

## **Institutional support for SME development**

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### **Abstract**

The institutional ecosystem that supports the development of SMEs is primarily institutions with which SMEs have, or may have, relations of cooperation, exchange, or subordination. Institutions that affect the SME sector may be public in nature, defined by formal legal rules, but they may also be networks of social cooperation, with the nature of formal or informal structures. As a result of efficiently operating institutions, there may be an increase in the productivity of enterprises, both those operating on the local market, but also those with regional or even global ambitions.

The study proposed and partially implemented new instruments of the business environment institution nature supporting the development of the SME sector. A certain package of these institutions operating at various levels of local government was established, the existence of which should significantly support this development. The proposed institutions included, among others, the Economic Council at the regional level, local economic organizations at the local level supporting the phenomenon of networking of economic activity and local initiatives of financial support for SMEs.

One of the research methods was to conduct surveys among 2,500 entrepreneurs operating in the province regarding expectations in terms of support. The results of research on the experiences of selected countries in terms of the institutions operating there were also used.

The experience already gained from the implementation of the Regiogmina project indicates that achieving institutional changes in the public sphere, but also in the sphere of social impacts, is long-term and requires intensive effort on the part of all those who believe in the need to build friendly institutions. The Economic Council proposed in the Economic Development Program, local economic organizations established on the basis of Local Programs, cooperation initiatives in the field of accreditation of enterprises, support institutions or promotion systems, such as those that would cover a significant number of entrepreneurs, but also the issue of skills and possibilities of reaching individual entrepreneurs and identifying their needs requires permanent and continuous monitoring of the functioning of the economic sector in the voivodeship. The research conducted for the needs of the Regiogmina project on two and a half thousand entrepreneurs also showed that there is a kind of gap between the functioning of

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entrepreneurship and the needs of entrepreneurs directed towards the public sector. This gap, which illustrates the institutional reluctance on the part of the entrepreneurial community, is dictated on the one hand by the lack of daily contacts, different language of communication and a different time dimension in the scope of decision-making and responding to emerging challenges. It is also the result of negative experiences and stereotypical perception of administration by entrepreneurs.

**Keywords:** SME sector, institutional economics, local government, multi-level regional governance