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INNOVATION OF THE SME SECTOR IN POLAND AND ITALY

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PRESENTATION AND PURPOSE OF THE STUDY. The SME sector is the backbone of the economies of both Poland and Italy. In Poland, the SME sector comprises more than 2.2 million enterprises, accounting for around 99.8% of all active businesses, while in Italy, the SME sector comprises around 4.4 million enterprises. Italy is one of the countries in the European Union with the most significant number of SMEs. Micro-enterprises dominate the SME structure in both countries. They generate a significant percentage of exports. In the case of Poland, this is about 30% of the total value of exports, and in the case of Italy, this sector accounts for more than 52% of the country's total exports. Innovation is critical for SMEs to survive and grow in a highly competitive environment. Supporting innovation in the SME sector is essential, especially given the natural barriers these businesses face.

This article compares approaches to innovation in SMEs in Poland and Italy.

RESEARCH METHODS. The paper uses a literature analysis method. The paper reviews the literature on the topic and innovativeness of the SME sector in Poland and Italy. The selection of literature made it possible to compare the importance and innovativeness of this sector in both countries.

THE RESULTS. The literature analysis has shown that SMEs are the backbone of the economy in Poland and Italy, but their role in innovation varies. In both countries, access to finance is one of the biggest obstacles to SME innovation activities. In both countries, there is a problem of a mismatch between the qualifications of employees and market needs, which limits the ability of SMEs to innovate.

CONCLUSIONS. Poland and Italy should adopt new systemic solutions to support their SME sectors better. They should improve the conditions for innovation development in this sector.

KEYWORDS: innovation; SME sector; importance of SMEs; SME in Poland; SME in Italy.

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ІННОВАЦІЯ СЕКТОРУ МСП В ПОЛЬЩІ ТА ІТАЛІЇ

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ПРЕЗЕНТАЦІЯ ТА МЕТА ДОСЛІДЖЕННЯ. Сектор МСП є основою економіки як Польщі, так і Італії. У Польщі сектор МСП включає понад 2,2 мільйона підприємств, що складає близько 99,8% усіх активних підприємств, тоді як в Італії сектор МСП включає близько 4,4 мільйона підприємств. Італія є однією з країн Європейського Союзу з найбільшою кількістю МСП. Мікропідприємства домінують у структурі МСП в обох країнах. Вони формують значний відсоток експорту. У випадку Польщі це близько 30% від загальної вартості експорту, а у випадку з Італією цей сектор становить понад 52% від загального експорту країни. Інновації мають вирішальне значення для того, щоб МСП вижили та розвивалися в жорсткому конкурентному середовищі. Підтримка інновацій у секторі МСП є важливою, особливо з огляду на природні бар'єри, з якими стикаються ці підприємства.

У цій статті порівнюються підходи до інновацій у МСП Польщі та Італії.

МЕТОДИ ДОСЛІДЖЕННЯ. У роботі використано метод аналізу літератури. У статті розглядається література на тему та інноваційність сектору МСП у Польщі та Італії. Добірка літератури дала змогу порівняти важливість та інноваційність цього сектору в обох країнах.

РЕЗУЛЬТАТИ. Аналіз літератури показав, що МСП є основою економіки Польщі та Італії, але їх роль в інноваціях різна. В обох країнах доступ до фінансування є однією з найбільших перешкод для інноваційної діяльності МСП. В обох країнах існує проблема невідповідності кваліфікації працівників потребам ринку, що обмежує здатність МСП до інновацій.

ВИСНОВКИ. Польща та Італія повинні прийняти нові системні рішення для кращої підтримки своїх секторів МСП. Вони мають покращити умови для розвитку інновацій у цьому секторі.

КЛЮЧОВІ СЛОВА: інновації; сектор МСП; важливість МСП; МСП у Польщі; МСП в Італії.

Introduction. Small and medium-sized enterprises (SMEs) play a vital role in the economies of both Poland and Italy. They influence regional development, job creation, and innovation ji (OECD, 2017). In the context of SMEs, innovation is determined by various factors, such as access to capital, institutional support, human resources, and public policies (Carree and Thurik, 2010; Audretsch, 2019).

Innovation, defined as the ability to introduce new products, processes, and management methods, is critical to their competitiveness (Schumpeter, 1934; Porter, 1990). Innovation refers to an organisation's ability to create new technological, product, or organisational solutions (Drucker, 1985). Schumpeter (1934) identified the importance of entrepreneurship and innovation as critical factors in economic development. In the SME literature, innovation is typically measured by indicators such as the number of patents filed, new product launches, and the level of investment in research and development (R&D) (Hervás-Oliver, Garrigós and Gil-Pechuán, 2011; Nambisan, Wright and Feldman, 2019). Recent research suggests that innovation in SMEs is more oriented toward process and organisational innovation than product innovation, which is particularly evident in Central and Southern Europe (Bianchini, Llerena and Martino, 2020).

Small and medium-sized enterprises (SMEs) are the backbone of the economies of both Poland and Italy. Their role in both countries is crucial due to their dominant share in the enterprise structure. They also significantly impact employment and create a high share of added value in the economy. In Poland and Italy, SMEs are the primary source of innovation, driving local, regional, and national economic development.

In Poland, the SME sector consists of more than 2.2 million enterprises, accounting for approximately 99.8% of all active businesses (CSO, 2020). This group is dominated by micro-enterprises, which account for as much as 96.7% of all SMEs. Small companies (with 10–49 employees) account for 2.8% of the sector, and medium-sized companies (50–249 employees) for only 0.3%. Only 0.2% of enterprises in Poland are large companies. It shows SMEs' importance to the Polish economy (PARP, 2020).

SMEs in Poland create around 69.3% of all jobs, making them a vital component of the labour market (CSO, 2020). In 2019, SMEs generated nearly 49.1% of gross value added, and their share of GDP was 44.7% (PARP, 2020). It is particularly evident in the trade, services, construction, and manufacturing sectors.

In Italy, the SME sector comprises around 4.4 million companies. Italy is one of the countries in the European Union with the highest number of SMEs (ISTAT, 2019). SMEs in the country make up as much as 99.9% of all enterprises, with micro-enterprises being the dominant group (94.9%). Small

enterprises account for 5.0%, and medium-sized enterprises only 0.9%. They also play an important role, although to a lesser extent than microenterprises (OECD, 2021).

Regarding employment, Italian SMEs create more than 78.6% of all jobs (ISTAT, 2019). It is one of the highest rates in Europe. A distinctive feature of Italy is the large number of family businesses, which often operate in niche industrial and manufacturing sectors such as fashion, food and beverages, machinery, and arts and crafts (Lotti, 2018). Due to this high proportion of small businesses, Italy has a unique SME ecosystem that plays a crucial role in local economic development and export promotion (Calza, Aliane and Cannavale, 2020).

In Poland, the SME sector generates around 30% of the total export value, which is relatively low compared to Western European countries (PARP, 2020). Polish SMEs often face barriers related to the costs of entering international markets, a low level of innovation, and limited access to information about foreign markets (Mazur-Wierzbicka, 2019).

In Italy, the sector is much more active in international markets. It generates over 52% of Italy's total exports (OECD, 2021). Italian SMEs' high level of internationalisation is due to their specialisation in producing high-value-added goods and their strong links with international markets. Small and medium-sized companies in the fashion, furniture, or engineering sectors are often export leaders and play a key role in creating the 'Made in Italy' brand (De Marchi, Di Maria and Gereffi, 2017).

The level of innovation of SMEs in Poland is relatively low, reflected in the moderate level of R&D expenditures and the low number of patent applications (Eurostat, 2021). According to the Innovation Union Scoreboard (2020) report, Poland is among the 'moderate innovators' in the EU, scoring well below the EU average. Barriers to innovation include low levels of cooperation between science and business, financial constraints, and insufficient institutional support (Jakubczak, 2020). What is essential, however, is that the owners of the surveyed SMEs are aware that innovation is a determinant of the competitiveness of modern businesses (Drews, 2018).

Despite firms' fragmented structure, the innovation level is higher in Italy. Italian SMEs invest in product, process, and marketing innovation, which allows them to gain competitive advantages in international markets (Capasso, Cusmano, Morrison, 2013). The industrial cluster sector is mainly developed and is crucial in technology transfer and cooperation between firms (Iammarino, Piva, 2008).

Challenges facing SMEs. SMEs face several challenges in Poland and Italy that may limit their growth. In Poland, the fundamental problems are a lack of access to capital, high bureaucracy, and low levels of entrepreneurship

education (Szczerba, 2021). In Italy, on the other hand, the challenges are the complex tax system, high regulatory pressure, and limited access to modern technology (Bonaccorsi, 2017).

Despite these challenges, SMEs in both countries have the potential to develop further, especially in an international context. Government innovation support programmes, the development of industrial clusters, and a growing awareness of the need to invest in digital technologies can significantly influence the future of the SME sector in both Poland and Italy (OECD, 2021).

Innovation is a crucial enabler for SMEs to survive and thrive in a highly competitive environment (Rosenbusch, Brinckmann, Bausch, 2011; Audretsch, 2019). Research shows innovative companies are more likely to grow and expand into international markets (Czarnitzki, Hottenrott, 2011; Gherghina, Botezatu, Hosszu, & Simionescu, 2020). However, the level of innovation in Polish small and medium-sized enterprises is still significantly lower than the average in EU countries. Many entrepreneurs do not undertake innovative activities because the costs of their implementation are too high, while those who have decided to implement them primarily self-finance this activity (Zuzek, 2016).

Factors influencing SME innovativeness in Poland and Italy. Access to finance is one of the most critical determinants of SME innovation (Casalino and Mazzone, 2008; Beck and Demirguc-Kunt, 2006; Szczerba, 2021). In Poland, companies often face barriers related to access to capital due to the high cost of credit and the limited number of alternative sources of financing (Kowalewski, Stanko and Śliwiński, 2012; Błach, Gorzeń-Mitka and Grabowski, 2020). Due to the strong links between banks and local businesses, access to credit is more accessible in Italy, favouring innovative activities (Colombo and Grilli, 2007; Ughetto, 2016).

Institutional support, which is very important, includes, among others, subsidies, tax breaks, and support in the form of government programmes (Radosevic and Lepori, 2009; Mazur-Wierzbicka, 2019). In Poland, institutions such as the National Centre for Research and Development (NCBR) and the Polish Agency for Enterprise Development (PARP) offer numerous programmes to support innovation in SMEs (NCBR, 2020). In Italy, similar functions are performed by the Ministry of Economic Development (MISE), which manages EU and national funds allocated to innovation in the sector (MISE, 2018; Bonaccorsi, 2017).

Innovation is not possible without adequately prepared employees. The level of education and skills of employees are essential factors for the innovation potential of SMEs (Becker, 1964; Roper, Du and Love, 2008). In Poland, the problem is the low level of technological skills and limited cooperation between the scientific sector and business (Zolnierski, 2010; Jakubczak, 2020). In Italy,

however, the structural mismatch between workers' skills and market needs is a problem (Iammarino, Piva, 2008; Corò and Grandinetti, 2020).

Determinants of SME Innovation in Poland and Italy. Public policies play a crucial role in developing innovation in SMEs (OECD, 2017; Potoczek, 2020). In Poland, innovation policy is based on the Strategy for Responsible Development, which aims to increase R&D spending to 1.7% of GDP by 2023 (Ministry of Development, 2017). Italy develops clusters and innovation networks to strengthen cooperation between companies and research institutions (MISE, 2018; Greco, Grimaldi and Cricelli, 2020).

Public policies are crucial for developing innovation in the SME sector in Poland and Italy. Governmental and institutional actions, including financial support, regulation, and the promotion of cooperation between the private and public sectors, aim to increase the capacity of firms to undertake innovative activities. Although both countries aim to support innovation in the SME sector, their approaches differ in priorities, programme structure, and effectiveness of implementation.

Public policies in Poland. Poland's innovation policy is oriented towards supporting technological development and increasing the level of innovativeness of domestic enterprises through various financial programmes and institutional initiatives. The key strategic document in this regard is the Strategy for Responsible Development (SOR), adopted in 2017 by the Ministry of Development, which sets development goals until 2030 (Ministry of Development, 2017). The strategy envisages increased investment in research and development and the creation of favourable conditions for innovation through the development of an innovation ecosystem and support for technology transfer. Areas of support include:

- **Funding programmes**: The primary funding sources for innovation in Polish SMEs come from EU and national funds. The most critical programmes implemented in the previous programming period were the Operational Programme Inteligentny Rozwój and the Fast Track initiative managed by the National Centre for Research and Development. These programmes offered grants and support for implementing R&D projects to increase Polish companies' competitiveness (NCBR, 2020). In 2020, support under the OPIR covered around 2,000 projects with a total value exceeding PLN 15 billion.
- **Supporting cooperation between science and business**: Polish innovation programmes strongly emphasise cooperation between science and business. An example of such activities is the BRIdge Alfa programme, which aims to support technology transfer by co-financing early-stage R&D projects (PARP, 2020). However, the effectiveness of this programme is limited by the low level of commercialisation of research results due to limited cooperation between universities and businesses (Jakubczak, 2020).

Despite numerous programmes supporting innovation, their implementation faces barriers related to bureaucracy and SMEs' low uptake of funds. Many small firms do not have the resources to effectively apply for funds and manage complex R&D projects, reducing their support access (Mazur-Wierzbicka, 2019).

Public policies in Italy. In Italy, innovation policy is based on broad initiatives to develop industrial clusters and support innovation activities in the SME sector through regional and national programmes. A critical strategic document is the National Plan for Research 2021–2027, which defines innovation policy priorities and public funding targets for research and innovation (MISE, 2018). The plan emphasises regional development, industrial specialization promotion, and internationalization of Italian companies. Areas of support include:

- **Creating Industrial Clusters.** Italian innovation policy is strongly linked to industrial clusters, which bring companies from specific sectors in a given geographical area. Examples include clusters in the Emilia-Romagna region (machinery) or Tuscany (fashion sector). These clusters receive government support through tax breaks and access to unique financial programmes such as the Fondo di Garanzia per le PMI, strengthening cooperation between companies and technology transfer (Greco, Grimaldi and Cricelli, 2020).
- **Financial support and tax credits**: Italy bases much of its innovation policy on tax credit mechanisms, such as the Patent Box, which offers preferential tax treatment for companies investing in R&D and commercialising patents. This scheme encourages companies to increase their research investments by reducing their tax burden (OECD, 2021). In addition, Italy benefits from European funds such as Horizon 2020, but their uptake is limited by regional variation and the lack of practical coordination tools (Ughetto, 2016).
- **Regional programmes**: In Italy, innovation policy is highly decentralised, and many innovation support programmes are managed at the regional level. An example is the Regione Lombardia programme, which supports innovation in the biotechnology sector by offering grants and loans at preferential interest rates to regional companies. This regional structure allows programmes to be better tailored to local needs while leading to significant regional disparities (Capasso, Cusmano and Morrison, 2013).

In summary, innovation policies in Poland and Italy differ regarding priorities and tools to support the SME sector. Poland focuses on financial support and the promotion of cooperation between science and business, while Italy puts more emphasis on the development of industrial clusters and the use of tax instruments to support innovation. The following differences can be identified in the approaches to innovation policy in the countries analysed:

- **Central versus regional approach**. Polish innovation policy is highly centralised, with the main programmes managed nationally. On the other hand, Italy is characterised by a high level of decentralisation, resulting in significant regional differences in access to innovation support (OECD, 2021). Innovation policies in Lombardy and Emilia-Romagna are more developed than in southern regions such as Calabria and Campania.
- **Efficiency of policies**. In Italy, the effectiveness of policies supporting innovation is limited by the large number of regional programmes, which often overlap, leading to administrative chaos and coordination problems (Greco, Grimaldi and Cricelli, 2020). Despite having well-defined programmes, Poland struggles with a low uptake of funds by SMEs due to the lack of adequate support for small firms in the application and implementation of R&D projects (Szczerba, 2021).
- **R&D versus commercialisation orientation**. Polish innovation support programmes strongly emphasise funding R&D projects, while in Italy, there is a greater emphasis on supporting commercialisation and cluster collaboration (Capasso, Cusmano and Morrison, 2013). Consequently, Polish SMEs often struggle to translate research results into tangible product and market innovations, while Italian firms are more successful.

Barriers to innovation. Small and medium-sized enterprises' innovativeness in Poland and Italy face barriers that limit their ability to create and implement new technological, product, or organisational solutions. Despite the different economic and institutional contexts, similar problems can be identified in both countries, although their intensity and structure differ depending on the specifics of local markets and industrial traditions. The main barriers include:

- Financial barriers. It is one of the main constraints to developing innovation in the SME sector in Poland and Italy. The lack of capital is particularly acute for companies with fewer resources, making it difficult to raise funds for R&D and investment in new technologies (Beck and Demirguc-Kunt, 2006). In addition, the lack of support from banks means that SMEs are often forced to seek alternative sources of financing (Casalino, 2014). In Poland, this problem is due to several factors. First of all, the financing structure of SMEs is mainly based on bank loans, which is a barrier for many companies, especially micro businesses, due to the high collateral requirements of credit and

loan institutions (Kowalewski, Stanko and Śliwiński, 2012). As a result, many Polish companies avoid taking the risk of implementing innovation (Mazur-Wierzbicka, 2019). Although government programmes, such as EU funds under the Intelligent Development Operational Programme, have tried to address these barriers, their availability is limited, and the application process is complicated (NCBR, 2020). In Italy, we face a similar situation as in Poland. Due to the traditional market structure, Italian banks prefer to finance large, stable companies, limiting SMEs' access to capital (Ughetto, 2016). In addition, many family businesses in the southern Italian regions are reluctant to use external financing for fear of losing control of the company (Bonaccorsi, 2017). These barriers are being mitigated by the development of venture capital funds and EU support programmes such as Horizon 2020, but their take-up is still below expectations.

- Institutional and regulatory barriers include the unpredictability of regulation, high administrative costs, and complex legal procedures. In both countries, entrepreneurs often report problems related to the inconsistent regulatory system and the lack of clear guidelines for innovation support. This problem is particularly acute in Poland due to the complex tax system and frequent legislative changes (Potoczek, 2020). The high level of bureaucracy makes it difficult for small firms to react quickly to market changes, which is crucial in innovation implementation. Furthermore, entrepreneurs complain about difficulties obtaining public support due to unclear application procedures and the lack of uniform standards for evaluating innovation projects (Szczerba, 2021). In Italy, regulatory complexity and administrative barriers are also a significant problem. IPR regulations are complex, and enforcement is sometimes insufficient, discouraging SMEs from investing in innovative projects and solutions (Bonaccorsi, 2017). Many firms, especially in the southern Italian regions, avoid taking innovative actions due to the unpredictability of local regulations and the inefficiency of the judicial system (Calza, Aliane and Cannavale, 2020).

- Technological and human capital barriers are vital in shaping the innovation capacity of companies. Both countries have problems related to the shortage of skilled workers and limited cooperation with the scientific sector. In Poland, the problem is low technological skills and insufficient engineers and specialists in new technologies (Jakubczak, 2020). Furthermore, cooperation between the science sector and business remains limited, negatively affecting the technology transfer process (Żołnierski, 2010). Programmes supporting such cooperation (e.g., NCB's 'Fast Track') are a step in the right direction, but their effectiveness is still limited (NCRD, 2020). Similarly, in Italy, the mismatch between the skills of the workforce and the needs of the labour market is a problem, particularly affecting the technology sector (Iammarino and Piva,

2008). Small and medium-sized firms rarely collaborate with universities and research institutes, which limits their ability to absorb advanced technologies (Greco, Grimaldi, Cricelli, 2020). Research by Casalino (2014) indicates that the innovative success of SMEs often depends on collaboration with external partners and the implementation of organisational changes. In contrast, many Italian SMEs rely on traditional technologies, which limits their ability to create disruptive innovations (Capasso, Cusmano and Morrison, 2013).

- Cultural and attitudinal barriers. Innovation is strongly linked to organisational culture and entrepreneurs' attitudes toward risk and change. There are differences in attitudes towards innovation in both countries, which translates into the level of innovative activity in a country's SME sector. The dominant cultural barrier in Poland is risk aversion and fear of failure (Mazur-Wierzbicka, 2019). Polish entrepreneurs, especially in smaller companies, often focus on maintaining their current business, avoiding risky investments in research and development. An additional problem is the low openness to cooperation between companies, which limits the potential for clustering and joint research initiatives (Jakubczak, 2020). In contrast, in Italy, especially in the northern regions, the entrepreneurial culture is strongly developed, and SMEs are more open to collaboration and implementation of new solutions (Lotti, 2018). The situation is different in Italy's southern regions, where traditional management approaches still prevail, and innovation is considered unnecessary. Italians are more inclined to innovate when they have the support of industrial clusters, which play a crucial role in knowledge transfer and innovation (Iammarino and Piva, 2008).

Summary. Barriers to innovation in Poland and Italy differ, although many are common to both countries. Common barriers include limited access to capital, regulatory complexity, and a shortage of skilled labour. Poland struggles with the challenges of regulatory instability and a low culture of innovation, while in Italy, the problem is a significant regional disparity and insufficient exploitation of the potential of industrial clusters.

Many factors, such as access to finance, institutional support, and the level of human capital, determine SMEs' innovativeness in Poland and Italy. Numerous innovation support programmes exist in both countries, but their effectiveness depends on the regional and sectoral context. The Polish innovation model focuses more on state financial support, while the Italian model emphasises cross-sectoral cooperation and cluster development.

This paper compares approaches to SME innovation in Poland and Italy, considering public policies, barriers, and factors supporting innovation development. The analysis shows that, despite similar goals and challenges, the countries analysed apply different strategies to support innovation in the SME

sector, resulting from their different economic structures, levels of regional development, and industrial traditions.

The analysis of the literature carried out leads to the following conclusions:

1. In Poland and Italy, SMEs are the backbone of the economy, but their role in terms of innovation is differentiated. In Italy, SMEs are more integrated into industrial clusters, favouring knowledge and technology transfer, whereas, in Poland, firms act more individually and face more difficulties in cross-sectoral cooperation.

2. In both countries, access to finance is one of the biggest obstacles to SME innovation activities. In Italy, the problem is the structural reluctance of banks to finance small firms and the solid regional variation in access to capital. In Poland, however, access to EU and national funds is complicated due to high bureaucracy and complicated application procedures, which deter smaller companies.

3. In Poland, policies to support innovation are highly centralised and focus on financial support and subsidies. In contrast, in Italy, there is more emphasis on developing industrial clusters, promoting regional specialisations, and using tax credits to support innovation. Polish policy is mainly based on support in the form of grants and subsidies, while in Italy, there is a preference for tax instruments and co-financing of projects through regional initiatives.

4. In both countries, there is a problem of a mismatch between workers' skills and market needs. It limits the ability of SMEs to innovate. In Poland, the problem is more related to the lack of specialists in new technologies and limited cooperation between universities and businesses. In Italy, the problem mainly affects the southern regions, which have limited access to modern educational infrastructure.

5. Italy has a better-developed system of clusters and cooperation networks, which encourages the exchange of knowledge and experience between companies. On the other hand, Poland lacks a developed infrastructure to support international cooperation, limiting the opportunities for SMEs to expand into foreign markets.

Based on the literature analysis and conclusions, the following practice recommendations were made:

1. In both Poland and Italy, consideration should be given to simplifying application procedures and introducing new financial instruments such as microloans, soft loans, or venture capital funds that are tailored to the specific characteristics of micro and small enterprises. In Italy, it is additionally worth strengthening financial programmes in regions with a low level of innovation, such as southern Italy. It should ensure increased accessibility to finance for SME innovation activities:

2. Support for programmes linking universities and businesses should be increased, especially in Poland, where cross-sectoral cooperation is limited. It is advisable to develop initiatives such as living labs and cooperation platforms that enable the creation of R&D consortia involving small and medium-sized companies. These activities should strengthen cooperation between science and business.

3. In Poland, education and training programmes promoting innovation and entrepreneurship should be developed within the formal education system and through programmes targeted at SME owners and employees. Similar initiatives should be introduced in Italy, especially in the southern regions, to reduce the innovation gap between the north and south of the country. Promoting a culture of innovation should be a permanent feature of all development strategies formulated, regardless of the level of government.

4. Italy could benefit from the experience of regions such as Emilia-Romagna and extend industrial cluster practices to less developed regions. In Poland, on the other hand, it is worth investing in developing regional innovation and technology centres, which could become centres of cooperation and knowledge transfer.

5. Poland should consider introducing "Patent Box" type programmes and other tax reliefs encouraging companies to invest in R&D and protect intellectual property. Such solutions have proved successful in Italy, increasing the interest of companies in innovative activities, which should be treated in Poland as good practice to be implemented.

6. Developing policies to support industrial clusters, which can act as platforms linking businesses, research institutions, and local authorities, should be incorporated into development policies in both countries. In Poland, the focus should be on creating clusters in the eastern regions to reduce development disparities between different parts of the country.

7. In Poland and Italy, it is necessary to increase the emphasis on monitoring and evaluation of innovation support programmes in order to adapt them to changing market needs. It is also worth developing feedback mechanisms that allow entrepreneurs to report problems and barriers to using these instruments.

In conclusion, implementing the above recommendations can significantly improve the conditions for developing SME innovation in Poland and Italy, thus strengthening their competitiveness in the European and global markets. Adapting policies to local needs and better using existing resources may be the key to increasing the innovative activity of these enterprises.

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