

FORMS OF SUPPORT FOR INVESTMENT ACTIVITIES OF THE SME SECTOR IN POLAND ON THE EXAMPLE OF THE MAŁOPOLSKIE VOIVODSHIP

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Purpose: The aim of this article is to identify various forms of support for the investment activities of companies belonging to the small and medium-sized enterprise sector located in the Małopolskie Voivodeship.

Methodology: A survey was used to investigate what types of support forms entrepreneurs from the SME sector in Poland choose, with particular focus on the Małopolskie Voivodeship. For this purpose, a survey questionnaire was developed containing closed questions on forms of support, and then a representative sample of SMEs from the Lesser Poland Voivodeship was selected, taking into account the diversity of industries and sizes of enterprises. The survey questionnaires were sent to the selected enterprises via e-mail, as well as delivered in person or by post. The collected data was analysed using statistical tools, such as statistical analysis, to obtain results and conclusions. Finally, the obtained results were interpreted in the context of the research objectives, taking into account the specificity of SMEs in the Małopolska region.

Findings: Changes in the tax system can significantly contribute to the competitiveness of companies. Companies should continue and develop various forms of innovative activities, such as market research, changes in organisational structure and the implementation of new production and logistics processes. These activities contribute to cost optimisation, better management of resources and maintaining a competitive advantage in the market. Investing in new products, technologies, quality and cooperation with support institutions can significantly contribute to the success of these companies in the market.

Originality/value: The article looks at SMEs from the point of view of the supports that are necessary for their operation. They are specific to this sector, therefore the value of the article is a premise for further research in this area.

Keywords: small and medium-sized enterprise sector, forms of support, investment.

Category of the paper: Research paper.

Introduction

The role that the SME sector plays in the economy necessitates appropriate policies on the part of the state and regional institutions to support and shape their development. In Poland, the policy towards small and medium-sized enterprises is a priority, and measures undertaken in favour of SMEs are aimed at increasing their competitiveness and their share in the creation of jobs, as well as limiting the development gap between Poland and highly developed countries of the European Union. Therefore, state policy is of particular importance in the process of creating what is known as a friendly environment for small business. It manifests itself mainly in the form of a formal, independent declaration concerning small and medium-sized enterprises or as part of an adopted nationwide economic strategy.

An important prerequisite for the development of small and medium-sized enterprises is the appropriate formation of a macroeconomic policy, creating the conditions for sustainable and balanced development of the economy, enabling increased access of SMEs to sources of external financing, thanks to the reduction of its costs, and other measures, such as the reduction of tax rates, enhancing the possibilities of funding their development from internal sources or the introduction of preferential rules for calculating depreciation, which lead to equal opportunities for enterprises from the SME sector to compete on the free market.

1. Importance of SME sector for national economy

Undoubtedly, small and medium-sized enterprises have a major impact on the well-being of the Polish economy. For all countries, the importance of these enterprises is very high. They have a great impact on the creation of national income and on employment. The development of the small and medium-sized enterprise sector is of great importance during changes in the socio-economic and functional structure for a certain area through (Wnorowski,2001):

- innovative activities and the creation of new businesses,
- acting for the benefit of the people by creating new jobs and reducing unemployment,
- preventing and counteracting depopulation of smaller towns and villages,
- increasing the earnings of the local population,
- improving the quality of life of the local population and teaching them a new consumption model,
- enhancing the attractiveness of the environment in which the business is developing,
- stimulating economic growth.

SMEs, by activating their environment and meeting their needs, encourage entrepreneurs to open new small businesses. New economic activities create much of the wealth of the present and developed economies. SME companies, compared to larger operations, have many advantages such as freedom of operation, flexibility of organisational structure, low fixed costs or the ability to adapt to local consumer needs (Wnorowski, 2001).

Small and medium-sized enterprises are a very important driving force for the economy, as they have a significant impact on the economic situation in the country. It cannot be disputed that the sector plays a significant role in the Polish economy. Companies also have a huge impact on the process of socio-economic development in the region. Businesses belonging to the SME sector greatly influence the economic development in Poland and contribute even more to the development of the region in which they are based. Thanks to their characteristics, such as low production scale, mobility, flexibility of operation, which are assets of small and medium-sized enterprises, they are able to function effectively in the region by appropriately exploiting market niches, which are ineffective for large entrepreneurs. By using raw materials from the region, small companies reduce company costs and thus create cheaper jobs for the local population. In this way, small and medium-sized enterprises contribute to the activation of local labour markets. Through these activities, a regional decentralisation of economic activities takes place. Small and medium-sized enterprises have a significant impact on regional disparities and even out these disparities, thus providing the authorities and the local community with financial resources and activating the region economically. Enterprises in the sector increase the competitiveness and innovativeness of the region through, for example, business incubators and technology parks. They supply parts and components to some large companies. The SME sector is very important regionally and nationally (Tomczyk, 2012).

Small and medium-sized enterprises make a significant contribution to GDP, which is why this group of companies is the subject of active state policy. Due to the role played by SME companies, there is an increase in the importance of these entities in the structure of the global economy. At times, one may have the impression that companies in the sector may have an advantage over these larger businesses, in particular due to factors such as: a minimally bureaucratic management structure, quicker response to changes in market requirements, taking advantage of opportunities on the markets or the efficient flow of information within the company to adapt as much as possible to requirements and changes. Due to their flexibility, small and medium-sized enterprises can adapt more quickly to unfavourable market conditions and can be an ideal opportunity for the unemployed to find work. During an economic downturn, SME's can gain highly experienced and educated new employees, who lose their jobs in large companies due to the crisis. By gaining such skilled employees, the company will be able to develop rapidly, which may contribute to the development of the economy and GDP growth (Owczarczyk, 2010).

A very big advantage of small and medium-sized enterprises is that they place less of a burden on the environment. It is much easier to connect them to the existing energy and municipal infrastructure. Small businesses have a much lower capacity demand on the transport infrastructure. They do not damage the environment because they use smaller vehicles for transport, produce much less waste and pollution, and therefore do not expose the environment to high levels of degradation. A component of the economic structure of the European Union is undoubtedly the role played by small and medium-sized enterprises (Szczepaniak, 2009).

2. Opportunities and barriers affecting the SME sector

The development of small and medium-sized enterprises is significantly influenced by their macroeconomic and microeconomic environment. Microeconomic factors include in particular the value of a company's assets, good management, skilled staff and the ability to implement technological advances. Macroeconomic conditions such as the level of supply and demand at home and abroad, economic growth or currency stability affect the economic condition of an enterprise (Zakrzewska-Bielawska, 2006).

Small and medium-sized enterprises, despite being the largest and most important economic sector in Poland, face various barriers on their path to development. For the SME sector, the barrier that has the greatest impact on entrepreneurial development is the size of fees and taxes that are regulated by law. SME companies are largely subject to personal income tax and a minority to CIT. Attention must be paid to the very complicated and not so transparent legal regulations related to the operation of business entities. Tax and economic law in Poland is very complex. Changes in regulations occur annually, and thus may cause problems in the efficient functioning of a company. Another example that shows the complexity of the tax system in Poland is the number of tax interpretations issued by tax authorities. Through such actions, some entrepreneurs cannot keep up with changes in the laws in Poland (Leoński, 2014).

The next barrier that affects the development of the SME sector is the market barrier, which is closely related to the prevailing market situation. The functioning of enterprises is significantly affected by such factors as (Świeszczak, Zięba, 2013):

- increasing competition,
- difficulties to find new markets for their products,
- high imports of substitute products,
- changing customer preferences,
- saturation of the market with the given products or services,
- the emergence of new needs and ways of satisfying them.

Market barriers also arise in relation to a particular industry, e.g. high competition. Social barriers, on the other hand, result from the quantity and quality of the workforce that exists in the labour market. Highly important factors that fall into this category are low levels of education, high staff turnover, low levels of mobility, low qualifications, inadequate skills and a mismatch between the knowledge of the human capital and the requirements of employers. The emergence of these risks can result in the emergence of a labour gap through the fact that there are insufficient resources on the market. By the fact that there are quantitative limitations on the number of people employed in SME companies, this problem is highly relevant (Świeszczak, Zięba, 2013).

There are also financial, fiscal and socio-economic and political barriers. The former are characterised by the fact that there is so little capital available at start-up, that it is almost impossible to raise external capital because there is no collateral and high costs, and that there are complicated procedures for applying for external funding. In fiscal barriers, the government's excessive fiscal policy plays a significant role. The development of small and medium-sized enterprises is slowed down by the tax burden. Through continuous changes in the tax system and the lack of employment of people specialised in this field, SME companies are exposed to penalties. When looking at social barriers, attention should be paid to an inadequate entrepreneurial culture, corruption, but also very low public confidence in private companies. Economic barriers include the lack of an adequately developed infrastructure, investments that are at a low level and high levels of production capacity utilisation. The political and economic situation in the country also has a major impact (Banasiak, 2012).

A significant aspect in the operation of an enterprise is growth. A very important element for the SME sector is to strive for progress in order to stay in the market in the time of macro-enterprises. A very important factor that influences the development of an SME company is the entrepreneurial orientation, which is seen in management science as a component of company competitiveness. It consists of the following qualitative characteristics such as: the willingness to implement innovative solutions that enrich and modernise the market offer, the ability to take risky decisions in order to put an untried solution into practice. The next determinant that supports small and medium-sized enterprises is an adaptive approach in strategic management, which is specific to these enterprises. Central to it is an informal process in which important strategic decisions are made by the owner of the organisation. In addition, there are periods in this approach in which the entrepreneur's strategies are not given such intensive attention (Determinants, 2024).

A very important prerequisite for an SME company to grow in the long term is a calm and stable macroeconomic policy conducted by the government. By pursuing such a policy, economic stability will be ensured. The dynamics of economic growth, the level at which market demand develops, customs policy and a stable currency are among the most important macroeconomic factors that influence the development of the SME sector and economic health. Macroeconomic conditions also include the regulation of the financial and tax system.

The financial health and ability of SME companies to accumulate capital to finance their growth and ongoing operations largely depends on these. Financial, but also non-financial support from the state for small and medium-sized enterprises is also of great importance. In addition, there is a very wide range of banking and non-banking services, but also legal regulations which relate to debt collection, which are of high importance for the market opportunities of small and medium-sized enterprises. The next group of factors influencing the SME sector are internal stimulators. These include the size of the company's assets. Another important macroeconomic factor is the ability to introduce scientific and technological progress, which allows for effective competition with other companies breeding on the market. It also allows Poland to open up to international markets. The efficiency of resource management is another very important factor for small and medium-sized enterprises. This factor is influenced by the qualifications possessed by managers, but also by their entrepreneurial spirit. One can also distinguish such factors as (Matejun, 2008):

- staff skills and qualifications,
- knowledge of the market and its nature,
- production capacity,
- competition on the market,
- customs policy,
- level of profitability of sales.

In order for SME companies to grow dynamically, they should use factors in the right way.

3. Institutions supporting the SME sector

Companies in the small and medium-sized enterprise sector need appropriate assistance in order to function at their best. For this assistance to be provided, most of it depends on the institutions which develop and then implement the assistance programmes and are also responsible for their implementation. Entrepreneurship and innovation centres play an important role in promoting small and medium-sized enterprises. These include:

- technology parks,
- training and advisory centres,
- loan funds,
- guarantee and surety funds,
- technology centres,
- business incubators.

The first group that falls under the umbrella of entrepreneurship and innovation centres are technology parks/centres and business incubators. Business incubators are a form of promotion for start-up companies. They create workplaces for business activities that are of a high enough standard by offering office space, but also production space to their clients. The role of incubators also includes organising trainings and courses, providing management advice and increasing access to programmes that allow vocational training in order to increase entrepreneurship. On the other hand, the main idea of technology centres/parks is to unite institutions that aim to produce and create modern and highly advanced technologies. They will achieve their goal by renting premises and providing office services as well as offering and providing technical infrastructure. The next group is training and research centres, which are divided into advisory, information and training units. Their main purpose is to help people start a business or help them develop their current activities. They also promote small and medium-sized enterprises in the region in which they are located. The last group is the guarantee, loan and surety funds. Their role is to deal with the financial problems faced by SMEs, particularly at the start of business (Matejun, Szczepańczyk, 2003).

Poland also has institutions such as the Polish Agency for Enterprise Development (PARP). It was established in 2001 and its objective is to implement programmes that serve the development of the economy and support research and innovation activities of small and medium-sized enterprises, export growth, regional development, the use of new technologies in the enterprise and human resources development. PARP supports small and medium-sized enterprises, implements national and international projects which are financed by resources from the Structural Funds, the state budget, but also from the European Commission's multi-annual programmes. PARP actively participates in the creation and effective implementation of the state policy regarding innovation, entrepreneurship and adaptation of human resources in order to be an institution that helps and supports entrepreneurs.

Considering the institutions at the voivodship level, these are the Regional Financial Institutions. They are partners of the Polish Agency for Enterprise Development and their main task is to promote and provide information on programmes aimed at increasing entrepreneurship. They are also supposed to accept applications for subsidies or prepare contracts and then sign them with subsidy beneficiaries. They transfer payment to the beneficiary and control payment with contractors (Zakrzewska-Bielawska, 2008).

An important institution that supports small and medium-sized enterprises is the Small and Medium-sized Enterprises Foundation. It was established in 1996 and since then is also part of the nationwide network of the National Service System for Small and Medium-sized Enterprises. The primary objective of the network is to support entrepreneurship in Poland. The most important activities of the foundation are to support and promote the development of small and medium-sized enterprises in Poland, which are implemented through:

- support for activities that seek to promote companies from the small and medium-sized enterprise sector in Poland and abroad,
- the organisation of annual economic conferences to which academics, entrepreneurs, economic and territorial authorities and government agencies are invited,
- organisation of seminars, training courses and workshops which show how to start a business, but also how to run and develop a company,
- popularisation of the idea of the World Congress of Small Business,
- promoting world-class solutions for small and medium-sized enterprises.

The most important activities that the SME Foundation has undertaken are (SME Foundation, 2024):

- organisation of the ‘Entrepreneurship Leader of the Year’ competition,
- organisation of the annual All-Poland Economic Forum for Small and Medium-sized Enterprises,
- assisting new entrepreneurs and those wishing to start a business through appropriate advisory and training.

There are also business-related institutions that can be called business environment institutions (BEIs), which can be divided into three groups:

- non-for-profit,
- non-profit,
- for-profit.

In practice, however, not-for-profit institutions, i.e. those that are not engaged in any business activity, are not found among BEIs. The BEI market includes commercial companies that provide training or financial institutions such as banks, leasing companies. These must be included in the for-profit group. However, all three groups offer the company support services in a broad aspect. The support largely concerns advice on starting up a business, but also further modernisation and development. The institutional business environment directs its activities to the organisation of training, provides information, counselling, R&D services and financial assistance. Non-for-profit institutions include: local and regional development agencies, loan and guarantee funds, training and advisory organisations, organisations representing entrepreneurs, business incubators and technology parks/centres (Gęca, 2012).

4. Forms of support for investment activities in the SME sector

On the basis of the results of the study, key factors linking competitiveness and innovativeness in companies from the Małopolskie Voivodeship can be identified (Figure 1) (Figure 2). First of all, the introduction of new products and services and the improvement of

the quality of products/services have a significant impact on both competitiveness and innovativeness of companies. Respondents indicated that the introduction of new products/services is very important for competitiveness (25.50%) and the introduction of quality improvement programmes is very important for innovation (16.70%). A change in the tax system, including allowances and exemptions, also plays a key role, contributing to competitiveness by reducing the tax burden and social security contributions (35.30%) and significantly supporting innovation (23.50%). Improving the qualifications of employees has a strong impact on competitiveness (24.50%), and the creation of IT and communication infrastructure, which is important for innovation (15.70%). In addition, the reduction of burdensome controls and bureaucracy contributes to competitiveness (25.50%) and is very important for innovation (31.40%). Support from public institutions, through increased funding for research and development, is also key, having a strong impact on competitiveness (25.50%) and significantly supporting innovation (31.40%). These factors underline that activities focused on introducing new products, improving quality, changes in the tax system, improving the qualifications of employees and reducing bureaucracy can simultaneously increase the competitiveness and innovativeness of enterprises, enabling them to better adapt to changing market conditions and effectively introduce innovations that are key to their development and success on the market.

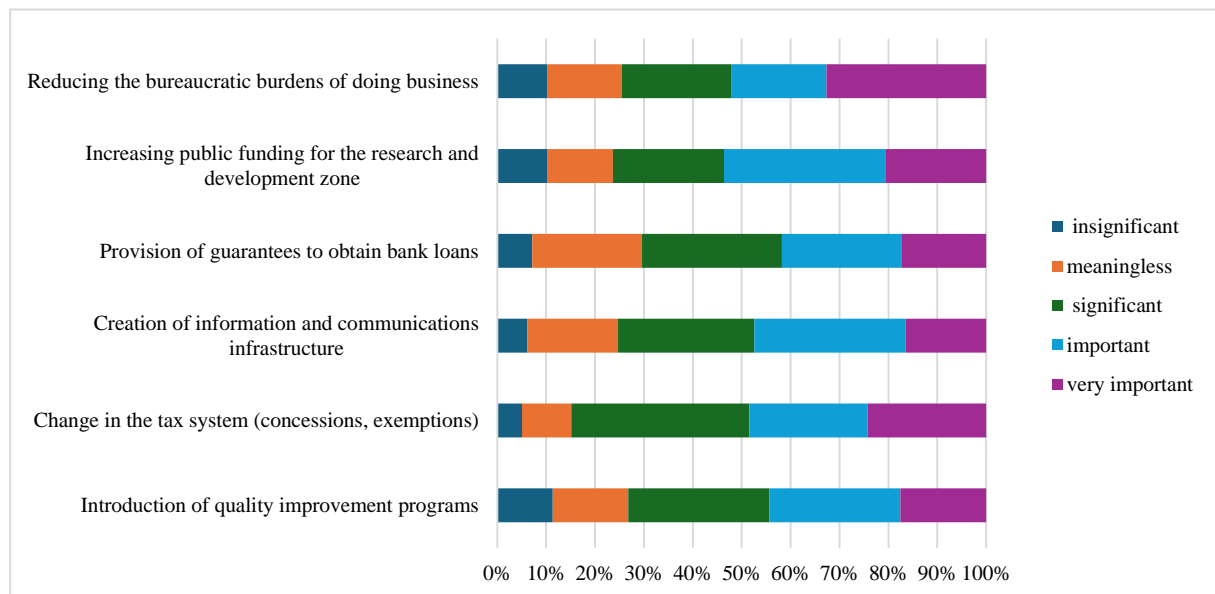


Figure 1. Evaluation of public policy measures to support the activities of small and medium-sized enterprises

Source: own study.

In today's dynamic economy, the cooperation of small and medium-sized enterprises (SMEs) with entities offering counselling, training, information support and assistance in implementing innovative technologies and solutions is becoming a key element. The potential of business environment institutions (BEIs) in various regions of Poland and the scope of their services for SMEs is of fundamental importance. There is a clear correlation between the degree

of SME cooperation with BEIs and their development. An important constraint for SME progress is insufficient support from BEIs. Conclusions and suggestions for necessary changes in the functioning of BEIs and the projected effects of these changes, such as the development of SMEs and the strengthening of the economic potential of regions, are indispensable (Kamińska, 2011).

On the basis of the conducted research, it can be observed that the structure of enterprises undertaking cooperation with support institutions presents itself in a diversified manner. The declarations of respondents show that 47.10% of the surveyed enterprises actively use the services offered by support institutions. In contrast, 52.90% of enterprises do not use such forms of cooperation. This distribution indicates that less than half of the enterprises see value in using support institutions or face various barriers that limit their possibilities in this respect. These results may suggest the need to intensify activities promoting the benefits of cooperation with support institutions, as well as to identify and eliminate obstacles that enterprises may encounter in the process of establishing such cooperation.

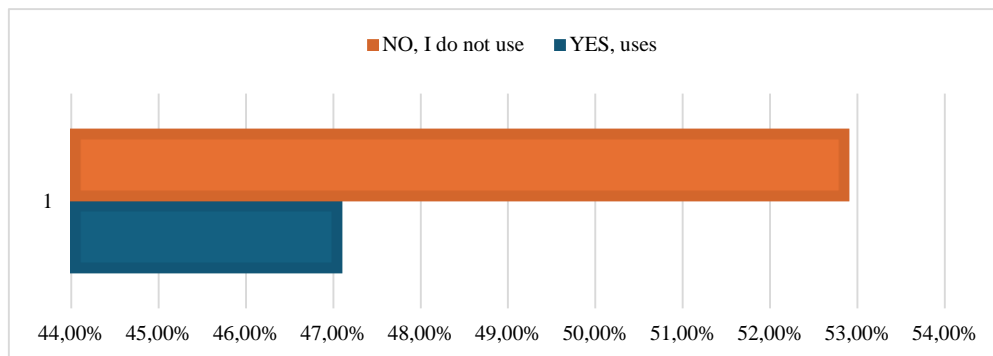


Figure 2. Structure of enterprises undertaking cooperation with support institutions in the total number of enterprises surveyed.

Source: own study.

The research shows that companies most often used various forms of support, the most popular of which were training centres, used by 62.5% of the companies surveyed. The popularity of these centres indicates that there is a high demand for improving employees' qualifications and updating knowledge in a dynamically changing business environment. In second place were technology parks, used by 27.8% of companies, highlighting their role in supporting technological development and innovation. Consultancy and advisory points were used by 23.65% of companies, offering expert support in management, law, finance or marketing. Loan and guarantee funds and business incubators, which were used by 18.1% of companies each, provide access to finance and support for start-ups and young companies. Technology transfer centres were the least popular, used by 8.3% of enterprises, which may suggest the need to increase the awareness of and accessibility to these services (Figure 3).

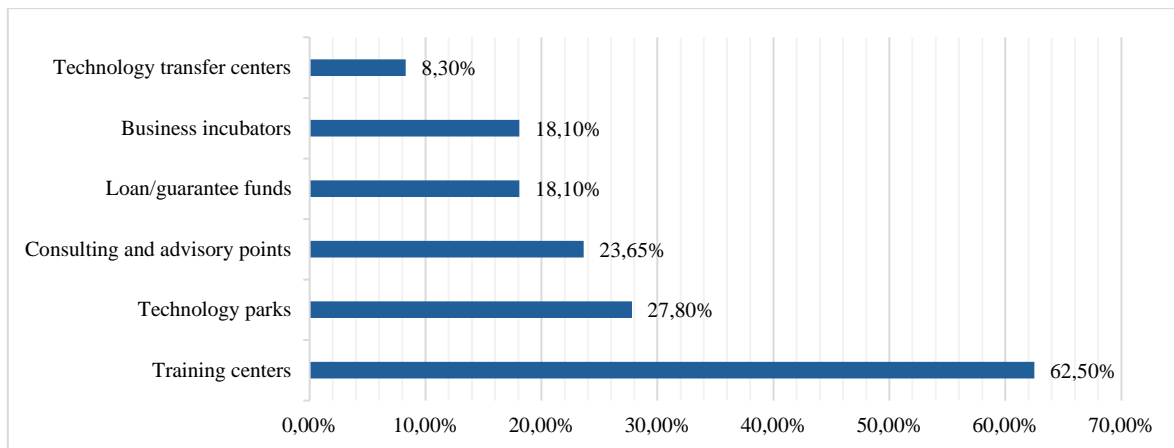


Figure 3. Entrepreneurship support institutions with which the surveyed enterprises cooperated/collaborate.

Source: own study.

The effects of cooperation between SMEs and support institutions are multidimensional and contribute significantly to their development. Above all, this cooperation allows for an increase in the competence of employees, which translates into a higher quality of services and products offered by enterprises. The use of technology parks and technology transfer centres can lead to the introduction of innovations, which is crucial for competitiveness on the market. Consultancy and advisory centres help companies to better manage resources, optimise processes and increase operational efficiency. Access to loan and guarantee funds enables companies to make investments that would be difficult to finance from their own resources. Cooperation with business incubators supports start-ups and young companies by offering them not only space to work, but also mentoring and access to networks, which can significantly accelerate their development.

In conclusion, cooperation of SMEs with support institutions brings tangible benefits, contributing to their growth, innovativeness and increased competitiveness on the market. In order to fully exploit the potential of these institutions, awareness of the available forms of support should be increased and access to them facilitated, especially in the case of less popular technology transfer centres. Effective cooperation with these institutions can be a key success factor for SMEs in today's competitive business environment.

5. Conclusions

Companies using the services of support institutions, such as training centres, technology parks or consultancy and advisory points, show a greater capacity for innovation. The benefits of cooperation with support institutions should be promoted and barriers to such cooperation should be eliminated. Authorities should consider introducing tax concessions and exemptions

for SMEs to reduce their burden and support innovative development. Changes in the tax system can significantly contribute to the competitiveness of companies. Companies should continue and develop various forms of innovative activities, such as market research, changes in organisational structure and the implementation of new production and logistics processes. These activities contribute to cost optimisation, better management of resources and maintaining a competitive advantage in the market. Investing in new products, technologies, quality and cooperation with support institutions can significantly contribute to the success of these companies in the market.

These activities should be a priority for companies seeking to maintain and increase their competitiveness in a rapidly changing market environment. Businesses need to continuously monitor the needs of their customers, invest in technological development and cooperate with support institutions in order to successfully implement innovations and maintain their position in the market. The integration of various innovative activities and the adaptation of tax policy to the needs of SMEs are key to the long-term development and competitiveness of small and medium-sized enterprises in the Małopolskie Voivodeship.

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