



SME Support on Regional Level in Republic of North Macedonia – The Role of the Business Centers Within the Centers for Development of the Planning Regions

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Abstract: *Entrepreneurship has received increased attention during the last few decades. Private entrepreneurship provides numerous opportunities for the economic development of society.*

Entrepreneurship marks its peak through the development of small and medium-sized enterprises (SME). The advantages and attributions from SMEs have been widely accepted as a great influence factor on job creation and support of regional revitalization, based on the development of indigenous resources, great flexibility and promotion of industrial innovation. Entrepreneurship also provides a solid basis for sustainable local and regional economic development. It contributes towards decreasing the regional disparities both, within the country itself and among countries as well. SMEs are supposed to initiate economic development in underdeveloped regions with very high poverty levels and living standards, thus alleviating the economic and social integration of the country. Taking this into consideration, there is a need for local and regional structures in the country to concentrate their activities on providing various measures and activities aimed at initiating and stimulating the development of small and medium-sized enterprises.

1. STATE OF THE ART IN REPUBLIC OF NORTH MACEDONIA

The most stable economic growth rates in the period 2011-2017 are in the Skopje planning region with an average economic growth rate of 2.42%, which is slightly higher than the average economic growth rate of 2.32% at the level of the whole economy. The economic growth in the Skopje planning region indicates the fact that this region, where 43% of the total GDP is generated, is the engine of economic activity and carrier of economic growth in the country. The very low economic development of other regions leads to greater instability in their economic growth and indicates their individual much smaller effect on national economic growth.

According to the data of the State Statistical Office, the number of active business entities in the Republic of North Macedonia in 2019 was 75 914. The data on the structure of active business entities by region shows that the highest share of 39.1% belongs to the Skopje Region, while the Northeast Region had the lowest share of 5.5%. The data on the structure of enterprise births in 2018, by statistical regions, shows that the highest share of 41.1% belongs to the Skopje Region, while the Northeast Region had the lowest share of 5.5%. (Regions in Republic of North Macedonia, State Statistical Office, 2020).

The companies from all regions, except the Skopje planning region, have limited access to the information for the relevant and available funds for different types of support of SMEs. It is important to note that the involvement of the various key stakeholders varies according to the

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planning region. While in the Skopje planning region several institutions for support of the business sector (such as chambers of commerce, incubators, bilateral chambers, post-project institutions - CEED, network of business angels, etc) are actively present, in most of the other regions only some of the private and public institutions are present and active.

Based on the Law for Balanced Regional Development, CRDs should also support the business sector in their regions. Therefore in 2011 business centers as the department for support of the business sector were established within the Center for development of the planning regions.

2. THE ROLE OF THE BUSINESS CENTERS

The establishment of the Regional Business Centers in the eight planning regions is based on a decision of the Government of the Republic of North Macedonia held on August 29, 2011, based on the previously prepared analysis.

In the period from their establishment until 2018, their support to the business sector was limited and they were not recognized by many companies from the SMEs sector.

With aim of supporting the CRDs in the implementation of the measures as set in their Regional Programmes for Development of the Business Sector, the SIBRD project has supported the operation of all 8 Regional Business Centers whose main role is to strengthen SME support in the region by improving the services which are provided to the SME sector.

Through the projects in the last three years, business centers were supported to improve their services through organizing events, workshops, promotions, training for the business sector, etc. Until June 2019, the business centers have delivered several services to the business sector such as:

- Continuous updating of the Electronic Regional Database for Institutions and Companies that offer services for private sector development (non-profit, educational, local agencies and government agencies, consulting firms, lawyers, notaries, accountants, etc.);
- Continuous updating of the Electronic Regional Database for available “greenfield” and “brownfield” locations;
- Promoting Business Centers on social networks and regular updating of the FB page where all information useful for companies will be shared;
- Preparation of a list of possible Government and other sources of funding for the Business Sector updated on the website;
- Training for SMEs on different topics;
- Implementation of two innovative projects (per BC) with the active involvement of the business sector;
- Preparation of Register of entrepreneurs, companies and farmers divided into areas (industrial branches);

Based on their reports, and the offered services it was evident that the capacities of the Business Centres to support the business sector are still not on a satisfactory level.

Business Centres need further support to strengthen links and cooperation with the private sector through networking with all relevant national/regional institutions responsible for SME support.

Based on the above-mentioned findings, Business Centers within the Centers for Development of the Planning Regions have taken the first step to becoming hubs for networking with relevant national/regional institutions for SMEs by starting close cooperation with the Fund for Innovation and Technological Development (FITD).

3. SUMMARY OF THE RESULTS OF BCS BASED ON THEIR COOPERATION WITH FITD

The analysis was prepared based on data collected concerning the achieved results of the Centres for development of the planning region (CRDs) regarding their direct support to SME sector for FITD Public Calls for Co-financed Grants for Technological Development, for Accelerated Economic Growth and Co-financed grants for start-ups and spin-off companies through offering expert support to the companies from their regions (<https://fitr.mk/zatvoreni-povici/#>).

The collected data were analysed for each of the regions separately, followed by comparative analysis to determine differences between the regions.

Through the voucher scheme, the companies had a possibility to receive mentor support in different fields during the process of application such as human resources management, increasing export, developing new products, expanding to the existing and new markets, marketing and branding, etc. Within the voucher scheme for the two calls, 179 companies have applied for receiving expert input. From 179 companies that have applied for expert support, 102 companies have received expert support.

Also, the established network of the business center with the business sector from the respective regions is on a lower level comparing to the others. However, the cooperation of BCs from all 8 regions with FITD enabled for the first time increase the number of companies that have applied from other regions.

Subsequently, the number of companies that have applied from the Skopje region to FITD has decreased from 60 % from the previous period to 45% in 2021.

4. CONCLUSION

As the main pillar of regional development, small and medium enterprises (SMEs) constitute an important part of economic development and contribute considerably to regional economic development by creating new jobs, providing investment opportunities and forming the economic capital and potential required for sustainable economic growth. Availability of information and leveraging existing resources is essential for the progress of small and medium-sized enterprises both at the local and regional levels. In spite of the fact that the Business Centers have managed to establish links with SMEs and provide basic services to the business sector in the last few years, still, they don't play a significant role in SME support and stimulation of their innovative capacities. In the future, they should become the main networking hubs in the regions, through establishing partnerships with relevant SME support institutions and providing valuable information about existing services and funding opportunities.

The cooperation with academia will be added value and will ensure wider ownership of the regional development process.

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