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## The Scope of the Activity Carried out by Business Support Organizations in Poland

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**Abstract:**

**Purpose:** The aim of this paper is to draw attention to the role that business support organizations (BSOs) play in the modern economy, as well as identifying the most important areas of their activities in Poland.

**Approach/Methodology/Design:** The work is based on properly selected source materials, including, enterprise management literature, reports, statements drafted by specialized institutions, research works made by the author. The research was carried out among 335 students of the University of Szczecin.

**Findings:** The obtained results will help to indicate the most important areas of activity of business support organizations in Poland.

**Practical Implications:** The results of the research cannot be generalised, but can form the basis for further deliberations. They shed certain light on possible main areas of activity of business support organizations in Poland. In the future, it is suggested to perform similar research on the presented topics in a larger group of respondents.

**Originality/Value:** The results of the survey conducted among the students indicate that people planning to set up a business or already existing enterprises can take advantage of various elements of the BSOs' offer. What is more, the article presents the most important areas of activity in BSOs in Poland.

**Keywords:** Business support organizations, development, entrepreneurship, enterprises, management.

**JEL codes:** L10, L31, L32.

**Paper Type:** Research Paper.

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## **1. Introduction**

Enterprises play a crucial role in the economic and social development of entire countries and regions. It is therefore necessary to support the activity and the development of business units, in particular SMEs (small and medium-sized enterprises). Supporting enterprises is one of the key items in the economic policy of the EU and its member states. The development of an enterprise depends on various factors, both of an internal and external character. One of those factors of biggest relevance for business units is their closest environment. An important role in the provision of services aimed at supporting micro, small and medium-sized enterprises is played by business support organizations (BSOs).

BSOs are organizations that offer business support services (and are especially targetted towards the SME sector), they usually do not act for profit. These organizations may function under various organizational and legal forms. They have adequate material, technical, and human resources, and thus they can support enterprises. The support may involve consultancy services, trainings, providing information or be of financial nature.

In Poland, BSOs began to develop in the 1990s, and their primary objective was to support the development of entrepreneurship, and allow Polish enterprises to adapt to the new conditions after the country's political transformation; including the legal regime after Poland's accession to the European Union. Considering the current needs, the scope of the services provided by BSOs involved gathering of information and resources, with which enterprises could compete on the global market (Dąbrowska, 2015). Worth noting is the fact that in virtually every region of Poland, entrepreneurs can use the services of a number business support organizations.

Currently, significant funds are allocated towards BSOs whose aim is to eliminate market deficiencies and institutional constraints that hinder the development of entrepreneurship (Cravo and Piza, 2019). The aim of this paper is to draw attention to the role that BSOs play in the modern economy, as well as identifying the most important areas of their activities. The work is based on properly selected source materials, including: enterprise management literature, reports, statements drafted by specialized institutions, research works made by the author or other persons, and on internet resources.

## **2. Literature Review**

The concept of a business support organization is not an unambiguous term and may be interpreted differently. Recently, there have been many definitions of BSOs. In order to understand better what a support organization is, it is worth quoting selected definitions and features of these entities. BSOs include almost all types of public and private entities that are directly or indirectly related to establishing and running a

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business (Ochoa *et al.*, 2018). When defining BSOs, we take into account the entities that have various types of instruments for supporting the activity of enterprises.

Their allocation (against remuneration or free of charge) is aimed at stimulating the development of entrepreneurship through assistance for any person starting their business or for already existing enterprises (Domańska, 2019). BSOs are also considered as entities organized in various legal forms that provide the so-called business support services, which in turn are defined as services in accordance with the directions set by a given economic policy.

However, their fundamental objective is to help entrepreneurs develop and meet the challenges posed by the economic, social and physical environment of enterprises (European Commission, 2016). Business support organizations are entities within the service infrastructure whose main task is to support business activities. This quite enigmatic definition covers all entities that spend all their profits on reinvesting in the activities related to supporting business or in the cooperation between the scientific and business sectors (Piątek, 2015).

Blakey (1994) notes that these institutions are the foundation for development and are one of the four pillars of local development. They allow for direct contacts with local entrepreneurs (through consultancy, training, granting loans, economic information, etc.), but also facilitate the improvement of the qualifications of the local population (through courses and training sessions) and foster the creation of social capital (associations, clubs, etc.) within a given area.

The concept of Business Support Organizations can also be regarded as the direct and indirect influence of the environment (social, cultural, scientific, legal and economic), whose effects are as follows: defining and explaining the phenomena occurring in this environment, providing appropriate methods and means (including intellectual, material and financial) in order to create, run and develop entrepreneurship (Bolechowski, 2021).

By analyzing the variety of tasks undertaken, target groups of service recipients and the necessary competences of human resources, business support organizations in Poland are classified into three key groups (Bąkowski and Mażewska, 2014):

- entrepreneurship centers - their duty is to generally promote and incubate entrepreneurship (often in discriminated groups), provide support services to small businesses and stimulate the development of peripheral regions or regions affected by a structural crisis (business centres, consultation points, entrepreneurship incubator and / or training and consulting centre),
- innovation centres - their duty is to generally promote and incubate innovative entrepreneurship, technology transfer and provision of pro-innovative services, activation of academic entrepreneurship and cooperation between science and business; the assumed effect of their activities is the development of innovation in

terms of products, processes and organization (park and / or technology incubator, e-incubators, technology transfer centre, academic business incubator, research and development centres),

- non-bank financial institutions - their task is to reduce financial discrimination of newly established and small companies without a credit history, providing financial services tailored to the specificity of new business ventures (regional and local loan funds, credit guarantee funds, seed capital funds, business angel networks).

The above definitions of business support institutions allow for various interpretations of the concept. Even though there is no single definition of BSOs, we can distinguish certain characteristic features that appear in a number of definitions. The authors listed in Table 1 above often a point to free choice of the legal form of organizations regarded as BSOs. Therefore, the BSOs include both associations (the most common form in Poland), foundations, clusters, incubators, parks and industrial chambers, guilds, agencies, universities, etc.

Another common feature emphasized when interpreting BSOs is the purpose of these organizations. In this case, these entities are focused on providing support both to people planning to start a business, and to the existing enterprises. This assistance can be both financial and non-financial. There is evidence in the literature that BSOs improve individual enterprise performance and create jobs (Grimm and Paffhausen, 2015). Aid instruments that are most popular among entrepreneurs operating in the European Union are financial instruments that facilitate access to equity and foreign capital. It is common knowledge that, to a large extent, the development of entrepreneurship, investments and innovation depends on the sources of financing.

Therefore, the financial support resulting, for example, from the funds offered by the European Union, is a source of activation of the above-mentioned activities (Mućko and Sokół, 2010). On the other hand, non-financial instruments are to facilitate access to physical and human capital, information and technology, and sales markets. Another feature of BSOs is the nature of their activities. In most cases, these organizations are considered to be non-profit. A few studies, however, allow for the paid character of the services offered by BSOs (these include, inter alia, banks or private consulting and training companies). The name Non-profit can be translated as "no profit".

Therefore, it is simply an organization that, while conducting its activities, is focused on supporting private or public good, not guided by the achievement of profit. According to the definition of the United Nations (2003), the non-profit sector includes entities which: are formalized to an appropriate degree (e.g., as a result of registration with a competent authority) or at least their objectives, mode of operation and structure are permanent, are institutionally separate from public administration, they are not profit-oriented (they do not distribute any surplus among their members, employees, etc.), they are self-governing (authorities and directions of action are defined within the organization), characterized by voluntary

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participation in the activities of the organization. In such organizations, economic goals are replaced by humanitarian goals. Of course, these organizations can run a business and earn income, however, making a profit will not be the key goal in this case, but will be intended to improve the functioning of such an organization.

### **3. Research Methodology**

The research was conducted in 2021 among the students of the University of Szczecin majoring in two areas, i.e., management, entrepreneurship and investments. These majors were selected due to their profile. They are intended, among others, for people who want to start their own business in the future, and thus take advantage of various forms of support when setting up or developing their business. The syllabus of Entrepreneurship and Investments studies covers issues related to management and quality, economics and finances and related disciplines.

The students have an opportunity to learn practical skills with regard to starting and running their own business, developing a family business or pursuing the career of a local leader - a creator of economic ventures and initiatives undertaken within the local community. The graduates of the faculty are prepared to: set up and develop their own business, take over a family business, work in managerial and specialist positions in small and medium-sized enterprises, in consulting companies and other organizations such as entrepreneurship support institutions, perform the role of a local entrepreneurship leader, e.g. in the countryside, in a small town.

Management studies allow the student to gain specialist knowledge in management sciences, economics and related disciplines; shaping a critical understanding of phenomena, as well as economic and organizational processes, and developing the ability to use methods and techniques necessary to solve problems and make decisions within the organization. In addition, studies in management are designed to prepare graduates to lead a small team of people in business entities and other types of organizations, as well as to run their own business, and develop the careers of specialists and managers within the management structures.

The survey involved 335 full-time and part-time students of the Faculty of Economics, Finance and Management at the University of Szczecin. They have been contacted electronically and provided with a link to the survey. The questionnaire form contained information on the initiator and the purpose of the survey, and in what way the questionnaire data was supposed to be used. Furthermore, the questionnaire had brief instructions on how to answer the questions asked. The multiple choice questions had a list of prepared, pre-planned answers presented to the respondent to choose from. The purpose of using multiple choice questions was to reduce the time of the surveys and aiding the respondent with the work. The questionnaire form also included semi-open questions with a list of ready answers, at the same time allowing the freedom of opinion on any surveyed topic by adding an answer.

The survey consisted of 10 questions, which included, among others: the characteristics of the research sample, plans related to starting a business, knowledge of the concept of BSO, knowledge of the offer and services provided by BSOs. The respondents answered the questions by marking the appropriate answers. In most of the questions, it was possible to select more than one answer.

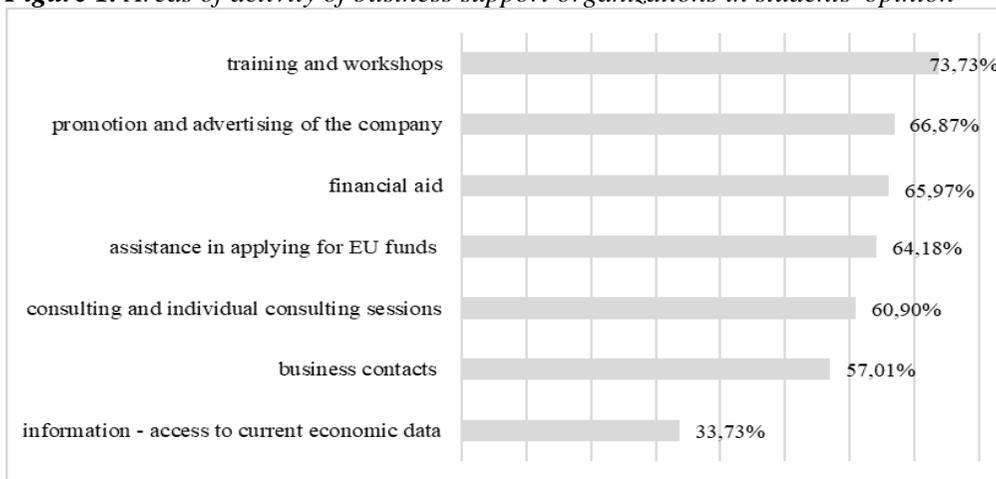
#### **4. Main Areas of Activity of Business Support Organizations**

BSOs differ in the scale and scope of activities supporting the establishment and development of enterprises. One of the key tasks of BSOs is supporting entrepreneurship and innovation, as well as helping people who want to set up a business. Moreover, the aim of the discussed entities is to create favorable conditions for conducting business activity and transfer of modern technologies. BSOs, through their targeted activities, should contribute to increasing the level of innovation and increasing the competitiveness of enterprises from within the SME sector. This support manifests itself in the provision of various types of services. People planning to set up a business or already existing enterprises can take advantage of various elements of the BSOs' offer. The various forms of support provided by BSOs include, among others:

- training and workshops,
- consulting and individual consulting sessions,
- promotion and advertising of the company,
- financial aid,
- providing the necessary infrastructure for running a business,
- information - access to current economic data,
- business contacts (various meetings and business and integration trips).

The results of the survey conducted among the students indicate that 62.4% of the respondents plan to run a business in the future. On the other hand, the concept of business support institution is known to 67.2% of students. It is worth adding that as many as 88.1% of the surveyed students believe that business support organizations effectively support the activities of enterprises, accelerating their development processes. In addition, the survey asked students from which areas of operation of business support organizations they would most willingly use when planning to run a business, which is how the most important activity areas of these entities have been identified (Figure 1).

The area of activity that was of the greatest importance among students were training sessions and workshops, indicated by 73.7% of the respondents. Training is an element of the functioning of any organization that wants to develop and constantly raise its prestige on the market. Tight competition is a threat not only to newly established enterprises, but also to all those that already have an established position. The competition for a client forces the companies to take up innovative solutions also in terms of developing the potential of human resources (Domańska, 2015).

**Figure 1.** Areas of activity of business support organizations in students' opinion

*Source:* Own elaboration based on own research carried out in 2021.

It should be noted that these training sessions may concern both entrepreneurs themselves and employees employed in the enterprise. Setting up a business requires not only having appropriate knowledge of the industry and financial resources.

Entrepreneurs who want to effectively develop the company and maximize profits must also take into account the need to acquire new knowledge in the field of business management. During the workshops and trainings, BSOs provide assistance, for example in writing applications for obtaining EU funds or developing business plans. Thanks to trainings and workshops, entrepreneurs and their employees have the opportunity to raise their qualifications in various areas of management.

Another area of business support organizations indicated as significant promotion and advertising, indicated by 66.9% of the surveyed students. It is worth noting that every company starting its activity should conduct appropriate promotion in order to appear on the market. However, not always small companies are involved in this type of ventures, and it is most often caused by low marketing budget. Few of the companies established by young businessmen have an adequate marketing budget. On the other hand, BSOs, due to their activities and financial independence, are able to promote their charges through local and national media (Siemieniuk, 2017, pp. 79-92). Moreover, BSOs often organize conferences, meetings, fairs, national and international exhibitions, the task of which is, inter alia, to promote the companies they cooperate with.

Another area important for the respondents was the possibility of obtaining funds, including subsidies (66% of responses). They are one-off and non-returnable funds, which means that they are granted once and if our interest starts to rise, there is no obligation to return them.

However, in order to receive such support, before applying for a grant, you must meet the conditions set by the business support organizations. A big advantage of a subsidy is the fact that the entrepreneur gets capital at the beginning of the activity, when it is usually the most cost-intensive. Submitting a grant application usually involves an uncomplicated procedure. Co-financing will certainly help in starting your business. However, please note that the money received must be used as agreed in the application. In the event of failure to meet the declared obligations, when an inspection occurs, the entrepreneur must take into account legal consequences.

Providing assistance in applying for EU funds was important for 64.2% of students. Such assistance may involve services consisting of acquiring external sources of financing for the activities of enterprises, including: preparation of documents and analyzes necessary to obtain an external source of financing, assistance in attracting an investor, analysis of the needs and identification of sources of project financing. 60.9% of students indicated the area of individual consultations and counseling. With individual consultations, the advisor can better recognize the entrepreneur's needs and then adjust the offers of business support organizations. During the consultation, a person planning to set up an enterprise or running a business has the opportunity to consult and analyze their business idea, define their deficits in competences to run a business and look for the methods to supplement them.

Assistance in obtaining business contacts is another area of activity of business support organizations. It was significant for 57% of the respondents. In this case, the organization of meetings, fairs, conferences, business and integration trips plays an important role here. It should be noted that the ability to create and manage relationships with partners is increasingly becoming a fundamental strategic value for many business entities.

Business relations create an additional value which is the result of linking the resources of various enterprises, which allows them to increase individual, strategic flexibility and collective market creation (Hagel and Brown, 2006). Close cooperation of enterprises, based on partnership ties, enables quick diagnosis of the changing needs, preferences and problems of customers depending on the current and anticipated organizational, technological and marketing development (Kwiatek *et al.*, 2009).

Access to information turned out to be the least important area for the respondents (33.7% of responses). The task of BSOs is to provide entrepreneurs with the necessary economic information. In BSOs, you can obtain detailed information on the procedure for setting up a company, legal forms of activity and methods of financing it (grants, loans, credits and other types of financial support). In addition, people planning to establish or running a business can obtain information, *inter alia*, about EU funds aimed at entrepreneurs and receive comprehensive assistance in completing the documents necessary to use these funds.

## 5. Conclusions

Business support organizations in Poland differ in terms of the scale and the scope of the activities that support the establishment and the development of enterprises. They play an increasingly important role in the development of regions. The main beneficiaries of their services are micro, small and medium-sized enterprises. One of the key tasks of BSOs is supporting entrepreneurship and innovation, as well as helping people who want to set up a business.

Moreover, the aim of the discussed entities is to create favourable conditions for conducting business activity and transfer of modern technologies. The mission of these organizations is also, *inter alia*, to carry out activities aimed at improving the conditions in which small and medium-sized enterprises operate, as well as increasing their competitiveness. This is done by organizing numerous training sessions that provide the necessary information to the smallest economic entities operating on the Polish market. It should also be noted that these organizations strive for the introduction of better legal provisions regulating the setting up and running a business.

The results of the survey conducted among a group of students indicated that, according to the surveyed students, the most attractive areas of activity of business support organizations are primarily training, workshops and the possibility of promoting the company. The opportunity to gain new business contacts was the least popular. To sum up, there are many business support organizations in Poland with diverse assistance services offered for people planning to start their own business or for people already running such business.

Correct identification of the market and customer needs, including students planning to start their own business, can help to create an even more attractive and comprehensive business support organizations' offer, which will be associated with an increase in entrepreneurship in the region. The network of business support organizations is constantly expanding, and young people, such as students and graduates as well as innovative entrepreneurs in particular, can benefit from this.

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