**PROBLEMS OF THE EU INNOVATIVE ENTREPRENEURSHIP DEVELOPMENT**

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Innovations serve as a tool for sustainable development, strengthening leadership potential and competitiveness of theEU enterprises. Currently primary focus is on innovative entrepreneurship that provides mobilization of all enterprise resources for the implementation of R&D investments, the search for new ways of enterprisedevelopment on foreign marketsby employing new business ideas.

In recent years, the average innovative growth of European companies has slowed down, due to the unfavorable economic environment factors and sufficient differences in innovation activity depending on the EU country. In 2014 average innovation performance index accounted 0.54% in the EU region and 0.32% in Poland, being amoderate innovator [2]. The decline in innovation activity, excluding industrial companies, is anadverse trend that does not ensure the creation of a solid foundation for long-term development.

The need for the innovative entrepreneurship development is associated with increased competition in international markets since simple innovation imitation and minimizing costs by using cheap resources do not allow facing modern challenges. US as a strong competitor to the EU have significant advantages in terms of scientific cooperation between private and public sectors, and in commercialization of innovations. Therefore, the main efforts of the European business community should be aimed at improving the interaction between all participants in the innovation process. According to the EU program strengthening the competitiveness of European enterprises, especially small and medium businesses is the most important issue.

Dynamic young EU companies that are flexible and have better relationships with research institutions, unite their efforts with already established firms, which have necessary resources and capabilities to implement innovative ideas [1]. Due to this, each party receives additional benefits and distributes existing risks of innovative activity.

The best conditions for opening venture capital firms are created in Denmark, the Netherlands and Estonia, while Poland, Denmark and Switzerland are the best bases to gain access to the resources needed for innovative entrepreneurship.

During 2008-2014 the following problems in innovative entrepreneurship development wereidentified:

- urgent need to develop partnerships for improving innovation effectiveness;

- prevalence of incremental innovations over radical innovations in terms of R&D costs;

- limited use ofopen innovation models;

- reduction in implementation of innovations by large companies,along with a trend of implementation innovative ideas by flexible small and medium businesses;

- problems on “stand up” and “start up” phases of innovative entrepreneurship (challenges in fundraising and better access to resources needed for fostering start-ups and other innovation actions).

The conducted research allows for conclusion that a high degree of competitive pressure forces, even if there are significant risks, pushes to take advantages of the economic benefits that can be obtained through innovations. The greatest results can be achieved through introduction of open innovation models, collaborative innovations and innovative entrepreneurship based on mutually beneficial partnership of business, research institutions and government.

**References:**

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