1. Introduction

Political system changes and economic changes that were taking place towards the end of the twentieth century in Poland and other Middle and Eastern European countries have resulted in a dynamic development of small and medium-sized enterprises (SMEs). At the same time various entrepreneurship support mechanisms have appeared, aimed at implementation of postulates voiced by the political and economic circles, referring to the support for SME sector companies. These institutions, operating in the small and medium-sized businesses’ environment in many countries, offer a selection of support mechanisms available to entrepreneurs, who intend to operate on a larger scale and expand their operation capabilities.

The ability and effectiveness in using such instruments becomes a crucial factor determining not only the development of enterprises, but also their creative and innovative potential, and as a result their competitive position and capability of responding to market changes. Taking this into account, the aim of this paper is the presentation of scope, benefits and barriers related to the use of entrepreneurship support instruments by small and medium-sized enterprises. To achieve the aim research has been conducted in 2001-2010 by means of a questionnaire, among the sample of 97 SMEs in total, operating in the Lodz region and using in their business activities the support mechanisms offered by the institutions within their business environment.
2. Entrepreneurship support instruments form small and medium-sized enterprises offered by the support institutions

The universal nature of the concept of entrepreneurship indicates that it can be treated as a particular type of activity that focuses on opportunities available with regards to various undertakings and provides specific economic or non-economic benefits [compare to Kraśnicka 2002b, p. 14]. When analyzing the characteristics of this phenomenon, the following can be listed [compare to Borowiecki, Siuta-Tokarska 2008, p. 34]:

− focus on creating new quality in the form of: ideas, concepts, innovation or value and their transformation into specific market effects,
− propensity to take limited (calculated) risk,
− acting in the conditions of uncertainty, seeking out and accepting changes and active, often advanced, reaction to those changes,
− identification and making the most of opportunities, regardless of the resources one possesses,
− organising the methods for resources allocation in order to achieve their practical and effective use.

When analysing the variety and evolution of theoretical concepts, entrepreneurship can be treated as [Piasecki 2001, p. 25-26, Pierścionek 2003, p. 210-211; Henry, Hill, Leitch 2003, p. 3-6; Piecuń 2010, p. 16-44]:

− character profile, as a part of which a major role is played by the following personal traits of character: initiative, need for achievement, flexibility, creativity, imagination, desire for independence, leadership, ability to work hard and strong belief in controlling one’s destiny,
− attitude that is expressed through creative and active drive to improve the existing state of things, taking on new activities or expanding the existing ones as well as the drive to get material or non-material benefits that lead to the improvement of conditions of life and work,
− behaviour which is an organised and ordered activity focused on making the most of opportunities and chances, which are either not noticed or disregarded by others,
− process consisting of consecutive phases aimed at obtaining benefits in the uncertain environment. A particular example of this approach is the process of setting up a business and starting business activities [for more see: Matejun 2011, p. 61-72],
− management approach aimed at searching for and making the most of opportunities while at the same time not limiting oneself to the resources currently owned. In this approach, it is the strategic orientation that becomes important, engaging in the opportunities, developing a network of contacts, using the expert support and treating remuneration as the equivalent of results obtained,
economic and social driving force [compare to Jaremczuk 2003, p. 10], which contributes to numerous positive social and economic effects, including: creating wealth, creating new jobs, macroeconomic renewal, increase of productivity, structural transformations in the economy, or creation and development of business entities.

The multidimensional nature of theoretical approaches to the phenomenon of entrepreneurship results in identification of various types of behaviours [see e.g.: Kunkel 2001, p. 75-90], as well as in specific types of entrepreneurs [see e.g.: Nagendra, Manjunath 2009, p. 152-153]. One of the effects of embarking upon entrepreneurial activities is the development of small and medium-sized enterprises, which are often identified with the institutional dimension of entrepreneurship [Piecuch 2010, p. 28; compare to Nogalski, Ronkowski 2007, p. 46-51]. In this aspect, the activities of SME sector companies are most often associated with [Haus 2003, p. 344]:

- entrepreneur’s independence and autonomy and combining the ownership and managerial functions in small businesses,
- the fact that the enterprise becomes the primary and in most cases the only basis for existence and the core source of income for the entrepreneur,
- personal work and most frequently full financial responsibility of the owner, who at the same time takes on the full risk resulting from the activities conducted,
- the fact that – apart from the owner – the people involved in work for the enterprise are very often owner’s family members, and the personal relationships between the entrepreneur and the employees create a work community characterised by close mutual contact,
- the fact that what constitutes the majority of funds in financing the enterprise is private personal money and that of the family, and small and medium-sized enterprises usually do not have direct access to capital market funding.

Such characteristics are a result of the qualitative and quantitative character of small and medium-sized enterprises [for more see: Łuczka 2001, p. 15-29; Lachiewicz, Matejun 2012, p. 15-21]. At the same time these make an important foundation for the development of SME sector companies’ entrepreneurship that further leads to numerous positive economic effects. Such effects refer to e.g. the substantial share small and medium-sized enterprises have in creating the gross domestic product, in employment, in investments and in other numerous social benefits [Piasecki 2001, p. 76-79].

The development of entrepreneurship in small and medium-sized enterprises is at the same time determined very strongly by the influence of external factors. K. Safin [2008, p. 16-20] lists among those factors the political and legal, economic as well as social and cultural conditions. Moreover S. Lachiewicz and L. Załęczny [2003, p. 20-22] underline the importance of local entrepreneurship development conditions such as: family, neighbourhood, economic traditions in a given region, or the local authorities’ activities. A. Skowronek-Mielczarek [2011, p. 36-39] points to a particular role of activities within the area of regional development policy, that underlines the
capabilities of their influence on the development of regional infrastructure, supporting investment, or stimulating the development of institutions in the entrepreneurial environment.

Many of those conditions are of a negative character, being barriers and limitations for the SME sector companies [see e.g. Łuczka 2005, s. 27-44]. On the other hand, such conditions are also linked to the development of the conditions that stimulate and support small and medium-sized enterprises. **Supporting entrepreneurship** revolves around creating the right conditions to shape and develop those personal and social traits that enable unrestricted individual development of entrepreneurship, the person and the structures, in which one operates. The scope of supporting entrepreneurship covers three basic levels: international, national and local (council level), as well as organisational [Chmieliński 2006, p. 171-173].

Current central policy on supporting small and medium-sized enterprises is to a great extent related to the use and application of European Union funding. Also it is the local self-government that plays an important role in creating and developing small and medium-sized enterprises. It can effectively participate in promoting entrepreneurship and organising funding for business activities of various types. The main aim of its activities is creating favourable conditions in which business operations can be run.

The climate supporting entrepreneurship is also created by government and non-government organisations that focus on helping this phenomenon, operating both on a central level, as well as regional or local. Among other directions of supporting SMEs one can list: growing and improving the advice system for entrepreneurs providing support in all areas related to running a business, improvement of SMEs’ access to information essential for a business to operate, the development of funds and guarantees’ system for SMEs, as well as legal and institutional solutions serving the development of the capital market, in particular the venture capital funds [Borowiec 2008, p. 30].

Directions that increase the effectiveness of supporting entrepreneurship are also the activities focusing on introduction of tax allowances, subsidies for training covering major areas of small business operations or the use of the formula of grants that finance the external experts supporting SMEs [Kraśnicka 2002a, p. 246].

Such directions are realised by various **institutions in the small business environment**, among which one can find first of all the innovation and entrepreneurship centres, a lot of which operate in a non-commercial manner. One can group these institutions into categories such as: non-government organisations, organisations of entrepreneurs, as well as research institutes and academic centres [Jankiewicz 2000, p. 45]. The group of innovation and entrepreneurship centres also contains: training and advice centres, loan funds, guarantee funds, enterprise incubators, technology parks and centres, technology transfer centres and venture capital funds [Matejun, Szczepańczyk 2003, p. 151].
Moreover there are other institutions engaging in the SME support zone, e.g. banks, leasing funds, consulting companies and an array of other commercial entities. Support activities can also be realised by the informal organisations, such as family or local community.

What makes for an interesting initiative for the Polish SME sector companies is the National SME Services Network (KSU), coordinated by the Polish Agency for Enterprise Development. KSU is a network of non-commercial organisations voluntarily cooperating with each other, that provide to the small and medium-sized enterprises services in the area of consulting, training, providing information, finance and pro-innovation. Organisations brought together in the KSU are not focused on profits and possess extensive experience in providing services for the SME sector in Poland [Bućko, Rosmańska, Sitkowska 2004, p. 209-210].

The abovementioned business environment institutions offer specific entrepreneurship support instruments. The most important support solutions include: legal instruments, organisational, information and training as well as educational, financial and the extension of institutional support that is focused on entrepreneurship promotion [Matejun 2013, p. 42]. Those instruments can also be classified based on: the character of their influence, into indirect or direct, the financial relationship with the budget – instruments generating income or expenditure, or the form of influence on the economic structures, into legal and administrative instruments, economic and social, planning and infrastructural [Dębniowska, Skorwider 2007, p. 29].

An important direction for the activities aimed at entrepreneurship development in SME sector is also the state aid. If addressed properly, it supports overcoming entrepreneurship barriers, and as a result can stimulate the growth of competitiveness of small and medium-sized companies. The instruments and mechanisms of state aid are as follows: grants, tax allowances and deductions, additional financing of entrepreneurs, loans or credit, credit guarantees and other solutions offered with conditions more preferential than those available on the market. [Mikołajczyk 2006, p. 98].

The key role in strengthening competitiveness of the SME sector companies is played by: knowledge, science, technology and entrepreneurial potential. The basis for its development is created by small and medium entrepreneurs primarily through cooperation with local scientific institution, by means of the innovation and entrepreneurship centres [Mertl 2001, p. 8], as a result of using the instruments of supporting development.

3. Methods and scope of empirical research

The Department of Management at Lodz University of Technology in Poland has been conducting research on the scope and conditions of the use of entrepreneurship support instruments for small and medium-sized companies for many years now. The scope of research was primarily the lodzkie region in Poland, where after a major limitation of large companies’ activities,
a dynamic growth of small and medium-sized enterprises could be seen, and where support for such entities is one of the foundations of region’s development strategy. Within the recent years the following research projects focusing on the above subject have been conducted:

− Project no. 1 that covered research conducted in 2001 on a sample of 53 micro, small and medium-sized enterprises in Lodz agglomeration [a detailed description can be found in: Matejun 2003, p. 29-43].
− Project no. 2 completed in 2009 on a sample of 19 companies in the SME sector. Research conducted as a part of the thesis: [Pelka 2009].
− Research as a part of project no. 3 has been conducted in 2010 on a sample of 25 micro, small and medium-sized enterprises in lodzkie region. Research conducted as a part of the thesis: [Śmigiel 2010].

In case of all of these three projects the research method used was the questionnaire methods, with the questionnaire techniques where the questionnaire was either handed directly to the respondents or distributed via mail. The research tool used was the author’s research questionnaire, however prepared in a manner that ensured comparison of research results obtained was possible.

The list of entities participating in research was compiled by means of purposive sampling, focusing on micro, small or medium-sized enterprises, varying with regards to the business sector and scope of activities, enterprises which were using development support instruments offered by institutions of the SME sector support system. Altogether, taking all three projects into account, research has been conducted in 97 companies, which met the quantitative criteria for micro, small and medium-sized enterprises. During the project no. 1, the criterion for selection was exceptionally chosen as: solely the size of employment and the division into micro (up to 5 employees), small (6-49 employees) and medium-sized (50-249 employees) companies. Projects no. 2 and 3 have used the SME definition in accordance with the freedom of economic activity act and the recommendation by the European Commission [Commission Recommendation… 2003, p. 36].

Among the companies researched the dominating entities were micro companies (58%), small companies constituted 37% of the research sample and 5% were the medium-sized enterprises. Majority of companies operated as natural persons conducting business activities – sole traders (68%). A significantly smaller share belonged to the civil partnerships (18%) or limited liability companies (9%). Services were the dominating area of business (45%). Majority of entities analysed were operating on a local and regional market (a total of 61%).

Respondents in the questionnaire research were the owners (who constituted 91% of people answering the questionnaire) or those enterprises’ hired managers (9%). In majority these were men (67%), who held higher education degrees (52%). When it comes to age, the majority of respondents fell within the range 31 to 50 years old (70% of the sample). At present the research is being continued as a part of the project funded by the National Science Centre, funds allocation based on the decision no DEC-2011/01/D/HS4/05894.
4. Results of research conducted in small and medium-sized enterprises in lodzkie region

Researched companies cooperate with a series of support institutions operating in lodzkie region. Most of the enterprises (28%) have used the offer of Lodz Regional Development Agency, Inkubator Foundation (23%) and the Chamber of Crafts in Lodz (21%). These institutions are enterprise support centres that operate in a non-commercial manner and belong to the National SME Services Network. They offer a wide spectrum of support instruments, majority of which of advisory, training or informational character, but also financial, legal or promotional services.

Researched companies cooperated to a lesser extent with the Fundusz Mikro fund (11%), Lodz Chamber of Industry and Commerce (9%), Enterprise Development Foundation in Lodz (8%) and Zelow Development Foundation in lodzkie voivodeship (6%). Single entities would also use the services of support organisations such as: Lodz Regional Science and Technology Park, International Women’s Foundation, Voivodeship Fund for Environmental Protection, Polish Economic Society and Pro-Akademia Association of Economic Consultants.

Attention should be paid to the fact that business environment institutions researched, that focus on supporting SME sector companies’ development, often do not independently offer all types of support instruments. The most comprehensive package of support instruments is provided by the Inkubator Foundation and Lodz Regional Development Agency. What can be clearly seen in the case of other institutions is specialisation, primarily related to the division into financial services (e.g. Fundusz Mikro fund) and others (e.g. Chamber of Crafts in Lodz, or Lodz Chamber of Industry and Commerce).

Hence the nature of these organisations’ activities is cooperation that ensures complexity of the services available to small and medium-sized enterprises [more on this issue to be found in: Matejun 2005, p. 52-60]. On the other hand, in such a situation SME sector companies must be able to indeed have the knowledge on the specific details and the scope of the offer provided by the business environment institutions, should they wish to benefit from the synergy effect when reaching for the benefits of using various entrepreneurship support instruments. In the business practice of these researched entities it is difficult however, as the great majority of enterprises (85%) declares using the services of just one of the support institutions.

When analysing the extent to which the entrepreneurship support instruments are used, one can conclude from the results that companies in majority use the training instruments (40% of researched SME sector respondents use them) and financial instruments (39%) – e.g. loans or guarantees. To a lesser extent the following as used:
- consulting instruments (26%),
− information instruments, mainly related to establishing trade contacts with potential clients and suppliers (28%),
− general business instruments, mainly related to support with premises and access to infrastructure used in running a business (21%),
− technology transfer related instruments (7%).

Moreover while 60% of analysed companies used more than one instrument supporting development, having taken into account the purposive sampling (cooperation with the business environment institutions) and the fact that a small percentage of institutions used the services of more than one institution, it can be stated that the SME sector companies use the opportunities resulting from the availability of entrepreneurship support instruments to a very limited extent. At the same time almost 40% of researched entities assess poorly and very poorly the accessibility of services offered by the business environment institutions supporting small and medium-sized enterprises. While conducting research, other conditions related to the cooperation of small and medium-sized enterprises with the business environment institutions have also been subjected to assessment. Entities researched have in majority assessed the level of quality of the services offered by entrepreneurship support centres as good (49%) and very good (15%). Negative opinions constitute 30% of the answers given, and at the same time very critical opinions were voiced by as little as 2% of respondents. Similarly, overall organisation of cooperation was perceived as positive by almost 80% of research participants. In case of organisational conditions of cooperation with business environment institutions, 18% claim them to be very good, and 61% – good. Negative opinions in this matter were voiced by 12% of respondents, and very critical ones – by merely 2% of small and medium-sized businesses’ representatives.

One can therefore state, that the most crucial problem is the SME sector companies’ access to support instruments on offer, while their further use is perceived more positively. For instance, respondents participating in project no 3 have indicated a series of benefits that stem from the use of entrepreneurship support instruments. These can be directly linked to the support of particular areas characteristic to the phenomenon of entrepreneurship, which is presented in table 1.

At the same time numerous barriers have been identified, that were related to the use of development support instruments by the researched companies. Respondents claimed that the most important ones were as follows:
− too strict formal requirements and bureaucracy in the business environment institutions. The indications included e.g. too large number of attachments and costs related to obtaining them, as well as support institutions’ employees’ lack of competencies and indolence,
− lack of knowledge and capabilities, necessary both to obtain support, as well as to use the instruments supporting development in the appropriate manner,
− resource limitations, related mainly to the lack of sufficient own funds (own contribution) when applying for financial support,
− legal obstacles and constant changes in the organisational guidelines and procedures of applying for support instruments.
Table 1. Benefits resulting from the use of entrepreneurship support instruments in the opinion of project no 3 respondents

<table>
<thead>
<tr>
<th>Type of benefit</th>
<th>Relationship with entrepreneurship development</th>
</tr>
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<tbody>
<tr>
<td>Possibility to introduce product innovation and new services</td>
<td>Supporting the creation of a new quality in the form of specific market effects.</td>
</tr>
<tr>
<td>Improvement of enterprise’s image in the market</td>
<td>Making the most of opportunities regardless of resources possessed.</td>
</tr>
<tr>
<td>Broadening of the scale of trade contacts established</td>
<td>Developing the network of contacts.</td>
</tr>
<tr>
<td>Access to new technological solutions</td>
<td>Using support offered by specialists.</td>
</tr>
<tr>
<td>Awareness of the need of further changes and improvements in the enterprise</td>
<td>Support for accepting changes and responding to them in an active manner.</td>
</tr>
<tr>
<td>Motivational benefits, referring to the greater satisfaction taken from running one’s own business, or motivation to implement other business initiatives</td>
<td>Appearance of non-economic effects, support for personal traits such as initiative and drive to be independent.</td>
</tr>
</tbody>
</table>

Source: Author’s own work based on research results.

In the last part of the research the respondents were asked to indicate their own suggestions of improvements that would result in greater effectiveness of cooperation between small and medium-sized enterprises and business environment institutions, as well as in greater effectiveness of the use of entrepreneurship support instruments offered to the SMEs by those companies. Most frequently suggested system solutions were related to lowering the tax liabilities and lowering the amount of charges to the social security system. The respondents also expect that the bureaucracy shall be limited and formal requirements when applying for the support mechanisms shall be lowered.

The respondents participating in this research underlined the necessity to increase the accessibility of financial aid, including first of all credit facilities and loans. Moreover they stressed the need to improve access to the European Union support funding. Entrepreneurs also proposed that preferential treatment be introduced in case of public procurement for small companies. Another suggestion was to enhance access to reliable and up-to-date information on offers and activities of institutions supporting entrepreneurship. It seems the entrepreneurs participating in research do not possess sufficient knowledge on the benefits and requirements related to application for entrepreneurship support instruments offered by the business environment institutions.

5. Summary

The development and competitive position of modern small and medium-sized enterprises becomes to a great extent determined by their capability to make the most of opportunities appearing in the environment of these entities. One of the directions of activities can hence be the use of entrepreneurship...
support instruments offered by the business environment institutions which belong to the SME support system.

This paper presented research results on the scope and selected organisational conditions of the use of entrepreneurship support instruments by the small and medium-sized enterprises in the lodzkie region. The results indicate, that researched companies cooperate with various support institutions, using mainly the training and financial instruments. The assessment of their use is in general positive, however the entrepreneurs point to some difficulties experienced in the process of acquiring instruments offered by the business environment institutions.

Moreover respondents indicate a series of improvements which would increase the effectiveness of SME support system, focusing primarily on the system changes in terms of tax regulations and ZUS (Social Insurance Institution), as well as increase of the scope and accessibility of information on the offer and activities of institutions supporting small and medium-sized enterprises.

References


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