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## **INFORMATION NEEDS OF ENTREPRENEURS OPERATING THEIR BUSINESSES**

### *POTRZEBY INFORMACYJNE PRZEDSIĘBIORCÓW PROWADZĄCYCH DZIAŁALNOŚĆ GOSPODARCZĄ*

**Key words: information needs, entrepreneurs, rural areas**

*Słowa kluczowe: potrzeby informacyjne, przedsiębiorcy, obszary wiejskie*

**Abstract.** The aim of this study was to identify the most important information needs of entrepreneurs from Mazovia, with special focus on rural areas. Enterprises located in Mazovia, including rural areas, have reported various information needs, which unfortunately are not met. A total of 145 firms situated in the Mazovia region were surveyed, including 37 in rural areas. The information needs that were the most important for all respondents were connected with current legal regulations and changes to law. Contacts with clients and the media were their basic source of information. Trade magazines, scientific conferences and symposiums were the least preferred options of access to information. Entrepreneurs highly value integrated information offers defined as providing information in a complex manner. Such an offer should ensure effective data collection, organisation of transfer and good access, which may often determine the success of business operations.

### **Introduction**

The knowledge-based economy is a new economy model employing knowledge and innovation as well as technological advances which enable rapid and inexpensive access to information. Therefore, information used in operating a business is a key factor frequently contributing to attaining business success. Without full, reliable, up-to-date information, no rational decisions can be made. Lack of such information may lead to wrong decisions being made by entrepreneurs. This problem is particularly acute for entrepreneurs who run their businesses in rural areas, as they have to overcome specific barriers typical of these areas. The conditions under which small and medium-sized enterprises are operated are different for rural and urban areas. They are much [Kozuch 2002] more difficult in rural locations, which is the reason why rural enterprises are predominantly micro-enterprises representing conventional sectors such as small-scale industry, services, trade and construction. Moreover, rural areas tend to lack institutional infrastructure – so-called business support.

In Poland, the majority of business support institutions (BSIs) are located in cities with populations ranging from 50 000 to 250 000 inhabitants (approximately 36%), about 34% BSIs operate in cities with more than 250 000 inhabitants, and the remaining 30% are located in towns with populations of less than 50 000 inhabitants. Their pattern of distribution through the country is irregular (the Innovative Economy Operational Programme, 2007-2013 National Strategic Reference Framework 2007-2013), December 2011 [www.mrr.gov.pl].

The greatest advantage of the Internet, as a communication channel, is the possibility of rapid access to basic information. A study conducted in September 2008 by Data Group Poland S.A., revealed that 100% Polish small-sized entrepreneurs communicate by e-mail (no data on micro-firms) and 99% of firms use the Internet for intra-branch communication. In as many as 73.8% of small businesses, employees can access the firm's resources via web applications and over 30% enterprises use VoIP, 16% of which uses videoconferencing [*Internet w polskich...* 2008]. In turn, a study undertaken by the Main Statistical Office to examine small enterprises, including micro-enterprises (less than 50 employees), demonstrated that [*Wykorzystanie technologii...* 2009] more than half of small businesses have got broadband connection, which is a factor necessary

for Internet enterprises to develop; 94% of firms use computers in their business activity; 91% of small enterprises have got access to the Internet; 51% of small businesses have installed LAN (Local Area Network), of which 19% have got wireless Internet access and 58% use cable LAN.

A further introduction of entrepreneur-friendly improvements in the activity of public administration institutions, which are flexible towards market challenges, will definitely contribute to the development of this sector.

State administration services take advantage of the Information and Telecommunication Technology (ICT) Sector. A combination of effectively implemented ICT and public services make up e-Government activities.

E-government can be defined as a way in which public administration institutions use new technologies in order to adjust their services to the needs of clients, and make information available to citizens. This way is much more practical, more useful and easier to handle. Due to the introduction of e-Government, public services and information can be accessed 7 days a week [Haltow, Kulagowski 2003].

Information technology is spreading into all areas of social and economic life, including the public sector. "As a result, it is necessary to have administrative and public sector economy competencies and understand the essence and possibilities of new information system technologies in addition to the ability of efficient use of personal computers, data transfer systems, electronic mail, communication means, etc. Additionally, management should be able to make use of decision support systems [Rybiński 2005].

Society- and business-oriented E-government ought to have the following characteristics [Filipiak 2006]:

- easy access,
- access from any place using a wide range of equipment,
- safety, protection of citizen privacy as a priority,
- effectiveness,
- financial saving,
- enable cooperation of public administration institutions and voluntary sector organisations.

Such organisational solutions of E-government are important for entrepreneurs who can then access information day and night and at any place, save time, easily access services, be served with clarity, and derive other benefits depending on the specificity of services.

The purpose of the study was to collect information on the utilisation of public e-services, including a network of business support organisations, and recognise the needs for the provision of electronic information for entrepreneurs economically active in Mazovia, with particular stress on businesses in rural areas. An additional objective was to determine and analyse information sources which are used by the enterprises surveyed.

The study was based on a diagnostic survey conducted among entrepreneurs on information needs which are essential for their businesses to be competitive. Information needs were grouped into the following categories:

- possibilities of entering foreign markets,
- gaining new business partners,
- streamlining the process of staff recruitment,
- changes to the law and their economic interpretation,
- preparation of the investment process,
- access to sources of investment and economic activity financing,
- organisational and legal support of SMEs,
- support by training and other forms of education.

In order to do this, a survey was conducted via the portal "Entrepreneurship Observatory", where an electronic questionnaire had to be completed. The survey covered 145 enterprises, including 37 firms situated in rural areas which were the main focus of the study. The studies are

part of a project entitled, “The role of public institutions in creating integrated information offers for entrepreneurs” and carried out by the Centre for Regional and Local Analyses in Warsaw.

### **Results for enterprises in Mazovia (N=145)**

The majority of firms surveyed (40.7%) had no information needs pertaining to regulations which are legally binding. The next most popular choice (37.9% entities surveyed) concerned problems which enterprises had with information on changes to the law.

The most frequently cited information shortages in the enterprises surveyed were:

- current legal regulations;
- changes to the law,
- bookkeeping (tax regulations),
- subsidies and subventions,
- EU funds,
- patent protection,
- social insurance,
- industrial and intellectual property law,
- government and EU grants,
- drafts of laws.

The survey demonstrated that almost every fourth enterprise (22.1% respondents) found it difficult to access information on EU funding sources, subsidies and subventions. 15.9% of entities lacked information on government and EU grants. 46 % of enterprises had difficulty accessing bookkeeping-related information, including tax regulations, and 18.6% of respondents had problems with patent protection-related information. Information on social insurance was important for 17.9% of firms. Access to information on economic interpretation of laws was difficult for 11.7% of respondents and lack of information on drafts of laws was cited by 15.2% of respondents.

Of the units covered by the survey, 11.7% of enterprises searched for information on remuneration and labour costs in the region according to sector. Moreover, 13.1% of respondents pointed to problems with information on legislative activity and activity of their competitors. 15.8% of entrepreneurs focused their attention on information concerning industrial and intellectual property law. Additionally, 8.9% of firms lacked information on tenders and 5.5% of respondents found it difficult to access information on financing sources and innovation and new technologies. The survey also revealed problems with access to information on support for women’s entrepreneurship in the Mazovian Province, information on the sector in which a firm operates and pay expectations of employees in the region according to sectors (4.8% of respondents). Problems with information on customers or potential clients were reported by 10.3% of firms participating in the survey, 3.5% of enterprises found it difficult to obtain information on counselling services and legal advice for SMEs in the Mazovian Province, analyses of the vertical market on which the firm operates and possibilities of new investments as well as training and courses organised for entrepreneurs. In addition, 2.7% of firms faced problems with e.g. information on public support standards, 2.1% of respondents had problems with e.g. stock market information or information on exchange rates, and 1.4% of enterprises pointed to 3 groups of information which were difficult to access: information on clusters, investment areas and availability of buildings for investment. Single entrepreneurs reported information on clients, geographical markets and market trends.

The average respondent pointed to 5 information categories which were difficult to obtain.

### **Results for enterprises in rural areas (N=37)**

Of the businesses surveyed, 68% of respondents cited shortages of information on the current legal regulations and changes to law. More than 36% of respondents lacked information on social insurance and bookkeeping (tax regulations).

Over 27% of enterprises most frequently mentioned having problems obtaining information on subsidies and subventions. Similarly, 23% of respondents lacked information on EU funding resources available for SMEs. For more than 18% of firms, it was important to have information about patent protection, drafts of laws and industrial and intellectual property law, but it was difficult for them to obtain such data. Nearly 14% of firms located in rural areas lacked information about economic interpretation of legal regulations applying to employer/employee contracts, the activity of competitors, legislative activities, tenders and clients. 9% of rural enterprises indicated that it was difficult for them to gain information on ways of staff recruitment, remuneration and labour costs in the region by sector, bank services and government and EU grants. Respondents similarly evaluated information shortages pertaining to innovations, new technologies, possibilities of entering foreign markets, cooperation with other entities and regulations of contracts between businesses. They also expressed concern about lack of training for entrepreneurs and support for women's entrepreneurship in the Mazovian Province. The same group of respondents lacked information on the availability of buildings for modernisation and replacement investment purposes.

Single respondents indicated that they lacked information about analyses of vertical markets or geographical markets, for example the EU market or third country markets. Moreover, rural respondents mentioned shortages of information about educational offers for entrepreneurs in the Mazovian Province, such as conferences, seminars and symposia.

Analysis of the results has demonstrated that entrepreneurs who operate their businesses in rural areas rely on information from commercial entities rather than public institutions. The very clients were the most popular information source for more than half of the respondents (54.5%). The second most popular source was the media (45% of the respondents). The options laws and manuals were not included in the questionnaire, yet they were spontaneously added by the respondents.

Social life was also an important information source for rural entrepreneurs (38.9%). 36% of rural firms pointed to the Internet as their principal source of information, 32% of enterprises reported trade websites. Of the businesses surveyed, 27% of respondents cited specialist Internet portals, 23% being official websites of state and local government institutions and social organisations, and 15% being official websites of competitors. Moreover, 14% of entrepreneurs reported employees, suppliers, subcontractors and the very firm owners as very important information sources. Other answers included conferences, scientific symposia, media websites, Wikipedia and market research.

When answering questions about possibilities of improving the communication process, the majority of respondents focused on the need to increase the amount of information accessible and gain easier access to information as well as the need to improve the quality and accuracy of information. Suggestions as to the selection of appropriate information channels, counselling and public support training were less frequent. Only a small percentage of respondents in rural areas (9%) used competitors' catalogues and the scientific sector. They also mentioned exhibitions and fairs. Single rural enterprises pointed to information obtained from trade chambers, employer and consumer organisations and the scientific sector, that is scientific

Table 1. The most frequent information shortages reported by rural enterprises in Mazovia

Tabela 1. Najczęstsze niedobory informacyjne dla przedsiębiorstw z obszarów wiejskich Mazowsza

Kind of information/Rodzaj informacji	Number of enterprises/Liczba przedsiębiorstw
Information on current legal regulations/Informacje dotyczące obowiązujących regulacji prawnych	15
Information on changes to the law/Informacje dotyczące zmian w prawie	13
Information on social insurance/Informacje dotyczące ubezpieczeń społecznych	8

Source: own study

Źródło: badania własne

journals. Financial institutions, Internet forums and discussion groups were important for this group of respondents, too. The study results presented in this paper demonstrate that entrepreneurs need information which can be provided by both state and local government institutions.

### Summary

The study has demonstrated that there are many information needs of SMEs operating in rural areas. Legal barriers to operating an enterprise in Poland, lack of information about bookkeeping, tax regulations, protection of intellectual property and patents, economic interpretation of laws, including issues concerning legal regulations of social insurance and their enforcement. Such information needs follow mainly from unstable legal regulations, which are also ambiguously formulated. This kind of information has to be sought by enterprises if they are to abide by the law. There is a lack of information concerning regulations of employer/employee contracts, activity of competitors, legislative activity, tenders and clients. Firms lack information about government and EU programmes to finance economic activity or manner of enterprise financing, including possibilities of being granted a subsidy. There are enterprises which are unable to obtain information on EU support funding. Many firms would like to obtain information about new sources of financing entrepreneurial activity. Some of them are interested in obtaining loans from financial institutions; others need information about European Union financing. These findings reveal that information about public support should be made more available.

An insufficient number of free training courses and information meetings organised for entrepreneurs, in particular workshops instructing them how to fill in subsidy application forms, creates an information barrier.

Many factors influence the level of promotion of support programmes and funding for entrepreneurs. If they are to be sufficiently used, it is fundamental that they reach potential interested entities. Information availability in urban areas is more satisfactory compared with rural regions. Activation of so-called Local Entrepreneurship Offices in community offices may be a supportive measure to tackle this problem. From what has been said above it follows that regional administration, which has suitable competencies at its disposal, should continue the policy of promoting possibilities of external financing among entrepreneurs that are available for them. The results of this study have shown that the demand for this kind of support is still substantial. In order to be able to survive and develop, enterprises have to adjust to the changing business environment. As new information technologies continue to develop, there is a constant growth of important information.

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### **Streszczenie**

*Celem badań było zidentyfikowanie najbardziej istotnych potrzeb informacyjnych dla przedsiębiorców z obszaru Mazowsza, w tym ze szczególnym uwzględnieniem z obszarów wiejskich. Przedsiębiorstwa lokalizowane na Mazowszu, w tym na obszarach wiejskich, mają różnorodne potrzeby informacyjne, ale niestety nie są one zaspokajane. Liczba badanych przedsiębiorstw na Mazowszu wynosiła 145, przy czym na obszarach wiejskich było ich 37. Najbardziej istotne potrzeby informacyjne, zarówno dla całej grupy respondentów, jak i dla firm z obszarów wiejskich, dotyczyły obowiązujących regulacji prawnych i zmian w prawie. Najważniejszym źródłem informacji dla badanych przedsiębiorstw z obszarów wiejskich były kontakty z klientami oraz media. Pisma branżowe oraz konferencje oraz sympozja naukowe stanowiły najmniej preferowane przez respondentów źródła informacji. Dla przedsiębiorców istotna jest zintegrowana oferta informacyjna, rozumiana jako podaż informacji o kompleksowym charakterze. Oferta taka powinna zapewniać przedsiębiorstwom efektywne gromadzenie danych, organizację ich przepływu i sprawny dostęp do danych, co niejednokrotnie może mieć wpływ na osiągnięcie sukcesu w biznesie.*

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