

Piotr Masiukiewicz, Paweł Dec

# Measures of Success in Small and Medium-Sized Business in Poland

Success in small and medium-sized businesses (SMEs) in Poland faces a number of administrative barriers, legal and mentality. Both the Ministry of Economy and the Polish Agency for Enterprise Development (PARP) undertake a program of facilitations for SMEs, but if the pace and scope of these activities are really sufficient? In assessing the success of different measures can be used. However, it seems appropriate to use a number of indicators showing the effects of both economic and social.

The success of entrepreneurs in SMEs should be understood as survival in the market for a longer period, and the development of their own business and confidence in the market, allowing generating income at least three times higher than the national average salary. In the context of the recent financial crisis and its implications for business has increased the importance of the rehabilitation (repair) businesses. In Poland, there is a discussion about bad regulations in this area in the law, bankruptcy and reorganization. *Second Chance* – a program implemented in the EU, in a broad sense, both making the business a second time after the bankruptcy of the previous activities of the company, as well as the repair (rehabilitation, recovery) and the restructuring of the crisis – as part of a rehabilitation implemented.

The thesis of the article is: based on accepted criteria for success, small and

medium-sized companies in most cases get successful domestically and internationally; despite institutional and behavioral barriers to business development. Formulated assessment and conclusions in the article cited research supported by foreign authors and their own.

## Criteria for success of SMEs and the policy of second chance

The problem of selection criteria for assessing the success of small and medium businesses is debatable, and the limitations of research and statistical data often prevent the use of a chosen set of evaluation criteria. According to the theory of normative bankruptcies, the bankruptcy should eliminate the entrepreneur from the market<sup>25</sup>).

For SMEs often the main long-term goal is to survive in the market. This problem many years ago has highlighted P. Drucker. For many companies, a crisis is a struggle for existence at all costs, including the fight for state aid (bailout). A little attention to this issue devoted G.J. Stigler (considered to be a pioneer of economic regulation). He formulated the theory that studies should use the principle of survival of the company (survivor principle), according to which defines a group of best performing companies on the market in the long term<sup>9</sup>). Analysis and research published in the Harvard Business Review indicate the role of foreign activity (including exports) of companies as a success factor<sup>26</sup>).

The authors propose to SME success criteria include the following: the survival of the business (life expectancy), the level of income and employment, debt levels, attitudes towards innovation, strategic approach to business and foreign activity, resistance to the crisis, ethics, confidence in the market. According to these criteria, an analysis of the situation of the SME sector in a macroeconomic scale.

Attitudes towards crisis, resistance to macroeconomic crisis and the crisis in their own company are associated with the system of institutional support for SMEs<sup>27</sup>). Even though bankruptcy entrepreneur should – with the support of various institutions have a second chance – a chance to re-operate. European Commission's approach to bankruptcy cases can be considered revolutionary, because the bankruptcy notice is to be the last resort, if the road to help entrepreneurs is exhausted. Support SMEs in the development of both the crisis is aimed at a comprehensive program of the European Union – The SBA (Small Business Act) and the guidelines of the „second chance“. Basic legal instruments, financial and organizational support for SMEs are set in EU documents.

The European Union operates the Enterprise Europe Network. EEN is an

extensive network providing information and advice to businesses, including businesses that survived bankruptcy and decide to start again. Also in Poland there are business support centers in the EEN.

The European Commission believes that a more supportive environment for businesses at risk may prevent failure. Highlighting the problem of the negative effects of business failure and its negative events, would help to make the best of human creativity in Europe, boost entrepreneurship and promote innovation and job creation<sup>19</sup>).

Poland has implemented all the EU directives in this area, but their effects should wait. The most important activities of the government in recent years include:

- Simplification of the procedures for setting up companies (including e-registration).
- Preparation of a new law on recovery and insolvency.
- Implement the law on commercial transactions.
- The introduction of free (for one year) state guarantees for loans liquidity for SMEs.
- Support the establishment and development of SMEs from EU grants (de

**Table 1 The main threat to the functioning of SME companies in Poland during the crisis in the EU (the study in 2010)**

No.	Type of threat (N = 1205)	Answers (in %)
1	The tax system, high taxes	44.0
2	No inflow of new customers, declining number of customers	43.0
3	The unpredictability of the market, changes in economic conditions	37.0
4	Unfair competition	36.0
5	Generally strong, excessive competition	35.0
6	Delay or suspension of payments from customers	19.0
7	Instability regulations	18.0
8	Difficulties in obtaining loans	9.0
9	Set tenders	8.0
10	Lack of staff with appropriate qualifications or skills	8.0

Source: own studies based on Orłowski W., Pasternak R., Flaht K., Szubert D., *Procesy inwestycyjne i strategię przedsiębiorstw w czasach kryzysu*, PARP, Warszawa 2010, p. 37.

**Table 2 Causes influencing the deterioration of the company within the international economic crisis on the basis of studies from 2009**

No.	What mostly cause deterioration of the company?	„Yes” answers in %
1	With the market situation, i.e. the decline in orders, demand, export restrictions	43.0
2	With uncertainty, fears of a deepening crisis	25.0
3	In the limit of bank lending	15.0
4	Due to the different factors present at the same time	12.0
5	On the other reasons	5.0

Source: Skrzydłowska-Kalukin K., *Jak nie dać się kryzysowi*, Dziennik, 16.01.2009, p. 10.

minimis) under the Innovative Economy Operational Program.

- The implementation of the program *Support for export*.

An important gap is the lack of state funds for the repair processes of companies that would support these processes in SMEs<sup>13</sup>.

### Economic barriers

Leading companies in the SME sector in Poland faces a number of barriers in: taxes, sources of financing, export, support in crisis and to receive a second chance after bankruptcy. Both experts and entrepreneurs in view of recent research, as a major barrier to the actual lack of repair court proceedings give bad law and lack of appropriate institutional arrangements<sup>12, 13, 20</sup>. According to the World Bank report of 2012 concerning the taxation systems in the world, Poland was classified in the second hundred out of 183 countries with respect to its benevolence for entrepreneurs<sup>18</sup>. The report IEF (Index of Economic Freedom) of 2012, published by The Heritage Foundation and containing international rating of economic freedom, Poland was merely on the 64<sup>th</sup> position. However, the World Bank report *Doing Business 2014* indicates that, according to the criterion of the registration facilities and improve conditions for SMEs, Poland improved its position in the world ranking of 10 items and takes 45 place. Also, a special report on the implementation of the World Bank a

second chance for entrepreneurs indicates the number of positive reforms made by the Polish government<sup>28</sup>). More critical in this regard is the Polish report<sup>20</sup>.

The study of SMEs in 2010 has shown that the risks associated with the crisis were not seen as the most important (Table 1). High taxes, poor tax system, falling demand and changes in economic conditions, were cited by entrepreneurs as a major threat to business.

On the other hand, examination of 2,000 managers and business owners by the Business Centre Club in 2009 in Poland showed that the restriction of access to credit as a major factor in the deterioration of the situation of the company indicated only 15% of respondents (Table 2).

Companies under temporary difficulties and carrying out restructuring or repair, can expect little support – either from the bank (loan restructuring) or from the tax office (temporary suspension of tax).

The Bank has a range of instruments to support the repair process, i.e.<sup>10</sup>:

- Take restructure existing debt (the debt, amortization of interest, re-payment in installments, securitization, etc.).
- To increase lending to businesses.
- Consolidation loans and loans from other banks.
- The opportunity to participate in the supervisory board and the general meeting of shareholders.
- Advice on financial restructuring.

**Table 3 The types of support they need entrepreneurs who finished a business as a result of bankruptcy and who start next activity (research from 2011)**

No.	Type of support	Definitely yes (%)	Probably yes (%)	Probably not (%)	Definitely not (%)
1	Advisory support	48.0	38.0	12.0	2.0
2	Training support	33.0	40.0	21.0	5.0
3	Financial support	29.0	38.0	24.0	9.0
4	Psychological support	14.0	45.0	40.0	0.0

Source: own studies based on *Wstępne wyniki badania procesów upadłościowych i naprawczych*, TNS Pentor, 2011.

Consulting support is available in EEN or chambers of commerce, (e.g. Chamber of Small and Medium Enterprises in Warsaw). There is in the country a developed structure of consulting firms – company doctors who support the conceptual recovery programs. Lack of a national restructuring fund which, together with bank financing, would ensure the survival of the so-called capital for companies in crisis.

Polish Agency for Enterprise Development annually commissions research in the SME sector. In 2011 we conducted a study on bankruptcies. When asked about the kind of support they need entrepreneurs starting a second time a business – most responses of the surveyed entrepreneurs related to counseling support, but financial support – definitely yes and probably yes answered 67% of respondents (Table 3).

Polish law provides for only one formal path repair procedure and the infrastructure to support these processes is negligible. Quite different solutions are in the European Union. General criticism of entrepreneurs, experts, and judges re-

ported in recent years, justifies a thorough reform of the regulatory environment<sup>12</sup>.

The taxation of canceled debt is a separate issue. Banks, on account of outstanding loans are for borrowers past due receivables. So open a recovery procedure aimed at them off. In the absence of prospects for a quick recovery, banks sometimes decide to discontinue all or part of the debt – to support the process of recovery. The bank's decision to cancel the debt, in fact, does not bring the expected result, because the tax authorities consider that the waiver is income and is taxed. Therefore there is a need for a change in the accounting for the valuation of intangible assets. These assets despite the fact that often exceed the value of the assets are not disclosed in the financial statements.

### Behavioral barriers

The behavioral determinants of entrepreneurial career may include, among others:

- The attitudes and behaviors of entrepreneurs running their own business.
- The ability to shape trust among

**Table 4 Attitude to business (research from 2010)**

No.	Attitude to business conducted by SME entrepreneurs	Answers (in %)
1	Just me and what I do not put pressure on the growth of the company, business is still good enough	44.0
2	I put a lot of emphasis on the development of my business and I try to offer new services and / or expand their business into new markets	38.0
3	The development of my business is in my mind at this point, and so I will have to close down	4.0
4	I do not know, it's hard to say	14.0

Source: Orłowski W., Pasternak R., Flaht K., Szubert D., *Procesy inwestycyjne i strategię przedsiębiorstw w czasach kryzysu*, PARP, Warszawa 2010, p. 60.

**Table 5 Willingness to continue working with the entrepreneur, in respect of which an application for bankruptcy (research 2011)**

No.	Willingness to continue working with the entrepreneur	Answers (in %)
1	Immediate suspension of supplies	50.0
2	Supply would continue, but would ask prepayment or payment in cash	56.0
3	If I signed the contract, I would like to resolve them	44.0
4	Consultation with an attorney	47.0
5	I would keep the case to the court for payment of debts	39.0
6	I would be willing to spread the repayment of debts in installments to help him to his feet	55.0
7	Notice of the situation of other enterprises	37.0
8	I include applicants for bankruptcy	29.0

Source: own studies based on *Polityka drugiej szansy. Opinie przedsiębiorców i ekspertów*, Instytut Badawczy ProPublicum i TNS Pentor, Warszawa 2011.

stakeholders, including customers and employees.

- Resistance of entrepreneurs to crises.

The approach to doing business were audited in 1206 PARP SME companies, entrepreneurs were polarized on this issue – 44% stopped on what is already achieved, and 38% wanted to actively grow the business (Table 4).

In the event of a crisis an important factor in the survival of the company is the attitude and maintains further the relationship by contractors (suppliers and customers). Unfortunately, studies of PARP shows that 50% of traders immediately put a stop supplies to defaulting

colleague (Table 5). The above behavioral factors can significantly affect the survival of the business career in business.

### Measures of success

Survival of the market is – especially in the first period of operation – a fundamental challenge, even at the cost of losses<sup>6</sup>. Table 6 shows the number of small and medium enterprises which are established and liquidated in the years 2003-2011. In 2011, began operations 408 008 companies, of which 407,892 (thus 99.97% of all firms) were the SME companies. This shows the important role this sector plays in economic development in Poland.

**Table 6 Demographics of small and medium-sized enterprises in Poland**

Year	Micro			Small			Medium-sized		
	Registered	Established	Liquidated	Registered	Established	Liquidated	Registered	Established	Liquidated
2003	3463245	265946	148202	144618	7569	3888	30106	1071	978
2004	3485970	223863	204979	149159	4144	3723	30029	484	911
2005	3528198	282517	228171	154643	6144	4059	30174	651	665
2006	3548677	311732	283271	156408	4409	3742	30219	448	451
2007	3599259	309248	253100	159426	4317	3348	30266	442	490
2008	3666481	334812	257717	164795	5180	5166	31225	526	988
2009	3672853	397114	377920	170182	5240	4726	31648	381	612
2010	3876119	459270	264133	173099	5838	3963	31670	494	493
2011	3861352	401208	412995	173449	6153	5498	31329	531	734

Source: own studies based on [www.parp.gov.pl](http://www.parp.gov.pl), 14.12.2013.

**Table 7 Shares of individual groups of enterprises in GDP in Poland in the years 2004-2010 (in %)**

Year	Micro	Small	Medium-sized	Large	Total of SME
2004	31.00	7.60	10.00	21.90	48.60
2005	31.50	7.40	8.90	17.80	47.80
2006	31.00	7.40	9.30	17.20	47.80
2007	30.40	7.20	9.80	16.70	47.30
2008	29.90	7.40	9.90	16.50	47.20
2009	30.40	7.90	10.10	16.50	48.40
2010	29.60	7.70	10.40	16.50	47.60

Source: own studies based on [www.parp.gov.pl](http://www.parp.gov.pl), 14.12.2013.

Table 2 shows that almost 50% of GDP is generated by the SME sector in Poland. It is over two times more than generate large enterprises. This proves the continued strong position in the sector of small and medium-sized enterprises.

In comparison with other countries, Polish SME sector ranks in the midfield. The leader is definitely Norway, where this sector generates almost 60% of GDP.

Analysis has demonstrated the great importance of the SME sector in Poland. Number of companies registered there, the volume of revenue (and their share of GDP), or the number of employees grows still there and decide on increasing the strength of the sector (Table 7, 8). In Poland in 2011 more business ended than it had been opened (with the exception of small businesses). Undoubtedly influenced it was the economic crisis of recent years. Officially declared bankrupt in Poland about 700 SMEs. The conclusion is that many of those choosing other forms of termination of the activity rather than through time-consuming and complicat-

ed the court procedure. Survival rates of SMEs in Poland indicate that more than 20% of companies do not survive the first year, and each year this number increases further.

### Revenue and employment

Revenues of SMEs are smaller than of the large enterprises in Poland, however, the cumulative value of this sector is much higher than the income obtained by the largest companies (in 2010 were higher by almost 30%, Table 9).

In the SME sector works the largest number of employees in Poland. Most of them, more than three million, employ micro firms (Table 10).

While the SME sector employs the majority of workers, their wages are much lower than in the largest enterprises (Table 11). The worst-paid workers are in the smallest firms, while the staff of medium-sized companies earns almost the same as the average salary in Poland. The positive aspect is the fact that wages are growing steadily every year.

**Table 8 Survival rates of the SMEs sector in Poland**

Year established	Companies registered (in thous.)	The survival rate of the first year (in %)	The survival rate for the year (in %)			
			2008	2009	2010	2011
2006	241.6	66.5	55.2	41.0	36.2	31.3
2007	273.6	70.7		54.1	43.5	37.1
2008	294.3	76.4			58.3	46.8
2009	275.3	77.0				59.7
2010	286.2	77.8				

Source: based on [www.parp.gov.pl](http://www.parp.gov.pl), 15.12.2013.

Table 9 Revenues of SMEs in Poland in 2003-2010

	Total	Micro	Small	Medium-sized	Large
2003	1951155	496603	300845	422572	731135
2004	2193125	541390	324257	487148	840330
2005	2264420	553120	322524	501361	887415
2006	2558711	636690	340232	561269	1020520
2007	2887730	671063	382164	652516	1181987
2008	3213835	746497	464296	700829	1302213
2009	3079603	699097	417476	656760	1306270
2010	3297338	719908	448943	689085	1439402

Source: own studies based on www.parp.gov.pl, 15.12.2013.

### Level of debt

In a study of PARP in December 2009, based on its own measures, small and medium-sized companies in about 50% of cases did not benefit from external sources of financing. This may indicate the soundness of the sector, but also of unused development opportunities, including foreign markets. Degree of use of external sources varied depending on the type of company – micro, small, medium (Table 12).

The larger the company, and a more challenging operating conditions (e.g. moving beyond the domestic market), the greater was the number of used sources of funding<sup>17</sup>. With EU subsidies benefit mostly medium-sized companies.

### The internationalization of a business

Research on the internationalization of the activities of Polish companies (including SMEs) indicate, that this is a low

level due to the number of companies developing activities abroad (Table 13). A significant or very high activity in the field of exports indicated 24% of the surveyed companies<sup>26</sup>. Association “Women in the economy and culture” operating in Germany, supports the conduct of business by women.

Polish entrepreneurs also run small and medium-sized companies in many countries all over the world (USA, China, and European Union). Germany is a good example of such business activity of Poles – in 2012 there were over 50,000 companies run by the owners of Polish origin<sup>4</sup>.

### Innovative attitudes

The study among 609 entrepreneurs from the SME sector showed that over 47% of them had higher education. The basic profiles of Polish entrepreneurs present Table 14.

Expansive entrepreneurs (21%) form a group of the most active innovators

Table 10 Number of employees in each category of enterprises in Poland

	Total	Micro	Small	Medium-sized	Large
2003	8139235	3396685	953636	478707	2310207
2004	8160688	3383470	967301	461519	2348398
2005	8287502	3403095	972030	1494052	2418325
2006	8556132	3474574	976451	154238	2562721
2007	8969302	3592817	1007453	1619286	2749746
2008	9494002	3727242	1194972	1698165	2873623
2009	8829934	3464201	1123287	1643384	2599062
2010	8859053	3399096	1143458	1649103	2667396

Source: own studies based on www.parp.gov.pl, 15.12.2013.

Table 11 Average salary in companies in Poland in 2003-2010

	Total	Micro	Small	Medium-sized	Large
2003	2142	1390	1584	2156	2658
2004	2336	1449	1741	2372	2856
2005	2402	1483	1777	2441	2949
2006	2525	1509	1831	2579	3105
2007	2723	1555	1934	2839	3361
2008	3000	1726	2149	3129	3715
2009	3139	1879	2323	3242	3850
2010	3300	2006	2472	3363	4012

Source: own studies based on [www.parp.gov.pl](http://www.parp.gov.pl), 15.12.2013.

(65.1%). Innovation in business undoubtedly provide further career (business development).

### Resistance to crises

The survey asked about the attitude of business owners to remedy the financial crisis. As many as 12% of traders pointed to seek employment in the informal sector, and 17% indicated a need to seek help in social systems (Table 13). No possibility of a loan or credit from one hand, and the will of owners and managers to fight in order to maintain the business despite the crisis, raises the demand for supply of loans in the grey zone.

Planned activities medium-sized enterprises during the crisis illustrate the Table 16, most responses related to the introduction of a savings plan.

### Business ethics

The level of ethics and a sense of legitimacy in Polish enterprises are better

than in many other countries<sup>16)</sup>. Need to remember, however, that the deterioration of access to finance or the loss of markets in crisis immediately reduces indicators of the level of ethics and legality. Research conducted by WSE among 600 managers of SMEs whether they try to circumvent the law in order to compete revealed a disturbingly high percentage of positive answers – up to 47% (Table 17).

The study of this article authors on the propensity of managers of SMEs to borrow funds to operate in the grey zone (illegal loans), also showed significant preferences of Polish managers in this area (Table 18).

As the source from which possibly benefit entrepreneurs and managers frequently not recorded pointed out a loan from their friends. For this source indicated as many as 63% of respondents. In second place was not recorded loan from another trader (41% of responses).

Table 12 Sources of financing used by companies in 2009 (in %)

No.	Item	Total	Self-employed	Micro companies	Small companies	Medium companies
1	Own financial resources	48.0	41.0	49.0	43.0	50.0
2	Bank loans granted to business	15.0	8.0	16.0	21.0	31.0
3	Leasing	11.0	6.0	11.0	29.0	47.0
4	The credit line at the bank	11.0	4.0	10.0	16.0	25.0
5	EU funds	3.0	1.0	3.0	5.0	18.0
6	Unknown	4.0	4.0	6.0	5.0	5.0

Note: The research sample: 1205 companies.

Source: Orłowski W., Pasternak R., Flaht K., Szubert D., *Procesy inwestycyjne i strategię przedsiębiorstw w czasach kryzysu*, PARP, Warszawa 2010, p. 65.



Table 13 **The internationalization of Polish companies 2013 (in %)**

No.	Item	<5	2-5	1	None
1	Participation of the surveyed enterprises in international organizations	18.0	21.0	6.0	55.0
	Item	Tak		Nie	
2	International offers of Polish companies	55.0		45.0	

Source: Stangierski P., Przybylik M., Sieczek M., Kamyk K., *Niski poziom internacjonalizacji polskich firm*, Harvard Business Review Polska, grudzień 2013-styczeń 2014.

Table 14 **Profiles and attitudes of businessmen towards innovation**

No.	Profiles of businessmen SME	% share of the profiles of the respondents	Entrepreneurs who in the last three years have implemented in their business process innovations
1	Expansive	21.0	65.1
2	Paternalistic	35.0	48.9
3	Fulfilled	23.0	44.1
4	Resourceful	10.0	34.3
5	Frustrated	10.0	30.8
	<b>Total</b>	<b>100.0</b>	<b>44.1</b>

Note: Research Warsaw School of Economics in 2011 covered the owners and co-owners of 609 SMEs.

Source: own work based on Gardawski J., *Kształtowanie się klasy polskich przedsiębiorców prywatnych: aspekty strukturalne i postawy*, [in:] *Eseje o stabilności finansowej*, A. Alińska (ed.), CeDeWu, Warszawa 2012.

Table 15 **Attitudes of entrepreneurs to the financial crisis (in %)**

No.	What is your attitude toward the economic crisis:	Business owners in %	Managers in %
1	Getting help in the family	9.8	0.0
2	Finding work in the informal economy	12.2	11.8
3	Getting help in social systems	17.1	11.8
4	Getting help in social organizations	12.2	5.9
5	Going abroad for business purposes	9.8	17.6

Source: own studies based on *Reakcje polskiego konsumenta na kryzys gospodarczy*, T. Słaby (ed.), Oficyna Wydawnicza SGH, Warszawa 2009.

Table 16 **The possible impact of the financial crisis on the activities of enterprises in the EU and Poland (restructuring operations)**

No.	Planned activities by managers in companies during the financial crisis	Poland in %	The average for the 14 EU countries response in %
1	Undertake restructuring	31.0	41.6
2	Will employ staff	45.0	36.5
3	Merges with another company	11.0	14.8
4	Fire employees	24.0	35.5
5	Extend working hours	17.0	30.0
6	Introduce austerity plan	63.0	76.3
7	Increase the scope of cooperation with subcontractors	27.0	28.3
8	Increase the specialization of workers	46.0	49.0
9	Freeze wages	29.0	42.2
10	Suspend investments	31.0	45.2
11	Will solve the social conflict in the company	9.0	22.4
12	Conduct relocations	16.0	37.5

Source: *Międzynarodowe badanie menedżerów na temat kryzysu ekonomicznego*, realizacja przez BVA dla BPI, 10.02.09; from: Paszkowski J., *Kapitał ludzki a skuteczność restrukturyzacji przedsiębiorstw średniej wielkości*, Wydawnictwo A. Marszałek, Toruń 2010, p. 208.

**Table 17 Opinion of SME managers about the practice of circumventing or breaking the law. Study in 2011**

No.	It is believed that in Poland to meet the competition sometimes you have to push the boundaries of the law. Do you agree with this opinion?	Answers in % N= 600
1	I agree	47.4
2	I do not agree	52.6
3	Total	100.0

Source: own studies based on *Rzemieślnicy i biznesmeni. Właściciele małych i średnich przedsiębiorstw prywatnych*, J. Gardawski (ed.), Wydawnictwo Naukowe Scholar, Warszawa 2013, p. 273.

## Trust

Two areas of trust seem to be important for the assessment of success in the market, i.e. customer confidence and trust of employees. The level of customer confidence can be measured by tests of confidence in the brands of products available, and here are mostly carried out research for large companies. There is limited research such as the trust of local micro and small companies in Poland<sup>11</sup>). Research concerning employee's level of confidence (e.g. Likert scale) is periodically conducted. Constant research in this area carried on the consulting firm HR Mobilny, you can have methodological reservations, nonetheless, e.g. adopted compartments sized companies do not conform to the definitions and standards applicable in the EU (Table 19).

The results of the above studies indicate that employees have greater confidence in their businesses.

## Conclusions

In Poland there are barriers to the success of private entrepreneurs. There are, however, taken by the Polish government activities for the development of the SME sector (guarantees, advisory support, grants from the EU and others). Guidelines and directives of the European Union in recent years indicate the need for a positive approach to the problem of rescuing firms in difficulty (second chance policy). Currently in Poland there is sufficient support infrastructure, which would create favorable conditions for the so-called second chance for businesses. Support for these processes should also appear on the part of banks.

Under the conditions of financial stability it is difficult to overestimate the role of banks in the process of repair companies. The benefits are mutual, to the bank to increase the chances of recovering a

**Table 18 The tendency of managers of SMEs to borrow funds in the shadow economy (2013)**

No.	Item	Answers 2009 (in %) (N = 82)	Answers 2013 (in %) (N = 105)
1	Does your company currently has difficulties (due to the global financial crisis) to obtain credit (loans) in a bank or other credit institution? YES	20.7	25.71
2	Are you determined to borrow funds from every possible source (also illegal) to ensure the survival of the company? YES	29.3	21.90
3	Are you determined to borrow funds from every possible source (also illegal) to ensure the development of the company? YES	18.3	31.43
	Number of unanswered questions	31	27
	Total surveyed managers	113	132

Source: own studies.

Table 19 **Trust employees to Polish companies (2012)**

Size of firms by employment	The level of trust of employees surveyed companies in %		
	High	Moderate	Low
Over 1000	30.0	61.0	9.0
101-1000	26.0	55.0	19.0
Below 100	36.0	50.0	14.0

Source: *Raport: Czy pracownicy mają zaufanie do swoich firm?* Edycja I, HR Mobilny, Warszawa 2012, www.hr-mobilny.pl, 15.12.13.

portion of its debt and maintain the company's portfolio of customers.

In the area of business process management corrective actions are needed:

- The need for further changes to the Bankruptcy and Recovery Law, and Banking Law.
- The need to create institutions for organizational and financial support for the repair processes carried out by the company.
- Development of training managers – specialists in emergency situations

(company doctors).

- The establishment of a strong research centre coordinating research, education and scientific information in this area.

A large share of SMEs in GDP and jobs, rising incomes, relatively low debt and extending the period of survival allow us to conclude, that the conditions for the functioning and success of SMEs in Poland are improving, and in addition there are opportunities for further development.

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Dr hab. **Piotr Masiukiewicz**, profesor SGH, Instytut Zarządzania Wartością, Kolegium Nauk o Przedsiębiorstwie, SGH.

Dr **Paweł Dec**, Instytut Finansów Korporacji i Inwestycji, Kolegium Nauk o Przedsiębiorstwie, SGH.