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MANAGEMENT OF EUROPEAN PROJECTS BY CZECH AND SLOVAK ENTREPRENEURS IN BÍLE-BIELE KARPATY EUROREGION

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ABSTRACT. The paper deals with the issue of managing structural funds in Zlínský and Trenčiansky Regions on the Czech-Slovakian border with the focus on success of targeting funds to local entrepreneurs, especially small and medium ones. An expansive dataset was used to evaluate the process and to compare it with relative advancement of the regions in terms of their economic and social development as described by the development index created by the authors and based on the regional policy of Zlínský Region. The results brought forward in this paper are somewhat ambiguous in terms of usefulness of European funding at the most disadvantaged regions, especially Trenčiansky. On the other hand, Zlínský Region, being more successful in supporting the disadvantaged areas, is still slightly less efficient in supporting smaller organizational forms of entrepreneurship. The differences between these two regions are growing even further due to significantly different amount of funds available to them.

JEL Classification: H25, L53, O22, R58

Keywords: cohesion policy, Czech Republic, entrepreneurs, regions, Slovakia, structural funds.

Introduction

The Structural Funds programming period of 2007-2013 presented an enormous chance for entrepreneurs in the new member countries to acquire finance from a variety of schemes funded by the European Union and its member states . In this paper the authors focus on entrepreneurs' ability to successfully manage European Union Cohesion Policy projects in two border regions of Czech and Slovak Republic – Zlínský and Trenčiansky Regions, respectively. The focus is on the Convergence objective as both of these regions were below 75% of the Union average in terms of GDP per capita characteristic in the previous and the current programming periods of the Cohesion Policy. The other focal point of this paper stems from the fact that the two mentioned administrative units together form the Euroregion under the name Bíle-Biele Karpaty (White Carpathians) and its Joint Programme Document as of 2006 showed the lack of entrepreneurial support as one of the key weaknesses of the region (Región Biele

Karpaty, 2006). The Cohesion Policy therefore presents a unique means of rectifying this situation by means of direct supportf for entrepreneurial projects in both regions.

The first part of the paper reflects on theoretical knowledge about entrepreneurial support in the European Union in general, followed by the overview of schemes available for Czech and Slovak Republic under the Cohesion Policy. Theoretical part is followed by the methodology in which notes are made on the availability and use of data for the paper and the methods employed for its processing. The third part introduces the results obtained in the researched areas separately, then in comparison of opportunities and how local entrepreneurs seized them to their advantage in both regions. The results part is followed by concluding remarks on both regions.

1. Entrepreneurship and its support in the European Union

The Cohesion Policy is often presented as a key policy of the European Union in terms of regional development. Since its inception in its present form in late 1980s it has certainly gained in available funds and therefore both in importance and political focus. Its main objective has long been reducing the disparities among the Union regions. This goal, however, is often discussed in terms of perceived efficiency. Leonardi (2006) notes it is difficult to separate the influence of the Cohesion Policy from influence of other factors. Some studies though present Cohesion Policy interventions positively as a successful tool for reduction of regional disparities (Esposti & Bussoletti, 2008; Kyriacou & Roca-Sagalés, 2012; Ramajo, Márquez, Hewings, & Salinas, 2008; Sosvilla-Rivero, Bajo-Rubio, & Díaz-Roldán, 2006). The opposite side is represented by authors whose studies show lack of convergence among the European regions such as Cuadrado-Roura (2001), López-Bazo *et al.* (1999), Arbia and Paelinck (2003) or Azomahou *et al.* (2011).

Interestingly, Fotopoulos (2012) speaks about issues of reducing disparities in connection with entrepreneurial activity and notes that heightened entrepreneurial activity contributes to growth process in the economics. The question of entrepreneurial support is a widely discussed topic in relation to development of regions. The importance of entrepreneurship is undisputable and underlined by multitude of authors from early on (see e.g. Malecki, 1994; O'Farrell, 1986). The emphasis, however, lately shifts to specific category of entrepreneurs that is the small and medium ones. These firms are perceived as a driving force of every national economy and a source of an immense creative potential (Majková, Solík, & Sipko, 2014; Ruda & Svobodová, 2014). Stel *et al.* (2005), Li *et al.* (2009), Bosma and Schutjens (2007) all agree on the importance of small and medium entrepreneurs for the growth characteristics of national economics. Sternberg (2012) agrees but raises an alarming issue when stating that subsidies to firms may actually increase interregional disparities based on irregular concentration of the disparities as well as the entrepreneurs. Similarly, Romero and Fernández-Serrano (2014) express apprehension about creating an entrepreneurial culture in which the entrepreneurs will limit their opportunities seeking behaviour to subsidies only. This particular issue might be restricted by focusing more on recoverable subsidies (Arping, Lóránth, & Morrison, 2010), an approach that will be inevitable as the available resources become less and less.

The support of small and medium entrepreneurship does often occur on the national level and lacks common attributes across the Union (Floyd & McManus, 2005). Its effectiveness is a matter of discord among politicians and academics. As for the latter Segura *et al.* (2004) regard subsidies awarded to the small and medium enterprises as ineffective, Tokila *et al.* (2008) express the opinion that the effectiveness depends on individual beneficiaries and on the example of Finnish firms find exceptions to deadweight loss. The

Czech and Slovak firms were researched by Šipikal *et al.* (2011) who concluded 35% of them to be deadweight loss.

While the effectiveness of subsidies may be in doubt, it is necessary to note that small and medium enterprises face problems unlike the large firms. These pertain especially to the availability of loans and other financial instruments (Beck & Demirguc-Kunt, 2006; Ferrando, 2012). A situation that intensified in connection with global economic crisis (Lee, Sameen, & Cowling, 2015) and prevents the small and medium enterprises from investing in certain areas such as development, research, or design of their products (Kramolis, Stankova, & Richtr, 2015; Meuleman & De Maeseneire, 2012). The weakened ability of small and medium enterprises to gain the access to the financial instruments was researched by many, among the issues mentioned were absence of period reference and the inability to provide guarantee (De Maeseneire & Claeys, 2012; North, Baldock, & Ekanem, 2010), the personal characteristics are also of importance in this process (Irwin & Scott, 2010), as is the location of the applicant (Lee & Drever, 2014), or the influence of and the matters of consultancy available to the small and medium entrepreneurs in the area of financial instruments (Han & Benson, 2010) or tools to enable their equal access to the public procurement (Jurčík, 2013). Evidence from the regions researched in this paper is brought by Belas, Demjan, Habanik, Hudakova, & Sipko (2015).

As for the fields of support that is awarded to firms of all sizes there also are some preferential areas among the many available venues. In accord with Europe 2020 strategy the greater part of support is directed towards the fields of science, research, and innovation that positively influence regional growth (Goel, Payne, & Ram, 2008; Howitt, 1999). At the same time these are the areas that predominantly cause the innovative small and medium enterprises complications in terms of finance accessibility (Hall, 2002). Support of these particular fields is also troubled by the notion of possible crowding out effect where the private funds are feared to be crowded out by the public (Wallsten, 2000). Empirical research has failed so far in providing answer whether that is the case or not (David, Hall, & Toole, 2000) but there have been cases of positive influence of subsidizing stimulating further private investments into the areas (Almus & Czarnitzki, 2003; Lach, 2002). Among other priorities in subsidizing that are also of common use in both the Czech and the Slovak republic belong activities aimed at preparation of new entrepreneurial areas, support to introducing ICT and new technologies, investment into human resources, environmentally sustainable means of produce, and many other activities which are funded from different operational programmes applicable in the countries of interest.

2. Overview of operational programmes in the Czech and Slovak Republic

In the period 2007-2013 both the Czech and Slovak Republic outlined their intended operational programmes in the National Strategic Reference Framework of each country. There are some obvious similarities and some smaller differences between the concepts the two countries elected to follow. The similarities mainly stem from the fact that both countries at the time were comprised mostly of convergence regions with the exception of the administrative units that included their capitals, a situation that prevailed into 2014-2020 period. Their thematic focus was also comparable with substantial amount of funding favouring infrastructure projects in the transport and environmental fields (Bachtler, Ferry, Mendez, & McMaster, 2007).

The Czech Republic was awarded total available sum of support that resulted in the highest per capita amount among all the member states. Approximately € 2 525 was allocated for the 7 year period per capita and € 25.88 bn in total for the Convergence objective (Ministerstvo pro místní rozvoj, 2006). The architecture of the operational programmes within the Convergence objective was following experience gained during the first membership

period of 2004-2006 with changes that were not thematic rather administrative in terms of increasing number of operational programmes from 5 objective 1 programmes to 15 Convergence objective programmes. The main part of the increase can be attributed to breakup of the Joint Regional Operational Programme into 7 individual regional operational programmes. Similarly, joint programme for infrastructure was separated into transport and environment related programmes and human resources oriented programme from 2004- 2006 was divided into education and employment oriented schemes.

Slovakia was allocated € 10.91 bn in in the Convergence objective, which equals to € 2 026 per capita (Úrad vlády Slovenskej republiky, 2013). Slovakian administrative launched four operational programmes in 2004-2006 period objective 1 which experienced analogous development in 2007-2013 period when 10 programmes were available to beneficiaries in the Convergence objective. The Slovak administration, too, split the infrastructure programme into transport and environment part, human resources and entrepreneurship programmes were treated similarly. The overview of operational programmes available in both countries is depicted in *Table 1*.

Table 1. Overview of Convergence operational programmes in programming period 2007-2013

Czech Republic	Slovakia
Operational Programmes (OP), Convergence objective	
OP Transport	OP Transportation
OP Environment	OP Environment
OP Research and Development for Innovation	OP Research and Development
OP Entrepreneurship and Innovation	OP Competitiveness and Economic Growth
OP Human Resources and Employment	OP Employment and Social Inclusion
OP Education for Competitiveness	OP Education
Integrated OP	OP Health Care
7 regional OPs	OP Informatisation of Society
OP Technical Assistance	Regional OP (1)
	OP Technical Assistance

Source: Based on Ministerstvo pro místní rozvoj (2006) and Úrad vlády Slovenskej republiky (2013)

The entrepreneurs, who are the focused upon beneficiaries of this paper, obtained limited access to the range of programmes available. As per previous research (Smékalová, 2012; Smékalová, Hrabinová, & Habuda, 2014), the entrepreneurs mostly benefit from funding provided by the Entrepreneurship and Innovation and Competitiveness and Economic Growth programmes, respectively. In Slovakia they have been entirely excluded from applying for funds from Regional Operational Programme, OP Transportation, and OP Informatisation of Society (Úrad vlády Slovenskej republiky, 2013). In the Czech Republic their restriction, while not quite as severe, still resulted in little activity in OP Transport or Integrated Operational Programme (Ministerstvo pro místní rozvoj, 2006).

During applying for funding from the European Union Cohesion Policy the entrepreneurs face known risks and obstacles such as increased administrative burden, transparency issues when selecting projects, complicated application system, long deadlines for administrative bodies which results in overall troublingly low level of structural funds absorption. This phenomenon presents as serious a problem in the Czech Republic as it does in Slovakia since both countries report alarming low absorption of funds available for 2007-2013 period (Michie & Granqvist, 2013). How then did the entrepreneurs succeed in applying

for the projects in the two border regions of the interest? Are there any discernible differences or similarities that might indicate a transfer of practices is advisable from one country to another to help the border regions in supporting the lacking entrepreneurial environment? Are the successful beneficiaries concentrated and if so where? Are the subsidies targeting economically and socially lagging areas? This paper attempts to answer the aforementioned questions in order to complement an incipient picture of management effectiveness of the European structural funds in supporting the local entrepreneurs in Biele-Bíle Karpaty Region.

3. Methodology

In order to provide answer to some of the questions mentioned above, a complex database of projects was necessary. As per European Union requirements each country is obligated to release information pertaining to beneficiaries of European Union provided subsidies. Such a database is maintained by the Centre for Regional Development of the Czech Republic and by the Government Office of the Slovak Republic, respectively. The published lists of beneficiaries as of March 2013 created basic database with information about operational programme, project, beneficiary, budget, start date, and end date of the project. The database was converted into a matrix for each state as illustrated in *Table 2*. Information that originated in the respective lists of beneficiaries were later complemented by other data which provided more insight into the subset of projects for analysis. Namely project name and description, funding operational programme, beneficiaries' name and location, institutional sector, number of employees, and budgetary details were included in the matrix from publicly accessible information sources as indicated in *Table 2*. The data were then processed by means of descriptive statistics in order to acquire datasets for administrative units on both sides of the border. These datasets included aggregate information about projects implemented in each territory, especially the budgetary information recalculated per capita in relation to the characteristics of the beneficiaries.

Table 2. Values present in the project matrixes

Attribute	Source of information	
	Czech Republic	Slovakia
Project name	List of beneficiaries	List of beneficiaries
Project description	Project database of the Centre of regional development of the Czech Republic	Individual contract with beneficiaries
Operational programme	List of beneficiaries	List of beneficiaries
Beneficiary name	List of beneficiaries	List of beneficiaries
Beneficiary location	Registry of economic subjects	Registry of economic subjects
Budgetary details	List of beneficiaries	List of beneficiaries
Institutional sector	Registry of economic subjects	Registry of economic subjects
Number of employees	Registry of economic subjects	Registry of economic subjects

Source: Authors.

The final form of the matrix allowed the authors to isolate subset of data used for this analysis that is a matrix of projects applied for solely by private entrepreneurs. As such any beneficiaries from public sector were excluded, including the applicable firms where public sector represented controlling ownership share as well as non-profit organizations. The remaining subset of data was further analysed in its entirety thus giving information about

entrepreneurs' projects included in relevant databases dating from beginning of the programming period until March 2013.

As mentioned in previous section, one of the aims of this paper is to evaluate whether the subsidies target the entrepreneurs located in less advanced regions in terms of economic and social progress. To address this issues a common framework for assessment of regions needed to be devised. Its final form is severely dependent on the available data and on choosing comparable administrative units in both regions. A matter complicated by different administrative division of both countries. At the time of the research being conducted, the most comparable administrative units were municipalities with extended scope of powers (hereinafter referred to as MESP) on the Czech side of the border and districts on Slovakian side. While they are still largely different, indeed, they present a comparable units simple due to their similar number – 13 in Zlínský Region of the Czech Republic and 9 in Trenčiansky Region of Slovakia (see *Fig. 1*). In order to evaluate their social and economic state an index comprising of several characteristics was made. The authors are aware that the development index created does suffer from certain deficiencies and does not represent the entirety of social and economic issues of a region. Nevertheless the question of available comparable data and very low-tier administrative level resulted in limited number of characteristics included. In addition it is necessary to mention that within the Cohesion Policy itself the level of advancement of a region is represented merely by GDP per capita. An indicator that some find lacking.

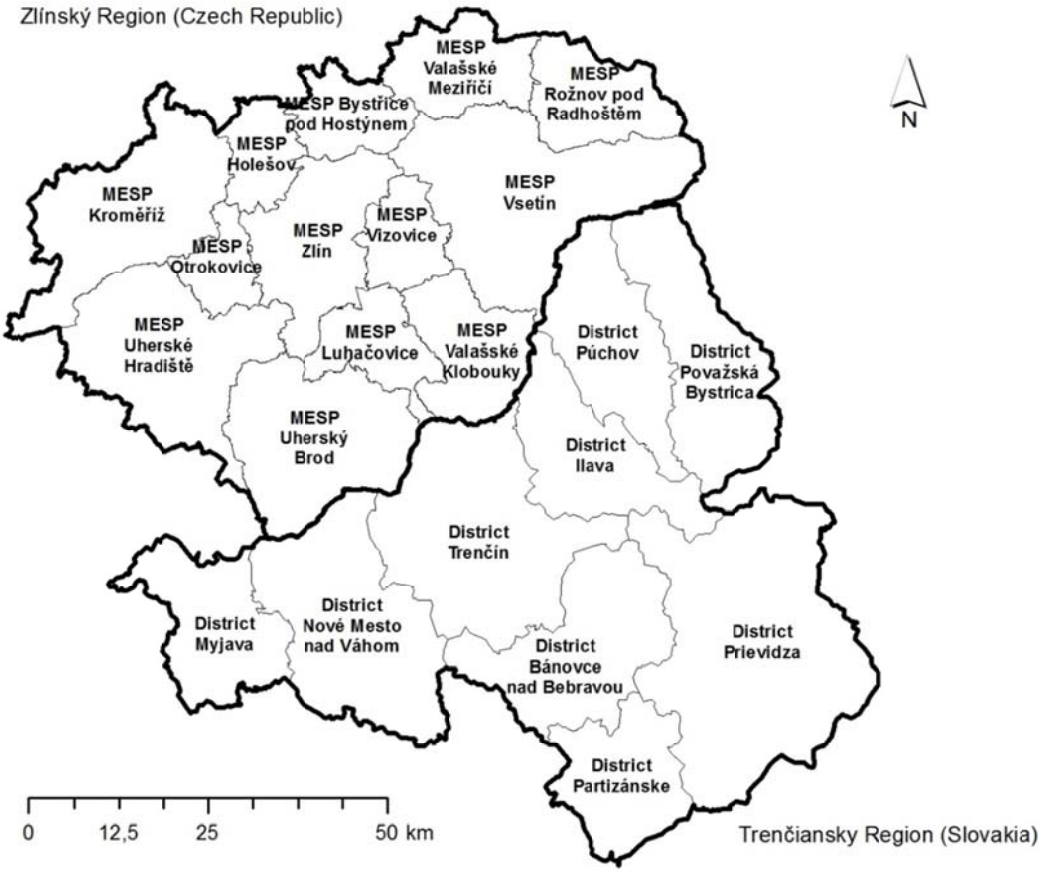

Figure 1. Administrative units used in comparative analysis
Source: basemaps Geodesy, Cartography and Cadastre Authority of Slovak Republic, ArcČR 500 database version 3.1 by ARCDATA PRAHA, The Czech Office for Surveying, Mapping and Cadastre, and the Czech Statistical Office.

The characteristics used for development index creation within this paper are illustrated in *Table 3*. They strongly reflect the development policy adopted by Zlínský Region in document titled Territory Development Programme of Zlínský Region 2013-2016 and the method used to delimited problem areas within this document (Zahradník *et al.*, 2012). The authors obtained 6 different regional characteristics for each of the evaluated administrative units. They are illustrated in *Table 3* and were provided by respective national statistics offices. As the data have different units of measurement, a standardization to dimensionless numbers was required. The frequently used method of standardization to z scores was used. The z scores were obtained by subtracting mean from every value and then dividing the result by standard deviation. The resulting values (as shown in *Tables 4* and *5* for each region) were then added up in cases of positive influence on socio-economic situation or deducted in case of a negative influence. As indicated in *Table 3*, negative influence on socio-economic standing was identified in having higher proportion of people over 65 years of age to young people up until 14 years of age, also the higher registered unemployment and higher number of applicants per job were deemed to be negative factors in this context. The z scores were determined for each country separately and the index values are meant to determine the most lagging regions inside respective higher level administrative units.

Table 3. Characteristics used in the creation of the development index

Characteristic	Year(s)	Units	Influence
Dwellings completed	2007	Number of dwellings	Positive
Ageing index	2007	%	Negative
Registered unemployment	2007	%	Negative
Number of job applicants per 1 vacancy	2007	Persons	Negative
Number of businesses	2008	Number of businesses	Positive
Total increase/decrease in population	2004 - 2007	Persons	Positive

Source: Authors based on Zahradník, Grebeníček, Hájek, Jedlička, & Novosák (2012).

4. Results

4.1. Socioeconomic standing of regions

The socioeconomic standing of the regions is described in *Tables 4* and *5* where the z scores and total development indexes for all regions are depicted. Within Zlínský Region the least advanced regions are represented by Vsetín and Valašské Meziříčí MESPs. Vsetín was weighed down especially by serious issues concerning human resources, their employment and settlement within region as evidenced by its worst position in both the registered unemployment and the number of job applicants per one vacancy. On the other side of the border the Partizánske and Myjava districts were evaluated as the worst when using the same indicators. The Partizánske district had serious deficiencies in practically all the characteristics with the exception of total decrease in its population. Similarly, the Myjava district showed weak positions with the exceptions of the number of job applicants per one vacancy and registered unemployment.

On the other side of the spectrum Trenčín, in which the capital of Trenčiansky Region is located, was evaluated by far as the leading district when achieving the best position in the number of completed dwellings, the lowest registered unemployment, highest number of businesses and highest total increase in population. The most glaring relative weakness is the ageing index. Comparatively, Zlín MESP, the municipality with the extended scope of power where the regional capital of Zlínský Region is located, did not achieve the best cumulative

index on the Czech side of the border. While being the most advanced in terms of registered unemployment or the number of businesses the region faced also the worst value of ageing index as well as of the total decrease in population. It was therefore surpassed by two regions in close spatial proximity, that is Vizovice and Otrokovice MESPs. The most advanced MESP in cumulative calculation was Uherské Hradiště leading in total increase of population, completed dwelling and having second most numerous business base within its borders.

Table 4. Characteristics of the municipalities with extended scope of powers in Zlínský Region

Municipality with extended scope of powers	Dwellings completed	Ageing index	Registered unemployment	Number of job applicants per 1 vacancy	Number of businesses	Total increase/ decrease in population	Dev. index value	Dev. index ranking
	z scores							
Vsetín	0,03	-0,66	1,12	1,55	0,50	-1,48	-2,95	13.
Valašské Klobouky	-0,73	-1,35	1,61	-0,53	-0,71	-0,68	-1,85	12.
Kroměříž	0,26	0,43	0,96	1,51	0,55	0,28	-1,81	11.
Bystřice pod Hostýnem	-1,00	0,77	0,25	-1,06	-0,94	0,47	-1,43	10.
Rožnov pod Radhoštěm	-0,40	0,13	1,07	0,00	-0,32	0,65	-1,25	9.
Luhačovice	-0,64	0,69	-0,67	-1,05	-0,76	-0,48	-0,85	8.
Uherský Brod	0,09	0,25	-0,23	0,17	0,11	-0,70	-0,69	7.
Holešov	-0,72	0,25	-0,07	-0,90	-0,83	0,51	-0,32	6.
Valašské Meziříčí	-0,37	-0,85	0,47	0,08	-0,19	0,38	0,11	5.
Zlín	1,08	2,00	-1,43	0,98	2,52	-1,51	0,54	4.
Otrokovice	-0,08	-0,23	-0,99	-0,59	-0,40	-0,52	0,81	3.
Vizovice	-0,32	-1,84	-1,26	-1,24	-0,77	1,15	4,40	2.
Uherské Hradiště	2,81	0,42	-0,83	1,07	1,24	1,91	5,29	1.

Source: Authors' calculations, based on data obtained from the Public Database of the Czech Statistical Office.

Table 5. Characteristics of the districts in Trenčiansky Region

District	Dwellings completed	Ageing index	Registered unemployment	Number of job applicants per 1 vacancy	Number of businesses	Total increase/ decrease in population	Dev. index value	Dev. index ranking
	z scores							
1	2	3	4	5	6	7	8	9
Partizánske	-0,78	0,56	1,53	0,16	-0,72	-0,14	-3,88	9.
Myjava	-0,98	1,68	-0,24	-0,85	-0,97	-0,73	-3,28	8.
Prievidza	0,73	-0,17	1,22	2,52	0,88	0,19	-1,77	7.
Bánovce nad Bebravou	-0,66	-0,78	0,34	-0,47	-0,87	-0,47	-1,10	6.
Nové Mesto nad Váhom	0,02	1,05	-0,38	-0,23	0,19	-0,58	-0,82	5.

1	2	3	4	5	6	7	8	9
Považská Bystrica	-0,22	-1,18	0,55	0,12	0,05	-0,76	-0,43	4.
Ilava	-0,40	-0,52	-1,14	-0,54	0,00	-0,36	1,44	3.
Púchov	0,02	-1,12	-0,42	-0,57	-0,68	0,41	1,85	2.
Trenčín	2,29	0,46	-1,44	-0,14	2,12	2,44	7,98	1.

Source: Authors' calculations, based on data obtained from the DataCube of the Statistical Office of the Slovak Republic.

4.2. Cohesion Policy support to the entrepreneurs in the researched regions

There were 1 357 projects implemented in the Zlínský Region from the beginning of the programming period until March 2013 with total budget exceeding € 694 mil. The European Union funding amounted to € 282 mil. complemented by € 365 mil. provided by the entrepreneurs themselves. The relatively minor investments of the national public budgets approached € 47 mil. Majority of the European investments originated from the Enterprise and Innovation Operational Programme (80%), with smaller amounts from the sum of regional operational programmes (8%) and the Human Resources and Employment Operational Programme (6%). One Euro allocated from the European funds (European Fund for Regional Development, European Social Fund and the Cohesion Fund) induced investment of additional € 1.29 from private and € 0.17 from national public resources.

The most common projects in the Zlínský Region were aimed at improvement of the infrastructure the entrepreneurs themselves use, that is acquiring, modernising, and improving the buildings and entire industrial areas. Slightly smaller amount was invested into procurement of new technologies. Minor resources were spent on the human resources development and the smallest share of the European funding kept the entrepreneurs supplied with necessary services in counselling, IT or marketing.

As for the support targeting the sector of small and medium entrepreneurship, the aggregated European support was aimed especially at medium (42%) and small (26%) enterprises. The pattern of awarding the highest funding to the small and especially medium enterprises repeats in the majority of the regions (7 out of 13). The deviation from this pattern includes prevalent support to small enterprises (Holešov and Vsetín MESPs) and prevalent support to large enterprises (Uherský Brod and Rožnov pod Radhoštěm MESPs). The latter are specific by existence of a large and prominent enterprising entity that applied for majority of European funds (see *Fig. 2*).

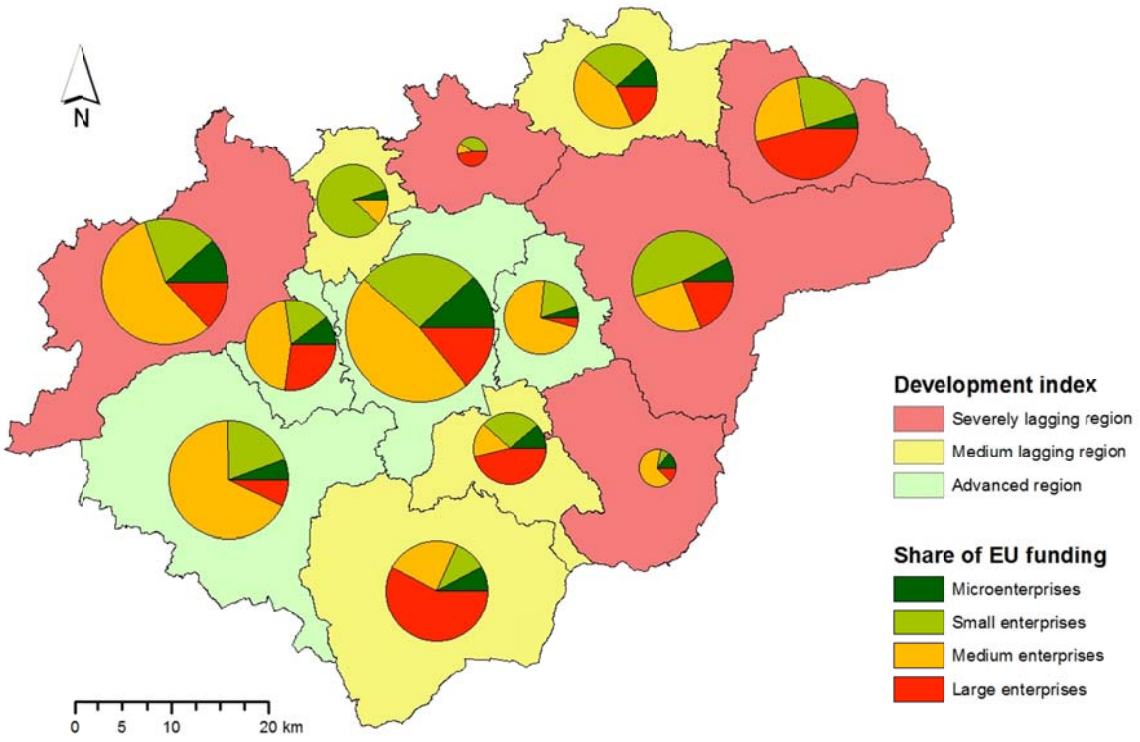

Figure 2. Share of the European allocation among the different size enterprises in the Czech MESPs
Source: Authors, based on List of Beneficiaries and the Czech Statistical Office, basemap ArcČR 500 database version 3.1 by ARCDATA PRAHA, The Czech Office for Surveying, Mapping and Cadastre, and the Czech Statistical Office.

In Trenčiansky Region the projects were less numerous, there were merely 164 projects funded in the period of interest with total budget of € 220 mil. Out of this total € 105 mil. were private investments, € 90 mil. European Union funding and € 17 mil. national public funding. Among the funding programmes the Competitiveness and Economic Growth was the most prominent (46%), followed by Environment (23%), Research and Development Operational Programme (13%) and Employment and Social Inclusion (12%). One Euro supplied by the European Union raised € 1.07 from private funds and € 0.17 from national public resources.

Thematically the European funds spent in Trenčiansky Region were mostly invested into infrastructure related projects and activities connected with acquiring new technologies in order to advance their competitiveness. Significant amount of total European funding targeted also the improvement of human resources. Very small amount was supplied into the sector of services for the entrepreneurs and only into projects connected with expansion to new markets.

The overall support to the entrepreneurs according to their size was tilted in favour of the micro entrepreneurs who received 41% of total European funding, the second most prominent size category was the medium enterprises that were awarded 30% of funding. The support for small and medium enterprises is illustrated in *Fig. 3* and differed in its patterns significantly among the districts. There were districts where the support targeted mainly the microenterprises and the aggregated amount of support share decreased for larger enterprises (Trenčín, Považská Bystrica, partly Myjava). Another pattern was characteristic by having completely opposite trend, meaning the support targeted mostly the large enterprises. This

was the situation observed in Prievidza, Nové Mesto nad Váhom, Ilava, and Bánovce nad Bebravou districts. The least observed pattern was characterized by large share of funds awarded to microenterprises and medium enterprises as observed in Partizánske and Púchov districts.

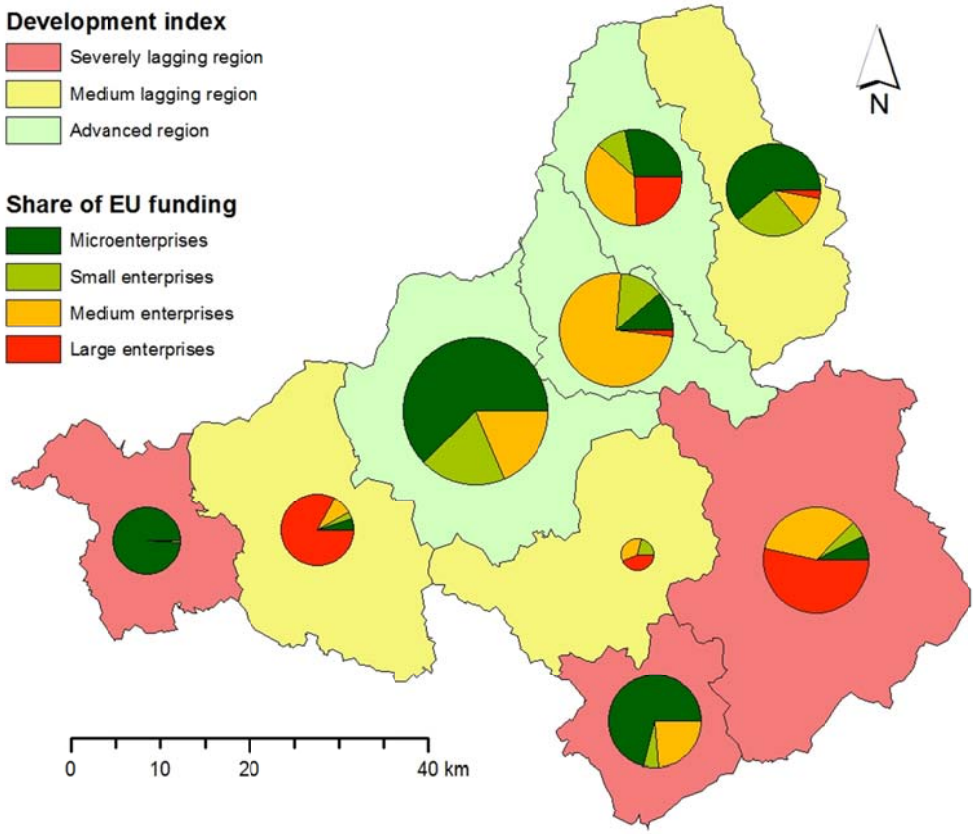

Figure 3. Share of the European allocation among the different size enterprises in the Slovakian districts
Source: Authors, based on List of Beneficiaries, the Statistical Office of the Slovak Republic, basemap Geodesy, Cartography and Cadastre Authority of Slovak Republic.

In comparison the two regions differ significantly in some respects. Total amount of European funds support is much larger in Zlínský Region. Similarly, the per inhabitant support the local entrepreneurs applied for is almost three times larger in Zlínský Region (478 € per inhabitant) than in Trenčiansky Region (164 € per inhabitant). When comparing the thematic structure of the funding spent (see *Fig. 4*), the emphasis on infrastructural projects and acquiring of new technologies is pronounced in both Zlínský and Trenčiansky Region. The difference lies mainly in smaller investments into human resources on the Czech side and diminished share of entrepreneurial services in Slovakia.

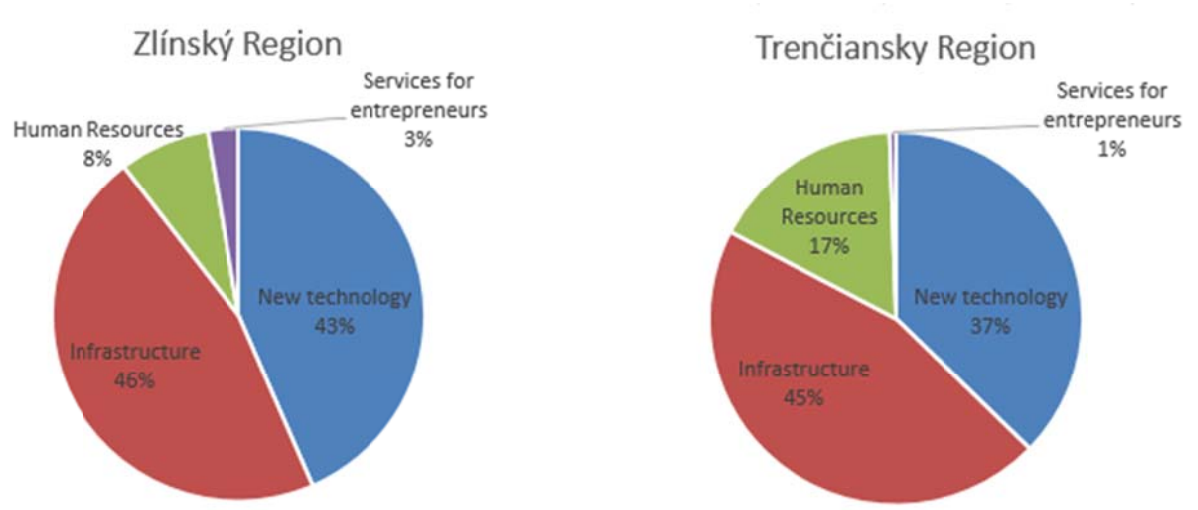

Figure 4. European funding according to thematic allocation
Source: Authors, based on the lists of beneficiaries.

Another aspect which describes the successfulness of the structural funds management in both countries is the targeting of the economically and socially lagging areas. When respecting the premise that the most disadvantaged regions should receive the largest amount of support the results obtained are somewhat ambiguous.

Figure 5 presents the previously mentioned and calculated development index in contrast to MESP and districts grouped according to the per capita support the entrepreneurs received from the European Union funds. When looking at the picture it is immediately visible that the highest support at the Slovakian side of the border is mostly concentrated in the well-off districts while the situation in the Zlínský Region in the Czech Republic is not quite as obvious.

When looking at the results in greater detail, ranking the administrative units from the point of view of the support received and the development index value the situation becomes still clearer. At both sides of the border there are groups of administrative units where entrepreneurs were, more or less, supported in accord with the calculated development index. Meaning the more developed territories with high index values received relatively smaller support per inhabitant. In Zlínský Region they were relatively numerous (7 out of 13) including the Uherské Hradiště, Valašské Meziříčí, Zlín, Uherský Brod, Holešov, Luhačovice, and Rožnov pod Radhoštěm MESPs. The second largest group comprised of the Bystřice pod Hostýnem, Valašské Klobouky, and Vsetín MESPs was characterized by combining a severely lagging territory with relatively small amount of received support. On the other hand of the spectrum were Otrokovice and Luhačovice MESPs which were relatively advanced and still the local entrepreneurs received substantive Union funding.

The Trenčiansky Region in comparison to Zlínský had only two districts where the support followed their relative development index – Považská Bystrica and borderline also Nové Mesto nad Váhom. Relatively more numerous were the groups where amount of support received by the local entrepreneurs did not follow the abovementioned logic of support. The relatively more lagging districts of Bánovce nad Bebravou and Prievidza received very small per capita support. The most lagging districts, according to the development index calculated earlier, Myjava and Partizánske, received medium strength support. The more numerous group of three advanced districts that also received generous support was represented by Trenčín, Púchov, and Ilava districts.

These results indicate a marginally more successful management of the European projects by the authorities in the Zlínský Region where the intervention logic was more closely followed than in Trenčiansky Region. However, there is no statistically significant correlation between the amount of per capita support the administrative units received and the value of their development index on either side of the border.

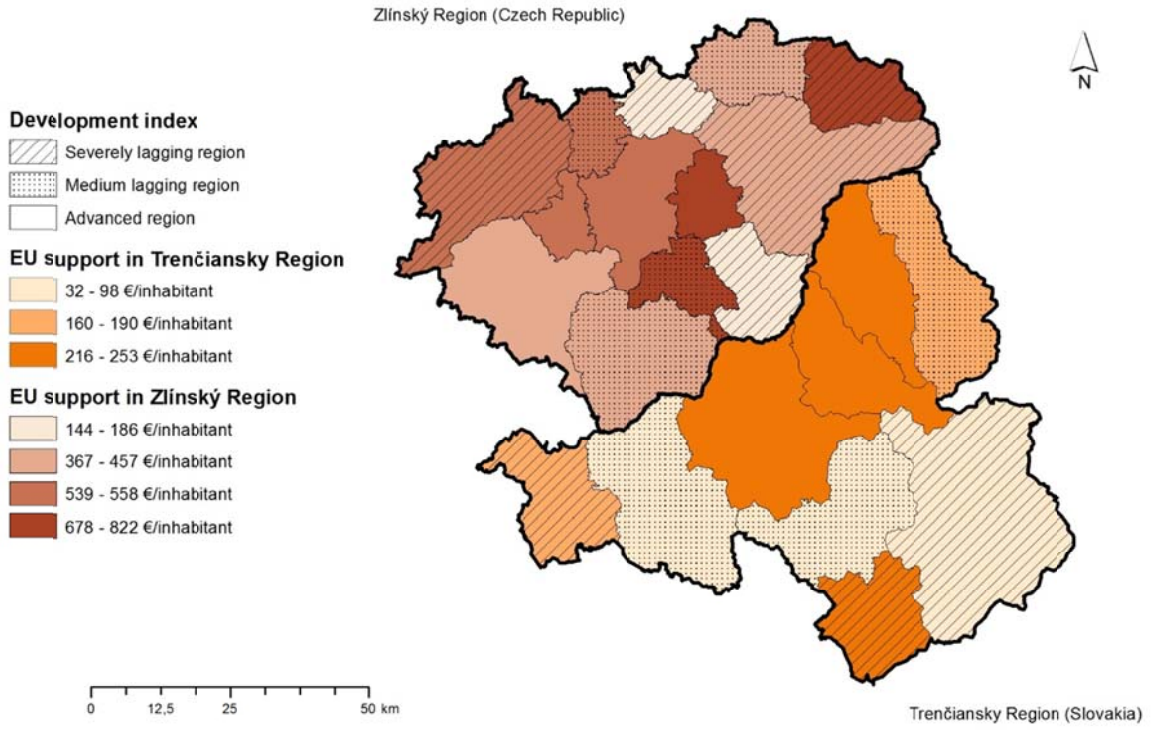

Figure 5. Development index values and European support per inhabitant in researched regions

Source: Authors based in the lists of beneficiaries, the Czech Statistical Office, the Statistical Office of the Slovak Republic, basemaps Geodesy, Cartography and Cadastre Authority of Slovak Republic, ArcČR 500 database version 3.1 by ARCDATA PRAHA, The Czech Office for Surveying, Mapping and Cadastre, and the Czech Statistical Office.

Conclusion

This paper focuses on the management of the structural funds in border regions of Czech Republic and Slovakia, Zlínský and Trenčiansky Regions respectively, in the programming period 2007-2013. The main objective is to evaluate the success of targeting local entrepreneurs, especially according to their location in relatively less or more advanced regions. In order to distinguish among those the administrative units subordinate to the mentioned regions were appraised in terms of their advancement and a development index was calculated. Ranking of the regions according to this index was then compared with their ranking according to the per capita amount of support received by the entrepreneurs in each administrative unit. In this context the differences among them show that the management of the structural funding and its targeting towards the entrepreneurs in the lagging regions was relatively more successful in the Czech Republic. There the intervention logic of awarding lagging territories larger support than relatively more advanced ones was complied with in majority of administrative units. Interestingly, in Slovakia the per capita support in total was much smaller than in the Czech Republic, which is caused by the total allocation but we can

think in broader terms also of smaller likelihood of obtaining any funding the Slovak entrepreneurs had compared to the Czech ones. In direct comparison among the regions there are also thematic differences. Whereas in the Zlínský Region the thematic allocation of European funding was more topically broad, in Slovakia there was larger emphasis given to human resources, a prominent base for success of the region economic wise. As to the question of successfully targeting certain size of entrepreneurs, the preference on both sides of the borders was in accordance with the intervention logic supporting mainly smaller firms. Other than that the approach was, however, different. In Zlínský Region the successful applicants were to be found mostly among mid to larger sized enterprises while in the Trenčiansky Region overwhelming preference was given to microenterprises.

Thus we can conclude that while both researched regions implemented cohesion policy according to the same basic standards issued by the European Union the results vary considerably. Zlínský Region was more on spot when targeting the less advanced administrative units, while the Trenčiansky Region was more successful in targeting the smaller size entrepreneurs. Both regions had relatively similar thematic division of the received funds, if more human resources oriented at the Slovakian side. The major difference stems from total available allocation to both countries which gave much smaller opportunities to Slovakian entrepreneurs creating larger pressure on the most efficient usage.

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