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The significance of small and medium enterprises in the Russian, Polish and British economies

International Journal of Management and Economics 36, 106-123

2012

Artykuł został opracowany do udostępnienia w internecie przez Muzeum Historii Polski w ramach prac podejmowanych na rzecz zapewnienia otwartego, powszechnego i trwałego dostępu do polskiego dorobku naukowego i kulturalnego. Artykuł jest umieszczony w kolekcji cyfrowej bazhum.muzhp.pl, gromadzącej zawartość polskich czasopism humanistycznych i społecznych.

Tekst jest udostępniony do wykorzystania w ramach dozwolonego użytku.

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The Significance of Small and Medium Enterprises in the Russian, Polish and British Economies

Introduction

The purpose of this paper is to examine the importance of the SME sector for the economies of Great Britain, Poland and Russia. A similar comparison cannot be found in the current literature on the subject. This results from the fact that the Russian statistical office has been conducting SME statistics similar to the standards of Western European countries for only a few years¹. In addition, the economic conditions in which SMEs operate are very diverse, not only in terms of the continent or country but also in terms of the region and local environment. It is possible that small and medium enterprises can be structurally heterogeneous and sometimes completely different in particular areas [Commission of the European Communities, 2008]. For this reason, despite the considerable body of research regarding SMEs, there are significant deficiencies in many areas of knowledge about them [Gibb, 2000]. Based on the economic-social transformations that took place across the centuries, it can be assumed that small and medium enterprises will play the most important role in the British economy and then in the Polish and Russian economies. This hypothesis will be verified on the basis of calculating an indicator that was designed to compare the significance of SMEs in the economies of the surveyed countries.

Theoretical framework of SMEs

The definition of SMEs will be a subject of discussion in this part of the paper. They constitute, on average, 99.8% of all companies in highly developed countries and employ 75% of all employees [Poznanska, 1998]. Defining the term “small and medium enterprises” is extremely difficult because of a number of factors affecting this issue. Therefore, it seems justified to apply a complex approach in which the achievements of not only economics but also law, sociology, psychology or other scientific fields may be concerned.

Two basic approaches may be distinguished to differentiate SMEs from other forms of entrepreneurship: quantitative and qualitative. Quantitative definitions relate to the number of employed persons, the volume of sales and the level of revenue. Qualitative definitions are created on the basis of such categories as the manner of managing a company or making decisions. In practice, several criteria are usually applied simultaneously.

A significant contribution to the theory of SMEs has been made by the British Bolton Report (1971), which contained both the quantitative and qualitative criteria for dividing companies (see Table 1). Its definition had a statistical as well as economic dimension [Piasecki, 2002].

TABLE 1. Selected definitions of SMEs presented in the Bolton Report

Sector	Definition
Production	Maximum 200 employees
Construction	Maximum 25 employees
Retail sales	Turnover of 50 000 GBP or less
Services	Turnover of 50 000 GBP or less
Transport	Maximum number of vehicles: six
Catering	All companies apart from network organizations and breweries

Source: Prepared by the author on the basis of [Piasecki, 2002].

The United States was another precursor in precisely defining the SME sector. The U.S. Small Business Administration (SBA)² recognized that a small enterprise should have two characteristics: autonomy with regard to management and lack of dominant position in its trade. SBA identified the sector of small and medium business as presented in Table 2 [Poe, 1986].

TABLE 2. Selected definitions of SMEs presented by SBA

Sector	Definition
Retail trade	Annual level of sales ranging from 2 to 7.5 million USD
Services	Annual revenue ranging from 2 to 8 million USD
Wholesale	Annual level of sales ranging from 9.5 to 22 million USD
Construction	Annual revenue not exceeding 9.5 million USD
Production	Employment ranging from 250 to 1 500 people

Source: Prepared by the author on the basis of: J.B. Poe, 1986.

Mixed criteria were used in the above definitions, as in the Bolton Report. However, it is worth noting how the size of the US market affects the classification with regard to the size of employment. A production company employing 300 people will be a large business in the UK, but will remain within the SME sector in the USA.

To sum up, there is no single definition that would aptly define small and medium enterprises. The dynamics of conducting business activity makes them heterogeneous in terms of regions, countries and continents. History and culture shaped contemporary economies in a diverse manner. Thus, the present state of affairs concerning SMEs is justified in some sense. The world is subject to constant changes and, as Bill Gates rightly observed, throughout the nearest decades, business worldwide will be subjected to unprecedented transformations [Gates, 1995]. It can be expected that new definitions and attempts at classifying SMEs will appear along with the changing economic environment.

The SMEs sector in the United Kingdom

Basic information about the UK economy in 2007–2009 is presented in Table 3.

TABLE 3. Selected indicators of economic development in Great Britain

Indicator \ Year	2007	2008	2009
Population (thousands)	60 975	61 280	61 525
GDP dynamics ³ (%)	2.6	0.7	-4.4
Level of GDP (billion USD)	2 800	2 680	2 198
GDP per capita (USD)	35 512	36 358	35 165
Unemployment rate (%)	5.4	5.5	7.6
Level of inflation (%)	2.3	3.6	1.9

Source: International Monetary Fund⁴.

Great Britain creates very beneficial conditions for conducting a business activity. The Doing Business 2010 report published by the World Bank classifies this country as in fifth position in terms of providing a good environment for the development of business [The World Bank, 2010].

Two types of classification are used to define SMEs. The first has been applied throughout the European Union (EU) as of 01 January 2005 (see Table 4). The second was suggested by the Department of Trade and Industry (see Table 5).

TABLE 4. Definition of SMEs in EU from 01 January 2005

Size of company	No. of employees	Net turnover or balance sheet sum		
		≤ 50 million EUR	or	≤ 43 million EUR
Medium	< 250	≤ 50 million EUR	or	≤ 43 million EUR
Small	< 50	≤ 10 million EUR	or	≤ 10 million EUR
Micro	<10	≤ 2 million EUR	or	≤ 2 million EUR

Source: European Commission, 2005.

The above definition distinguishes small and medium enterprises on the basis of three criteria: level of employment, net turnover and balance sheet sum. This classification separates microenterprises, which usually constitute a majority of the whole SME sector.

TABLE 5. Definition of SMEs determined by UK's Department of Trade and Industry

Size of company	Micro	Small	Medium	Large
Number of employees	from 0 to 9	from 10 to 49	from 50 to 249	above 249

Source: Krawczyk, 2009.

The definition of SMEs that results from the Companies Act is used less frequently in the UK [Mikolajczyk, 2007]. For this reason, only the two most common classifications of small and medium enterprises were presented. It is worth pointing out that the Department of Trade and Industry defines SMEs only on the basis of the employment level.

The largest number of SMEs appeared in United Kingdom at the turn of the 1980s. A decade later, as a result of reducing government support, interest in business activity gradually grew weaker [Burns, Dewhurst, 1996]. However, a constant growth in the number of SMEs may be noted since the UK introduced statistics concerning them. The more detailed information about the UK's SME sector is presented in Table 6.

In 2008, Great Britain had approximately 4.9 million SMEs, which constituted 99.8% of all companies. The sector of small and medium business employed more than 14.6 million people, which constituted 48.4% of the professionally active. Turnover of SMEs was about 1.5 billion GBP. All the listed indicators increased compared with the same period of the preceding year. At the same time, they reached the highest level since the introduction of such statistics (1994).

The dynamic development of SMEs in Great Britain is due primarily to active support of the state [Krawczyk, 2009]. The British Chambers of Commerce, Business Link, Health for Work Advice line for Small Business, Start Ups, Grant finder and Grants Online are among the institutions that actively help SMEs⁵.

TABLE 6. Number, employment and turnover of companies in the British economy (2008, quantitative and percentage perspective, respectively)

Enterprises	No. of companies		Employment (k)		Turnover (mn GBP)	
	Quantity	%	Quantity	%	Quantity	%
Total including	4 871 290	100	30 154	100	3 219 313	100
SME	4 863 025	99.8	14 605	48.4	1 543 627	48.0
0–9	4 646 945	95.4	7 933	26.3	662 495	20.6
10–49	185 770	3.8	3 602	11.9	454 732	14.1
50–249	30 310	0.6	3 070	10.2	426 400	13.3
Other						
≥ 250	8 265	0.2	15 549	51.6	1 675 687	52.1

Source: Own study on the basis of the data from Department for Business, 2010.

Despite favourable conditions, British SMEs face the typical barriers of development for this sector. According to research, these are mainly the lack of a long-term operational strategy and insufficient market knowledge [Hutchinson, 2009]. However, it is claimed that interest in conducting individual business activity will increase along with the development of support programs for the SME sector. The market situation and the desire to manage free time, in particular by persons who undergo so-called “early retirement”, will support this phenomenon.

The SME sector in Poland

Basic information about the Polish economy in 2007–2009 is presented in Table 7.

TABLE 7. Selected indicators of economic development in Poland

Indicator	Year		
	2007	2008	2009
Population (thousands)	38 121	38 123	38 111
GDP dynamics (%)	6.8	4.9	1.0
Level of GDP (billion USD)	624 055	668 551	685 594
GDP per capita (USD)	16 371	17 537	17 989
Unemployment rate (%)	9.6	7.1	8.2
Level of inflation (%)	2.5	4.2	3.7

Source: International Monetary Fund, Eurostat.

The Doing Business 2010 report drawn up by the World Bank classifies Poland in 72nd position. The main problems for entrepreneurs are time-consuming procedures for starting a business activity and a complicated tax system [The World Bank, 2009]. In addition, the problems include an ineffective judicial system, excessive bureaucracy and a continuous struggle against corruption. They inhibit the full development of the private sector [Polska Konfederacja Pracodawców Prywatnych, 2009].

Two classifications are used in Poland to define SMEs. The first is used throughout the EU. The second is specified in the Act on Freedom of Economic Activity dated 02 July 2004 (see Table 8).

TABLE 8. Definition of SMEs determined in the Act on Freedom of Economic Activity

Size of company	Number of employees	Net turnover or balance sheet sum		
Medium	< 250	≤ 50 million EUR	or	≤ 43 million EUR
Small	< 50	≤ 10 million EUR	or	≤ 10 million EUR
Micro	< 10	≤ 2 million EUR	or	≤ 2 million EUR

Source: Act on Freedom of business activity dated 02 July 2004 (Journal of Laws of 2004 No. 173, item 1807 and No. 281, item 2777), Articles 104–106.

The above definition is similar to that used in the EU. However, the notion of a microenterprise was introduced in Polish law for the first time.

SMEs had the greatest significance for Poland in the period of system transformations [Katrak, Strange, 2002]. In addition, they contributed to the increase of flexibility of the Polish economy and incorporated it into globalization and internationalization processes [Piasecki, 2002]. Detailed information on the size of the SME sector in Poland is presented in Table 9.

Microenterprises have the greatest share in the structure of Polish SMEs. They jointly employ over 3.5 million of the professionally active. Information about the size of the SME sector in the percentage perspective is presented below.

In 2007, there were 1.8 million SMEs in Poland, which constituted 99.8% of all companies. They employed more than 6.2 million people, which constituted 40.1% of all the professionally active. A characteristic feature of Polish SMEs is their regional diversity. Their smallest density can be found in eastern and northern Poland [Piasecki, 2002].

The country's government also appointed a number of institutions whose task is a broadly understood support of the SME sector. Several organizations are worth mentioning: Polska Agencja Rozwoju Przedsiębiorczości (PARP), Krajowy System Usług (KSU), Fundusz Mikro and Akademickie Inkubatory Przedsiębiorczości (AIP).⁶

It may be assumed that interest in conducting an individual business activity in Poland will increase if several conditions are met. Firstly, the legal system should be sim-

TABLE 9. Number, employment and turnover of companies in the Polish economy (2007, quantitative and percentage perspective, respectively)

Enterprises	No. of companies		Employment (000)		Turnover (bn PLN)	
	Quant.	%	Quant.	%	Quant.	%
Total including	1 777 076	100	8 969	100	2 887.8	100
SME	1 773 830	99.8	6 220	69.3	1705.8	59.1
0–9	1 713 194	96.4	3 593	40.1	671.1	23.2
10–49	45 184	2.5	1 008	11.2	382.2	13.2
50–249	15 452	0.9	1 619	18.0	652.5	22.6
Other						
≥ 250	3 246	0.2	2 749	30.7	1 182.0	40.9

Source: PARP, 2009, own study.

plified and the Labour Code should be adjusted to market requirements [Ministry of Economy, 2009]. Secondly, it is necessary to improve the procedures for obtaining funds from the EU as enterprises often do not apply for financial support only due to the burdensome bureaucratic procedures⁷. Thirdly, the access to sources of financing for SMEs should be increased.

The SME sector in Russia

Basic information about the Russian economy in 2007–2009 is presented in Table 10.

TABLE 10. Selected indicators of economic development in Russia

Indicator	Year		
	2007	2008	2009
Population (thousands)	142 000	142 000	141 391
GDP dynamics (%)	8.1	5.6	–7.5
Level of GDP (billion USD)	2 100 billion USD	2 265 billion USD	2 126 billion USD
GDP per capita (USD)	14 766 USD	15 948 USD	15 039 USD
Unemployment rate (%)	6.6	6.5	8.9
Level of inflation (%)	9	14.1	12.3

Source: IMF, CIA World Factbook.

The Doing Business 2010 report classifies this country in 120th place with regard to providing a favourable environment for the development of business. The largest difficulties for entrepreneurs are ineffective laws and complicated procedures related to international trade [The World Bank, 2009].

SMEs in Russia are defined by two legal acts: the Act dated 24 July 2007 'On the development of small and medium enterprises in the Russian Federation' and the Provision of the Government of the Russian Federation 'On the maximum level of revenue from the sale of goods (work, services) for each category of subjects of small and medium enterprises' dated 22 July 2008. Both classifications are presented in Table 11.

TABLE 11. Definition of SMEs based on legal acts of the Russian Federation⁸

Size of company	Number of employees	Net turnover (million RUB) ⁹
Medium	≤ 250	≤ 60
Small	≤ 100	≤ 400
Micro	≤ 15	≤ 1000

Source: Постановление Правительства Российской Федерации, 2008.

Article 4 of the Act dated 24 July 2007 defines one more criterion, which applies only to legal persons which aspire to using public aid for SMEs. The total share of the Russian Federation, regional and central state authorities, foreign legal persons, foreign residents, public, religious, charities, organizations (associations) and other funds in the initial capital of an enterprise should not exceed 25%¹⁰.

The emergence of SMEs in Russia is considered one of the most beneficial results of economic reforms. Due to small companies, many socio-economic problems which constituted the barriers of the country's further development were solved. Simultaneously, medium enterprises became one of the strategic and the most important sectors of the Russian economy [Ресурсный центр малого предпринимательства, 2001]. Information about the size of the SME sector in Russia is presented in Table 12.

It is worth noting that microenterprises are the largest group of companies among SMEs, just like in Poland and Great Britain. Information about the size of the SME sector in the percentage perspective is presented below.

In 2008, there were 3.9 million SMEs in Russia which constituted 96.1% of all companies. Their joint employment level was more than 50 million people which constituted 72% of the professionally active. The sector of companies in Russia was analyzed in a slightly different manner than in Great Britain or Poland for many years. A division into two groups was usually made: the first related to one-man companies, micro and small

TABLE 12. Number, employment and turnover of companies in Russian economy (2008, quantitative and percentage perspective, respectively)

Enterprises	No. of companies		Employment (000)		Turnover (bn RUB)	
	Quant.	%	Quant.	%	Quant.	%
Total including	4 121 765	100	70 956	100	73 139.7	100
SME	3 959 181	96.1	50 771	71.6	27 528.3	45.9
0–9 ¹¹	3 658 510	88.8	12 462*	17.6	14 335.0*	19.6
10–49	282 700	6.9	6 217	8.8	10 093.5	22.1
50–249	17 971	0.4	32 092	45.2	3 099.8	4.2
Other						
≥ 250	162 584	3.9	20 185	28.4	45 611.4	54.1

* – without agricultural microenterprises.

Source: Rosstat, Russian Federal Tax Chamber (Федеральная Налоговая Служба), own study.

companies, and was described as „small business”. The second group included both large and medium enterprises. This division determined the conduct of statistics and influenced a lower level of interest in medium business as a separate form of business activity¹².

SMEs are the most rapidly developing sector of the Russian economy. The sector is influenced by the expanded structure of institutions supporting it [WIPO-KPO-KIPO, 2009]. Several are worth mentioning: Retail-Manufacturing Chamber of the Russian Federation, Association of Producers and Entrepreneurs, Opora Russia, Russian Association for the Development of SME, Russian Business Portal Alians Media, and the web portal Innovation and Entrepreneurship¹³.

Despite complicated conditions for conducting business activity, the number of Russian SMEs is constantly increasing. It can be assumed that continuous simplification of legal procedures and the policy of diversifying the economy introduced by the Russian government will contribute to the further expansion of the SME sector.

The significance of the SME sector in the examined economies

In order to compare the significance of the SME sector in Great Britain, Poland and Russia, an indicator (W) has been designed. The indicator will consist of seven components. The first three relate to the share of SMEs among all companies and in creating a given country's GDP. The next three examine the impact of small business on employment. The last component verifies to what extent the government supports SMEs with funds from the state budget.

The methodology of counting particular components will be presented using the example of component “a”, which will be calculated based on the criterion of percentage share of SMEs in all companies.

Component “a” assumes the maximum value (10 points) for Great Britain and Poland because these countries have the highest value of the examined criterion. For Russia, it has been calculated as follows:

$$a = (96.1/99.8) \times 10 = 9.63$$

Therefore, the point of reference is a country with the highest value of a given criterion (Great Britain, Poland = 99.8%).

The indicator is expressed by the formula:

$$W = (a + b + c + d + e + f + g/70) \times 100\%$$

where:

a – share of SMEs in all companies

b – share of SMEs in total turnover of companies

c – share of SMEs in GDP

d – share of SMEs in employment

e – number of SMEs per 1000 professionally active people

f – number of jobs in SMEs per 1000 residents

g – value of expenses from state budget per one SME

The indicator is a percentage share of the sum of points received by a given country as compared to the general number of points to be obtained (7 components, 10 points each = 70 points). The number obtained will denote to what extent SMEs are significant in the economy of the surveyed countries. The components of the indicator will be subsequently calculated and discussed below.

The percentage share of SMEs in Russia is slightly less compared with Great Britain and Poland (see Table 13). This state of affairs is a consequence of the economic changes that have occurred over the last decades. Table 14 presents another component of the indicator.

TABLE 13. Percentage share of SMEs in all companies

Criterion	Great Britain	Poland	Russia
share in companies	99.8	99.8	96.1
value of component a	10	10	9.63

Source: Calculated by the author.

TABLE 14. Percentage share of SMEs in total turnover of companies

Criterion	Great Britain	Poland	Russia
share in turnover	48	59.1	45.9
value of component b	8.12	10	7.77

Source: Calculated by the author.

According to Fortune magazine, the largest number of global companies can be found in Great Britain (34), slightly fewer in Russia (5) and the smallest number in Poland (PKN Orlen ranked 477th in the ranking)¹⁴. The high share of SMEs in the turnover of Polish companies may thus result from the lack of competitors of international range. The different situation in Great Britain and Russia may be a consequence of the presence of powerful fuel suppliers (British Petroleum, Gazprom, Lukoil, Rosneft).

SMEs in Russia have the smallest share of the three countries in creating GDP (see Table 15). This situation may result from the structure of the country's economy, which is dependent on the export of raw materials [Piłkuła, 2010]. Their production is usually the domain of large companies. This fact results from the need to provide an appropriate infrastructural, technological, capital and base.

TABLE 15. Percentage share of SMEs in GDP

Criterion	Great Britain	Poland	Russia
share in GDP	50.4	47.4	17
value of component c	10	9.4	3.37

Source: Own study on the basis of data from: PARP, 2008, Министерство экономического развития Российской Федерации, Department for business innovation and skills.

The smallest share of the SME sector in the total level of employment in Great Britain (see Table 16) may result from the large number of international companies on the domestic market. Apart from global financial institutions (HSBC, Barclays, Aviva, HBOS), a significant number of jobs is provided, e.g. by supermarket chains (Tesco, Marks & Spencer, J. Sainsbury, Wolseley) and other large companies (British Telecom, National Grid, British Airways). The greatest share of SMEs in the total level of employment in Russia is due mainly to medium-sized businesses, which generate more than 63% of jobs in the SME sector. In Poland, a similar role is played by businesses with employment up to 9 people.

TABLE 16. Percentage share of SMEs in employment

Criterion	Great Britain	Poland	Russia
share in employment	48.4	69.3	71.6
value of component d	6.76	9.69	10

Source: Calculated by the author.

According to the Table 17, the largest number of SMEs per 1000 professionally active people can be found in Great Britain and the smallest number in Russia. However, it is worth pointing out that these data do not take into account the aspect of the SME structure which is different in the case of both countries.

TABLE 17. Number of SMEs per 1000 professionally active people

Criterion	Great Britain	Poland	Russia
number of SMEs	4 863 025	1 773 830	3 959 181
professionally active	30 890 000	16 860 000	75 100 000
number of SMEs/1000 of the professionally active	157	105	53
value of component e	10	6.68	3.35

Source: Own study on the basis of CIA World Factbook 2008.

The above employment criterion (see Table 18) takes into account the previously discussed issue of the structure of companies in the economy. SMEs in Russia generate more jobs per one thousand residents than SMEs in Great Britain or in Poland. However, it is worth mentioning that this criterion is not entirely objective. This is because the information about the SME sector has been taken from the data of national statistical offices (UK National Statistics, GUS, Rosstat) which use different methodologies for counting particular indicators.

The difference in state budget expenses for SMEs in Great Britain and other countries is enormous (see Table 19). This situation may be due to the following reasons. First, the data in the case of Poland and Russia relate to the quantity of funds that are allocated directly from the state budget. On the other hand, in Great Britain, the quoted statistics are only based on analyzes of external experts. Second, the manner in which state expenses are classified as those that reach SMEs is important. These can be not only subsidies or tax relief but also expenses for the construction of a research

TABLE 18. Employment in SMEs per 1000 professionally active people

Criterion	Great Britain	Poland	Russia
total number of jobs in SMEs	14 605 000	6 220 000	50 771 000
professionally active	30 890 000	16 860 000	75 100 000
number of jobs in SMEs/1000 of the professionally active	473	369	676
value of component f	6.99	5.46	10

Source: Calculated by the author.

TABLE 19. Value of expenses from state budget per one SME (EUR)

Criterion	Great Britain	Poland	Russia
total expenses on SMEs ¹⁵	8 109 606 184.8 ¹⁶	88 680 493.4	90 889 040.1
expenses per one SME company	1668	50	23
value of component g	10	0.3	0.01

Source: Prepared by the author on the basis of: UOKiK, 2008, Министерство экономического развития Российской Федерации, HM Treasury.

TABLE 20. Indicator of significance of SMEs in the economy

Component	Great Britain	Poland	Russia
A	10	10	9.63
B	8.12	10	7.77
C	10	9.4	3.37
D	6.76	9.69	10
E	10	6.68	3.35
F	6.99	5.46	10
G	10	0.3	0.01
maximum number of points	70	70	70
number of points obtained	61.87	51.53	44.13
value of indicator	88%	74%	63%

Source: Calculated by the author.

centre, which provides research infrastructure for small and medium enterprises. However, all data listed in the table were accepted by official state authorities. Therefore, it should be assumed that these are reliable values, although they probably include other spheres of aid for SMEs. The analysis of data in the table provides a certain perspective as to the extent to which small business is supported in the surveyed countries. Even if aid funds from the British budget are one-tenth of those presented in the table, the difference in financing British SMEs as compared to Polish and Russian ones is still significant.

The total value of the indicator on the basis of its components has been calculated in Table 20.

According to Table 20, the indicator assumes the highest value for Great Britain (88%). The next place is held by Poland (74%), and then Russia (63%) comes in third. The described results confirm this that SMEs are the most important in the economies of Great Britain, Poland and Russia, respectively.

Conclusions and recommendations

The following conclusions may be drawn on the basis of the conducted analysis. Firstly, SMEs have the significance for the economy of Great Britain mainly because of their share in GDP and employment. In addition, they obtain the most financial aid from the government as compared with other examined countries. State support is also accessible through a high diversity of business organizations as well as free consulting services for start-ups. Secondly, SMEs in Poland are essential to the economy mainly due to their number and their share in the turnover of all companies. The network of institutions supporting small business is fairly expansive, although many organizations which are certainly helpful for SMEs in Great Britain are not available in Poland. Thirdly, SMEs in Russia constitute a great amount of enterprises, yet they are just starting to become more significant in the country's economy. It is obvious that due to the territorial size of Russia, any socio-economic transformations will last longer than in the case of Poland or Great Britain. The importance of SMEs for the Russian economy results mainly from the amount of jobs created by this sector.

However, the above statements cannot be accepted uncritically. Firstly, the conclusion about the importance of SMEs results from analyzing an indicator based on very simplified methodology. It contains only several comparative criteria and many aspects have been omitted due to the lack of appropriate data (e.g. the share of SMEs in foreign trade) or other factors. Secondly, the data used in the process of comparative analysis do not have one source of origin and are calculated on the basis of diverse methodologies. Thus, it may be believed that what is important is not the value of the received significance indicator but the phenomenon it demonstrates. In other words, the differences in

the significance of the SME sector for the economies of the examined countries may be slightly smaller. This problem may be solved by using statistical information from one, independent source for each of the analyzed economies.

Great Britain has been the capital of European capitalism for dozens of years and its business traditions date back to the beginning of the 18th century. It is probably for this reason that the SME sector has the most significance in this country. It is strengthened by a state policy that actively supports SMEs, not only in financial matters but also with regard to consulting and many other services. However, many types of budget support bypass certain areas of the functioning of small business [Mole, Hatr, 2009]. This is another direction of research which may reveal whether money from the state budget really reaches the neediest companies.

The SME sector has expanded dynamically in Poland, especially since 1989. In that time, many barriers for private sector development were eliminated and the number of business entities increased. However, the pace of adjusting the state administration to systemic changes was insufficient to serve a large number of companies [Balcerowicz, 2009]. This produced a variety of bureaucratic problems affecting the small business environment in Poland that require further analysis [Przedsiębiorczość, 2009].

Based on the calculated indicator, the SME sector has the smallest significance for the Russian economy. This situation may change if the conditions for the functioning of companies change. It is especially important to activate all possible natural, material and human resources [Пехтерева, 2009]. The high technology sector, which currently enjoys special support from the government, may constitute a chance for Russia [Губанов, 2009]. This issue, among many others, is certainly worth advanced examination.

The development of SMEs may be enhanced by the preparation of a long-term strategy for small business, e.g. for a period of 20 to 30 years. A stable state policy towards the SME sector would provide entrepreneurs with the possibility to plan revenues and expenses in a long-term perspective. A similar strategy will certainly require continuous updating due to the dynamic character of the regional and worldwide economy. However, it would be important to sustain the major assumptions of the policy towards SMEs. The country that creates and consistently implements such a plan has a chance to create a modern and flexible economy.

Notes

¹ http://www.gks.ru/free_doc/new_site/business/inst-preob/obsled/mal_bisnes.htm (accessed on 04 March 2010). Website of Russian statistical office (Rosstat).

² The U.S. Small Business Administration – state administration authority financially and organizationally supporting the SME sector in the USA, American equivalent of Polska Agencja Rozwoju Przedsiębiorczości.

³ GDP presented in all tables is calculated according to purchasing power parity.

⁴ <http://www.imf.org/external/data.htm> (downloaded on 20 February 2010). Website of the International Monetary Fund.

⁵ <http://www.britishchambers.org.uk/>, www.businesslink.gov.uk/, <http://www.health4work.nhs.uk/>, <http://www.startups.co.uk>, <http://www.grantfinder.co.uk/>, <http://www.grantsonline.org.uk/> (downloaded on 18 February 2010). Websites of the organizations.

⁶ www.parp.gov.pl/, <http://ksu.parp.gov.pl/pl>, <http://www.inkubatory.pl/>, downloaded on 20 February 2010 Websites of the institutions.

⁷ http://mambiznes.pl/artykuly/czytaj/id/2232/absurdow_z_dotacjami_dla_firm_ciaq_dalszy (downloaded on 20 February 2010). Web portal for young entrepreneurs.

⁸ Definition relates to one financial year.

⁹ RUB – Russian rouble. As of 22 February 2010, these amounts are, respectively (from the top): 5.84 million PLN, 38.9 million PLN, 97.3 million PLN.

¹⁰ Own translation. In the original: Суммарная доля участия Российской Федерации, субъектов Российской Федерации, муниципальных образований, иностранных юридических лиц, иностранных граждан, общественных и религиозных организаций (объединений), благотворительных и иных фондов в уставном (складочном) капитале (паевом фонде) указанных юридических лиц не должна превышать двадцать пять процентов.

¹¹ Rosstat publishes separate statistics for one-man companies and for those which employ from 1 to 9 people. Data presented in the table refer to the sum of two groups of companies concerning number, employment and turnover.

¹² <http://www.marketologi.ru/lib/berezin/midbiz.html> (downloaded on 24 February 2010). Association of professional market analysts, http://www.gks.ru/free_doc/new_site/business/inst-preob/obsled/mal_bisnes.htm (downloaded on 24 February 2010). Website of Rosstat with a statement concerning conducting SME statistics.

¹³ <http://www.tpprf.ru/>, <http://www.rspp.ru/>, <http://www.opora.ru/>, <http://www.rasme.ru/>, <http://www.allmedia.ru/sitemap/>, <http://www.innovbusiness.ru/> (downloaded on 22 February 2010). Websites of the institutions

¹⁴ http://money.cnn.com/magazines/fortune/global500/2008/full_list/ (downloaded on 03 March 2010). Website with ranking of Fortune magazine.

¹⁵ Value of expenses converted according to the exchange rate from 31 December 2007 on the basis of data: <http://www.oanda.com/currency/historical-rates> (downloaded on 26 February 2010). Website with historical exchange rates.

¹⁶ Data from 2006.

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Abstract

The purpose of this paper is to examine an economic significance of the SMEs in the Russian, Polish and British economies. Initially, the theoretical as well practical background of the SMEs sector is presented for analyzed countries. Then, the comparison is based on the index composed with diverse variables related to business activity. Eventual results confirm an assumption that SMEs are of the most significance for British, Polish and Russian economies, respectively. Two contributions of this paper to the field are worth distinguishing. Firstly, the applied index has been devised exclusively for this research. Secondly, the scientific literature lacks a comparison of the SMEs sector between the examined countries.

Keywords: SMEs, small and medium enterprises, SMEs Russia, SMEs Poland, SMEs Great Britain, small business