

Report on entrepreneurship



Global Entrepreneurship Monitor
Poland 2022

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Poland 2022

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Dear Reader,

we hereby present you with the eleventh edition of the GEM Poland Report, which provides the picture of entrepreneurship in Poland against the background of countries of Europe and other parts of the world in the second year of the COVID-19 pandemic.

The Report contains key data showing the evolution of the Polish society's perception of entrepreneurs, changes in Poles' entrepreneurial intentions and actual business activity, as well as motivations that prompted people to start or withdraw from running a business. We cite the results of experts' assessment of the conditions for starting a business. The chapter on women and men's entrepreneurship is enriched with an assessment of the conditions for women's entrepreneurship. In addition, we have included data to answer questions such as whether the pandemic accelerated digital transformation of businesses and what attitudes they adopted towards concepts like sustainability and social responsibility. Start-ups have a permanent place in the Report as well, with the final chapter dedicated to them.

The picture of entrepreneurship emerging from the Report is not simple. The strong negative impact of the pandemic on both entrepreneurial intentions and indicators showing the share of young enterprises is evident. The motivations for starting a business have changed – positive motivations have been superseded by the rational concern for ensuring financial security, and the rate of people who fear business failure is not decreasing. At the same time, we continue to record positive aspects of entrepreneurship: the share of mature enterprises remains high, the assessment of the conditions for starting a business in the current business environment is improving, Poles' self-assessment of their skills to run a business remains high. It is worth noting that the pandemic hit the Polish economy at a time of dynamic growth and a healthy labour market. For the consecutive two years, despite lockdowns and other restrictions, and thanks to public support, the labour market situation remained relatively good, with the unemployment rate staying low and the demand for workers starting to recover in 2021, after a slump at the beginning of the pandemic. All of this reinforced the relative security associated with salaried work vs running one's own business.

Throughout the pandemic, the Polish Agency for Enterprise Development (PARP) has been taking measures to support entrepreneurs in their difficult situation. We are continuing our efforts also this year, offering training, financial support, and the opportunity to network with other entrepreneurs at various events, including those offered remotely.

To conclude, I express my immense gratitude to all the Experts who agreed to take part in our study on entrepreneurship development determinants, whose results are presented in the Report.

I warmly invite you to read the Report.

Dariusz Budrowski
President of the Polish Agency for Enterprise Development

Key takeaways from the 2022 GEM Poland Report

Entrepreneurial activity of people across the globe and the determinants of its development are a major area of interest for researchers from 50 countries, brought together in the GEM – Global Entrepreneurship Monitor Research Project initiative. For 23 years, it has provided data to identify differences between countries: regarding entrepreneurial attitudes, activities, and aspirations, and identify factors that shape the level of entrepreneurial activity and its nature. In Poland, research under the GEM project has been conducted since 2011. The conclusions presented in the Report are based on the results of a quantitative study conducted on a representative sample of at least 2,000 residents aged 18–64 in each of the 47 countries around the world, and a qualitative study in which at least 36 experts from each of the 50 countries assessed the determinants of entrepreneurial development. This adds up to at least 94,000 interviews with adult respondents, and at least 1,800 interviews with experts.

New topics in this year's Report include business digitalisation, sustainability, corporate social responsibility, determinants of women's entrepreneurial development, and the impact of the pandemic on business, government policies, and start-ups. Key findings of the Report on entrepreneurship in Poland, compared to those of the surveyed European countries, are presented below (more international comparisons can be found in further chapters).

Poles are cautious when thinking of entrepreneurship as a way of making a living

Even more than the first, the second year of the pandemic highlighted the risks involved in running one's own business. As a result, **Poles were less likely to express the belief that starting a business is a desirable career choice** (down from 60% in 2020 to 55% in 2021), but **were also more likely to appreciate those who succeeded in business** (up by 6 pp y/y, to 66%). These results are lower than the European average (63% for considering an own business as a career option, and 69% for recognising entrepreneurial success).

At the same time, only **38% of Poles confirmed that they can find content dedicated to successful entrepreneurs in public media and on the Internet**. This result is slightly lower than that of 2020 (41%), but it must be emphasized that it is lowest among the 38 countries of the world for which relevant data are available. It is also lower than the average of the European countries surveyed (62%).

Poles' entrepreneurial attitudes have been negatively affected by the pandemic

We can also see changes in Poles' perception of their environment. Awareness of entrepreneurs' extremely difficult situation has increased, with the proportion of those who say they know someone who terminated business activity due to the pandemic rising from 47% in 2020 to 51% in 2021. **The share of those claiming to know at least one person who set up a business in the past two years fell by as much as 9 pp y/y, to 54%, although it is still slightly higher than the European average (51%).**

In 2021, 64% of Poles thought it was easy to set up a business in Poland (up by 5 pp y/y on 2020, although the figure was 90% in 2019), more than the European average (50%). **Poles' expectations regarding the conditions for setting up a business in their local area within six months have also improved** (currently, 73% of Poles have a positive view, compared to 52% the year before).

Unfortunately, the positive assessment of the conditions for setting up a business has not translated into entrepreneurial intentions among Poles. Subsequent waves of the pandemic have decreased them: in 2021, the share of those not involved in running a business who answered 'yes' to the question of whether they were planning to start a business within the next three years was 3% (down by 2 pp y/y, and 3 pp compared to 2019). The result for Poland is significantly lower than the European average of 13%.

On the other hand, Poles' self-assessment of their readiness for running their own business is stable: **in 2021, 60% of Poles were of the opinion that they had sufficient skills and knowledge to run a business** (European average: 50%).

There was a slight increase (by 2 pp) in the proportion of those who, despite seeing business opportunities, fear failure: in 2021, **43% of adult Poles admitted that the risk of failing discouraged them from starting a business**. This result is similar to the European average (44%).

Polish entrepreneurship – stable for enterprises with long market presence (over 3.5 years), further decrease in the share of young enterprises

The second year of the pandemic brought unfavourable changes in Poles' business activity, in particular young enterprises represented by those at the stage of organising/establishing their business and those who have been in business for up to 3.5 years, with their share significantly decreasing. **According to a mid-year 2021 survey, 2 in 100 Poles aged 18-64 run young enterprises, while 11 in 100 Poles run established (mature) enterprises** (on the market for more than 3.5 years). Results obtained when transposing these shares to numbers of adults are approx. 458 thousand¹ individuals running young enterprises, and 2.54 million running established enterprises. At the same time, it is worth remembering that 252,000 out of the 458,000 are nascent enterprises, and that one person can run more than one business with different periods of activity on the market.

This means that people running established enterprises are predominant in Poland, while 5 times fewer people run young enterprises. In Europe, the proportions are reverse, with those running young enterprises accounting, on average, for 8.9% of the European adult population, and those running established enterprises accounting for 6.7%.

In a recent survey, 4.5% of Poles admitted that they had stopped running a business in the previous 12 months, compared to 3.4% in 2020. **Like in 2020, also in 2021 the COVID-19 pandemic was Poles' main reason for withdrawing from business activities, mentioned by 51% of those who stopped running a business.** The second most frequently mentioned reason was **retirement (15%)**, and the third – **family-related or personal reasons (11%)**. Far fewer respondents pointed to other reasons, i.e.: other job or business opportunities (6%), lack of business' profitability (5%), or government policy/taxes/bureaucracy (3%).

¹ Number of adults 18-59/64, as on 31 March 2021 – 22,886.4 thousand, source: Preliminary results of the *National Population and Housing Census 2021*, Statistics Poland, 27 January 2022.

Compared to the pre-pandemic year 2019, the significance of retirement has doubled, while the significance of government policy/taxes/bureaucracy and business non-profitability has decreased (fourfold). Interestingly, **Poles were significantly more likely than residents of other European countries to point to the pandemic as a reason for discontinuing their business** (European average: 22%) **and retiring** (average 6%, 9 pp less). They were much less likely to see business non-profitability (average 22%, 17 pp more) and government policy/taxes/bureaucracy (average 7%, 4 pp more) as the reasons.

The pandemic has not been without impact on the motivations for starting a business – mostly financial motivation

The pandemic caused a significant change in the structure of motivations that drove Poles running young enterprises to start a business. **The main factor, according to the 2021 data, is the desire to become wealthy (62%), followed by the desire to earn a living in a situation where jobs are scarce on the market (53% of young enterprises' indications).** The less common reasons include the desire to make a difference in the world (16%) and continue a family tradition (13%).

In this respect, Poland is not significantly different from Europe. There, the leading motivations are the desire to earn a living (average 58%) and become wealthy (49%). However, in Europe, the desire to make a difference in the world and continue a family tradition were mentioned much more frequently than in Poland (41% and 24% respectively).

Women and men's attitudes and entrepreneurial activity are aligning

In 2021, following the gender gap observed in the previous wave i.e., differences between women and men's entrepreneurial attitudes and activities, the current results are more aligned. **Gender gap has decreased² for both established and young enterprises.** However, **this results not only from an increase in women's entrepreneurial activity, but, to a greater**

² the disparity between the percentage of men running their businesses among men and percentage of women running their businesses among women

extent, decrease in men's entrepreneurial activity (up to 1.7% among women, and down to 2.4% among men).

Both groups rated their entrepreneurial skills similarly (62% – men, 59% – women) and felt similarly about their fear of failure (45% each). Compared to 2020, in the last wave of the survey, **slightly more Polish women and men again saw business opportunities in their environment (74% and 72% respectively).**

Women and men do not differ in their motivations for starting a business. Financial motivations are more important for both, although it is worth noting that for women running young enterprises, the desire to become wealthy, not just earn a living is more likely to be the reason for starting a business than for men.

Impact of the pandemic on enterprises digital transformation

As a result of the pandemic, 23% of young Polish enterprises started to use or increased their use of digital technology to sell products and services (for one in ten enterprises, the pandemic gave rise to this process). According to their declarations, the remaining enterprises were not affected by the pandemic in this area – **for 11%, implementation of digital technology had been planned in advance, while 65% responded they could operate without digital technology.**

Compared to the rest of Europe, Polish enterprises were less likely to increase or apply digital technologies in their sales processes, both during and before the pandemic, while at the same time, they were more likely to see no justification for this type of investment in their business³.

The pandemic had a similar effect on digital transformation in established enterprises, i.e., those that had been on the market for at least 3.5 years. A difference can be seen in terms

³ In Europe, an average of 36% of young enterprises started/increased their use of digital technology under the influence of the pandemic, while slightly fewer i.e., 29% had planned to do so beforehand, and one in three admitted that it was not necessary for them to continue their operations.

of starting to use digital solutions, with mature enterprises slightly less likely than young enterprises to choose this answer.

Sustainability and social responsibility – wishful thinking or reality?

In Poland, 87% of those who have been running their business for up to 3.5 years (young enterprises) declare that they always consider social impact when making business decisions, while 85% take environmental impact into account. Poland's result is higher than the European averages of 73% and 74% respectively. It is worth noting that Poland ranks first in terms of thinking about social issues.

According to entrepreneurs, an enterprise's sustainability must not conflict with its growth. This is evidenced by the lower number i.e., **30% of young enterprise owners declaring that they prioritise social/environmental impact of their business ventures over their profitability and growth.** After Norway, this is the second lowest result in Europe.

Despite this, 58% of Polish young entrepreneurs declared that they had taken action to reduce the enterprise's environmental or maximise its social impact. Polish entrepreneurs chose to do so slightly more often than entrepreneurs in other European countries (39%).

Poland also scores relatively high in terms of **recognition of the 17 UN Sustainable Development Goals with 29% of young enterprises in Poland being aware of them** vs the European average of 25%.

Conditions for the development of young enterprises have not worsened

An analysis of expert opinions obtained in the NES shows that **in 2021 the conditions for entrepreneurship development in Poland did not improve compared to the previous two years, but it cannot be said that they worsened either.** This is evidenced by the value of the National Entrepreneurship Context Index (NECI), which has not changed for Poland across the three waves of the survey and stands at 4.2 in 10 points.

In 2021, Polish experts rated only one area i.e., ease of entry significantly higher than the European average. Another area: access to physical infrastructure scored as high as the European average. **In contrast, the main areas for improvement are entrepreneurship education** (at primary, secondary, university, and vocational training levels), **policies supporting entrepreneurship and those related to bureaucracy and taxation, issues related to new enterprises' ease of entry** (entry cost, barriers from competition, anti-trust laws), **the area related to R&D and knowledge transfer, and those related to cultural and social norms.**

Experts rated the Polish government's response to the pandemic relatively low. This is especially true as regards the decisions taken to control the pandemic-related health crisis without harming the economy, introduction of programmes to step up environmental protection measures, and availability of public support for the implementation of digital solutions in enterprises. **In contrast, the measures taken by the government during the first 12 months of the pandemic** (including financial support) **to protect new and growing enterprises from bankruptcy and preserve jobs scored higher.** **According to experts, Polish enterprises are coping with the pandemic better:** they have been quick to respond to the situation and have introduced remote working or 'gig economy' solutions i.e., contracts sourced through online platforms.

Experts also assessed the determinants that affect the creation and development of enterprises by women. Highest scores were given to women and men's equal access to the market, including public procurement and funding. The finding that the pandemic-related increase in remote working had a positive impact on the work-life balance was slightly weaker. Experts agreed that legal regulations are a constraint for women's starting and growing their enterprises: the answer stating that they are so favourable that women prefer to start their own enterprises than work as employees received the lowest rating of all the categories in the women's block (Poland is not alone in this regard, as the experts' average rating of this category for Europe and richest economies is lower than the rating of the other categories in this block). Availability of reasonably-priced services such as crèches, kindergartens, day care centres, after-school care for children, care for the elderly as well as the social and cultural expectations that do not equally encourage women and men to set up a business were not rated very high either.

Experts' opinions on the Polish entrepreneurial ecosystem obtained in the NES show the prevailing necessity to take action to support the creation and development of companies in Poland.

Young enterprises from the perspective of questions about Start-ups and conditions for their growth

Results of the GEM survey show that **Start-ups are primarily enterprises that enter the market with a product/service, consolidate their market position, and prototype.** The 2020-2021 period was a time for young enterprises to focus on generating revenue to cover the costs associated with the day-to-day operations.

Both in 2019 and during the pandemic, they financed their activities from their own resources, including those of their families. They collaborated primarily with other enterprises and public institutions. Compared to 2019, in 2020–2021 there was a visible general trend of increased collaboration between young enterprise owners, and others.

The factors perceived as most hindering Start-ups' growth are high taxes, and excess bureaucracy and paperwork. Slightly different factors are identified as potentially holding them back, the most important being: (I) lack of Start-up capital, (II) lack of business idea, (III) lack of organisational and business management skills needed to start a business, (IV) lack of confidence in one's skills, (V) ongoing financial commitments, and (VI) lack of industry and specialist knowledge needed to start a business.

A comparison of young enterprise owners' assessments of the pandemic's impact on start-ups between 2020 and 2021 shows that, above all, respondents' indecision increased.

There was an increase in the proportion of those unable to clearly state whether the pandemic had created new opportunities that they wanted to use, or were already using in their enterprises, and whether the measures implemented by the Polish government to counteract the economic impact of the pandemic were effective. At the same time, the number of those who noticed new opportunities created by the pandemic and were convinced that the Polish government's actions were effective dropped.

An expert assessment of the Start-up ecosystem in Poland shows that **Start-ups have invariably been considered very important for the development of the Polish economy across the three editions of the survey.** The need for training and advisory activities in the area of cooperation skills between large and medium-sized enterprises and Start-ups was identified. **Experts rated the elements of Start-ups' operation related to the provision of adequate space and working conditions (coworking and mentoring) quite well, while funding opportunities and public programmes dedicated to Start-ups were rated somewhat lower.** 2021 saw a deterioration in the rating for the latter two dimensions and the aspect of Start-ups working with large and medium-sized enterprises, which may be a result of the pandemic and its impact on the economy and enterprises.

1. About the GEM study

GEM is the largest entrepreneurship-related research project focusing on early-stage entrepreneurship. It has three objectives: 1) to measure the differences in entrepreneurial attitudes, activity and aspirations across countries; 2) to identify factors determining the nature and level of entrepreneurial activity; 3) to formulate conclusions that are relevant for socio-economic policy, including support for entrepreneurship.

The project was conceived in 1997 by academics from Babson College (USA) and London Business School (UK), who saw the need for a global entrepreneurship index similar to the competitiveness index developed by the World Economic Forum. In 1999, the first edition of the survey was conducted, covering 10 countries; **in 2021 the GEM survey was conducted by 50 countries, accounting for 68% of the world's GDP and 45% of the world's population⁴.**

GEM is based on a uniform data collection methodology. Annually, each country conducts a quantitative survey on a representative sample of the adult population and a qualitative survey involving entrepreneurship experts⁵. The process of data collection is closely supervised by National Teams, mainly made up of representatives of higher education institutions from the particular countries. Furthermore, data collection and processing are strictly monitored by the central methodology team. GEM publishes an annual report with data on all the countries: the GEM Global Report, and thematic reports on topics such as female or youth entrepreneurship, family businesses, and public policy⁶.

Since 2011 Poland has been represented in GEM by the Polish Agency for Enterprise Development and the University of Economics in Katowice.

⁴ That said, the quantitative survey of adults was conducted by 47 countries (excluding Jamaica, Lithuania, and Mexico) and the qualitative survey – an Expert Assessment of National Framework Conditions – by 50 countries. A detailed list of countries that were included in GEM surveys in 2021 is provided in Table 1.1.

⁵ See more in Chapter 1.2

⁶ <https://gemconsortium.org/>

1.1. Theoretical assumptions of GEM

GEM research is based on theoretical models of entrepreneurship established based on years of scientific accomplishments, two most important being **the concept model** and **the entrepreneurial process model**.

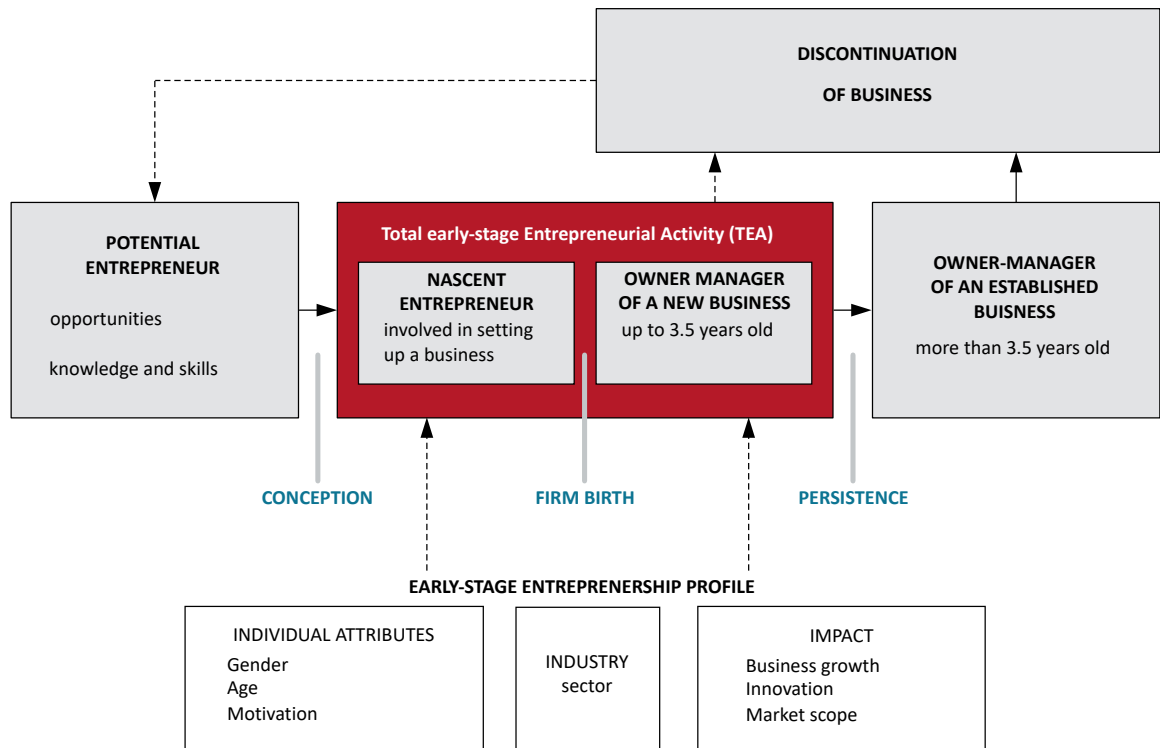
Interpretation of entrepreneurship in GEM

Entrepreneurship is a very broad term with many different meanings. GEM operationalises it as **'any attempt at new business or new venture creation, such as self-employment, a new business organisation, or the expansion of an existing business, by an individual, a team of individuals, or an established business'**⁷. While the definition of entrepreneurship as new business activity is rather narrow, the notion of business activity is quite broad. This has its implications in GEM's measurements of the level of entrepreneurship, which is not limited to registration of a new business activity. It is approached in behavioural rather than institutional terms, and includes both entrepreneurial activities aimed at registration of new business entities, and entrepreneurial activities within existing organisations.

The entrepreneurial process model

The approach to the entrepreneurial process adopted in GEM consists in identifying the current stage of a person's business venture (Figure 1.1). At the time of the survey, it may be at the stage of exploring business opportunities and entrepreneur's self-assessment of their entrepreneurial skills. Or, it may be at the stage of running or closing down the business. At the same time, the model focuses on the early stages of businesses. This is one of the significant elements that distinguish GEM from other research projects studying entrepreneurship, where registered economic entities are often studied using data provided by national statistical offices, which does not provide a good insight into the nature of new enterprises.

⁷ P.D. Reynolds, M. Hay, S.M. Camp, *Global Entrepreneurship Monitor 1999 Executive Report*, Paul D. Reynolds, Michael Hay and Kauffman Center for Entrepreneurial Leadership at the Ewing Marion Kauffman Foundation, 1999.

Figure 1.1. GEM entrepreneurial process model – entrepreneurial stages

Source: N. Bosma, D. Kelley, *Global Entrepreneurship Monitor 2018/2019 Global Report*, GERA 2019, p. 16.

The adopted approach provides indicators relating to people at different stages of the entrepreneurial process, i.e., nascent entrepreneurs, new entrepreneurs, and established enterprises..

- **Nascent entrepreneurs** – individuals involved in setting up and organising their enterprises, with the owners remunerated for no more than three months.
- **New entrepreneurs** – individuals who own and run a new business i.e., conduct economic activity by virtue of which the owners have been receiving remuneration for a period of over 3 but no more than 42 months. The period of 3.5 years is considered critical in running a business. Moving beyond it may be construed as the first stage of success i.e., the company having been established and about to transition to the next stage: running an existing business.
- **Established enterprises** – individuals who own and run businesses that have been operating on the market for over 42 months and paying remunerations for over 3.5 years.

TEA (Total early-stage Entrepreneurial Activity) is a central indicator established in GEM studies. **It represents the percentage of the working age population (18–64 y/o) involved in establishing business activities or running new enterprises (operating, i.e., remunerating the owners for up to 3.5 years).** In the GEM entrepreneurial process model, TEA (Total early-stage Entrepreneurial Activity) includes nascent entrepreneurs and new entrepreneurs, but does not include established enterprises. The methodology used to calculate the TEA indicator is rather complex and based on answers to questions included in the GEM study questionnaire concerning the intentions and actions taken with regard to establishing and running a business. It should be emphasised that **TEA does not measure the share of businesses, but the share of people establishing and running early-stage businesses in the adult population.** In this context, it is a leading indicator, since it enables forecasting the intensity of business activity in a society.

Apart from the stages, the GEM entrepreneurship process identifies the attitudes and abilities preceding the decision to set up a business, as well as entrepreneurs' reasons for their discontinuance, which is significant considering that some choose to set up another business.

It is worth pointing out that the approach based on research and analysis of individuals, as opposed to enterprises, is inherent in GEM and provides a much better insight into the nature of the entrepreneurship process. This provides results of twofold nature: it enables a multidimensional analysis of the entrepreneurship process, e.g., identification of people with similar attitudes and characteristics, and provides the opportunity to discover more differences between the countries. That is because we not only obtain information about the number of entrepreneurs in a given country, but also their varied attitudes and characteristics during the particular stages of running a business.

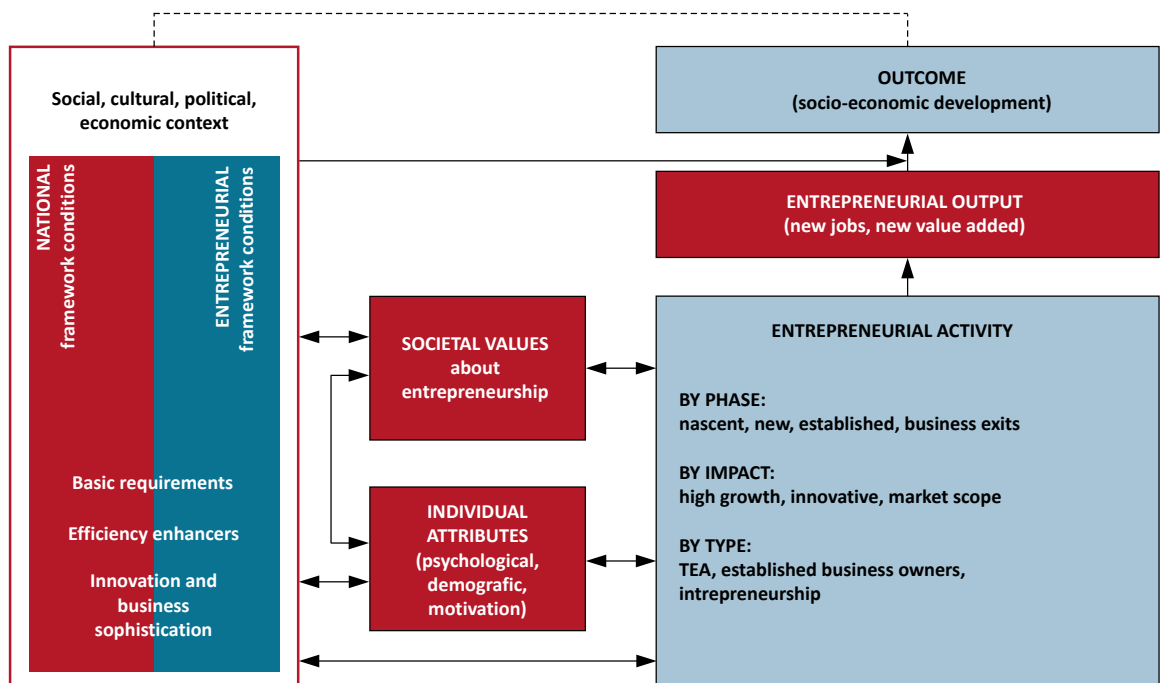
GEM conceptual framework

The GEM conceptual framework perceives entrepreneurship as a key component of economic growth, which is based on several crucial assumptions. First, an economy's prosperity is highly dependent on the dynamic sector of individuals involved in economic activity. Although this is true across all development stages, the said activity can vary in its nature and intensity. Necessity-driven entrepreneurship, particularly in the less

economically developed regions experiencing a temporary rise in unemployment, can support the economy in times of limited employment options. More developed economies generate more business opportunities as a result of their wealth and capacity for innovation, while also offering more employment options to those that might otherwise become entrepreneurs.

Secondly, an economy's entrepreneurial potential is based on individuals with entrepreneurial talents and motivations to start a business, and may gain further strength from a positive societal perception of entrepreneurship. Entrepreneurship with high growth potential is also a key contributor to creating new jobs, while competitiveness is stimulated by businesses that innovate and those venturing abroad with their activity.

Figure 1.2. GEM conceptual framework



Source: N. Bosma, D. Kelley, *Global Entrepreneurship Monitor 2018/2019 Global Report*, GERA 2019.

Classification of countries

GEM classifies countries according to their economic development levels, in line with the approach employed by the World Economic Forum (WEF). Until 2017, the WEF classified economies as factor-driven, efficiency-driven, and innovation-driven⁸. In 2018, it switched to classification based on the level of income (see The Global Competitiveness Report 2018⁹). It distinguishes between four categories of countries: low income, lower-middle income, upper-middle income, and high income countries. Income is measured based on per capita Gross National Income (GNI), in USD¹⁰.

For the purpose of analyses of economies, GEM categorized lower-middle and upper-middle national income countries together, as middle income countries. As a result, three categories of countries were identified: those with low, middle, and high income levels¹¹. Poland is considered a country with a high income level. A full list of countries that took part in the GEM survey in 2021 is presented in Table 1.1. **50 countries participated in either the APS quantitative survey or the NES qualitative survey, with 47 completing the quantitative survey and 50 completing the qualitative Expert Assessment of National Framework Conditions.**

⁸ For more on this, see *GEM Poland 2017/2018 Survey Report*, PARP 2018, p. 14.

⁹ *The Global Competitiveness Report 2018*, WEF 2019.

¹⁰ This is the World Bank classification. Values in USD are obtained after calculation based on GNI values in the national currency using the World Bank Atlas method.

¹¹ On 1 July each year, the World Bank verifies the classification of countries according to the income criterion. In 2021, the following thresholds were in place for the categories: *low-income* – up to USD 1,045 per capita, *middle-income* – between USD 1,046 and USD 12,695, *high-income* – above USD 12,695. Read more: <https://datahelpdesk.worldbank.org/knowledgebase/articles/378834-how-does-the-world-bank-classify-countries> and <https://blogs.worldbank.org/opendata/new-world-bank-country-classifications-income-level-2021-2022> [accessed: 21.06.2022]

Table 1.1. Classification of countries covered by GEM in 2021 according to national per capita income

Low-income	Middle-income	High-income
Egypt, India, Iran, Morocco, Sudan	Belarus, Brazil, Dominican Republic, Guatemala, Jamaica*, Kazakhstan, Colombia, Mexico*, Panama, South Africa, Russia, Romania, Turkey	Canada, Chile, Croatia, Cyprus, Finland, France, Germany, Greece, Hungary, Ireland, Israel, Italy, Japan, Qatar, South Korea, Latvia, Lithuania*, Luxembourg, Netherlands, Norway, Oman, Poland, Saudi Arabia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Uruguay, United Kingdom, United Arab Emirates, United States of America

* Jamaica, Lithuania and Mexico only completed the qualitative study – the 2021 Expert Assessment of National Framework Conditions (NES).

1.2. Research under GEM

Research under the GEM project consists of two parts, the first being a typical quantitative adult population survey (APS) conducted on a representative sample of working age population, and the second – a qualitative survey consisting in collecting national experts' opinions on setting up and running new businesses in a given country (National Experts Survey – NES).

APS

In each participating country, the adult population survey is conducted annually, on a sample of at least 2,000 adults (aged 18–64), usually using the CATI method, accounting for the countries' households' use of landline and mobile telephones. In addition to measuring the TEA indicator, the APS also provides information on the pursuit of growth through employment, innovation, and internationalisation, and on funding of economic activity. In 2021, the questionnaire was enriched to include questions about the impact of the pandemic on entrepreneurship and blocks of questions on sustainability and women's entrepreneurship. More information can be found in the GEM Global Report 2021/2022¹².

¹² GEM (Global Entrepreneurship Monitor) (2022). *Global Entrepreneurship Monitor 2021/2022 Global Report: Opportunity Amid Disruption*. London: GEM. Report available at the GEM website www.gemconsortium.org

In Poland, the quantitative survey has been carried out annually since 2011, on a representative nationwide sample of Polish adults aged 18-64. Until 2016, 2,000 interviews per year were being conducted. Since 2017, the survey has been conducted on an increased sample, to capture and learn about the category of Start-ups. As a result, since that time, 8,000 interviews with adult residents of Poland have been conducted every year. Also in 2017, the questionnaire that used to be applied by all the countries was extended for Poland to include a block of questions dedicated to Start-ups. Each year, the interviews are carried out using the CATI technique. The entire data acquisition process undergoes several reviews by PARP and the GEM methodology team to ensure that characteristics such as the region, gender, and age are consistent with the population distribution. In 2021, the survey was conducted between 19 May and 16 August.

NES

The NES (National Experts Survey), an Expert Assessment of National Framework Conditions, is a qualitative study in which at least 36 professionals from various fields directly or indirectly related to entrepreneurship assess the performance of 12 areas that constitute the business environment in the given country. These include business financing, government policies and public programmes, education, R&D transfer, access to legal and accounting services, the market, and sociocultural norms. In every country, the expert group is selected based on the same criteria, with the major ones being the specialisation (corresponding to the 12 areas), type of activity (scientist, entrepreneur, government employee, politician, journalist, etc.), and experience related to entrepreneurial activity (entrepreneur – non-entrepreneur). In 2021, the questionnaire was enriched to include questions related to the pandemic and blocks of questions on sustainable development and women's entrepreneurship.

In Poland, the qualitative study is conducted annually with the involvement of at least 36 selected experts. The preliminary anonymised list of experts is approved by the GEM methodology team. Since 2011, the survey has been implemented using the CAWI technique, coordinated by the PARP team, with the resulting database being verified by the GEM methodology team. As of 2017, the interview scenario used in the Polish NES has included an additional block of questions on the determinants of Start-up development. In 2021, 39 experts were involved in the NES.

2. Entrepreneurship in Poland in the second year of the pandemic

This chapter describes the key indicators depicting the attitudes of the Polish society towards entrepreneurship, and the entrepreneurial activity of Poles compared to the European countries¹³ that participated in the 2021 survey, and other countries of the world¹⁴. It also discusses the results regarding a special topic explored by GEM last year i.e., the public's awareness of the UN Sustainable Development Goals and how they apply to business.

It is worth noting that the quantitative survey used to collect the data was carried out between the second half of May and first half of August, i.e., at a time when the restrictions introduced after the spring wave of the pandemic were no longer in place. A large-scale vaccination campaign was in place, and the number of infections decreased significantly. Despite this, the overall assessment of the situation in the country was not positive – as shown by the CBOS social mood surveys. During that period, negative assessments were more numerous than positive, and the situation was worsening month by month. The assessment of the current and future economic situation was also characterised by a downward trend¹⁵; in August 2021, around 30% of Poles believed it was good with the same percentage believing it was bad, and the same percentage – it was neither good nor bad.

2.1. Poles' perception of entrepreneurship

Some changes can also be seen in Poles' perception of entrepreneurship. In 2021, **the percentage of people who believed that running their own business was a good way to make a career decreased to 55%**, compared to 60% the year before. At the same time,

¹³ The European countries that carried out the 2021 quantitative survey of adults are Belarus, Croatia, Cyprus, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Luxembourg, Netherlands, Norway, Poland, Russia, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom.

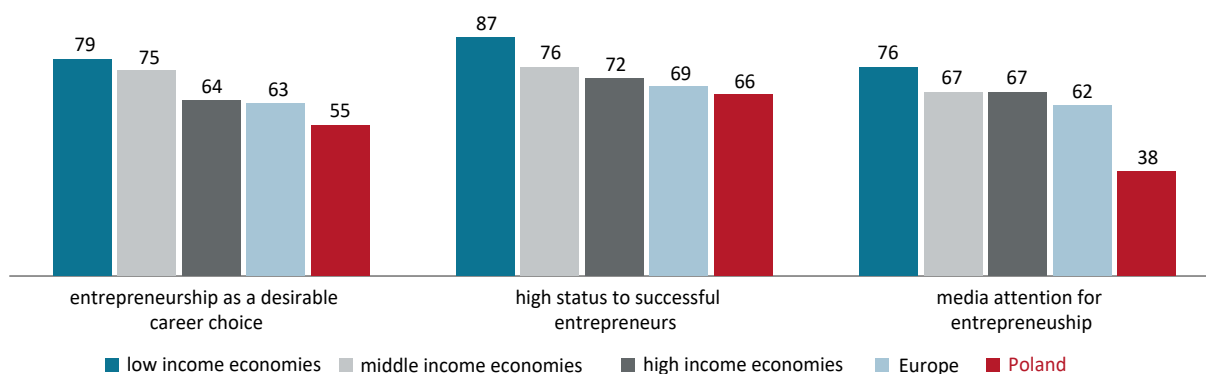
¹⁴ A detailed list of all the countries that were covered by the 2021 quantitative and qualitative GEM surveys, by income level, is provided in Table 1.1.

¹⁵ Social moods in August, Research Communication, CBOS, September 2021.

more Poles shared the view that people who had founded a business and succeeded should be given credit – an increase by 6 pp y/y, to 66%.

These results are a clear indication of Poles' awareness of the plight of entrepreneurs during the pandemic, despite the systematically implemented shielding support. The results are lower compared to the averages for Europe (63% for considering an own business as a career option, and 69% for giving credit to entrepreneurial success), and the low-, middle- and high-income country categories¹⁶ (Figure 2.1). As in the previous year, the leader among the countries surveyed is Saudi Arabia, where 97% of the adult population believe that owning one's own business is a good way to earn money, and 96% believe that entrepreneurs should be given credit. The numbers of residents with a positive attitude towards self-employment are smallest in Japan (24%) and Switzerland (41%), while the numbers of residents willing to give entrepreneurs credit are smallest in Croatia (54%).

Figure 2.1. Societal perception of entrepreneurship in Poland compared to the average* for the surveyed European countries and categories of economies by income level in 2021 (% of persons aged 18–64)



Source: own study based on GEM data; *fewer countries – see footnote 16.

¹⁶ Questions on the society's attitudes to entrepreneurship were optional for country teams in 2021, so data is available for 40 countries. Data on all three indicators is missing for Brazil, Finland, the Netherlands, Canada, Luxembourg, Norway, and Sweden. For Chile, there is no data regarding the image of the entrepreneur and the role of the media; for Turkey, there is no data on the role of the media. It should also be borne in mind that within each group of countries classified under one income category, there is a considerable spread in the values adopted by the indicator. Therefore, averaged results should be treated with caution.

The third indicator used by GEM in the block of questions on the society's perception of entrepreneurship relates to the media and its role in shaping a positive image of the entrepreneur. **In 2021, only 38% of Poles confirmed that they had seen content dedicated to successful entrepreneurs in the public media and on the Internet.** This is slightly less than the 41% recorded in 2020, but it must be emphasized that the result is lowest among the 38 countries of the world for which relevant data is available. It is also lower than the European average (62%).

Let us have a quick look at how the people in the European countries surveyed perceive entrepreneurship. In general, it can be said that Europeans appreciate the efforts of those who choose to set up their own business (on average, 69% of respondents share the opinion that those who succeeded in business should be given credit), relatively many respondents (63%) also believe that owning one's own business can be a good career path. The same is true when it comes to seeing positive content about entrepreneurship in the media and on the Internet (62%). At the same time – as shown in Table 2.1 – there are relatively large differences between societies on each of these indicators. Slovenia has the highest number of residents willing to recognise the efforts of entrepreneurs (86%), while Croatia (54%) and France (55%) have the lowest number of such residents. When it comes to considering entrepreneurship as a good career path, Cyprus records the highest score (82%), while Switzerland – the lowest (41%). However, biggest differences between the 19 European societies can be seen regarding the role of the media in shaping a positive image of the entrepreneur. As mentioned earlier, in 2021, the numbers of residents who agreed with the statement that public media and the Internet often feature stories on new, recently established successful enterprises were lowest in Poland (38%) and Slovakia (43%), and highest in Slovenia, Ireland, and the United Kingdom (over 80%).

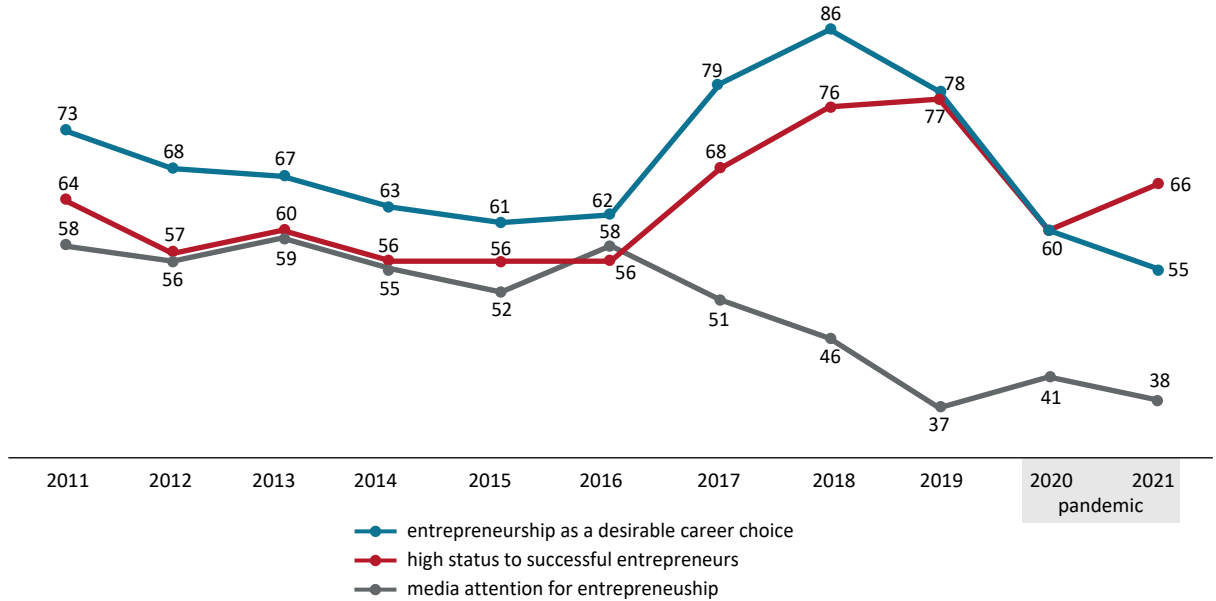
Table 2.1. Societies' perception of entrepreneurship in 19 European countries in 2021
(% of persons aged 18–64 who agree that...)

Country	entrepreneurship is a desirable career choice	people attach high status to successful entrepreneurs	there is a lot of media attention to entrepreneurship
Belarus	73	71	47
Croatia	62	54	62
Cyprus	82	75	67
France	69	55	76
Germany	51	83	58
Greece	66	64	57
Hungary	64	65	66
Ireland	67	83	83
Italy	61	56	66
Latvia	53	60	58
Poland	55	66	38
Romania	68	72	68
Russia	72	70	61
Slovakia	52	56	43
Slovenia	68	86	84
Spain	50	61	48
Switzerland	41	76	62
Turkey	67	75	-
United Kingdom	70	84	82
European average (19)	63	69	62

Source: own study based on GEM data.

Analysis of the data for 2011–2021 (Figure 2.2) reveals certain trends in the Polish society's attitudes towards entrepreneurship. Firstly, the percentage of people who see content dedicated to the success of entrepreneurs in the media and on the Internet has been declining since 2017, while the trend had been stable between 2011 and 2016. The 2021/2016 decrease was by 18 pp, which is disconcerting, given the potential of these communication channels for shaping social attitudes. Secondly, the belief that self-employment can be a way of living and earning a living has been declining for the past three years. The pandemic has only exacerbated the situation. It has also affected the image of the entrepreneur, causing the public approval of giving credit to those who succeeded in business to drop in 2020 to 2013 levels. Fortunately, last year saw an improvement in this area.

Figure 2.2. Polish society's perception of entrepreneurship in 2011–2021
(% of persons aged 18–64)



Source: own study based on GEM data.

The pandemic seems to have significantly weakened Poles' belief that running an enterprise can be a good way to earn a living. Numerous media reports regarding the plight of entrepreneurs, particularly in tourism, catering, events, and hair and beauty sectors, played an important role in this process, affecting public awareness of the risks and responsibilities that running a business entails.

2.2. Poles on their area of expertise, skills, and plans pertaining to setting up a business

The second year of the pandemic brought changes in Poles' perceptions of their environment. Awareness of entrepreneurs' extremely difficult situation increased – the proportion of respondents who said they know someone who closed their business because of the pandemic rose from 47% in 2020 to 51% in 2021. At the same time, **the share of those claiming to know at least one person who started a business in the previous two years fell by as much as 9 pp y/y, to 54%, though it was still slightly higher than the European**

average (51%). Among all the countries surveyed, the Dominican Republic (83%) and Cyprus (73%) recorded highest values for this indicator, while Japan (20%) and Egypt (31%) recorded lowest, with Greece scoring lowest among European countries (33%). Highest percentage of respondents with friends who set up a business during that difficult time was recorded among residents of middle-income countries (56%). There was relatively little difference between the low-income and high-income countries (49 vs 52%).

Still, 64% of Poles i.e., over 5 pp more than in the first year of the pandemic believed it was easy to set up a business in Poland. The result is significantly better than the average for Europe (50%) or any of the country categories covered (Table 2.2). It is worth noting that also in the earlier years the rating of the conditions for starting a business in Poland was relatively high (90% in 2019 and 59% in 2020).

Table 2.2. Percentage of people who believed it was easy to start a business in 2021

Year	low income economies	middle income economies	high income economies	Europe	Poland
2021	59	43	53	50	64

Source: own study based on GEM data.

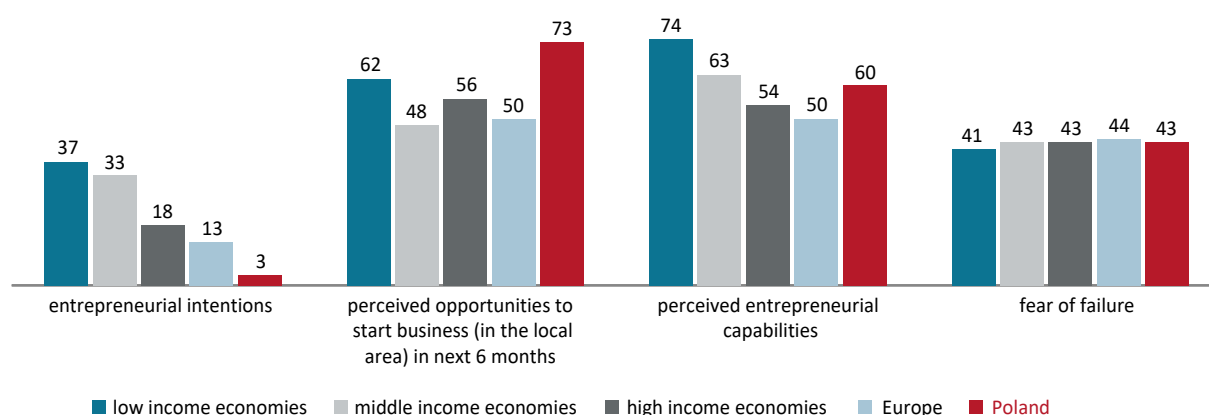
Among the countries that participated in the 2021 survey, Saudi Arabia (94% positive responses), the Netherlands (86%), Sweden (83%), and Norway (80%) rated the conditions for starting a business in their countries highest. Israel was perceived as the most difficult country for starting a business in (14%). Italy (17%) and Iran (18%) also scored low.

Polish respondents considered their immediate environment's prospects for starting a business in the next 6 months as better than in 2020. Poland saw a significant increase for this indicator – from 52% in 2020 to 73% in 2021 – although it has not yet returned to the 2019 levels (87%). In Europe, only Swedes (80%) and Norwegians (74%) were more optimistic. Poland came ninth in the ranking of all the countries taking part in the survey. As regards the immediate future, residents of low-income countries were most likely to be optimistic (62% of responses), with the remaining groups recording the following percentages of positive answers: 56% for high-income countries and 48% for middle-income countries. Positive answers were given by one in two Europeans surveyed.

Among the 47 countries surveyed, highest scores were again recorded in Saudi Arabia (95%), India (83%), and Sweden (80%), and lowest in Japan (12%) and Iran (18%), and in Europe – Spain (30%).

Positive rating of the conditions for starting a business has by no means translated into Poles' entrepreneurial intentions. The subsequent waves of the pandemic have rather worsened them: in 2021, the share of people not engaged in running a business who answered 'yes' to the question whether they were planning to start a business in the next three years was 3%, down by 2 pp y/y and 3 pp compared to 2019. After Japan (3.2%), this is the lowest figure in the 2021 ranking. Best scores were achieved by Kazakhstan, Egypt, and the Dominican Republic (55% each), with Croatia (22%), Latvia, and the Netherlands (18% each) scoring highest among European countries. There is an evident gap between the ranking leaders and the best European scores. Europe clearly lags behind the other country categories in terms of entrepreneurial intentions, with an average of just under 13%, and under 10% for 8 of the 20 European countries that participated in the survey¹⁷. The averages for the other categories are higher – by 5 pp for the wealthiest countries, 20 pp for middle-income countries, and 24 pp for the poorest countries.

Figure 2.3. Entrepreneurial attitudes in Poland against the average for the surveyed European countries and categories of economies by income level in 2021 (% of persons aged 18–64)



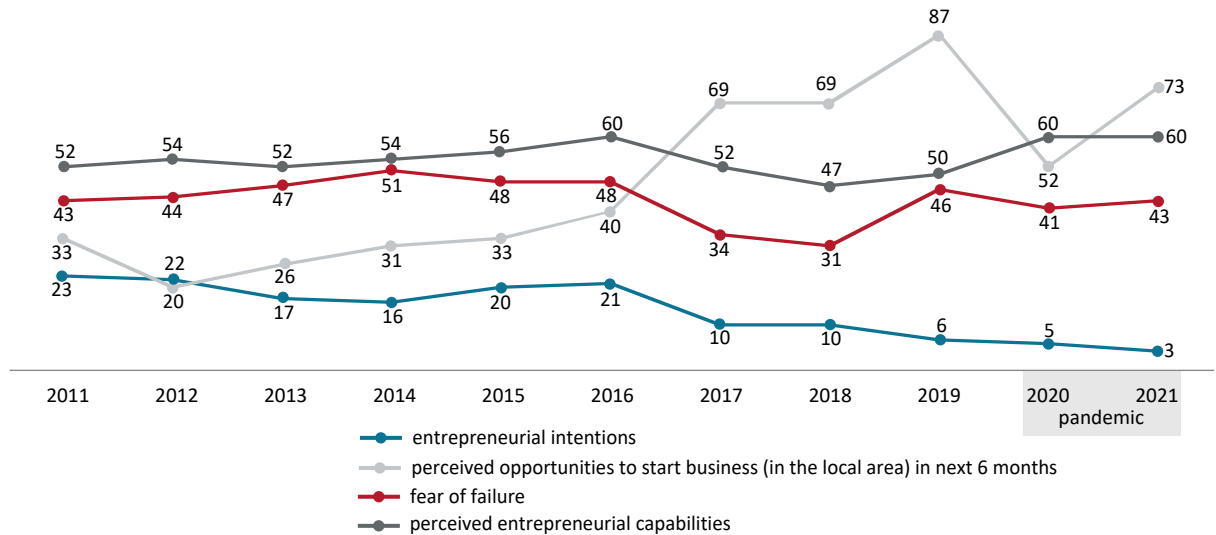
Source: own study based on GEM data.

¹⁷ Poland (3%), Norway and Slovakia (5% each), Germany (6%), Spain and Hungary (8% each), Italy and the United Kingdom (9% each).

The average Pole, though unlikely to plan to start a business, feels more prepared to run it than the average European or residents of high-income countries. **In 2021, 60% of people felt certain that they had sufficient knowledge and skills to run a business.** The same value was also recorded for Poland in 2020 and, surprisingly, it is significantly higher than in the years preceding the pandemic (50% in 2019, 47% in 2018). In Europe, like in the first year of the pandemic, the scores when rating one's knowledge and skills needed to start a business were highest in Croatia (71% vs 75% in 2020), and lowest in Hungary (36%) and Germany (37%). The average for European countries is 50%. Among all the countries surveyed, the lowest number of residents with a positive view of their business skills was recorded in Japan (12%), and highest in Saudi Arabia (91%), the Dominican Republic (89%), and Sudan (88%). When categories of countries of different income levels are compared, it can be seen that, as in the previous year, the lower the income, the higher the self-rating of entrepreneurial skills and knowledge (74% vs 63% vs 54%).

There was a slight increase (by 2 pp) in the percentage of individuals who, although they saw business opportunities, feared failure. In 2021, 43% of Polish adults admitted that the risk of failing discouraged them from starting a business. In this respect, the results are similar in all the analysed groups, ranging from 41% in low-income countries to 44% in European countries. The countries in which residents were most likely to fear failure were Belarus (56%), India, Canada, and Saudi Arabia (54% each), while respondents from Kazakhstan (12%) and South Korea (15%) were least likely to express such concerns.

However, the analysis of Poles' entrepreneurial attitudes may raise concerns in the longer term. Since the first edition of the survey, **the indicator measuring entrepreneurial intentions has seen a downward trend, falling from 23% in 2011 to less than 3% in 2021,** which is also the lowest value among the 47 countries surveyed worldwide.

Figure 2.4. Entrepreneurial attitudes in Poland in 2011–2021 (% of persons aged 18–64)

Source: own study based on GEM data.

The 2011–2021 results of other parameters' analysis seem more optimistic, but there is little reason to be satisfied.

Admittedly, **in 2021 the percentage of individuals who experienced fear of failure increased by 2 pp only, to 43%**, which can be easily explained by the prolonged pandemic, but at the same the value is the same as in 2011.

Since the beginning of the survey, Poles have been rating their entrepreneurial skills and knowledge relatively high. In 2021, the self-assessment of entrepreneurial skills and knowledge reached 60%, like in 2016 and 2020, when the recorded values were highest. The difference between the result of the first edition of the survey and that of 2021 was 8 pp.

An even higher percentage of Poles appreciate the conditions for starting a business in their immediate environment. Since the beginning of the survey, the indicator has been steadily rising, reaching 87% in 2019. Although it fell by 35 pp in 2020, it rose to 73% in the following year, above the 2018 level.

To conclude, despite their high rating of their entrepreneurial skills and knowledge, and the increasingly better conditions for starting a business, Poles' entrepreneurial intentions are weakening year by year and their fear of failure is not diminishing.

However, it is important to bear in mind that formation of entrepreneurial attitudes is also influenced by factors other than those discussed above, as shown later in this subchapter.

Entrepreneurial talent

Entrepreneurial talent has been the subject of GEM surveys since 2019. The term is used to describe some individuals' characteristic way of thinking and perceiving their environment, which enables them to thrive in business. In the GEM quantitative survey, the phenomenon is measured by asking 4 questions developed by professor Jonathan Levie (National University of Ireland, Galway, member of GEM) in collaboration with doctor Gorkan Ahmetoglu (University College of London), creator of the approach to automated assessment of individual traits comprising the entrepreneurial mindset and co-founder of the META (Measure of Entrepreneurial Tendencies and Abilities)¹⁸ initiative. Each of the statements is intended to help respondents identify one of the four dimensions of their entrepreneurial aptitude:

1. OPPORTUNISM: you rarely see business opportunities despite being very competent;
2. PROACTIVITY: even if you spot a profitable opportunity, you rarely decide to act on it;
3. INNOVATIVE CAPACITY: others see you as a creative/innovative person;
4. VISION: every decision you make is part of a long-term career plan.

Questions whether people are willing to spot and take advantage of business opportunities reflect the level of positive attitudes towards entrepreneurship and, enriched by assessment of creativity and planning skills, illustrate the entrepreneurial potential of a society.

Some countries do not include this area in their surveys, so comparisons are difficult. However, in 2021, data to assess entrepreneurial talent was collected in 13 European countries, including Poland (Table 2.3).

¹⁸ META is an undertaking that resulted from a 4-year research programme by researchers from Goldsmiths, NYC and UCL in collaboration with Harvard's Entrepreneurial Finance lab and the British government. More about META at <http://www.metaprofiling.com>.

Table 2.3. Entrepreneurial talent – self-assessment of entrepreneurial aptitude of Poles compared to other European countries that included this area in the 2021 survey (% of persons aged 18–64)

Country	I rarely see business opportunities, despite being very competent (OPORTUNISM)	Even if I spot a profitable business opportunity, I rarely decide to act on it (PROACTIVITY)	Others see me as a creative/innovative person (CREATIVITY)	Every decision I make is part of a long-term career plan (VISION)
Belarus	62.1	64.4	63.2	51.6
Croatia	62.4	69.1	64.0	75.6
Cyprus	65.4	67.2	78.0	70.1
France	55.3	53.9	57.4	65.4
Greece	71.6	57.4	62.8	81.8
Hungary	60.5	66.5	54.1	66.4
Italy	67.2	60.3	71.1	69.1
Latvia	59.4	69.0	62.6	79.3
Norway	47.1	76.2	47.8	49.8
Poland	46.3	54.6	69.7	66.9
Romania	66.9	72.3	71.0	75.2
Switzerland	53.6	55.1	61.0	44.2
Turkey	44.4	58.6	77.0	78.7

Source: own study based on GEM data.

In 2021, **46% of Poles admitted that they rarely spot business opportunities, even though they are considered very competent, and 55% said that even if they spot an opportunity, they rarely choose to take advantage of it.** Among the European countries surveyed, only France had a lower percentage (54%) than Poland of those who, having spotted a profitable business opportunity, were unlikely to act on it.

In terms of opportunism, the highest value among European countries was recorded in Greece (72%), and the lowest in Turkey (44%), although the results for Poland (46%) and Norway (47%) were not far from those of Turkey. India (82%) and Turkey respectively were the top two in the overall ranking.

In terms of proactivity, in Europe, the highest score was that of Norway (76%), and the lowest – that of Poland (55%). Overall, the highest score was recorded in Guatemala (92%), and the lowest in Oman (just under 47%).

According to the survey, **70% of Poles believe that they are perceived as creative/innovative**, placing us fourth in the European ranking, after Cyprus (78%), Romania, and Italy (71% each). Among the European countries that participated in the survey, the lowest percentage of respondents declaring that they are perceived as creative was recorded in Norway (48%). In fact, the result was also third from the bottom. Norway was followed by South Korea (48%) and Japan (27%) which closes the ranking.

Approximately two-thirds of Poles (67%) have a vision and stick to a long-term career plan.

In Europe, Greeks (82%) and Latvians (79%) were most likely to mention acting according to plan, and globally, it was Guatemalans (96%). The lowest number of people claiming they stick to a long-term career plan was recorded in Switzerland (44%).

Table 2.4. Entrepreneurial talent – self-assessment of entrepreneurial aptitude of Poles in the GEM survey (% of persons aged 18–64)

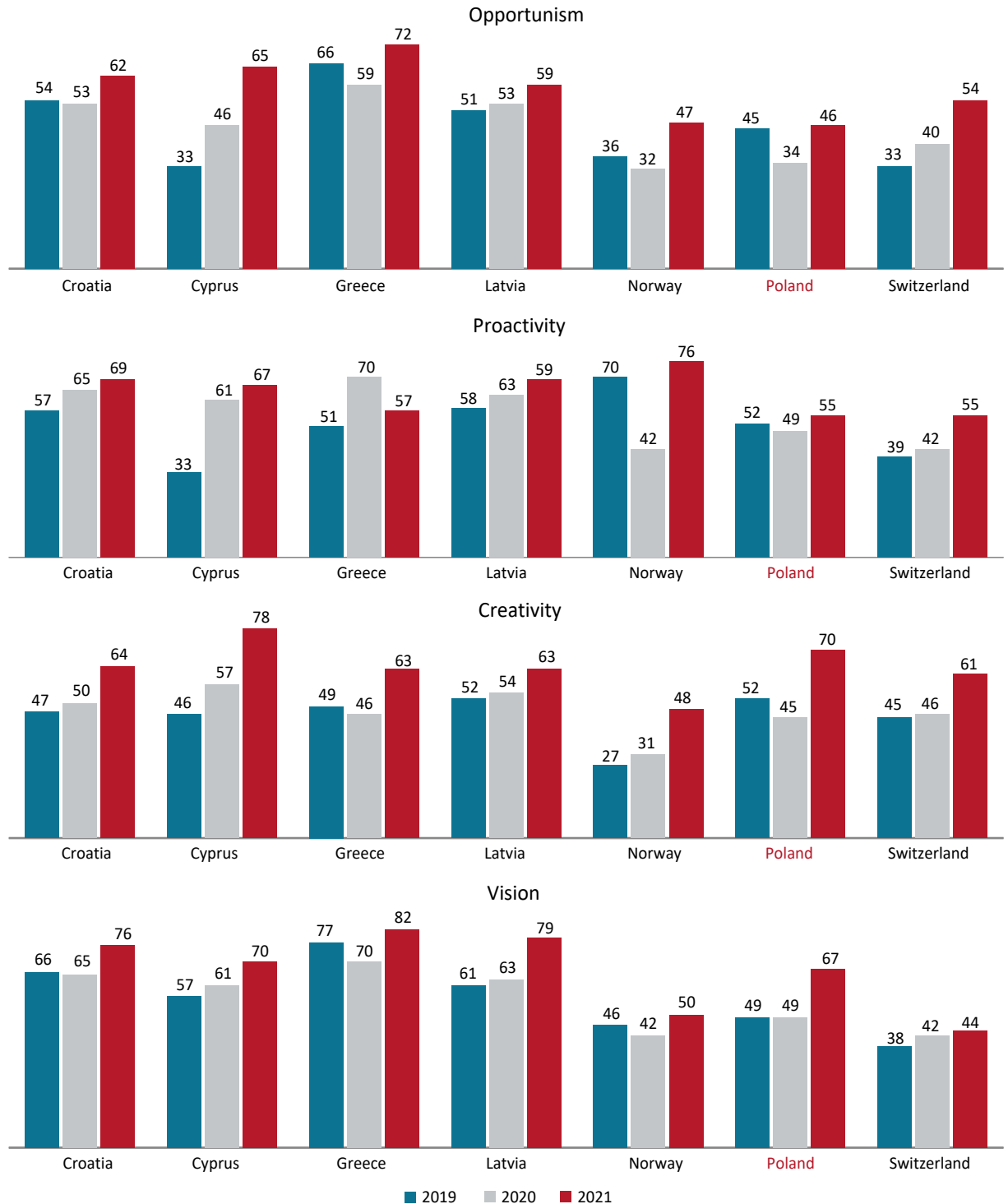
Poland	I rarely see business opportunities, despite being very competent (OPORTUNISM)	Even if I spot a profitable business opportunity, I rarely decide to act on it (PROACTIVITY)	Others see me as a creative/innovative person (CREATIVITY)	Every decision I make is part of a long-term career plan (VISION)
2019	45.0	52.0	52.0	49.0
2020	34.0	40.0	45.0	49.0
2021	46.3	54.6	69.7	66.9

Source: own study based on GEM data.

When the 2019, 2020, and 2021 results are compared, it can be concluded that although the Polish society's entrepreneurial potential somewhat weakened in the first year of the pandemic, it increased in 2021, especially with regard to creativity and vision, surpassing the pre-pandemic levels.

By contrast, it is difficult to average and generalise for European countries. In 2019, 21 countries included questions on this subject in the quantitative survey, while in 2020 – 9, and in 2021 – 12 did so. Only seven countries participated in all three editions of the Entrepreneurial Talent Survey: Croatia, Cyprus, Greece, Latvia, Norway, Poland, and Switzerland. Consequently, we can contrast the 3-year results of Poland only with these.

Figure 2.5. Entrepreneurial talent – self-assessment of entrepreneurial aptitude of Poles compared to other European countries that included the subject in their 2019–2021 surveys (percentage of positive responses of persons aged 18–64)



Source: own study based on GEM data.

In all four areas, a slight upward trend can be seen for Poland. At the same time, even compared to the remaining countries from this small group, it is apparent that Poles assess their creativity relatively high, while their assessment of the other three traits does not stand out. In addition, based on the above overview, it can be concluded that long-term planning can hardly be seen as Poland's strength.

2.3. Level of entrepreneurial activity

According to the GEM model of the entrepreneurial process (described in chapter 1), in order to properly determine the level of entrepreneurial activity in a country it is necessary to identify the people who are at different stages in the development of their business ventures – from those at the concept stage, taking their first steps towards setting up a business, to those already running their businesses, and, finally, those closing down their businesses. This approach is significant, as it means that **the entrepreneurial process begins before the enterprise is formally operational, and that those at the initial stage of the process are considered to be involved in entrepreneurship.**

A distinguishing feature differentiating the particular phases of the entrepreneurial process in GEM is the remuneration period, in which two moments are key: 3 months of payments stands for the birth of an enterprise, and 42 months (3.5 years) – for its maturity. This provides **two roughly defined categories of individuals who are at different stages of business at the time of the survey**, namely:

1. **those running young enterprises**, also known as **people engaged in Total Early-Stage Entrepreneurial Activity (TEA)**, hereafter referred to as **young enterprises**, are a category comprising persons in the process of setting up their enterprises (nascents) in which remuneration has not been paid or has been paid for less than three months, and persons running new enterprises with remuneration payments having been made for between 3 and 42 months;
2. **those running established enterprises**, hereafter referred to as **established enterprises** where remuneration has been paid for 42 months minimum.

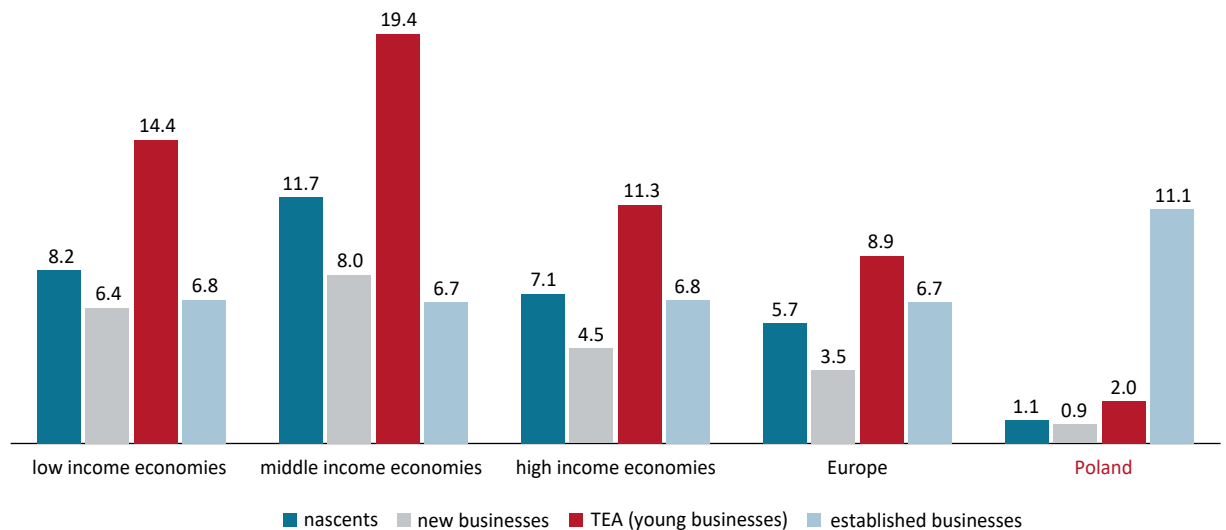
An additional monitored group are **entrepreneurs terminating business activities**, that is, those who withdrew from conducting business activity during the 12 months before the survey and sold/transferred their companies to other entities/people, leaving them on the market, or liquidated their companies¹⁹.

¹⁹ Cf. definitions on page 19.

Nascent, new and established entrepreneurs

According to the latest survey conducted in mid-2021, **the share of people running young enterprises in Poland among persons aged 18–64 was 2%, which means a further decrease in this indicator** (from 3.1% in 2020, and 5% in 2019). That said, 1.1% of adults were in the process of setting up their enterprise last year, and 0.9% were running new enterprises – for between 3 and 42 months. **The share of Poles running established enterprises decreased less significantly, to 11.1%** (compared to 12.2% in 2020, and 13% in 2019). In relation to the number of adults, this is approximately 458,000²⁰ people running young enterprises, and 2.54 million running established enterprises. At the same time, it is worth remembering that 252,000 in the 458,000 are nascent enterprises, and that one person can run more than one company with different periods of activity on the market.

Figure 2.6. Level of entrepreneurial activity in Poland compared to the average for the surveyed European countries and categories of economies by income level in 2021 (% of persons aged 18-64)



Source: own study based on GEM data.

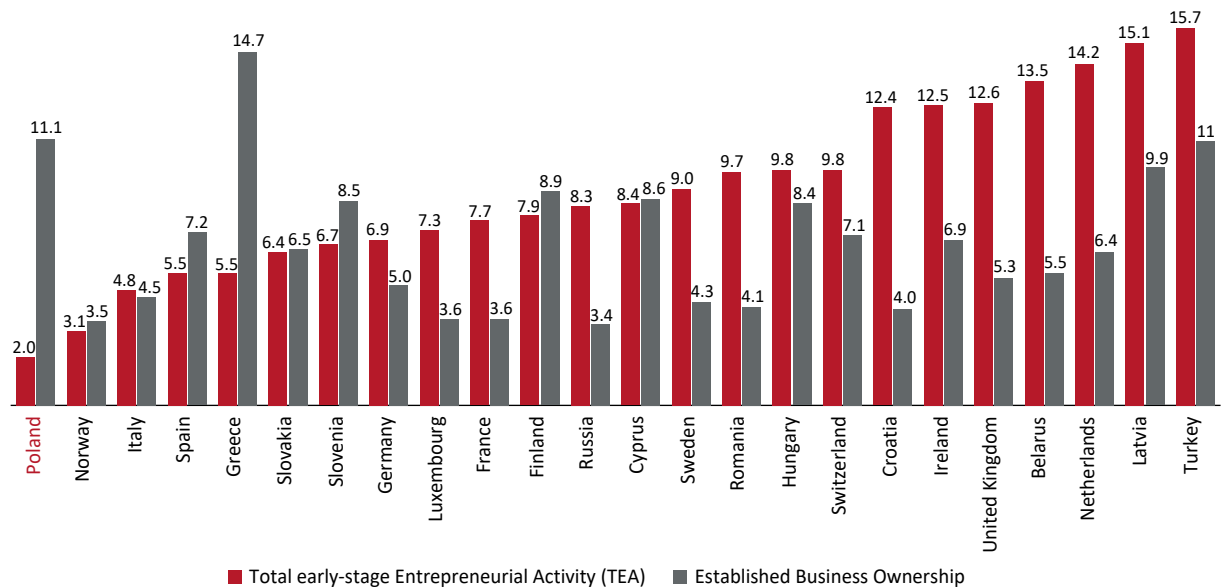
Compared to that for Europe or the three categories of countries with different income levels, **the second year of the pandemic did not bring significant changes in the structure**

²⁰ Number of adults 18-59/64, as of 31 March 2021 – 22,886.4 thousand, source: *Information on preliminary results of the National Population and Housing Census 2021*, Statistics Poland, 27 January 2022.

of individuals involved in economic activity in Poland: established enterprises are predominant, while the number of young enterprises is five times smaller. For Europe and the other country categories, the situation is reversed: on average, there are more young enterprises than established enterprises, with the largest difference (3-fold) in favour of young enterprises present in the middle-income country category. Furthermore, as regards the percentage of people running young enterprises (those on the market for up to 3.5 years), in 2021, Poland was at the bottom of the list of the 47 countries around the world. Similarly low percentages of young enterprises in the adult population were recorded in Norway (3.1%) and Italy (4.8%, which was at the bottom of the ranking, with 1.9% in 2020). In contrast, the Dominican Republic (42% of the population), Sudan (34%), and Chile (30%) have highest shares of young enterprises, while in Europe these are Turkey (16%), Latvia (17%), and the Netherlands (19%) that record highest scores in this respect. The indicators for the share of those running established enterprises fall within a much narrower range of values than those for young enterprises. The countries with the highest number of established enterprises are South Korea (16%), Greece (15%) and Guatemala (13%), while Colombia (1.8%), Oman (2.8%), and Israel (3%) record the lowest number of established enterprises.

Roughly (with the aforementioned restrictions in mind), it can be said that in 2021 over 13% of adults started economic activity or were conducting economic activity in Poland, while in Europe the figure was 16%. Among the 24 European countries, only Greece and Poland record significantly more individuals running established enterprises than individuals running young enterprises. In six countries, namely: Norway, Spain, Slovakia, Slovenia, Finland, and Cyprus, the situation is much more balanced. In the 16 other countries, the relation is reversed, with individuals running young enterprises predominant.

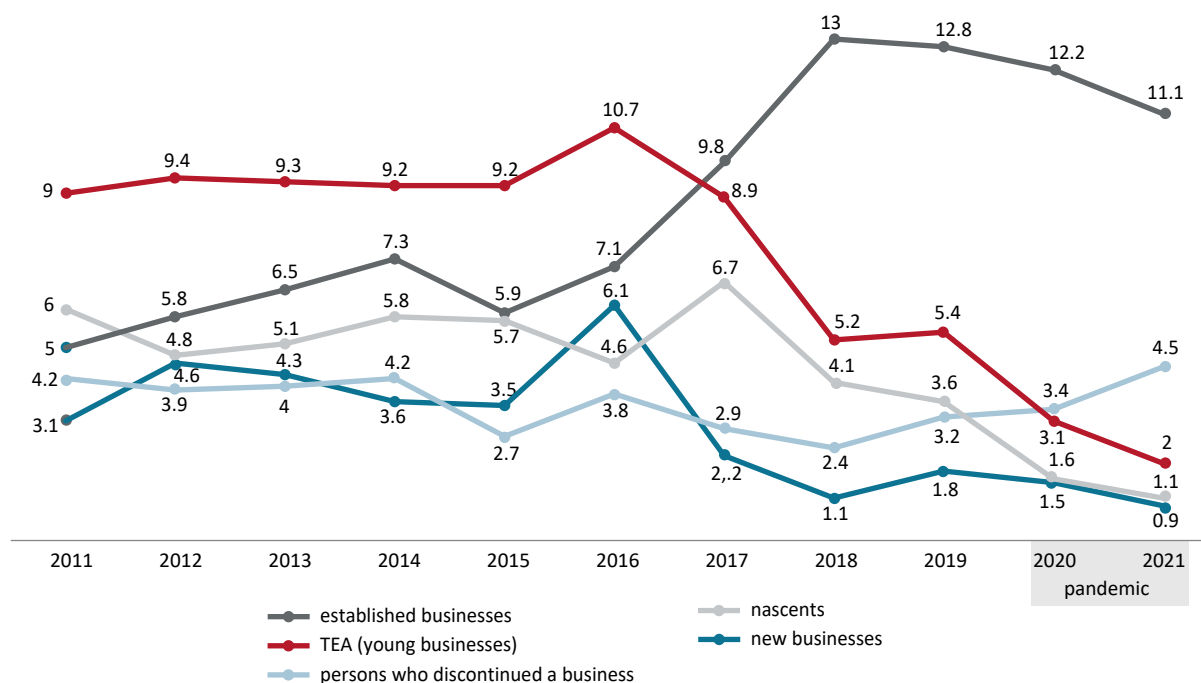
Figure 2.7. Level of entrepreneurial activity in Europe – individuals running young and established enterprises (% of persons aged 18–64)



Source: own study based on GEM data.

An analysis of changes in the entrepreneurial activity of Poles over the past 11 years is presented in Figure 2.8. **During that time, the rate of individuals running young enterprises dropped more than fourfold, from 9% to 2% of the population, while the rate of those running established enterprises more than doubled, from 5% to 11.1%.**

Particularly dynamic changes have been visible since 2016, also regarding the two groups comprising the category of young enterprises. This refers to persons running new enterprises (having paid remuneration for between 3 and 42 months), whose share considerably increased in 2016 (from 3.5% in 2016 to 6.1%) before it started to drop steadily in 2017, standing at just 2% in the last four years. The current value of this indicator is 0.9% i.e., over three times lower than in 2011, when it stood at 3%. The second group forming TEA i.e., persons in the process of organising their businesses (up to 3 months on the market), diminished even more over the said period: their share in the population of adult Poles has been decreasing over the 11 years, from 6% to 1.1%, while only in 2017 it was 6.7%.

Figure 2.8. Level of entrepreneurship in Poland in 2011–2021 (% of persons aged 18–64)

Source: own study based on GEM data.

The pandemic of 2020 and the first half of 2021 had distinct impact on the entrepreneurial activity of Poles, with the number of persons in the process of organising enterprises decreasing threefold, and the number of persons running new enterprises – twofold.

Exiting business activities

Over the last 11 years, the most stable indicator regarding the adult population's level of entrepreneurship has been the share of individuals who stopped running a business (in the 12 months before the survey). In 2011, it was 4.2% to then begin to decline and reach 2.4% in 2018, before starting to rise, reaching 4.5% last year.

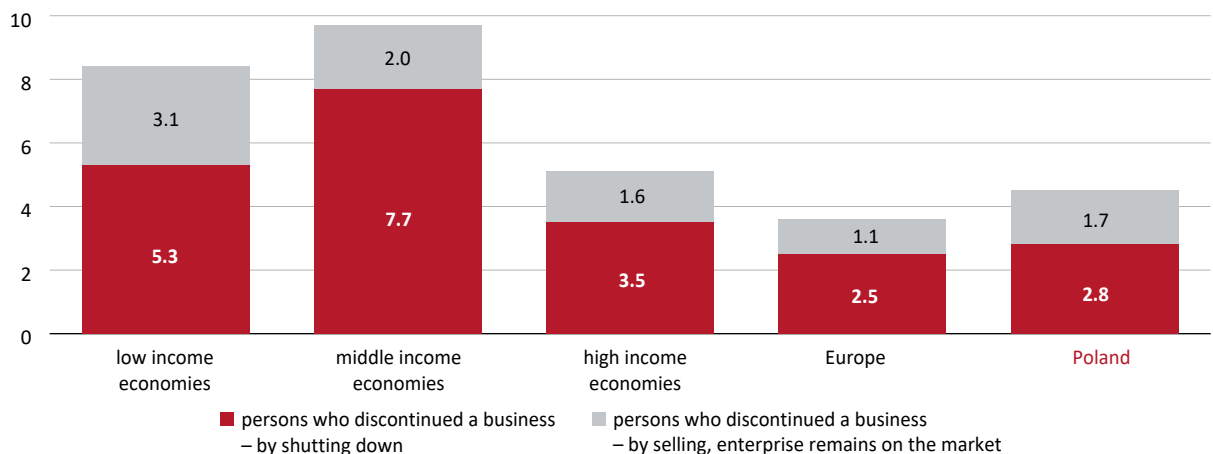
Like in 2020, also in 2021, the COVID-19 pandemic was the main reason for Poles to terminate business activities, mentioned by 51% of those who stopped running a business. The second most frequently mentioned reason was retirement (15%), and the third – family-related or personal reasons (11%). Far fewer respondents chose other reasons, i.e.: other work or business opportunities (6%), non-profitability of their business (5%), and government policy/taxes/bureaucracy (3%).

Compared to the pre-pandemic year 2019, the importance of retirement doubled, while that of government policy/taxes/regulation and businesses' non-profitability decreased fourfold.

Interestingly, as the reasons for discontinuing their business, Poles were significantly more likely than residents of other European countries to identify the pandemic (the European average of 22%, with highest score for Poland and lowest for Greece: 6%) and retiring (average 6%, 9 pp less). They were much less likely to perceive business's non-profitability (average 22%, 17 pp more) and government policy/taxes/bureaucracy (average 7%, 4 pp more) as the reasons.

The percentage of persons aged 18-64 who stopped running a business in the 12 months before the 2021 GEM survey was 4.5%, close to the European average (3.6%) and the wealthiest countries (5.1%), but lower than those of low-income (8.4%) and middle-income (9.7%) countries.

Figure 2.9. Discontinuation of business activity – people who in the 2021 study said that they had discontinued a business in the previous 12 months (% of persons aged 18–64)



Source: own study based on GEM data.

Regardless of the level of wealth generated by the economy, for most companies, discontinuation of business activity means liquidation, with only some remaining on the market. **In Poland, for every 100 individuals who liquidated the company when exiting business activity in 2021, 61 left the company operating in the market**, which is a lot compared to both 2020 (21/100) and 2019 (29/100) and the four categories of countries,

for which the ratio is as follows – Europe: 44 enterprises stayed on the market/100 were liquidated, low income countries: 58/100, middle income countries: 26/100, and high income countries: 46/100.

2.4. Motivation to start a business

It can be assumed that people become entrepreneurs when, in their judgement, the balance of broadly understood profits and losses i.e., the pros and cons of running a business is more favourable than that of other forms of professional activity. In this regard, the incentives for starting a business can be divided into:

- positive, involving opportunity and development, e.g., the desire to improve one's life or become financially independent
- and
- negative, resulting from necessity, related to the lack of satisfaction with the previous job or inability to earn a living by other means²¹.

Until 2018, this approach was also applied when considering the motivations of young entrepreneurs in the GEM survey. However, from 2019 onwards, given the results of pilot studies conducted in selected countries, and review of the literature, the method of measuring motivation has changed and, when asked why they started a business, respondents are now requested to choose one of four types of motivating factors:

- 1) 'to make a difference in the world', which means pursuing a dream to create something that is worthwhile and important;
- 2) 'to build great wealth or very high income', in other words, to make relatively large amounts of money;
- 3) 'to continue a family tradition';
- 4) 'to earn a living because jobs are scarce'.

²¹ Deakins D., Whittam G. 2000: *Business Start-up: Theory, Practice and Policy*, [in:] S. Carter, D. Jones-Evans (ed.), *Enterprise and Small Business. Principles, Practice and Policy*, Harlow, Financial Times. Ph.A. Wickham divides the motivators for entrepreneurs to start their own business into incentives and push (compulsion) factors. Among the 'compulsion' factors, the author mentions limited financial rewards, job insecurity, lack of career development opportunities, achieving management-imposed targets and lack of work [Wickham Ph. A. 2004: *Strategic Entrepreneurship*, ed. III, Prentice Hall, Financial Times, Harlow.].

Each of the above factors is assessed by respondents on a 5-point scale. The question does not include the desire for independence or autonomy, as this factor is important to most entrepreneurs and is not differentiating.

An analysis of the results of the 2021 GEM survey shows that **in all categories of countries²², regardless of the income level, the main reason for starting a business is the desire to earn a living because jobs are scarce.** (Figure 2.10). Nevertheless, the percentage of respondents pointing to this factor clearly decreases with growing wealth (83% for low-income countries vs 58% for high-income countries and Europe). The countries with the highest proportion of respondents seeking to earn a living this way included Guatemala and India (92% each), Slovakia and Oman (90% each). Levels above 85% were recorded also in Sudan, Morocco, and Egypt. Norway (27%), Sweden (28%), and Luxembourg (33%) recorded lowest percentage of respondents who declared they wanted to start a business to earn a living.

The second most frequently mentioned reason for starting and running a business is the desire to build great wealth and earn a high income, but this is less important in the richest countries and Europe: 54% and 49% of answers respectively than in low (74%) and middle-income countries (67%). The highest percentage of respondents following this rationale was recorded in Iran (93%), Kazakhstan (91%), and Sudan (87%), and among European countries, in Cyprus (81%) and Poland (62%). The desire to build great wealth was least likely to feature in the answers of respondents from Slovakia (22%), Hungary (32%), and Finland (33%).

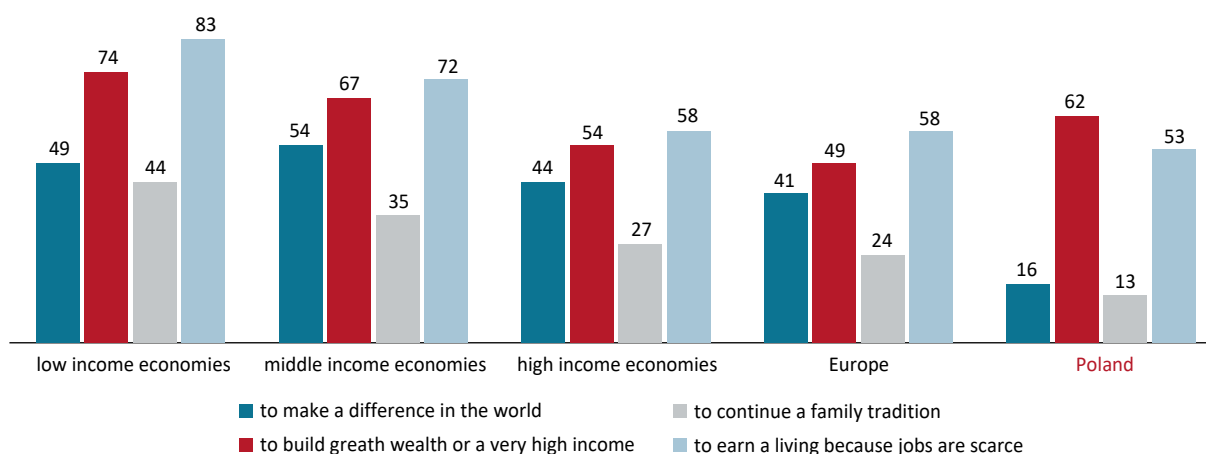
The third most frequent motive is the desire to make a difference in the world. In 2021, it was declared by an average of 49% of individuals running young enterprises in low-income countries, 54% in middle-income countries, and 44% in the wealthiest countries. Based on the above, it can be concluded that the desire for change is a trait of many young entrepreneurs, regardless of their countries' economic situation. European countries recorded lowest scores in this comparison (41% on average). Of the 47 countries covered by the survey, young entrepreneurs in South Africa were most likely to report the desire for change (81%). Guatemala (81%, up by 3.7 pp y/y) and India (76%, down 3.2 pp y/y) were in the lead again, and among European countries, Romania (66%). Kazakhstan (0.3%), South Korea (9%), and Poland (16%) were at the bottom of the ranking.

²² The analysis collates only those European countries were covered by both editions of the survey under the new methodology.

Family tradition seems to have least influence on the decision to start and run a business.

Its importance is far greater in low-income countries (44%), but decreases as income grows (35% and 27% respectively; 24% for Europe). In the ranking of the particular countries, entrepreneurs from India (74%), Saudi Arabia (66%), and South Africa (63%) showed greatest loyalty to tradition, while of the European countries that participated in the survey these were Greece (40%) and Romania (31%). South Korea (4% of responses), Kazakhstan (9%), and Poland (13%) were again at the bottom of the ranking.

Figure 2.10. Motivations to start and run a business in Poland, European economies surveyed, and categories of countries of the world by income in 2021 (% persons involved in TEA)



Source: own study based on GEM data.

The figures for Poland differ from both the averages obtained for the particular categories of countries of different income, and European countries. **The surveyed Poles' most common reason for starting a business was the desire to build great wealth and earn a high income (62%),** the figure being closest to that obtained for middle-income countries (67%). At the same time, this is a motivation that, for the second year in a row, has significantly grown in importance (up by 9 pp y/y), though not as much as in 2020, when the year-on-year difference was 40 pp (13% in 2019 and 53% in 2020). Compared to other countries, the percentage of answers referring to building great wealth as the motivation places young Polish entrepreneurs in the middle of the ranking (22nd position) and among those highest in the European ranking, including Russia. Only young entrepreneurs from Cyprus (81%), Belarus (76%), Russia and Romania (65% each) were more motivated to build great wealth.

Of secondary importance was the **motivation to earn a living because jobs are scarce**. In this case, the answers (**53% of answers**) are closest to those obtained for high-income countries and European countries (58%). At the same time, the result is 9 pp lower than in 2020. The level of determination to earn a living is relatively low among young Polish entrepreneurs (34th position in the ranking), which would confirm the relatively good situation on the Polish labour market, better than in most of the countries participating in the survey, including those considered more economically developed, like Ireland (56%), Italy (63%), the United Kingdom (64%), and Canada (71%).

Table 2.5. 2021 motivations to start and run a business in Europe
(% Total early-stage Entrepreneurial Activity – TEA)*

Country	to make a difference in the world	to build great wealth or obtain a high income	to continue a family tradition	to earn a living because jobs are scarce
Belarus	25.5	76.2	15.1	71.5
Croatia	38.7	51.3	28.5	65.7
Cyprus	32.2	81.2	13.7	72.8
Finland	40.1	33.4	24.3	47.9
France	25.8	39.2	22.9	51.2
Germany	39.4	43.7	24.2	40.9
Greece	29.9	50.4	39.7	63.2
Hungary	61.7	32.5	20.9	66.8
Ireland	57.8	59.0	29.1	56.0
Italy	21.5	53.4	22.8	61.4
Latvia	36.9	37.1	24.2	65.3
Luxembourg	56.9	38.6	27.7	32.9
Netherlands	52.7	41.8	24.5	44.1
Norway	39.2	37.4	22.9	26.5
Poland	16.0	62.5	12.5	53.4
Romania	65.9	64.9	31.1	75.0
Russia	27.6	65.3	20.8	68.9
Slovakia	18.7	22.1	25.8	89.8
Slovenia	61.8	42.6	27.4	63.8
Spain	43.2	38.1	19.7	72.4
Sweden	45.3	54.9	20.6	28.0
Switzerland	57.9	51.5	14.1	46.8
Turkey	34.3	39.9	41.7	54.9
United Kingdom	52.9	55.2	21.7	63.8

*The answers do not add up to 100%, each motivation was evaluated on a five-point scale.

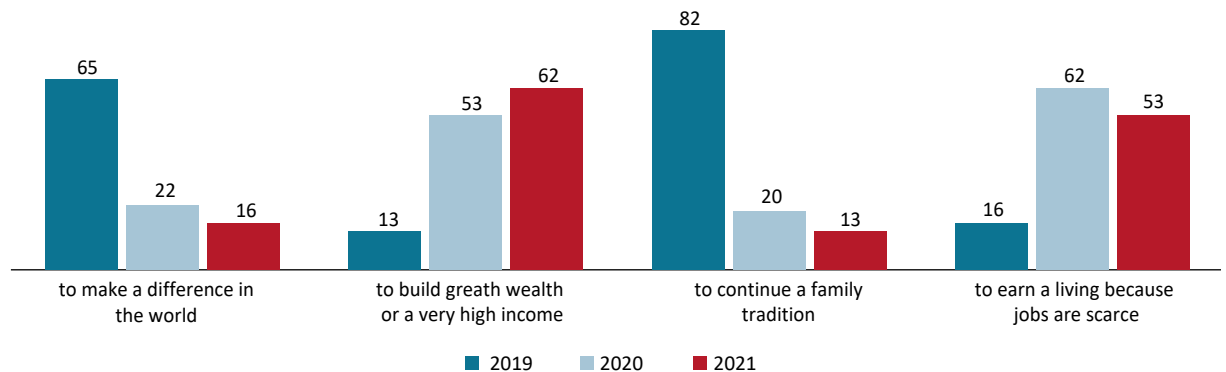
Source: own study based on GEM data.

Like in 2020, **Poland differs from the other analysed countries regarding the desire of making a difference in the world as a motivation for starting and running a business, and the difference is disturbing: the percentage of those stating this motivation fell year-on-year by a further 6 pp (from 22 to 16%)** and is again lowest among all the European countries surveyed and third from the bottom in the overall ranking (47), ahead of Kazakhstan and South Korea. The gap between Poland and the European leader Slovenia (62% in 2021) increased by another 6 pp (from 36 in 2020 to 42 pp). The difference between Poland and the ranking's leader: South Africa (81%) is 65 pp. The figure for Poland is even more surprising given that in 2019, with the percentage of those choosing this answer standing at 65%, Poland was on the first position among the European countries that took part in the survey at the time. Back then, it was Italy that recorded the lowest score of 11% (in 2021 – 22%). Despite many countries' difficult economic situation, the desire to make a difference in the world increased. Only Poland witnessed a sharp decline.

The desire to continue a family tradition was mentioned by only one in eight Polish respondents (12.5%), which was also the lowest figure in Europe and third from the bottom in the overall ranking, again ahead of South Korea (4%) and Kazakhstan (9%). The difference between Poland and the ranking's higher figure was nearly 62 pp, and between Poland and the European leader: 27 pp.

The comparison of the pre-pandemic (2019) figures with the 2020 and 2021 figures shows how radically COVID-19 changed the situation in Poland. Young Polish entrepreneurs, who in 2019 demonstrated above-average idealism compared to the other countries in the ranking: they primarily wanted to make a difference in the world and continue family traditions (65% and 82% respectively) and treated making a living and obtaining a high income almost marginally (16% and 13% respectively) – turned to more rational premises in the era of the pandemic crisis (2020 and 2021) (Figure 2.11).

Figure 2.11. Changes in motivation to start and run a business in Poland in 2019–2021
(% Total early-stage Entrepreneurial Activity – TEA)



Source: own study based on GEM data.

In 2021, the percentage of those who decided to start a business because of the desire to make a difference in the world and continue family traditions fell again year-on-year, but not as drastically as in 2020. In contrast, the percentage of those wishing to build wealth increased, which may be indicative of a greater ability to spot an opportunity than before. The percentage of those for whom there were too few offers on the labour market was still high, but lower than that of Europe and the high-income countries, which in turn may reflect the level of assistance that entrepreneurs received from the state in connection with the pandemic crisis.

2.5. Young enterprises' aspirations to grow through job creation

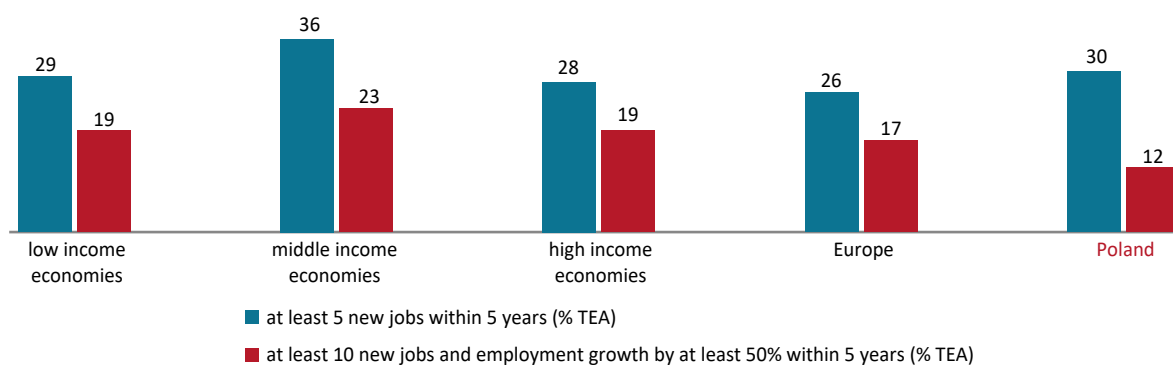
Like in the previous editions of the GEM Poland Report, in this edition we also include data on planned creation of new jobs: in enterprises at the stage of organising their business, and those that have been operating on the market for up to 3.5 years. The two GEM indicators used for this purpose are:

- **entrepreneurs with medium aspirations** – young entrepreneurs who during the study declared they intend to create at least 5 new jobs over the next 5 years i.e., by 2025,
- **entrepreneurs with high aspirations** – young entrepreneurs who declared they intend to create at least 10 new jobs and increase employment by at least 50% over the next 5 years.

Young enterprises' growth plans

In 2021, the employment aspirations of individuals running young enterprises were similar across the four analysed country categories. On average, around 30% declared that they would create at least five jobs within five years (in the middle-income group, up to 36%), and around 20% declared that they would create at least 10 jobs and increase employment by at least 50% during that period. The figures for Poland are similar regarding the percentage of enterprises with medium aspirations, and slightly lower regarding the percentage of those with high aspirations.

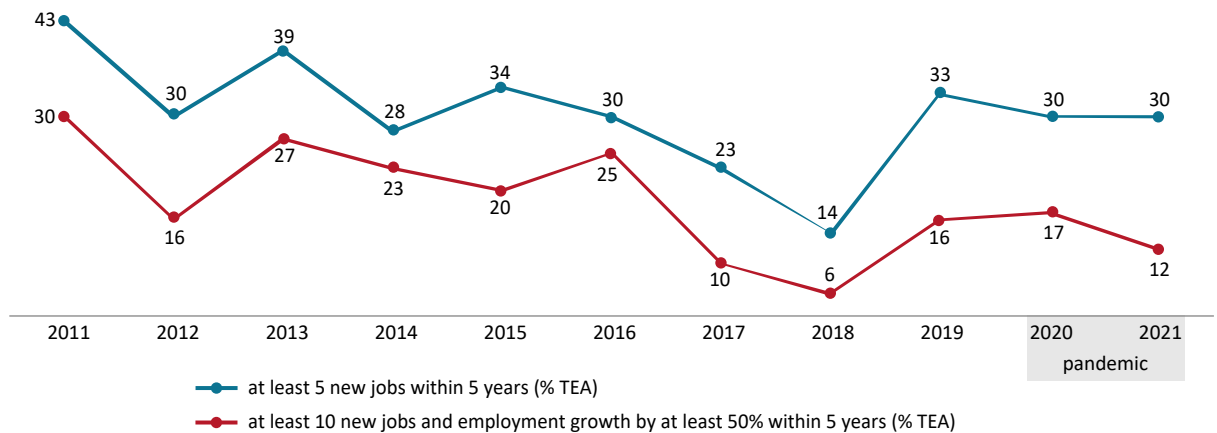
Figure 2.12. Young Polish enterprises' aspirations to grow through employment compared to the average of the surveyed European countries and categories of economies by income level in 2021 (% of Total early-stage Entrepreneurial Activity – TEA)



Source: own study based on GEM data.

On the one hand, over the last 11 years, a decline in young enterprises' employment aspirations has been observed, deeper for more ambitious plans (the percentage of enterprises planning to employ 5 people has dropped by 13 pp, and the percentage of those planning to employ 10 people and increase employment by half has dropped by 18 pp). On the other hand, the pandemic does not appear to have had a strong negative impact because, according to the 2021 data, the share of enterprises with medium aspirations is close to 2019 levels, while the percentage of those with bolder plans has dropped by 4 pp y/y, which is not a significant change compared to 2018.

Figure 2.13. Aspiration to grow through employment among individuals running young enterprises in Poland, 2011–2021 (% of Total early-stage Entrepreneurial Activity – TEA)



Source: own study based on GEM data.

2.6. Internationalisation

The GEM also analyses international orientation of young enterprises (TEA). This is done using an indicator measuring the share of revenue generated from customers outside the countries' economies in entrepreneurs' annual revenues. Depending on the size of the share, four groups of entrepreneurs can be identified:

- **those operating solely locally/national scope:** enterprises that record no revenue from international clients (non-exporters);
- **beginner exporters:** enterprises with revenue from international clients at a level of up to 25% of annual revenue (small-scale exporters),
- **moderate exporters:** enterprises with revenue from international clients at a level of 26–75% of annual revenue (medium-scale exporters),
- **experienced exporters:** enterprises with revenue from international clients at a level of 76–100% of annual revenue (advanced exporters).

When analysing the level of young enterprises' internationalisation, one should bear in mind the nature of these entities, namely, that these are two categories of individuals involved in the business process: those at the stage of organising their future businesses, and those at the initial stage of running their businesses, i.e., new enterprises (present on the market for a period of between 3 months and 3.5 years).

For entrepreneurs who have been running a business for a relatively short time, the decision to present their offer abroad can be difficult, particularly because the Polish market is very receptive. It requires efforts that include identifying the specific features of the new market, expectations of potential consumers, legal and cultural conditions, as well as learning a foreign language. Entering foreign markets also means greater uncertainty but, above all, higher expenses, while young enterprises are frequently nascent entities, which do not pay remuneration, or have been doing so for under three months. Therefore, it can be assumed that a sizeable proportion do not generate revenue.

It seems that despite such obvious considerations as the period of an entity's operation on the market that determines the level of internationalisation, the entity's business environment is no less important. The existing figures from the GEM survey indicate that the level of enterprises' internationalisation will increase with the advancement towards further stages of economic development²³, which guarantees better accessibility of quality education, modern tools for communication and information gathering, and the presence of institutions and other market stakeholders specialising in supporting entrepreneurs characterized by international orientation. An analysis of the correlation between the level of the particular countries' per capita income and export activity confirms that lower per capita income is accompanied by enterprises' greater concentration on the domestic market, meaning that higher income favours both beginner, moderate, and experienced exporters²⁴.

In 2021, the percentage of young enterprises operating only locally was highest (92.3%) in low-income countries and lower in countries with moderate and highest income levels: 85.3% and 73.0% respectively. Also visible is a positive correlation between a country's income and the percentage of exporters, from beginner to experienced.

In all categories of countries, beginner exporters are most numerous. A similar trend is also present in Europe and Poland (Table 2.6).

²³ Cf. GEM Poland 2021 Report.

²⁴ Pearson correlation=-0.547**, N=24. **Correlation significant at the 0.01 level.

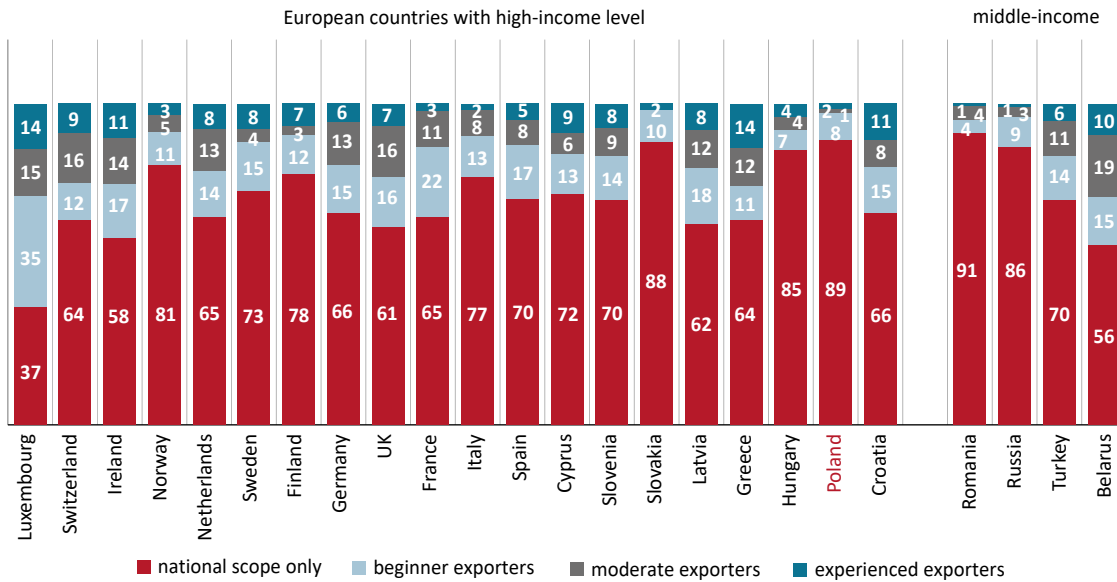
Tabela 2.6. Intensity of export activities of young entrepreneurs in Poland compared to the average for the European countries surveyed and categories of economies with different income levels, 2021 (% Total early-stage Entrepreneurial Activity – TEA)

Country/countries (average)	National scope only 0% revenue from customers outside their own economy	Beginner exporters up to 25% revenue from customers outside their own economy	Moderate exporters 26-75% revenue from customers outside their own economy	Experienced exporters 76-100% revenue from customers outside their own economy
low income economies	92.3	3.5	3.1	1.1
middle income economies	85.3	6.3	4.9	3.5
high income economies	73.0	12.8	8.4	5.8
Europe	70.5	13.9	9.1	6.5
Poland	88.8	8.1	1.3	1.9

Source: own study based on GEM data.

In 2021, the percentage of young enterprises operating exclusively in Poland was lower compared to the previous survey (88.8% vs 97.9%), but Poland still ranked last among the high-income European countries surveyed. The percentage of Polish enterprises operating solely on the domestic market is similar to those of Russia and Romania i.e., countries classified as less economically developed – with middle-income levels.

Figure 2.14. Young entrepreneurs export activity in the surveyed European countries, 2021 (% Total early-stage Entrepreneurial Activity – TEA)



Source: own study based on data from GEM and The World Bank <https://databank.worldbank.org/source/world-development-indicators>. High-income countries ranked by highest (Luxembourg) to lowest (Croatia) per capita GDP, 2020.

The European leader of young enterprises’ internationalisation is Luxembourg, with only 37% of young enterprises focused on the domestic market, 35% beginner exporters, and almost 30% moderate and experienced exporters. Most likely, the small size of Luxembourg’s internal market drives international thinking in most decision-making processes. This feature, combined with the presence of a workforce comprising dozens of nationalities, makes Luxembourg one of the most open economies in the world²⁵.

In relation to the European countries covered by the study, Poland is doing worse in each of the listed enterprise groups. **As many as 88.8% of young Polish enterprises operate exclusively on the domestic market, with beginner exporters accounting for 8.1%, moderate exporters – 1.3%, and experienced exporters – 1.9%.**

²⁵ <https://luxembourg.public.lu/dam-assets/publications/economie-du-luxembourg/economy-luxembourg-pe.pdf>

Table 2.7. Intensity of young Polish entrepreneurs' export activity in 2015–2021
(% Total early-stage Entrepreneurial Activity – TEA)

Year	National scope only 0% revenue from customers outside their own economy	Beginner exporters up to 25% revenue from customers outside their own economy	Moderate exporters 26–75% revenue from customers outside their own economy	Experienced exporters 76–100% revenue from customers outside their own economy
2015	59.8	29.7	7.6	2.9
2016	43.7	42.5	6.3	7.5
2017	63.0	31.6	3.7	1.7
2018	82.9	14.1	1.5	1.5
2019	90.9	5.5	2.9	0.7
2020	97.9	0.8	0.4	0.8
2021	88.8	8.1	1.3	1.9

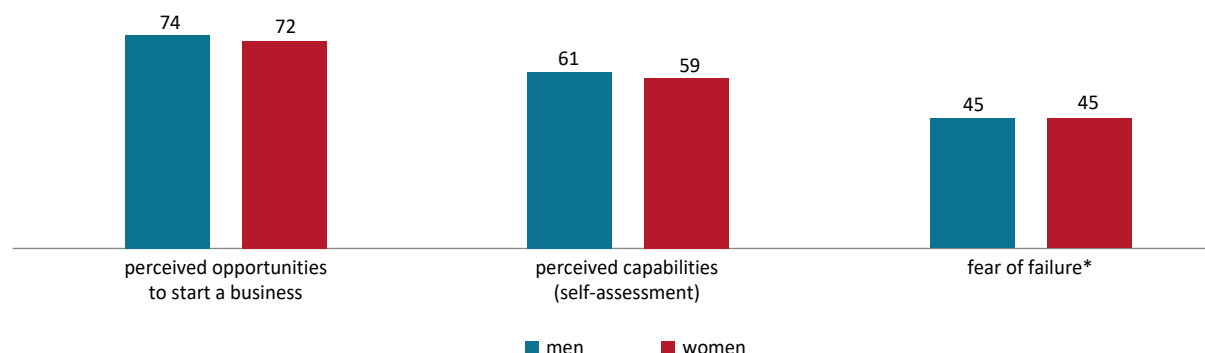
Source: own study based on GEM data.

When the values of the 2021 indicators are compared with those from the previous edition (Table 2.7), it is visible that the percentage of young Polish entrepreneurs operating only on the domestic market has decreased by 9 pp, which means that the remaining group of entities – more than 11% – operates at least minimally on foreign markets. The share among beginner exporters (8.1% vs 0.8%), moderate exporters (1.3% vs 0.4%), and experienced exporters (1.9% vs 0.8%) has increased. Despite the improvement in indicators against 2020 and even 2019, the data presented above shows that young Polish enterprises remain poorly internationalised.

2.7. Entrepreneurial activity of men and women

In 2021, entrepreneurial attitudes of Polish women and men changed compared to the previous year and were again close to those observed before the pandemic. Compared to 2020, more women and men noticed business opportunities in their surroundings; among women, the percentage grew by 22 pp, to 72%, and among men – by 21 pp, to 74%. Poles' assessment of their ability to run an enterprise also changed, though only slightly, down by 7 pp for men and up by 8 pp for women. Thus, women and men's self-assessment levels were almost equal (62% vs 59%), as was the case before the 2019 pandemic.

Figure 2.15. Entrepreneurial attitudes among women and men in Poland in 2021
(% adult men/women)



Source: own study based on GEM data; *see footnote 26.

Although more Poles noticed business opportunities in their surroundings, almost a half of each gender group feared failure²⁶. Compared to 2020, the share of men who expressed this concern slightly increased: by 7 pp, to 45%, while among women the share remained virtually unchanged.

In the latest wave of the GEM survey, Polish women and men were significantly more likely than the average European population to rate the conditions for starting a business in their environment positively (a difference of almost 21 pp for men, and 25 pp for women).

It is worth noting that the share of Polish adults convinced that the conditions for starting a business would be favourable in the next 6 months was also higher than the averages for all the three income groups surveyed. In 2021, Polish women and men were more likely to perceive their entrepreneurial skills as slightly better than the European average, with women having a higher opinion of their skills than men (a difference of 15.9 pp above the European average for women vs 4.0 pp for men). With a difference of almost 6.5 pp compared to the figure for Europe, Polish women were also less afraid of business failure than the average European women. On the other hand, the percentage of Polish men who feared business failure was around the European average.

²⁶ The value of the indicator refers to the population of women/men aged 18–64. Its 2021 value for the entire adult population in Poland was 45%. This is a different measure of fear of failure than the one used in Chapter 2.2, where the percentage of adults who notice opportunities for starting a business but choose not to do so for fear of failure was used: its 2021 value was 44%.

Table 2.8. Entrepreneurial attitudes of Polish women and men compared to the average for the analysed European countries and categories of economies by income level in 2021 (% adult men/women)

Attitude	low income economies	middle income economies	high income economies	Europe	Poland
Perceived opportunities to start a business					
– men	63	50	59	53	74
– women	61	47	53	47	72
Perceived capabilities (self-assessment)					
– men	80	67	61	57	61
– women	67	58	46	43	59
Fear of failure*					
– men	42	41	44	44	45
– women	44	45	49	51	45

Source: own study based on GEM data; *see footnote 26.

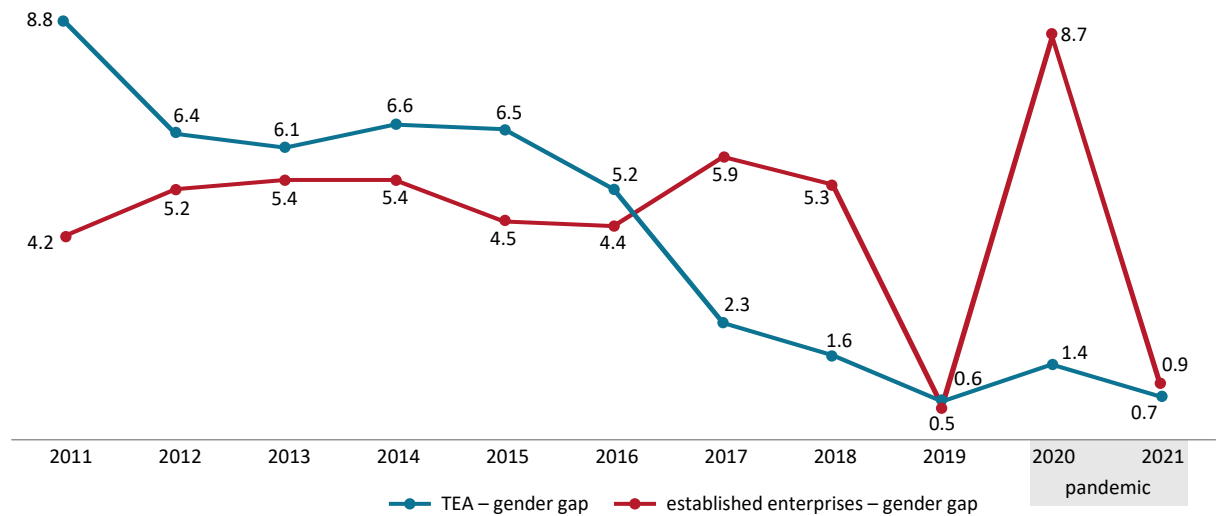
In 2021, the share of individuals running young enterprises among Polish adult women and men decreased compared to the previous year: in both groups, but more so in the latter – to 1.7% among women and 2.4% among men. There was also a decline among individuals running enterprises for over 3.5 years, but only among men: by approximately 5 pp. As a result, in 2021, 11.5% of Polish men and 10.6% of Polish women were running established enterprises. After a decline in entrepreneurial activity among women compared to men, observed in last year’s survey, this year the levels are similar again, though the effect is more pronounced among established than among young enterprises.

Tabela 2.9. 2011–2021 levels of entrepreneurial activity among women and men
(% individuals running young/established enterprises among women/men aged 18–64)

Share of individuals running young and established enterprises	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Young enterprises (TEA)											
– men	13.1	12.6	12.3	12.5	12.5	13.3	10.0	6.0	5.7	3.8	2.4
– women	5.1	6.2	6.2	5.9	6.0	8.1	7.7	4.5	5.1	2.4	1.7
Established enterprises											
– men	7.1	8.5	9.2	10.0	8.2	9.3	12.7	15.7	13.0	16.6	11.5
– women	2.9	3.2	3.8	4.6	3.7	4.9	6.8	10.4	12.5	7.9	10.6

Source: own study based on GEM data.

The changes described above have again translated into a narrowing of the gender gap in Poland (disparity between the percentage of men running businesses among men and the percentage of women running businesses among women). For young enterprises (TEA), it was 0.7% and returned to the level recorded in the last wave of the survey before the COVID-19 pandemic. Similarly, for established enterprises, the value reached 0.9% in 2021, significantly less than the year before, and also returned to the level recorded two years before. On the one hand, this figure may be the result of an increase in the percentage of Polish women running established enterprises (which, in addition to companies that were still young in the previous years reaching later stages of development, may be the result of female entrepreneurs returning to the activities suspended in 2020). However, among established enterprises, the narrowing of the gap to a greater extent appears to be the result of a decline in the number of men running such enterprises.

Figure 2.16. Gender gap for TEA and established enterprises in Poland in 2011–2021 (%)

Source: own study based on GEM data.

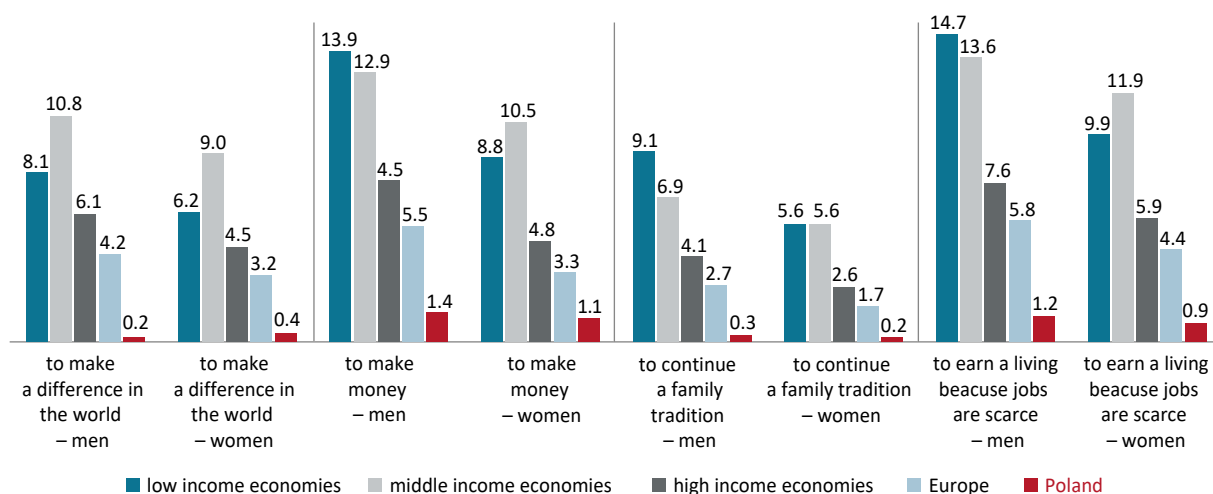
Women and men’s motivations to start a business

In 2021, across all country categories, regardless of income level, the motivation mentioned most frequently by both women and men running young enterprises was financial motivation (the desire to earn a living or the desire to build great wealth and earn a high income). In contrast, the desire to continue family traditions and the desire to make a difference in the world were mentioned less frequently. Entrepreneurs’ gender does not affect the mentioned motivations as both women and men from the different country categories mentioned the particular reasons for starting a new enterprise with similar frequency.

A similar response structure is also visible in Europe and Poland, with financial motivations surpassing the desire to make a difference in the world and the desire to continue family traditions. Interestingly, in Poland, in the context of financial motivation, more owners of young enterprises, of both genders, said that they had been motivated to start a business by the desire to build great wealth than by wanting to earn a living. In contrast, the other reasons: making a difference in the world and continuing a family tradition were mentioned much less frequently.

It is worth noting that in the group of low-income countries the particular motivations were mentioned more often than in middle- and high-income countries (the exception being the desire to make a difference in the world, where the figures are the same for all three groups). These figures indicate that, besides those defined in the GEM survey, there are other motivations that drive people to start new enterprises.

Figure 2.17. Women and men's 2021 motivations for starting enterprises
(% women/men running young enterprises in the population of women/men)



Source: own study based on GEM data.

To summarize the 2021 figures, it can be said that even though differences between men and women's entrepreneurial attitudes and activity were observed in the previous wave, the current figures show the gender gap is closing again. Above all, it has narrowed for both established enterprises and TEAs. However, this is the result not so much of an increase in women's entrepreneurial activity but rather a decrease in that of men. Both groups rated their entrepreneurial skills similarly, and experienced similar fear of failure. Compared to 2020, in the last wave of the survey, once again more Polish men and women were more likely to spot business opportunities in their surroundings.

Women and men do not differ in their motivations for starting a business, with financial motivations being more important, though it is worth noting that for women who run young enterprises, more often than for men, the reason for starting a business is the desire to build great wealth, not just earn a living.

2.8. Intrapreneurship

Individual entrepreneurship is only one of the forms of generating new business ventures. For several decades, intrapreneurship, also referred to as organisational or corporate entrepreneurship, has been observed in practice and described in literature as well as being of interest for the GEM research project. It consists in starting new undertakings for an employer, rather than on one's own. Intrapreneurship is a method of managing enterprises based on the entrepreneurial initiative of employees, and can provide a competitive advantage particularly in sectors with intense competition and strong change dynamics. The approach adopted by GEM tries to appreciate intrapreneurship and show it as a constituent of a more general phenomenon i.e., entrepreneurship. Moreover, it points to the fact that in certain countries it is a more effective form of entrepreneurship, more likely to contribute to social and economic development. GEM studies on intrapreneurship are divided into two sections: **intrapreneurial activity now and in the past 3 years**, and **the proportion of active intrapreneurs among the adult population and among employees**. This results in 4 intrapreneurial activity indicators.

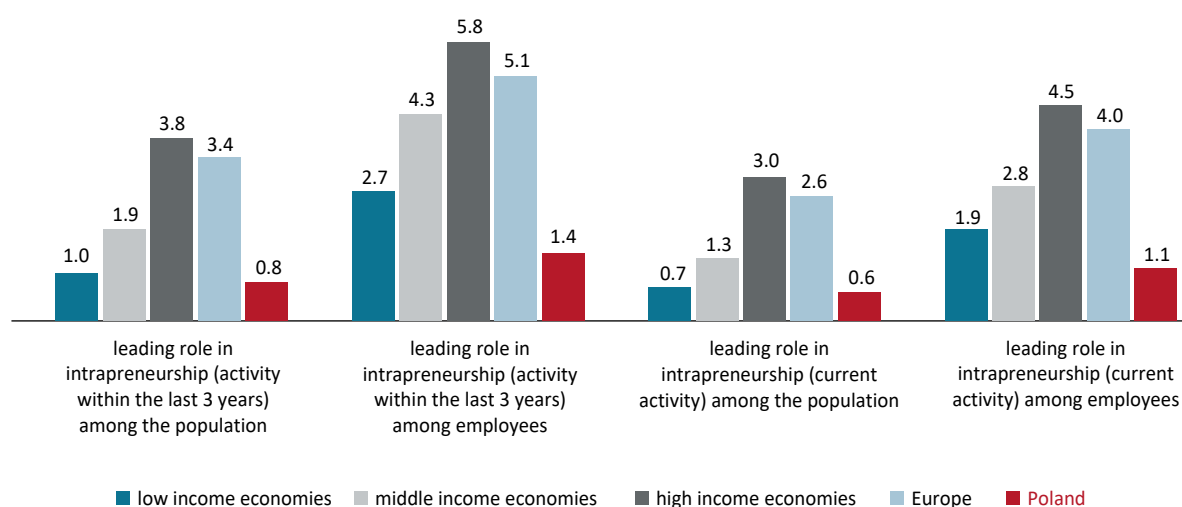
Figure 2.18 shows their average values for the three groups of countries by income, the averages for European countries, and the figures for Poland. A certain methodological limitation of the GEM study should be borne in mind i.e., that participation in the project is voluntary, which means that the presented values do not include all countries from a particular category, but only those that took part. In 2021, results were available for 47 countries. The group also includes five low-income economies (Egypt, India, Iran, Morocco and, Sudan). As regards the second group, eleven countries took part in the survey (Russia, South Africa, Romania, Brazil, Colombia, Turkey, Belarus, Guatemala, Panama, Kazakhstan, and the Dominican Republic). The group of high-income economies comprised 31 countries. Since different countries take part in the survey in different years, the year-to-year results cannot be compared between groups in a fully reliable manner.

As described in the theory of entrepreneurship, intrapreneurship increases with economic development. Therefore, it derives from the higher number of large enterprises in more developed countries. Developed enterprises are also more technologically advanced, more likely to invest in innovation, and have the resources to unlock the entrepreneurial potential of their employees. Competition is also more intense in more developed countries, while the methods that the less developed countries use to compete cannot

be applied. Intrapreneurship is an effective method of competing in countries which have achieved the highest level of technological and economic development. Along with economic development, individual entrepreneurship seems to 'convert' to organisational entrepreneurship, which is a more desirable solution, for instance from the perspective of labour law, and may also be a more effective catalyst for innovation. In more developed countries, people often look for permanent jobs with a contract of employment, which provides protection of employee rights. Besides, development of undertakings within the existing corporations may be more effective thanks to the faster and greater availability of resources.

Entrepreneurial employees' pursuit of achieving their potential should not be forgotten either. However, in highly developed countries, where large enterprises attract most innovative employees, people tend to seek ways to conduct quasi-entrepreneurial activity of highly independent and innovative nature as part of their employment. With this in mind, corporations in developed countries have created effective mechanisms to trigger entrepreneurship among their employees. A good example is Ireland, home to the European headquarters of internet corporations, where intrapreneurship indicators are very high.

Figure 2.18. Percentage of the population/employees involved in organisational entrepreneurship in the last 3 years and now in selected groups of countries and in Poland



Source: own study based on GEM data.

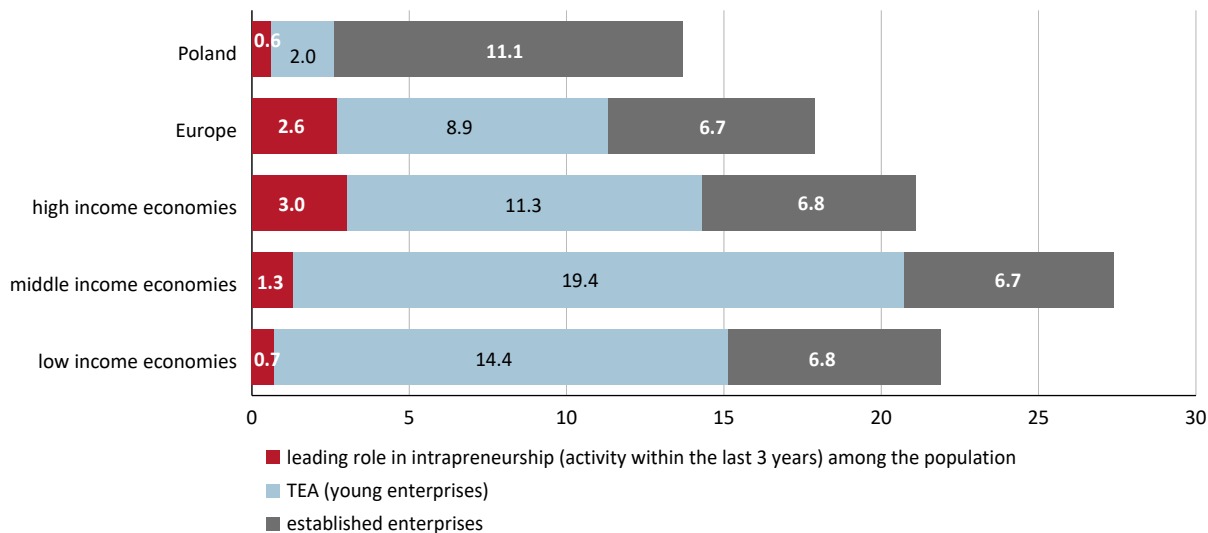
The 2021 GEM results confirm these trends. The lowest level of intrapreneurship is observed in economies oriented towards production factors, where less than 3% of employees are involved in the process; the figure increases by 50% in efficiency-driven economies, to then grow 2-fold in innovation-driven economies (compared to the first group). In 2021, the intrapreneurship gap between the three groups of countries narrowed, but it is important to remember that these figures depend on the composition of the survey's sample, which changed significantly between 2020 and 2021, particularly in the first and second income groups.

The results for European countries are similar to those for the third group. In this context, it should be borne in mind that most European countries are high-income. Such countries also tend to be overrepresented in GEM surveys, as they receive funds for conducting surveys of this kind. In 2021, 24 European countries participated in the GEM survey, including four middle-income economies (Russia, Belarus, Romania, Turkey), and 20 wealthiest economies.

Intrapreneurship indicators for Poland are at the first group's level. Still, compared to other European economies, the level of intrapreneurship in Poland is significantly low, similar to that of Cyprus and higher than that of Slovakia. The countries with highest intrapreneurship levels are United Arab Emirates, Switzerland, and Qatar. Slightly lower results are achieved by the United States, Canada, Finland, and Israel, which are usually among intrapreneurship leaders, but the COVID-19 pandemic's impact on the results must be considered.

Over the last 3 years, only one in seventy employees was involved in organisational entrepreneurship in Poland. The low levels of intrapreneurship may be associated with higher indicators of individual entrepreneurship, particularly as regards the owner-managers of established enterprises: organisational entrepreneurship is frequently seen as an alternative to individual entrepreneurship. Aggregated data on intrapreneurship and individual entrepreneurship in the three groups of countries, as well as Europe and Poland, are presented below.

Figure 2.19. Intrapreneurship and individual entrepreneurship in the three categories of economies, Europe, and Poland, 2021



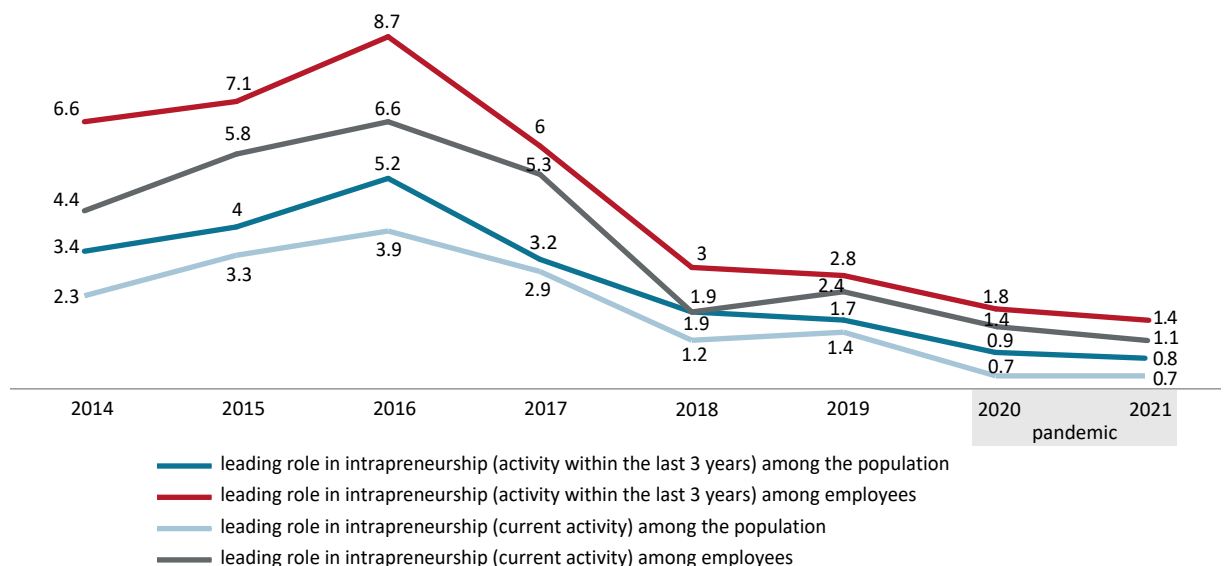
Source: own study based on GEM data.

Unlike in the case of intrapreneurship, the intensity of individual entrepreneurship does not increase with economic development. The level of early-stage entrepreneurship (TEA) i.e., young enterprises is highest in middle-income countries (19.4%), while being slightly lower in low- (14.4%) and high-income countries (11.3%). However, the proportion of residents owning established enterprises does not change with economic development. The actual results may be slightly lower due to the fact that there is a group of entrepreneurs who are classified under both groups: as early entrepreneurs (young enterprises), and owners of established enterprises.

Lower level of individual entrepreneurship is compensated for by increased organisational entrepreneurship. The aggregate indicator for the three types of entrepreneurship is around 22% in low-income countries, 28% in middle-income countries, and 21% in countries with highest income levels. Interestingly, Europe scores lower than high-income countries, but it should be borne in mind that highly entrepreneurial countries with a high level of income can be found outside Europe, e.g., the United States, Canada, and Chile. The aggregate indicators for Poland are slightly below the European average, mainly due to the high percentage of established enterprises.

The aggregate entrepreneurship indicator (14%) decreased for Poland compared to 2020 (16%). In 2015, it was 19%; it grew to 23% in 2016, to then fall to 21.6% in 2017, and ultimately drop to 19.4% in 2018 and remain at a similar level the following year (19.6%). It should also be pointed out that the structure of this aggregate is changing in favour of individual entrepreneurship, which is additionally becoming increasingly dominated by established enterprises (over 3.5 years of activity). This confirms stabilisation of the economy and transformation of a large part of new companies into established. To some extent, also the COVID-19 pandemic appears to have contributed to petrification of the situation. Government support allowed a significant group of established enterprises to survive and ‘keep’ their place on the market, which, in a sense, blocked the emergence of new enterprises. The existing businesses are also achieving satisfactory financial results and therefore dominate on the market, including the labour market. On the one hand, a situation like that is beneficial, but on the other it can pose a risk. It leads to market stabilisation and achievement of a stable customer and supplier base, thus mitigating the negative impact of shocks, like the pandemic. On the other hand, if the business structure is not renewed, the economy’s innovation may be negatively affected in the future. This could be confirmed by the fact that 44% of Polish employees said that the pandemic had created opportunities for the enterprises they work for. Figure 2.20 shows the evolution of intrapreneurship in Poland between 2014 and 2021.

Figure 2.20. Intrapreneurship in Poland in 2014–2021



Source: own study based on GEM data.

In 2021, Poland's intrapreneurship indicators further declined, with both 'short-term' and 'long-term' indicators affected. To some extent, the decrease can be attributed to the COVID-19 pandemic, as similar decreases were observed in other countries, although not as significant. Another potentially important factor is the rather low level of hybrid entrepreneurship in Poland. **Hybrid entrepreneurship is a term used to describe a situation where a person operates a business while also working for another employer.** In certain cases, this is a good way to start a business as risk is mitigated. However, if the business generates more income, entrepreneurs often decide to leave their jobs and focus on the business. If this situation happens on a larger scale, it may cause intrapreneurship indicators to decline, as organisational entrepreneurs are often people with general entrepreneurial capabilities, who combine running their own businesses with being employed by others. The phenomenon of shifting the burden to individual enterprises may have further intensified during the pandemic and the related restrictions on economic activity, as entrepreneurs were forced to use their personal resources to save their enterprises. Remote work can also be a factor limiting intrapreneurship because it often relies on maintaining current operations, and limits the possibility of new ventures within enterprises, especially if they require social capital.

2.9. Attitudes of enterprises towards sustainability and social responsibility

The growing importance of sustainability and corporate social responsibility issues prompted the authors of the GEM survey to bring up this topic in the 2021 edition.

Irrespective of the level of income, in all analysed groups of countries, on average over 70% of those who have been running young enterprises for up to 3.5 years declared that they always consider their social and environmental impact when making business decisions. **Poland's result is higher than the European average and the other country groups' averages, and is respectively 87% for young entrepreneurs taking their social impact into account and 85% for those taking their environmental impact into account (Europe: 73% and 74% respectively).** It is worth noting that, as regards considering social aspects, Poland ranked first in Europe and ninth in the world. Globally, the United Arab Emirates scored highest (93%), while Norway scored lowest (41%). Poland also ranks high when it comes to

considering environmental issues in business decisions: fourth in Europe and fourteenth in the world. Guatemala (93%) and Slovenia (92%) are the ranking's leaders, while Israel (49%), Kazakhstan, and Norway (50% each) rank lowest.

However, it seems that, according to entrepreneurs, taking the sustainability into consideration must not conflict with company's growth. This is evidenced by the lower number of young enterprise owners declaring that they prioritise the social/environmental impact of their business ventures over their profitability and growth. At this point, it is worth noting that in the case of countries with lower income levels individuals running young enterprises are more likely to make such declarations. Poland's result is lowest in comparison to those of the countries from the three groups and countries of Europe: only **30% of Poles running young businesses prioritise socio-environmental goals over the growth or profitability of their companies**. It is also the second lowest result among the European and other countries surveyed, with only Norway (27%) recording a lower score. Based on the declarations, highest result belongs to Guatemala (87%) and among European countries, Slovenia (77%).

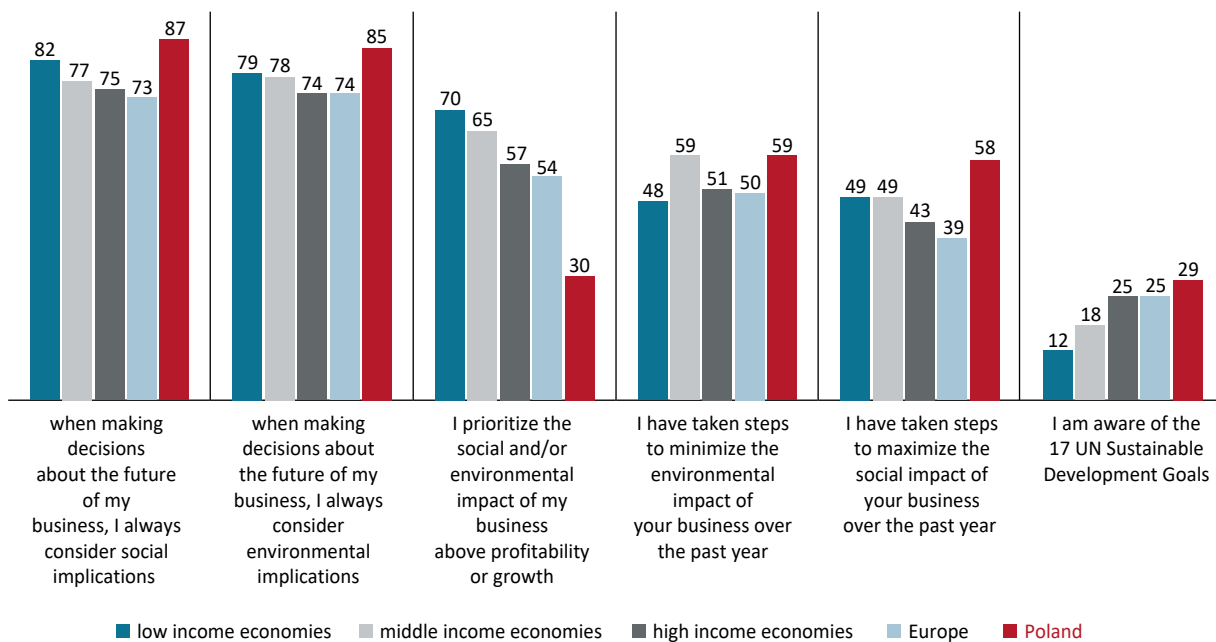
By itself, taking an enterprise's social and environmental impact into consideration does not always translate into concrete actions of its owners, though it often does. Across all income groups, and in Europe, an average of between 39% and 59% of individuals running young enterprises said that in the year preceding the survey (note: this was the first year of the pandemic worldwide) took action to reduce the environmental impact of the enterprise or maximise its social impact. **Polish entrepreneurs chose to do so slightly more often than entrepreneurs from the other groups of countries and countries of Europe (middle-income countries' environmental impact reduction being an exception, with a result at the same level as that of Poland).**

One of the questions asked in the GEM survey refers to the awareness of the 17 UN Sustainable Development Goals (SDGs). As it turns out, this topic is less familiar to entrepreneurs running young business ventures. **In Poland, 30% of young enterprise owners declare that they are aware of the SDGs**, which is the highest result compared to the averages for the analysed groups of countries of the world and countries of Europe²⁷. Awareness of the topic increases with the country's income only to a certain extent.

²⁷ Optional question in 2021, not answered by: Saudi Arabia, Brazil, Finland, Guatemala, the Netherlands, Iran, Ireland, Israel, Japan, Luxembourg, Germany, Oman, Panama, Russia, Sweden, the United Kingdom.

The highest result among all the countries surveyed is that of Italy (43%), followed by the United Arab Emirates (33%), while Morocco (3%) and Kazakhstan (6%) score lowest. Belarus, Egypt, Chile, Cyprus, Slovakia, and Sudan also rank low (around 11-13%).

Figure 2.21. Social and environmental responsibility in the actions and beliefs of individuals running **young enterprises** (% TEA)

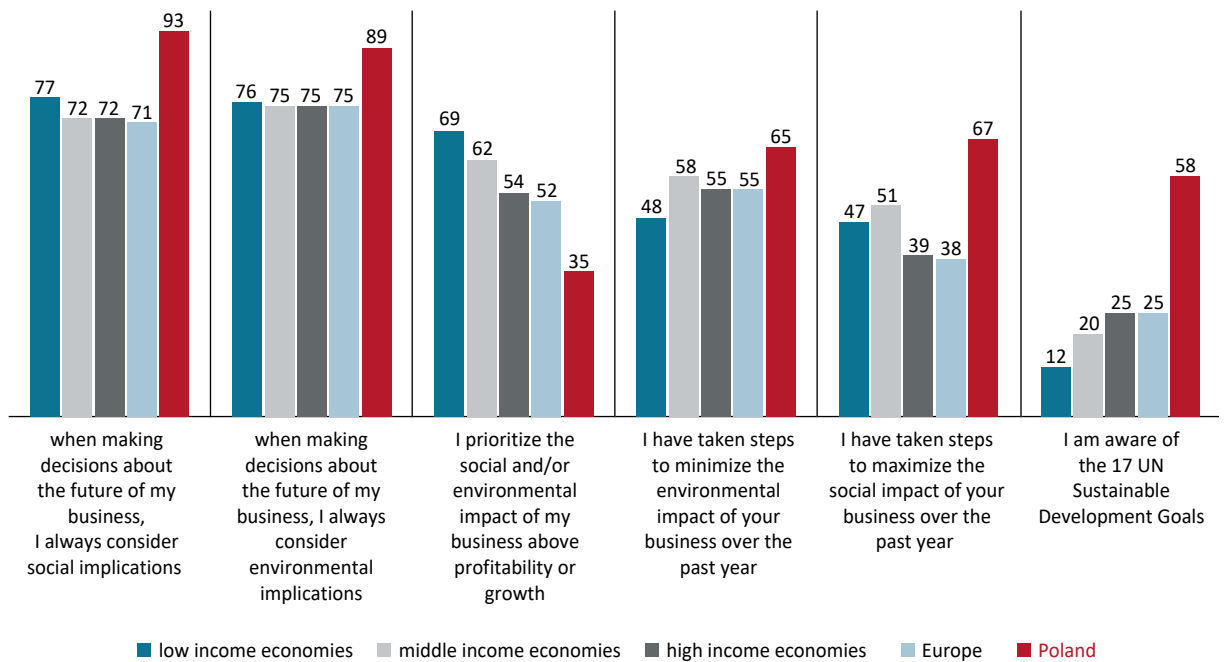


Source: own study based on GEM data,* data covers a smaller number of countries.

Manifestations of social responsibility of individuals running established enterprises (operating on the market for over 3.5 years) are generally similar to those demonstrated by owners of young enterprises. **Regardless of the category of countries analysed, most entrepreneurs answered in the positive i.e., that they do take social and environmental impacts of their businesses into consideration. Fewer prioritise social and environmental responsibility over the growth/profitability of their businesses. Even fewer established enterprise owners increased the social impact of their enterprises or reduced their environmental impact in the past year. The number of those aware of the 17 UN Sustainable Development Goals is lowest among established enterprises owners. In this context, Poland's results are worth noting as they are visibly higher than those of the other country categories, both as regards taking measures to maximise the enterprise's social impact (67% of enterprise owners) and in terms of knowledge about the UN Goals,**

which as many as 58% of entrepreneurs running established enterprises declare to know. Moreover, the percentages for established enterprises are higher than for young enterprises, which may reflect both greater awareness of their impact on the environment and greater capabilities of enterprises with longer market presence.

Figure 2.22. Social and environmental responsibility in the actions and beliefs of individuals running **established enterprises** (% established businesses)



Source: own study based on GEM data,* data covers a smaller number of countries.

The results of the GEM survey indicate that Polish entrepreneurs are aware of the social and environmental impact of their operations. Efforts should be made to ensure that the level of declaration and awareness is more reflected in actions. Nonetheless, in comparison to those of other income groups and in comparison to those of European countries, Poland's results show that these topics are becoming increasingly deeply rooted in Polish entrepreneurs' daily lives.

2.10. Impact of the pandemic on the digitalisation of businesses

Despite its many challenges, the period of the pandemic resulted also in acceleration of the economy's digital transformation, including that of businesses. In 2021, awareness of this phenomenon resulted in adding to the GEM questionnaire a question to be asked of those involved in business activities, at both the early stage (up to 3.5 years), and beyond: *In response to the coronavirus pandemic, is your company using digital technologies to sell products or services?*

As a result of the pandemic, 23% of Polish young enterprises started or increased the use of digital technologies to sell products and services (the pandemic triggered this process in 10% of enterprises). Based on their replies, the remaining businesses were not affected by the pandemic in this scope: **11% of enterprises had been planning implementation of digital technologies before, while 65% responded they could run their businesses without digital technologies.**

Compared to low-, middle- and high-income countries, Polish enterprises were less likely to increase the use of- or use digital technologies in their sales processes during and before the pandemic. At the same time, they were much more likely to believe that digitalisation was not necessary for their business. This can be only partly explained by the level of wealth: wealthiest countries have the lowest percentage of enterprises declaring they have no such need. Other conditions are also relevant, among others, specific nature of the business: in Poland most likely local (as described in Chapter 2.6, on internationalisation), or, perhaps, lack of awareness of the benefits of implementing such technologies, and lack of sufficient knowledge and skills to carry out the process efficiently.

In Europe, an average of 36% of young enterprises started to use or increased their use of digital technologies under the impact of the pandemic, slightly fewer i.e., 29% had been planning to do so earlier, and one in three admitted that they did not need digital technologies to continue their business. At the same time, it is evident that there is considerable variation across the countries. The number of businesses which, according to their declarations, the pandemic forced to invest in digital technologies is highest in Greece (39%), Cyprus, and Italy (35% each), and lowest in Finland (4%) and Sweden (8%) i.e.,

countries that have stayed at the top of the ranking in terms of innovation and technological development for many years. The behaviours of enterprises from European countries are slightly more similar when it comes to the pandemic's impact on increasing their existing plans of implementation of digital solutions (the ranking opens with the United Kingdom with the score of 34%, and closes with Poland with its score of 10%).

Poland's situation looks similar when it comes to including digitalisation in pre-pandemic plans and not using digital technologies due to the lack of business case. When compared to their counterparts from other European countries, young Polish enterprises were least likely to say that digital transformation was part of their earlier plans (Sweden comes first in this area (50%), followed by Latvia (46%), Finland, and Switzerland – 40% each). As far as the proportion of enterprises that do not feel the need to use digital solutions is concerned, it does not inspire optimism and encourages further explorations of the topic in future surveys, as Poland, with the score of 65%, is 14 pp behind Russia and Romania and as much as 52 pp behind the ranking's leader, Luxembourg.

Table 2.10. Entrepreneurs who, in response to the coronavirus pandemic, have or have not adopted/enhanced using digital technologies (DT) to sell products or services (% of young – (TEA) and established enterprises (EB))

Group of economies/ Economy	% TEA Yes, started using	% TEA Yes, enhanced initial plans	% TEA No already planned	% TEA No need, my business can function without DT	% EB Yes, started using	% EB Yes, enhanced initial plans	% EB No already planned	% EB No need, my business can function without DT
low income economies	33	12	19	37	30	8	20	43
middle income economies	24	17	19	41	21	16	21	42
high income economies	23	20	27	30	17	19	29	36
Europe	19	19	29	33	13	18	32	37
Bielarus	12	20	22	46	10	11	31	47
Croatia	23	16	29	32	15	21	33	31
Cyprus	35	19	16	30	39	8	20	33
Finland	4	16	40	40	4	14	41	41
France	19	19	36	27	7	18	35	40
Germany	27	19	30	24	13	22	34	31
Greece	39	20	20	21	14	16	22	49
Hungary	15	13	27	44	11	16	35	38
Ireland	23	33	24	20	18	36	21	26
Italy	35	11	28	25	32	4	34	29
Latvia	11	27	46	16	5	27	37	31
Luxembourg	23	26	38	13	17	28	48	7
Netherlands	16	28	32	24	7	20	47	26
Norway	13	15	27	45	21	19	38	23
Poland	13	10	11	65	6	11	19	64
Romania	21	11	18	51	6	7	23	64
Russia	12	11	26	51	9	12	23	57
Slovakia	11	14	17	58	10	12	12	66
Slovenia	11	15	39	35	7	19	36	38
Spain	27	21	34	17	14	26	35	25
Sweden	8	16	51	25	8	15	49	27
Switzerland	19	21	40	20	23	22	36	19
Turkey	18	19	23	41	13	17	30	40
United Kingdom	22	34	23	21	9	25	29	38

Source: own study based on GEM data.

A comparison of the data for young and established enterprises leads to the conclusion that the impact of the pandemic on digital transformation is similar in both groups, regardless of income level. The only difference can be seen with regard to starting to use digital solutions: established enterprises, i.e., those that have been on the market for at least 3.5 years, were slightly less likely to choose this response than young enterprises. **When it comes to Poland, 6% of established enterprises declared that they had invested in digitalisation because of the pandemic, 11% increased the scope of planned projects, 19% had included the enterprise's digitalisation in their plans prior to the pandemic, and 64% believed that their businesses did not need to implement digital solutions.**

Entrepreneurs were also asked whether **they expected to see increased use of digital technologies in their businesses over the next six months. 20% of young Polish enterprises and only 4% of established enterprises answered in the positive.** These results are lower compared to those of all the country categories by income and Europe.

Table 2.11. Entrepreneurs who expect increased use of digital technologies to sell products or services in the company in the next 6 months (% of young – TEA and established enterprises – EB)

Economy/Economies (average)	% TEA	% EB
low income economies	62	45
middle income economies	59	48
high income economies	49	35
Europe	42	31
Poland	20	4

Source: own study based on GEM data.

The result for established enterprises is particularly thought-provoking: it is lowest among the European countries analysed, where the percentages of established enterprises planning to make greater use of digitalisation are, apart from Poland, double-digit, within the range of 17% (Slovakia) and 57% (Ireland). This is clearly an area that requires further in-depth research

3. Determinants of entrepreneurial development

An important element of the GEM project is the assessment of the operating environment of newly-established and developing enterprises in a given country. The analysis is based on an expert survey of entrepreneurship determinants (National Expert Survey – NES) involving at least 36 experts²⁸ in each of the countries taking part in the GEM study²⁹. The survey comprised 12 areas constituting National Framework Conditions (NFCs) for entrepreneurship development, whose impact on newly-established and developing enterprises was evaluated by the experts. The areas covered by the NES were divided into four blocks representing broader categories of determinants of entrepreneurship development, that is:

1. **Start-up opportunities:** entrepreneurship education and training: at primary, secondary, and university level, and in lifelong learning; ease of entry; access to finance; commercial, professional, and physical infrastructure;
2. **Public policy and support:** public policy priorities regarding entrepreneurship, burdens related to taxes and administrative regulations, state aid and support for enterprises;
3. **Research and development:** research and development, transfer of knowledge and technology;
4. **Social and cultural norms:** systems of values and social norms.

Analysis of the opinions provided by the experts involved in the 2021 NES in the particular countries leads to the conclusion that the conditions for establishing and developing

²⁸ Each area consisted of 3-8 statements on subjects on which the experts were asked to give their opinions, using a scale from 0 to 10, where 0 stood for 'strongly disagree' and 10 for 'strongly agree'. All statements had a positive tone, i.e., said that a given aspect had a positive impact on entrepreneurship in Poland, therefore, the more points a given area received, the better the situation was assessed. Then, averages were calculated for the particular statements based on the answers of all experts. The higher the average, the better the rating of a given aspect. The particular statements were then aggregated into areas, for which averages were also calculated. The analysis used both average results for the particular statements and averages for the particular groups – depending on the context and potential for presenting the problem in an interesting way. The 2020 results for Poland are compared with the results for high-income economies (which also include Poland) and results for the European countries that participated in the survey (2021 – Belarus, Croatia, Cyprus, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Russia, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom).

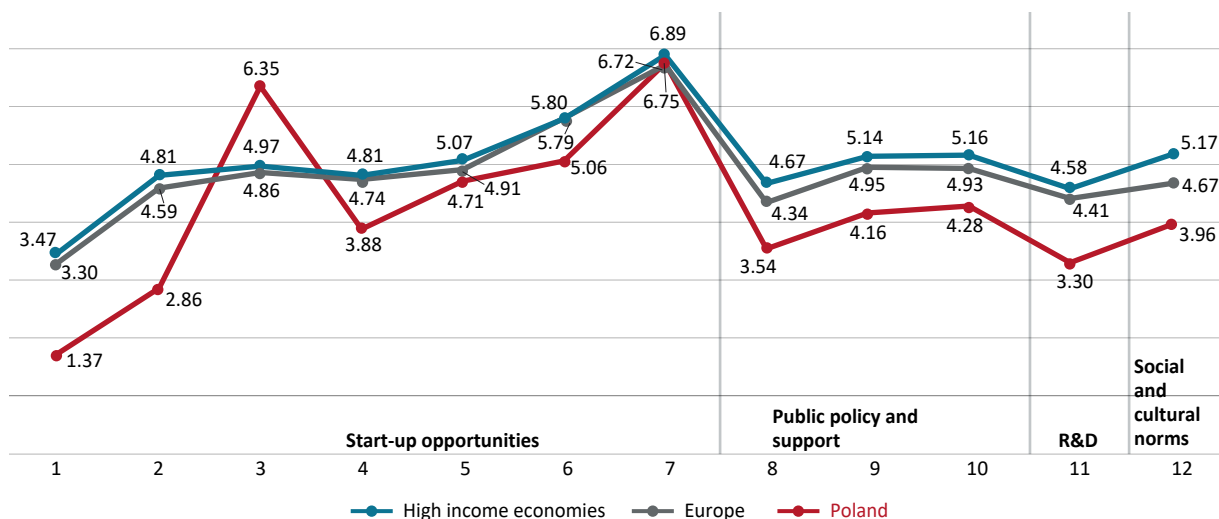
²⁹ The 2021 NES study covered 50 countries worldwide (see Table 1.1 of this Report).

enterprises in Poland were moderate in comparison to those existing in high-income economies³⁰ and European countries (Figure 3.1). Compared to these two groups, Polish experts gave higher rating to only one factor: market dynamics (openness to new enterprises). Another area that scored high in Poland in 2021, similar to high-income economies and European countries, was access to physical infrastructure. Therefore, the two groups of factors that received highest rating from Polish experts may be considered the driving forces for the development of new enterprises in Poland. It is worth adding that the rating is similar to that of 2020: also at that time, experts rated the said two areas of business development conditions highest. Other areas scored lower than the averages in the groups of countries used for comparisons; of the areas that scored lower, some can be considered as hindering the development of entrepreneurship. They primarily include: entrepreneurship education and training (at primary, secondary, and tertiary level), bureaucracy and taxation, public policy priorities in the field of entrepreneurship, and conditions in research, development, and knowledge transfer.

The 2020–2021 GEM survey, including the NES expert survey, was conducted under specific, extremely challenging conditions: during the COVID-19 pandemic. This unusual situation may also have made experts more cautious in assessing the conditions for newly-established and developing enterprises in Poland. Thus, **in 2021 six areas were rated lower than the year before, one remained at the 2020 levels, and a further five were rated higher. However, when the 2021 assessments are compared with experts' assessment conducted in 2019 i.e., before the pandemic, they show a decline in 10 areas, and an increase in two only (government policy: taxes, regulations, reporting obligations and bureaucracy; access to commercial and service infrastructure).**

³⁰ According to the World Bank's definition of high-income economies, those with a gross national per capita income of USD 12,696 or more (<https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>).

Figure 3.1. 2021 assessment of national framework conditions (NFCs) for entrepreneurship development. Poland compared to high-income economies and European countries (average ratings given to different areas)



1. Entrepreneurship education – primary and secondary level; 2. Entrepreneurship education and training – vocational training and courses, higher education institutions; 3. Ease of entry – market dynamics; 4. Ease of entry – burdens; 5. Access to external finance; 6. Access to commercial and professional infrastructure; 7. Access to physical infrastructure; 8. Public policy on entrepreneurship and its priorities; 9. Government policy: taxes, regulations, reporting obligations and bureaucracy; 10. Public programmes supporting entrepreneurship; 11. Research and development, transfer of knowledge; 12. Social and cultural norms.

Source: own study based on GEM data.

The further section of this chapter describes the particular areas comprising the entrepreneurship context according to GEM.

As in the previous year, statements regarding the COVID-19 pandemic and its impact on businesses and government policy are included in the 2021 NES questionnaire³¹. They are discussed at the end of the chapter.

3.1. Start-up opportunities

It is the largest and most complex block, grouping the areas covered by the NES that determine the start and development of entrepreneurship. The block covers aspects related

³¹ Questions different than in 2020. Therefore, comparison of the impact of COVID-19 between the two periods is not possible.

to broadly understood entrepreneurship education (at primary, secondary, and tertiary level, vocational training and lifelong learning), market conditions (ease of entry, and the burdens), access to finance, as well as commercial, professional, and physical infrastructure. These factors determine market entry opportunities and the related costs.

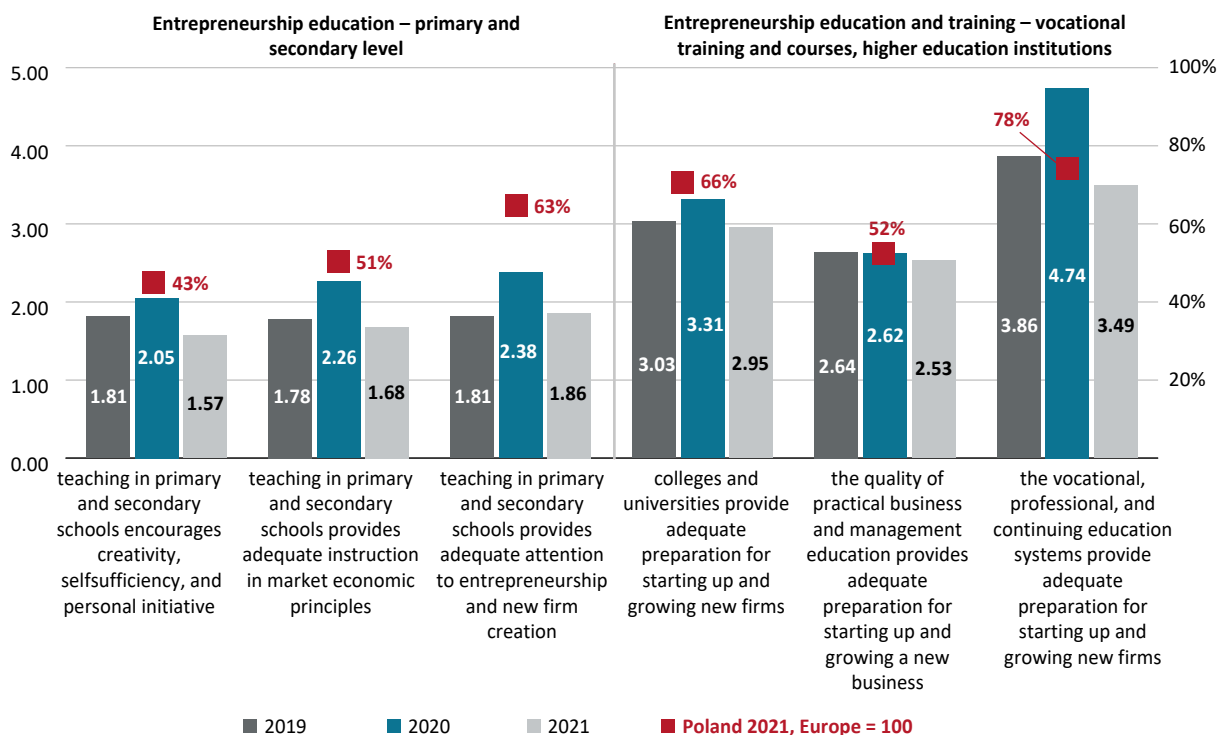
Entrepreneurial education and training

In 2021, experts involved in the NES survey in Poland rated Entrepreneurship Education and Training: at primary, secondary, and university level as well as in vocational and lifelong learning, lower than in the previous two years.

Overall, the area of Education and Training at primary level was rated at 1.7 points (2020: 2.2 points, 2019: 2.1 points), lower than the average of European countries (53% of their rating) and high-income economies (50%). It should be noted that Polish experts' low rating of the area related to education and training is not unique. In Europe and the wealthiest countries, this aspect is also rated relatively lowest compared to the other areas that determine the development of entrepreneurship (Figure 3.1).

Primary and secondary school teaching is rated low by Polish experts as far as encouraging creativity, independence, and initiative, providing knowledge on the functioning of the economy, and noticing entrepreneurship and new forms of entrepreneurship are concerned. The rating of these determinants is lower than the average for European countries (Figure 3.2), which is not optimistic. Education is among the most important factors influencing entrepreneurship – affecting potential entrepreneurs, how they are perceived by the society, and the effects of their economic activity.

Figure 3.2. Assessment of NFCs for entrepreneurship development in Poland – **entrepreneurial education and training.** Changes in 2019–2021 and Poland vs European countries in 2021



Source: own study based on GEM data.

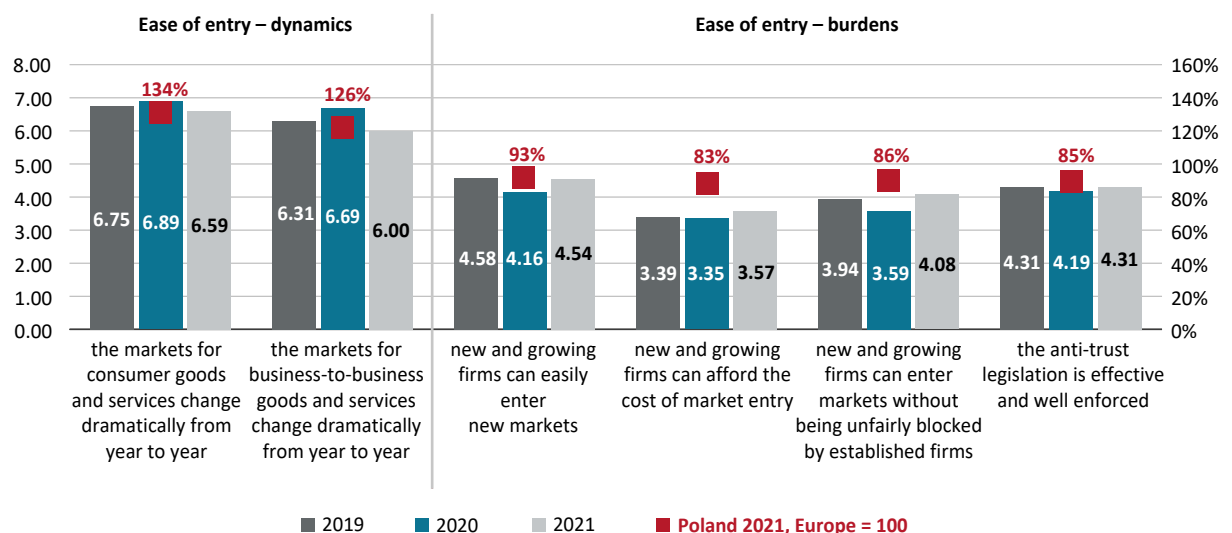
In 2021, the experts’ rating of the area of entrepreneurship education at tertiary level and in lifelong learning also decreased compared to 2019–2020. In 2021, it stood at 2.9 points, 62% of the average rating in the surveyed European countries and 59% of the rating in high-income economies. In 2020, the experts awarded the area 3.5 points on average, and in 2019 – 3.3 points.

All the statements from this area were rated lower in 2021 than in the previous two years. Highest score i.e., 3.5 (2020: 4.7; 2019: 3.8) was awarded to vocational education, vocational courses, and lifelong learning in the context of their effectiveness in preparing individuals for setting up and developing an enterprise. The statement that the quality of practical education in the field of entrepreneurship and management provides adequate preparation for setting up and developing one’s own business was rated slightly lower than in 2019–2020: 2.5 (in 2019–2020: 2.6).

Ease of entry – dynamics and burdens

Ease of entry is one of the areas that influence setting up and running a business in Poland that the experts rated highest. The average rating for ease of entry was 6.4 points, a much better result than those of the surveyed European countries (131% of these countries' rating) and high-income economies³² (128%) (Figure 3.1). In 2021, the experts' assessment was slightly down compared to the previous two years: 6.8 points in 2020, and 6.5 in 2019. The statements constituting this area were assessed positively. According to the experts, the Polish market of goods and services, both consumer and business-to-business (b2b), is undergoing significant changes year by year (Figure 3.3).

Figure 3.3. Assessment of NFCs for entrepreneurship development in Poland – ease of entry. Changes in 2019–2021 and Poland vs European countries in 2021



Source: own study based on GEM data.

The area related to new enterprises' ease of entry (burden related to entry cost, barriers from the competition, antitrust laws) was rated at the 2020 level, the average rating being 3.9 points (2019: 4.1 points). However, the rating for Poland was lower than the average for the surveyed European countries (82% of their average rating) and high-income economies (81%) (Figure 3.1).

³² In Poland, the rating of this area was one of the highest among the European countries surveyed (only Russia scoring higher: 6.5) and among high-income economies (higher only in South Korea: 7.8, the United Arab Emirates: 7.3, Japan: 7.0, and Saudi Arabia: 6.8).

Like in the previous two years, in 2021 experts tended to agree that newly-established and developing enterprises can easily enter new markets (4.5 points; 93% of the rating of European countries) and that antitrust laws are effective and well-enforced (4.3 points; 85% of the rating of European countries). However, they believed that the costs of entering the market constituted a greater barrier for newly-established companies (3.4 points for Poland i.e., 83% of the European countries' average). Another problem were the barriers illegally created by companies already operating on the market (3.6 points: 86% of the average rating of European countries) (Figure 3.3).

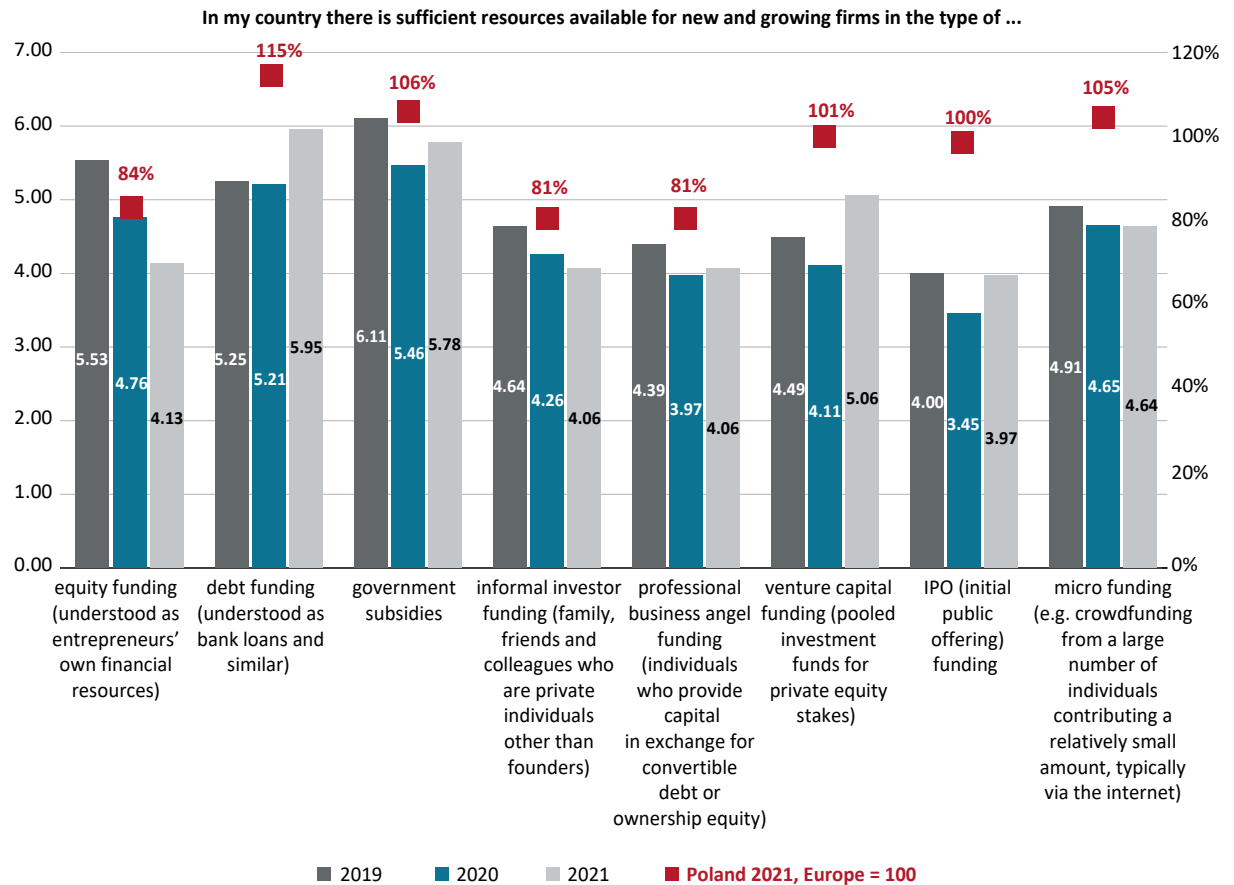
Access to financing

Access to financing is an area that the experts rated higher in 2021 than in the previous year. In Poland, the rating of this category is only slightly lower than the average rating of experts from high-income economies and European countries (4.7 points: 93% of the ratings of the wealthiest economies and 97% of European countries' ratings). The rating for this area was lower in 2020 (4.2 points) and slightly higher in 2019 (4.9 points).

Access to financing includes statements referring to the availability of various forms of external financing (Figure 3.4). Latest figures show an improvement in this area's rating, with experts rating most forms of financing that it includes slightly higher than in 2020. A lower rating than in the previous year was given to financing in the form of own funds: 4.1 points (84% of the European countries' average) and access to private financing: 4.1 points (81%). The experts rated access to debt financing highest, at 6.0 points (115% of the European countries' average). Access to public support (e.g., grants and loans) also scored high, with 5.8 points (106%), indicating the experts' belief in the importance of this type of assistance for newly-established and developing Polish enterprises. In contrast, access to financing in the form of venture capital (5.1 points, 101% of the European countries' average), microfinance like crowdfunding (4.6 points, 105%), and access to financing through IPOs (4.0 points, 100%) scored similarly to the European average.

Polish experts rated access to financing from Business Angels lower than the European countries' average: 4.1 points (81% of the European countries' average).

Figure 3.4. Assessment of NFCs for entrepreneurship development in Poland – **access to financing.** Changes in 2019–2021 and Poland vs European countries in 2021



Source: own study based on GEM data.

Infrastructure

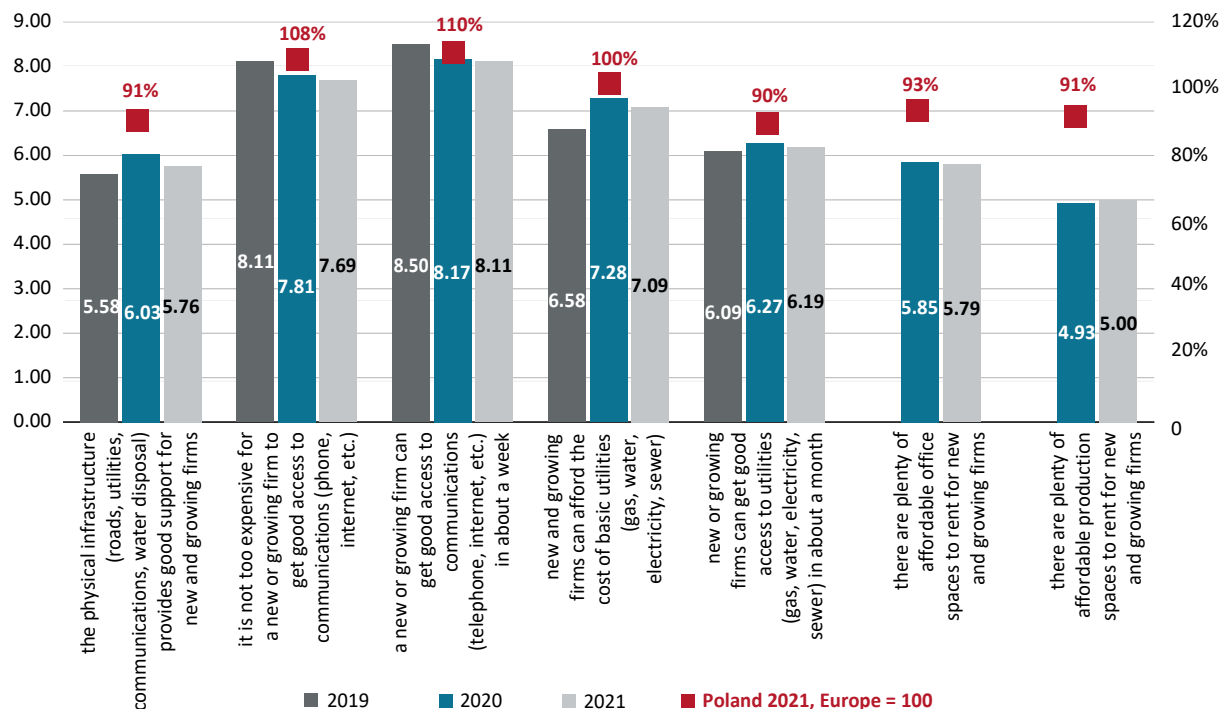
Physical infrastructure was the area that Polish experts rated highest in 2021: 6.8 points (98% of high-income economies' rating, 101% of European countries' rating) (Figure 3.1). The experts rated this block of conditions at a level similar to the previous two years (2020: 6.5 points, 2019: 6.9 points). The area's high rating, similar to that given by the experts from the benchmark countries, could mean it does not pose too much of a problem for new and developing enterprises in Poland.

Figure 3.5 shows the opinions on the statements covered by this block. Polish experts gave a high rating to the availability of telecommunications services for newly-established

and developing enterprises (8.1 points, 110% of the surveyed European countries' rating). They also believed that these services are not prohibitively expensive (7.7 points, 108% of European countries' average rating). Access to basic utilities (gas, water, electricity, sewerage) was not a problem for enterprises: 6.2 points (90% of European countries' rating), and neither were the associated costs (7.1 points, 100%). The experts' rating of these aspects was slightly lower than in 2020. Also slightly lower than the year before was the rating of the statement regarding physical infrastructure (roads, utilities, communications, waste management) providing good support for newly-established and developing enterprises: 5.8 points (91% of European countries' rating).

In 2020, two new statements were added to the physical infrastructure block, regarding newly-established and developing enterprises' access to affordable office space and manufacturing space. In 2021, experts rated the first statement at 5.8 points (93% of the European countries' average), while access to affordable manufacturing space was rated slightly lower, at 5.0 points (91%).

Figure 3.5. Assessment of NFCs for entrepreneurship development in Poland – **physical infrastructure**. Changes in 2019–2021 and Poland vs European countries in 2021

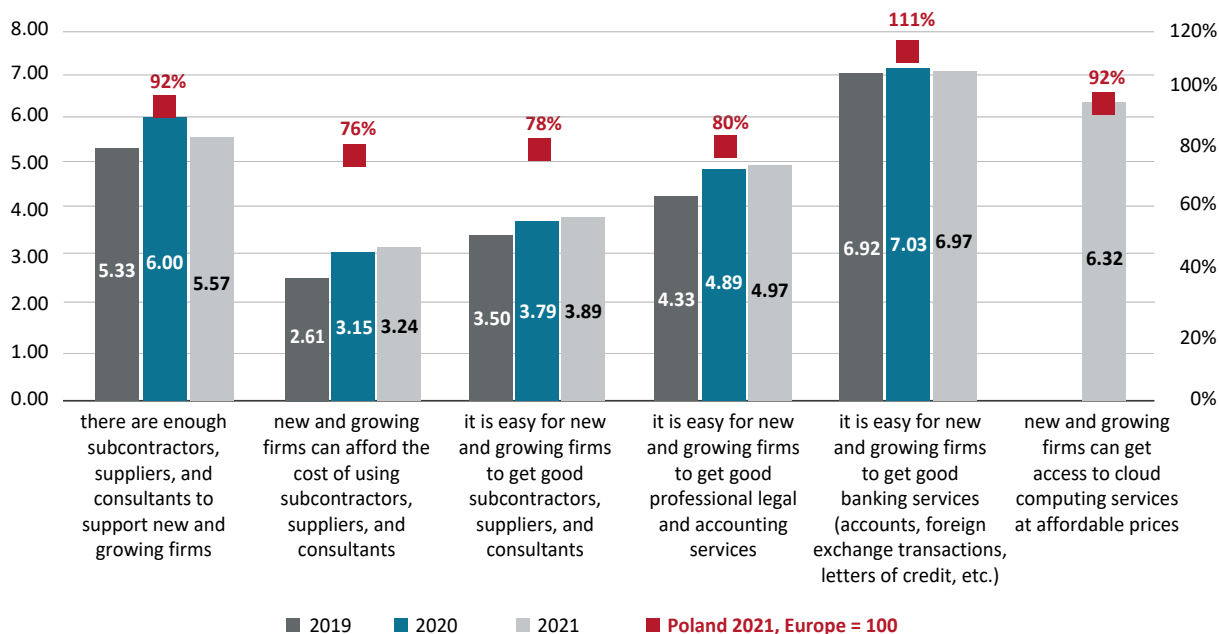


Source: own study based on GEM data.

As regards statements referring to commercial and professional infrastructure's positive influence on Polish entrepreneurship, the experts tended to agree with them less than they agreed with those referring to positive influence of physical infrastructure. In 2021, their average rating was 5.1 points (87% of high income economies' rating and European countries' rating) (Figure 3.1). At the same time, it should be added that Polish experts rated most of the statements in this block slightly higher than in 2019–2020.

When analysing the results for the particular categories (Figure 3.6), it becomes evident that in Poland costs associated with hiring subcontractors, suppliers, and consultants constitute a barrier for newly-established and developing companies (3.2 points, 76% of European countries' rating). Another barrier are difficulties in attracting good subcontractors, suppliers, and consultants (3.9 points, 78% of European countries' average rating). The level of difficulty finding good professional lawyers and accountants is rated as average (5.0 points, 80% of European countries' rating). At the same time, the experts gave a higher rating to aspects like the numbers of subcontractors, suppliers, and consultants available in Poland to enable the development of newly-established and developing enterprises: 5.6 points (92% of European countries' rating), and newly-established and developing enterprises' access to good banking services (access to an account, current accounts, foreign currency transactions, letters of credit, etc.): 7.0 points (111% of European countries' rating). A relatively high score was also given to a new category added in 2021 i.e., the cost of access to cloud computing services: 6.3 points (92% of European countries' rating).

Figure 3.6. Assessment of NFCs for entrepreneurship development in Poland – **commercial and professional infrastructure.** Changes in 2019–2021 and Poland vs European countries in 2021



Source: own study based on GEM data.

3.2. Public policy and support

This block comprises three areas, where the experts rated statements regarding public administration's policies and measures targeting newly-established and developing companies. The first (I) area concerns the authorities' overall approach to entrepreneurial development, at both national and regional level. In practice, this verifies whether newly-established and developing enterprises occupy an important place in the country's policy at various levels of governance (central, regional). The second (II) thematic area concerns fiscal and administrative burdens related to conducting business activities, and the third (III) area assesses the accessibility and effectiveness of public entrepreneurship development programmes.

Public policy (Area I) regarding entrepreneurship, including its priorities, is an area which Polish experts rated on average at 3.5 points (lower than the average rating for the European

countries surveyed: 81%, and high-income economies: 76%) (Figure 3.1). Compared to the last two years, the rating of this area in Poland decreased (2020: 4.3 points, 2019: 4.1 points).

Regarding the individual statements that make up this area (Figure 3.7), each was rated lower than in the previous two years. Highest rating was given to the statement that support for newly-established and developing enterprises is an important priority in regional policies (4.2 points, 94% of the European rating). Lower ratings were given to the following statements: support for newly-established and developing enterprises is an important priority in the country's policy at the central level (3.4 points, 72% of European countries' rating) and government policy (e.g. public procurement) consistently favours new entrepreneurs (3.1 points, 79% of European countries' rating).

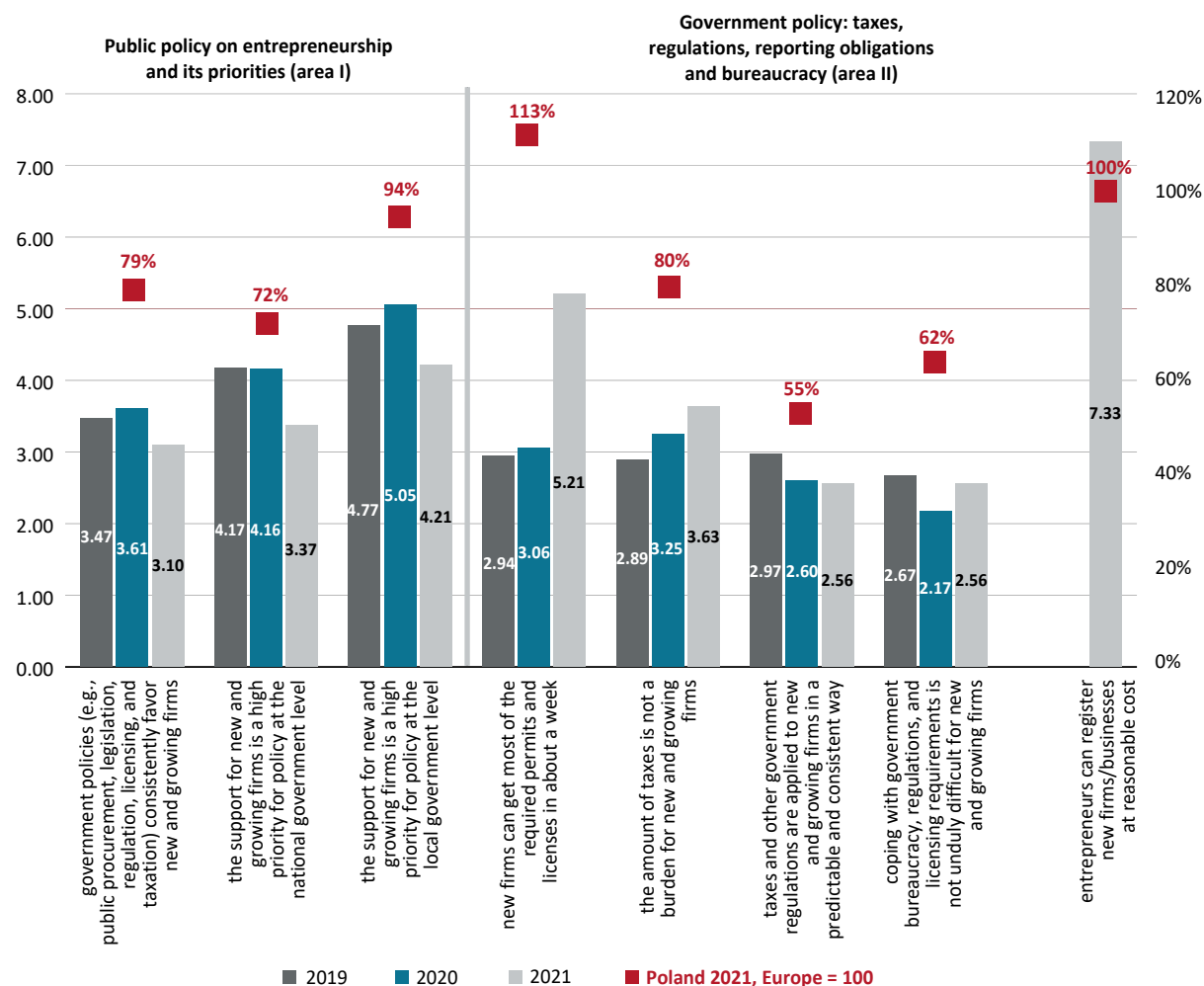
The experts rated the area related to bureaucracy and taxes (Area II) better than in 2019–2020. Its 2021 rating was 4.2 points i.e., 84% of the average rating in the surveyed European countries and 81% of that of high-income economies (2020: 2.8 points, 2019: 3.0 points).

However, analysis of the particular categories that make up Area II (Figure 3.7) reveals two spheres that, according to the experts, may pose difficulties for newly-established and developing enterprises. The first refers to predictable and consistent application of taxes and other administrative regulations (2.6 points, 55% of the European countries' score). The second refers to newly-established and developing enterprises coping with public bureaucracy, regulations, and licensing requirements (2.6 points, 62%).

The statement that tax rates are not a burden for newly-established and developing enterprises was rated lower than in the previous two years (3.6 points, 80% of European countries' average). There was also a significant improvement in the rating of the statement that new enterprises can obtain most of the required permits and licences within approximately a week (5.2 points, 113% of European countries' average rating; 2020: 3.1 points, 2019: 2.9 points).

At European level, a new statement added in 2021, regarding the amount of start-up costs for a new enterprise, was assessed. The result was 7.3 points, 100% of European countries' rating.

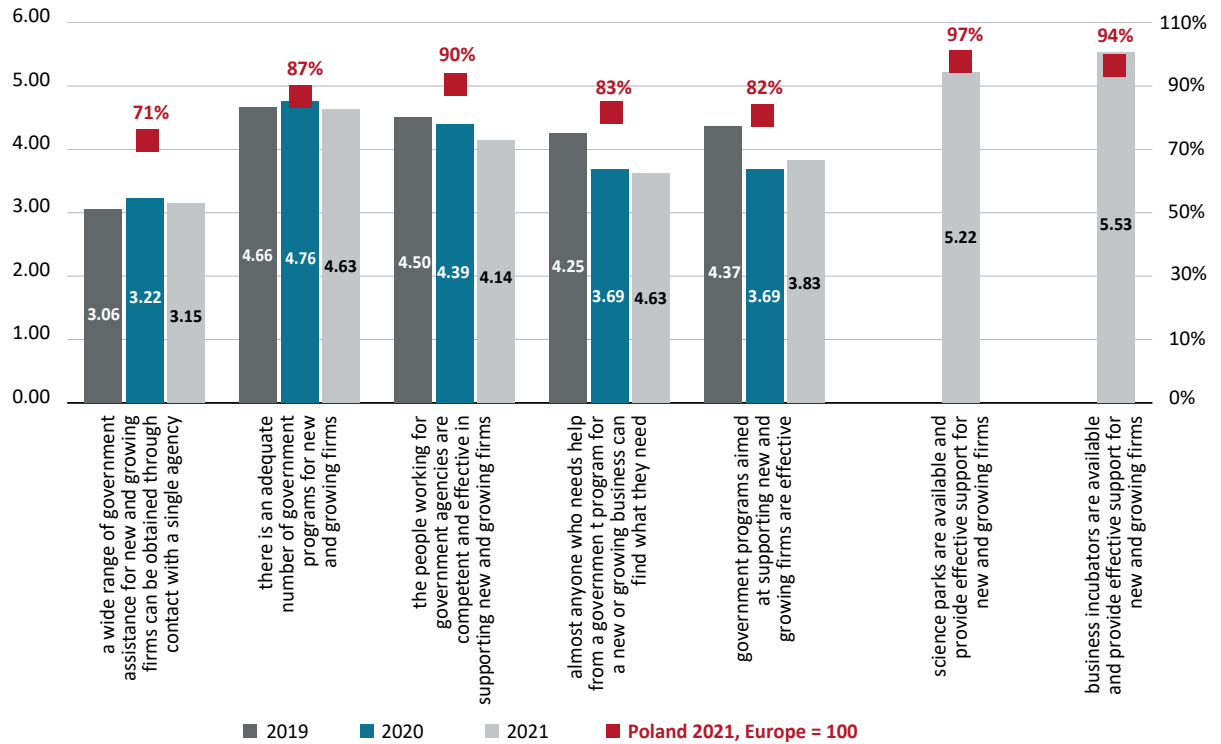
Figure 3.7. Assessment of NFCs for entrepreneurship development in Poland – **government policy.** Changes in 2019–2021 and Poland vs European countries in 2021



Source: own study based on GEM data.

In 2021, the rating of the ‘public support’ area, including the rating of accessibility and effectiveness of public programmes aimed at entrepreneurship development, remained close to the previous year’s level (2021: 4.3 points, 2020: 4.1 points) and was slightly better than in 2019 (4.3 points). Compared to the benchmark countries, it was 83% of the average rating of high-income economies and 87% of the European average. The experts’ opinions on the particular statements assessed as part of this block are presented in Figure 3.8.

Figure 3.8. Assessment of NFCs for entrepreneurship development in Poland – **government programmes** (area III). Changes in 2019–2021 and Poland vs European countries in 2021



Source: own study based on GEM data.

According to the Polish experts, a problem for newly-established and developing enterprises can be the lack of the possibility of obtaining assistance and support through a single public institution (3.2 points, 71% of European countries' average rating). Relatively low ratings were also given to the statements that almost anyone who needs support from a government programme for newly-established and developing enterprises can find what they need (3.6 points, 83% of European countries' rating) and that government support programmes for newly-established and developing enterprises are effective (3.8 points, 82%). The statement that those working in public institutions are sufficiently competent and effective in supporting newly-established and developing businesses was rated slightly lower than in the previous years (4.1 points, 90%).

Availability of science parks and business incubators providing effective support to newly-established and developing enterprises was rated as average (5.2 points, 97% of European countries' average rating, and 5.5 points, 94% of European countries' average rating

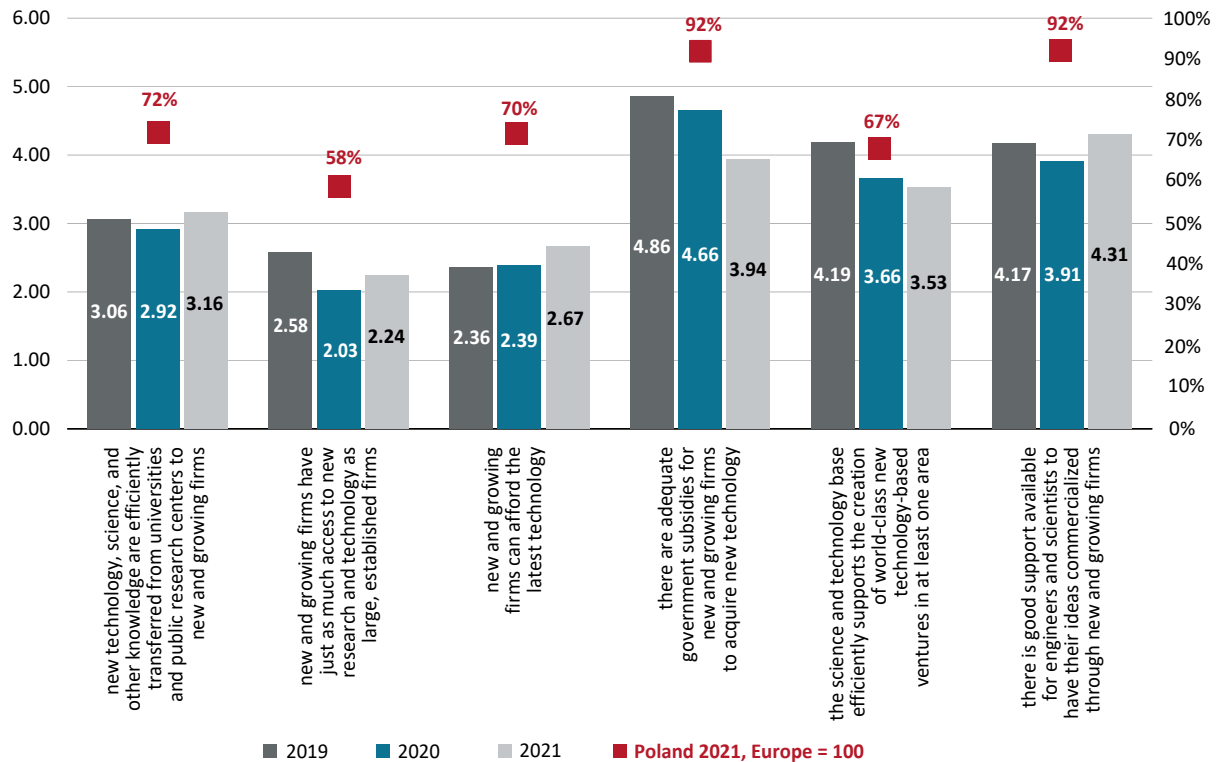
respectively)³³. This may mean that assessing the impact of these instruments on newly-established and developing enterprises is difficult.

3.3. Research and development, transfer of knowledge and technology

This block discusses topics related to the effective transfer of technology and knowledge from universities and public research centres to newly-established and developing companies, obtaining new technologies, access to research and technologies, as well as the offer of relevant support programmes. In 2021, the experts' average rating of this area was the same as in 2020 and slightly lower than in 2019 (2021 and 2020: 3.3 points, 2019: 3.6 points), and lower than the average rating of high-income economies (72% of these countries' average rating) and of the surveyed European countries (75%) (Figure 3.1).

³³ In the previous years, the experts evaluated one statement for both science parks and business incubators: "In Poland, science parks and business incubators provide effective support for newly-established and developing enterprises".

Figure 3.9. Assessment of NFCs for entrepreneurship development in Poland – **research and development, transfer of knowledge and technology.** Changes in 2019–2021 and Poland vs European countries in 2021



Source: own study based on GEM data.

In 2021, all statements making up the described area were rated lower than the average for the European countries surveyed (Figure 3.9). Highest rating was given to support programmes enabling engineers and scientists to commercialise their ideas via newly-established and developing enterprises (4.3 points, 92% of the average rating for European economies). This area was also slightly higher-rated in 2021 than in the previous two years. In contrast, the experts' rating of the statement that support programmes are available for newly-established and developing enterprises acquisition of new technologies was lower than in 2019-2020 (3.9 points, 92%).

The statement that scientific and physical infrastructure effectively supports the creation of new world-class technology-based ventures in at least one area was rated at 3.5 points i.e., 67% of European countries' rating.

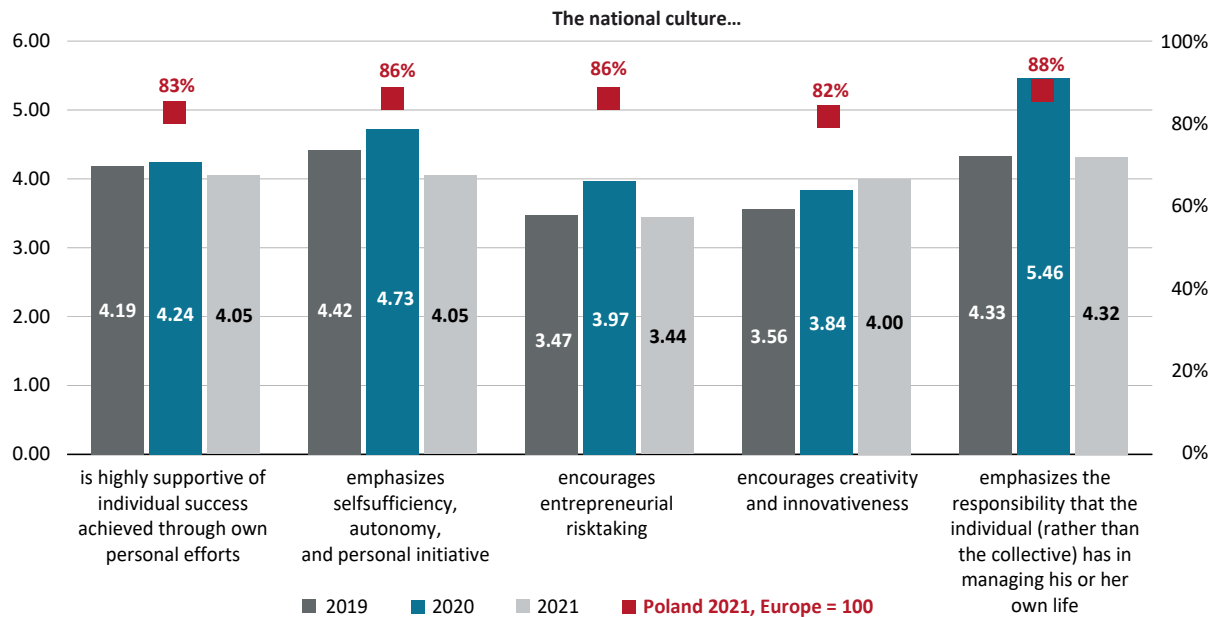
Through the low ratings, the experts identify the persistent problem with transferring knowledge and technology from universities and research centres to companies (3.1 points), and small companies' barriers to accessing new research – as compared to companies that are larger and better-established on the market (2.2 points). The experts believe that newly-established and developing companies in Poland cannot afford the acquisition of state-of-the-art technology (2.7 points). The 2021 ratings for these three areas were higher than in the previous year, but have remained much lower than the average of the surveyed European countries.

However, even though – in recent years – a lot of attention was devoted to cooperation between business and science, multiple initiatives emerged to promote such activities (e.g., grants from European funds), and internal R&D expenditure increased (according to Statistics Poland, internal R&D expenditure was PLN 32.4 billion in 2020 i.e., up by 7.0% against 2019), the experts' opinions suggest that the efforts are not sufficient. Creating appropriate conditions for prompt development of the R&D sector remains a key challenge in Poland.

3.4. Social and cultural norms

The last analysed block, concerning social and cultural norms, presents experts' opinions on determinants that favour individual success, creativity, initiative, and risk taking. The average rating for cultural and social determinants of entrepreneurship is 3.96 points, below the average for high-income economies (77% of those countries' average rating) and the surveyed European countries (85%) (Figure 3.1). At the same time, in 2021, the experts' rating decreased compared to 2020, when it was 4.43 points, but was close to the 2019 rating (4.04 points). The European countries that scored highest in the area of cultural determinants of starting and developing entrepreneurial activities were the Netherlands (6.7 points), Lithuania (6.1 points), Norway (6.1 points), and Sweden (5.8 points).

Figure 3.10. Assessment of NFCs for entrepreneurship development in Poland – **social and cultural norms**. Changes in 2019–2021 and Poland vs European countries in 2021



Source: own study based on GEM data.

Highest-rated in this block (Figure 3.10) were the statements regarding cultural and social norms in the context of emphasising personal responsibility in managing one's life (4.3 points, 88% of the average of the European countries surveyed), emphasis on self-reliance and initiative (4.1 points, 86%), and importance of cultural norms in supporting individual success achieved through one's own effort (4.1 points, 83%). However, all these determinants were rated lower than in the previous year.

The statement that cultural norms encourage creativity and innovation was rated slightly higher than in 2019-2020 (4.0 points, 82% of European countries' average rating). On the other hand, lowest rating was given to the statement that social and cultural norms in Poland are conducive to entrepreneurs taking risks (3.4 points, 86%). The rather low rating of those two statements could mean that, according to the experts, Polish entrepreneurs' inclination to engage in more risky undertakings, e.g., innovation projects, may be discouraged by those determinants.

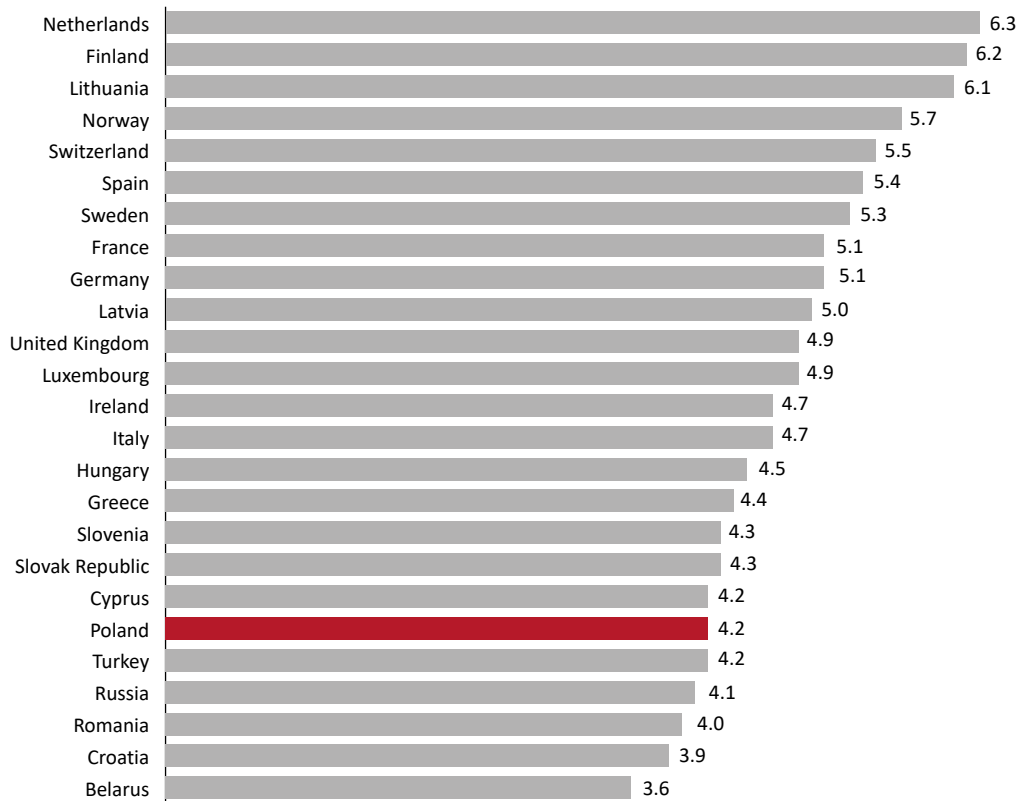
3.5. National Entrepreneurship Context Index (NECI)

The **National Entrepreneurship Context Index (NECI)** introduced in the 2019 GEM study enables a comparison of economies in terms of external conditions that may influence entrepreneurship³⁴. The index is calculated based on data from the expert survey of entrepreneurship context (National Expert Survey – NES) and was designed to help measure and assess how easy or difficult it is to start and develop a business in the countries surveyed. The higher a given country scores on the index, the better the environment for developing entrepreneurship.

When it comes to the index in question, Poland ranked 15th among the 25 European countries covered by the survey in 2021, scoring 4.2 points (Figure 3.11). Compared to 2019–2020, Poland's NECI value has not changed. Among the 50 economies covered by the NES study, Poland ranked 35th. This proves that efforts to improve entrepreneurship in Poland are still needed.

³⁴ NECI – National Entrepreneurship Context Index. The data pertaining to the index was first published in the Global Entrepreneurship Monitor: Global Report 2018/2019. In 2019, methodological approach to the index's calculations was changed to one using a 0–10 scale, with 0 standing for 'completely false' and 10 standing for 'completely true' (the year before, a 1–9-point scale had been used).

Figure 3.11. National Entrepreneurship Context Index in Poland and the European economies covered by the NES in 2021



Source: own study based on GEM data.

In 2021, the European country with the highest NECI index value: 6.3 points was the Netherlands. Other top countries were Finland (6.2 points), Lithuania (6.1 points), Norway (5.7 points), and Switzerland (5.5 points). European countries with the lowest NECI values (below 4 points) were Croatia and Belarus.

However, when all the countries covered by the GEM study are considered, in 2021, the highest NECI index value was recorded by the United Arab Emirates (6.8 points), with the Netherlands ranking 2nd (6.3 points), and Finland ranking 3rd (6.2 points).

3.6. The impact of the COVID-19 pandemic on entrepreneurship and government policies

In 2021, like in the previous year, the experts were asked to assess statements relating to the impact of the COVID-19 pandemic on businesses and government policies in Poland. However, the questions asked in 2021 significantly differed from those that had been asked in 2020. In 2021, the focus was on the following areas related to the pandemic:

- I. Pandemic-related progress and support for digitisation and teleworking.
- II. The growing importance of 'gig economy' as a factor in creating start-ups and the business model during the pandemic.
- III. Effectiveness of government measures aimed at protecting businesses and jobs and controlling the health crisis with minimum intervention in the economy.
- IV. Pandemic-related prioritisation of environmental protection in companies and government's environmental protection measures.

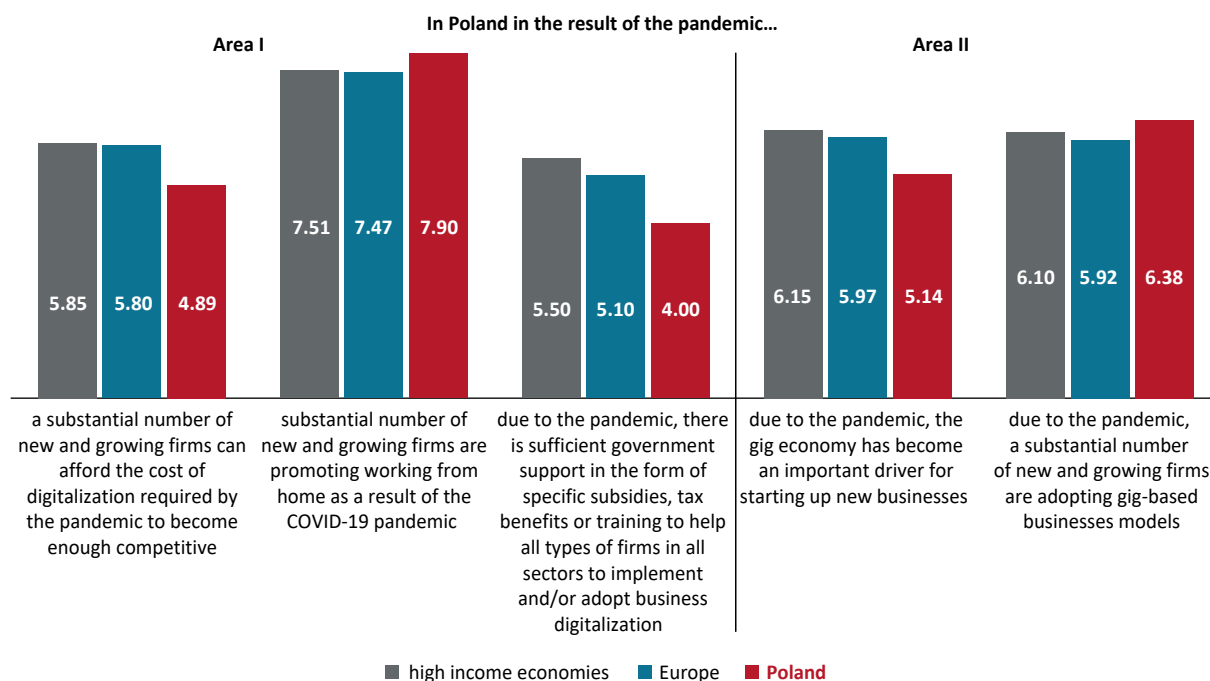
The first block of questions related to the pandemic concerned digitisation and introduction of remote work (Figure 3.12). On average, the Polish experts rated the presented statements at 5.7 points – slightly less than the average ratings for high-income economies and European countries (90% and 93% respectively). Spain (5.7 points), Oman (5.7), and Colombia (5.8) were rated similar to Poland. The countries with the highest ratings were the Netherlands (7.8) and Finland (7.5), and those with the lowest were Sudan (3.0), Iran (3.8), Morocco (4.0), and Belarus (4.3).

Of the three statements rated in this block, one was rated slightly higher than in the benchmark countries. It concerned the introduction of remote working: 7.9 points (105% of the average rating for high-income economies and 106% of that of the surveyed European countries). This could mean that, according to the experts, Polish new and developing enterprises responded to the situation rationally and introduced the solution in order to disperse employees and ensure business continuity during the pandemic. The other statements were rated lower than in the benchmark countries. Experts found it difficult to assess the assumption regarding newly-established and developing enterprises' costs of digitalisation, needed in the pandemic to achieve an adequate competitive position in the market (4.9 points). Availability of sufficient public support in the form of grants, reliefs, and training for companies from various sectors – to be used for implementation of digital

solutions – was also rated rather low (4.0 points). The rating was also lower than in the benchmark countries.

The second area concerned the so-called gig economy i.e., flexible forms of employing people, usually based on a short-term contract for a given project and using a digital platform to search for orders (Figure 3.12). Polish experts assessed it at a level similar to that of the benchmark countries. Highest ratings were given to the statement that, due to the pandemic, many newly-established and developing enterprises were operating with contracts sourced through online platforms: 6.4 points, higher than in the benchmark countries. On the other hand, the statement that the development of gig economy, which took place during the pandemic, became an important factor encouraging the establishment of businesses was rated at 5.1 points (lower than in the benchmark countries).

Figure 3.12. Assessment of NFCs for entrepreneurship development in Poland – the pandemic’s impact on entrepreneurship. Poland compared to high-income economies and European countries in 2021



Area I – Pandemic-related progress and support of digitisation and teleworking; Area II – Increase in the importance of ‘gig economy’ as a factor in creation of start-ups and the business model during the pandemic.
Source: own study based on GEM data.

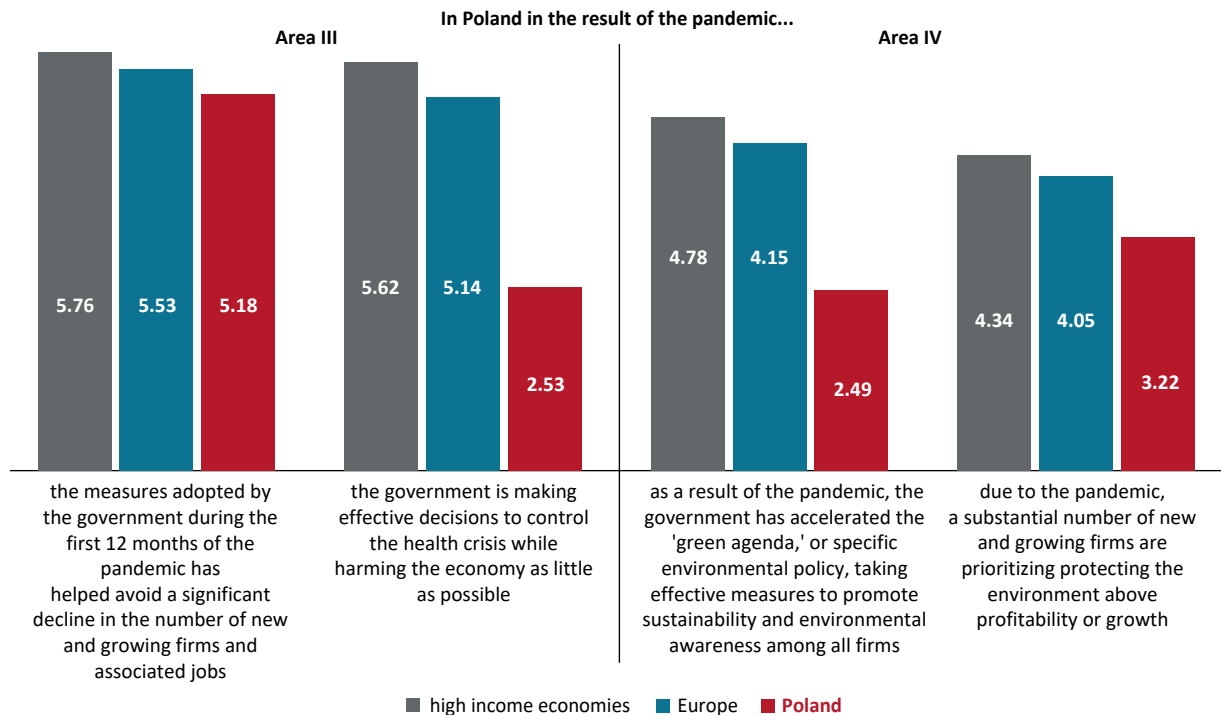
The third area relates to the government's response to the pandemic (Figure 3.13). It was rated much lower than in the benchmark countries, at 3.9 points i.e., 68% of the average rating for high-income economies and 72% of that for European countries. Poland's result in this area is one of the lowest in Europe; only Russia (3.6 points), Spain (2.6 points), and Belarus (2.3 points) were rated lower. It is also worth noting that Saudi Arabia (8.2 points), the United Arab Emirates (8.0 points), France (7.6 points), and Norway (7.4 points) scored highest among all the countries.

Poland's low score of 2.5 points (45% of the rating of high-income economies; 49% of that of European countries) is primarily due to the low rating of the statement that the government takes decisions that make it possible to control the pandemic-related health crisis and reduce the harm to the economy. The second statement from this area was rated better (5.2 points, 90% of the rating of high-income economies, 94% of that of European countries). It refers to the measures implemented by the government during the first 12 months of the pandemic (including financial support) to protect newly-established and developing enterprises from bankruptcy and preserve jobs.

The fourth area is related to the government and entrepreneurs' pro-environmental activities during the pandemic (Figure 3.13). With 2.9 points, its rating in Poland is also lower than in the surveyed benchmark countries: 63% of the average rating for high-income economies, and 68% of that for the surveyed European countries. Among the surveyed European countries, lower averages were recorded only in Russia (2.4 points) and Belarus (2.0 points). Highest ratings among all the countries were recorded by the United Arab Emirates (7.4 points), Lithuania (5.9 points), Saudi Arabia (5.8 points), Italy (5.7 points), and Norway (5.7 points).

In this respect, Polish experts gave a low rating to both the government and entrepreneurs' activities. As a result of the pandemic, the government stepped up its efforts to protect the environment by introducing programmes aimed at sustainable growth and ecological awareness of enterprises, which were rated at 2.5 points (51% of the average rating of high-income economies, 55% of that of European countries). A slightly better average rating was given to the statement that – as a result of the pandemic – many newly-established and developing enterprises prioritise environmental protection over profits and growth: 3.2 points (74% and 79% respectively).

Figure 3.13. Assessment of NFCs for entrepreneurship development in Poland – **impact of COVID-19 on government policy and entrepreneurship.** Poland compared to high-income economies and European countries in 2021



Area III – Effectiveness of government measures aimed at protecting enterprises and jobs and controlling the health crisis with minimum intervention in the economy; Area IV – Pandemic-related prioritisation of government and entrepreneurs' environmental protection activities.

Source: own study based on GEM data.

3.7. Women's entrepreneurship

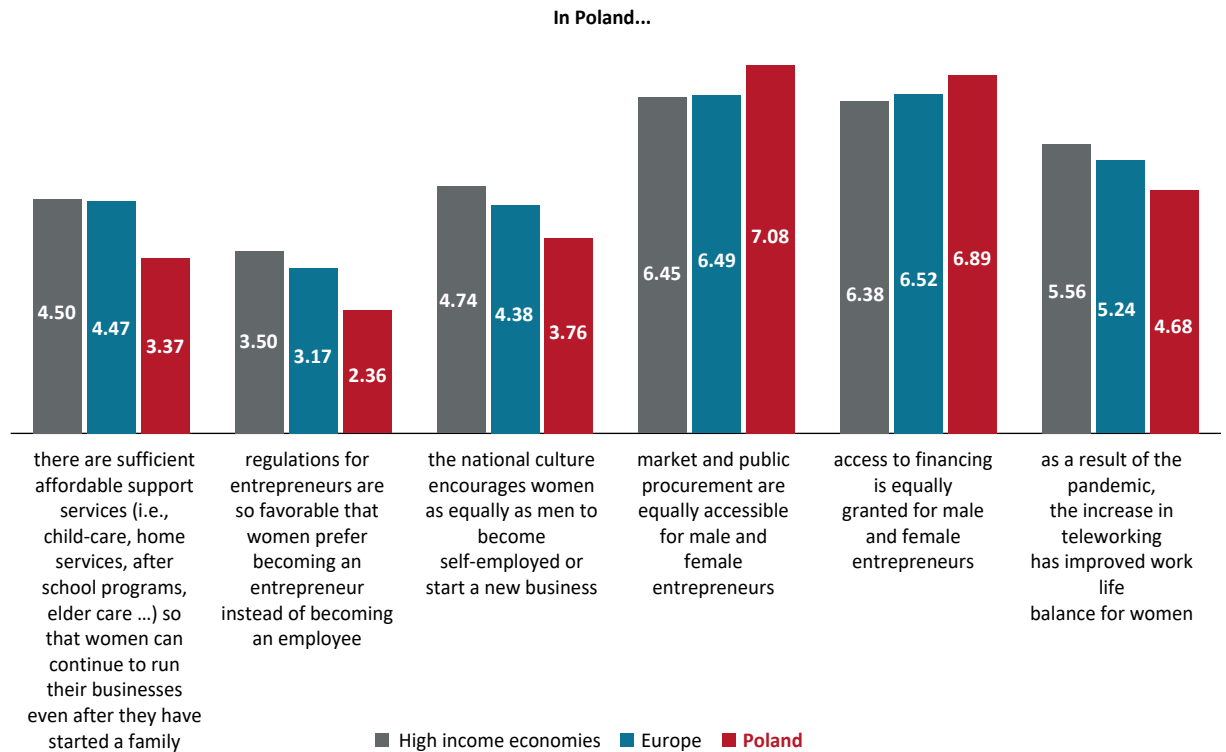
The special topic of this year's NES survey was women's entrepreneurship. The experts rated six statements that make up the determinants affecting women's enterprise creation and development. They rated the block at an average of 4.7 points, slightly lower than the average for high-income economies (90% of their rating) and the surveyed European countries (93%). However, the rating of the particular statements shows that Poland has areas conducive to women's entrepreneurship, and areas that may significantly limit it (Figure 3.14).

Highest ratings were given to statements regarding women and men's equal access to the market, including public procurement (7.1 points) and access to funding (6.9 points). These statements were also slightly better rated than in the benchmark countries. The statement that the pandemic-related increase in remote work had a positive impact on work-life balance was rated slightly lower, at 4.7 points (84% of the average rating for high-income economies, 89% of that for the European countries surveyed).

According to the experts, legal regulations are a constraint for women's creation and development of enterprises. This was reflected in the rating of the statement that the regulations are so favourable that women prefer to start their own businesses than be employed: 2.4 points, lower than in high-income economies (67% of the average rating for these countries) and the European countries surveyed (75%). However, it should be added that also in the benchmark countries it was the lowest-rated area in this block of questions.

Women's entrepreneurship in Poland may also be influenced by the availability of reasonably-priced services like crèches, kindergartens, day care centres, after-school care for children, and care for the elderly, which would allow women to return to business activity after they have a child. This statement was rated at 3.4 points, lower than in the benchmark countries (75% of the average rating of both high income-economies and the surveyed European countries). The social expectations and behaviours in Poland are also a barrier; the statement that cultural and social norms equally support women and men to start a business was rated at 3.8 points (79% of the rating of high income-economies and 86% of that of European countries).

Figure 3.14. Assessment of NFCs for entrepreneurship development in Poland – **women’s entrepreneurship**. Poland compared to high-income economies and European countries in 2021



Source: own study based on GEM data.

3.8. Conclusions

The analysis of expert opinions obtained in the NES shows that in 2021 the conditions for entrepreneurship development in Poland did not improve compared to the previous two years. However, it should be borne in mind that this was another year when the survey was conducted in the exceptional situation related to the COVID-19 pandemic, which certainly made the experts more cautious in their assessment of the conditions for newly-established and developing enterprises in Poland. At the same time, despite the specific situation, based on the results of the NES study it cannot be said that the conditions for entrepreneurship development deteriorated in comparison to those present in 2019–2020. This is evidenced by the rating of the National Entrepreneurship Context Index (NECI), which was 4.2 points for Poland and did not change over the years when the comparison was conducted. However,

this indicator's rating is relatively low and shows that Poland has still much to do to improve the conditions and make them more conducive to enterprise creation and development.

In 2021, Polish experts rated only one area significantly better than the experts from the other European countries: ease of entry to the external market. Another area: access to physical infrastructure scored as high as in the other European countries. On the other hand, the main areas for improvement are entrepreneurship education, related to entry for new enterprises (at primary, secondary, university, and vocational training levels), policies supporting entrepreneurship, policies related to bureaucracy and taxation, (entry cost, barriers from the competition, anti-trust laws), the area related to R&D and knowledge transfer, and areas related to cultural and social standards.

The experts rated the Polish government's response to the pandemic relatively low. This particularly applies to the decisions taken to control the pandemic-related health crisis without harming the economy, introduction of programmes to step up environmental protection measures, and availability of public support for the implementation of digital solutions in enterprises. In contrast, the measures implemented by the government during the first 12 months of the pandemic (including financial support) to protect newly-established and developing enterprises from bankruptcy and preserve jobs scored better. According to the experts, Polish enterprises are coping better with the pandemic. In their view, enterprises were quick to respond to the situation and introduce remote working and 'gig economy' solutions i.e., work based on contracts sourced through online platforms.

The experts' opinions on the Polish entrepreneurial ecosystem obtained in the NES show efforts are still required aimed at supporting the creation and development of companies in Poland.

4. Special topic – Start-ups in Poland in the era of the COVID-19 pandemic

This chapter outlines the situation of start-ups in Poland and is primarily based on the answers to additional questions asked in the GEM quantitative survey questionnaire, of Polish respondents only. The questions focus on start-up-related issues and were asked to early-stage entrepreneurs (those starting businesses and those running them for up to 3.5 years – TEA³⁵). In addition, a block of questions on the conditions for start-up development was included in the qualitative study tool for assessing the key pillars of business development in Poland. These questions were assessed by 39 experts from different fields related to entrepreneurship. The elaboration below complements the outcome of this assessment.

4.1. Methodological assumptions

From among the 8,000 adult respondents (aged 18–64) surveyed in 2021, a subset of individuals was selected comprising those who set up a business or have been running a business for up to 3.5 years. The selection was made based on the TEA indicator, which covers:

- nascent entrepreneurs i.e., individuals who set up a business and owners of early-stage enterprises where the owners have been receiving remuneration for up to 3 months;
- new entrepreneurs i.e., owners-managers of businesses that have been on the market for between 3 and 42 months (up to 3.5 years) paying remunerations throughout the period.

Thus, a set of 160 adult respondents was selected, which constitutes 2% of the sample. As already noted in Chapter 2, in 2021, the group of Polish young enterprise owners decreased even more than in the previous years, reaching a level lowest across all the editions of

³⁵ Cf. the definitions on page 19.

the Polish GEM survey. Since 160 is a small number and conducting separate comparative analyses within the group would be subject to too much error, the decision was made to combine the 2020 and 2021 data. The result was a group of 406 young entrepreneurs. The decision was also driven by the fact that in the case of both waves of the GEM survey referred to above, respondents assessed the conditions for running a business during the COVID-19 pandemic. In this context, it was also decided to compare the combined results from 2020–2021 against the results of the 2019 young entrepreneurs survey – conducted before the pandemic. Thanks to this, an image of start-ups before and after the Coronavirus pandemic was obtained, which made it possible to capture the impact of the extraordinary circumstances on the situation of individuals running young enterprises in Poland.

Table 4.1. Owners of young enterprises in Poland in 2019-2021

	2019	2020	2021
N	431	246	160
% of adult Poles	5.0	3.1	2.0

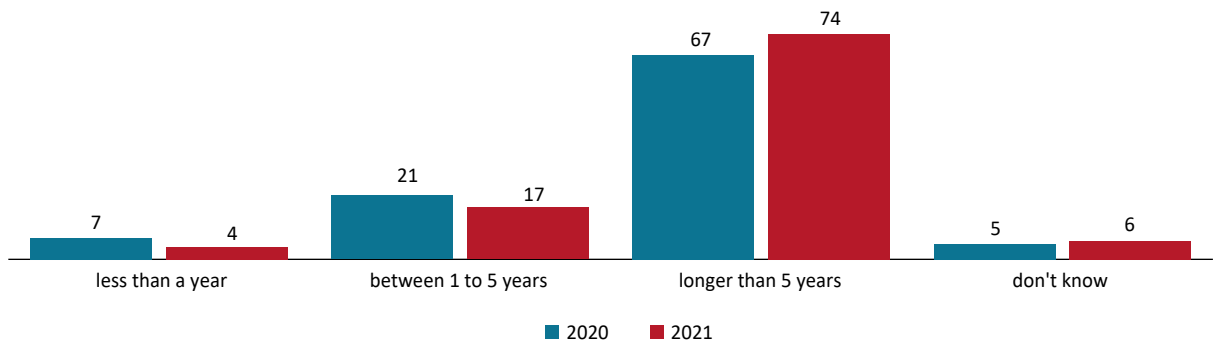
Source: own study based on GEM 2019–2021 data, N2019 = 431, N2020 = 246 and N2021 = 160³⁶.

Like in the 2021 GEM Poland Report, which describes the results of the 2020 GEM survey, also this time, the subgroup of technological entities i.e., ones that have been using technologies and procedures available on the market for under 5 years, was not isolated, due to its small size. However, it is worth noting that the share of such entities in the group of Polish young enterprises has remained quite similar over the last two years³⁷.

³⁶ Unless otherwise indicated, the data presented in the graphs does not include the „I don't know" answers, while refusals were treated as missing data. Aggregation of data from the graphs to values above/below 100% results from rounding.

³⁷ In the 2019 wave of the survey, it was impossible to isolate this subgroup for reasons of methodology.

Figure 4.1. Share of technology companies in the group of Polish young enterprises, 2020-2021 (% TEA)



Source: own study based on GEM 2020–2021 data, N2020 = 248³⁸ and N2021 = 163.

4.2. Characteristics of individuals and their undertakings before and during the COVID-19 pandemic

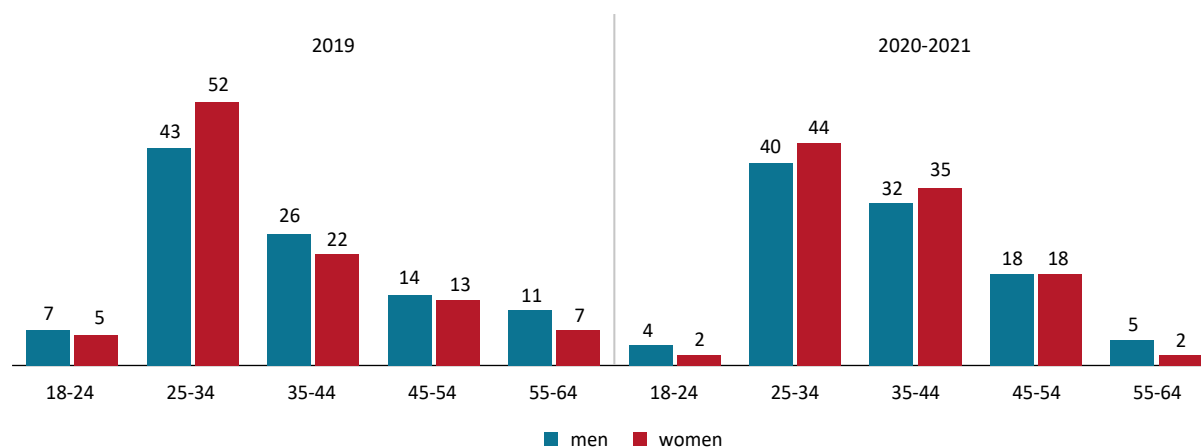
Who establishes start-ups in Poland?

Over the last three years, most of the individuals involved in early-stage entrepreneurial activity were men, with women less inclined to engage in such ventures. In 2019, the advantage of the former was small (53% vs 47%), to increase in the two years that followed (61% men vs 39% women in 2020–2021). Women’s withdrawal from entrepreneurship was particularly visible in 2020, when the difference between the shares of male and female start-up owners was 24%, to decrease to 18% in the 2021 survey. The results are also confirmed by the data on the gender gap, discussed in greater detail in Chapter 2.2, which increased in the first year of the pandemic to then decrease to a level similar to that of the period before the arrival of SARS-CoV-2.

³⁸ In some of the analysed questions, the number of answers may exceed the total number of entrepreneurs involved in running young enterprises in Poland (TEA, N2020 = 246 and N2021 = 160) as some of the respondents run more than one business and provided separate answers for the particular businesses.

Regardless of the gender and the period studied, the largest group among young enterprises' owners comprised individuals from the 25–34 and 35–44 age cohorts. Other age groups were less involved in new business ventures. Compared to 2019, in 2020–2021, fewer individuals running young enterprises were aged 25–34, while more were aged 35–44. The number of young enterprise owners decreased also in youngest and oldest age groups. The results may indicate that new businesses are started by people already active on the labour market (as both employees and entrepreneurs), while starting a business is less likely to be the choice of those at the beginning of their careers. The fact that 2020–2021 was the period of the pandemic may have additionally contributed to young people's reluctance to start businesses.

Figure 4.2. Owners of young enterprises by age (% TEA)



Source: own study based on GEM 2019–2021 data, N2019 = 431, N2020–2021 = 406.

Over the past three years, both men and women engaging in new business ventures were most likely to be aged 25–34. In 2019, both male and female owners of young enterprises could be found in virtually every age group, but among women those under 34 dominated. During the pandemic, in Poland, women engaging in such activities were unlikely to be found in the youngest and oldest age groups, while the proportion of those aged between 35 and 54 increased.

Table 4.2. Average, minimum, and maximum age of young enterprise owners by gender (years)

Sex	2019	2020–2021
Average age		
– women	35.6	36.8
– men	37.5	37.3
– total	36.6	37.1
Minimum age		
– women	18.0	21.0
– men	19.0	18.0
– total	18.0	18.0
Maximum age		
– women	63.0	57.0
– men	63.0	62.0
– total	63.0	62.0

Source: own study based on GEM 2019–2021 data, N2019 = 431 (N women = 204, N men = 227), N2020–2021 = 406 (N women = 160, N men = 246)

In 2020–2021, the average age of young enterprise owners increased compared to 2019, reaching 37.1. Among men, the average values for age were higher than for the total, while among women they were lower.

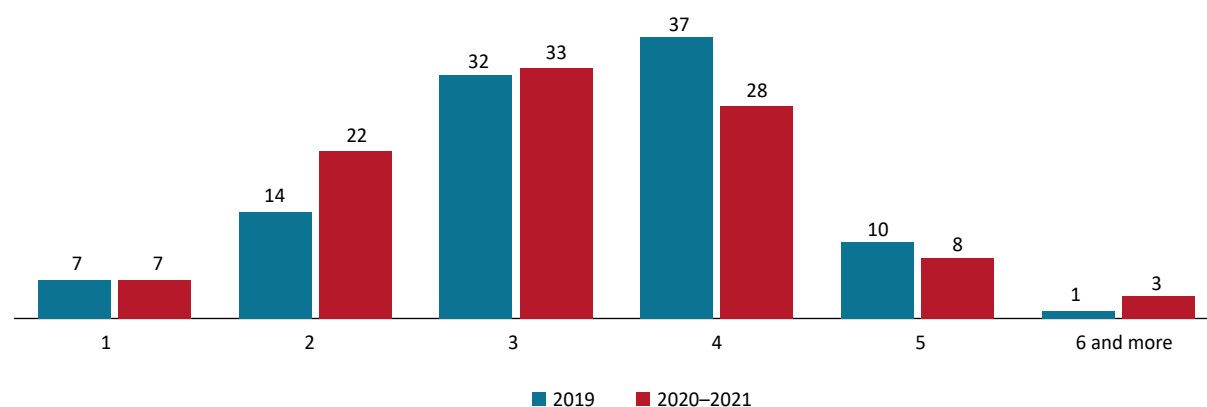
Like with age, over the last three years, there were no significant differences between male and female young enterprise owners in terms of educational attainment. In the case of both sexes, the largest category were people with at least a university degree. **However, it is worth noting that compared to 2019 the percentage of individuals with higher education among those running young enterprises increased in the last two years.** The results are consistent with the fact that, year by year, new age groups enter the labour market, educated in times of considerable popularity of higher education in Poland. Moreover, in the group of Polish young enterprise owners, the share of the youngest and oldest age groups (18–24 and 55–64) i.e., those where individuals with education different than higher are more likely, has decreased since 2019.

Table 4.3. Educational attainment among young enterprise owners (% TEA)

Education	2019	2020-2021
Women		
– below secondary	6	8
– secondary	35	18
– post-secondary and incomplete higher	15	14
– higher, post-graduate, PhD	44	60
Men		
– below secondary	6	7
– secondary	31	21
– post-secondary and incomplete higher	19	13
– higher, post-graduate, PhD	44	60

Source: own study based on GEM 2020–2021 data, N2019 = 426, N2020–2021 = 404.

Results of the analysis of young enterprise owners' households indicate that in 2020–2021 the largest number of young enterprises was established by those living in 3-person households. This has changed compared to 2019: the number of entrepreneurs living in 4 and 5-person households decreased, while the number of those living in 2-person households increased. Such distribution seems to be related to the predominant age in of young enterprise owners in the surveyed group (also associated with such demographic trends as delayed parenthood and the decision to have fewer children).

Figure 4.3. Young enterprise owners' household size (number of people per household, %)

Source: own study based on GEM 2019–2021 data, N2019 = 425, N2020–2021 = 405.

In the case of 81% of adults running young enterprises in 2020–2021, the declared monthly household income exceeded PLN 5,000, while for 48%, it was over PLN 7,000 (compared to 2019, up by 10 pp)

Factors influencing the decision to start a business

In the case of people who were at the early stage of their company's development in 2020-2021, the most frequent factor influencing the decision to start a business was the desire to become independent (32% of responses). The second most frequent factor was the desire to build on the experience gained in earlier work: 23% of all responses. Respondents were most likely to mention these two factors also in 2019, but the difference between them was smaller (27% and 23% respectively).

In both 2019 and 2020–2021, the least often mentioned factors were as follows: (I) possibility of setting up a business as a trial run, at a university within an academic business incubator, and (II) inspiration from the internet/media.

Detailed data on the factors influencing the decision to start a business is presented in Table 4.4. It is worth noting the motivation resulting from an interesting business idea, in whose case the percentage of answers dropped by 5 pp against the 2019 survey wave and was not among the top three answers.

Table 4.4. Factors with the biggest impact on the decision to start a business (% of responses of young business owners)

Factor	% responses 2020–2021
Desire to become independent	32
Desire to build on the experience gained in earlier work	23
Dissatisfaction with earlier work	7
Having an interesting business idea	6
Fulfilling dreams	6
Job loss	6
Possibility of investing one's capital	5
Prior experience with running one's own business	4
Encouragement from family/friends	3
Entrepreneurial family traditions	3
Inspiration from the internet/media	2
Possibility of setting up a trial business at a university within a functioning academic business incubator	1
None/Don't know/other	1

Source: own study based on GEM 2020–2021 data, N = 408.

Young enterprise development

The establishment and development of an enterprise comprises several stages:

1. Initial product/service concept and development of business model assumptions
2. Product/service development – prototyping
3. Product/service market entry
4. Strengthening market position
5. Stabilising the enterprise and its business model
6. Further development and expansion on the market

Results of the GEM survey indicate that in 2020–2021 most young enterprises entered the market with a product/service (27%) (Table 4.5). Approximately 1/5 of start-ups strengthened their position on the market and created prototypes (20%). Less than 20% of entrepreneurs running young enterprises mentioned the stage of enterprise stabilisation and further development and expansion. Even fewer: 11% of young enterprise owners were only at the first stage – initial concept of a product/service and developing business model assumptions.

The situation was similar in 2019. The surveyed entrepreneurs most often mentioned the same three stages, in the same order (25%, 23% and 19% of answers respectively). However, in the last two years, the percentage of new enterprise owners mentioning the creation of a preliminary concept of a product/service slightly decreased (from 15% in 2019 to 11% in 2020–2021). This may be the consequence of the pandemic, which discouraged new business ventures.

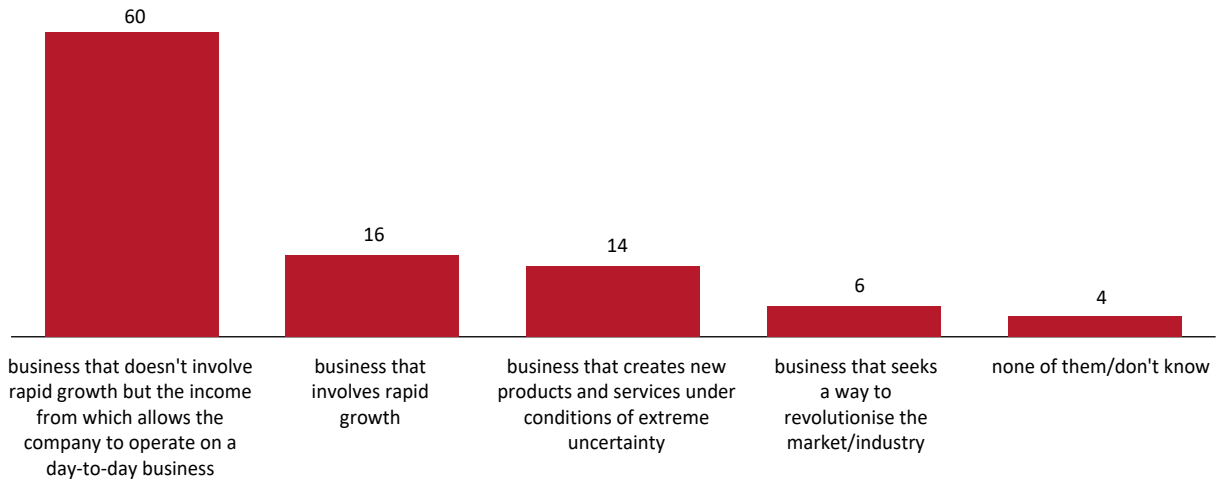
Table 4.5. At what stage of development is your business? (% of responses of young enterprise owners)

Development stage	% responses 2020-2021
Market entry with product/service	27
Strengthening market position	22
Product/service development – prototyping	20
Further development and expansion on the market	12
Initial product/service concept and development of business model assumptions	11
Stabilising the enterprise and its business model	7
Don't know/none of the above	2

Source: own study based on GEM 2020–2021 data, N = 411.

Evidently, over a half of those running young enterprises in 2020–2021 did not expect their rapid growth but focused on generating an income to cover the costs related to the day-to-day operations (Figure 4.4). This could be, inter alia, attributed to the impact of the COVID-19 pandemic and the related restrictions in the economy. Definitely fewer start-up owners (16%) are focused on achieving rapid enterprise growth. A similar proportion: 14% create new products and services in an environment of extreme uncertainty, while only 6% seek to revolutionise the market/industry.

Figure 4.4. Which of the statements best describes your current business? (% of responses of young enterprise owners)

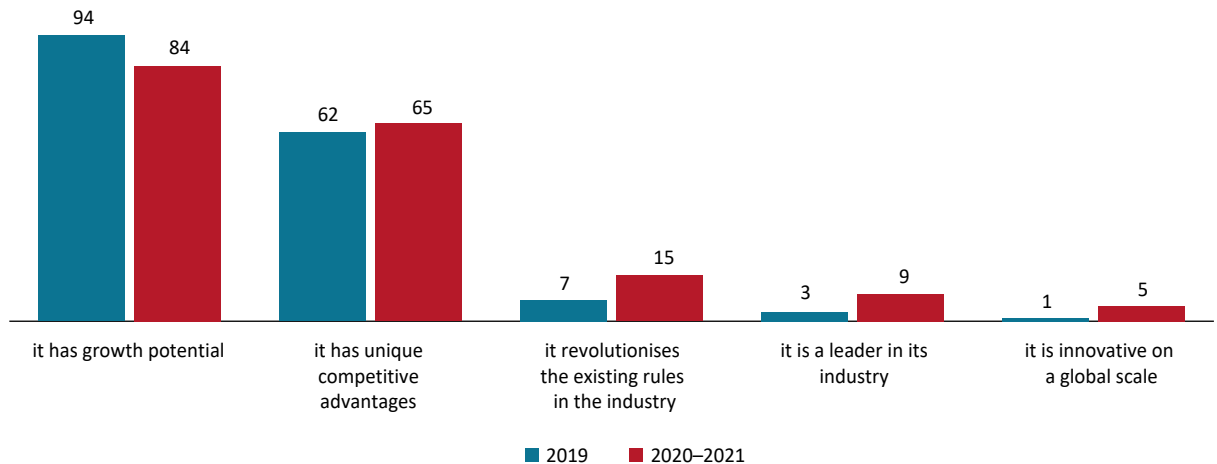


Source: own study based on GEM 2020–2021 data, N = 411.

Young enterprises vs competitors

In 2020–2021, almost all young enterprise owners (84%) believed that their enterprises had growth potential compared to the competition. Although the proportion decreased by 10 pp compared to the pre-pandemic year 2019, by far, it was still the feature that respondents were most likely to choose. More than a half of entrepreneurs (65%) believed they had unique advantages over their competitors. Young entrepreneurs were much less likely to say that they were revolutionising the existing industry rules – 15%, although this is still 8 pp more than in 2019. They were even less likely to say that they were industry leaders (9%). Even fewer start-ups perceived their business activity as innovative on a global scale – 5%.

Figure 4.5. What distinguishes your enterprise from the competition? (% of responses of young enterprise owners)

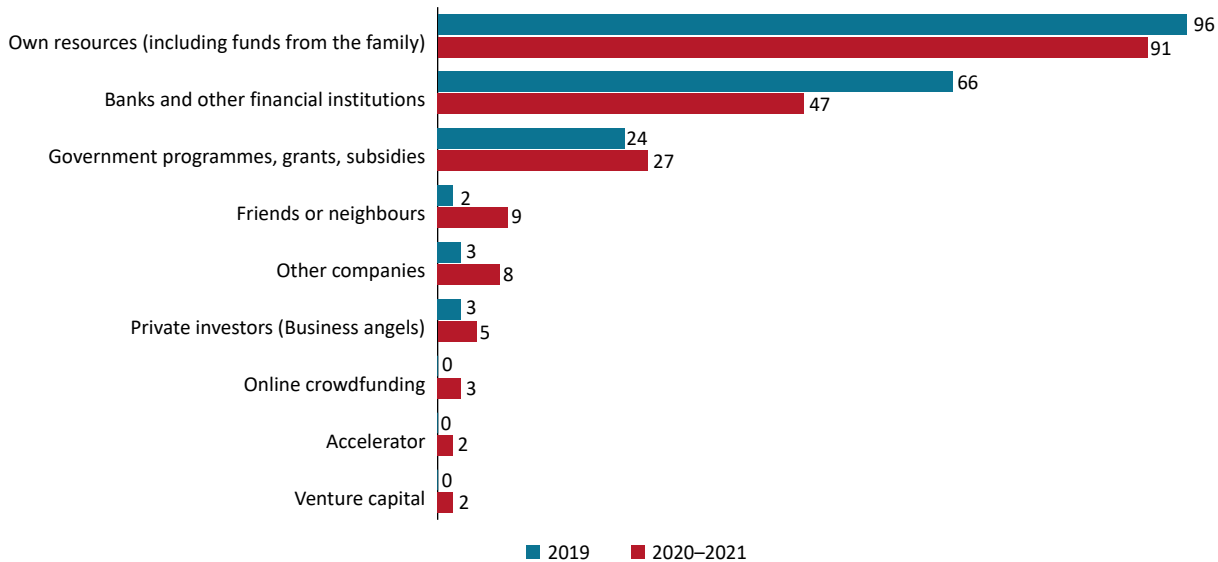


Source: own study based on GEM 2019–2021 data, N2019 = 431 N2020–2021 = 411; multiple choice question.

Young enterprises financing

Results of the GEM study show that both in 2019 i.e., before the COVID-19 pandemic and during the pandemic, virtually all those at the stage of setting up or running a business for a period of up to 3.5 years financed their activities using their own resources, including family resources (96% and 91% respectively). Although obtaining funds from a bank was on the second position in both analysed periods, it is worth noting that in 2020–2021 the percentage of individuals mentioning it decreased by 19 pp, while the numbers of those mentioning all other categories of financing slightly increased (in the case of government programs, the difference was 3 pp, friends/neighbours: 7 pp, other companies: 5 pp, other forms: approx. 2–3 pp). Although most forms of financing are still much less popular than own funds and banks, it is worth noting the emerging diversification. The question arises as to whether it will persist, especially in the face of interest rates growing since the end of 2021, which will limit access to credits.

Figure 4.6. What sources of financing do you use when setting up / running your business?
(% of responses of young enterprise owners)



Source: own study based on GEM 2019–2021 data, N2019 = 431, N2020–2021 = 410; multiple choice question.

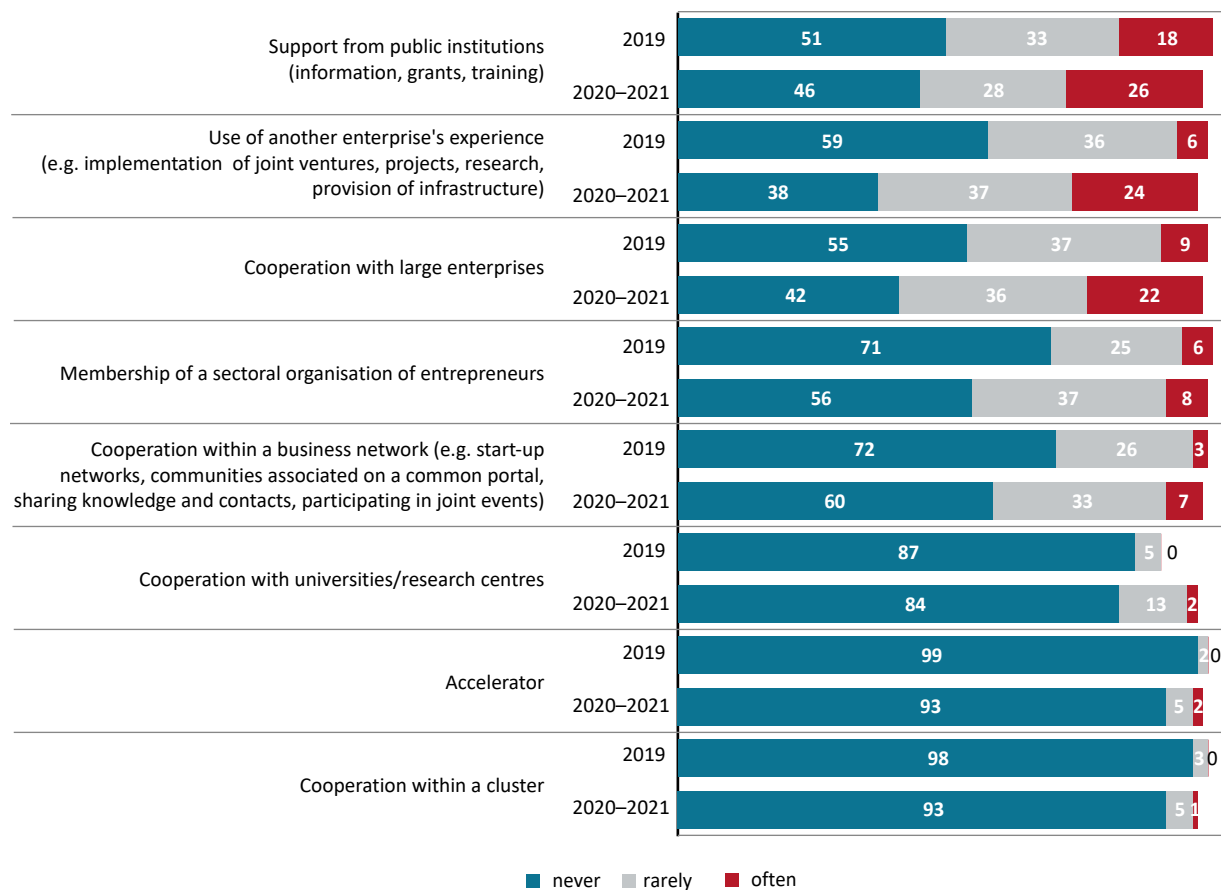
Who do young enterprises cooperate with?

In 2020–2021, individuals setting up a business or running a business for up to 3.5 years, when asked about cooperation with other entities in their environment, mentioned mainly other enterprises and public institutions. Over 60% of start-ups benefited from the experience of other companies (24% did so frequently), including through joint projects, research, and the use of shared infrastructure. The activity of this group is similar when it comes to cooperation with large companies (with 22% cooperating frequently, and 36% seldom). In the case of public institutions, this is a one-sided relationship involving benefits from information, grants, and training: 54% of respondents confirmed that they rely on support, with 26% using it often, and 28% – rarely. Relatively fewer young enterprise owners declared that they cooperate with other companies in an organised form – within the framework of organisations associating entrepreneurs (45%) and within networks (40%).

Compared to 2019, a general trend of increased collaboration between young enterprise owners and other entities is evident. For all the forms of cooperation with the environment surveyed in 2020–2021, the percentage of those who do not take such actions at all

decreased. In particular, the change is visible in the area of using the experience of another company, where the difference in the percentage of respondents stating they never use this form of cooperation is 21 pp. It is also worth noting that in 2020–2021, cooperation with universities/research centres was mentioned by only 13% of start-up owners, and in 2019, by only 5% (with no-one saying it was frequent).

Figure 4.7. Popularity of various forms of cooperation with their environment among young enterprise owners (% of responses of young enterprise owners)



Source: own study based on GEM 2019–2021 data, 2019–2021, N2019 = 431, N2020–2021min = 408.

4.3. Factors and barriers to the development of young enterprises

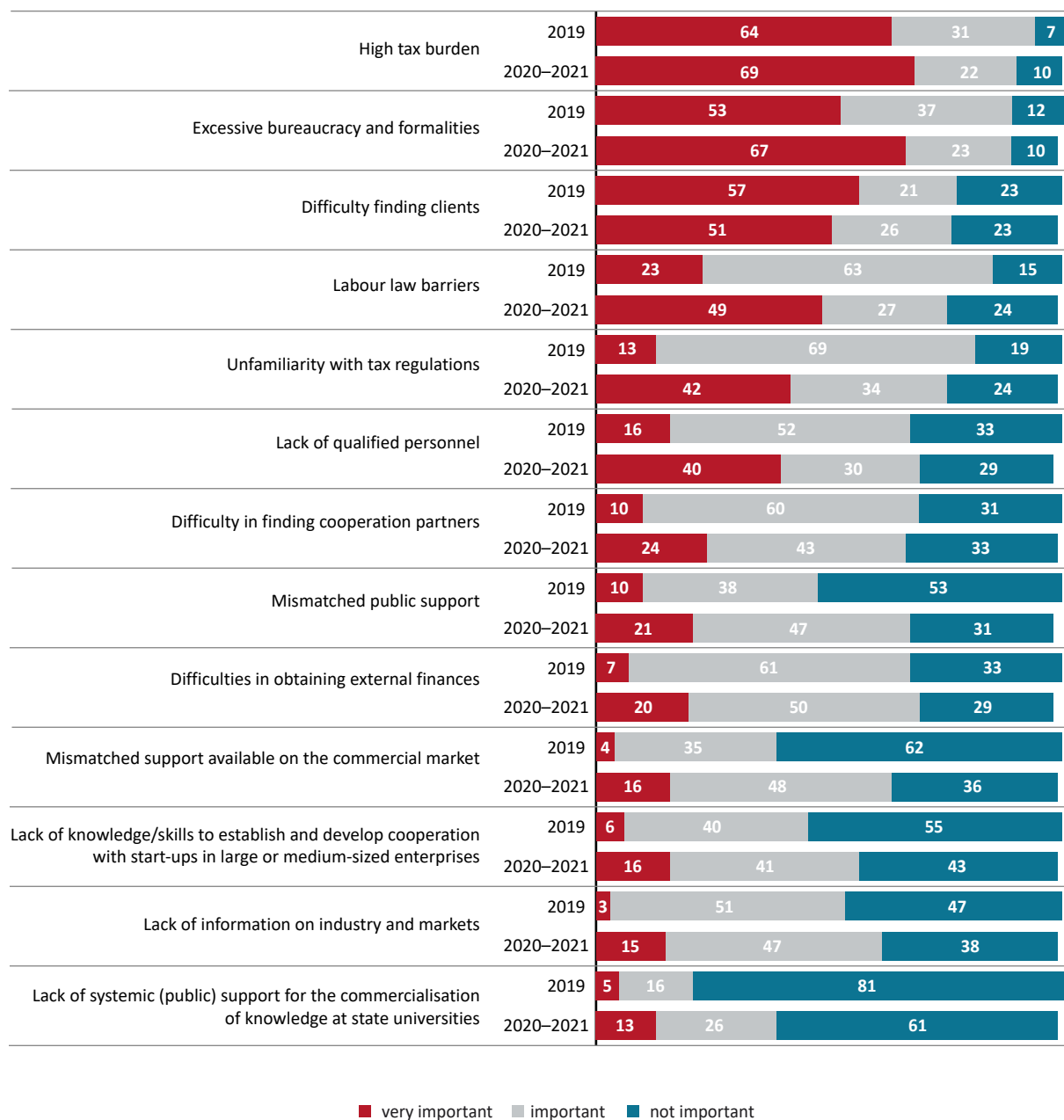
In 2020–2021, individuals at an early stage of running a business identified two key factors as those most hindering business development: high tax burdens and excessive bureaucracy and formalities. Approximately 2/3 of start-ups perceived both aspects as significant barriers. Difficulty of acquiring clients was at least a medium barrier for 75% of respondents (while for 51% it was significant), restrictions related to labour law (significant for 49%), unfamiliarity with tax regulations and lack of qualified staff (approximately 40% considered both as important).

A half of these factors (including the two perceived as most problematic) are related to the legal and administrative environment in which young enterprises operate, and another half relate to the direct activities of newly-created entities (including the one on which the entrepreneur has biggest direct influence i.e., unfamiliarity with tax regulations).

Compared to 2019, in the last two years, people running young enterprises generally perceived more factors as significant barriers to running a business. This is particularly evident in the case of aspects such as unfamiliarity with tax regulations (29 pp difference in the percentage of individuals who perceived this factor as very important), barriers connected with the labour law (26 pp), and lack of qualified staff (24 pp). Respondents' answers may reflect the general tendency of the Polish socio-economic environment, where the legal and tax regulations concerning companies frequently change, and the supply of employees, especially those with lower qualifications, is decreasing. Another factor is the pandemic, which affected, among other things, labour force availability and transfer.

It is also worth noting that regardless of the year in which the survey was conducted, three factors perceived as barriers by the largest number of entrepreneurs running young enterprises have remained the same: tax burdens, bureaucracy/formalities, and difficulties in attracting customers.

Figure 4.8. Factors hindering the development of young enterprises (% of responses of young enterprise owners)



Source: own study based on GEM 2019–2021 data, 2019–2020, N2019 = 431, N2020–2021min = 406.

What are the reasons why start-ups are not being created? In 2020–2021, people at the early stage of running a business identified 6 major factors that stopped Poles from setting up this type of business. According to at least 60% of respondents, the following can play an important part:

- **lack of capital to start a business – 72%** (down by 9 pp compared to 2019, but still the first, most often mentioned factor);
- **lack of business concept – 70%** (up by 11 pp compared to 2019, to second position among most frequently mentioned factors);
- **lack of skills related to company organisation and management, needed to start a business – 66%** (up by 13 pp compared to 2019, making the factor one of the most frequently mentioned);
- **lack of faith in one's skills – 66%** (down by 11 pp compared to 2019, but still among most frequently mentioned factors);
- **financial obligations (children, loans, etc.) – 64%** (up by 13 pp compared to 2019);
- **lack of industry and specialist knowledge needed to start a business – 63%** (up by 8 pp compared to 2019).

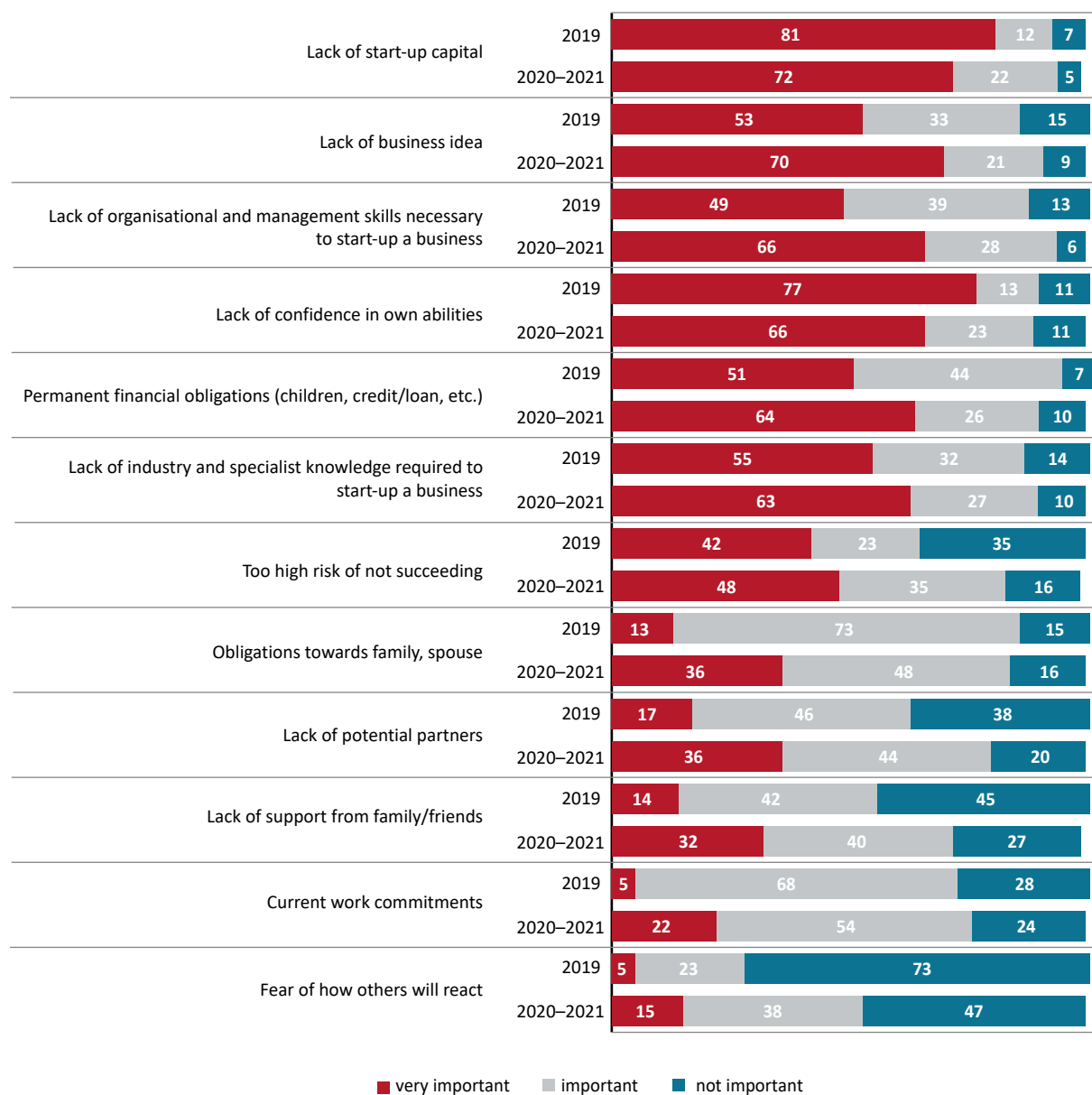
Other factors, less frequently mentioned in 2020–2021 as likely to **considerably** hinder the establishment of a business were: **high risk of failure – 48%**, **obligations towards family/spouse – 36%**, **lack of support from family/friends – 32%**, and **lack of potential business partners – 36%**.

It is worth noting that in 2020–2021 respondents were more likely to identify most of the above-mentioned factors as playing a great part in their resigning from undertaking entrepreneurial activities than in 2019. Like with factors that may hinder the development of young companies, also in this case it seems that the surveyed young company owners notice the complexity of the environment and its impact on entrepreneurial intentions and activity of the already-established business ventures more than in 2019.

Although fewer respondents consider lack of faith in their skills to be a sufficiently important reason to resign from entrepreneurial activity, almost 90% considered it to be at least of moderate importance in the last 3 years.

In chapter 2.2, which describes Poles' entrepreneurial attitudes, we point out that 60% of respondents are convinced they have sufficient skills to run a business. Therefore, it seems that experience in running one's own business significantly changes the view on this topic.

Figure 4.9. Factors that may prevent people from starting a business (% of responses of young enterprise owners)



Source: own study based on GEM 2019–2021 data, 2019–2020, N2019 = 431, N2020–2021min = 406

4.4. Start-ups and the COVID-19 pandemic

The data analysed in the report are the results of the second wave of the GEM survey conducted during the COVID-19 pandemic. Compared to the situation in 2020, even though the threat still existed, economies and societies were adapting to the situation as much as the conditions allowed. Besides, increasing population immunity, supported by the availability of vaccines, enabled the reduction of restrictions and limitations. These may be the reasons why, in 2021, only around 1/4 of the surveyed young enterprise owners perceived the COVID-19 pandemic as a very important factor hindering the development of a start-up or preventing its establishment.

Table 4.6. The COVID-19 pandemic as a factor hindering the development and establishment of a start-up (% of responses of young enterprise owners)

Assessment of the impact of the pandemic	Very important	Moderately important	Irrelevant	Total
COVID-19 pandemic as a factor hindering the development of a start-up	25	41	34	100
COVID-19 pandemic as a deterrent to creating a start-up	22	40	38	100

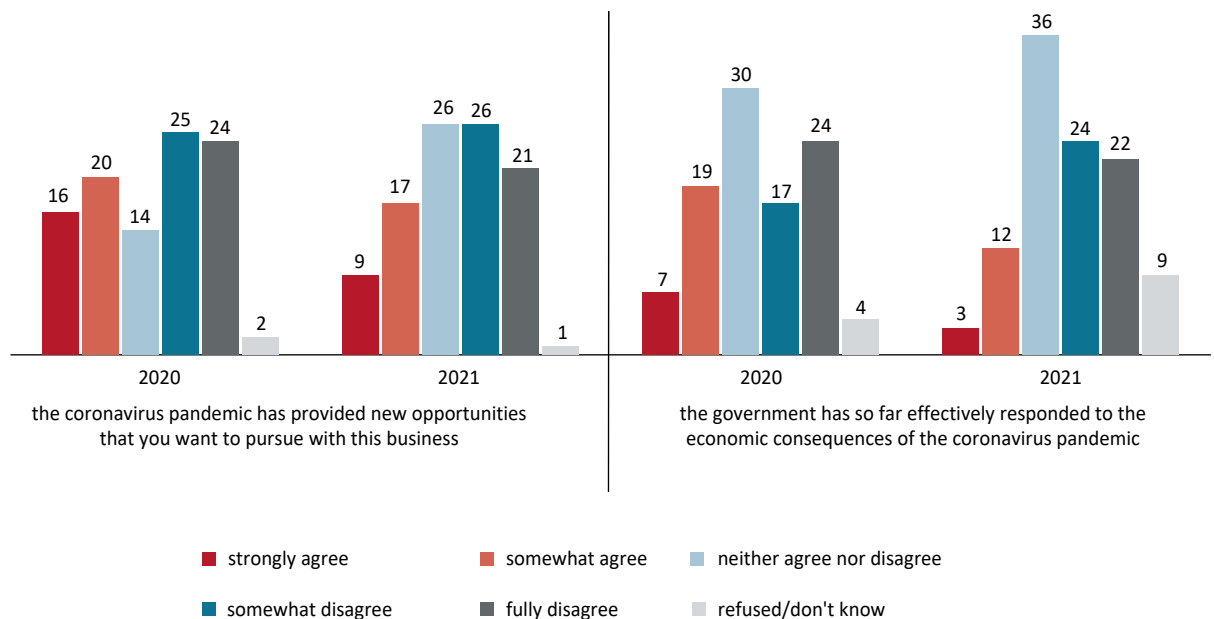
Source: own study based on GEM 2021 data, N = 163.

When drawing conclusions from these results, it should be remembered that these are the opinions of active entrepreneurs, i.e., those who established and conducted a business for 3.5 years. Consequently, their perception of the pandemic as a limiting factor may be different than that of those who did not undertake such activity. As the number of young enterprise owners decreased in 2021 compared to the previous years, it can be assumed that the popularity of individual entrepreneurship also decreased due to the pandemic (cf. Chapter 2).

A comparison of young enterprise owners' assessments of the pandemic's impact on start-ups in 2020–2021 shows that, above all, respondents' indecision increased. There was an increase in the proportion of those unable to clearly state whether the pandemic created new opportunities they wanted to use or were already using in their enterprises (up by 12 pp in 2020–2021) and whether the Polish government's actions to counter the economic impact of the pandemic were effective (up by 6 pp y/y). At the same time, the number of

entrepreneurs who feel that new opportunities created by the pandemic decreased (from 36% to 26% of those agreeing with the statement at least to some extent), and so did the number of those believing, at least to some extent, that the Polish government's actions were effective (8 p.p.).

Figure 4.10. Assessment of the impact of the COVID-19 pandemic on young entrepreneurs (% of responses of young enterprise owners)



Source: own study based on GEM 2020-2021 data, N2020 = 248, N2021min = 160

4.5. Expert assessment of determinants of start-ups development

Under the *National Experts Survey*, conducted as part of the GEM project, at least 36 Polish experts from various fields (finance, government policy, government programmes, openness and dynamics of the domestic market, cultural and social norms, education, R&D, service infrastructure, technical infrastructure) directly or indirectly related to entrepreneurship were asked about the determinants of start-ups' establishment and the conditions for their development. Respondents evaluated the particular statements by selecting an option from 0 – strongly disagree to 10 – strongly agree.

Below are the results of the NES study covering the development of start-ups during the last three years of the GEM study in Poland (2019–2021) only. A more extensive study with the general assessment of the determinants of enterprises development in Poland in 2021 is presented in Chapter 3.

According to the experts, start-ups generally play an important role in the economy, as shown by the average of their ratings for this statement, which fluctuated between 6.39 points in 2019 and 6.5 points in 2021. At the same time, the respondents were convinced that large and medium-sized enterprises primarily need training and advice in the area of building and developing cooperation with start-ups (the average rating for this statement increased from 6.94 in 2019 to 7.5 in 2021), especially since the experts rated large and medium-sized enterprises' willingness to cooperate with start-ups as medium, with the average rating dropping to 3.9 against 4.5-4.7 in the previous two years. In addition, during the study, maximum rating for this statement did not exceed 9 points, with a median of 5 points.

The respondents positively assessed the availability of infrastructure for start-ups, in the form of co-working space, networking platforms, and mentoring support. At the same time, it is visible that there is room for improvement in these areas (the average for statements evaluating these aspects over the last three years is between 5.6 points and 6.3 points with an upward trend for both assessed aspects in 2019–2021).

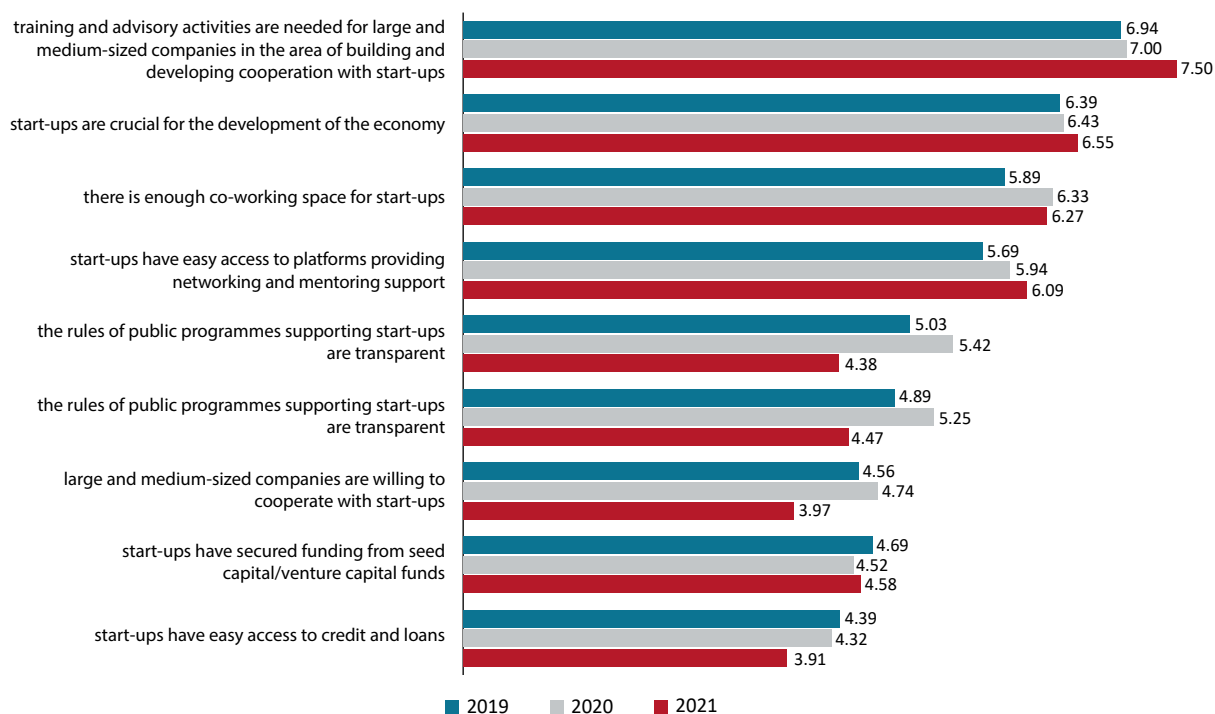
The market for start-up funding is still developing in Poland. The experts' rating of the statement referring to financing of start-ups with *Start-ups capital/venture capital* was around 4.5 points over the last three years (similar to the median), which means that the experts tended to disagree with the statement that "Start-ups are financed with *seed capital/venture capital*".

Over the last three years, the surveyed experts gave average rating to the transparency of the rules of public programmes supporting start-ups and the adjustment of this offer to young enterprises' needs. In addition, in 2021, the average ratings for these aspects decreased against the previous two years, to a level below 4.5 points (from around 5 points). Access to credits and loans was also rated relatively low, with the average rating dropping from 4.3 to 4.0 points in 2021.

It is worth noting that in 2019–2021 the experts' ratings of the various aspects describing the start-up ecosystem in Poland were generally consistent. Start-ups were invariably considered very important for the development of the Polish economy. It was strongly believed that training and advisory activities need to be implemented in the area of skills for building cooperation between large and medium-sized enterprises on the one hand and start-ups on the other. At the same time, the current scope of this cooperation was rated lower than the average.

Over the last three years, experts gave a more positive rating to the conditions of start-ups' operations related to the space and working conditions of young technology enterprises (co-working and mentoring), while funding conditions and public programmes dedicated to start-ups were rated lower. 2021 saw decreased ratings for the latter two dimensions and the aspect of start-ups working with large and medium-sized enterprises. The situation may be due to the COVID-19 pandemic and its impact on the economy (reduced availability of financing, businesses focussing on 'surviving' rather than developing partnerships).

Figure 4.11. Average expert ratings for the particular statements describing the ecosystem of start-ups in 2019–2021



Source: own study based on GEM data for 2019–2021, N2019 min = 35, N2020min = 31, N2021min = 32

4.6. Conclusions

According to a survey carried out on a representative country-wide sample of adult Poles (aged 18–64) in 2021, approximately 458 thousand³⁹ individuals are involved in enterprises less than 3.5 years old. As already discussed in more detail in chapter 2, the results of the GEM survey indicate that since 2016 systematically fewer and fewer Poles have been involved in such activity (with slight reduction of the downward trend in 2018–2019). In the last two years, affected by the pandemic, the number of entrepreneurs choosing to run a new company further decreased.

Men are more likely than women to be involved in start-up activities. In 2019, the advantage of the former was minor, to increase in the next two years and reach 61% for men vs 39% for women.

The average age of young enterprise owners also increased in 2020–2021 compared to 2019, to 37.1 years. An increase was observed in the percentage of people with higher education as well, to 60%. To compare, in 2020, the proportion of people with post-secondary education in Poland was under 30%⁴⁰.

The results of the GEM survey indicate that in both 2019 and the next two years start-ups were primarily enterprises entering the market with a product/service, strengthening their position in the market, and prototyping. 2020–2021 was a time for young enterprises to focus on generating revenue to cover the costs associated with the day-to-day running of their business. There seem to be fewer start-ups focusing on other goals. This may be, inter alia, due to the impact of the COVID-19 pandemic and the related economic restrictions. Regardless of the year of the survey, in that period, most young enterprise owners believed that their enterprises had growth potential compared to the competition.

³⁹ Number of adults 18–59/64, as of 31 March 2021 – 22,886.4 thousand, source: *Informacja o wstępnych wynikach Narodowego Spisu Powszechnego Ludności i Mieszkań 2021 [Information on preliminary results of the National Population and Housing Census 2021]*, Statistics Poland, 27 January 2022. According to the results of the GEM survey, 2% of people aged 18–64 are involved in the activity of enterprises with market presence of up to 3.5 years.

⁴⁰ The data refers to people aged 15–64.

Both in 2019 and during the pandemic, virtually everyone at the stage of establishing or conducting a business for up to 3.5 years financed their activities with their own resources, including those of the family. They collaborated primarily with other enterprises and public institutions. Compared to 2019, a general trend of increased collaboration between young enterprise owners and others was evident in 2020-2021. For all the surveyed forms of cooperation with entities from their environment, the percentage of those who never took such actions decreased during that period.

In 2020-2021, individuals at an early stage of running a business identified two key factors most hindering business development: high tax burdens and excessive bureaucracy and formalities. Compared to 2019, in the last two years, those running young enterprises generally perceived more aspects as significant barriers for their business activities. Similarly, in the case of factors potentially holding back a start-up, in 2020–2021, respondents were more likely than in 2019 to identify most of these factors as having a very important influence on resignation from entrepreneurial activities. According to young enterprise owners the most important were as follows: (I) lack of start-up capital, (II) lack of business concept, (III) lack of organisational and business management skills needed to start a business, (IV) lack of confidence in one's skills, (V) ongoing financial commitments and (VI) lack of industry and specialist knowledge needed to start a business.

A comparison of young enterprise owners' assessments of the pandemic's impact on start-ups in 2020–2021 shows that, above all, respondents' indecision increased. There was an increase in the proportion of those unable to clearly state whether the pandemic created new opportunities they wanted to use or were already using in their enterprises, and whether the Polish government's actions to counteract the economic impact of the pandemic were effective. At the same time, the number of entrepreneurs who saw new opportunities created by the pandemic or were convinced, at least to some extent, that the Polish government's actions were effective, decreased.

Experts' rating of the start-up ecosystem in Poland was generally consistent across the three last waves of the GEM Poland survey. Start-ups were invariably considered very important for the development of the Polish economy. It was strongly believed that training and advisory activities need to be implemented in the area of building skills for cooperation between large and medium-sized enterprises on the one hand, and start-ups on the other, while the current scope of this cooperation was rated lower than the average. Experts rated

the conditions of start-ups' operation related to the space and working conditions of young technology enterprises (co-working and mentoring) higher, while funding opportunities and public programmes dedicated to start-ups were rated lower. 2021 saw decreased ratings of the latter two dimensions and the aspect of start-ups working with large and medium-sized enterprises, which may have been the result of the pandemic and its impact on the economy and enterprises.

A comparison of the situation of young Polish enterprises right before the outbreak and during the global COVID-19 epidemic primarily shows a decrease in the number of such entities in Poland. Undertaking entrepreneurial activities is losing popularity, but those who decided to open a new enterprise in the last two years did not significantly differ from those who undertook such activities in 2019. Therefore, in the context of these results, it seems that supporting start-ups in Poland should currently focus on creating conditions that would encourage people to undertake entrepreneurial activity and making this career choice more attractive again.



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