ENTERPRISE EUROPE NETWORK AS AN INSTITUTION SUPPORTING SMES' INTERNATIONALIZATION - THE CASE STUDY

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Abstract- Small and medium-sized enterprises (SMEs) are currently a very important part of the whole business sector in Europe. In Poland, enterprises from the SME sector account for 99.8% of non-financial enterprises. However, not only because of the size of the SME sector, it is considered crucial for the development of the economy. Its importance in responding quickly to changes in the environment, entrepreneurship and job creation is emphasised. However, due to their specificity and small size, SMEs do not have the resources that large companies own. In order to develop, make changes, and gain competitive advantage, small businesses need external support. It is not only about financial and material resources but also advisory services, access to training, consulting or business contacts at brokerage events. Recently, contacts in the international arena have become increasingly important, as globalization and the development of new ITC technologies are becoming increasingly common among small businesses seeking clients and associates abroad. This type of support is provided by Enterprise Europe Network (EEN), the world's largest enterprise support network. EEN works to support enterprises from the SME sector in the framework of international cooperation. This article discusses entrepreneurs' needs for internationalization support in the field of research, business and technology cooperation from the perspective of a member of the EEN network. The aim of the conducted research was to identify the needs of enterprises from the SME sector in eastern Poland in the field of international cooperation. Empirical studies were conducted using a case study method based on interview technique, observation, and documentation analysis. The analysis of the results of the conducted research allowed to formulate conclusions about the needs of enterprises for external support in the field of internationalization, identification of barriers and opportunities.

Index Terms— SME, Enterprise Europe Network (EEN), internationalization, support for international cooperation

I. INTRODUCTION

The literature on the subject emphasizes the currently important role of entrepreneurs in shaping the economic development and development of the whole societies [1]–[3]. Among the roles played by entrepreneurs, the researchers enumerate shaping the labor market, appropriate use of resources to ensure the efficiency of markets, positive impact on the environment (including by development of local communities), risk acceptance, new products, wealth creation, etc. [4]–[6].

Small and medium-sized enterprises (SMEs), which constitute vast majority of the total number of enterprises in each country, are particularly important for the development of economies (currently 99.8% in Poland) (CSO data). Until recently, there was a conviction that innovation is not the domain of SMEs, which due to their specific characteristics should be first and foremost flexible and adaptable to the current market situation. Meanwhile, the role of small and medium-sized enterprises is now increasing in the creation of innovation and technological development in individual economies. Due to resource and competence constraints, small companies implementing innovations must search for them in their environment or collaborate with a network of specialized partners offering specific services [7]. It is therefore necessary to support innovative activity of SMEs by, for example, stimulating the creation of small innovative enterprises, creating conditions for cooperation between SMEs and R&D units, creating information and counseling, education and training programs for small business owners [8]. This role is played by different institutions supporting entrepreneurship, including Enterprise Europe Network.

Enterprise Europe Network (EEN) is the largest business support network that stimulates international cooperation of small and medium-sized enterprises (SMEs) in European Union. It has been operating since 2008 and is co-financed by European Union and national governments not only in EU member states but also in China, USA, Chile and other countries. The ultimate objective of the network is the development of internationally competitive companies, i.e. facilitating market access, transnational collaboration and partnership building. In order to provide solutions to the challenges that SMEs face and answer their needs in internationalisation, EU policy makers need to be aware of those needs and design services that provide an added value to international meetings, fair events and other supporting initiatives that the network offers.

Literature highlights a link between enterprise innovation and competitiveness. One of the manifestations of competitiveness is the ability to cope with international competition. Therefore, foreign cooperation and the presence of Polish companies on the international stage can prove their international competitiveness [9]. International business can affect many aspects of the company's competitiveness, including cost effectiveness, development of know-how and technological competences, the use of sales markets or access to cheaper labor in other countries [10]. At present, under conditions of global

economy, the necessity of survival of the company on the market becomes the inclusion of internationalization in the strategic management system [11].

There is a number of studies that discuss companies' needs in their international business cooperation [12]–[16]. Social capital, personal ties, common language and culture and access to finance are numbered among the most important resources that facilitate internationalisation [17]. The present study is an attempt to diagnose the needs of small and medium sized companies from eastern Poland and identify how those needs can be satisfied by business support institutions, on the examples of Enterprise Europe Network.

II. RESEARCH METHODOLOGY

The article concerns the needs of entrepreneurs to support internationalization in the field of research, business and technological cooperation. In order to carry out empirical research, the case study method was used, one of the basic methods of qualitative research. Case study consists of studying selected complex objects with strong connections to the environment, using a variety of sources of information (i.e. documents, observations, interviews) [18], [19].

The aim of the presented research was to identify the needs of enterprises from the SME sector in eastern Poland, in support of international cooperation. Empirical studies were conducted using the case study method using interview technique, observation, and documentation analysis. Interviews with employees of the Enterprise Europe Network of the Lublin University of Technology (partner in the Enterprise Europe Network East Poland consortium - EENEP) were conducted in July 2017, using a non-standardized interview questionnaire.

III. RESULTS AND DISCUSSION

Institutions supporting companies (e.g. Enterprise Europe Network) in their internationalisation activities offer a number of support actions, however, they can all be listed under three mail topic areas: 1. preparation to international cooperation, 2. establishing international cooperation and 3. maintaining relationships with a foreign partner (some studies also mention access to finance for internationalisation, i.e. financing foreign marketing, however, this activity can be listed under preparation to international cooperation, as it usually takes place at this stage). Analysing the reports of EEN activities [20] in 2008-2014 period we can find indicators representing all of these stages of internationalisation. The first group is represented by such actions as "First company meetings", "Partnership proposals made", or "Partnership proposals received". Establishing international cooperation is represented in "Clients receiving international and innovation support", "Clients in brokerage events and missions" and "Meetings at brokerage events and missions". The last group of services, maintaining relationships with a foreign partner, is represented in such indicators as "Clients receiving IPR services" or the total number of partnership agreements made. The values of the quoted indicators are listed in Table 1.

Table 1. Indicators representing different forms of EEN internationalisation support activities (own elaboration based on [20])

Indicator	Whole EEN network	EEN Poland	% (EEN Poland/whole network
First company meetings	230,191	13,544	5.88%
Partnership proposals made	73,844	6,424	8.70%
Partnership proposals received	137,595	9,383	6.82%
Clients receiving international and innovation support	271,433	8,984	3.31%
Clients in brokerage events and missions	164,347	4,780	2.91%
Meetings at brokerage events and missions	471,596	13,746	2.91%
Clients receiving IPR services	37,619	927	2.46%
Total number of partnership agreements made	14,475	846	5.84%

Even a rough analysis of the presented data generates a few simple conclusions. First, there are certain activities that enjoy more attention and are used more frequently by Polish SMEs, in comparison to their EU partners. They include "Partnership proposals made" and "Partnership proposals received". Interviews with EEN consultants working in eastern Poland bring further explanation of these indicators and their meaning. Both of them are based on internet communication (currently called Partnering Opportunities Database (POD)) between potential technology, goods or services providers and receivers. It is usually used at early stages of international

cooperation when both parties are not yet fully aware of their needs and capabilities. EEN consultants explain that the success rate, measured by the number of contacts that generated a successful cooperation agreement, is very low. They explain that companies willingly use such cooperation tools at early stage of their internationalisation, however, they notice their disadvantages and weaknesses. According to network consultants, it is a main challenge to bring a company from the point of making initial contact to the moment of concluding a successful cooperation agreement.

This is where EEN consultant competences play a key role in supporting an SME. Companies that do not have sufficient experience to build their cooperation network prefer to rely on dedicated consultant in establishing relationships with foreign partners. According to the interviewed EEN consultants, the services that companies need vary from case to case. They range from basic search for potential foreign partners to specialised services concerning legal aspects of cooperation, tax issues or advisory services concerning intellectual property rights. The consultants emphasise that the most important feature of those services is their flexibility and adaptability to company's needs. At the beginning of foreign cooperation it is frequently impossible to present a roadmap of services that a company will need to conclude an international contract. It is consultant's competences and dedication that determine partnership's success or failure.

Another conclusion concerns the participation in international cooperation events that bring opportunities of meeting a potential business partner in person and make a direct contact. These events usually take place at fairs and company missions. Polish SMEs seem to be interested in active participation such business opportunities. As little as 2.91% of all meetings at fair events supported by EEN network were meetings of Polish companies. This is a far below the EU average and it explains the reasons why the number of partnership agreements concluded by Polish SMEs is also below the EU average. Importantly, the language and cultural barriers cannot be neglected. According to the interviewed EEN consultants, Polish SMEs, particularly from eastern Poland have problems in business communication with potential foreign partners. Very often the basic service that is used by SMEs is inviting a consultant to take part in a meeting as an interpreter and facilitator of a business agreement. Similarly, SMEs from eastern Poland expect business offers distributed by EEN be translated for them from English into Polish. For this reason this service has been implemented to EEN common practice in Poland.

Thirdly, in international cooperation there is an important area of intellectual property rights (IPR), which is poorly exploited, according to the data provided in EEN 7-year report. EEN consultants explain that Poland is in the area of the so called "low IPR awareness" region of Europe. Polish SMEs have not yet got used to protecting their ideas from plagiarism or unlawful use by competitors, but also do not respect exclusive rights of other entities, which are expressed in their patents, trademarks and designs.

In order to diagnose the needs of SMEs from eastern Poland, EEN consultants from EEN-EP consortium (Lubelskie, Podlaskie and Warmińsko-Mazurskie Regions) were interviewed about their opinions about the key determinants of international cooperation and its support. Example answers to the questions are presented in Table 2. EEN consultants emphasise that it is their role to promote internationalisation among SMEs. Not all of them are aware of their potential in foreign markets and they need to be directed step by step at the beginning. Information of EEN support is spread during direct contacts with entrepreneurs, therefore, only those who are active in participation in trainings, conferences and other events decide to take their chance in the foreign cooperation. EEN consultants also indicated the most and least frequently used services by SMEs. According to them, SMEs are most interested in using cooperation databases to pinpoint possible business partners. The fact that the company that inserted their profile in the EEN databases has already been verified by a consultant form a partner EEN office is. according to the interviewed consultants, a key aspect that makes EEN service more reliable than using internet contacts and mailing services. On the other hand the services that are least often used are brokerage events. The interviews suggest that this is quite characteristic for Polish SMEs (especially from eastern Poland). Long distances to such fair-hosting cities as Cologne, Frankfurt, London, Barcelona or Paris increase the costs of participation and low level of success rate discourages SMEs to take part. Additionally, the respondents emphasise that SMEs frequently ask for financial support of their participation in international fair events.

Another important characteristics of SMEs needs in terms of internationalisation is the determinants of using specific services. The interviewed EEN consultants notice that their clients are usually small and medium sized companies (i.e. employing up to 250 people). If an average-size company can afford having a small international departments in their marketing services, small and micro companies do not have sufficient resources to delegate their staff to international cooperation. Additionally, SMEs want to reduce risks related to entering a specific new market. Using a free-of-charge EEN service is a good solution to achieve both of these objective at once. The respondents mentioned a few cases when SMEs that developed their international partnerships decided to build a foreign sales department and with time realised many activities in-house, instead of using EEN support.

As far as determinants of international cooperation are concerned, the interviewed EEN consultants emphasised two major aspects of success in the

international market. The former concerns communication skills, while the latter good quality/price ration of the product. According to EEN consultants, it is substantial for a company to be able to communicate fluently in different languages an understand different cultural habits of trading in a given region. However, communication is not only the ability to speak or write English. It is also having good practices of answering you client's e-mails quickly, reacting to remarks concerning quality and timing of deliveries, etc. Secondly, a company from Belgium or Wales does not decide to choose a subcontractor from Poland because they like your cuisine or have a Polish friend. In business it is key to guarantee the best possible quality at competitive price. According to the interviewed consultants, this is very often ignored by companies that lose their contracts after 2-3 deliveries and blame the foreign partners for their failure.

Table 2. EEN consultants answers to questions concerning SMEs needs in internationalization support (own elaboration)

Questions concerning companies' needs in internationalisation support	Answers from EEN consultants (R 1-7 – respondents)
How do you evaluate the level of SMEs interest in EEN offer?	R1: "Firstly, our services are not advertised in the media so our clients are usually SMEs that we know very well and our offer is targeted to them. If we hit the company with a well-designed offer, they appreciate what we offer. Secondly, SMEs that have good experience with past cooperation are willing to continue cooperation. New clients come to us when we contact them at different occasions or they come by word of mouth". R2: "In other countries, e.g. Denmark, companies keep coming to EEN offices and consultants can decide which client is the most promising in international market. We don't have this comfort. It takes time to get the company informed, make them aware that international cooperation is not only for large enterprises." R4: "I would say that Polish companies are too modest or underestimate their potential to go international. That's why they do not use our offer."
What activities are most demanded by SMEs from eastern Poland? For what reasons?	R2: "SMEs are most interested in searching possible business partners, usually clients for their goods or services. If they find a potential partner in the database, they ask us for further support. We also inform companies what fair opportunities are at hand and how to use them. The third most popular service is trainings in different areas of international cooperation." R5: "Companies use our services mainly because they do not have to pay for them. Our offer is for free. Even if we do not guarantee success, the whole risk of undertaking international cooperation is on our side."
What determines SME's choices of specific services of EEN?	R2: "SMEs want to avoid costs of having sales representatives in different countries and they look for other tools to spot a reliable business partner. This is our role. We reduce company's costs and risks."
	R1: "Companies that look for international partners use different channels for internationalisation. EEN is only one of them. We are aware that we are not the only one in the market, but our strengths of being a large, international and trustworthy institution makes us a good partners for SMEs." R7: "It's hard to start international cooperation if you are a company with 15 production staff and 3 sales and marketing people who specialise in local market. We have the tools to trigger international cooperation for the company, support them during fair events, invite for a brokerage meeting or make an appointment with a potential client. Wouldn't you use it if you get this for free?"

What services from outside EEN offer are demanded by SMEs?	R5: "Companies want us to pay for their participation in company missions or fair events. Usually we advise the company what structural funds they can use in each case. There are many activities of our governmental institutions which are complementary to ours." R2: "Sometimes companies need similar support in intra-national cooperation. This is not our objective and we cannot report such activities, but this is an important form of cooperation that is appreciated by SMEs." R6: "Companies expect comprehensive support. If we tell them that they can apply for European funds for innovation development, they want us to prepare application documents and manage a project for them. This is beyond our capabilities. We would have to have a team of 20 people to handle such a task and we are four in the office."
What are determinants of international cooperation for SMEs in eastern Poland?	R2: "This is all up to the market needs. If there is demand for your product and you can satisfy your client, they will buy from you." R1: "Good companies have their export departments. They need to have skills, good language command and sufficient budgets for international cooperation. If you want to succeed in a foreign market, you need to be competitive in terms of price and comparable in terms of quality." R4: "Language is the key. You cannot have good international cooperation with the ability to speak a foreign language. You need to react fast and nobody will wait for you to get an e-mail translated." R7: "Good price to quality ratio is very important. You need to offer very good quality at competitive price." R1: "This is very simple. There are three aspects: communication, price and quality. If you can communicate quickly and clearly what you offer, you do it at contracted price and it time, you win in the international market."

Based on their experience in supporting SMEs in internationalisation, the interviewed EEN consultants provide a number of solutions that can improve businesses in cooperation with foreign partners:

1. Stimulating SME's managers and owners to foster both formal and informal contacts with potential foreign partners. EEN consultants' experience shows that in cases when direct contacts with potential partners during fair and brokerage events were supplemented by mutual and repeated talks, negotiations (also at cocktails, banquets and gala dinners) they were more successful and generated more lasting partnerships.
2. Well-prepared marketing information (in different forms and media) are necessary in modern international cooperation. Direct contact is the best form of negotiations, however without professional marketing materials a company will never reach the stage of directs face-to-face negotiations.
3. Knowing the language and culture is the key to ensure understanding of each other's needs and capabilities.
4. Respect for other parties' IPR and protecting one's own ideas generates mutual benefits.

CONCLUSIONS

The article presents the results of research aimed at identifying the needs of enterprises from the SME sector in eastern Poland, in support of international cooperation. SMEs that intend to search for business partners internationally can use the services of Enterprise Europe Network. Selected services of the network are presented in the article. The use of specific services in eastern Poland illustrates the needs that companies have in terms of support of internationalisation. The interviewed EEN consultants presented what specific services are most needed in Poland and how those needs are answered by EEN network.

According to the surveyed consultants, entrepreneurs from Eastern Poland are primarily interested in the possibility of establishing contacts with potential foreign partners for future business cooperation. These types of contacts which are mediated by the EEN consultants are safer and more efficient than self-searching through online databases. Often, SMEs also use brokerage meetings, which allow them to interact directly with representatives of their respective industries. The consultants emphasize that one of the key determinants of companies using EEN is the fact that the services offered are free-of-charge. Financial barriers are often pointed out by SMEs as basic development difficulties. Another factor affecting the use of the network is the reduction of risks associated with cooperation with unknown business partners. In addition, the support provided by EEN consultants means that SMEs are not limited to the competences of their own employees, which are often insufficient to establish and maintain cooperation with foreign partners.

In conclusion, it can be stated that Polish companies, also from Eastern Poland, are increasingly aware of the opportunities offered by the internationalization of their activities. EEN is just one of the channels for this type of cooperation, but not the only one. This article is merely a contribution to the discussion on the factors affecting the internationalization of enterprises. It would be advisable to carry out further, in-depth quantitative surveys among entrepreneurs, in which they could comment on the forms of international cooperation that are being implemented, the factors influencing this cooperation and its effects.

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