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THE REASONS OF REGIONAL SUPPORT FOR INNOVATION IN SME

Summary

The market failures that are most often justify intervention in favor of SMEs, is imperfect information. Imperfect information almost always is associated with the start-businesses and empowers businesses to provide education, training and advisory services, as firms themselves fail to appreciate their contribution to the business.

Known example of a further manifestation of this failure is the fact that financial institutions are not able to accurately assess the risk associated with lending to small businesses and the rejection of their application limit the availability of funds and the growth of small companies. Correction of market failures often require collective intervention, for example strengthening investment in public goods (educated workforce and vocational training), increase the availability of new technologies.

Keywords: SMEs, innovation, market failures, innovative capacities, regional activities, credit risk/

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