STUDY ABOUT THE DEGREE OF ACCESS TO THE EU FUNDS IN SMEs OF SIBIU COUNTY

Daniela Popa, lecturer phd, “Lucian Blaga” University, Sibiu, ROMANIA

ABSTRACT: One of the main challenges facing the European Union is the desire to foster the performing development of small and medium enterprises by supporting them to continue economic and social growth. In order to achieve these objectives, and not only, the European Commission provides funding grants to each Member State. From these statements was the idea of a SMEs research about accessing non-refundable EU funds among them. This paper presents the results of a research based on a questionnaire conducted among small and medium enterprises in Sibiu County. Conclusions show that among SMEs included in this survey who have taken advantage of these opportunities to the environment (grant), is greatly reduced. These results show that exist a long-term possibility of maintaining gaps compared to other EU countries and there is necessary to identify causes of this situation.

KEY WORDS: European funds grants, small and medium enterprises.

1. INTRODUCTION

The European Union (EU) wants to become more competitive, more dynamic and innovative worldwide and, as a result, the European Commission, by creating specific financial instruments, provides grants, in order to reduce the disparities between the regions of Europe and to increase the competitiveness and employment in the EU. One of the directions for reducing these gaps is to stimulate the development of small and medium enterprises (SMEs). Because of Romania's membership to the European Union and its policies in the economic environment in our country there are some opportunities to develop the SMEs by operational programs that provide grants. Having these aspects as a starting point, we considered appropriate to study the degree of accessing the EU non-repayable funds for the small and medium enterprises, in order to determine the actual level of access and to identify the effects of these accesses on the Romanian economical environment. The European non-repayable funds can be considered environmental opportunities, whose capitalization leads to companies' development, resulting in positive economic effects, enabling possible future reductions of the disparities between the EU regions. Taking as a starting point the diagram shown in figure no 1, the present research aimed to identify the level of accessing the EU non-repayable funds, in order to determine the efficient development of the SMEs enabling positive economic effects.
2. THE LEVEL OF ACCESS OF EU GRANTS OF THE SMEs IN SIBIU COUNTY

In any country, the SMEs are considered the supporting pillars of the economy and the effects of their activity are felt both in the economic and social environment. In our country, the SMEs account for about 99% of all businesses and provide employment for about 68% of the active population. In terms of these aspects, we consider the performance of the SMEs has positive effects on our country's economy and can reduce the gap both between the country regions and also between Romania and other EU countries. Therefore, the study of small and medium enterprises and their performance is a current necessity of the Romanian economic and scientific environment.

The present study was intended to highlight both the opportunity of using EU non-repayable funds as elements of the business environment for SMEs, as well as the determining of the access of these opportunities as a factor to support business growth.

A broad questionnaire-based research was conducted, in order to identify the degree of access to EU non-repayable funds for the SMEs in Sibiu County. The research aimed at determining the role and the importance of project management for the increased performance of the SMEs and one of the main objectives was to identify the stage of accessing European funds as a basic condition of change and performance of the SMEs.

The starting point of the present paper was a research conducted from secondary sources on the degree of access of European funds, which indicated a much reduced level. Therefore, the research seeks to identify the access situation of the small companies in Sibiu County and the reasons for not using this opportunity, the participation in funded projects as a

---

Figure 1. Flowchart on the consequences of the capitalization or non-capitalization of the environmental opportunities for using the grants [2, figure 29, p. 116]
partner or collaborator / subcontractor, the number of submitted projects and the number of those who have benefited from them.

The assumptions underlying this work are:
- European funds accessing is reduced for the SMEs in Romania;
- The number of SMEs receiving EU funds is very low.

2.1. Defining the demographic characteristics.

The demographic characteristics pursued during the research fall into two categories, those relating to the examined SMEs (main activity, turnover and number of employees) and those relating to respondents (position in the companies subject to questioning, their profession, gender and age). The results of the research on the analyzed SMEs are as follow [2, pages 199 – 202]:
- 51% of the analyzed SMEs are in the service industry; followed by those in the production area (27%). The results obtained can be linked to the percentage of SMEs in the economic sectors in our country. Thus, the service sector is predominant, with over 50% of the SMEs, followed by the manufacturing sector and then, by the construction one.
- In terms of the turnover of the reviewed SMEs, it was found that the largest share (43%) were those with a turnover of less than $ 100,000, followed by those with a turnover of more than EUR 500,000 (29%), the rest of the analyzed business being in the range from 100,000 to 500,000 (28%).
- In terms of the size of the analyzed companies, it was found that half are micro-enterprises having less than 10 persons employed (49%), followed by small enterprises (29%);
- The largest part of the respondents have technical studies (53%) and business studies (33%) and in terms of position, they are mainly administrators (30%) or are included in operational posts;
- More than half of those respondents are male (56%) and in terms of age, it was found that the majority are aged between 30 and 40 years (40%).

2.2. The analysis of the research results on the degree of access to European funds

This part of the paper is a summary of the results from the questionnaires based research among active people working in analyzed SMEs. For a broader picture of these results, in the first part we present the percentage of the answers we obtained, and then we will analyze some of these responses correlating them with the respondents’ identification data. The purpose of this part of the paper is to show the existing reality within the SMEs regarding the level of accessing EU non-repayable funds; so that the first element examined is the answer to the following question "Did your organization attempt to access non-repayable funds?" After analyzing the responses received, it was established that among such companies there are more those who have not tried to access non-repayable funds (51%) but a large number of those who tried (37%) to benefit from this opportunity was also identified (fig. 2).

The main reasons of the companies that haven't accessed European funds are: the company reported losses in the previous year, the project consent is very difficult, the company has accessed a bank loan, there are other ongoing projects, unfavorable balance bureaucracy - with its many attributes addressed: excessive, exaggerated, slow; the restrictions for the projects financed by grant resources, the
financial resources necessary for the business development without grants, lack of confidence in the management system, lack of funds for co-financing, insufficient information on the grants available, lack of knowledge and time required to develop the project, the company has not identified a real opportunity for the submission of a project, the activity does not fall within the eligibility requirements, etc. The analysis of these responses indicated some elements perceived by respondents as obstacles in accessing European funds. For a broader picture the results obtained have been compared with the main barriers identified in our country [1, fig no. 6.12, p. 149] and established that the responses identified in Sibiu county are mostly the same as those in our country.

![Figure 2](image-url)

**Figure 2. The degree of attempting to access grants of the analyzed SMEs**

Regarding the participation of the analyzed companies in projects, regardless of their position: applicant, partner, subcontractor, it was established that 59% of them did not participate in any way in projects funded by the EU, only 27% of the respondents stated that the companies in which they work have participated in such projects (fig. 3).

![Figure 3](image-url)

**Figure 3. The degree of participation of the analyzed SMEs in EU-funded projects**

Linked to the question on the participation in grant projects, regardless of their position: applicant, partner, etc., an additional question only to those who participated in such projects has also been addressed. This was intended to determine how the company has been involved, thus:
the company participated in submitting relevant applications for funding;
- the project submitted by the company (single / partnership) was financed;
- the selected project was implemented under the Activity Plan;
- The project met its purpose and obtained the expected results.

It should be mentioned that over 75% of the respondents gave no response to this question, so the information obtained is not relevant with the percentages obtained from the statistical analysis. We can only say that, mainly, the companies analyzed (about 80% of those who responded affirmatively to the previous question) tried to submit the project by themselves, received funding, the project has complied with the proposed plan of activities and the expected objective and results were achieved.

In order to determine the degree of access to EU grants of the analyzed SMEs, both the situation and the project proposals to obtain these funds have been examined. The respondents admitted that there have been some attempts at trying to obtain grants, but more than half (58%) of the companies analyzed did not propose any project (Fig. 4).

![Figure 4. The proposed and implemented projects to provide grants to the analyzed SMEs](image)

As seen in Fig. 3, out of the total projects proposed to obtain the grant, very few have eventually received it. In terms of numbers, these projects were only 23. However, mention should be made that the operational program to which the companies have turned was not referred to, and the periods of time involved vary from 6 months to 3 years. For the SMEs, this response supports the hypothesis, according to which, accessing is greatly reduced.

![Figure 5. Determining the subcontractor status for the analyzed SMEs](image)
The last two questions considered try to capture the subcontractor position among the analyzed companies; it is thus noted that about 65% of them have never been subcontractors in the past 5 years and have never participated with other companies (69%) in planning the projects proposed for funding (fig. 5). This response mainly indicates that the analyzed companies haven’t been in any position to participate in the planning or implementation of projects financed by the European Union.

In order to create a more comprehensive picture of the situation of grants accessing for the analyzed SMEs, there have been identified some correlations between the responses obtained within this objective and the demographics of the respondents and of the companies in which they activate. In order to determine the differences in response depending on the respondents' characteristics, we will submit only the relevant correlations to the present study, which also require additional disclosure.

There is a small percentage for the analyzed companies that have attempted to access grants; this response differs however, depending on the size of the turnover and the respondents' age.

In Fig. no 6 we can observe that most companies that have tried to access European non-repayable funds are those whose turnover exceeds € 100,000. This information indicates that, speaking in terms of finance, the very small companies have not even attempted at benefitting from this opportunity, while for the other two groups of companies, and his percentage of those who still tried is quite small. The reasons for those who have not tried to access the funds were previously presented. According to the author, to information about the companies with less than € 100,000 which have not tried to benefit from these opportunities is primarily due to lack of funds for co financing.

The people most attracted to obtaining grants are mainly those aged 40-50 years (53%), followed by the youngest respondents aged less than 30 years (39%). In contrast, people over 50 years have not shown any interest in trying to obtain grants for the business they activate in. (Figure 7).
Figure 7. The attempt to access grants in relation to the respondents' age

In order to determine a broader picture of the accessing, a certain state of facts has been identified, namely the one concerning the request and benefit from grants in terms of the main business object, turnover and size of analyzed companies (figures no 8-10, P = proposed projects; D = conducted / developed projects). In addition to the rate of access and progress of the projects, the analysis of these responses also indicates information on the level of "benefitting from" of the environment opportunities.

Figure 8. The state of the project proposals and grants access in terms of the business of the analyzed companies

By comparing the responses obtained, there have been found some differences both in terms of the proposals and also at the level of benefiting, in terms of the business of the analyzed companies (Fig. 8). In order to obtain grants, the companies in the manufacturing sector proposed most of the projects (42% - have not proposed any project), and have also benefited the most from this opportunity offered by the European Union (67% - haven't received the grant).
Figure 9. The number of proposed projects and of those developed with grants in terms of the turnover of analyzed SMEs

A high share of services and the construction companies (64% - each sector) have not submitted any projects. As regards the benefiting from funds, the situation was altogether different i.e. 76% of the service companies and 91% of the construction ones have not developed projects based on non-repayable financial support. As regards the trading companies, a very large share of lack of project proposal (78%) and lack of support (100%) has been identified. In conclusion, we can say that there are few companies that have tried to access funds and much less those who benefited from them.

In terms of the turnover of the analyzed the state of projects proposal and progress is different (Fig. 9), the lack of proposals decreasing at the same time with the growth of the financial value of the companies. It appears, thus, that most of the companies that have not submitted any projects are those with the turnover of less than € 100,000 (67%). The projects running in terms of the size of the analyzed companies’ turnover show an equal situation, i.e. 80% of each group of companies has not implemented any project.

Figure 10. The state of grant projects proposal and progress in terms of the size of the SMEs analyzed
According to the size companies (fig. 10), the projects proposal and their implementation with European non-repayable funds looks different as well. We notice that the micro enterprises are those that have not submitted (73%) and did not run (84%) any projects. Most of the companies that received a grant are the medium-sized companies (number of employees between 50-250).

3. CONCLUSIONS AND RECOMMENDATIONS

The percentage of accessing EU non-repayable funds for the SMEs in Sibiu is very low. If we extrapolate the results to the whole country, we can say that the number of benefiting SMEs from EU non-repayable funds is quite low, which compared to other EU countries, can maintain, in time, the economic gap.

Given the outlined issues, we can identify a number of effects of this situation, which are highlighted in Fig. 11.

Considering the SMEs as a pillar to support the economy in each country and analyzing them in the light of the low level of access to EU non-repayable funds, we can identify an initial negative effect, namely, the low development of SMEs. In time, this, creates, in its turn, other effects on the economic environment, namely: reduced economic attractiveness of the region / country, reduced investment in the future development, maintaining the number of unemployed, low competitiveness in the European market; if we compare to other EU countries, all of the above mentioned will finally lead to maintaining our country's economic gap.

Figure 11. The effects of reduced accessing of EU non-repayable funds
Starting from the idea outlined in Fig. 11 we intended to determine the effects of increasing access to EU non-repayable funds, as schematically shown in Fig. 12. Thus, we notice that a efficient development of SMEs’ performance due to increased accessing of EU non-repayable funds, may have long-term positive effects in the economy (reduction of unemployed, increase of the economic attractiveness of the area and attraction of new investors, increase competitiveness in the European market) all leading to the economic growth of our country and, compared to other EU countries, to the reduction of the existing economic gap.

In order to increase the future level of access to EU non-repayable funds and their positive impact it is necessary to know the potential causes of the current situation as well. We can mention some of the identified causes:

- The managers / directors mistrust the company’s capacity;
- Lack of specialized personnel for the projects and their management;
- Limited financial and human resources;
- Cumbersome terminology and extensive information on European non-repayable funds;

Along with the other EU countries, our country needs to become more competitive, dynamic and innovative; for this, in order to reduce or even eliminate them, we need to know, on the one hand, the causes and effects of the extremely low levels of accessing European funds, and on the other the positive effects of the increasing access, so as to further support the need for accessing grants for the small and medium enterprises in our country.
Acknowledgment:

This work was supported by the strategic grant POSDRU/159/1.5/S/133255, Project ID 133255 (2014), co-financed by the European Social Fund within the Sectorial Operational Program Human Resources Development 2007-2013.

REFERENCES
