Small and Medium Enterprises and the Support Policy of Local Government

JEL Classification: H71

Keywords: small and medium enterprises sector; support policy of SME; factors and barriers for SME’s development

Abstract: The subject of this research are small and medium enterprises (SME) in the Polish economy, the support of this sector by local government and the functioning of small and medium enterprises in the local system of the town and commune of Pultusk. The aim of this study is to present the condition and the role of SME in the local systems in light of the selected features of this sector in the country and evaluation of support for SME given by local government of the town and the commune. The case study research methods applied were literature research, documentation review and survey-based research using questionnaire. The survey was conducted in spring, 2014, on a random sample.

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Date of submission: April 4, 2015; date of acceptance: May 9, 2016
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The research resulted in learning the profile of a local entrepreneurs and the action characteristics of SME in the examined unit. The diagnosis of the sector’s situation was made, the stimulating and limiting factors of its prosperity were identified. The SME support system of local government and the entrepreneurs’ expectations towards commune government in the field of development of local enterprises were evaluated.

The results and conclusions confirm the need for development of local government activity in formulating and implementation of the development of local enterprises policy.

Introduction

Small and medium enterprises (SME) are important for modern economy and are significant for the economy and society, especially in local systems. The development of this type of enterprises is considered as one of the factors of the economic growth, an indicator of a healthy market economy, or as an element of economic growth. Therefore, its development is a subject of special interest for many countries’ macroeconomic and regional socio-economic policies. The economic policy of Polish government generally ensures favourable financial rules and law regulations for the SME sector. Support of small and medium enterprises in the macroeconomic and regional policy should be complemented by a local government, which is responsible for supplementing a higher level policy and creating suitable conditions and supportive environment for business entities prospering in the town and commune. Thus, without derogating the importance of macroeconomic conditions of the SME sector, one has to respect the influence of the local government on creating a good climate for growth of local business. Development of local activity and enterprises directly influences the welfare of local society. The support for SME leads to strengthening the growth and development of a whole local unit. Relations and dependence between small and medium enterprises and local government are of feedback loop nature.

Subject, Aim and Research Methodology

The subject of this research are small and medium enterprises in the local system of the town and commune of Pułtusk, as well as the strategy and policy of local government towards the SME sector. The aim of this study is to present the condition and the role of small and medium enterprises in the local systems in the light of selected features of this sector in the coun-
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try, and evaluation of support for SME given by local government of the town and commune of Pułtusk.

It is assumed that the urban-rural commune of Pułtusk has developed its own model of support for the SME sector. The adopted research hypothesis should also confirm the thesis that SME are a driving force of the local growth, while the local government’s practice is an important factor, beside national policy, for local business support in the local territorial unit, increasing its competitiveness.

The research is placed in the problem literature and subject of the research. It is based on sources collected in the local self-government unit and gathered from own survey research conducted on a random sample of economic entities from the urban-rural area of the commune of Pułtusk. The materials included in strategic and program documents compiled in the commune, the National Register of Business Entities (REGON) data, Local Data Bank information and other sources of statistic data were used in this work.

In the survey conducted in March and April, 2014, the systematic sampling with random starting point was used. The first element for assessment was selected. The list from Central Registration and Information on Business and National Court Register was used. For the sample, every 17th economic entity was selected. The questionnaire was directed to owners and managers of each enterprise, or to persons authorized by them. The questionnaires were sent via e-service or given directly to the selected companies.

The first part of the questionnaire provided a profile of an entrepreneur from Pułtusk. It contained questions regarding, among others, the number of employees, the company’s seniority, the brand and scale of business activity, the ownership of premises, credit debts or investment plans.

The second part of the questionnaire provided diagnosis of the situation of small and medium enterprises in Pułtusk and drew attention to stimuli factors that support growth of SME, as well as limiting and inhibitory ones. The research allowed to look more closely at the conditions of small and medium enterprises running within the area of the Pułtusk commune. It also allowed to examine the climate for business development in the commune. What is more, it helped to identify the actions of Pułtusk local government that influenced the state and development of local entrepreneurs. The analysis allowed for an insight into the support system for small and medium enterprises in the Pułtusk commune. It helped to present an opinion of representative Pułtusk’s entrepreneurs regarding the quality and accessibility of growth support instruments and competitiveness of those smallest business entities. The research allowed to get to know the expectations of
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Pułtusk’s entrepreneurs regarding the local government actions supporting a growth of local entrepreneurship.

**Small and Medium Enterprises in the Polish Economy**

Small and medium enterprises dominate in the number of business entities, and are characterized by certain specificity in comparison to other entities of national economy. In the European Union, there are about 20 million enterprises, whereof 99.8% are SME. In the united Europe, small and medium enterprises hire 67% of employees and generate around 57% of GDP (Schmiemann, 2008; Lachiewicz & Matejun, 2012). Except for the small amount of resources they have, limited employment and small scale of production, small and medium enterprises have characteristic features, attributes and properties that differentiate them from other business entities, such as creativity, flexibility or initiative. They are oriented toward chosen groups of clients and have limited territorial scope of their influence etc. (Grudzewski & Hejduk, 1998; Skowronek-Mieleczarek, 2003; Matejun, 2012; Smolarek, 2008; Łucza, 2001; Janiuk, 2004; Strużycki, 2002; Lisowska, 2004; Kochmańska, 2007; Zadura-Lichota, 2013; Onak-Szczechani, 2006; Czaja-Śliwa, 2003).

The rank of small and medium enterprises in Poland has changed alongside socio-economic transformation. The role of this sector begun its growth in the 80’s, revealing its strength particularly on the labour market alongside system transformation. The structural and system changes of the Polish economy which started in late 80’s and early 90’s led to dynamic changes in small and medium enterprises’ sector (Onak-Szczechani, 2006). The transformation of the Polish economy caused an increase in setting private forms of business activity and dynamic growth of entrepreneurship. The rapid increase of workplaces in this sector occurred mostly between years 2004–2008. In 2011, the number of employees in enterprises in Poland was 9 million, whereof 6.3 million, which is 70% of employees, was in SME (Tarnawa & Zadura-Lichota, 2013).

Small and medium enterprises are vital for local and regional growth. Companies from SME sector are mostly local or regional, being strictly bound to the area they prosper in. Companies that operate on the local market use local labour resources and supplies. At the same time, they sell their products and services there. They guarantee the market saturation with goods of adequate quantity and quality. “Enterprises can easily adopt to local surroundings, because they find there more attractive growth condi-
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tions” (Strużycki, 2004). SME activity raises the quality of life of consumers and employees. It generates numerous places for apprenticeships. According to K. Safin, “SME participate considerably in the system of training and vocational training” (Safin, 2002). Investments undertaken by enterprises satisfy various local needs. Therefore, SME sector leads to improvement of life conditions of the local community, employment increase, and also to strengthening the economic base of a given area.

“Development of the SME sector is determined by many different factors, macroeconomic and microeconomic, which are connected” (Smolarek & Dzieńdziora, 2011; Coad, 2009). Small and medium enterprises are dependent on macro and micro surroundings they are functioning within. The SME sector situation depends on the global and national evolutionary context. Business entities acting are determined, among others, by the system solutions regarding law and finances and the general country economic conditions. The climate for these enterprises is determined not only by the macroeconomic and regional policy, but also by the local government policy.

Without questioning the validity of macroeconomic conditions’ importance for competitiveness and dynamics of business entities, when it comes to the SME sector it is significant to appreciate the local and regional environment’s influence. Consequently, the choice of the commune for the analysis seems, because from the whole, three-staged territorial division of the country, a commune is the one that has a large scope of competence to create and make decisions about financial policy independently. The specificity of the SME sector companies confirms that they are strongly connected with the local environment they are functioning in, with all its complexity, changeability and potential. The local environment determines external and internal factors that either support or inhibit the development of small and medium enterprises. “Local authorities ought to level barriers, turning them into stimuli” (Wach, 2007). On the other hand, SME are important in developing the socio-economic situation of a commune. Thanks to the symbiotic cooperation of the SME sector companies with the local environment, these entities may endure and strengthen their market position.

The first, unitary programme regarding the small and medium enterprises policy was started in Poland between the years 1995–1997. This programme was developed and enhanced during the first years of transformations. Successive governments were announcing various support and activation programmes that were organized by the Polish Agency for Enterprise Development (PARP) and many other institutions, funds and centres of support for SME sector. Index of Economic Freedom, announced in
2014 by “The Heritage Foundation” and “Wall Street Journal”, places Poland on the 50th place among 189 countries included in the study (Index, 2014). This means that Poland was classified among “moderately free” countries in terms of business freedom.

In 2014 the National Register of Business Entities REGON showed 4 million of enterprises (GUS, 2014), 95.59% of which were microenterprises, 3.57% small and 0.57% medium enterprises. In 2013 the number of large enterprises in Poland that employed over 249 people was 2311. Between the years 2002–2013 the number of microenterprises increased by 17.8% and the number of large enterprises simultaneously decreased by 17.1%. About three quarters of all business entities in Poland are natural person’s enterprises.

The Support of SME by Local Government

The growth of a commune depends on many factors, among which one can distinguish: the condition and capability of the local economy. It is about the condition of local business entities and their capability to sustain existing and create new work places for a local population. According to M. Kochmańska (Kochmańska, 2007), the support for entrepreneurs causes growth for the whole self-government unit, so that the life condition of inhabitants is better and the entrepreneurs can offer them better or cheaper goods and services. Therefore, “The local authorities policy towards local entities and business unites is important for the running of socio-economic processes in a commune” (Adamowicz, 2003; Smallbone & Walter, 2001). A commune is a self-governing territorial unit and its authorities can influence the functioning conditions of small and medium entities operating on its territory and coordinate the support actions on a higher level. “The existing regulations allow the self-governing territorial units for conducting actions for entrepreneurship support” (Dziemianowicz et al., 2000). Local authorities play a significant role in the SME sector development because of the proximity and direct contact with local entrepreneurs. “A commune is situated closest to a citizen, therefore the subject for which it prospers” (Skica, 2007). Because of this, local authorities can perceive and understand specific, local conditions of enterprises’ operations and needs, far better than the authorities of higher level.

The attitude of commune’s local government toward development of local business world is important. This gives a chance to increase the income base by adding new withholding agents and local fees payers. Local entrepreneurs often correlate their business activity in a given place with certain
conditions that the local self-government offers them. A commune’s local government should persistently search for new solutions, inspire to take new actions to increase the potential and improve the competitive position of SME.

The role of commune’s territorial authorities regarding the actions connected with support and development of business comes from the constitutional features of territorial self-government, among which one can distinguish: (Bończak-Kucharczyk et al., 1998):

− Legally defined competence of territorial self-government,
− Legally regulated responsibility of a commune for “all matters on its territory”, that is political responsibility,
− The highest priority of commune’s self-government activity is to create conditions to fulfil the needs of its inhabitants,
− The subsidiarity principle (helpfulness).

The strategy of a commune’s territorial self-government development is important, which is “understood as a coherent and purposeful set of activities necessary to be accomplished in a certain time” (Maśloch & Sierak, 2013). The commune of Pułtusk has “the strategy of development for the commune of Pułtusk to the year 2020”, which is a long-term programme that direct the actions and allocation of funds necessary to achieve set objectives in to coming years. The arrangements provided in this document are a sort of meritorious base for the long-term development policy.

Commune implements own tasks and those assigned to it by the government administration. According to the Commune Self-government Act (Ustawa, 1990), within the scope of obligations of commune self-government there are other, essential tasks that were not included in the own tasks and were not signed to other authorities or administration. It is worth mentioning that “the practical goal of local economy policy is to sustain and develop business entities that exist on a given territory” (Adamowicz, 2003). It is important to have a closer look at the quality of commune’s activity and barriers that stand before the business entities. It influences, among others, the attractiveness of a commune regarding locating new and the functioning of already existing small and medium enterprises.

Small and medium enterprises that are representing the strength of the Polish economy should get all the necessary help associated with improvement of their prosperity conditions from the public authorities. “It is showed by the improvement of SME support system, equally on the programme level as well as institutional level that creates favourable conditions for functioning and development of the smallest enterprises” (Matejun, 2012). Many various assistance forms and instruments are functioning in Poland forming a complex support system for small and medium
enterprises. This system is based on cooperation of different “partners” on three levels of functioning: central, regional and local.

In the literature one can notice various categories of support instruments of the SME sector. The most common division of instruments distinguishes the financial and non-financial instruments. It is indicated by the following definition, in which “the support system for small and medium enterprises is defined as a set of financial and non-financial instruments that together create a coherent and logically ordered structure” (Woźniak, 2010). Therefore, the main criterion of division is the type of distinguished instruments: financial and non-financial. The first group of instruments grants access to own or foreign capital. It includes, among others, loans and credits on a preferential conditions, guaranties and securities, leasing, factoring, donations, tax breaks or an easier access to public procurements. The second group of support instruments makes it easier to access human resources, capital resources, market, information and technology. In the scope of non-financial instruments there are a series of subdivisions, like training, advisory, informative, legal, organizational or regulation instruments.

**Figure 1.** The support instruments of small and medium business entities on the commune level

Source: own elaboration based on Matejun (2012, s. 89).

The local territorial self-government is responsible for creating the best possible environment for the SME sector. “Commune is an employer, a principal and an investor, therefore it influences the private companies’
activities by its actions in sale and purchase of goods, commission of work and contracting services” (Kochmańska, 2007). Commune authorities have a large scope of instruments that may stimulate local enterprises. “Commune’s local government, aware of the role of business for the improvement of socio-economic situation on its territory, searches for methods and tools to stimulate the development of business” (Szot-Gabryś, 2013). The set of created instruments that may be used on the commune level has been presented in Figure 1.

Small and Medium Size Enterprises in the Pułtusk Commune

The Pułtusk commune is an urban-rural commune. It is located on road and water routes in the district of Pułtusk, in the northern part of the Mazovian province. It lies approximately 60km from Warsaw. Since 01.01.1999 the district of Pułtusk includes the Gzy, Obryte, Pokrzywnica, Świercze, Winnica, Zatory communes, together with the Pułtusk commune.

The commune covers the area of 13,413 ha. The commune includes the village councils in Boby, Białowieża, Chmielewo, Gnojno, Głodowo, Grabówiec, Gromin, Jeżewo, Kacice, Kleszewo, Kokoszka, Lipa, Lipniki Stare, Lipniki Nowe, Olszak, Mosyn, Pawłów, Ponikiew, Płocochowo, Przemiarowo, Szygówek, Trzciniec and Zakręt. The Pułtusk commune has the population of 24,062 inhabitants, and it accounts for 47% of the whole province population. The population in the commune amounts to 179 people per km². And the average population density of the Pułtusk commune is 62 people per km².

The commune has relatively young society. A substantial proportion of the society is at the pre-working age, which accounts for 20% of the total amount of people. The society at the retirement age accounts for 16%. The rest of the society (64%) are the people at working age. It can be stated that the commune has large human capital which includes the people at the working age.

The Pułtusk commune is the supralocal region. The multifunctionality is the main feature of this region. It constitutes the subregional centre of administration (registered office of the province), as well as health care (basic and specialist medical care), education (upper-secondary and high education), culture, sport and the trade and services centre for the nearby regions within the commune. Local non-governmental organizations, all-Poland substructures of the organizations and business environment institutions are
functioning within the commune. The Pułtusk commune plays a major role for the inhabitants, the commune and also for the Pułtusk province.

The central part of the commune is the town of Pułtusk, which is the registered office for District Governor’s Office. The Pułtusk town is one the oldest towns of the north-eastern Mazovia. In 1339 the town was granted a charter. It was called “The Venice of the North” due to the fact that it lies by the Narew river. The commune and the Pułtusk town have some attractive tourist, cultural and holiday values because of the centuries-long history and plentiful cultural and environment heritage. These values make the town interesting for the inhabitants of Warsaw as the place for spending free time. The commune constitutes an important place of cultural and education life. It is known in Poland on the account of the Pułtusk Academy of Humanities and Polonia House of Pułtusk.

The commune of Pułtusk is a significant centre of concentration of economic activity with industrial, craft and business traditions. Well-developed commercial-service chain is typical for the commune. The commune cooperates with the neighbouring communes and with different local government units located in the country and abroad. Business activity in Pułtusk, the urban-rural commune, is represented by its small and medium enterprises. At the moment, in Pułtusk around 2300 enterprises are in operations (data from Central statistical Office of Poland in 2014). The analysis of the number of business entities in the country, Mazovian province, and the district of Pułtusk shows that business entities constitute 59,33% of entities in the district of Pułtusk, 0,32% of entities in the Mazovian province and 0,06% of entities in the country.

Table 1. National economy entities within REGON register in the urban-rural commune of Pułtusk, Mazovian province and in Poland

<table>
<thead>
<tr>
<th>Specification</th>
<th>Total number of economic entities</th>
<th>Number of economic entities per 10 thousand inhabitants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pułtusk urban-rural commune</td>
<td>2 301</td>
<td>956</td>
</tr>
<tr>
<td>Pułtusk district</td>
<td>3 878</td>
<td>755</td>
</tr>
<tr>
<td>Mazovian province</td>
<td>725 828</td>
<td>1369</td>
</tr>
<tr>
<td>Poland</td>
<td>4 069 772</td>
<td>1056</td>
</tr>
</tbody>
</table>

Entrepreneurship of the inhabitants (level of the economic activity) is determined by the index of the industries per 10,000 inhabitants. The index of entrepreneurship in the Pułtusk commune is 956 companies per 10,000 inhabitants. The index in the Pułtusk commune is 1 higher by 201 in comparison to the average of the Pułtusk district which is 755. The level of economic activity in the commune is placed on the lower level than the province average and the national average (Table 2).

Table 2. List of national economy entities (excluding physical persons conducting exclusively self-employed agricultural enterprises) within the urban-rural commune of Pułtusk according to the Polish Classification of Business (PKD)

<table>
<thead>
<tr>
<th>No.</th>
<th>Section</th>
<th>Number of entities</th>
<th>Total number of entities</th>
<th>Section’s share in %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>city</td>
<td>rural area</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>A – agriculture, forestry, hunting, fishery</td>
<td>27</td>
<td>32</td>
<td>59</td>
</tr>
<tr>
<td>2.</td>
<td>B – mining and extraction</td>
<td>10</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>3.</td>
<td>C – industrial processing</td>
<td>161</td>
<td>30</td>
<td>191</td>
</tr>
<tr>
<td>4.</td>
<td>D – electric power provision</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>5.</td>
<td>E – supply of water, sewage and waste management</td>
<td>10</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>6.</td>
<td>F – construction</td>
<td>238</td>
<td>59</td>
<td>297</td>
</tr>
<tr>
<td>7.</td>
<td>G – wholesale and retail trade, vehicle repairs</td>
<td>543</td>
<td>75</td>
<td>618</td>
</tr>
<tr>
<td>8.</td>
<td>H – transport and storage management</td>
<td>84</td>
<td>15</td>
<td>99</td>
</tr>
<tr>
<td>9.</td>
<td>I – accommodation and gastronomy</td>
<td>61</td>
<td>13</td>
<td>74</td>
</tr>
<tr>
<td>10.</td>
<td>J – information and communication</td>
<td>38</td>
<td>3</td>
<td>41</td>
</tr>
<tr>
<td>11.</td>
<td>K – financial activity and insurance activity</td>
<td>60</td>
<td>9</td>
<td>69</td>
</tr>
<tr>
<td>12.</td>
<td>L – property market service</td>
<td>80</td>
<td>1</td>
<td>81</td>
</tr>
<tr>
<td>13.</td>
<td>M – professional services, science, technics</td>
<td>148</td>
<td>15</td>
<td>163</td>
</tr>
<tr>
<td>14.</td>
<td>N – administrative services</td>
<td>74</td>
<td>11</td>
<td>85</td>
</tr>
<tr>
<td>15.</td>
<td>O – public administration and national security</td>
<td>12</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>16.</td>
<td>P – education</td>
<td>89</td>
<td>9</td>
<td>98</td>
</tr>
<tr>
<td>17.</td>
<td>Q – healthcare and social service</td>
<td>148</td>
<td>16</td>
<td>164</td>
</tr>
<tr>
<td>18.</td>
<td>R – culture, entertainment, recreation</td>
<td>48</td>
<td>2</td>
<td>50</td>
</tr>
<tr>
<td>19.</td>
<td>S – other service provision</td>
<td>145</td>
<td>16</td>
<td>161</td>
</tr>
<tr>
<td>20.</td>
<td>TOTAL</td>
<td>1978</td>
<td>323</td>
<td>2301</td>
</tr>
</tbody>
</table>

The data of the Central statistical Office of Poland show that there were 2301 business entities registered at the beginning of 2014 in the town and the Pułtusk commune. In the rural area there were 323 entities and in the city there were 1978 entities. The biggest share in the employment belongs to sector G- wholesale and retail, but also sector F- construction and sector C- manufacturing.

As for the data in Table 3, in the structure of the business entities size in the commune and in the Pułtusk town the majority of the companies are the companies which employ up to 9 employees. At the beginning of 2014 there were more than 2,000 such companies which constitutes 96,4% of all companies in the region. Small companies (the amount of working people is from 10 to 49) constitute 2,7%, medium size companies (the amount of the working people from 50 to 249) constitute 0,7% and the large companies (the amount of working people from 250 to 999) constitute 0,7% of the whole number of the companies. The sector of small and medium enterprises constitutes 99,8% of all companies functioning on the examined area.

Table 3. National economy entities (excluding physical persons conducting individual agricultural farms) according to the estimated number of persons employed in the rural-urban commune of Pułtusk

<table>
<thead>
<tr>
<th>Specification</th>
<th>Pułtusk Urban-rural commune</th>
<th>Pułtusk - town</th>
<th>Pułtusk - rural area</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL (public and private sector)</td>
<td>2301</td>
<td>1978</td>
<td>323</td>
</tr>
<tr>
<td>0-9</td>
<td>2218</td>
<td>1902</td>
<td>316</td>
</tr>
<tr>
<td>10-49</td>
<td>62</td>
<td>57</td>
<td>5</td>
</tr>
<tr>
<td>50-249</td>
<td>16</td>
<td>15</td>
<td>1</td>
</tr>
<tr>
<td>250-999</td>
<td>5</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>1000 and more</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

| Specification | Public sector | | |
|---------------|---------------|------------|
| TOTAL | 67 | 61 | 6 |
| 0-9 | 36 | 33 | 3 |
| 10-49 | 21 | 18 | 3 |
| 50-249 | 9 | 9 | 0 |
| 250-999 | 1 | 1 | 0 |
| 1000 and more | 0 | 0 | 0 |

| Specification | Private sector | | |
|---------------|---------------|------------|
| TOTAL | 2234 | 1917 | 317 |
| 0-9 | 2182 | 1869 | 313 |
| 10-49 | 41 | 39 | 2 |
Table 3 continued

<table>
<thead>
<tr>
<th>Specification</th>
<th>Pułtusk Urban-rural commune</th>
<th>Pułtusk - town</th>
<th>Pułtusk - rural area</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL (public and private sector)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private sector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50-249</td>
<td>7</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>250-999</td>
<td>4</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>1000 and more</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>


The structure of the national business entities size in the commune is similar to the structure of the entities functioning in the district, province and in the country. Private business entities (97,09%) constitute definite majority. The public sector constitutes 2,91% of the whole entities of the national economy.

The analysis of the structure of the business entities property shows that it can be claimed that natural people are dominating because they are owners of 1818 companies. It constitutes 79% of all entities. The substantial percentage is made by the companies (10%). 11 companies are the property of the cooperative. The state-owned companies do not operate (Table 4).

Table 4. Number of entities of national economy (excluding physical persons conducting solely individual agricultural farms) in the urban-rural commune of Pułtusk, according to the ownership structure

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>State-owned companies</th>
<th>Including</th>
<th>Partnerships</th>
<th>Trade</th>
<th>Cooperative</th>
<th>Physical persons conducting business activity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>Including</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pułtusk – urban-rural commune</td>
<td>2301</td>
<td>0</td>
<td>234</td>
<td>108</td>
<td>5</td>
<td>78</td>
<td>125</td>
</tr>
<tr>
<td>Pułtusk – town</td>
<td>1978</td>
<td>0</td>
<td>214</td>
<td>93</td>
<td>5</td>
<td>66</td>
<td>120</td>
</tr>
</tbody>
</table>
During the last 3 years a slight increase in the number of micro companies can be observed, and the number of the small and medium enterprises started to stabilize.

### Characteristic of the Examined Companies in the Pułtusk Commune

Each commune, also the urban-rural commune of Pułtusk, should elaborate its own model for support of SME sector. Thus, using its competencies, assets and financial means, it ought to build a system of instruments and tools which will assist small and medium entrepreneurs. This activity should be the effect of daily activities, as well as the policy and strategy accepted by the commune authorities. This part of work will present certain survey research results conducted on the sample of local entrepreneurs of the sector of small and medium enterprises operating within the area of urban-rural commune of Pułtusk.

The first part of the survey enabled finding out a few facts about the Pułtusk "profile" of an entrepreneur. It contained questions concerning, among others, number of employed persons, company age, type and scope of the conducted economic activity, property of the premises in which the activity is conducted, credit burdens or investment plans.

The second part of the survey enabled to conduct a diagnosis of the situation of small and medium enterprises in Pułtusk and paying attention to, on the one hand, the factors stimulating and supporting the growth of SME, while on the other hand, the factors limiting and hindering this sector. The research enabled to take a closer look at the conditions of conduct of small
and medium businesses within the area of commune, and to research the climate for development of entrepreneurship within the commune. It enabled identification of actions of the Pułtusk local authorities impacting the state and development of local entrepreneurs. The analysis allowed to take a closer look at the system of support for small and medium enterprises within the commune of Pułtusk. They facilitated presenting opinions of the Pułtusk representatives of entrepreneurs concerning the quality and availability of instruments of support of development and competitiveness of these smallest economic entities. Research also allowed for finding out about the expectations of Pułtusk entrepreneurs as to the actions of the local government authorities supporting development of local entrepreneurship.

The researched economic entities were diverse in terms of their size: 99 companies (94.3%) belonged to the group of micro-companies (employing up to 9 people), 4 companies (3.8%) – to the group of small companies (below 50 employees), and 2 companies (1.9%) – to the group of medium enterprises (below 250 employees). The largest group of researched companies consisted of companies conducting business activity for more than 10 years (60 companies constituting 57% of all companies). 14 enterprises (13%) have conducted their business activity for 6 to 10 years, while 22 companies (21%) have been in operations between 3 and 5 years. The youngest companies, that is those operating up to two years, constitute 9% of the researched companies.

The type of conducted economic activity was tested basing on the division into four main types of activity: wholesale and retail trade, construction including construction services, production and processing and services, including services for inhabitants and for entrepreneurs. The largest group was formed by enterprises dealing with trade (41 companies which constitute 39% of all companies), and subsequently one ought to indicate service companies offering services for the inhabitants and for companies (33 companies which constitute 31% of all companies). The next group is formed by companies dealing with constructions (22 companies which constitute 21% of all companies) and production and processing (9 companies which constitute 9% of all companies). The majority of researched companies declared that their scope of operations covers above all the local market, thus the commune and its vicinity-62 company (59%). 25 companies (24%) operate on the province market, while 17 companies (16%) operate on the national market. Only 1 company (1%) actively participates also within foreign markets (Figure 1).
The results of research confirm that a local enterprise on the local market is the most typical situation for the Pułtusk small and medium economic entities. This is often a conscious choice of the entrepreneurs. The focus of the Pułtusk SME sector on the local and regional markets makes the perception of the world not going beyond the borders of the commune in the eyes of the Pułtusk entrepreneurs. It is, however, important that in the era of internationalization and globalization, the entrepreneurs consider the outcomes of these phenomena and the opportunities they bring, as well as new possibilities for competing. Companies ought to successively and bravely take actions on new, also foreign, markets.

While analysing the situation of the Pułtusk enterprises it is worth noting the property status, especially ownership of own premises for business conduct. 69 researched entrepreneurs declared owning their own premises for business conduct (66%). 34 companies (32%) conduct their operations within leased premises, while 2 companies (2%) conduct their activity in their own and leased premises at the same time.

The researched companies present the financial policy which is specific for the SME sector. It is based mostly on own resources. 65 of the surveyed entrepreneurs (62%) declared they did not need a loan. The companies make use of their own resources, which might include: savings of the owner and of their family, loans from relatives and friends. Perhaps this is also the effect of specific so called credit mentality among entrepreneurs-owners. Certain reluctance towards credits may stem from their disadvantages, i.e. high risk costs, dependency on the bank etc. Therefore, basing on the results of the research one may note that for the majority of respondents the Pułtusk entrepreneur is a person who is careful, and who is guided
by the principle that it is better to grow one's business slowly, but from one's own funds, than fast-but with a credit.

Liabilities on account of the bank credit are held by 34 companies (32%). On the other hand, 6 enterprises (6%) failed to obtain the credit. Perhaps this limited availability of external sources of funding concerns the newly created companies at their starting stage of development, when the risk of enterprise success is quite high.

Among the researched companies, 20 of them (19%) declared taking up investments in the year the survey was held. A vast majority (79 companies-75%) did not plan within a year to take up new investments. Lack of opinion in this regard was stated by 6 entrepreneurs (6%) Lack of intentions and development plans among the local entrepreneurs implies a low level of investment, which may effectively contribute to the lowering of enterprises' competitiveness.

An analysis of features describing the specificity of small and medium enterprises functioning within the economy of urban-rural commune of Pułtusk reveals that the majority of entrepreneurs is reluctant to take up new challenges, and is not ready to take large risks, credits, commence activities outside the region, or in other parts of the country. They operate, above all, on the local market-in the commune and its vicinity. This means that they do not have an "entrepreneurial ADHD" They conduct their businesses in a traditional, careful way, basing, above all, on their own resources and potential. It is interesting to what extent these entrepreneurs constitute the majority of the local world of business in other parts of the region or the country.

**The Advantages of a Commune Indicated by the Researched Entrepreneurs**

When researching individuals conducting business activity, an attempt was made to assess the advantages of the commune. It is worth taking a closer look at the situation of small and medium enterprises, and to verify whether the local authorities created friendly conditions for small and medium entrepreneurs to conduct and develop business activity.

In the first question of the survey research the respondents were asked to answer the following question: "What advantages in your opinion does the commune of Pułtusk have for entrepreneurs conducting business activity within the area of the commune?"
Figure 2. The advantages which, in the opinion of the entrepreneurs, the Pułtusk commune offers persons conducting business activity here

Source: own elaboration based on the results of the conducted research.
Research indicated that the functioning and development of enterprises from the SME sector depends on many factors (Table 2). The most respondents (91%) indicated that the advantage of the Pultusk commune which determines the success of the enterprises is the local institutional setup, thus, the possibility of availing of specialist services of institutions of business environment on the spot. It is there that one might find certain service potential for small to medium companies. Within the commune of Pultusk, there are many specialist institutions of the so-called business environment. The sector of banking and insurance services is well-developed. The commune is the centre of supralocal character characterized by multifunctionality. The entrepreneurs from Pultusk highly value the volume and the quality of institutions and organizations which define the conditions of functioning of their enterprises and investment in human capital— which constitutes the potential of local companies.

In the opinion of respondents, a significant meaning for general climate which favours the Pultusk small and medium companies is surely provided by the available infrastructural supply network (80%). In the eyes of local entrepreneurs, the commune of Pultusk is equipped in the correct infrastructure and that investment actions undertaken by the authorities of Pultusk constitute a sort of reflection of the needs of local entrepreneurs. The results of research confirm that a lot thus depends on the effort by the local government authorities towards modernization and development of infrastructure. Communal authorities should thus be an investor and partner which stimulates the development of subsequent investments.

From the point of view of 77% of the surveyed, the key attribute of the commune is the stability and transparency of the applied fiscal solutions, thus, clear rules of applying reductions and exemptions towards companies. The respondents highly value such stability and safety of business conduct. One may assume that the entrepreneurs are aware that reductions and exemptions ought to be consequently applied, and not granted for reasons unknown to anybody but some taxpayers. For the vast majority of respondents this is a crucial factor for the correct functioning of local companies which also stands for the stability of their functioning.

Whilst, the sole levels of rates of reductions and exemptions were noticed by 42% of entrepreneurs, it turns out that the binding local tax incentives—in the opinion of the respondents—have a smaller impact on the attractiveness of the commune. Perhaps this is an effect of a relatively small number of companies participating in the research which avail of such reductions or exemptions. The research showed that they currently do not form a sufficient incentive for the entrepreneurs. Whilst it is worth to remember that in case of income structure of the budget of communal self-
government unit the application of low taxes and local fees may in a significant degree decide for its lowering which, in turn, shapes the scope of realization of the remaining tasks within the control of the commune.

Among the advantages of the Pułtusk commune the respondents also paid attention to the development strategy of the commune (63%). According to the research, "Development strategy of the Pułtusk commune until 2020" is a critical document for the society of Pułtusk entrepreneurs. Perhaps the reason for it is that it defines the directions of changes within the commune in the social, economic and ecological spheres in the coming years. The findings contained within this document are a sort of conceptual base for the long-term policy of commune's development. They are well-received by the society of local business. Thus, it turns out that we may speak of good conditions for the functioning of small and medium enterprises when local entrepreneurs are able to foresee the effect of their actions and the effects of investments. The representatives of local business highly value certainty, stability and predictability. In the opinion of 61% of individuals conducting their own business activity, the commune of Pułtusk has a friendly social climate which facilitates the development of enterprises. The respondents positively assess the approach of the local society.

According to 60% of the respondents, the element which supports and which provides additional chances and possibilities for entrepreneurs is availability and quality of economic information. The entrepreneurs appreciate the actions of the local government authorities directed at expanding access to reliable information. The authorities use various communication media: cooperation with media, cooperation with the growing local press (Tygodnik Pułtuski, Pułtuska Gazeta Powiatowa, Kurier Pułtuski), information boards, Internet, brochures. The Town Council of Pułtusk also uses the service of ESP-Electronic Inbox. This constitutes a so called Electronic Office of Customer Service—thus—the fastest and most convenient form of communication with the office. Thanks to such initiative of the authorities of Pułtusk, the necessity of a personal visit at the office is reduced. Apart from this, the main information is available by means of Public Information Bulletin.

More than half of the respondents (53%) pointed out that among many important factors influencing the development of small and medium enterprises, there is a convenient location of Pułtusk. Entrepreneurs are aware of the fact that their enterprises are situated in the vicinity of the Warsaw conurbation. The proximity of the market for their products and services contributes to the development of their businesses. Apart from a convenient location, there is also good communication and connections with other cities. Pułtusk is situated along the national road Warsaw – Ostrołęka.
As many as 49% of the respondents were positive about the cooperation between commune authorities and entrepreneurs. This cooperation is regarded as desirable by the representatives of local business.

Among those polled, 43% think that another asset of Pułtusk is skilled labour force, which means an easy access to competent and qualified workers on the labour market. It is worth mentioning that respondents’ answers may be strictly connected with the fact that many inhabitants of the commune take up studies at universities in Pułtusk, Wyszków or Warsaw.

A smaller percentage of the respondents (40%) paid attention to the quality of enquirer service i.e. to professional and fast work of the officials in the Town Council. Yet, efficient service is crucial for local entrepreneurs as it is an indication of good management of the commune.

Only 22% of the respondents are of the view that another asset of Pułtusk commune is its promotion i.e. creating a positive image of the commune targeted at both present and prospective entrepreneurs. However, it is worth mentioning that the authorities of Pułtusk commune have made a considerable progress in this respect. Several promotion strategies have been employed, for instance developing a website and folders, participating in fairs and conferences and organising promotion events.

Not many respondents paid attention to the cooperation between local government and other domestic or foreign local government units (13%) or to the system of training and counselling for entrepreneurs (17%). Entrepreneurs do not observe any actions undertaken to make research and innovation more accessible.

To sum up, this part of the research shows that competitiveness and the development of small and medium enterprises is influenced by several factors. However, in local businessmen’s view, Pułtusk commune has several assets which influence the development of small and medium enterprises in a positive way.

**Instruments Supporting Small and Medium Enterprises in Pułtusk Commune**

The aim of the next part of the research was to identify specific actions undertaken by local authorities in Pułtusk. The respondents were asked to enumerate instruments supporting small and medium enterprises.

Figure 3 illustrates the activities undertaken by the local government in Pułtusk to support the sector of small and medium enterprises.
The respondents notice the initiatives of the local authorities in supporting small and medium enterprises. As many as 94% of those asked emphasised the accessibility of good infrastructure in the spheres of communication, transport, power industry, heat and water provision and sewage management. Entrepreneurs are aware of the fact that appropriate infrastructure facilitates running their businesses.

A high percentage of the respondents (92%) highlighted the fact that the local government activity is a valuable source of information for businessmen. Another asset in supporting small and medium enterprises is, according to 81% of respondents, creating local plans of spatial development, which means determining the conditions of building and land management, and implementing local development strategy (72%). According to 55% of the respondents, the local government pays attention to promotion, and 40% think the local authorities provide training and counselling.

Less than half of the respondents (46%) notice that the local authorities introduced various tax allowances and exemptions. Preferential conditions of purchase and tenancy of land and business establishments were mentioned by 39% of those polled. It is possible to conclude that the example of local authorities in Pułtusk shows that employing tax allowances and exemptions is a simple solution based on calculations, where the relation be-
tween costs and effects is taken into consideration. The officials may be reluctant to grant those privileges as the effects may not be significant, which, in turn, may negatively influence the income of the commune.

More than a quarter of the respondents notice that the authorities took some actions to simplify legal and administrative procedures. Thus, it is possible to find that a considerable number of the respondents are not satisfied with the quality of service provided by the local government administration. The fact that public contracts in the Pułtusk commune were very often carried out by the local companies was mentioned by 18% of the respondents.

The results of the survey show that creating a friendly environment for local businesses by the local authorities in Pułtusk is not only noticed by the businessmen, but also those forms of support are put into practice. The majority of those polled notice the initiatives undertaken by the local authorities to support small and medium enterprises.

**Barriers to the Running and Development of Small and Medium Enterprises**

One of the questions in the survey concerned the barriers to the running of small and medium enterprises. The respondents were asked to indicate the most serious obstacles in running and developing their businesses in Pułtusk commune. The answers to the question are presented in the form of a graph (Figure 4.)

The results of the survey show that apart from the assets, Pułtusk commune has also several disadvantages which hamper the development of small and medium enterprises’ sector. The largest group of respondents mentioned the bureaucracy and complicated legal provisions. Entrepreneurs are discontented with inadequate law and the excess of regulations. Too much of formalities discourages them to run their companies and “kills” business. Entrepreneurs very often need to use the help of lawyers or accountants to deal with the complexity of legal documents, which makes running a business more costly. Completing all the formalities in offices takes a lot of time which could have been spent on trade meetings, promoting business, or analysing the changes on the market.
Figure 2. The advantages which, in the opinion of the entrepreneurs, the Pultusk commune offers persons conducting business activity here

<table>
<thead>
<tr>
<th>Advantage</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business environment institutions in the commune</td>
<td>91%</td>
</tr>
<tr>
<td>Available infrastructure</td>
<td>80%</td>
</tr>
<tr>
<td>Stability and transparency of rules applied for reductions and exemptions</td>
<td>77%</td>
</tr>
<tr>
<td>Economic and spatial development strategy of the commune</td>
<td>63%</td>
</tr>
<tr>
<td>Social climate</td>
<td>61%</td>
</tr>
<tr>
<td>Access to economic information</td>
<td>60%</td>
</tr>
<tr>
<td>Location</td>
<td>53%</td>
</tr>
<tr>
<td>Cooperation of local government structures with local entrepreneurs</td>
<td>49%</td>
</tr>
<tr>
<td>Demand</td>
<td>48%</td>
</tr>
<tr>
<td>Competent and qualified employees on the labour market</td>
<td>43%</td>
</tr>
<tr>
<td>Tax rates and local fees, reductions and exemptions</td>
<td>42%</td>
</tr>
<tr>
<td>Effectively functioning administration of local government officials</td>
<td>40%</td>
</tr>
<tr>
<td>System of tariffs and fee for communal services</td>
<td>39%</td>
</tr>
<tr>
<td>Promotional activity of the commune</td>
<td>22%</td>
</tr>
<tr>
<td>Promotion of community among the entrepreneurs</td>
<td>18%</td>
</tr>
<tr>
<td>System of training and consulting services for entrepreneurs</td>
<td>17%</td>
</tr>
<tr>
<td>Cooperation of the authorities with other local territorial units (in Poland and abroad)</td>
<td>13%</td>
</tr>
<tr>
<td>Access to research, innovation</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: own elaboration based on the results of the conducted research.
Improper administration may negatively influence running businesses. As many as 63% of businessmen take a dim view of officials’ competence and 84% of them encounter the lack of willingness to establish a rapport. Another barrier to the development of small and medium enterprises is high local taxes (59%) and costliness of tenancy (56%). According to 55% of the respondents, yet another barrier to run a business is competition on the market. Small businesses need to compete with bigger foreign retail chains. This may be a result of a lack of cooperation among businessmen from Pułtusk.

The results of the survey show that many respondents find another barrier to the development of small and medium enterprises in insufficient demand in the Pułtusk commune for the products and services offered by the local businesses, which results in low sales volume (54%). This situation may be caused by the fact that many inhabitants of Pułtusk commune have low income and it is difficult for the entrepreneurs to find new markets. Another barrier, according to 51% of the respondents, is the one connected with research and innovation.

On the basis of the survey results, it is possible to conclude that many entrepreneurs take a dim view of training and counselling (47%) and promotion actions undertaken by the local authorities (38%). Moreover, 32% of the respondents paid attention to the location of the Pułtusk commune. Pułtusk is situated in the vicinity of the Warsaw conurbation which may have some advantages but, on the other hand, entrepreneurs are aware of the fact that many young and educated people move to bigger cities. Therefore, in the future, there may be a problem with an access to qualified workers. The proximity of Warsaw can be regarded as a disadvantage, because many inhabitants of Pułtusk work and do the shopping there.

**Entrepreneurs’ Expectations Towards Local Authorities’ Actions**

The survey revealed that the majority of entrepreneurs believe that the local authorities in Pułtusk try to create positive environment for business and will continue to improve the situation in the future basing on their competences, wealth and capital. The survey was designed to find out what the entrepreneurs’ expectations towards local authorities are (Figure 5).
Figure 5. Actions undertaken by the local authorities in Pułtusk which may, according to the entrepreneurs, facilitate running a business in the Pułtusk commune

- Simplifying legal and administrative solutions (90%)
- Education and training in running a business (85%)
- Cooperation between authorities and businesses (81%)
- Access to reliable and up-to-date economic information (77%)
- Facilitating Internet service (71%)
- Tax allowances and exemptions, low local charges (70%)
- Preference for local businesses in orders and tenders (67%)
- Promoting local entrepreneurs (65%)
- Promoting community among entrepreneurs (56%)
- Cooperation with other local government units (49%)
- International cooperation (23%)
- Supporting business environment (13%)
- Improvement of technical infrastructure (7%)
- Facilitating access to research and innovation (1%)

Source: graph prepared on the basis of the poll.
Owing to the survey results, it is possible to analyse the needs of the local entrepreneurs. Undertaking specific actions and employing instruments of support will help to improve the running of local businesses. For 90% of the respondents, it is vital to simplify the legal and administrative procedures.

As many as 85% of the entrepreneurs believe that the local authorities should provide education and training in running a business. It is also important for the local government to offer appropriate training courses for the companies and their employees.

A large group of the respondents (81%) highlight that the local authorities should initiate equal cooperation with the local entrepreneurs. It is vital to attempt at holding civil dialogue, establish meetings with the representatives of local business concerning, for instance, creating new local law. It is worth mentioning the cooperation between commune authorities and local employers creates an opportunity to identify their needs and prospects for the development. It is also helpful for engaging local entrepreneurs in solving commune’s problems and preparing consistent line of promotion. More than three quarters of the respondents suggested that the constant access to reliable and up-to-date information should be provided. In the respondents’ opinion, it is not enough to provide a wide access to information on economy which is very important from the perspective of running their own businesses. Many respondents emphasise the need to improve online service. The entrepreneurs appreciate and suggest that Internet communication with local small and medium enterprises should be extended. They highlight that in this way they would save their time, get advice and information and submit applications faster and more cheaply.

It is also very important to economically support local businesses through employing tax allowances and exemptions and introducing low local charges (70%) and giving preference to local enterprises in orders and tenders.

The local authorities need to promote local businesses in order to increase the competitiveness of the sector of small and medium enterprises (65%). Positive image of the local businesses should be conveyed in personal contacts, mass media, local press, Internet, leaflets, folders as well as during special events like fairs, displays and conferences. For more than half of the respondents (56%) it is vital to care about establishing and promoting good rapport and community among local entrepreneurs. They should be able to communicate freely and share their experience. The local authorities should be helpful in finding a business partner and encourage actions undertaken by the local entrepreneurs. According to 49% of the respondents, it is important to cooperate with other communes in the
Pułtusk Province as well as foreign local government units. The respondents are aware of the fact that actions undertaken together with the local authorities may lead to satisfying their needs and making commune’s expenses more optimal.

The abovementioned suggestions made by entrepreneurs from Pułtusk may have a positive influence on running businesses, as well as contribute to the growth of attractiveness of the Pułtusk commune for the new entrepreneurs. The results prove that it is vital not to stop taking an action. It is also important to continue and improve the current actions and implement new ones. That is why active, systematic and coordinated actions undertaken by Town Council, the Mayor, Town Hall officials and other units are crucial.

The actions undertaken by the local authorities are generally positively assessed by the representative of small and medium enterprises. Only approximately 20% of respondents believe that the actions undertaken by the local government are wrong and must be improved immediately (Figure 6). The vast majority of the respondents recognised decisions made by the local authorities in Pułtusk as accurate and helpful for the local entrepreneurs (81 enterprises – 77%).

In the following survey, entrepreneurs from Pułtusk were asked to assess government economic policy concerning the development of small and medium enterprises (Figure 6).

**Figure 6.** The assessment of economic policy adopted by the government and the local government

![Graph](image_url)

Source: graph prepared on the basis of the poll.
Interestingly, according to the local employers, the local government in Pułtusk is more efficient than the central government. Entrepreneurs are more positive about the actions undertaken by the local government than those undertaken by the central government. This situation may be caused by the “proximity” of the local government and perceiving the government as remote and unable to notice the needs of local businessmen. Moreover, the results of the survey may be influenced by the decisions made by the central government concerning high taxes and complexity of legal provisions. Thus, it is easy to predict that entrepreneurs from Pułtusk are negative about the actions undertaken by the government even though some improvements have been introduced.

Conclusions

Competitiveness of the Polish economy largely depends on the efficiency of small and medium enterprises. The role and development of this sector is based on good functioning of individual subjects as well as the support on the part of the local government and the central government and good economic policy. The local authorities can support small and medium enterprises in numerous ways.

The polls revealed that the local government can be active and effective in the process of creating positive environment for small and medium enterprises. The local authorities have an array of instruments through which they can positively influence small and medium enterprises. The results of the research showed that the local government in Pułtusk is quite active in this respect. According to the information gathered, businesses in Pułtusk function in the environment where several instruments of support are accessible. The results prove that the need to create positive environment for small and medium enterprises is not only recognised by the local government but also put into practice. According to the representatives of entrepreneurship in Pułtusk, the local government makes effort to create positive environment for their enterprises.

On the basis of the polls, in which a group of entrepreneurs from Pułtusk participated, it is possible to conclude that the majority of small and medium enterprises are positive about the help offered by the local government. It is possible to conclude that the Pułtusk commune is oriented towards local entrepreneurs. The majority of the respondents highlighted that the local authorities in Pułtusk support small and medium enterprises to a great extent. The results indicate that for the majority of the businessmen, Pułtusk commune is a good place for running their own businesses. How-
ever, it is worth mentioning that some entrepreneurs claim that the support on the part of the local government is not sufficient.

Supporting local business is strictly connected with the need of constant work on the improvement of organisational structures and official procedures. The commune has to be more effective in simplifying administrative procedures and improving the quality of service. There is no doubt that active, systematic and coordinated actions undertaken by Town Council, the Mayor, Town Hall officials and other units for support of small and medium enterprises are very important. Creating good environment for the development of small and medium businesses requires initiating and coordinating equal cooperation with the local businessmen, local opinion-forming environment and non-governmental organisations.

It is vital to provide wide access for the entrepreneurs to economic information and information concerning running a business. Moreover, it is important for the local authorities to cooperate with other local government units. Some actions for small and medium enterprises could be undertaken together with other communes. This kind of cooperation will result in satisfying entrepreneurs’ needs and making commune expenses more optimal.

It is also worth mentioning that international cooperation is very important for improving competitiveness and gaining new markets. Such cooperation enables sharing knowledge and experience among communes, the implementation of joint undertakings, establishing new contacts among businessmen and increasing sales volume. Therefore, local authorities should support the participation of enterprises in international events and disseminate information about regulations that are in effect on the EU market.

Moreover, it is crucial to employ tax allowances and exemptions and establish low local charges for entrepreneurs. Creating the holistic system of support for small and medium enterprises should not be neglected.

There is no doubt that it is important to transform Pultusk into a multifunction commune with friendly environment for prospective and already existing businesses. The local authorities in Pultusk must strive for making the commune more enterprising, attractive for entrepreneurs and inhabitants as well as wealthier. It should also meet the EU requirements. Both official and local employers must be determined to implement and monitor those actions.

Creating conditions for the development of local business requires undertaking actions connected with promotion of assets and resources of the commune as well as local entrepreneurs on the part of local authorities in Pultusk. In order to create a positive image of the local entrepreneurs, the authorities should actively promote them in various ways e.g. through per-
sonal contacts, local press, the Internet, leaflets, brochures as well as competitions, events, fairs and conferences. The local authorities should attempt at creating a consistent system of promotion of small and medium enterprises.

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