely to be effective. In addition, other national and regional actors are involved in delivering business support to SMEs.

The SMEs are encouraged to grow as the Polish government offers incentives on technological tax, investment grants up to 70% of investment costs for SMEs and employment grants of up to €5,000 per new employee as well as grants for R&D activities (Capaldo, 2008). At the same time, Polish SMEs were supported by loans of The European Investment Bank (EIB). Namely, since 1990, the EIB has signed loan contracts in Poland amounting to some EUR 23.5 billion, but in the times of the economic crisis, Poland is also facing numerous challenges in financial markets, thus searching for the most appropriate model for regulating financial sectors. The most appropriate model must fit the financial needs of SMEs which vary between regions. For example, start ups in poor (particularly agricultural) regions need microfinance, because they lack self financing possibilities. On the other side, SMEs in Eastern Poland were said to need basic support because of particular difficulties they face in accessing finance. Effective co-ordination of policies originating in different parts and levels of government is essential if policies are to be effective in achieving their objectives.

In addition, organizations have been forced to radically alter both their organizational structure and culture, to cope with the demands of the increased competition. As decision-making becomes more widespread throughout

organizations, training will be critical in ensuring that the correct choices are made. The key areas of government's assistance relate to preparing business plans, improving products, increasing managers and owners skills and so forth. Namely, the available training assistance programs are directed towards two types of audience: business owners or young managers who need managerial training in key functional areas of their business, and skilled workers looking to improve their technical skills in areas of their expertise.

For decision-making powers to be more widespread, information will have to be made available to a wider group of persons so that armed with the facts, they can make the correct decisions. If employees are expected to participate in the decision-making process, training becomes critical in ensuring that information is used wisely in this process. Organizations will also be expected to respond proactively to changes in the business environment. Responding quickly will no longer be enough; with this increased competition, firms will have to learn to anticipate changes so that they can survive and maintain their competitive advantage. Failure to do this will result in other firms taking advantage of the opportunities that have arisen. Alternatively, it could lead to an inability to effectively manage current and future threats to their existence. As firms attempt to manage the „new,, environment, they normally seek to revise their culture and structure to those, which are felt to be more suitable for handling such rapid changes. These changes in the organization culture and structure have led to the need for a different „kind,, of employee. These changing requirements have resulted in some criticisms of the formal education system, as employers complain that graduates from these institutions are not meeting their needs. In that context, the formal educational institutions are being asked to re-think the way they undertake education and training. Skills, gap/mismatch and continuous or lifelong learning have received national attention by governments in most developing and other countries. Such skills are considered a necessity in what is now commonly referred to as a „Knowledge-Based Economy,, (KBE) or „New Economy,,. They will require employees to be multi-skilled as they seek to combine tasks and even different jobs in one person or position. This will cause employers to seek out employees who are thought to be more “trainable” and more capable of working on their own or with minimum supervision. In other words, the old principles no longer work in “New Economy”. Businesses have reached the old model's limits with respect to complexity and speed. The real problem is a ruinously dysfunctional mismatch between today's business environment and the classic business model. Namely, the wrong model may transform a company into the vehicle of its own death. The successful companies in the future will be those wise enough to harness the full potential of the entire organization in the rapidly changing business environment. The world is going to be too tough and competitors too ingenious as companies are shaken loose from

traditional ways of conducting business. The winners will be the unbridled firms that are responsive to challenges and adroit in both creating and capturing opportunities. To match an increasingly networked business environment within and among companies, the ability to manufacture value will have to be distributed across the company to a much greater extent than in the past. Additionally, learning is the key competency required by any organization that wants to survive and thrive in the new knowledge economy. Market champions keep asking learning questions, keep learning how to do things better, and keep spreading that knowledge throughout their organization. Learning provides the catalyst and the intellectual resource to create a sustainable competitive advantage. Knowledge organizations obtain competitive advantage from continuous learning, both individual and collective. In organizations with a well established knowledge management system, learning by the people within an organization becomes learning by the organization itself. In other words, managers need to transform themselves.

CONCLUSION

Poland's membership of the EU involved economic integration across a variety of fields, with important potential implications for the external environment in which business is conducted in Poland. These implications stem first from the need to adapt Polish legislation, regulatory systems, and methods of certification and standards to EU requirements; and, second, from the continuing process of transforming the Polish economy into a market-based system.

The enlargement process of the EU is changing the business environment under which SMEs are operating. From the viewpoint of enterprises, many of the changes in the business environment mean the opening-up of new markets as well as the potential appearance of new competitors on 'own' domestic markets. The economic impact of the changing business environment on SMEs in Poland and other new Member States depended upon the accession in the EU to a large degree and to some extent, upon the initial position of enterprises in terms of their relative competitive advantages and disadvantages.

In this paper we tried to explain how much Poland has used this opportunity after the EU accession. This question is very important because the extent to which this accession process has influenced Polish enterprises has had an impact upon the whole economy. According to our research, the integration with the EU gave the Polish a much needed opportunity to revitalize its economy and make its way from an area at the periphery into a business hub of expanded Europe with blending management cultures, administration models and entrepreneurship types

including the implications for SMEs at the micro level. In addition, the integration with the EU obtained the removal of barriers to the flow of goods, services, capital and labour and provided new market opportunities, increased competition on domestic markets, and facilitated access to new sources for inputs.

Public policies have a role to play in leveraging the dynamic nature of entrepreneurship, devising programmes that support market mechanism that may not be well adapted to entrepreneurship and promoting entrepreneurship in the population at large (OECD, 2010). Despite the Polish SMEs were supported by loans of The European Investment Bank (EIB), but in the times of the economic crisis, Poland was still facing numerous challenges in financial markets.

We can conclude that there has been a visible progress after the EU integration, however, the key barriers to further growth remain in the business environment for SMEs and entrepreneurs. For instances, there are certain mismatches in the labour market, with a gap between the supply of workforce skills available and the types of skills required by the emerging SME sector. It emphasizes the importance of prioritizing the reform of the vocational training system, paying attention to the specific training needs of SMEs in particular sectors. An improvement to the vocational training system also needs to incorporate a spatial component, since the survey (Country report summarizing the survey conducted among the companies, 2009) evidence demonstrates the particular problems experienced by SMEs in smaller towns. Because of that, it is necessary that a better network be created among scholars focused on investigating small businesses and entrepreneurship and the growing demand for entrepreneurship education. This approach should connect entrepreneurship research and teaching more closely. On the other hand, the research must lie in both its intellectual eclecticism and connections with policy agendas and practical problem solutions. In that way, many theoretical settings would be reduced that have not come across a box in practice. Special emphasis should be given to continuous improvement of work force through life-long education, in order to decrease differences between the Polish economy and the EU-27 member states. Bearing in mind that one of the goals in the long-term Polish development strategy is the movement towards the Knowledge Economy and an equal participation in the Single and Global markets competition, knowledge and a good knowledge management should be considered as the key success factor of the SME sector. In addition, designing a package of SME policies should be based on a rigorous analysis of the strengths and weaknesses of the region and fine tuned to the specific economic and sector structure.

References

- [1] Balcerowicz, E. (2007), The Impact of Poland's EU Accession on its Economy, CASE – Center for Social and Economic Research, Warsaw, Poland
- [2] Berkowitz, D., et.al. (2001), Does Privatization Enhance or Deter Small Enterprise Formation? University of Pittsburgh, US
- [3] Capaldo, F., (2008), How is the crunch affecting SMEs abroad?, available in the internet http://www.thisismoney.co.uk/work/small-business/article.html?in_article_id=457376&in_page_id=10
- [4] Chmiel, J. (2007), "Small and medium enterprises in Poland in 2005-2006," Warsaw: PARP
- [5] Country report summarizing the survey conducted among the companies (2009), Institute for Private Enterprise and Democracy, Warsaw, Poland
- [6] OECD Review of SME and Entrepreneurship Issues and Policies at National and Local Levels in Poland., 2010. Available in the internet <http://www.oecd.org/dataoecd/21/55/44729520.pdf>
- [7] Krzysztof, W., (2007), Impact of the Accession to the European Union on Polish Enterprises Development in: VI. Nemzetközi Konferencia A közgazdász képzés megkezdésének 20.évfordulója alkalmából (Conference Proceedings of 6th International Conference organized in the XX annual of Faculty of Economics), II. kötet (volume II), ed. A. Somogyi, Miskolci Egyetem -Gazdaságtudományi Kar (Miskolc University – Faculty of Economics), Miskolc-Lillafűred, pp. 183-191.
- [8] Ruszkowski, E. (2010), A Review of SME/Entrepreneurship in Poland ,available in the internet <http://blogs.law.unh.edu/itti/2010/04/a-review-of-smeentrepreneurshi.html>
- [9] SMEs in V4 countries (2010), Visegrad info, available in the internet . <http://www.visegrad.info/smes-and-innovative-businesses/factsheet/smes-in-v4-countries.html>
- [10] The Impact of EU enlargement on European SMEs, Observatory of European SMEs 2003, European Commission , No. 6
- [11] Polish Agency for Enterprise Development, Report on the Condition of the Small and Medium-Size Enterprise Sector in Poland for the Years 2000-2001, Warsaw, 2002, p. 235.
- [12] Skawińska E, Zalewski R., (2003) , Economic aspects of the Poland-EU integration; an assessment of costs and benefits in relation to agribusiness in International Conference *Agricultural policy reform and the WTO: where are we heading?*, Capri, Italy
- [13] The Government Center for Strategic Studies, Warsaw, 2000
- [14] The Industry's Statistical Annals, GUS, Warszawa, 1990
- [15] Zagoździńska, I., Foryś, A. and Kotowski, J. (2008), "Działalność przedsiębiorstw nieftasowych 2006 roku," Warsaw: GUS