PARP
PFR Group

University of Economics in Katowice

GEM

Report on entrepreneurship

Global Entrepreneurship Monitor

Poland 2023

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Warsaw 2023

Survey Report: Global Entrepreneurship Monitor Poland 2023

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Dear Sir/Madam,

We present you with the 12th edition of the GEM Poland Report, which provides a picture of entrepreneurship in Poland against the background of countries of Europe and other parts of the world. As every year, you will find key data showing the evolution of the Polish society's perception of entrepreneurs, changes in Poles' entrepreneurial intentions and actual business activity, and motivations that prompted people to start or withdraw from business activity, as well as on the subject of women's and men's entrepreneurship. We have included the results of an expert assessment of the conditions for business start-ups, including – for the first time – an assessment of the drivers of post-pandemic entrepreneurial recovery and actions based on the UN Sustainable Development Goals. For the second time, we can provide you with data that will enable answering the questions whether the pandemic accelerated digital transformation of businesses and what attitudes businesses adopted towards concepts such as sustainability and social responsibility. Start-ups also have a permanent place in the Report, with the final chapter dedicated to this topic.

The picture of entrepreneurship portrayed in the Report is puzzling. On the one hand, the Report describes positive aspects: Poles believe it is easy to start a business in Poland, they are still convinced that they have sufficient skills to run a business, and the image of a successful entrepreneur remains strong. On the other hand, significantly fewer Poles say they are interested in starting a business, the fear of failure is great, and treating the fact of having one's own business as a viable alternative to salaried work is less common than in the pre-pandemic times. The majority of those who run businesses own long-established rather than young enterprises.

It must be remembered that the surveys were conducted primarily in Q2 2022, shortly after Russia's invasion of Ukraine and two years of the pandemic. Those events brought uncertainty and increased the costs of running a business. The Polish Deal was an additional element that required adjustment efforts on the part of enterprises, especially those operating on a smaller scale. All this was accompanied by changing consumer preferences, legal changes regarding sustainability, and accelerating digitization. Like hydroponic farming, entrepreneurship seems to have found itself in a new reality.

As PARP, we have been supporting entrepreneurs at both the early and the later stages of development for more than 20 years. We did it during the pandemic, and are continuing our efforts now. Already this year, we have launched the first instruments that entrepreneurs can use throughout the new financial perspective.

I would like to conclude by extending my thanks to the Experts who agreed to participate in our survey concerning the determinants of entrepreneurial development, whose results are presented in this Report.

I invite you to read the Report.

Mikołaj Różycki
President, Polish Agency of Enterprise Development

Key findings from the GEM Poland 2023 Report

The entrepreneurial activity of people across the globe and the determinants of its development are a major area of interest for researchers from over 50 countries worldwide, which voluntarily participate in the annual initiative known as GEM – Global Entrepreneurship Monitor Research Project. For 24 years, GEM has provided data to enable the identification of differences between countries with regard to entrepreneurial attitudes, activities, and aspirations, and identifying factors that shape the level of entrepreneurial activity and its nature. WithGEM conducted in Poland since 2011, the conclusions presented in this GEM Poland 2023 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 49 countries worldwide, and a qualitative study in which at least 36 experts from each of 51 countries assessed the determinants of entrepreneurial development.

The Polish studies were conducted in April-July 2022, shortly after the outbreak of the war in Ukraine, which brought new challenges for businesses and the public. The related inflation, especially in energy and gas prices, as well as the uncertainty, affected entrepreneurship, particularly early-stage entrepreneurship, which is a major focus of the GEM. The key findings of the Report on entrepreneurship in Poland, compared to those of the surveyed European countries, are presented below (see the following chapters for more international comparisons).

Poles are becoming increasingly more cautious when thinking about entrepreneurship as a way of earning a living

In 2022, only 42% of Poles perceived running a business as a desirable career option (55% in 2021, and 78% in 2019), while at the same time **64% appreciated those who had succeeded in business** (66% in 2021, and 77% in 2019). These results are lower than the European average, especially for the first indicator (62% consider running one's own business as a career option and 71% appreciate entrepreneurial success).

At the same time, only **38% of Poles confirmed that they can find content dedicated to successful entrepreneurs in the public media and on the Internet**. This result is equal to that from the previous year and from 2019, and lowest among the countries surveyed worldwide. It is also lower than the average for the European countries surveyed (66%).

Entrepreneurial attitudes of Poles negatively affected by the pandemic

There are visible changes in Poles' perception of their environment, with an increase in awareness of the extremely challenging situation of entrepreneurs. **The proportion of those claiming to know at least one person who set up a business in the past two years fell by as much as 7 p.p. y/y, to 47%, which is below the European average (50%)**.

In 2022, as many as 79% of Poles thought it was easy to set up a business in Poland (up by 15 p.p. y/y, compared to 90% in 2019), a result higher than the European average (52%). **At the same time, Poles' expectations regarding the conditions for setting up a business in their local area within the next six months remained at a similar level compared to the previous year** (currently, 72% of Poles have a positive view on this point, compared to 73% the year before).

The positive assessment of the conditions for setting up a business was not reflected in entrepreneurial intentions of Poles, with the 2022 events decreasing them even further. In 2022, the proportion of those not involved in running a business who answered in the affirmative to the question whether they were planning to set up a business in the next three years was only 2.5% (down by 0.5 p.p. y/y and 4 p.p. compared to 2019). The result for Poland is significantly lower than the European average of 11%.

Poles' assessment of their readiness for running a business also deteriorated: in 2022, **48% of Poles believed they had sufficient skills and knowledge to run a business** (the year before, it was 60%) (European average: 51%).

The proportion of those who can see business opportunities but fear failure also increased, with **53% of adult Poles in 2022** (43% in 2021) **admitting that the risk of failure discouraged them from starting a business**. This result is similar to the European average (44%).

Polish entrepreneurship – a decrease in the proportion of young and mature businesses

The second year of the pandemic brought unfavourable changes in Polish entrepreneurial activity, particularly in the case of young enterprises, represented by those who are at the stage of organising/establishing their business, and those who have been in business for up to 3.5 years, their proportion having significantly decreased. According to a mid-2022 survey, **1.6% of Poles aged 18-64 ran young enterprises, while 9.8% ran mature enterprises (also referred to as established businesses)** (present on the market for more than 3.5 years). In terms of the number of adults, this is about 355,000[1] individuals running young enterprises, and 2.17 million individuals running mature enterprises. At the same time, it should be borne in mind that among the 355,000 individuals running young enterprises, 177,000 are nascent enterprises (up to 3 months of payments), and that one person can run more than one business, with different periods of market presence.

This means that people running mature businesses are predominant in Poland, while those running young businesses are 6 times less numerous. In Europe, the proportions are reverse, with those running young businesses averaging 9% of the European adult population, and those running mature businesses accounting for 6.9%.

In a recent survey, 3.7% of Poles admitted they stopped doing business in the past 12 months, compared to 4.5% in 2021. Like in 2021, **also in 2022 the COVID-19 pandemic was the main reason prompting Poles to withdraw from business, mentioned by 58% of those who stopped running a business**. The second most frequently mentioned reason was **retirement (11%),** followed by **family-related or personal reasons and other job opportunities or business opportunities (8% each)**. Fewer respondents pointed to other reasons, i.e.: government policy/taxes/bureaucracy (5%), lack of business profitability (3%).

Compared to the previous survey, in 2022, the pandemic and government policy/taxes/ bureaucracy were more frequently mentioned as reasons for withdrawal, while family-related and personal reasons were mentioned less frequently.

[1] Number of adults aged 18-59/64, as of 31 December 2022 – 22,169 thousand, source: *Ludność. Stan i struktura oraz ruch naturalny w przekroju terytorialnym w 2022 r. Stan w dniu 31 grudnia.*, GUS, 2023.

Interestingly, **Poles were significantly more likely than residents of other European countries to mention the pandemic as a reason for discontinuing their business** (the European average being 15%) **and retiring** (average: 6%).

The pandemic was not without impact on motivations to start a business – a major financial driver

The pandemic and the 2022 war caused a significant change in the structure of motivations that drove Poles running young enterprises to start a business. **The main factor, according to 2022 data, was the desire to earn a living in a situation where jobs were short on the market (73%) and the desire to become wealthy (48%).** Less common reasons were the desire to make a difference in the world (17%) and the desire to continue family traditions (14%).

Poland is not significantly different from Europe in this regard. The leading motivations are the desire to earn a living (on average 57%) and become wealthy (49%). However, the desire to make a difference in the world and the desire to continue family traditions were mentioned much more frequently (43% and 25% respectively).

Attitudes and entrepreneurial activity of women and men – women's limited self-confidence

Analysis of women and men's entrepreneurial attitudes and activities allows us to conclude that, in 2022, in Poland, for the first time since 2017, **the proportion of Polish women who notice business opportunities in their environment is higher than that of Polish men (74% vs. 70%).**

Although in 2022 more Polish women noticed business prospects than in 2021, **the proportion of those who felt they had the right qualifications, knowledge, skills, and experience to start a business decreased significantly (from 59% in 2021 to 46% in 2022)**. In the case of men, one in two Poles recognised their entrepreneurial abilities, which also indicates a negative change compared to the previous year.

Along with the observed decreased proportions of Polish women and men assessing their entrepreneurial abilities positively, as compared to 2021, **there has been an increase in the proportions of those fearing to start a business, afraid to take risks, and, in the event of no success, afraid of failure (an increase by 14 p.p. – to 59% for women, and by 11 p.p. – to 56% for men)**.

Sustainability and social responsibility – wishful thinking or reality?

Awareness of corporate social and environmental responsibility appears to be high among Polish entrepreneurs. On average, over 90% of businesses present on the market for at least 3.5 years (mature enterprises) and approx. 85% of businesses present on the market for up to 3.5 years (young enterprises) declare they always consider the social and/or environmental impact when making business decisions.

Actual action is less common. Furthermore, **the difference between the actions of young enterprises and mature enterprises is more significant** (in favour of enterprises that have been operating on the market for a longer period). 3 out of 5 young enterprises and 3 out of 4 mature enterprises undertook pro-social actions in the past year. As regards environmental actions, they were implemented by 55% of young enterprises and 70% of mature enterprises, respectively. Considering mature enterprises, if the upward trend is maintained in the next edition, one can hope the indicators of declared and actual efforts in the area of sustainability and social responsibility will become equal.

Market maturity brings a growing understanding of social/environmental needs and, at the same time, a willingness to relinquish some of the enterprise's profits. In the case of Poland, **the declared willingness to put social and/or environmental goals above the growth or profitability of one's business was recorded for 28% of entrepreneurs operating on the market for up to 3.5 years, and 33% of those operating for at least 3.5 years.**

Poland also scores relatively high in terms of **recognition of the 17 UN Sustainable Development Goals,** with 43% of young enterprises and 60% of mature enterprises aware of them (European average of 29% and 28%, respectively).

Openness of Polish businesses to digitalisation

The 2022 results show (a) an overall **greater openness of Polish businesses to digitalisation**, and (b) **a greater openness to digitalisation among businesses with a shorter market presence (up to 3.5 years)** (which may also be related to the time and conditions at the start of business).

52% of young enterprises (operating on the market for less than 3.5 years) and 57% of mature enterprises (operating on the market for at least 3.5 years) believed that introducing digital technologies into the business (in the context of selling products or services) is not necessary, due to the fact that the company is successfully coping by using more traditional methods. This opinion was less popular than in 2021, when the figures were higher by 13 p.p. and 7 p.p., respectively. At the same time, **the shares of businesses declaring that they support the sale of goods and services using digital technologies following the pandemic increased** compared to the previous year (up by 25 p.p., to nearly 40% for young enterprises, and by 15 p.p., to over 20% for mature enterprises, respectively). It is worth noting that **young enterprises are more likely than mature enterprises** (29% vs. 15%) to also **expect increased use of digital technologies to sell products/services within the 6 months** following the survey.

Average conditions for the development of young enterprises continue

An analysis of expert opinions obtained from the NES shows that, **in 2022, the conditions for entrepreneurship development in Poland did not improve compared to the previous two years**. In Poland, conditions for starting and growing a business were average compared to the European countries and high-income economies surveyed by the GEM. In 2022, the National Entrepreneurship Context Index (NECI) slightly decreased compared to the previous three years – to 3.8 points out of the possible 10 (from 4.2 points in 2020-2021 and 4.1 points in 2019).

As in 2019-2021, in 2022, **Polish experts rated** only one area, i.e. **ease of entry to the external market, significantly higher than the European average**. Access to technical infrastructure also scored high. **At the same time, improvement is required in the following**

areas: entrepreneurship education (at primary and secondary levels, as well as at the university and vocational training levels), **policies supporting entrepreneurship** and **those related to bureaucracy and taxation**, and **R&D and knowledge transfer**.

Business recovery following the COVID-19 pandemic was rated by experts at a level similar to European countries and high-income economies. In order to rebuild their business, Polish enterprises have increased the use of digital tools, and employment has returned to pre-pandemic levels. Statements that most enterprises have returned to pre-pandemic business levels and moved from global to local supply chains scored only slightly lower than in the benchmark countries. According to experts, Polish enterprises have coped with the pandemic relatively well and have rebuilt operations after that difficult period.

Experts also evaluated statements relating to progress on the United Nations Sustainable Development Goals. The rating was lower than the average in European countries and high-income economies. In this area, it can be an issue that Polish enterprises focus on generating profits, while not prioritizing social engagement. Besides, they do not perceive paying taxes as part of their social responsibility. What is more, investors are not interested in financing new socially responsible enterprises, and the area of government support for sustainability-oriented enterprises scored low as well. According to experts, the government does not provide special regulations to support sustainability-oriented start-ups, nor does it support such enterprises through subsidies, special laws, or tax reductions.

Experts' opinions on the Polish entrepreneurial ecosystem, obtained in the NES survey, show it is still necessary to take action to support the creation and development of companies in Poland.

Social understanding of the concept of a start-up, characteristics of declared start-ups, and conditions for their growth as seen by experts

The results of the GEM survey of a representative sample of adult Poles indicate **that** (in order of frequency of indications) **a start-up is an enterprise** that is: **innovation-oriented (72%), young (71%), technological (59%), operating in the field of IT (52%), using external**

financing (19%). According to respondents, an enterprise being young, i.e. the length of its market operation, is usually defined as up to 3 years (60%) or up to 5 years (36%).

Among adults involved in start-ups in 2022, the majority were women (53%), while men were slightly less likely (47%) to run such entities; 80% of those representing start-ups were over the age of 35. **The main reason for establishing a start-up is the desire to become wealthy and earn a high income**. Those setting up such companies are looking for ways to revolutionise the industry or have already distinguished themselves by revolutionising the rules existing in the industry.

Most often, these are individuals from 3-4-person households with a master's degree that are involved in start-ups. The median time on the market for the surveyed start-ups is 12 years. **Start-ups are far more likely than other enterprises to use financial support in the form of government programmes, as well as accelerators or start-up platforms.** Declared start-ups have people with previous business or start-up experience on board.

Factors perceived as most hindering to the growth of start-ups are fiscal burdens, bureaucracy, and paperwork. Respondents further point to the changing laws, including the labour laws, as not conducive to the growth of enterprises, particularly where the availability of employees with appropriate skills is already limited.

The expert assessment of the start-up ecosystem in Poland shows that start-ups have invariably been considered very important for the growth of the Polish economy across the past four editions of the survey, with the need for training and advisory activities in the area of cooperation skills between large and medium-sized enterprises and start-ups identified. 2022 saw lower ratings for all the dimensions assessed, including the provision of adequate space and working conditions (coworking and mentoring), funding opportunities from seed/venture capital, and public programmes dedicated to start-ups.

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 the 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 2022**, **the GEM survey was conducted by 51 countries, accounting for about two-thirds of the world's GDP**[2].

GEM is based on a uniform data collection methodology. In each country, a quantitative survey is conducted annually on a representative sample of the adult population, coupled with a qualitative survey involving entrepreneurship experts[3]. The so-called Country Teams, mainly made up of representatives of higher education institutions from the particular countries, are responsible for the data collection process. In addition, the process of data collection and data processing is closely monitored by the central methodology team. The GEM publishes an annual report with data on all GEM Global Report countries, as well as thematic reports on topics such as female or youth entrepreneurship, family businesses, or public policies[4].

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

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[2] With that said, the qualitative survey – an expert assessment of the determinants of entrepreneurial development – was conducted by 51 countries, while the quantitative survey of adults was conducted by 49 countries (excluding Argentina and Italy). A detailed list of countries that participated in the 2022 GEM survey is shown in Table 1.1.

[3] See more in chapter 1.2.

[4] https://gemconsortium.org/

1.1. Theoretical assumptions of GEM

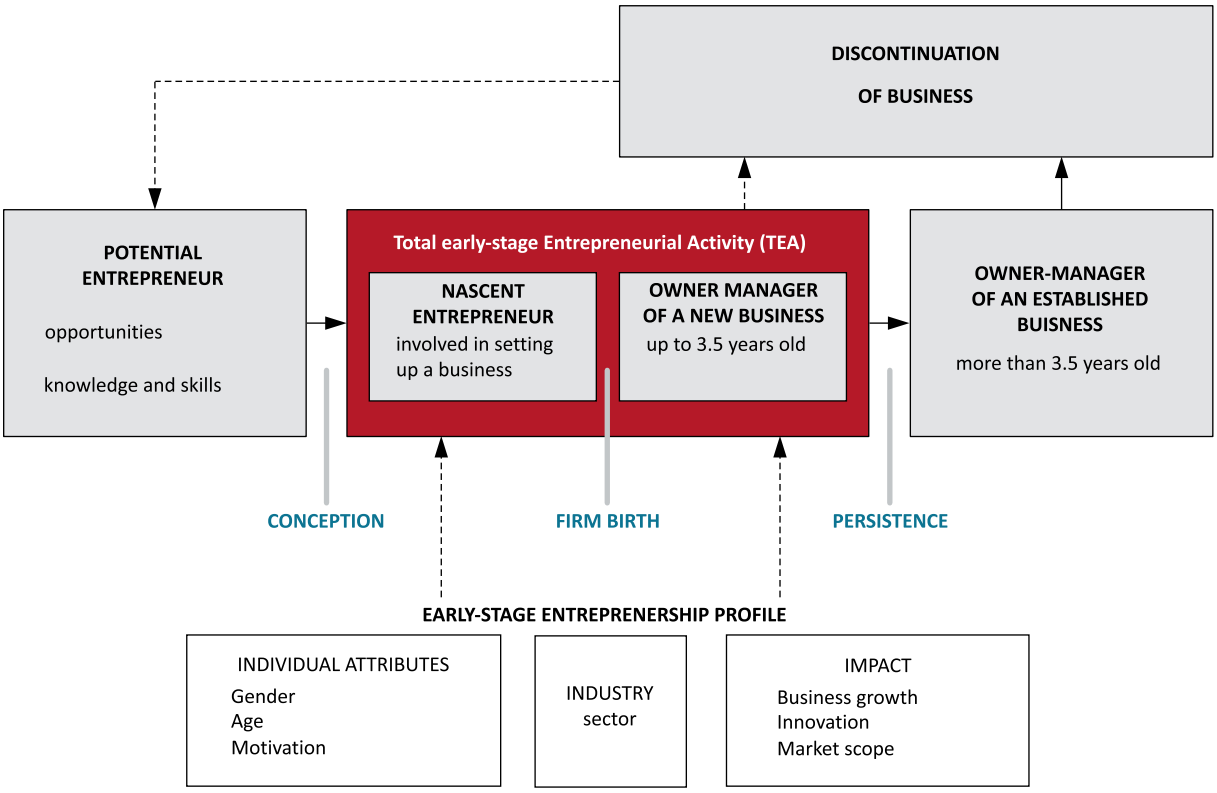
GEM research is based on theoretical models established based on years of scientific accomplishments, two most important being the **entrepreneurial process model** and **the conceptual model**.

Entrepreneurial process model

Entrepreneurship is a very broad term, with a wide variety of meanings. GEM operationalises the term 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"**[5]. While the definition of entrepreneurship as a new business activity is rather narrow, the concept of business activity itself is quite broad. This has implications for measuring the level of entrepreneurship in GEM, 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 leading to the registration of new business entities and entrepreneurial activities within existing organisations. The approach to the entrepreneurial process adopted by GEM consists in identifying the current stage of a person's business venture (Figure 1.1). At the time of the survey, the person can be at the stage of exploring business opportunities and assessing their entrepreneurial skills, or at the stage of running or closing a business. At the same time, the model is focused on the early stages of the business, which is one of the important elements that distinguish GEM from other research projects studying entrepreneurship, where registered economic entities are often surveyed using data provided by national statistical offices, which does not allow in-depth insights into the nature of new ventures.

[5] 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



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 businesses** (in previous editions of the GEM Poland Report referred to as pre-entrepreneurs), understood as persons involved in setting up and organising their enterprises, with owners remunerated for no more than 3 months.
- **New businesses** – individuals who own and run a new business, i.e. conduct a business in which owners have been remunerated for more than 3 but not more than 42 months. The period of 3.5 years is considered critical in running a business, and moving beyond it may be construed as the first stage of success, i.e. the business having been established and about to make a transition to the next stage, i.e. running an existing business.
- **Established businesses** – individuals who have been in business for more than 42 months (i.e. have been paying remuneration for more than 3.5 years).

TEA (*Total early-stage Entrepreneurial Activity*), or **total early-stage entrepreneurship**, is the central indicator established in GEM studies, and represents **the percentage of the working-age population (18-64 y/o) that is involved in setting up businesses or running new enterprises (operating, i.e. remunerating owners for up to 3.5 years).** In the GEM entrepreneurial process model, TEA (total early-stage entrepreneurial activity) includes nascent enterprises and new enterprises, but excludes established enterprises. The methodology for calculating the TEA index is rather complex, and it is based on responses to several questions from the GEM survey questionnaire regarding intentions and actions taken with regard to establishing and running a business. It should be emphasised that **the TEA indicator does not measure the share of businesses, but the share of individuals setting up 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 society.

Apart from the stages, the GEM entrepreneurship process also takes into account the attitudes and abilities that precede the decision to set up a business, as well as the reasons for ex-entrepreneurs to discontinue, which is significant considering that some of them have chosen to set up another business.

It is worth noting that the approach based on research and analysis of individuals rather than enterprises is inherent in GEM, providing a much better insight into the nature of the entrepreneurship process, which provides twofold results and enables a multidimensional analysis of the entrepreneurship process, e.g. identification of people with similar attitudes and characteristics. It also provides an opportunity to discover more differences between countries, since we not only obtain information about the number of entrepreneurs in a given country, but also about the differences in their attitudes and characteristics at the particular stages of running a business.

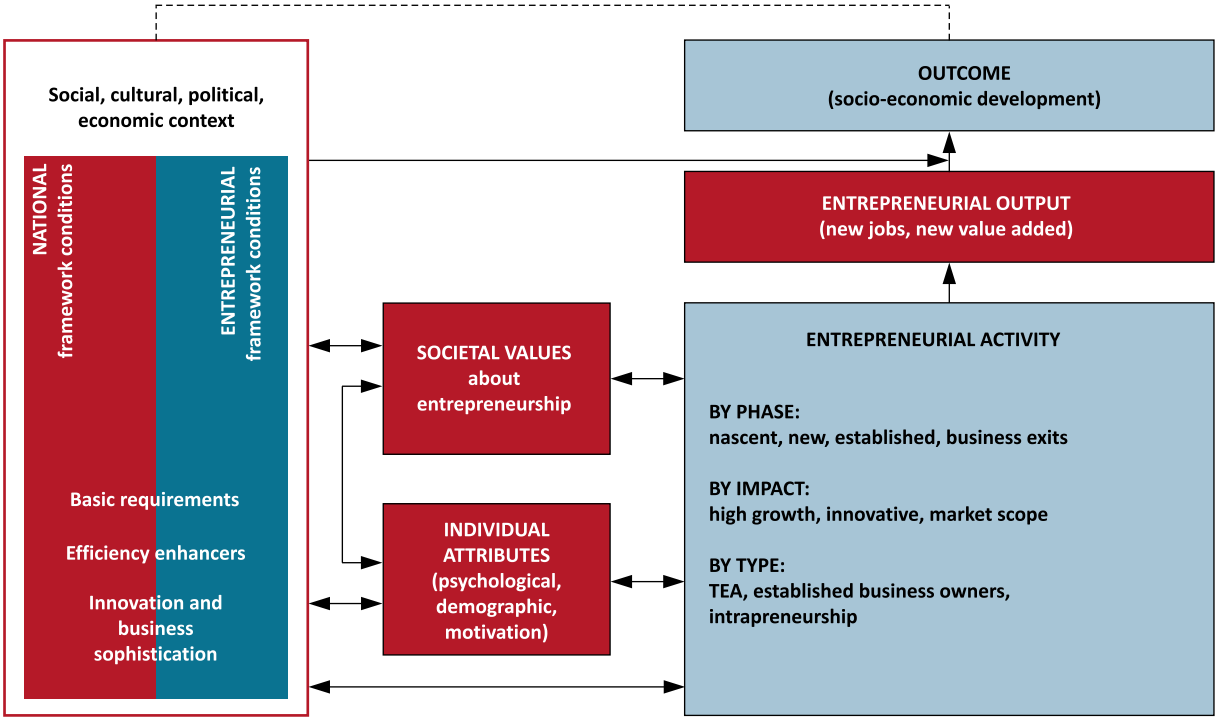
GEM conceptual model

The GEM conceptual model perceives entrepreneurship as a key element of economic growth, which is based on several important assumptions. Firstly, the state of economy is heavily dependent on individuals involved in economic activity. Although this is true across all stages of economic development, it can vary in intensity and nature. Necessity-driven entrepreneurship, especially in less economically developed regions or in regions

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

Secondly, entrepreneurial potential of the economy is based on individuals with entrepreneurial talent and motivation to start a business, and may be enhanced by a positive public perception of entrepreneurship. Entrepreneurship with high growth potential is also a key contributor to creating new jobs, while competitiveness is stimulated by businesses innovating and venturing abroad.

Figure 1.2. GEM conceptual model



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

Classification of countries

This report classifies countries according to their economic development levels, in line the World Economic Forum (WEF) approach[6]. It distinguishes four categories of countries: *low-income, lower-middle income*, *upper-middle income* and *high-income* countries. Income is measured by per capita Gross National Income (GNI), in USD[7].

For the purpose of analysis, GEM categorised lower-middle and upper-middle income economies together as middle-income countries. As a result, three categories of countries were identified: those with low, middle, and high income levels[8]. Poland is considered a high-income country. The full list of countries that participated in the 2022 GEM survey is presented in Table 1.1, **with a total of 51 countries[9], including 22 countries in Europe.**

Table 1.1. Classification of countries covered by GEM in 2022 according to the level of national per capita income of the country

Low-income	Middle-income	High-income
Egypt, India, Indonesia, Iran, Morocco, Togo, Tunisia	Argentina*, Brazil, China, Guatemala, Colombia, Mexico, South Africa, **Serbia**, Venezuela	Saudi Arabia, **Austria**, Chile, **Croatia, Cyprus, France**, **Germany**, **Greece**, **Hungary**, Israel, **Italy**, Japan, Qatar, South Korea, **Latvia, Lithuania, Luxembourg, Norway**, Oman, Panama, **Poland**, Puerto Rico, **Romania, Slovakia, Slovenia**, **Spain**, **Sweden, Switzerland**, Taiwan, Uruguay, United Arab Emirates, **United Kingdom***

*Argentina and Italy only completed the qualitative study – the 2022 Expert Assessment of National Framework Conditions (NES). Bold font is used for European countries.

6 Until 2017, the WEF classified economies as factor-driven, efficiency-driven, and innovation-driven (for more on this, see the *GEM Poland 2017/2018* Survey Report, PARP 2018, p. 14). In 2018, it switched to classification based on the level of income (see *The Global Competitiveness Report 2018*, WEF 2019).

7 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*.

8 The World Bank revises the classification of countries according to the income criterion on July 1 each year. 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]

9 Qualitative surveys were conducted by 51 countries, and quantitative surveys by 49 (excluding Argentina and Italy).

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 the conditions of setting up and running new businesses in a given country *(National Experts Survey* – NES).

APS

Each participating country conducts an annual adult population survey on a sample of at least 2,000 adults (individuals aged 18-64). The survey is usually conducted using the CATI method, with landline and mobile telephony included. The APS survey measures, among other things, social perception of entrepreneurship, entrepreneurial intentions, level of entrepreneurship, as well as providing information on motives for starting a business, reasons for discontinuing, and from 2021 onwards – sustainability and women's entrepreneurship. More information is available in the GEM Global Report 2022/23[10].

In Poland, the quantitative survey has been conducted annually since 2011 on a representative nationwide sample of Polish adults aged 18-64, with 2,000 interviews per year conducted until 2016. Since 2017, the survey has been conducted on an increased sample, in order to capture and learn about the category of start-ups, and 8,000 interviews with adult residents of Poland have been conducted every year. Also in 2017, the survey that used to be applied across all the countries was extended for Poland to include a block of questions dedicated to start-ups[11]. The 2022 survey was conducted from April 26 to July 17.

[10] GEM (*Global Entrepreneurship Monitor*) (2023). *Global Entrepreneurship Monitor 2022/2023 Global Report: Adapting to a "New Normal"*. London: GEM. The report is available on the GEM website: www.gemconsortium.org

[11] Each year, interviews are conducted 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.

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 13 areas that make up the business environment in a given country. These include business financing, government policies and public programmes, education, R&D transfer, access to legal and accounting services, the market, social, and cultural norms, and, since 2021, sustainability and women's entrepreneurship. In each country, the expert group is selected based on the same criteria, the major ones being specialisation (corresponding to the above-mentioned areas), type of activity (scientist, entrepreneur, government employee, politician, journalist, etc.), and experience in entrepreneurial activity (entrepreneur – non-entrepreneur).

In Poland, the qualitative survey is conducted annually with the involvement of at least 36 selected experts[12]. Since 2017, the interview scenario used in the NES survey in Poland has included an additional block of questions devoted to the determinants of start-up development. In 2022, the survey was conducted from 15 June to 26 July.

[12] Since 2011, the survey has been conducted using the CAWI technique, coordinated by the PARP team, and the result base is verified by the GEM methodology team.

2. Entrepreneurship in Poland in 2022

When, on 26 April, we began the quantitative survey, which was the basis for this chapter, we had a lot of concerns about the picture of entrepreneurship that would emerge. The two years of the COVID-19 pandemic were an exceptionally challenging time for most operating enterprises. The elements of the new reality were lockdowns, restrictions on doing business, above-standard employee absences, and the need to quickly adapt business processes to functioning in the digital world. The media have been relentless in providing information about the difficult – or even disastrous in the case of certain sectors – position of entrepreneurs. The government launched successive Crisis Shields in an effort to protect jobs and mitigate financial losses for businesses. All this did not go unnoticed in the entrepreneurial intentions of Polish women and men, although willingness to start a business has fallen to its lowest level in the 12-year history of the GEM survey. It can be said that we were all confronted with a truth known but forgotten in quieter times – that risk is inherent in business, and that businesses are first and foremost people.

Just when the pandemic seemed to be tamed, and all forecasts gave hope for a return to the path of faster economic growth and better business conditions, Russia attacked Ukraine, and Poland became one of the leading countries supporting Ukraine in monetary (including military equipment) but also non-monetary ways. Since the outbreak of the war, i.e. between 24 February and the end of April 2022, "about 3 million people fled from zones directly or indirectly affected by hostilities"[13] to Poland. Anxiety and uncertainty about the future increased, and the public and businesses were affected by inflation, including rising energy, gas, and raw material prices.

According to CBOS, "in the opinion of respondents, the year 2022 was only marginally better for Poland than the record bad year of 2020, and, along with 2021, ranks among Poland's three worst years in the entire history of [CBOS] surveys, i.e. since 1986"[14].

[13] Duszczyk M., Kaczmarczyk P. (2022) Wojna i migracja: napływ uchodźców wojennych z Ukrainy i możliwe scenariusze na przyszłość, CMR Spotlight 4(39).

[14] Oceny roku 2022., Komunikat z badań, 161/2022, CBOS, December 2022

Last year's global ratings were also the weakest on record. A similar sentiment prevailed among entrepreneurs, according to the NBP's Quick Monitor, and in Q3 2022, the uncertainty index among businesses was at its highest in the history of the survey, i.e. since 2011. The share of businesses with high exposure to the risk of bankruptcy was also at the second-highest level ever. It should be mentioned that, in 2022, changes to the tax system, part of the Polish Deal programme, came into effect, affecting also business owners. Due to the urgency of the process and several amendments, they were accompanied by concern as well[15].

Let us move to the key indicators depicting the attitude of the Polish society towards entrepreneurship, and the entrepreneurial activity of Poles against the background of the countries of Europe[16] and the world[17] that participated in the 2022 survey. The results from the area of public awareness of the UN Sustainable Development Goals and their application to business have been discussed as well.

2.1. Poles' perception of entrepreneurship

In 2022, for the first time in the 12-year history of GEM surveys, less than a half of Poles shared the view that running one's own business is a good career option in Poland. The belief was held by only 4 in 10 people, while during the pandemic, it was 6 out of 10, and in the earlier period, even 8-9 out of 10 respondents (see Figure 2.2.). This result places Poland on the penultimate position among European countries – after Switzerland (38%), and third-

[15] The majority of comments concerned changes consisting in raising the tax-free amount to PLN 30,000, raising the second tax threshold to PLN 120,000; and, most importantly, not being able to deduct health premiums from tax and changing the rules for calculating them (making their amount dependent on income for business owners). According to a CBOS survey, one month following the effective date of the Polish Deal, i.e. in February 2022, Poles felt insufficiently informed about the tax changes in force. At the same time, it should be noted that the self-employed were the socio-professional group in which losses were most often expected as a result of the reform (almost 6 in 10 entrepreneurs believed so), and the majority of whom (70%) were dissatisfied with the changes. Source: Polski Ład w praktyce – wstępne opinie i oceny, CBOS, February 2022.

[16] The European countries that carried out the 2022 quantitative survey of adults are: Austria, Croatia, Cyprus, France, Germany, Greece, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Romania, Serbia. Slovakia, Slovenia, Switzerland, Sweden, Hungary, and the United Kingdom.

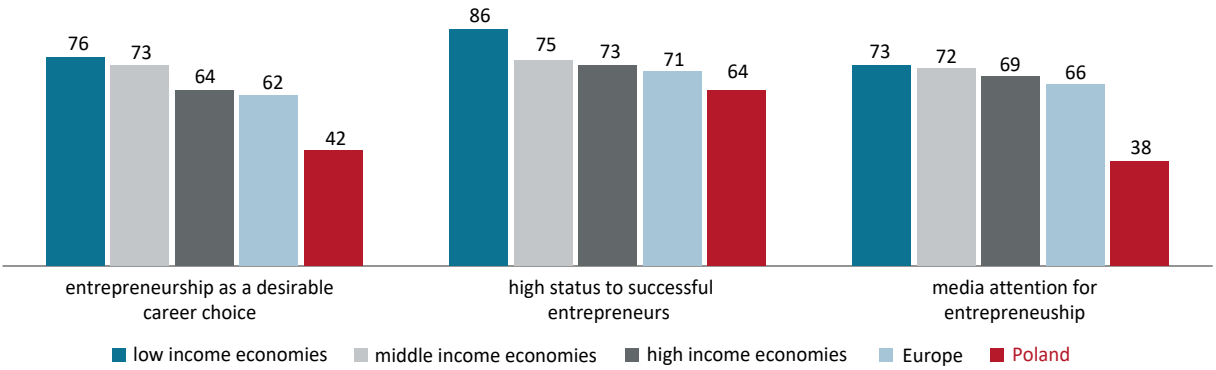
[17] A detailed list of all countries that participated in the 2022 GEM quantitative and qualitative surveys, broken down by income level, is provided in Table 1.1.

from-the bottom among 43 countries of the world[18] – after Japan (24%) and mentioned before Switzerland. In general, running a business is seen as an alternative to paid labour in poorer countries. As wealth increases and is accompanied by a more efficient labour market and the development of a workforce with specialised skills, paid labour becomes increasingly attractive. This dependence can be seen in Figure 2.1 – in the group of richest countries as compared to the group of low-income countries, on average, fewer residents perceive running a business as a viable way to earn an income (64% vs. 76%). This general dependence, however, should always be considered in the context of the conditions – not only socio-cultural, but also legal and institutional – of individual economies, as there is considerable variation regarding this indicator within the particular groups of countries. The variation applies also to the other indicators analysed in this Report. Further, it needs to be mentioned that the countries with the highest share of those believing that running a business is an option for earning money are: Saudi Arabia (95%), Guatemala (94%), and Togo (85%).

A similar dependence characterises the residents of the analysed groups of countries when it comes to the **image of an entrepreneur**. In low-income countries, on average, almost 9 in 10 residents believe that successful businesspeople deserve respect and recognition, while in the richest countries, and in Europe, this view is held by just over 7 in 10 people. According to 2022 data, appreciation of those who have successfully established a business is most widespread among the residents of Saudi Arabia (97%), India (91%), South Korea (90%), and of European countries – Norway and Slovenia (89% each). At the end of the world's ranking are: Croatia (55%), France, and Spain (55% each). Poles differ much less from the European average on this indicator than they did in the perception of running a business as an opportunity to pursue a career. **According to the 2022 data, 64% of Poles share the view that people who set up and succeeded in business should be appreciated (the year earlier: 66%).**

[18] Questions on the society's attitudes to entrepreneurship were optional for country teams in 2022, so data is available for 43 countries out of 49. Data on all three indicators is missing for: Brazil, the Netherlands, Luxembourg, Puerto Rico, Sweden and Venezuela.
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 a given indicator. The averaged results should therefore be treated with caution.

Figure 2.1. Society's perception of entrepreneurship in Poland compared to the average for the surveyed European countries* and groups of economies by income level in 2022 (% of people aged 18-64)



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

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 entrepreneurs. **In 2022, as in the previous year, only 38% of Poles confirmed that they could see content dedicated to successful entrepreneurs in the public media and on the Internet**. This is the lowest[19] score among the 43 countries of the world for which relevant data is available, the first three places belonging to Saudi Arabia (95%), the United Arab Emirates (86%), and Slovenia (85%). The score is also lower than the European average (66%).

Let us have a quick look at how residents of the European countries surveyed perceive entrepreneurship. In general, it can be said that Europeans appreciate the efforts of those who chose to set up their own business (on average, 71% of respondents share the opinion that those who succeeded in business should be appreciated), a relatively large number of respondents (62%) also believe that owning one's own business can be a good career option. The same is visible when it comes to seeing positive content regarding entrepreneurship in the media and on the Internet (66%). At the same time, as shown in Table 2.1, there are relatively large differences between societies on each of those indicators. In Norway and Slovenia, as many as 9 out of 10 respondents are willing to recognise the efforts of entrepreneurs, a view relatively least likely to be held by Croatia, France, and Spain (almost 6/10). When it comes to considering entrepreneurship as a good career path, Romania records the highest score (82%), while Switzerland – the lowest (38%). However, biggest

[19] The second from the last country on the list is Spain (47%), preceded by Slovakia (52%).

differences between the 18 European societies can be seen regarding the role of the media in shaping a positive image of the entrepreneur. It can be said that, according to 2022 data, the media in Slovenia and Norway are doing the best job, while – as has already been mentioned – the media in Poland are performing worst in this respect.

Table 2.1. Societies' perception of entrepreneurship in European countries in 2022 (% of people aged 18-64 who agree that…)

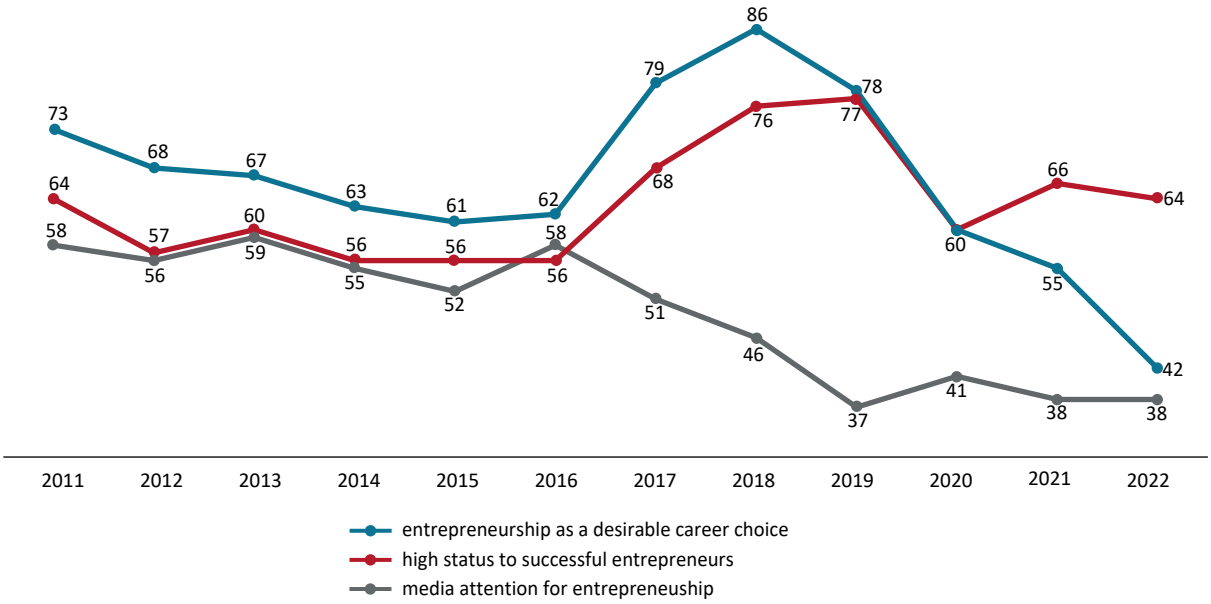
Country	entrepreneurship is a desirable career choice	people attach high status to successful entrepreneurs	there is a lot of media attention on entrepreneurship
Austria	49	78	76
Croatia	63	55	67
Cyprus	77	72	67
France	68	55	75
Germany	61	80	62
Greece	72	72	57
Hungary	64	63	64
Latvia	53	58	56
Lithuania	70	63	69
Norway	67	89	80
Poland	**42**	**64**	**38**
Romania	82	85	71
Serbia	75	81	77
Slovakia	51	65	52
Slovenia	73	89	85
Spain	47	55	47
Switzerland	38	74	63
United Kingdom	72	83	76
European average (18)	**62**	**71**	**66**

Source: own study based on GEM data.

Analysis of the data for 2011 to 2022 (Figure 2.2) reveals certain trends when it comes to the Polish society's attitudes towards entrepreneurship. Against the backdrop of the years that followed, the first six years (until 2016) were a time of relative stability for all the three indicators. At the time, more than half of Poles recognised the positive role of the media and the Internet in shaping a favourable image of entrepreneurs, and about 60% believed that people who successfully established a business should be appreciated, and that starting

a business was a good option for life. Since 2017, changes have become more significant. Over time, fewer and fewer Poles noticed positive information about entrepreneurship in the media. As for the society's perception of entrepreneurship, it was improving until 2018/2019, reaching its highest values during that period, before weakening during the pandemic and 2022.

Figure 2.2. Polish society's perception of entrepreneurship in 2011-2022
(% of people aged 18-64)



Source: own study based on GEM data.

To summarize, the events of the past three years have changed the Polish society's perception of entrepreneurship, moving from the almost common belief that entrepreneurship is a good life choice to a new reality, in which Poles still appreciate the efforts of those who chose to take this step but are much less likely to consider running a business as a viable option. It is also noticeable that, compared to 2011-2016, significantly fewer Poles see positive content about entrepreneurship in the media and on the Internet.

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

In 2022, the share of those claiming to know at least one person who started a business in the past two years fell by 7 p.p. y/y and by 16 p.p. compared to 2020, **to stand at 47%.** Although it may sound slightly dramatic, **the result was not too far from the average for Europe (50%) or for any other of the country categories covered, and was close to the value recorded for Poland in the pre-pandemic period (50% in 2019)**. It also seems that the increase in Poles' interest in the situation of enterprises, recorded in the first year of the pandemic (63%, +13 p.p. y/y), can be considered an effect of the increased inflow of information about the extremely difficult situation of enterprises at that time, and the subsequent decline – slow acclimation to the new reality.

When comparing the averaged data on the rate of people familiar with start-ups for the four categories of countries, the differences are relatively small. A slightly higher percentage of declarations of knowing someone who started a business was recorded among low-income countries (56% vs. 52% for high-income countries and 50% for European countries). Across the ranking of countries that participated in the 2022 GEM survey, the highest value for this indicator was recorded by: Saudi Arabia (88%), Cyprus (82%), and Brazil (76%), while the lowest – as in 2021 – was recorded by Japan (20%), Greece, and Taiwan (29% each).

The rating of conditions for starting a business in Poland has been relatively high for many years. In 2019, the percentage of respondents who believed that starting a business was not difficult was 90%, and, although it dropped to 59% in the first year of the pandemic, it has been rising since 2021. **In 2022, 79% of Poles expressed the opinion that starting a business in Poland is easy.** This is much better than the average for Europe (52%) or any of the country categories covered.

Table 2.2. The percentage of people who believed it was easy to start a business in 2022

Year	low income economies	middle income economies	high income economies	Europe	Poland
2022	54	45	52	52	**79**

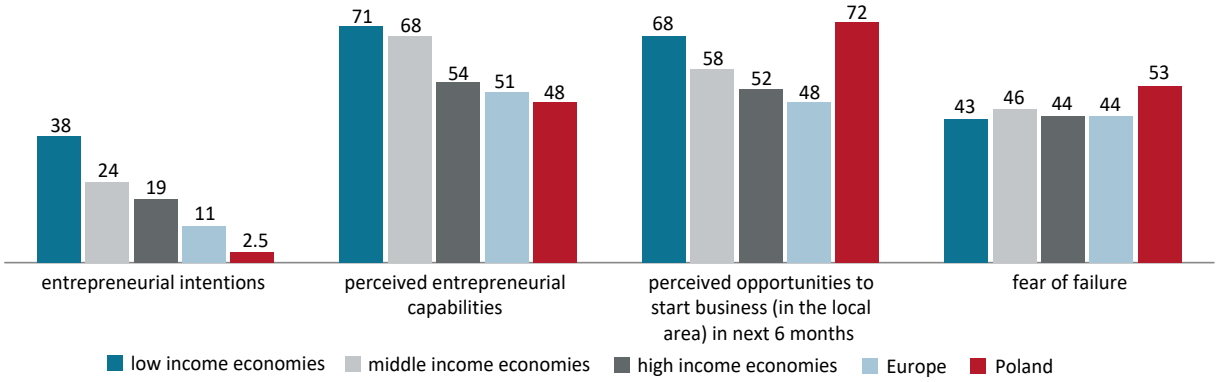
Source: own study based on GEM data.

Among the countries that participated in the 2022 survey, these were residents of Saudi Arabia (89% positive responses), the Netherlands, Norway (83% each), and Sweden (80%) that rated the conditions for starting a business in their countries highest. Israel was perceived as the most difficult country for starting a business (only 13% of Israelis believed that starting a business in their country was easy). Slovakia (20%), Iran (24%), and China (26%) also scored low.

In mid-2022, Poles rated six-months' prospects of establishing a business in their local area as good as the year before (72% vs. 73% in 2021), although the rating did not return to the 2019 levels (87%). In the ranking of all the countries that took part in the survey, Poland again ranked ninth, and third among the European countries – with only Swedes (77%) and Norwegians (74%) being more optimistic. As regards the immediate future, residents of low-income countries were most likely to be optimistic (68% of responses), while in the remaining groups, the percentage of positive responses was as follows: 58% for middle-income countries, and 52% for high-income countries. Positive responses were given by 48% of the surveyed Europeans. Among the 49 countries surveyed, the highest scores were again recorded for Saudi Arabia (90%), Indonesia (87%), and Qatar (81%), while the lowest were recorded in Japan (13%), Spain (26%), and Cyprus (27%).

Despite the positive rating of the conditions for starting a business, Poles are unwilling to run their own businesses, and the pandemic has only acerbated the situation – in 2022, the share of those not involved in running a business who answered in the affirmative to the question whether they were planning to start a business in the following three years was only 2.5% (-0.5 p.p. y/y) , down by 3.5 p.p. compared to 2019, the lowest figure among the 49 countries covered by GEM in 2022. Such a significant decline in entrepreneurial intentions can be explained by rational assessment of the risks associated with doing business, the uncertainty caused by the two-year pandemic, followed by the outbreak of the war, and the impact of the two in the form of rising prices and wages (wages were also annually increased by the state). Consequently, the attractiveness of paid labour increased. The highest percentages of those planning to start a business were recorded by Panama, Brazil (53%), and Togo (52%), and among European countries, by Croatia (20%), Cyprus (18%), and Latvia (nearly 18%). In general, Europe clearly lags behind the other country categories in terms of entrepreneurial intentions – with an average of just under 11%. The averages for the other country categories are higher: 19% for the wealthiest countries, 24% for middle-income countries, and 38% for the poorest countries.

Figure 2.3. Entrepreneurial attitudes in Poland compared to the average for the surveyed European countries and groups of economies by income level in 2022 (% of people aged 18-64)



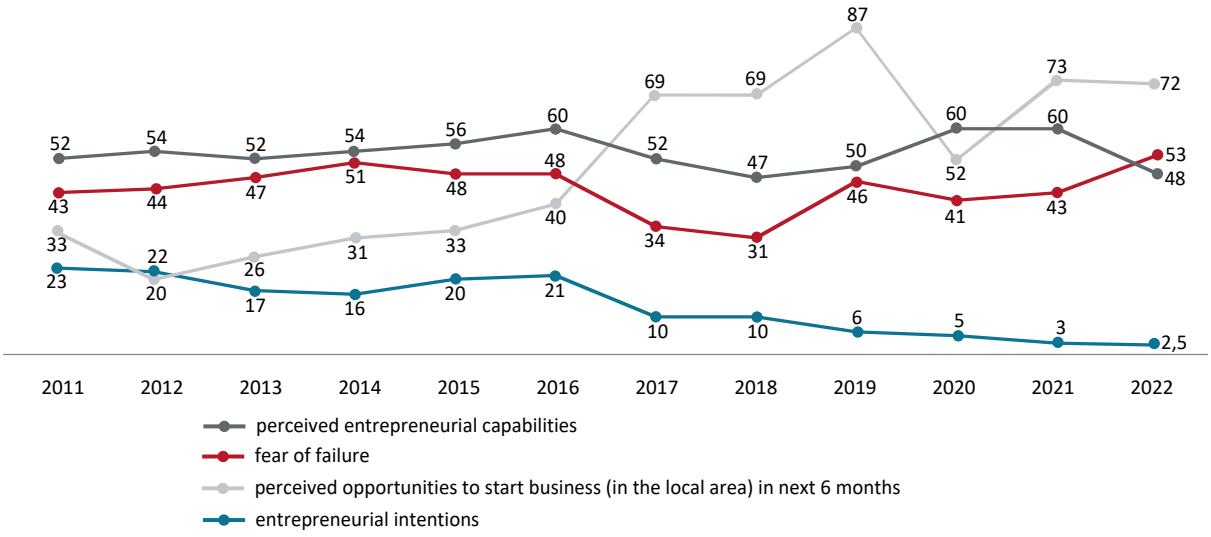
Source: own study based on GEM data.

The average Pole, although unlikely to plan to set up a business, feels relatively well-prepared to run it. In 2022, **48% of Poles felt confident that they had sufficient knowledge and skills to run a business.** This is yet another indicator that returned to pre-pandemic levels, although it declined compared to the COVID-19 period (50% in 2019, 47% in 2018 vs. 60% in 2020 and 2021). In Europe, the rating of one's knowledge and skills needed to start a business was again highest in Croatia (74% in 2022 vs. 71% in 2021 vs. 75% in 2020), while the lowest scores were recorded in Germany (36%) and Hungary (37%). The average for European countries is 51%. Among all the countries surveyed, the lowest number of residents with a positive view of their business skills was recorded in Japan (15%), and the highest in Saudi Arabia, Togo (88% each), and Venezuela (83%). When comparing the categories of countries with different income levels, it can be seen that, as in the previous year, the lower the income, the higher the self-rating of entrepreneurial skills (71% vs. 68% vs. 54%).

There was a significant increase (by 10 p.p.) in the percentage of Poles who, although they did see business opportunities, feared failure. **In 2022, over 53% of adult Poles admitted that the risk of failure discouraged them from starting a business, a percentage that is much higher than the averages for the analysed groups** (the highest score is nearly 46% for middle-income countries, and European countries scored 44%) **and comes in 6th in the entire ranking.** The countries whose residents were more likely to fear failure than the residents of Poland were: Saudi Arabia (63%), South Africa (59%), China (57%), Romania (56%), and India (54%).

Since the first edition of the survey, i.e. 2011, the Polish fear-of-failure indicator ranged between 31 and 53%, reaching its baseline (43%) in 2021. Its volatility is easily linked to the events of the years that followed. The 10 p.p. increase in 2022 is undoubtedly linked to hostilities in the neighbouring Ukraine – a situation with unpredictable consequences. **On the other hand, how can one explain the downward trend in the index measuring entrepreneurial intentions in Poland, whose value declined from 23% in 2011 to less than 3% in 2022?** In general, a difficult situation, such as high unemployment or a pandemic, increases the determination to keep one's job, and leads to the creation of new businesses out of necessity, i.e. to maintain a certain lifestyle (lack of job opportunities), or improve one's standard of living (become wealthy). In mid-2011, the number of unemployed people in Poland reached 1,960,100, with an unemployment rate of over 12.3%, while in mid-2022, it was 844,700 and 5%, respectively. **The decline of Poles' entrepreneurial intentions may therefore be the result of the very good condition of the Polish labour market.**

Figure 2.4. Entrepreneurial attitudes in Poland in 2011-2022 (% of people aged 18-64)



Source: own study based on GEM data.

The 2011-2022 results of other parameters' analysis seem moderately optimistic.

To conclude, despite their high rating of the conditions for starting a business in their local area, especially after 2016, as well as the good rating of their business skills and abilities, Poles are not willing to run businesses, which may result from employees' good position on the domestic labour market.

2.3. Level of entrepreneurial activity

The GEM model of the entrepreneurial process (Chapter 1) makes it possible to determine the level of entrepreneurial activity by identifying individuals who are at different stages of developing their business ventures. This approach is worth noting, as it means that the **entrepreneurial process begins before an enterprise becomes formally operational, and thus those at the initial stage of the process are considered to be involved in entrepreneurship**.

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

- **individuals running young enterprises,** also known as *Total Early-Stage Entrepreneurial Activity* (TEA), hereafter referred to as **young enterprises**, are a category comprising *individuals who are in the process of setting up enterprises* (*nascents*), in which remuneration has not been paid or has been paid for less than 3 months, and *those running new* enterprises, in which remuneration has been paid for a period of 3 to 42 months;
- **individuals running established enterprises**, hereinafter referred to as **established enterprises** – in which remuneration has been paid for at least 42 months.

An additional monitored group **are entrepreneurs discontinuing their business activities**, i.e. those who during the 12 months preceding the survey discontinued their business and sold/transferred their enterprise to another entity/person, thus leaving it on the market, or liquidated it[20].

[20] Cf. the definitions on page 18.

Nascent and established entrepreneurs

According to the latest survey conducted in mid-2022, **only 1.6% of adults (aged 18-64) were running young enterprises.** That said, 0.8% of adults were in the process of setting up a business (having made payments related to the business for up to 3 months), with the same number – 0.8% – for those running new businesses (having made payments for between 3 and 42 months). **Poles running established enterprises** (present on the market and making payments for over 42 months) **accounted for 9.1% of the population**. In terms of the absolute number of adults, this is approximately 355,000[21] individuals running young enterprises, and 2.17 million individuals running established enterprises. At the same time, it is worth bearing in mind that among the 355,000 individuals running young enterprises, 177,000 are nascent enterprises (up to 3 months of payments), and that one person can run more than one business, with different periods of market presence.

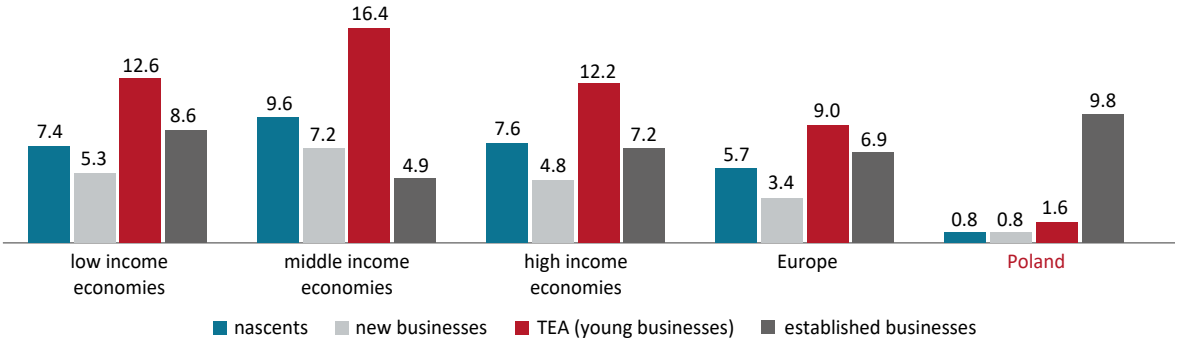
Compared to that of Europe or the three categories of countries with different income levels, Poland has had a different business structure for several years. **Poland predominantly has established enterprises, while the number of young enterprises is 6 times smaller (in 2021, it was 5 times smaller).** In Europe and the other categories of countries, there are on average more young enterprises than established enterprises, with the largest difference (slightly larger than three-fold) in favour of young enterprises present in the middle-income countries. Furthermore, **as regards the percentage of individuals running young enterprises** (i.e. those that are present on the market, paying remuneration/with profit for doing business for up to 3.5 years), **in 2022**, **Poland came last of the 49 countries of the world**. Poland is immediately preceded by: Morocco (4.2% of young enterprises), Greece (4.9%), and Taiwan (5.6%). In contrast, Guatemala (29.4% of the population) and Colombia and Panama (28% each) have the highest rates of young enterprises. It is also worth noting that the share of those running young enterprises declined between 2021 and 2022 in 17 of the 35 countries that conducted the GEM quantitative survey in both editions of the project, with 8 seeing a decline of less than 1 p.p. The index improved in the remaining 18 countries, including by more than 1 p.p. in 12 of the countries.

The indicators for the share of those running established enterprises (more than 3.5 years on the market) fall within a much narrower range of values than those for young enterprises.

[21] Number of adults aged 18-59/64, as of 31 December 2022 – 22,169 thousand, source: *Ludność. Stan i struktura oraz ruch naturalny w przekroju terytorialnym w 2022 r. Stan w dniu 31 grudnia.*, GUS, 2023.

According to 2022 data, the countries with the highest number of established enterprises are: Korea (19.9%), Togo (18%), and Greece (13.3%), while Mexico (1.6%) and South Africa (1.8%) record the lowest numbers of established enterprises.

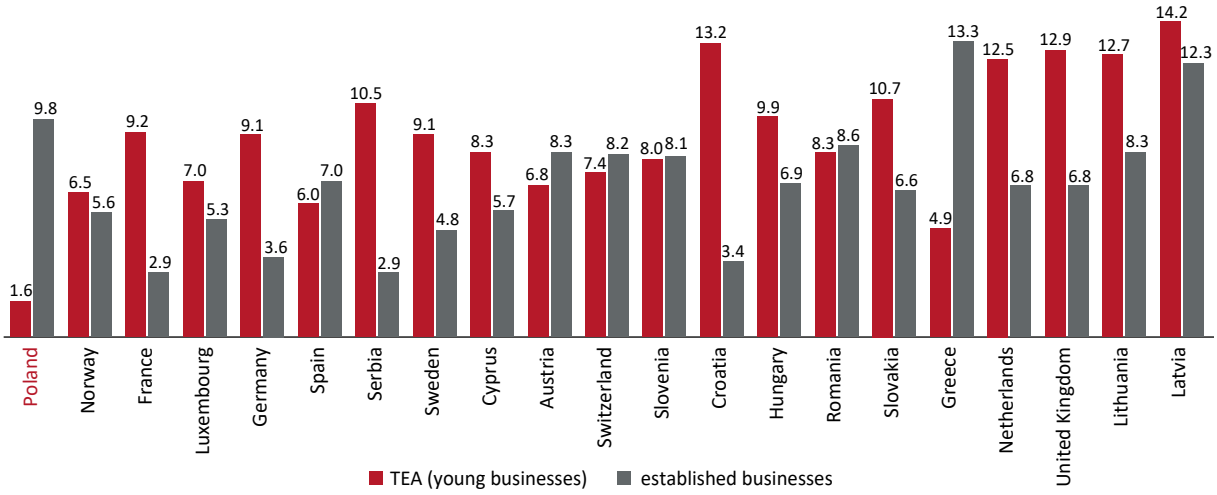
Figure 2.5. The level of entrepreneurial activity in Poland compared to the average for the surveyed European countries and categories of economies by income level in 2022 (% of people aged 18-64)



Source: own study based on GEM data.

Approximately (due to the limitations mentioned above), it can be said that, in 2022, 11.4% of adults set up or ran a business in Poland, and nearly 16% did so in Europe. Among the 21 European countries for which data is available, only Greece and Poland recorded a significant advantage of those running established enterprises over those owning young enterprises. Eight countries, i.e.: Norway, Spain, Luxembourg, Austria, Switzerland, Slovenia, Romania, and Latvia, have a much more balanced situation. In the remaining 11 countries, the situation is reversed, with young enterprises predominant (Figure 2.6).

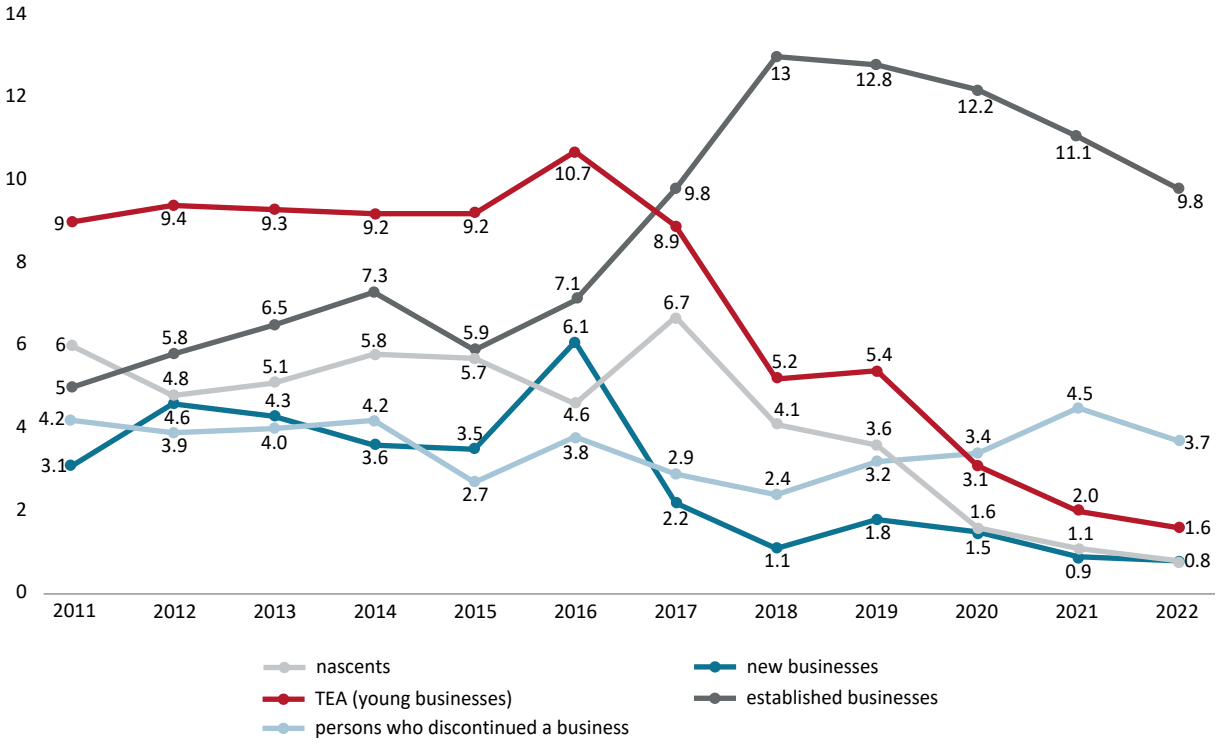
Figure 2.6. The level of entrepreneurial activity in Europe in 2022 – individuals running young and established enterprises (% of people aged 18-64)



Source: own study based on GEM data.

An analysis of changes in the entrepreneurial activity of Poles over the past 12 years is presented in Figure 2.7. **During that time, the share of those running young enterprises decreased more than five-fold, from 9% to 1.6%, while the share of those running established enterprises almost doubled, from 5% to 9.8%.** Also worth noting is 2017, the year when the relation was reversed. For 6 years, up to and including 2016, it could clearly be seen that young enterprises outnumbered established enterprises. Then, in 2017, the share of young enterprises started to decrease, while the share of established enterprises started to increase. In the subsequent years, it was established enterprises that outnumbered young enterprises. Also visible is the negative impact of the pandemic and the 2022 events on the entrepreneurial activity of Poles.

Figure 2.7. The level of entrepreneurship in Poland in 2011-2022 (% of people aged 18-64)



Source: own study based on GEM data.

It is also worth noting the changes that the indicators which make up the index of young enterprises have undergone since 2016 and 2017. This applies to individuals running new enterprises (having paid remuneration for a period between 3 and 42 months), whose share considerably increased in 2016 (from 3.5% in 2015 to 6.1%), before it started to drop steadily in 2017, to stand at just 2% in the last four years. The current value of this indicator is 0.8%, i.e. over 4 times lower than in 2011, when it stood at 3%. The second group making up the TEA – young enterprises, i.e. individuals in the process of organising their businesses (up to 3 months on the market) – decreased even more over the said period. Their share in the population of adult Poles has decreased 7-fold over 12 years – from 6% to 0.8%, while only in 2017 it was 6.7%.

Exiting business activities

Over the last 12 years, the most stable indicator analysed in this subchapter concerns the share of individuals who discontinued their business (in the last 12 months before the survey) in the population of adults aged 18-64. In 2011, the indicator stood at 4.2% in Poland, to then decline during the subsequent years and reach 2.4% in 2018, before starting to rise, especially during the pandemic (to 4.5%). In 2022, it decreased to 3.7%.

GEM seeks to monitor the reasons for business discontinuance. Given the international nature of the survey, the spectrum of potential reasons is reviewed and updated no later than six months before the launch of each survey cycle. Therefore, in 2022, the COVID-19 pandemic was still one of the possible reasons. As it turns out, **in Poland, the pandemic was indeed the most frequently mentioned reason for discontinuing business in the 12 months preceding the survey – indicated by 58% of those who discontinued business between the second semester of 2021 and the first semester of 2022.** The second most frequently mentioned reason was **retirement (11%),** followed by **family-related or personal reasons, and other job opportunities or business opportunities (8% each)**. Fewer respondents pointed to other reasons, i.e.: government policy/taxes/bureaucracy (5%), lack of business profitability (3%).

Compared to the previous survey, in 2022, the pandemic and government policy/taxes/ bureaucracy were more frequently mentioned as reasons for withdrawal, while family-related and personal reasons were less frequently mentioned. In contrast, compared to the pre-pandemic year of 2019, the significance of retirement (and, as one can assume, the lack of a successor) as a reason for withdrawal doubled, while the significance of the following reasons: the opportunity to sell the company, non-profitability of the business, problems with obtaining financing, or other random incidents decreased manyfold. The factor related to taxes, bureaucracy, and general government policy is also less frequently mentioned now, although 2022 shows an increase in indications of this reason compared to 2021.

Table 2.3. Reasons for discontinuing business in Poland (% of those who discontinued business in the 12 months preceding the survey)

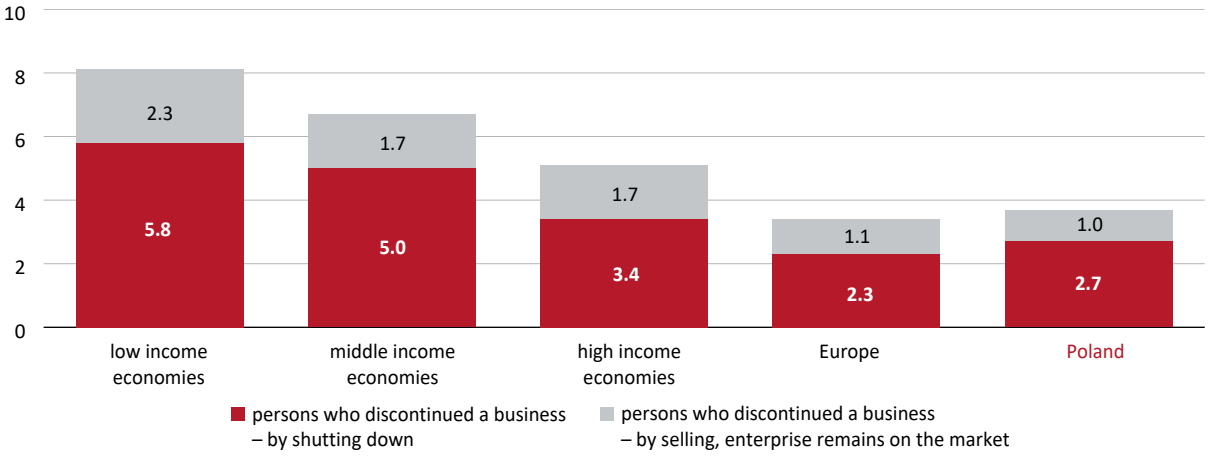
Year	opportunity to sell the business	non-profitability of the business	problems with obtaining financing	other work or business opportunities	discontinuing was planned in advance	retirement	family-related or personal reasons	random event other than the coronavirus pandemic	government policy/ taxes/bureaucracy	COVID-19 pandemic
2019	5.6	21.1	9.6	10.0	3.2	6.8	13.6	17.1	13.2	b/d
2020	0.8	9.9	4.5	8.8	2.3	6.3	4.6	4.9	5.7	52.4
2021	1.7	4.7	2.0	6.4	3.4	14.9	11.2	2.0	2.8	51.1
2022	0.4	3.3	2.0	7.8	3.2	11.4	7.9	0.9	5.0	58.1

Source: own study based on GEM data.

Interestingly, as a reason for discontinuing their business, in 2022, Poles were significantly more likely than residents of other European countries to identify the pandemic (the European average is 15%, with Poland recording the highest score and Sweden recording the lowest: 4%), and retirement (average 6%, 5 p.p. less). On the other hand, they were much less likely to mention the lack of business profitability (the European average being 19%, 16 p.p. more than Polish), the lack of other work/business opportunities, and personal/ family-related reasons (in both cases, the European average is 14%, 6 p.p. higher than Polish).

The percentage of Poles who discontinued their business in the 12 months preceding the 2022 GEM survey was close to the European average (3.7% vs. 3.4%), but lower than those of the wealthiest (5.1%), middle-income (6.7%), and low-income (8.1%) countries.

Figure 2.8. Discontinuation of business activity – people who admitted in the 2022 survey that they had discontinued a business in the past 12 months (% of people aged 18-64)



Source: own study based on GEM data.

Regardless of the level of wealth generated by the economy, for most enterprises, discontinuation of business means liquidation, with only some enterprises remaining on the market. **In Poland, in 2022, 37 out of 100 individuals liquidated a company by discontinuing their business**, which is less than in 2021 (61/100), but slightly more than in 2020 (21/100) and 2019 (29/100). For the four categories of countries, the ratio is as follows: 47 enterprises remained on the market/100 were liquidated – Europe, 39/100 – low-income countries, 34/100 – middle-income countries and 50/100 – high-income countries.

2.4. Motivation for starting a business

The decision to start a business is preceded by an analysis of many factors, ranging from macroeconomic and socio-cultural, to the individual's personal predisposition. What initiates the process and is important in its development[22], however, is motivation. Thanks to GEM, since 2002, the literature has discussed economic activity that can be:

- positively motivated, i.e. oriented towards seizing a business opportunity, self-development, or

[22] de Vries, N., Liebregts, W., van Stel, A. (2020). Explaining entrepreneurial performance of solo self-employed from a motivational perspective. *Small Business Economics*, *55*, 447–460.

- negative, i.e. resulting from the need to earn a livelihood in the absence of an alternative in the form of paid labour, or resulting from the lack of satisfaction with the previous job[23].

Until 2018, this dichotomous approach to motivation was used in the GEM survey. However, taking into account the later publications that identified the need for a more nuanced approach[24], and following pilot studies, the position on this issue was modified in 2019. When asked about their reasons for starting a business, respondents are requested to choose one of the 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 wealth or earn a high income", in other words, to earn relatively large amounts of money;
3) "to continue a family tradition";
4) "to earn a living because jobs are scarce".

Each of the aforementioned factors is rated by respondents on a 5-point scale. This question does not take into account the desire for independence or autonomy, as this factor is important to the vast majority of entrepreneurs anyway and is not differentiating.

Analysis of the 2022 GEM survey results shows that prioritisation of the motivators remained the same as the year before. **Across all categories of countries[25], regardless of the income level, the main reason for engaging in entrepreneurial activity was the desire to earn a living in a situation where jobs were scarce** (Figure 2.9). However, the importance of this

[23] Reynolds, P. D., Camp, S. M., Bygrave, W. D., Autio, E., & Hay, M. (2002). Global Entrepreneurship Monitor, 2001 Executive Report. Wellesley/ London/ Kansas City: Babson College/ London Business School/ Kauffman Center for Entrepreneurial Leadership; Deakins D., Whittam G. (2000). *Business Startup: Theory, Practice and Policy*, [in:] S. Carter, D. Jones-Evans (eds.), *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 benefits, job insecurity, lack of career development opportunities, achievement of management-imposed targets, and lack of work [Wickham Ph. A. 2004: *Strategic Entrepreneurship*, ed. III, Prentice Hall, Financial Times, Harlow].

[24] Carter, N., Gartner, W., Shaver, K., & Gatewood, E. (2003). The career reasons of nascent entrepreneurs. *Journal of Business Venturing*, 18, 13–39; Douglas, E.J. (2013). Reconstructing entrepreneurial intentions to identify predisposition for growth. *Journal of Business Venturing*, 28(5), 633–651.

[25] The analysis compiles only those European countries that participated in all editions of the surveys conducted under the new methodology.

factor decreases as the wealth of a society grows (81% in low-income countries vs. 57% in high-income countries and for Europe). The countries with the highest proportion of respondents undertaking business to earn a living included: Venezuela, Tunisia, and South Africa (90% each), while levels above 85% were also recorded in: Guatemala (89%), Mexico, Colombia (87% each), and Saudi Arabia (85%). Among European countries, Serbia (81%), Slovakia (79%), and Poland (73%) recorded the highest percentage of people declaring that the main motivation for starting a business was the lack of suitable work opportunities on the market. The lowest levels of negative entrepreneurship were observed in Sweden (25%), South Korea (27%), Norway (30%), Taiwan (31%), and Japan (37%).

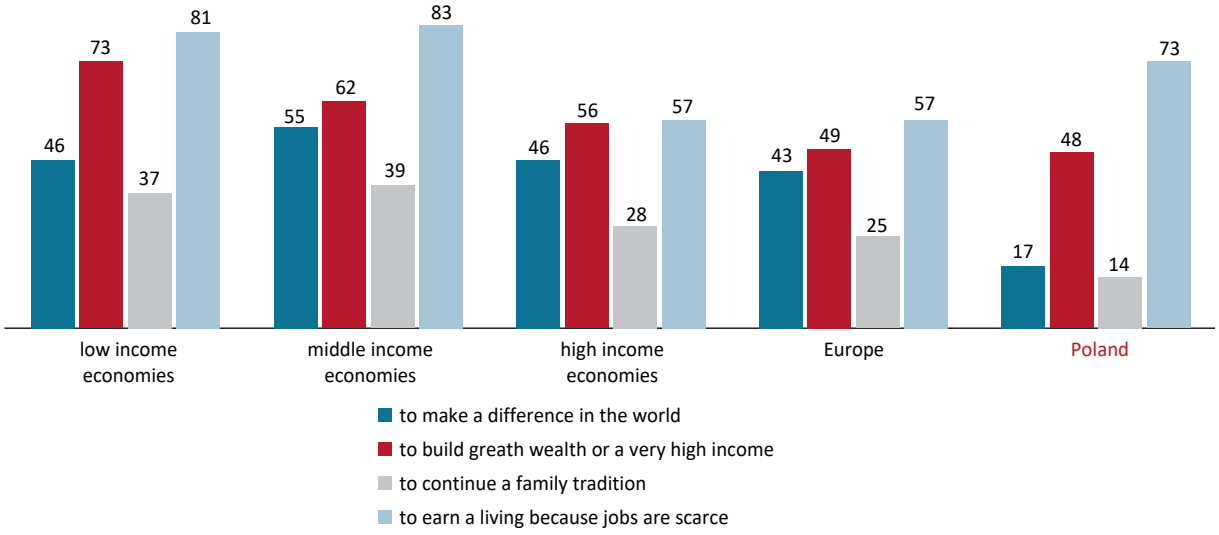
The second most frequently mentioned reason for starting and running a business was the desire to build wealth and earn a high income. Also in this case, in the richest countries and in Europe – 56% and 49% of responses, respectively – this is less important than in low-income (73%) or middle-income countries (62%). The highest percentage of individuals with this rationale was recorded in Saudi Arabia (87%), Iran (85%), and Togo (83%). Levels above 80% were also recorded in: Qatar and Indonesia (82% each), and South Africa (81%). Among European countries, the highest values were recorded in: Cyprus (78%), Romania (74%), and the UK (61%). The motive of becoming wealthy appeared least frequently in the responses given by respondents from Slovakia, Hungary, Switzerland, and Austria (approx. 37% each). The 15 countries that recorded the lowest percentages of those wishing to become wealthy through business included 13 European countries, as well as Japan and Uruguay. The situation is reversed at the other end of the ranking, with only two European countries among the top 15: Cyprus and Romania.

The third most frequent motivation was the desire to make a difference in the world – in 2022, this was on average mentioned by 46% of those running young enterprises in low-income countries, 55% in middle-income countries, and 46% in the wealthiest countries. Based on the above, the differences between categories of countries are relatively insignificant, from which one can infer that the desire for change is a trait of many young entrepreneurs, regardless of their countries' economic situation. European countries recorded the lowest scores in the comparison (43% on average). Out of 49 countries participating in the survey, young entrepreneurs in Romania were most likely to report the desire for change (82%). Guatemala and India were in the lead again (81% each), along with South Africa (80%) and Brazil (75%), while among European countries, these were Hungary

(67%), Switzerland (57%), and Luxembourg (56%). At the bottom of the ranking were: South Korea (8%), Morocco (14%), China (15%), Poland (17%), and Serbia (22%).

Family tradition seems to have least influence on the decision to start and run a business, and its significance is far greater in low-income (37%) and middle-income (39%) countries (vs. 28% for high-income countries and 25% for Europe). In the ranking of individual countries, entrepreneurs from India (69%), Saudi Arabia (62%), and Mexico (53%) showed greatest loyalty to tradition, while among the European countries that participated in the survey these were Greece (40%), Romania (41%), and Luxembourg (38%). South Korea (5% of responses), Switzerland (11%), Poland (14%), Sweden (16%), and Israel (17%) were at the bottom of the ranking again.

Figure 2.9. Motivations for starting and running a business in Poland, the European countries surveyed, and categories of countries by income level in 2022 (% of young business owners – TEA)



Source: own study based on GEM data.

Table 2.4. Motivations for starting and running a business in Europe in 2022 (% Total Early-Stage Entrepreneurial Activity – TEA)*

Country	to make a difference in the world	to build wealth or earn a high income	to continue a family tradition	to earn a living because jobs are scarce
Austria	38	37	19	46
Croatia	41	49	27	70
Cyprus	45	78	25	61
France	24	42	22	43
Germany	43	48	33	47
Greece	24	57	40	64
Hungary	67	37	22	58
Latvia	29	40	23	64
Lithuania	41	47	24	67
Luxembourg	56	48	38	47
Netherlands	47	46	25	39
Norway	48	46	23	30
Poland	**17**	**48**	**14**	**73**
Romania	82	74	41	71
Serbia	22	43	23	81
Slovakia	29	37	30	79
Slovenia	50	57	30	57
Spain	39	39	21	71
Sweden	44	52	16	25
Switzerland	57	37	11	47
United Kingdom	52	61	19	61

*The responses do not add up to 100%; each motivation was rated on a 5-point scale.
Source: own study based on GEM data.

The order of reasons for starting a business in Poland is the same as for the overall ranking. In 2022, the reason that the surveyed Poles mentioned most frequently was the desire to make a living in a situation of insufficient job opportunities on the market: 73% of responses**,** this figure being closest to that obtained for low-income (81%) and middle-income countries (83%). At the same time, this motivation has significantly grown in importance since the previous survey (up 20 p.p. y/y), not to mention the pre-pandemic result (16% in 2019). The percentage of responses referring to the motivation places young

Polish entrepreneurs on the 18th position in the ranking of 49 countries, and third among the European countries that participated in the survey.

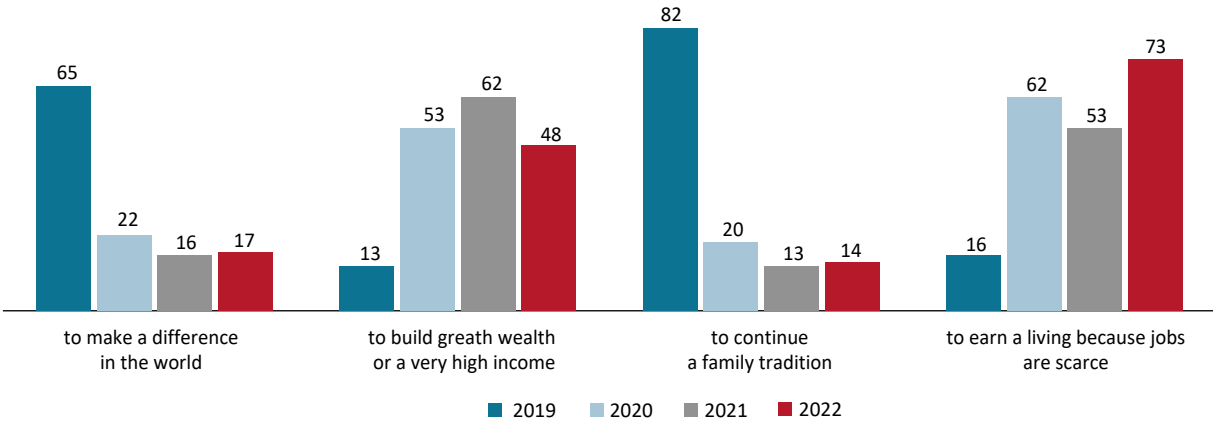
The second most common motivation was the **desire to become wealthy and earn a high income**. In this case, the result (48% of responses) is closest to that obtained for European countries (49%), although it is by 14 p.p. lower than in 2021. The level of determination to earn a high income is relatively low among young Polish entrepreneurs (36th place in the ranking). Of course, this can be interpreted in various ways, e.g. as a sign of greater attention to other issues, like climate ("to be" more important than "to have"), or, conversely, the desire for greater financial security in response to the uncertainty caused by the war across the eastern border.

For the third year in a row, **Poland significantly differs from the other analysed countries with regard to the desire to change the world as a motivation to start and run a business.** Although the percentage of positive answers increased by 1 p.p. y/y (from 16 to 17%), it is again lowest among the European countries surveyed, and fourth from the bottom in the entire ranking. Only respondents from South Korea (8%), Morocco (14%), and China (15%) show less enthusiasm for change. The gap between Poland and the leader, which in 2022 was Romania (82%), is again 65 p.p. The result for Poland is even more surprising given that in 2019, with 65% of positive answers, Poland came first among the European countries that took part in the survey at the time, 22 p.p. away from the leader (India).

The desire to **continue a family tradition was mentioned by only one in seven Polish respondents** (14.4%), and the score was again third from the bottom in the overall ranking, again ahead of South Korea (5%) and Switzerland (11%). Poland was 55 p.p. away from the ranking's leader India, and 27 p.p. away from the European leader (Romania).

A comparison of the pre-pandemic data for Poland (2019) with those obtained in 2020-2022 shows a radical change in attitudes. Young Polish entrepreneurs, who in 2019 demonstrated above-average idealism compared to the other ranked countries, and primarily wanted to make a difference in the world and continue family traditions (65% and 82% of answers, respectively), while treating the issues of making a living and earning a high income almost marginally (16% and 13%, respectively), in the era of the pandemic crisis turned towards more rational motivations: in the first place, identifying the need to make a living as their motivation (Figure 2.10). This trend was further strengthened after Russia's aggression against Ukraine, when the macroeconomic situation deteriorated and the immediate threat to national security increased.

Figure 2.10. Changes in motivation for starting and running a business in Europe in 2019-2022 (% Total Early-Stage Entrepreneurial Activity – TEA)



Source: own study based on GEM data.

The level of Poles' determination to secure a high income was most similar to that observed in European countries (48 vs. 49% for Europe) while being lower than in 2020-2022, which may be indicative of a change in Poles' priorities.

2.5. Male and female entrepreneurship

The 2022 GEM survey results provide interesting observations in the context of the entrepreneurial attitudes of Polish women and men. For the first time since 2017, **the share of Polish women noticing business opportunities in their environment is higher than that of Polish men (3 in 4 Polish women vs. 7 in 10 Polish men)**[26]. Furthermore, after a moment of doubt during the pandemic[27], the proportion for women has sprung back, while the proportion for men, though still high, is lower than that recorded in the previous edition.

Although more Polish women noticed business prospects in 2022 than in 2021, **the share of those who feel they have the right qualifications, knowledge, skills and experience to start**

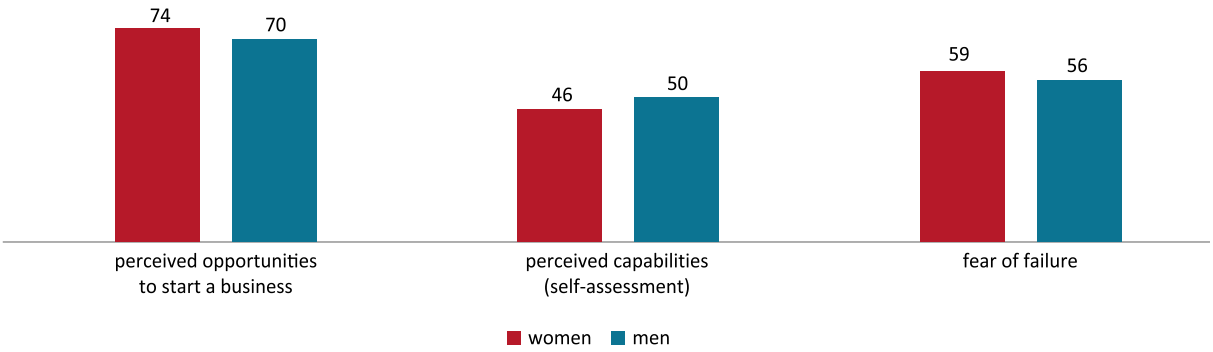
[26] A difference of 4 p.p. may seem insignificant, but looking at historical data from 2013 to 2021, the gap between men and women only ranged between 1 p.p. and 3 p.p.

[27] In 2020, one in two Polish women, and slightly more than one in two Polish men, saw business opportunities in their environment. In no year since 2017 were these prospects rated so poorly.

a business has decreased significantly (down from 59% in 2021 to 46% today), meaning that the trend, which has been growing since 2018, slumped in 2022. In the case of men, one in two Poles recognise their entrepreneurial skills, which also indicates a negative change against the previous year, although, in this group, the downward trend has been observed since the near-record year of 2020, when 7 in 10 Poles assessed their knowledge and skills needed to start a business positively. The greater scepticism among women widened the gap between the self-assessment index of entrepreneurial skills for men and women in 2022.

Along with the observed lower proportion of Polish women and men assessing their entrepreneurial abilities positively, compared to 2021, **the proportions of those with fears of starting a business, afraid of taking risks and of business failure, increased (by 14 p.p. – to 59% for women, and by 11 p.p. – to 56% for men)**.

Figure 2.11. Entrepreneurial attitudes among women and men in Poland in 2022 (% of adult women/men)[28]



Source: own study based on GEM data.

While in 2022 **significantly more Polish women and men positively assessed the conditions for starting a business in their local area than the average for their European counterparts** (countries participating in the survey): **74% of Polish women vs. 46% of European women, and 70% of Polish men vs. 50% of European men**, the comparison of these populations in terms of having the relevant entrepreneurial knowledge or skills does not show such spectacular differences (which does not mean they do not exist). Moreover, while the percentage of Polish women who believe they have the appropriate entrepreneurial

[28] In this chapter, the value of the "fear of failure" indicator, an expression of fear of taking the risk of failure to succeed, refers to the entire population of men and women aged 18-64, and not – as in Chapter 2.2. – to people aged 18-64 who see opportunities to start a business in their environment.

skills is similar to that of European women (about 2 p.p. in favour of Polish women), the corresponding percentage for Polish men is lower (by almost 9 p.p.) than that for European men. On average, Polish women and men were more likely than European women and men to fear business failure, which blocked their decisions to start a business, the difference being greater for men (10 p.p.) than for women (6 p.p.).

For both women and men, the percentage of those convinced that there would be favourable conditions for starting a business in the next six months decreases as the income level of the countries participating in the survey grows. The share of people who believe they have the ability and experience to run a business also declines. In both cases, the percentages for each income group are higher for men.

Table 2.5. Entrepreneurial attitudes of women and men in Poland compared to the average for the surveyed European countries and groups of economies by income level in 2022 (% of adult women/men)

Attitude	low income economies	middle income economies	high income economies	Europe	Poland
Perceived opportunities to start a business – women	67	56	50	46	74
– men	70	60	53	50	70
Perceived capabilities (self-assessment) – women	67	64	48	44	46
– men	75	73	60	59	50
Fear of failure – women	44	50	50	53	59
– men	41	44	45	46	56

Source: own study based on GEM data.

Among both Polish men and women, regardless of how long they have been operating as entrepreneurs on the market, the shares of business owners decreased in 2022 compared to the previous year. While examining the differences, one has to keep in mind the observed starting levels of the percentages, which for younger enterprises (operating on the market for up to 3.5 years) was much lower than for established enterprises (operating for over

3.5 years) (approx. 1.5% vs. approx. 10%). The fact that the share of enterprises run by men was declining faster than the share of those run by women resulted in an even greater convergence between the percentages of entrepreneurial men and entrepreneurial women than that observed in the previous year – for both young and established enterprises.

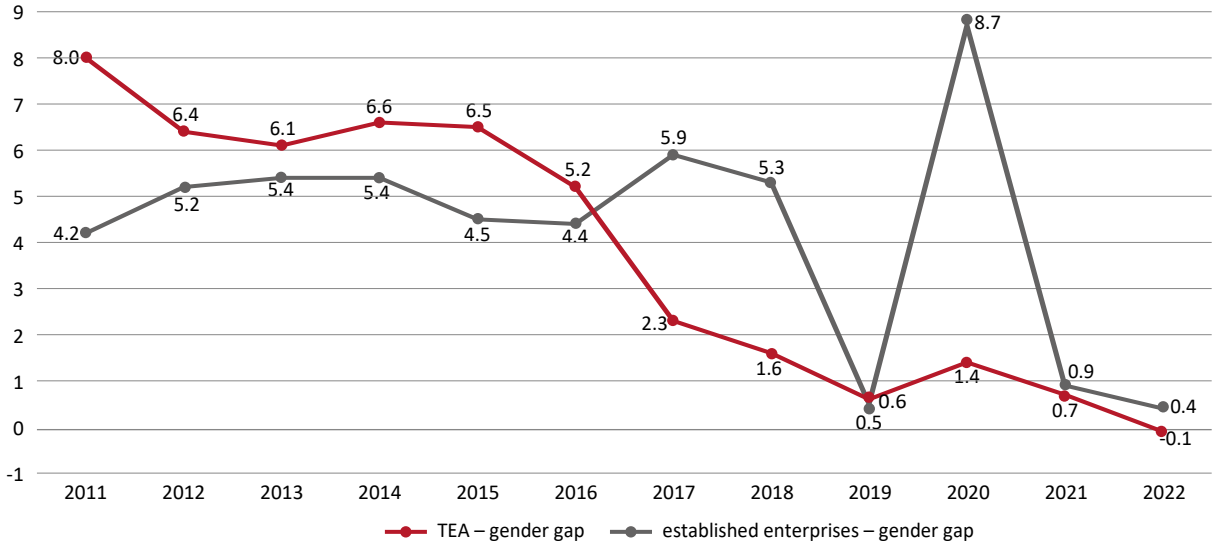
Table 2.6. The level of entrepreneurial activity among women and men in 2011-2022 (% of those running young/established enterprises among women/men aged 18-64)

Share of individuals running young and established enterprises	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Young enterprises (TEA) **– women**	5.1	6.2	6.2	5.9	6.0	8.1	7.7	4.5	5.1	2.4	1.7	1.6
– men	13.1	12.6	12.3	12.5	12.5	13.3	10.0	6.0	5.7	3.8	2.4	1.5
Established enterprises **– women**	2.9	3.2	3.8	4.6	3.7	4.9	6.8	10.4	12.5	7.9	10.6	9.6
– men	7.1	8.5	9.2	10.0	8.2	9.3	12.7	15.7	13.0	16.6	11.5	10

Source: own study based on GEM data.

In addition, the observed **changes have not only translated once again into a narrowing of the gender gap (the difference between the percentage of male business owners among men and the percentage of female business owners among women) in Poland, but, for the first time in the history of GEM, the gender gap for young enterprises reached a negative figure – indicating an advantage for women**. Last year's return to the small difference between index values after the year in which the COVID-19 pandemic began was maintained, although it is difficult to say whether this level of relative stability and small differences will continue, and whether 2020 was exceptional or not.

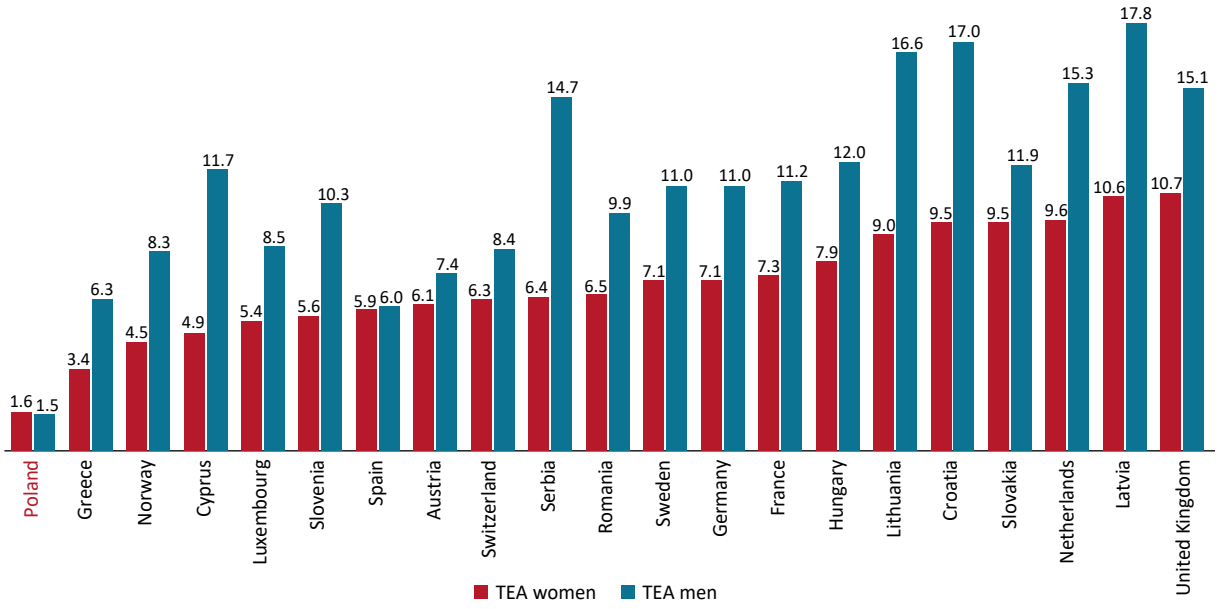
Figure 2.12. The gender gap for young and established enterprises in Poland from 2011 to 2022 (%)



Source: own study based on GEM data.

At this point, it should be noted that not only is the gender gap among young Polish enterprises in favour of women, but the advantage is among the highest considering the countries surveyed by GEM. The number of female owners of young enterprises is higher (measured as the ratio of female to male TEA rates) only in Indonesia and Togo. Women owners of young enterprises still outnumber men only in Qatar, while in the remaining countries men outnumber women. Among European countries, the difference is smallest in Spain, and largest in Cyprus and Serbia, where women account for only 30% of young enterprise owners.

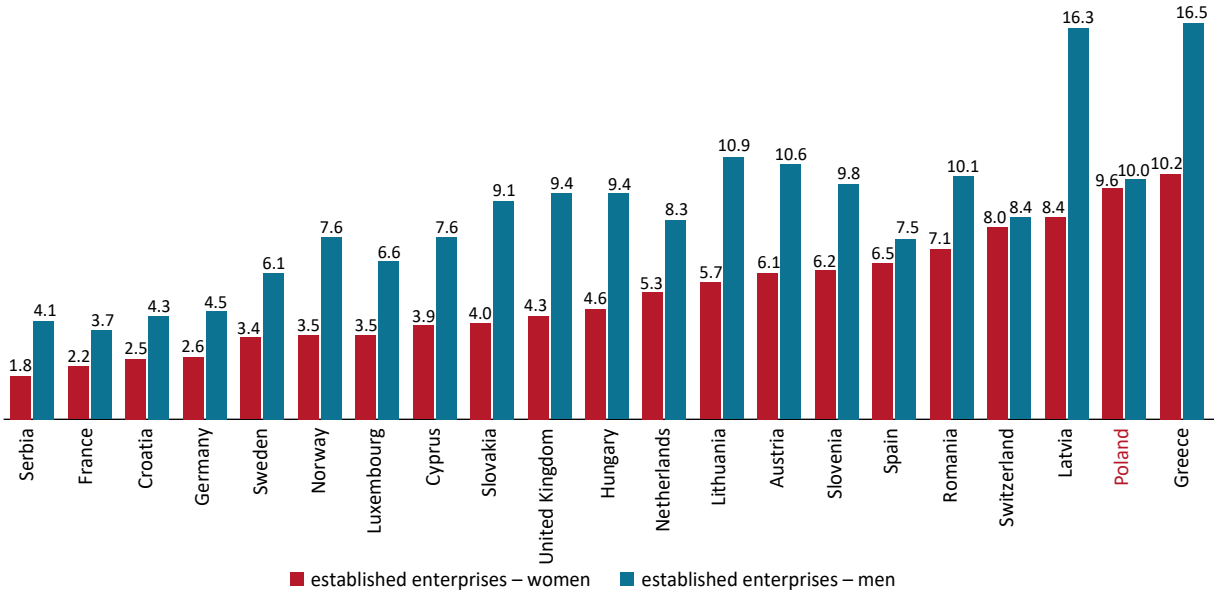
Figure 2.13. The gender gap among owners of **young enterprises** in Europe (% of adults aged 18-64)



Source: own study based on GEM data.

Across all the European countries surveyed by GEM, men are predominant as owners of established enterprises, but in Poland their advantage is smallest, with women accounting for over 49% of such enterprises' owners. Switzerland is the only European country with a similar ownership structure of established enterprises. In the remaining countries, men outnumber women, with women accounting, again, for only approx. 30% of established enterprises' owners in some of the countries (Norway, Serbia, Slovakia, UK). In several countries outside Europe, women make up the majority of established enterprises' owners (Indonesia, Togo, Venezuela, Saudi Arabia, Israel), while there are countries where less than 20% of established enterprises' owners are women (Morocco, Iran).

Figure 2.14. The gender gap among owners of **established enterprises** in Europe (% of adults aged 18-64)

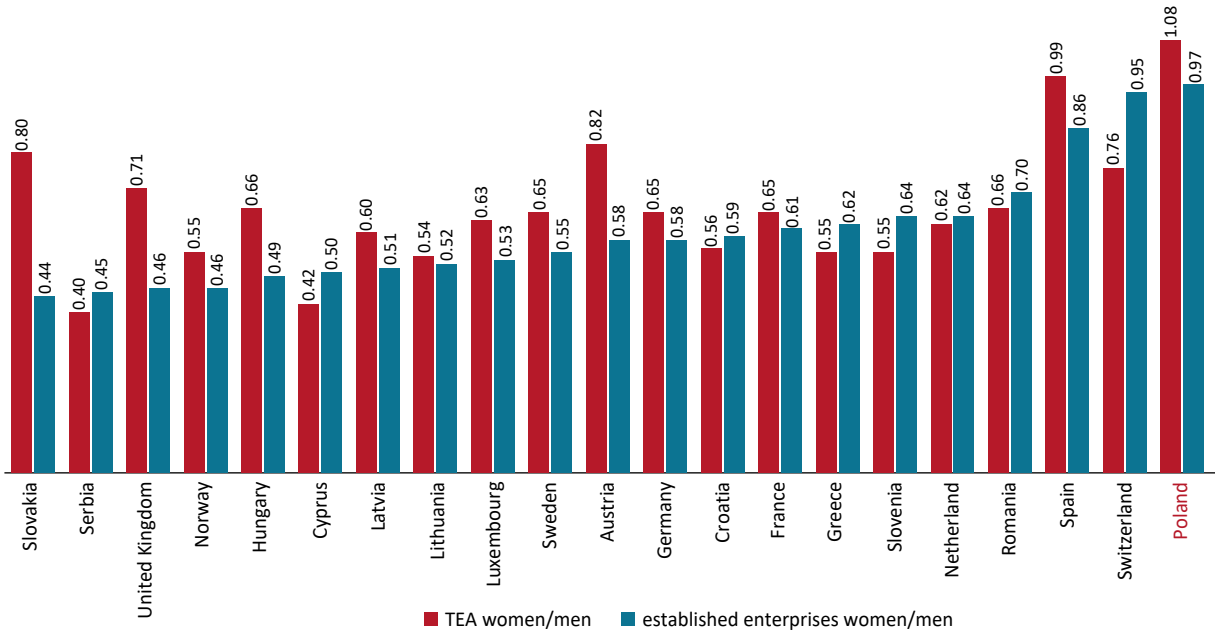


Source: own study based on GEM data.

Importantly, **Poland does not have a widening gender gap between young and established enterprises**, a situation that exists in several European countries, including Slovakia and Hungary, as well as the UK and Austria. This shows that women and men experience similar business conditions, and that the company's survival rate is not higher among entities managed by women. Given that in the previous years the gender gap in Poland was to the disadvantage of women as owners of young enterprises, one might even venture the opinion that bankruptcy of early-stage enterprises more often affects men than women. This also indicates that women-managed enterprises were able to withstand the negative impact of the pandemic, even though survey results show that they were vulnerable to bankruptcy due to – among other things – the fact that they are more likely than men-managed enterprises to operate in the personal service sector, which requires direct contact with customers[29].

[29] *Stephan, U., Zbierowski, P., Pérez-Luño, A., & Klausen, A. 2001. Entrepreneurship during the Covid-19 Pandemic: A global study of entrepreneurs' challenges, resilience, and well-being. London: King's College London* https://www.kcl.ac.uk/research/supporting-entrepreneurship-covid-19-pandemic-global-study-entrepreneurs-resilience-well-being

Figure 2.15. Comparison of the gender gap among owners of **young and established enterprises** in Europe



Source: own study based on GEM data.

Men and women's motivations to start a business

Polish entrepreneurs who set up businesses in the 3.5 years preceding the survey, in 2022, **were most likely to do so due to their awareness of the fact they had to make a living (in the context of relatively few interesting job opportunities on the market)**[30]**, or wishing to earn a high income or become significantly wealthier**. Considerations of family traditions or the need to improve the world seem less important, although, in the year under review, both motivations proved equally important[31]. These motivations did not significantly differ depending on gender.

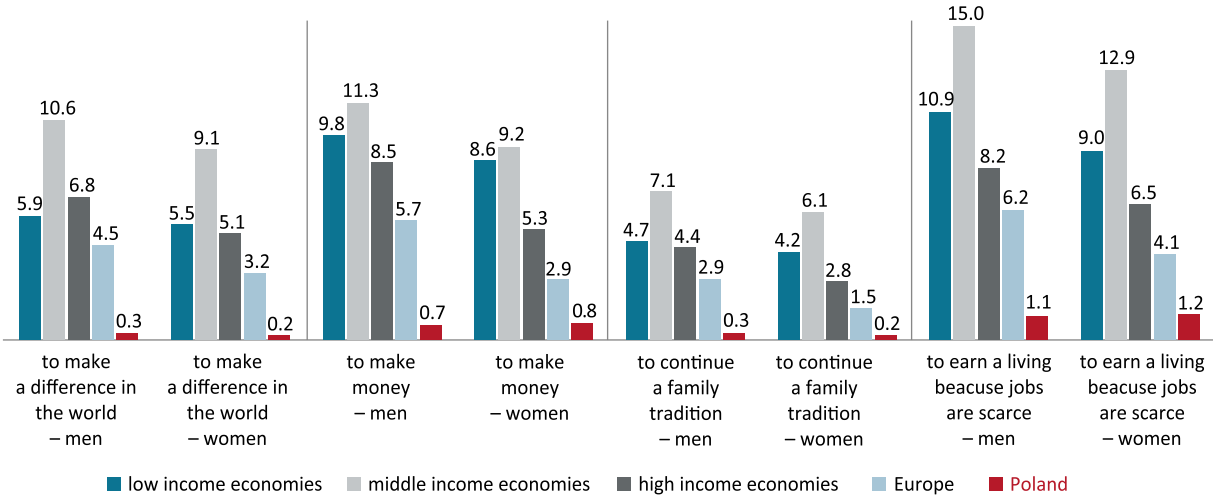
[30] In Poland, women were slightly more likely to indicate the importance of feeling the need to provide for themselves than men. Deeper research in this area could be helpful in answering questions such as the link between such a belief and the social roles performed, or the relevance of well-being in women's lives.

[31] Looking at the data, it's worth noting that the motivations adopted for the GEM survey do not exhaust the list of possible reasons inducing people to start a business.

While at the European level the main motivation for both women running young enterprises and men running young enterprises is the same – to secure a livelihood in a situation of unsatisfactory job opportunities – women in Europe choose to start a business also because of the desire to change the world (third motivation among men), while men choose to do so because of the desire to make high profits/become wealthy (third motivation among women). Continuing family traditions is the least common motivating factor. Although, in the case of Europe, all of the aforementioned motivations were much more frequently mentioned by men running young enterprises than by women, in Poland, the two shares are relatively equal (although they are definitely lower than in Europe).

Given the differences in the average income levels between the European countries that participated in the survey, it is worth noting that in low-income and middle-income countries the more economy-related motivations, such as the need to earn one's livelihood and the desire to become wealthy are important regardless of gender. In high-income and middle-income countries, they are also much more often mentioned than, on average, in Europe or Poland, but it is worth noting that in this group of countries the main motivations of men and women differ – women more often mention the need to make a living, while men mention the desire to earn a high income.

Figure 2.16. Motivations of women and men for setting up enterprises in 2022 (% of women/men running young enterprises in the population of women/men)



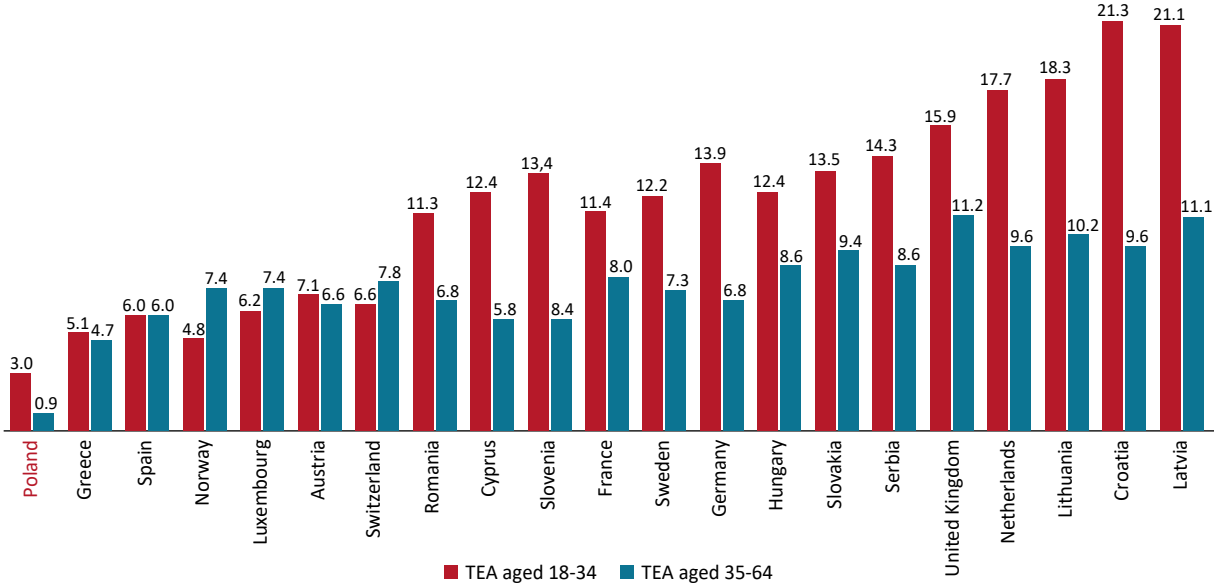
Source: own study based on GEM data.

The GEM survey only flags certain issues related to male and female entrepreneurship, and the results for 2022 further confirm that the topic has only been outlined, while encouraging further exploration and searching for links between male and female entrepreneurship and social determinants.

2.6. Entrepreneurship in age groups

Analysis of economic activity in age groups can provide valuable information about entrepreneurship, and enable forecasts, especially when carried out in the context of ongoing demographic changes. In the case of Poland, the analysis of the age of owners of young enterprises provides particularly relevant information. It turns out that **in the case of 62% of young enterprises, their owners are young people, aged up to 34**. This is not an unusual situation; a similar structure is observed in other countries covered by the GEM survey. In Poland, however, the prevalence of young business owners is particularly high; the next European country with the highest proportion of young enterprise owners is Cyprus, where people aged under 34 own 56% of young enterprises, the average for European countries being 43%.

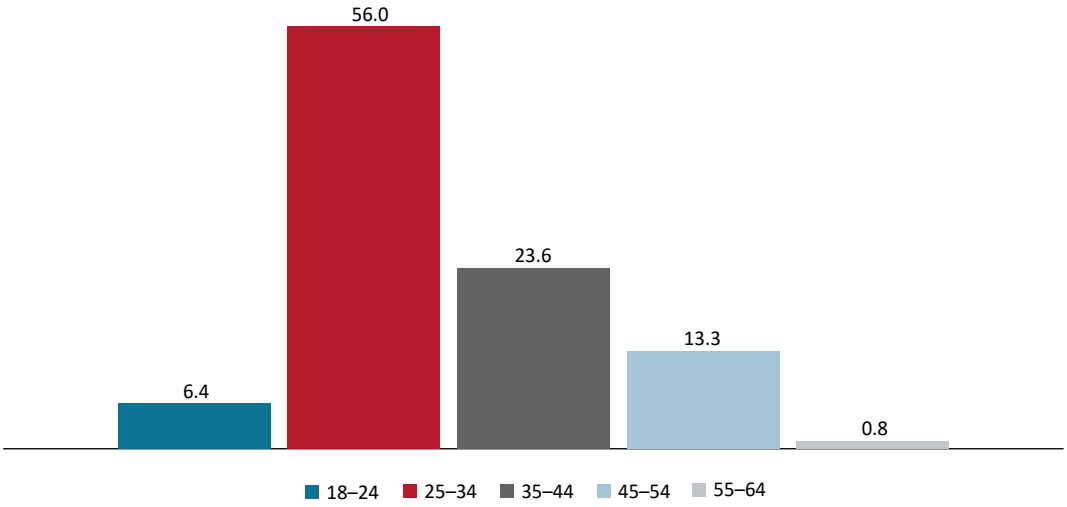
Figure 2.17. Owners of young enterprises **in age groups** in Europe (% of adults)



Source: own study based on GEM data.

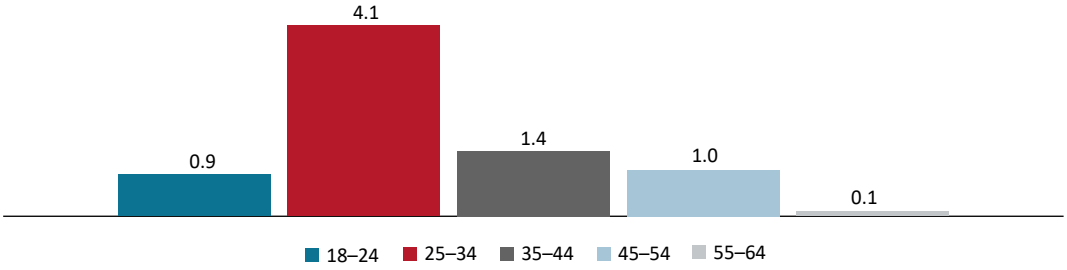
The situation in Poland is unique for two more reasons. Firstly, there are very few owners of young enterprises in the youngest age group (aged 18-24), accounting for only 6% of the owners, compared to the European average of 14%. The leaders in youth entrepreneurship in Europe are Romania (23%), Sweden (23%), and the Netherlands (21%). **Secondly, owners of young enterprises are scarce in the oldest age group – aged 55-64, accounting for less than 1% of the owners of such enterprises in Poland, while the European average is 10%.** Entrepreneurship in the oldest age groups is highest in Norway (20%), and France, Switzerland and Greece (15% each). **Therefore, it turns out that people aged between 25 and 34 (56%) prevail among the owners of young enterprises in Poland.** This is a group relatively strongly involved in entrepreneurship, with owners of young enterprises accounting for 4% of the population, while in the other age groups (18-24, 35-44, 45-54), the percentage is 1%. The oldest group is exceptional, as hardly any of its representatives start businesses. These results indicate that there is some undeveloped entrepreneurial potential among the youngest and those aged above 35.

Figure 2.18. Owners of young enterprises **in age groups** in Poland in 2022 **as a % of young enterprises (TEA)**



Source: own study based on GEM data.

Figure 2.19. Owners of young enterprises **in age groups** in Poland in 2022 **as a % of adults**



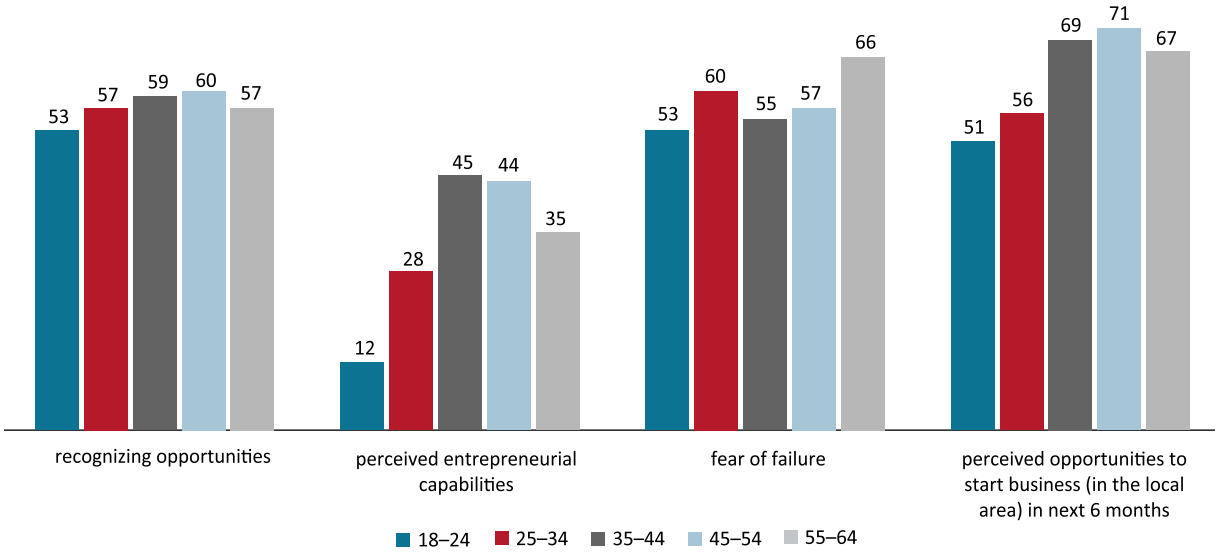
Source: own study based on GEM data.

Therefore, effort needs to be made to activate these people. To some extent, this can be helped by changing the way entrepreneurship is taught in secondary schools, but further efforts are needed to support them in the process of starting a business. This is also extremely important in the context of the aging population, as with low entrepreneurial activity among the oldest age group and the changing age structure of the population a further overall decline in the TEA rate can be expected.

It is also worth examining the entrepreneurial attitudes in the age groups as a factor that may at least partially explain the very low level of entrepreneurship among the youngest Poles as well as those aged above 35. It turns out that the older groups demonstrate

higher entrepreneurial attitudes than the younger groups. This applies, of course, to self-assessment of one's entrepreneurial abilities, and to positive assessment of the conditions for starting a business. Besides, Poles aged over 35 are less likely to fear failure (except for the oldest group), and more likely to recognize business opportunities.

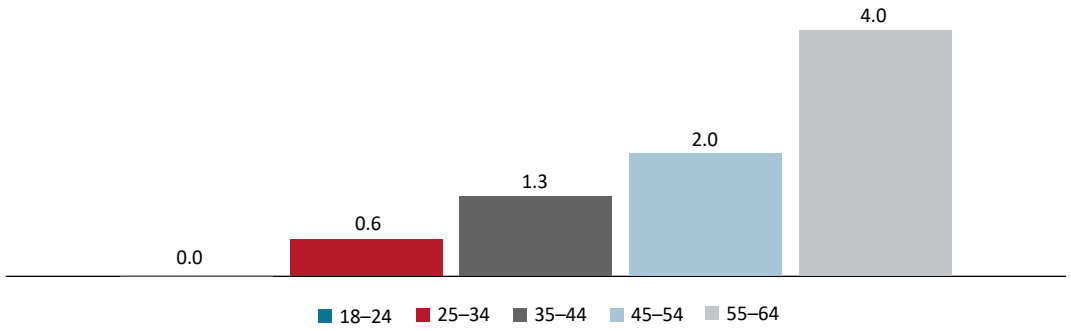
Figure 2.20. Entrepreneurial attitudes **in age groups** in Poland in 2022 (% of adults)



Source: own study based on GEM data.

The low entrepreneurial activity among Poles aged over 35 can be partially explained by an analysis of direct businesses financing. **Activity in this area increases with age**; in the youngest age group, it is basically non-existent, mainly due to the lack of accumulated capital to invest. **In the group aged between 25 and 34, 0.6% of people invested their funds in other business ventures in the past three years, while in the older age groups, it was 1.3%, 2%, and 4% in the group aged between 55 and 64.**

Figure 2.21. Private investors **in age groups** in Poland in 2022



Source: own study based on GEM data.

This indicates that people in older age groups are financially involved in business activity, but do not manage enterprises. This opens up some space for governmental and non-governmental activity towards activating these people to set up businesses, which they would then manage themselves. However, these activities should be preceded by additional analyses of entrepreneurship in age groups, in particular, an analysis of the various types of barriers that may hinder entrepreneurial activity.

2.7. Enterprises' attitude to sustainability and social responsibility

Awareness of corporate social and environmental responsibility appears to be high among Polish entrepreneurs[32] – on average, more than 90% of enterprises operating on the market for at least 3.5 years (established enterprises) declare that they always consider the social and/or environmental impact when making business decisions. This proportion is not much lower among enterprises that have been operating on the market for up to 3.5 years (young

[32] Social impact should be understood, among other things, as the impact on health, safety, quality of working conditions, open and non-exclusionary work environment, access to education, housing or transportation, while environmental effects include the impact on preserving green spaces, reducing greenhouse and toxic gases, selective waste collection, and rational use of water, electricity and fuels.

enterprises) – approx. 85% on average. These results are similar, albeit lower (except for one indicator)[33] than in the previous edition.

Poland's performance in the analysed area is still significantly better than the European averages. The data taking into account income levels appear interesting. Entrepreneurs from countries classified in the GEM survey as middle-income countries were on average significantly more likely than entrepreneurs from low-income countries and also more likely than entrepreneurs from high-income countries to declare that they take into account the consequences of their business decisions, whether for the environment (84% of young enterprises and 83% of established enterprises from middle-income countries) or for the society (82% of enterprises each, regardless of the business operating period in the income group analysed).

While declarations of Polish entrepreneurs regarding this sphere are almost universal, real action is less common. What is more, **the difference between the actions of young and established enterprises is more significant** (in favour of those with a longer presence on the market). Three out of five young entrepreneurs undertook pro-social actions in the past year, while in the group of mature entrepreneurs it was 3 out of 4[34]. Regarding pro-environmental actions, 55% of representatives of young enterprises and 70% representatives of established enterprises declared that they had undertaken such initiatives in the past year[35]. It is worth noting that – regardless of how long the enterprise was present on the market – **the percentage of Polish companies that declared they undertook activities to increase their social impact was higher than the percentage of those declaring they took action to reduce the negative impact on the environment**. While in the case of companies having operated on the market for up to 3.5 years the change against the previous year is

[33] In the case of young enterprises, there is a 1 p.p. decrease in the environmental impact of business decisions and a 2 p.p. decrease in the social impact, while in the case of established enterprises there is a 1 p.p. decrease in the social impact, but a 2 p.p. increase when considering environmental impacts. The changes are marginal and are mentioned because of the importance of the issue, nevertheless they are within the statistical error limit so it is important to continue measuring this phenomenon in future years.

[34] Measures to increase the enterprise's social impact include creating jobs for the young unemployed and other groups with limited access to the labour market, integrating social enterprises into the supply chain, ensuring a diverse workforce in terms of, for example, country of origin or race, the use of companies/suppliers operating with respect for human rights and the environment as a priority, and the fight against all forms of child or slave labour.

[35] Measures to reduce the enterprise's negative impact on the environment include saving energy (electricity, heat), reducing CO2 emissions, facilitating employees' use of zero-emission means of transportation (e.g. bicycles).

only slight and inconclusive, established enterprises clearly demonstrate development: 9 p.p. more entrepreneurs undertook pro-social actions over the past year (76% of declarations now vs. 67% in the previous edition), and 5.5 p.p. more undertook environmental actions (70% i 65%, respectively). If the upward trend for established enterprises is maintained in the next edition, the forecast for the levelling of indicators regarding declared and actual efforts in the area of sustainability and social responsibility will be more optimistic.

Looking at the averages characterising the European countries included in the survey overall, it can be seen that – regardless of the age of the company – in the past year, a higher percentage of entrepreneurs took business actions with environmental considerations in mind (on average, 52% of young European enterprises and 57% of established enterprises) than with social impact in mind (on average: 41% and 40%, respectively). This is a trend also observed in countries classified as middle- and high-income in the GEM survey (which include Poland), but, as previously mentioned, opposite to that observed in Poland.

An indicator that more openly shows the consideration given to social responsibility and sustainability is putting social or environmental impact above the company's profitability and growth, as it assumes some of the profit or development will be sacrificed for something more abstract, that can potentially benefit the entrepreneur only in the future, and not necessarily directly. This is the only indicator among those analysed in this subchapter for which the performance of Polish companies looks significantly worse than the average for the other European companies analysed[36]. **The declared willingness to put social and/or environmental goals above the growth or profitability of one's company was reported by 28% of young (having operated for at most 3.5 years) and 33% of established (having operated for at least 3.5 years) enterprises from Poland**[37]. This shows that the understanding of social/environmental needs and the willingness to relinquish a part of one's profits increases with market maturity. The average rates for Europe (53% and 50%, respectively) show the opposite trend – the percentage of those ready to add acting for the

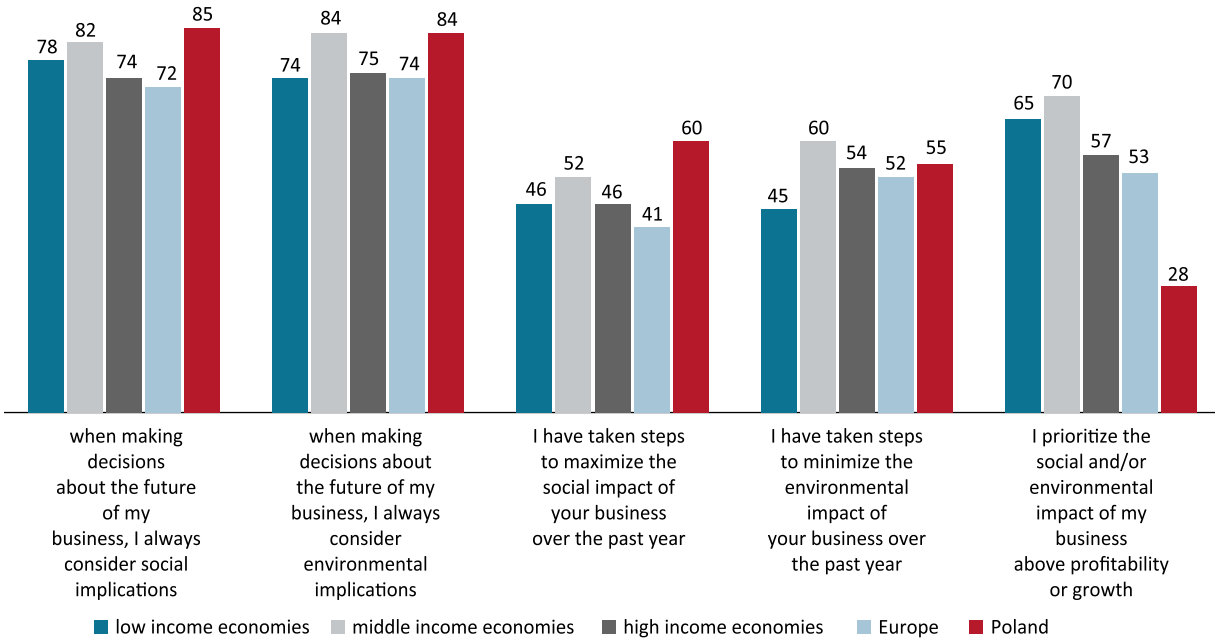
[36] Perhaps there is a belief among entrepreneurs that it is possible to act pro-socially and pro-environmentally without giving up one's own profits – company profit or development, or even, for example, pro-environmental activities. such as thermal upgrades, are considered in Poland in terms of development and acting for profit. Hence, perhaps for Polish entrepreneurs the two issues do not go hand in hand – especially when the question includes a combination of: social and environmental issues.

[37] In the case of Poland, regardless of presence on the market, a decrease in percentages was observed compared to last year.

society and/or the environment to the cost of doing business is higher among the young market players.

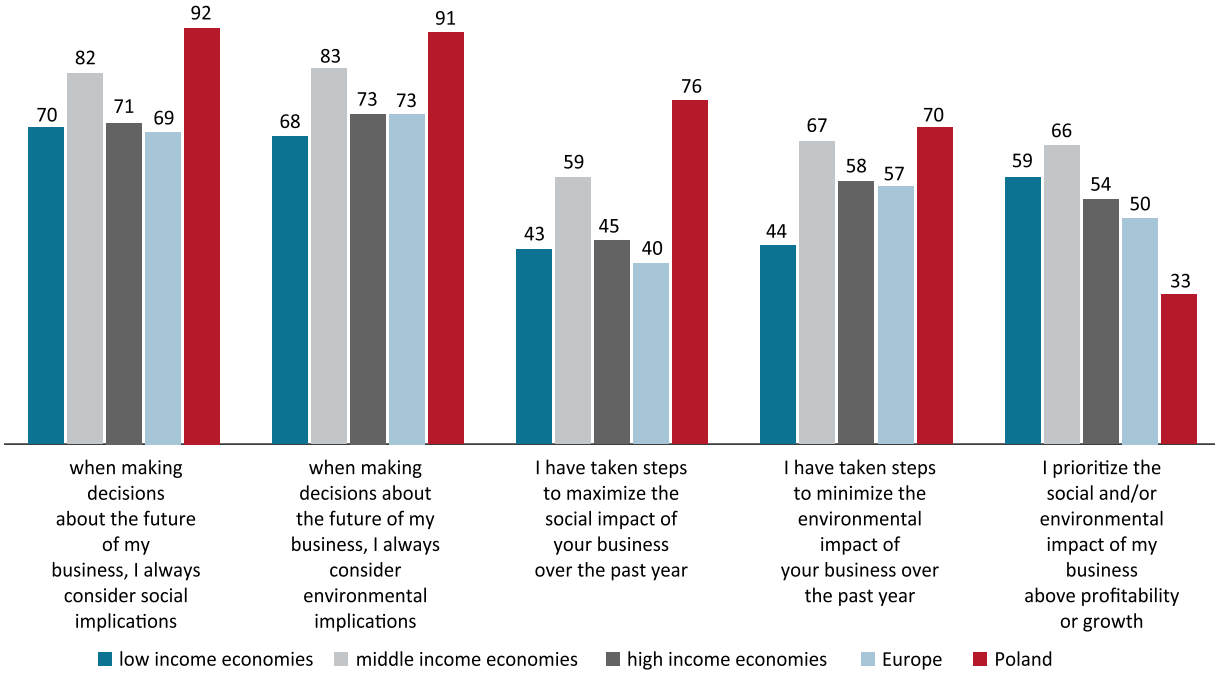
Interestingly, a larger percentage of entrepreneurs representing lower-income countries are ready to declare that they put the social/environmental impact of their company's operations above profitability/growth than entrepreneurs from higher-income countries, but entrepreneurs from middle-income countries definitely stand out with their highest score (70% for young enterprises and 66% for established enterprises).

Figure 2.22. Social and environmental responsibility in the actions and beliefs of those running **young enterprises** (% of young enterprises)



Source: own study based on GEM data.

Figure 2.23. Social and environmental responsibility in the actions and beliefs of those running **established enterprises** (% of established enterprises)



Source: own study based on GEM data.

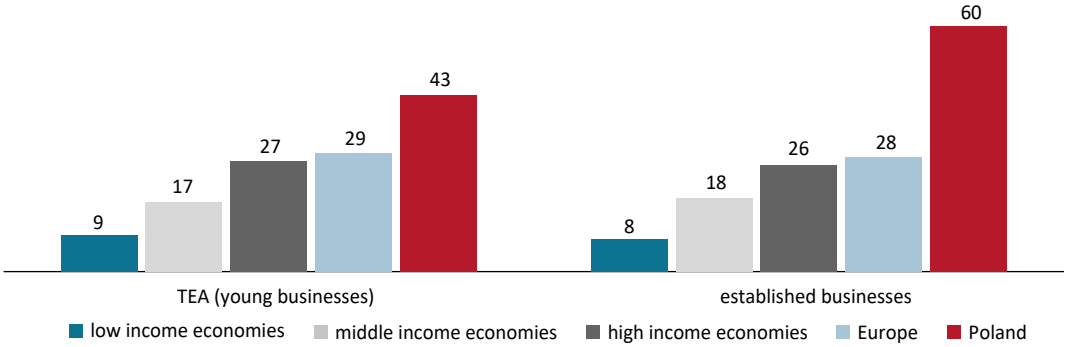
In the GEM survey, entrepreneurs are asked about their familiarity with the 17 UN Sustainable Development Goals (the so-called SDGs)[38]. **Familiarity with these assumptions is declared by a much smaller proportion of Polish entrepreneurs operating on the market for a shorter period** – up to 3.5 years – **than those operating for a longer period** – more than 3.5 years (43% and 60%, respectively), although the percentages are higher than last year (up as much as 14 p.p. for young enterprises and 2 p.p. for established ones)[39]. The average for Poland is still considerably higher than the average for the analysed European countries. Considering the length of enterprises' market operation, the averages for Europe are at a relatively equal level (29% for those that have been on the market for up to 3.5 years and 28% for those that have been on the market for at least 3.5 years). Regardless of

[38] Optional question. In 2022 it was included by: Austria, Canada, Chile, China, Colombia, Croatia, Cyprus, Egypt, France, Greece, Hungary, India, Indonesia, Israel, Latvia, Lithuania, Mexico, Morocco, Norway, Poland, Qatar, Romania, Serbia, Slovakia, Slovenia, South Africa, South Korea, Spain, Switzerland, Taiwan, Togo, Tunisia, United Arab Emirates, Uruguay.

[39] It is worth noting that this is a declared general familiarity with the Agenda – the survey does not make it possible to assess whether entrepreneurs are merely aware of the provisions or are more generally or specifically familiar with the contents of the document.

this variable, one can see a regularity related to the average income level of the countries participating in the survey – the higher the average income, the higher the share of entrepreneurs declaring they are familiar with the SDGs.

Figure 2.24. Knowledge of the 17 UN Sustainable Development Goals – 2030 Agenda for Sustainable Development (% of young enterprises and % of established enterprises)



Source: own study based on GEM data.

While the results of the GEM survey present a relatively positive – compared to Europe – picture of Polish entrepreneurs as aware of the nature of the social and environmental impact of business and trying to act pro-socially and/or pro-environmentally, when analysing the data, one should keep in mind that the approach to these topics is declarative and that the entrepreneurs' assessment of their actual actions and level of involvement can be very subjective.

2.8. Impact of the pandemic on the digitalisation of businesses

In the GEM survey, entrepreneurs – following the COVID-19 pandemic experience – were asked whether, as a result of the pandemic, there have been changes in companies' use of digital technologies to sell products or services. On the one hand, the passage of time and the picture of the pandemic becoming blurred may distance entrepreneurs from perceiving certain business moves as direct effects of COVID-19, but, on the other hand, time may offer a better perspective. This perspective can provide a more in-depth reflection on whether the

pandemic has indeed permanently expanded the use of technology (either improving the used or introducing new solutions), or whether the company really was/is able to operate without digital technologies to sell products and/or services[40].

Looking at the data for Poland, in the previous edition of the survey, 65% of entrepreneurs representing young enterprises (having operated on the market for up to 3.5 years) and 64% of those running established enterprises (having operated for at least 3.5 years) said that the introduction of digital technologies into the business (in the context of selling products or services) was not necessary, because the company successfully managed using more traditional channels. In 2022, these percentages fell by 13 p.p. for young enterprises and 7 p.p. for established enterprises.

These developments are testimony to the fact that Polish entrepreneurs have taken a relatively large step toward digitalisation, but **they seem even more significant in the context of the currently recorded percentages of entrepreneurs who have started to use digital technologies to sell goods and services in response to the pandemic – in 2022, almost 40% of representatives of Polish young enterprises and just over 20% of established enterprises made this declaration (an increase by 25 p.p. and 15 p.p., respectively)**[41]. The significantly greater openness of Polish entrepreneurs operating on the market for up to 3.5 years compared to others is also reflected in the **almost twice as high share of individuals (29% of young enterprises vs. 15% of established enterprises) that expect (and, perhaps, one can venture to say – plan) to increase their use of digital technologies to sell products/services in the 6 months** following the survey. The 2022 results are indicative of (a) an overall greater openness of Polish businesses to digitalisation, (b) a greater openness to digitalisation of businesses operating on the market for a shorter period of time (up to 3.5 years) (which may also be related to the time and conditions surrounding the start of business).

[40] In general, changes may have occurred because entrepreneurs may have either (a) started to use these technologies or (b) expanded the scope of use, or they may not have occurred because (c) they were already using these technologies or (d) they see no need to do so at all.

[41] It is important to be aware that young enterprises are either those that had started business operations not shortly before the COVID-19 pandemic began, or were already operating. It can be assumed that the latter entrepreneurs, fully aware of the new Covid realities, may even have had digitalisation written into their business strategy.

In Europe, an average of 40% of young enterprises started to use or increased their use of digital technologies as a result of the pandemic (in Poland: 42% of young enterprises), 28% had planned such activities earlier – even before the pandemic (in Poland: 6%)[42], while 32% of respondents believe digital technologies are not necessary for the company to function well (in Poland: 52%[43]). In almost every European country covered by the survey, the percentage of young enterprises that decided to incorporate digital technologies into business as a result of the pandemic is higher than among established enterprises[44], with the largest difference observed for: Greece (47% of young enterprises and 15% of established enterprises), the UK (28% and 9%, respectively), and Poland (38% i 21%, respectively). In the context of international comparisons, it is also worth examining the declarations that the decision to implement technological development was unrelated to the pandemic and was made independently, prior to the outbreak. One can venture saying that such a development is more deliberate and perhaps based on more proven solutions, which is the case in Sweden (with 47% of young enterprises and 40% of established enterprises), Slovenia (43% and 48%, respectively), Switzerland (42% and 35%, respectively), and France (40% i 41%, respectively).

Considering the differences in the average income levels between the countries participating in the survey, it can be concluded that regardless of how long the companies have been operating on the market, the following trend is unequivocally observed: as the average income level decreases, the percentage of entrepreneurs who declare there is no need to use digital technologies for sales purposes increases. It should be noted that in high-income countries – especially among those entrepreneurs that have been operating for a shorter period – these percentages are much lower than in the other income groups (30%-35% of entrepreneurs). At the same time, it can be seen that, as the average income level increases, there is a growing share of entrepreneurs who were already planning digital development before the pandemic, or decided to increase the scope of digitalisation as a result of the pandemic.

[42] For European established enterprises, the percentage of entrepreneurs who incorporated digital technologies into sales is 7 p.p. lower compared to young enterprises due to the slightly higher percentage in this group of those who believe that a company can operate without engaging in digital technologies and those who had already – before the pandemic began – tried to develop in this direction.

[43] Among both European young and established enterprises, Poland records by far the highest percentage of entrepreneurs declaring that the use of digital technologies in sales is not necessary.

[44] An exception is Luxembourg, where the following shares were recorded in 2022: 21% for young enterprises and 33% for established enterprises.

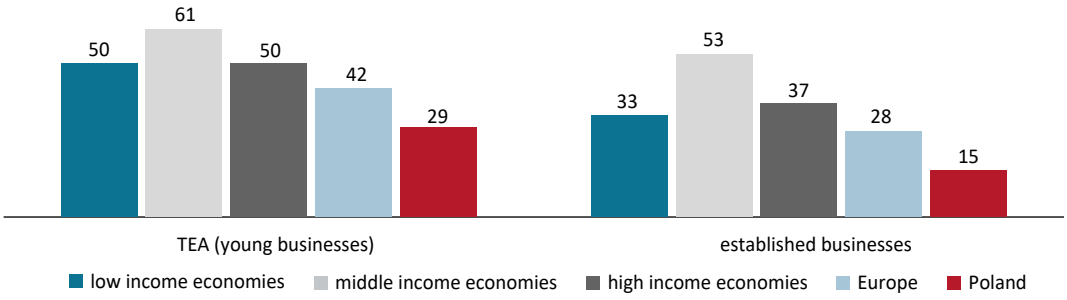
Table 2.7. Entrepreneurs who, in response to the coronavirus pandemic, adopted or did not adopt digital technologies (DT) to sell products or services (% of young (TEA) and % of established enterprises (EB))

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	25	14	15	46	18	9	15	58
middle income economies	24	17	16	43	18	17	16	50
high income economies	25	22	23	30	18	21	26	35
Europe	20	20	28	32	13	21	30	36
Austria	32	15	25	28	26	11	20	44
Croatia	18	18	35	29	14	28	33	25
Cyprus	22	20	19	39	16	23	16	45
France	12	17	40	31	9	20	41	30
Germany	22	33	24	21	18	21	25	35
Greece	47	15	18	20	15	17	27	41
Hungary	12	17	29	42	5	15	35	45
Latvia	15	23	37	25	5	28	33	34
Lithuania	9	25	21	44	6	23	26	44
Luxembourg	21	28	28	24	33	22	22	22
Netherlands	12	27	39	23	11	26	35	28
Norway	24	12	31	33	21	14	43	22
Poland	**38**	**4**	**6**	**52**	**21**	**9**	**14**	**57**
Romania	20	22	12	47	10	31	22	37
Serbia	13	20	19	48	8	17	28	48
Slovakia	13	24	20	44	7	25	19	49
Slovenia	8	27	43	22	4	18	48	30
Spain	27	25	29	19	12	23	37	28
Sweden	10	15	47	28	9	26	40	25
Switzerland	16	14	42	28	9	21	35	35
United Kingdom	28	29	17	26	9	27	34	31

Source: own study based on GEM data.

As regards Polish entrepreneurs expecting increased use of digital technologies to sell goods and services in the near future, it is worth adding that **the shares of Polish entrepreneurs open to digitalisation increased significantly against the previous year – from 20% to 29% for young enterprises and from 4% to 15% for established enterprises**. However, the score of Polish entrepreneurs is still below the European average. Additionally, Poland's score was third from the bottom in the group of young enterprises (ahead of France (18%) and Lithuania (almost 29%)), and last in the group of established enterprises. The analysis that takes into account the average income level of countries is also indicative of either relative stability or expected reduction in the use of digital technologies (which applies to countries with lower average income).

Figure 2.25. Entrepreneurs who expect an increased use of digital technologies to sell products or services in the company in the next 6 months (% of young enterprises and % of established enterprises)



Source: own study based on GEM data.

The results for Poland are clearly indicative of the increasing openness of Polish entrepreneurs for using digital technologies in the sale of products and/or services, but there is still room for development in this area. As the years pass, the link between the digitalisation of businesses and the pandemic may become less obvious, but it will certainly remain in the minds of entrepreneurs as a trigger or influence on the development of companies' technological activities.

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. This analysis is based on an expert survey of entrepreneurship determinants: *National Expert Survey (NES*) involving at least 36 experts[45] in each country participating in the GEM survey[46]. The survey identified 13 areas constituting National Framework Conditions (NFCs) for entrepreneurship development, whose impact on newly-established and developing enterprises was assessed by the experts. These areas were grouped into four blocks representing broader categories describing the determinants of entrepreneurial development, i.e.:

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

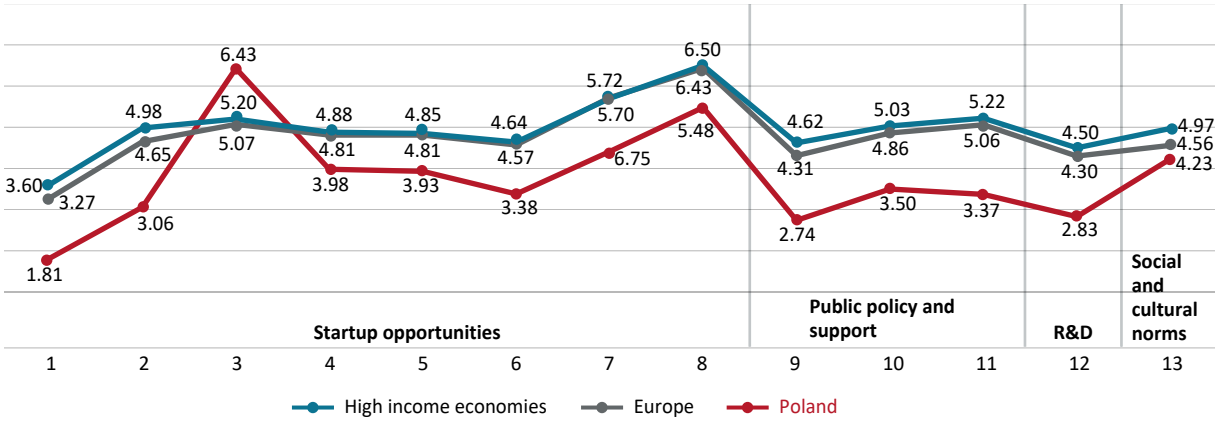
[45] Each area consisted of 3-8 statements on subjects on which the experts were asked to express their opinion, using a scale from 0 to 10, where 0 stood for 'strongly disagree' and 10 for 'strongly agree'. All statements had a positive tone, i.e. they said that a given aspect has a positive impact on entrepreneurship in Poland, so the more points a particular area received, the better the situation was assessed. Averages were then calculated for the particular statements based on the responses 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 the potential for presenting the problem in an interesting way. The 2020 results for Poland are compared with those for high-income economies (which also include Poland) and the European countries participating in the survey (2022 – Austria, Croatia, Cyprus, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom).

[46] Fifty-one countries worldwide participated in the 2022 NES survey (see Table 1.1 of this Report).

An analysis of the opinions provided by the experts involved in the 2022 NES survey in the particular countries leads to the conclusion that the conditions for establishing and developing enterprises in Poland were moderate compared to those existing in high-income economies[47] and other European countries (Figure 3.1). **Compared to experts from these two groups of countries, Polish experts gave higher rating to only one factor – market dynamics (its openness to new enterprises). Another area that scored high in Poland in 2022 was access to technical infrastructure**. As such, the two groups of factors that received the highest rating from Polish experts may be considered as driving forces for the development of new enterprises in Poland. It is worth noting that this assessment is similar to that of 2019-2021, as also at that time experts gave the highest rating to these two areas of business development determinants. Other areas scored lower than the average in the groups of countries used for comparisons, and among them, **some can be considered as hindering the development of entrepreneurship**. **These primarily include: entrepreneurship education (at primary, secondary, and tertiary level) and training, bureaucracy and taxation, public policy priorities in the field of entrepreneurship, and conditions in the area of research, development, and knowledge transfer**.

[47] According to the World Bank's definition, high-income economies are those with a gross national per capita income of $13,205 or more (https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bankcountry-and-lending-groups).

Figure 3.1. An assessment of national framework conditions for entrepreneurship development (2022): 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 – vocational schools, colleges and universities; 3 – Market openness – dynamics; 4 – Market openness – obstacles to entry and functioning; 5 – Access to financing (sufficiency); 6 – Ease of getting financing; 7 – Access to commercial and service infrastructure; 8 – Access to technical infrastructure; 9 – Government policy – priorities and support; 10 – Government policy – regulations, bureaucracy, taxes; 11 – Government programmes for growing business; 12 – Research and development, transfer of knowledge; 13 – Social and cultural norms.
Source: own study based on GEM data.

The 2020-2022 GEM survey, including the NES expert survey, was conducted under unique and very difficult conditions – the COVID-19 pandemic and the war in Ukraine. This unusual situation may also have influenced experts to be more cautious in assessing the conditions for newly-established and developing enterprises in Poland. Thus, eight areas were rated lower in 2022 than the year before, while another five were rated slightly higher. However, when the 2022 assessments are compared with the 2019 expert assessment[48] – being a pre-pandemic assessment – there is a decrease in nine areas, with one area remaining at the same level, and an increase in only two (Government policies: taxes, regulations, reporting obligations and bureaucracy; Cultural and social norms).

The further part of the chapter provides a description of the different areas that make up the determinants of entrepreneurship according to GEM.

[48] In 2019, experts did not assess the area of Finance - ease of access. The area was added to the NES survey in 2021.

In 2022, statements regarding business recovery after the COVID-19 pandemic were added to the NES survey questionnaire, as well as a block of questions relating to the achievement of the United Nations Sustainable Development Goals. They are discussed at the end of the chapter.

3.1. Start-up opportunities

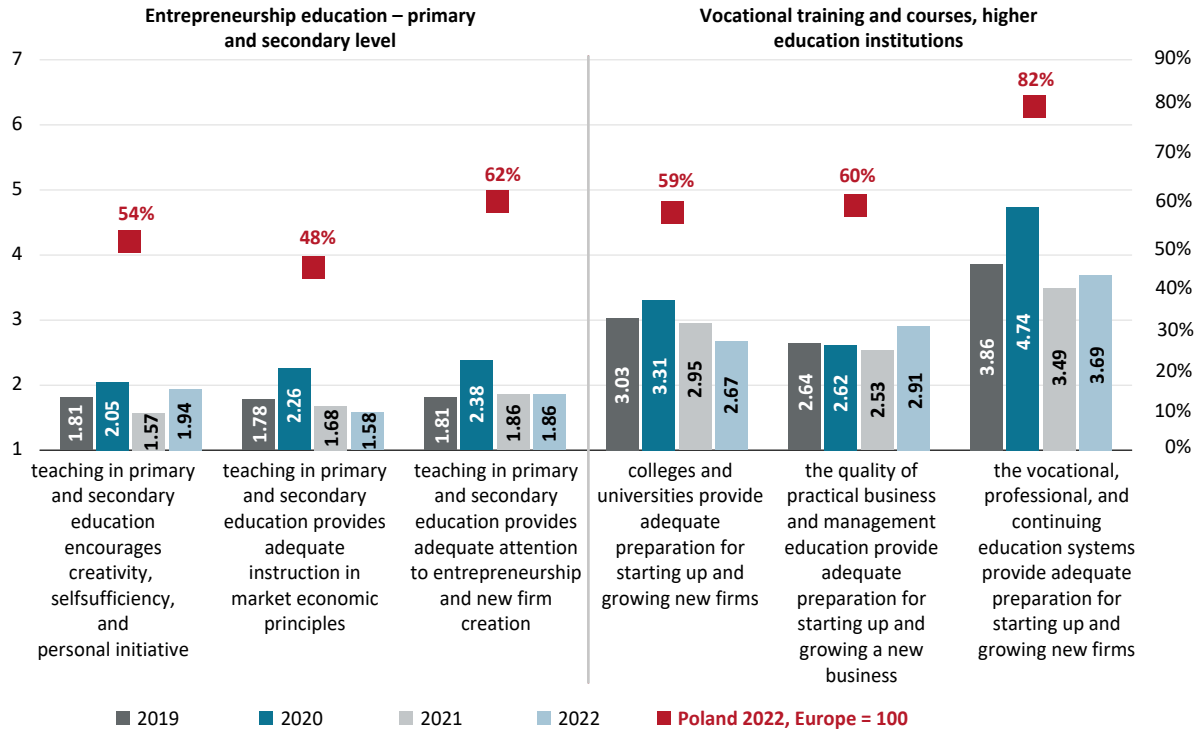
This is the largest and most complex block grouping the areas covered by the NES survey that determine the start and development of entrepreneurship. The block covers aspects related to broadly understood entrepreneurship education (at primary, secondary, and tertiary levels, as well as vocational training and lifelong learning), market conditions (ease of entry and the burdens), financing opportunities, commercial, professional, and technical infrastructure. These factors determine market entry opportunities and the related costs.

Entrepreneurship education and training

Overall, the Education and Training at primary level was rated at 1.8 points in 2022 – similar to 2019 and slightly better than in 2021 (2021: 1.7 points, 2019: 1.8 points). However, the rating was lower than the average rating in European countries (55% of the countries' ratings) or high-income economies (50%). It should be noted that Polish experts' low rating of the area related to education and training is not unique, as in Europe and the wealthiest countries this aspect is also rated lowest compared to the other areas that determine entrepreneurial development (Figure 3.1).

When examining the particular statements that refer to teaching in primary and secondary schools, it turns out that Polish experts gave particularly low marks to the following: providing knowledge on the functioning of the economy, encouraging creativity, independence and self-initiative, and paying attention to entrepreneurship and creating its new forms. The rating of these determinants is also lower than the average for European countries (Figure 3.2), which is not optimistic. Education is one of the most important factors influencing entrepreneurship – affecting potential entrepreneurs, the effects of their economic activity, and how they are perceived by the society.

Figure 3.2. An assessment of NFCs for entrepreneurship development in Poland – **entrepreneurial education and training**. Changes in 2019-2022 and Poland vs. European countries in 2022



Source: own study based on GEM data.

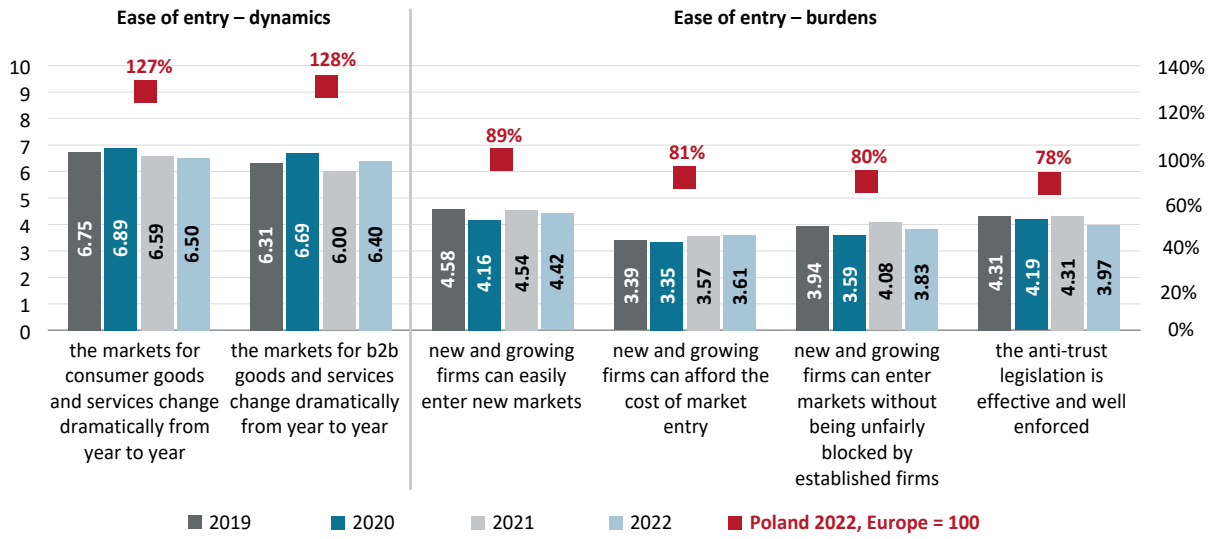
In 2022, experts' rating of the area of entrepreneurship education at tertiary level and lifelong learning slightly improved compared to 2021. In 2022, it stood at 3.1 points, 66% of the average rating in the European countries surveyed and 61% of the rating in high-income economies (in 2021: 2.9 points). However, it was still slightly lower than in 2019 (3.2 points).

In 2022, the experts also rated the area of vocational training, professional courses, and lifelong learning slightly better than in the previous year, in the context of this area's effectiveness in preparing individuals for setting up and developing an enterprise: 3.7 points up (2021: 3.5; 2019: 3.9). 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 higher than in the previous years: 2.9 points (2021: 2.5; 2019-2020: 2.6).

Ease of entry – dynamics and burdens

Ease of entry is one of the areas that influence the determinants of entrepreneurial development in Poland that the experts rated highest. The average rating for ease of entry was rated at 6.4 points, a much better result compared to both the European countries surveyed (127% of those countries' rating) and high-income economies[49] (124%) (Figure 3.1). Experts rated this area similar as in the previous years. It is worth noting one of the statements constituting this area, i.e. the one referring to the Polish market for consumer and business-to-business (b2b) goods and services changing significantly year by year, whose rating improved in 2022, after a slight decline in 2021 (Figure 3.3).

Figure 3.3. An assessment of NFCs for entrepreneurial development in Poland – **ease of entry**. Changes in 2019-2022 and Poland vs. European countries in 2022



Source: own study based on GEM data.

As for the possible burdens determining the ease of entry (i.e., entry costs, barriers from competitors, antitrust laws), the experts believe that they are not a significant problem for newly-established or developing enterprises. The average score is 4.0 points, similar to those from the previous years (2021: 3.9 points, 2019: 4.1 points). However, it should be noted that

[49] In Poland, the rating of this area was one of the highest among the European countries surveyed (with only Latvia, 7.1, and Croatia, 6.5, scoring higher) and among high-income economies (in addition to Latvia and Croatia, it was higher only in South Korea, 7.8, Saudi Arabia, 7.3, the United Arab Emirates, 7.1, and Japan, 7.1).

it is lower compared to the average score for the European countries surveyed (83% of the European average) and high-income economies (82%) (Figure 3.1).

In 2022, as in previous years, it was quite difficult for the experts to assess the statement that newly-established and developing enterprises can easily enter new markets (4.4 points, a rating that is not close to either agree or disagree; 89% of European countries' rating). On the other hand, according to the experts, new enterprises may be negatively affected by the enforcement of antitrust laws (4.0 points, 78% of European countries' rating), barriers illegally created by companies already operating on the market (3.8 points, 80% of European countries' rating), and the cost of entering the market (Poland's rating: 3.6 points, 81% of the average rating for European countries) (Figure 3.3).

Financing

Access to financing is an area that the experts rated lower in 2022 than in the previous years. This area consists of two blocks of statements – the first concerns the sufficiency of financial resources for newly-established and developing enterprises, and the second – the ease of access to financial resources[50].

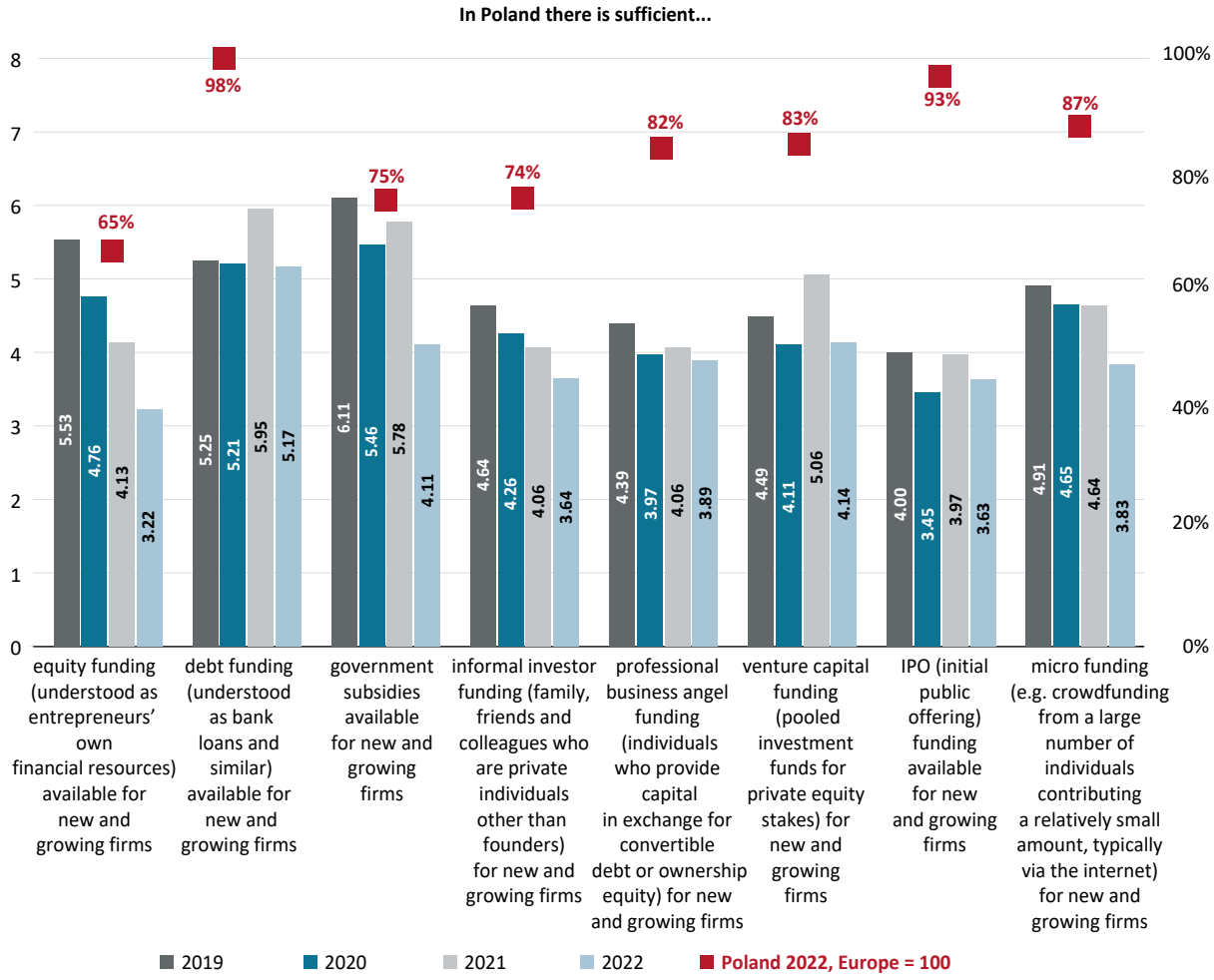
The block of statements concerning **sufficiency** was rated at an average of 3.9 points, lower than in high-income economies and European countries (81% of the rating of the wealthiest economies and 82% of that of the European economies) (Figure 3.1). The rating was also lower than in 2019-2021 (2021: 4.7 points, 2019: 4.9 points).

Polish experts rated the statement regarding access to debt financing at a level similar to the average for Europe: 5.2 points (98% of the value of the average rating for European countries), but it should be added that this falls within the value of "neither agree nor disagree", which can be interpreted as meaning that experts from either Poland or Europe have no established opinion in this area. Experts rated the statement regarding the sufficiency of one's own funds lower: at 3.2 points (65% of the value of the average rating for European countries), which can be a barrier for newly-established and developing enterprises. The availability of funds in the form of public support was rated significantly

[50] The block was added to the GEM survey in 2021.

lower than in the previous years (4.1 points, 75% of the value of the average rating for European countries). Experts also tended to disagree with the statements regarding the sufficiency of resources in the form of Venture Capital funding (4.1 points, 83% of the value of the average rating for European countries), Business Angel funding (3.9 points, 82%), funding available in the form of initial public offerings (3.6 points, 93%), and microfinance, such as crowdfunding (3.8 points, 87%) (Figure 3.4).

Figure 3.4. An assessment of NFCs for entrepreneurial development in Poland – **access to financing (sufficiency)**. Changes in 2019-2022 and Poland vs. European countries in 2022

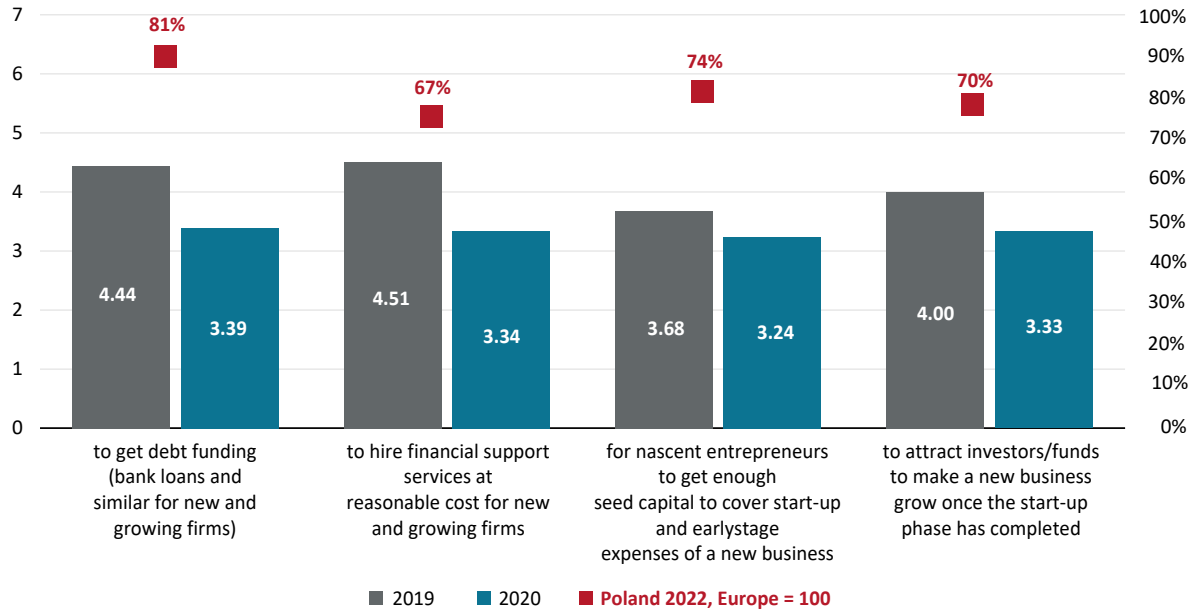


Source: own study based on GEM data.

The block of statements regarding the **ease** with which newly-established and developing enterprises can **obtain financing** was rated at 3.4 points in 2022 (73% of the rating of high-income economies and 74% of that of European economies) (Figure 3.1), which was also lower than in 2021 (4.1 points).

Ratings of the particular statements show that obstacles for newly-established and developing enterprises may include obtaining debt financing (3.4 points, 81% of the average rating for European countries), using financial services available for a reasonable price (3.3 points, 67%), and finding investors to enable growth beyond the start-up phase (3.3 points, 70%). In addition, start-ups may find it difficult to obtain enough start-up funds from seed capital to cover expenses related to the initial stage of operation on the market (3.2 points, 74%) (Figure 3.5).

Figure 3.5. An assessment of NFCs for entrepreneurial development in Poland – **access to financing (ease)**. Changes in 2019-2022 and Poland vs. European countries in 2022



Source: own study based on GEM data.

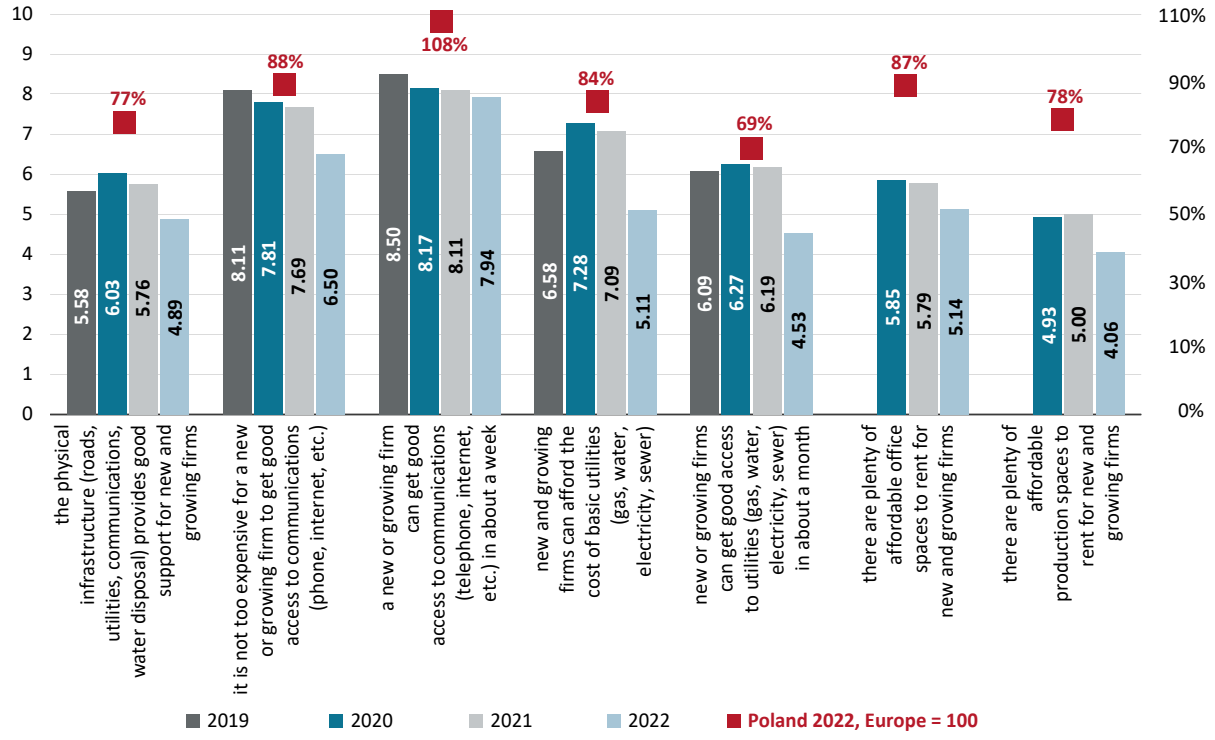
Infrastructure

In 2022, the experts rated the area of **technical infrastructure** lower than in the previous years: at 5.5 points (2021: 6.8 points, 2020: 6.5 points, 2019: 6.9 points). This rating was also slightly lower compared to that of experts in the benchmark countries (84% rating for high-income economies, 85% for European countries) (Figure 3.1).

Figure 3.6 shows the experts' opinion of the statements covered by this block. Polish experts gave a high rating to the availability of telecommunications services for newly-established and developing enterprises (7.9 points, 108% of the surveyed European countries' rating). At the same time, experts tend to agree with the statement that these services are not too expensive (6.5 points, 88% of European countries' rating). In 2022, the rating of the statement regarding access to basic utilities (gas, water, electricity, sewerage) significantly decreased against the previous years and stood at 4.5 points (69% of the European countries' rating, 2021: 6.2 points, 2019: 6.1 points), as did the rating of the related costs: 5.1 points (84% of the European countries' rating, 2021: 7.1 points, 2019: 6.6 points). This was due to the war in Ukraine and the increase in energy prices. Also lower than in the previous years was the rating of the statement concerning technical infrastructure (roads, utilities, communications, waste management) providing good support for newly-established and developing enterprises: 4.9 points (77% of the European countries' rating, 2021: 5.8 points, 2019: 5.6 points).

In 2020, two new statements were added to the area of Technical Infrastructure, regarding newly-established and developing enterprises' access to affordable office space and manufacturing space. In 2022, experts rated the first statement (access to office space) at 5.1 points (87% of the European countries' average). At the same time, they gave a slightly lower rating to access to affordable manufacturing space, with 4.1 points (78%). Both statements were also rated lower than in the previous years.

Figure 3.6. An assessment of NFCs for entrepreneurial development in Poland – **technical infrastructure**. Changes in 2019-2022 and Poland vs. European countries in 2022



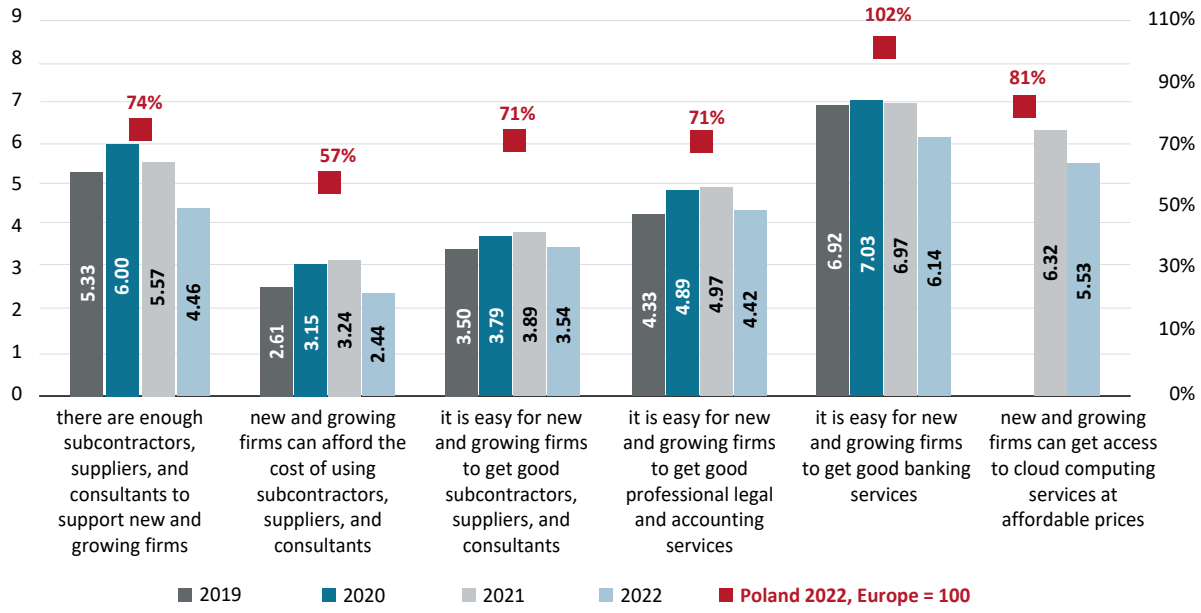
Source: own study based on GEM data.

Experts generally tend to disagree with statements referring to the positive impact on Polish entrepreneurship of issues related to **commercial and professional infrastructure**. The average rating in 2022 is 4.4 points (77% of the high-income economies and European countries' rating) (Figure 3.1). At the same time, it should be added that the statements comprising this area were rated slightly lower by Polish experts than in 2019-2021.

When analysing the results for the particular categories (Figure 3.7), it becomes evident that experts in Poland believe that the costs associated with hiring subcontractors, suppliers, and consultants (2.4 points, 57% of the European countries' rating), as well as the difficulty in attracting good subcontractors, suppliers, and consultants (3.5 points, 71% of the European countries' rating) constitute barriers for newly-established and developing enterprises. Slightly higher rated, but still on the average level, are aspects like the ease of hiring good, professional lawyers and accountants (4.4 points, 71% of European countries' ratings), the relevant number of subcontractors, suppliers, and consultants in Poland to enable the development of newly-

established and developing enterprises (4.5 points, 74%), and the cost of access to *cloud computing* services (5.5 points, 81%). Experts gave the best rating to newly-established and developing enterprises' access to good banking services (account access, current accounts, foreign currency transactions, letters of credit, etc.): 6.1 points (102% of European countries' rating), although the rating for this statement was slightly lower than in the previous years.

Figure 3.7. An assessment of NFCs for entrepreneurial development in Poland – commercial and **professional infrastructure**. Changes in 2019-2022 and Poland vs. European countries in 2022



Source: own study based on GEM data.

3.2. Public policy and support

This block comprises three areas where the experts rated statements regarding government policies and measures targeting newly-established and developing enterprises. The first area (I) deals with the general approach of the authorities to entrepreneurial development, both at the national and regional levels. In practice, this verifies whether newly-established and developing enterprises occupy a prominent place in the state policy at various levels of governance (central, regional). The second thematic area (II) deals with the fiscal and administrative burdens related to doing business, and the third (III) area assesses the availability and effectiveness of public programmes to support business development.

Public policy on entrepreneurship (Area I), including its priorities, is a block of statements which the Polish experts rated on average at 2.7 points (lower than the average rating for the European countries surveyed: 63% and high-income economies: 59%) (Figure 3.1). Compared to 2019-2021, the rating of this area in Poland decreased (2021: 3.5 points, 2020: 4.3 points, 2019: 4.1 points).

As for the individual statements that make up this area (Figure 3.8), each was rated lower compared to the previous three years. The statement that the support for newly-established and developing enterprises is an important policy priority at the regional level was rated relatively highest, at 3.4 points (75% of the European countries' rating). Lower ratings were given to the following statements: support for newly-established and developing enterprises is an important policy priority at the central level (2.7 points, 59% of the European countries' rating) and: government policies (e.g. public procurement) consistently favour new entrepreneurs (2.1 points, 54% of the European countries' rating).

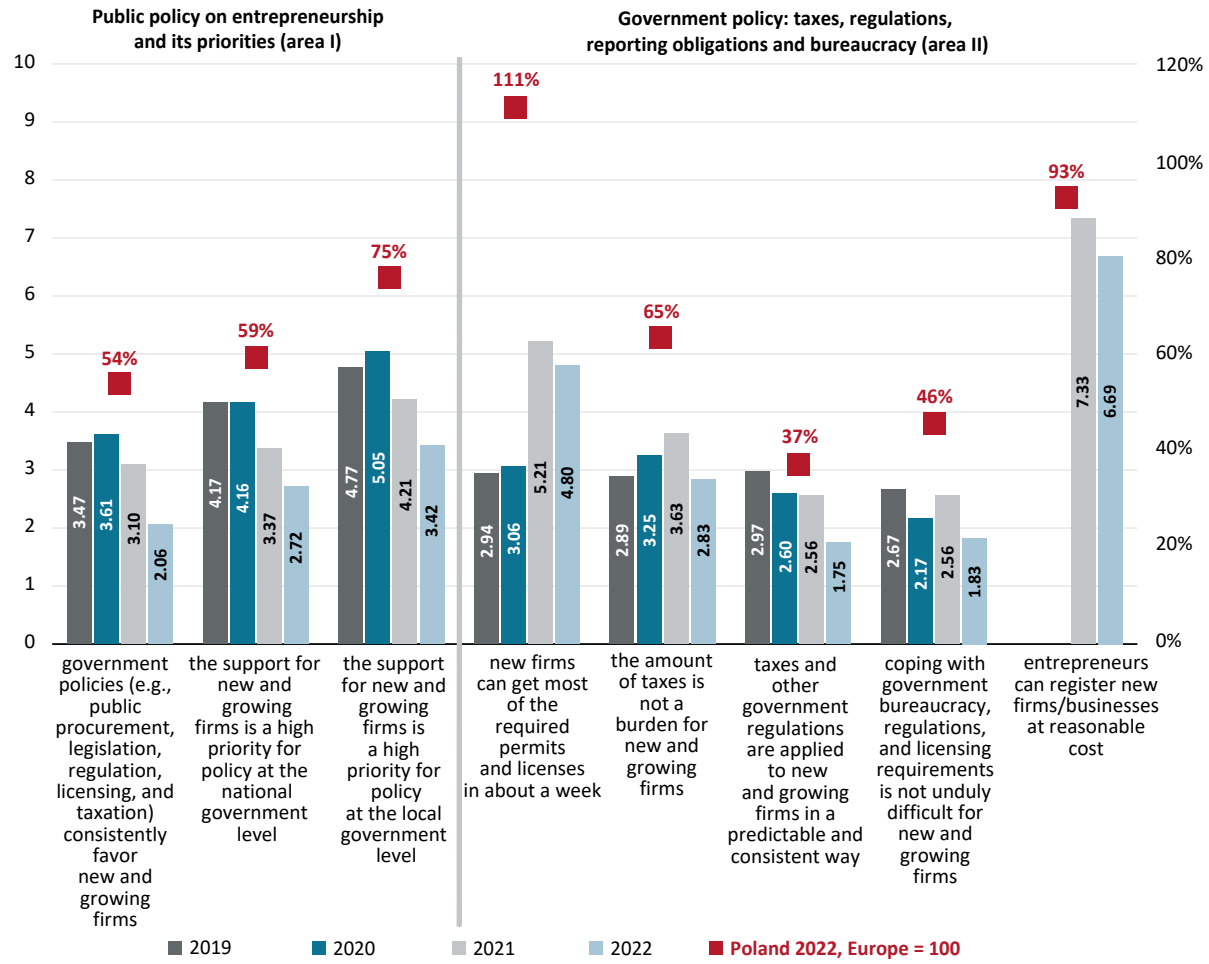
The experts rated **the area related to bureaucracy and taxes (Area II)** slightly lower than in 2021. Its 2022 rating was 3.5 points, representing 72% of the average rating in the European countries surveyed and 70% of that of high-income economies (2021: 4.2 points). At the same time, it should be added that the experts rated this area slightly better than in 2019-2020 (2020: 2.8 points, 2019: 2.9 points).

The analysis of the particular categories that make up Area II (Figure 3.8) reveals two spheres that the experts believe to be a hindrance to newly-established and developing enterprises. The first refers to the predictable and consistent application of taxes and other administrative regulations (1.8 points, 37% of the European countries' rating). The second refers to the ease with which newly-established and developing enterprises can cope with public bureaucracy, regulations, and licensing requirements (1.8 points, 46%). The third refers to the amount of taxes (2.8 points, 65%). The experts rated these three areas lower than in the previous years.

The statement that newly-established enterprises were able to obtain most of the required permits and licenses within approx. a week (4.8 points, 111% of the European countries' rating) was rated better than in European countries (though close to the 'neither agree nor disagree' level). This was also a significant improvement in the rating compared to 2019-2020.

The new statement, added in 2021, on the cost of starting a new business was rated relatively high: 6.7 points (95% of the European countries' rating).

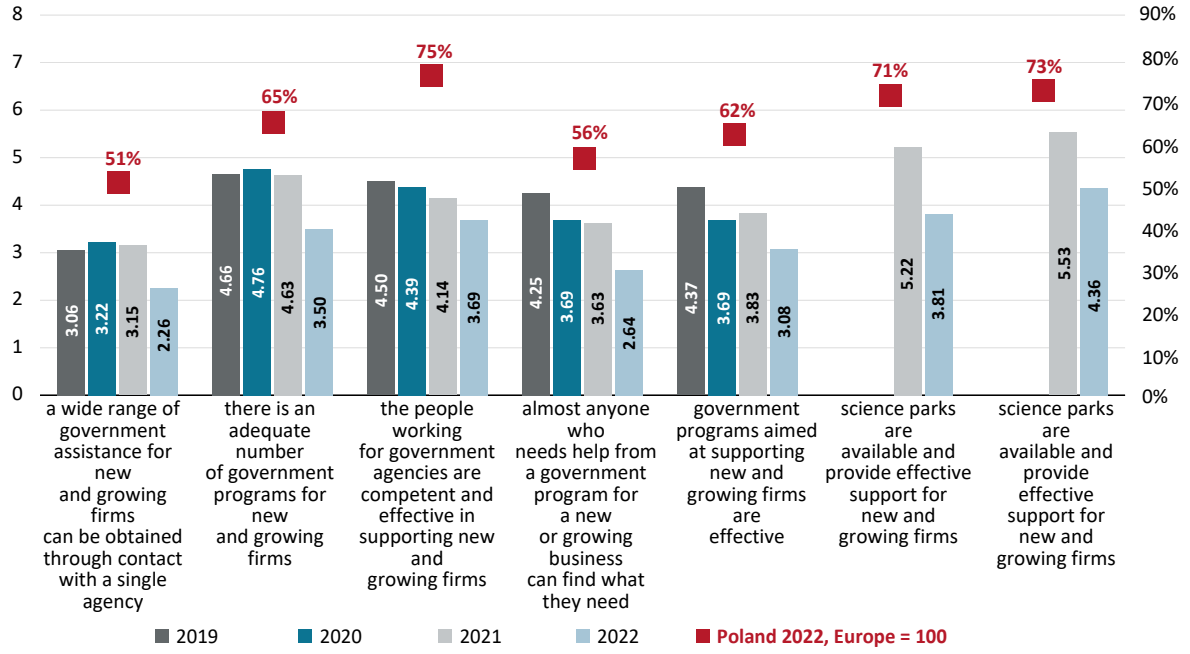
Figure 3.8. An assessment of NFCs for entrepreneurial development in Poland – **government policy**. Changes in 2019-2022 and Poland vs. European countries in 2022



Source: own study based on GEM data.

The rating of the **public support area (Area III)**, including the rating of the availability and effectiveness of public programmes targeted at entrepreneurship development, was slightly lower in 2022 than in the previous years (2022: 3.4 points, 2021: 4.3 points, 2020: 4.1 points, 2019: 4.3 points). Compared to the benchmark countries, it accounted for 65% of the average rating of high-income economies and 67% of the European average. The experts' opinion on the particular statements assessed as part of this block is presented in Figure 3.9.

Figure 3.9. An assessment of NFCs for entrepreneurial development in Poland – **government** programmes (Area III). Changes in 2019-2022 and Poland vs. European countries in 2022



Source: own study based on GEM data.

According to the Polish experts, it may be problematic for newly-established and developing enterprises that the forms of support are dispersed across many public entities: the statement about the possibility of obtaining a wide range of assistance and support by contacting a single public institution was rated at only 2.2 points (51% of the European countries' average). Relatively low ratings were also given to the statements that almost anyone who needs support from a public programme for newly-established and developing enterprises can find what they need (2.6 points, 56% of European countries' rating) and that public programmes to support newly-established and developing enterprises are effective (3.0 points, 62%). Slightly better, though still relatively low-rated, was the statement that there are enough public programmes targeted at young and developing enterprises (3.5 points, 65%) and the statement regarding the sufficient competence and effectiveness of people working in public institutions to support newly-established and developing enterprises (3.7 points, 75%). Compared to the previous year, experts gave a lower rating to the new statements regarding the availability of science parks (3.8 points, 71% of the

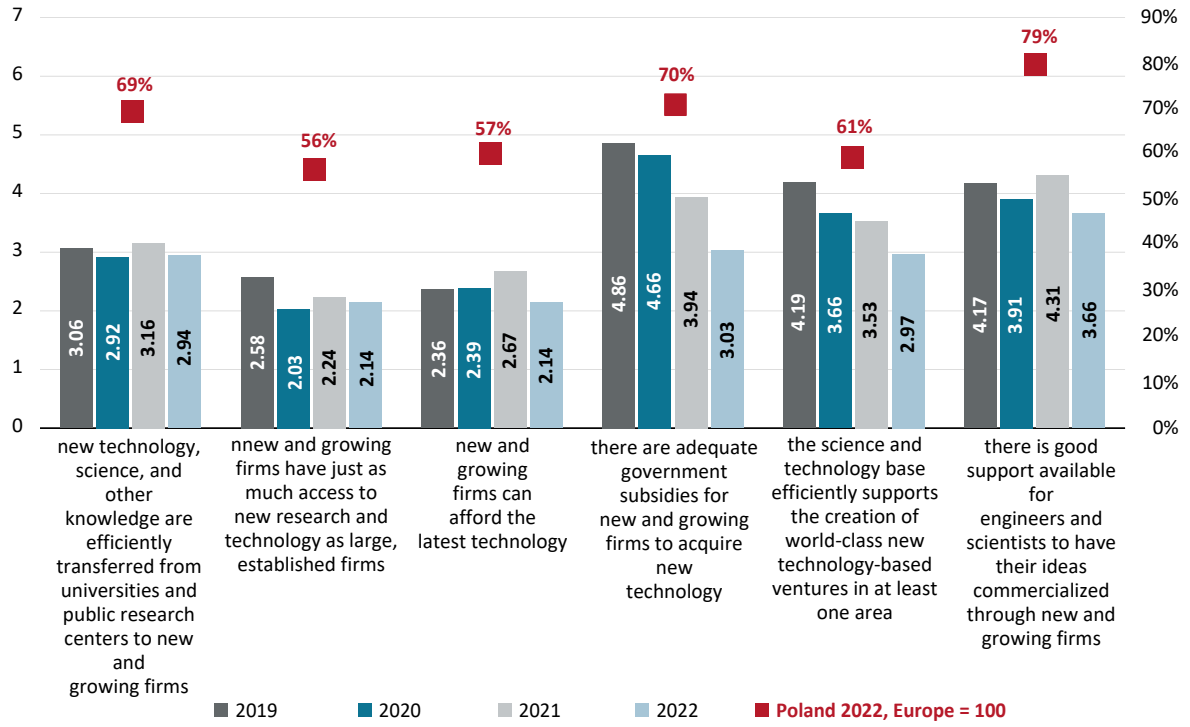
European average) and business incubators that provide effective support to newly-established and developing enterprises (4.4 points, 73%)[51].

3.3. Research and development, knowledge and technology transfer

This block addresses topics related to the effective transfer of technology and knowledge from universities and public research centres to newly-established and developing enterprises, obtaining new technologies, access to research and technologies, as well as the offer of relevant support programmes. In 2022, the experts' average rating of this area was slightly lower than in 2019-2021 (2022: 2.8 points, 2021 and 2020: 3.3 points, 2019: 3.6 points) and lower than the average rating of high-income economies (63% of these countries' average rating) and of the average rating of the European countries surveyed (66%) (Figure 3.1).

[51] These statements were added in 2021. In previous years, the experts assessed one statement for both science parks and business incubators: "In Poland, science parks and business incubators provide effective support to newly-established and developing enterprises".

Figure 3.10. An assessment of NFCs for entrepreneurial development in Poland – **research and development, knowledge and technology transfer**. Changes in 2019-2022 and Poland vs. European countries in 2022



Source: own study based on GEM data.

In 2022, all of the statements comprising the described area were rated lower than the average for the European countries surveyed (Figure 3.10). The experts' low ratings suggest the existence of barriers for newly-established and developing enterprises undertaking R&D. The relatively highest rating was given to support programmes that enable engineers and scientists to commercialise their ideas through newly-established and developing enterprises (3.7 points, 79% of the European economies' average rating). An obstacle is the imbalance of small companies regarding access to new research compared to large, better-established companies (2.1 points, 56%). According to the experts, newly-established and developing Polish enterprises cannot afford to acquire state-of-the-art technologies (2.1 points, 57%). The problem of knowledge and technology transfer from universities and research centres to companies persists (2.9 points, 69%).

Despite the fact that in the recent years a significant amount of attention was devoted to cooperation between science and business, with a number of initiatives emerging to

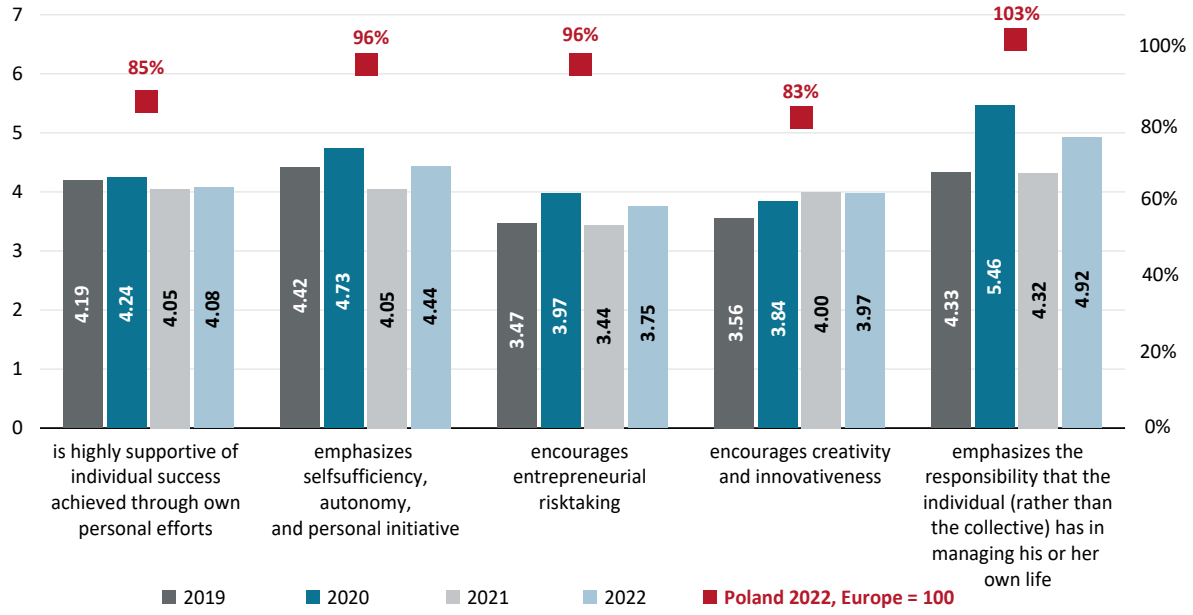
promote such activities (e.g., grants from European funds), and internal R&D expenditure increasing (according to Statistics Poland, internal R&D expenditure in 2021 amounted to PLN 37.7 billion, up by 16.3% compared to 2020[52]), the experts' opinions suggest that the efforts are not yet sufficient. Creating appropriate conditions for prompt development of the R&D sector remains one of the greatest challenges in Poland.

3.4. Cultural and social norms

The last of the analysed blocks concerning social and cultural norms presents experts' opinions on determinants that favour individual success, creativity, initiative, and risk-taking. The experts' average rating for cultural and social determinants of entrepreneurship is 4.2 points, which is slightly lower than in high-income economies (85% of those countries' average rating) and the European countries surveyed (93%) (Figure 3.1). At the same time, in 2022, there was a slight increase in the experts' rating compared to 2021 and 2019, when it was 4.0 points. The European countries that scored highest in the area of cultural determinants for starting and developing entrepreneurial activities were Lithuania (6.4 points), the Netherlands (6.2 points), Latvia (5.8 points), Norway (5.5 points), and Switzerland (5.5 points).

[52] Research and experimental development in Poland in 2021, Statistics Poland 2022.

Figure 3.11. An assessment of NFCs for entrepreneurial development in Poland – **social and cultural norms**. Changes in 2019-2022 and Poland vs. European countries in 2022



Source: own study based on GEM data.

The highest-rated statements in this block (Figure 3.11) refer to cultural and social norms in the context of emphasising personal responsibility in managing one's life (4.9 points, 103% of the average rating of the European countries surveyed), emphasis on self-reliance and initiative (4.4 points, 96%), and the importance of cultural norms in supporting individual success achieved through one's own efforts (4.1 points, 85%). Slightly lower ratings were given to the statement that cultural norms encourage creativity and innovation (4.0 points, 83% of the average rating of European countries) and that cultural and social norms in Poland favour entrepreneurial risk-taking (3.8 points, 96%). The rather low rating of these two statements could imply that, according to experts, Polish entrepreneurs' inclination to engage in riskier ventures, such as innovative projects, may be discouraged by these determinants.

3.5. National Entrepreneurship Context Index (NECI)

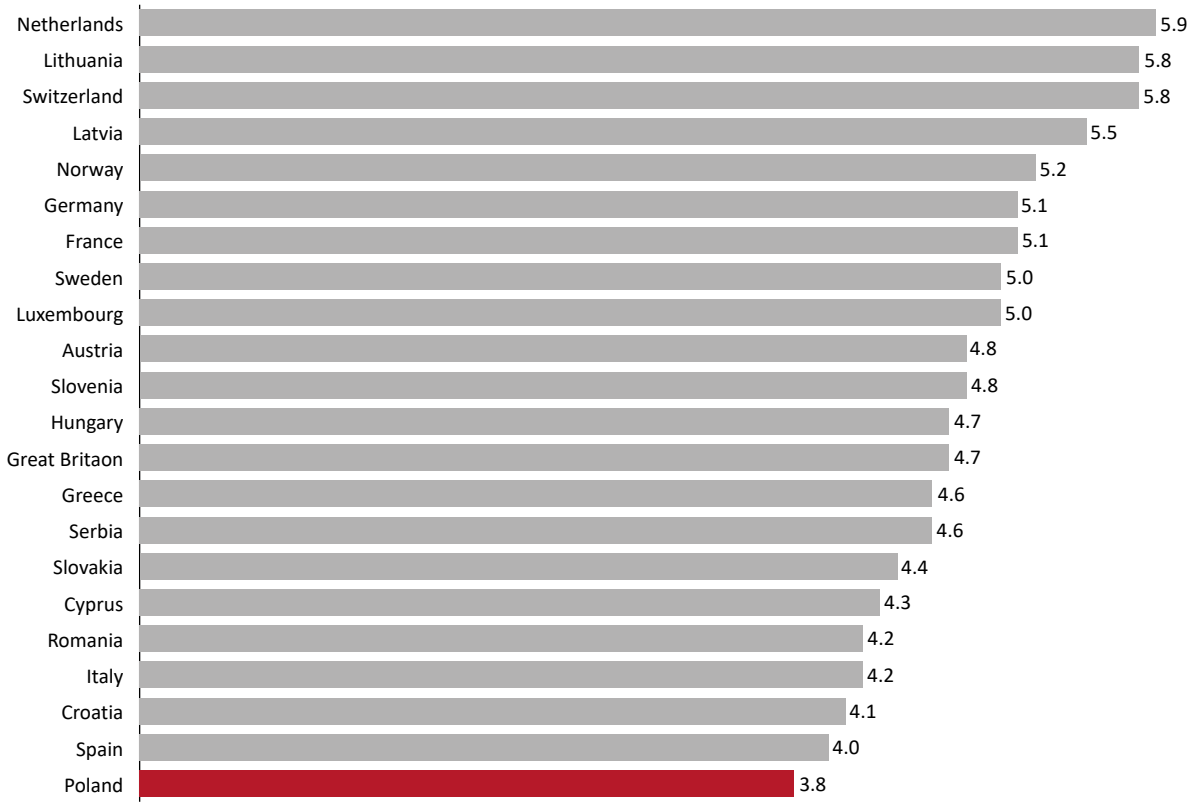
A comparison of different economies in terms of external conditions that may affect entrepreneurship is made possible through the ***National Entrepreneurship Context Index (NECI)*** introduced in the 2019 GEM survey[53]. The index is calculated using data from the *National Expert Survey (NES*) on the circumstances of entrepreneurship and was designed to help measure and assess how easy or how difficult it is to start and develop a business in the countries participating in the survey. The higher a given country scores on the index, the better the environment for developing entrepreneurship.

Poland, scoring 3.8 points, ranked last among the 22 European countries surveyed in 2022 (Figure 3.12). At this point, it should be noted that compared to 2021, the 2022 survey covered fewer countries from Europe[54]. Compared to 2019-2021, Poland's NECI value slightly decreased (2020-2021: 4.2 points, 2019: 4.1 points). Among all the 51 economies covered by the 2022 NES survey, Poland ranked 45th. This proves that efforts to improve the environment for entrepreneurship in Poland are still required.

[53] 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, the methodological approach to calculating the index was changed to using a 0-10 scale, with 0 standing for 'completely false' and 10 standing for 'completely true' (in the previous year, a 1-9 scale was used).

[54] The 2022 survey did not include Turkey, Russia and Belarus – countries with a lower NECI value than Poland in 2021 – as well as Finland and Ireland. The 2021 survey did not include Austria and Serbia, which were included in the 2022 survey.

Figure 3.12. The National Entrepreneurship Context Index in Poland and the European countries surveyed by the NES in 2022



Source: own study based on GEM data.

In 2022, the European country with the highest NECI was the Netherlands, with 5.9 points. Countries such as Lithuania and Switzerland (5.8 points each) and Latvia (5.5 points) also scored high. Among European countries, values similar to those of Poland are observed in Spain (4.0 points) and Croatia (4.1 points). It is also worth noting that the ranking leaders among European countries – the Netherlands and Lithuania – recorded a decrease in the value of the NECI index in 2022 compared to the previous year (the Netherlands by 0.4 p.p., and Lithuania by 0.3 p.p.).

However, when considering all the countries included in the GEM survey, the United Arab Emirates (7.2 points), Saudi Arabia (6.3 points), Taiwan (6.2 points), and India (6.1 points) have the highest NECI values in 2022.

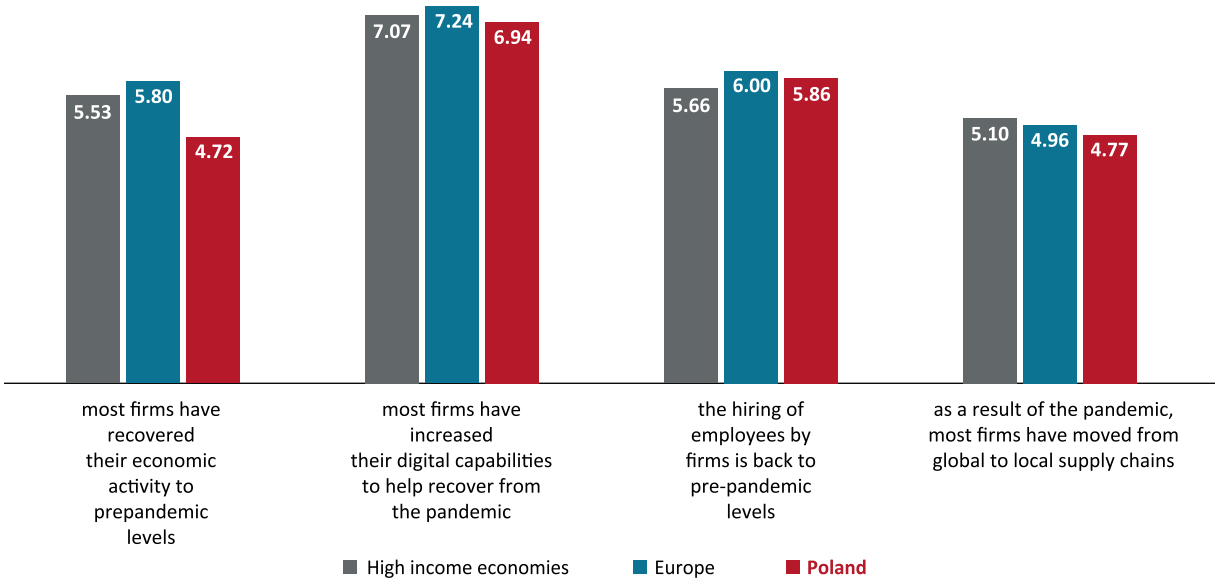
3.6. Rebuilding entrepreneurship after the COVID-19 pandemic

After two years of the COVID-19 pandemic, which significantly affected entrepreneurship worldwide, experts were asked to evaluate statements regarding the recovery of companies' operations following this difficult period. The statements covered areas such as employment, digitalisation, and supply chains.

The entire block of four statements was rated by Polish experts at an average of 5.7 points – a level similar to the rating for high-income economies (96% of their average rating) and European countries (94%).

Experts in Poland gave a slightly lower rating than experts in the benchmark countries to the statement that most companies returned to pre-pandemic activity levels: 4.7 points (81% of the rating of European countries, 85% of that of high-income economies) (Figure 3.13). But it should be added that the ratings in both Poland and the benchmark countries are close to the "neither agree nor disagree" option, which may indicate that evaluating this statement was rather difficult. The same is true for the statement that, as a result of the pandemic, most companies moved from global to local supply chains, rated at 4.8 points (95% of the average rating for the European countries surveyed and 94% of that for high-income economies). The statement on increasing the use of digital tools to rebuild operations after the pandemic scored highest, at 6.9 points (96% and 98% of the ratings, respectively). The last statement in this block concerned companies returning to pre-pandemic employment levels, and scored 5.9 points, putting Poland at the level of the benchmark countries (98% and 104% respectively).

Figure 3.13. An assessment of NFCs for entrepreneurial development in Poland – **rebuilding entrepreneurship after COVID-19 pandemic.** Poland vs. high-income economies and European countries in 2022



Source: own study based on GEM data.

It should be mentioned that the opinions of experts, especially those from Poland, but also those from the other countries, may have been influenced by the war in Ukraine, which weakened the economic recovery from the COVID-19 pandemic as the efforts of entrepreneurs were hampered by the associated increase in the cost of doing business (caused by rising energy prices and inflation).

3.7. UN Sustainable Development Goals

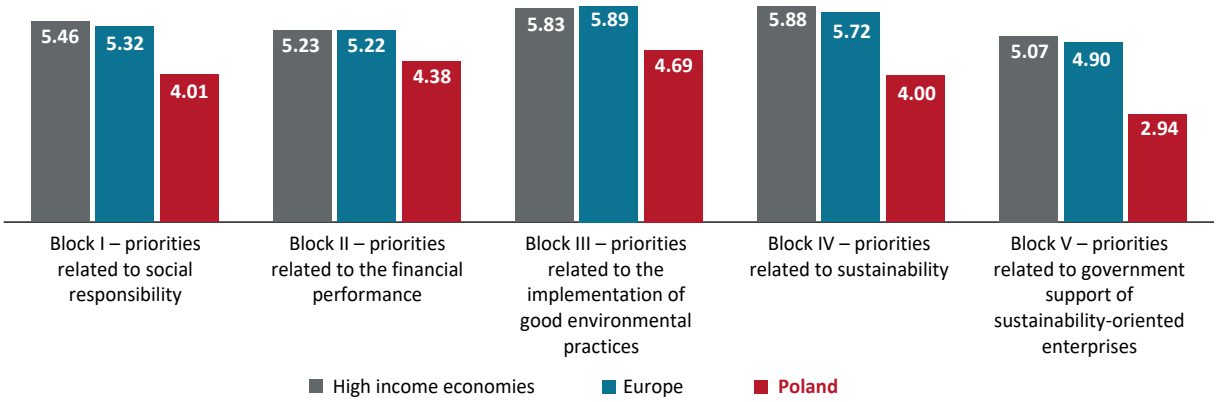
In 2022, the NES survey added new questions regarding experts' perceptions of progress toward the United Nations Sustainable Development Goals[55]. 13 statements grouped into 5 thematic blocks were evaluated. Four of the blocks concern perceptions of the priorities of new and developing enterprises related to: social responsibility (I), economic performance (II),

[55] 17 Goals for Reducing Poverty, Protecting the Environment and Ensuring the General Welfare of All the World's People adopted by the UN General Assembly on 25/09/2015. (General Assembly Resolution A/RES/70/1: Agenda for Sustainable Development 2030).

implementation of good environmental practices (III), and sustainability (IV). The last block addresses perceptions of government support for sustainability-oriented companies (V).

The experts' average ratings for each block of questions are lower in Poland than the average ratings in European countries and high-income economies (Figure 3.14). On average, the first four blocks, concerning the priorities of new and developing enterprises, were rated relatively better than the fifth block concerning the support for companies in the analysed area.

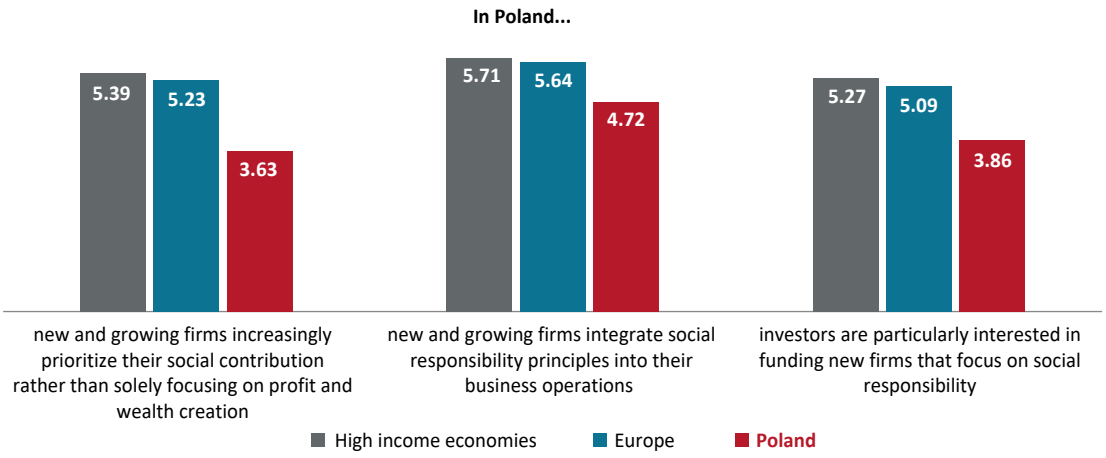
Figure 3.14. An assessment of NFCs for entrepreneurial development in Poland – **Implementation of the UN Sustainable Development Goals**. Poland vs. high-income economies and European countries in 2022 (average ratings given to the particular blocks of questions)



Source: own study based on GEM data.

Block I – priorities related to social responsibility – was rated by experts at an average of 4.0 points (73% of the average rating of high-income economies, 75% of that of the European countries surveyed) (Figure 3.14). Polish experts gave one of the highest ratings to the statement about new and developing enterprises integrating the principle of social responsibility into their business activities (4.7 points, 83% of the average rating of high-income economies, 84% – European countries). Lower ratings were given to the statement that new and developing enterprises are increasingly making social engagement a priority rather than focusing solely on generating profits (3.6 points, 67% and 69%, respectively). Experts also tended to disagree with the statement that investors are particularly interested in financing new enterprises that are socially responsible (3.9 points, 73% and 76%) (Figure 3.15).

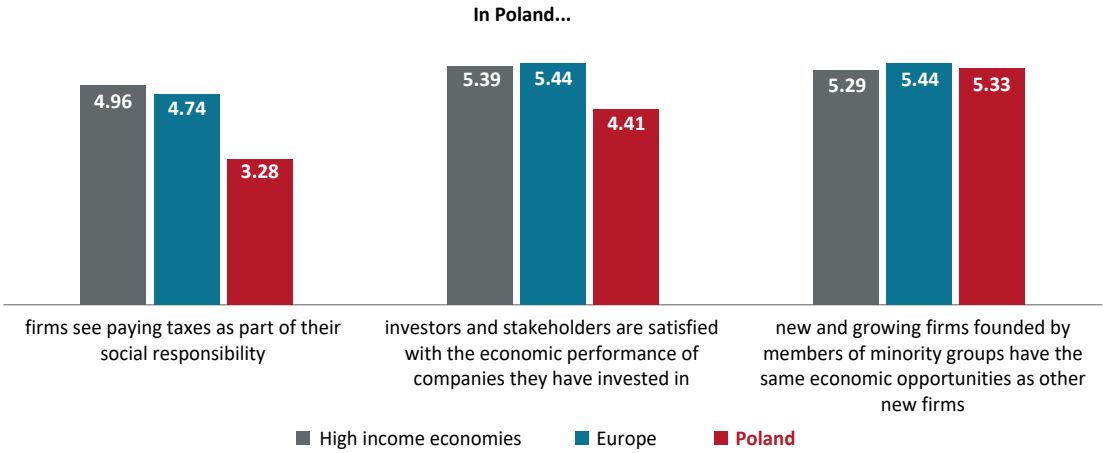
Figure 3.15. An assessment of NFCs for entrepreneurial development in Poland – **implementation of the UN Sustainable Development Goals**: **Block I – priorities related to social responsibility**. Poland vs. high-income economies and European countries in 2022



Source: own study based on GEM data.

Block II addresses priorities related to the financial performance of new and developing enterprises, and received an average rating of 4.4 points (84% of the average rating for both groups of benchmark countries) (Figure 3.14). Experts in Poland are unlikely to share the view that companies see paying taxes as part of their social responsibility (3.3 points, 66% of the average rating for high-income economies, 69% of that for European countries). At the same time, they are slightly more optimistic about investors' and stakeholders' belief that they are satisfied with the economic performance of the companies in which they have invested (4.4 points, 82% and 81%, respectively). A similar rating, also in comparison to the benchmark countries(4.4 points, 101% and 98%) (Figure 3.16), was given to the statement that companies founded by members of minority groups have the same economic opportunities as other new enterprises.

Figure 3.16. An assessment of NFCs for entrepreneurial development in Poland – **implementation of the UN Sustainable Development Goals**: **Block II – priorities related to the financial performance of companies**. Poland vs. high-income economies and European countries in 2022

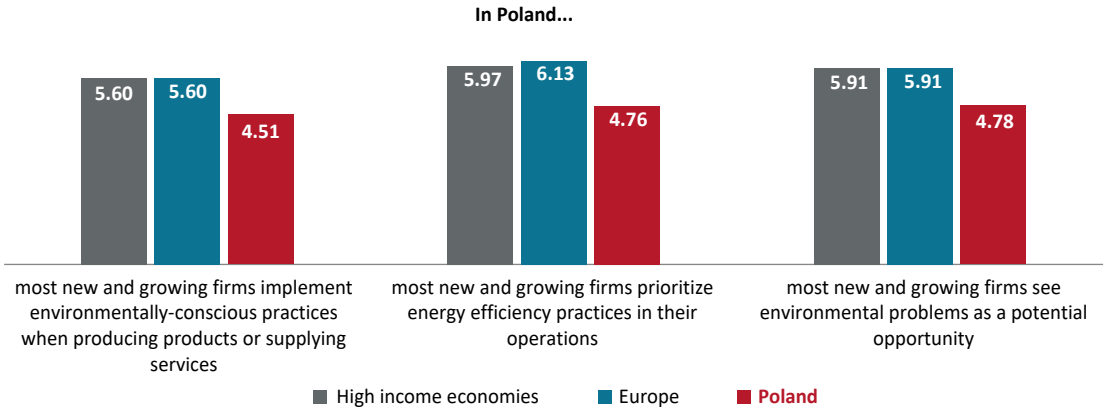


Source: own study based on GEM data.

Block III addresses the priorities of new and developing enterprises related to the implementation of good environmental practices and was rated at an average of 4.7 points in Poland, which may indicate that the experts do not have a formed opinion in this area (the rating is at the level of "neither agree nor disagree"). The rating is also slightly lower than in the benchmark countries analysed: it accounts for 80% of the average rating for both groups (Figure 3.14). The three statements comprising this area received similar ratings.

The statement regarding new and developing enterprises' conscious implementation of pro-environmental solutions in the manufacture of products or provision of services was rated at 4.5 points (81% of the average rating for high-income economies and the European countries surveyed), prioritisation of energy efficiency solutions was rated at 4.8 points (80% of the average rating for high-income economies, 78% of that for European countries), and the perception of environmental problems as a potential opportunity was rated at 4.8 points (81% of the average rating for both benchmark groups) (Figure 3.17).

Figure 3.17. An assessment of NFCs for entrepreneurial development in Poland – **implementation of the UN Sustainable Development Goals**: **Block II – priorities related to the implementation of good environmental practices**. Poland vs. high-income economies and European countries in 2022

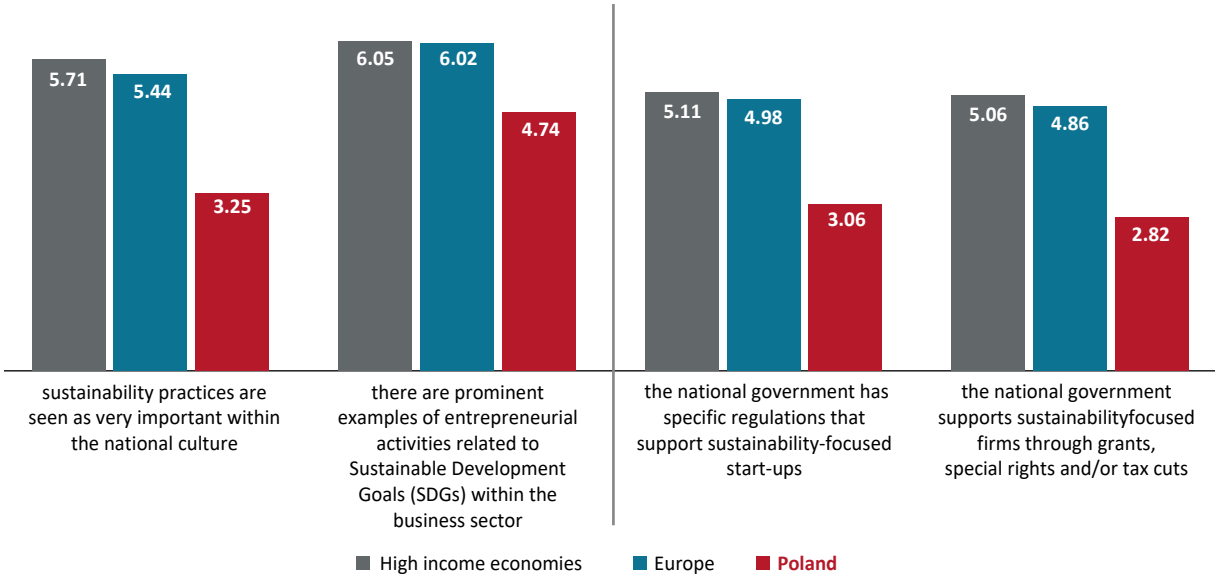


Source: own study based on GEM data.

Block IV included two statements regarding the perceived priorities of new and developing enterprises related to sustainability. On average, experts in Poland rated it at 4.0 points (68% of the average rating for high-income economies, 70% of that for European countries) (Figure 3.14). The experts are quite pessimistic about the perception of sustainable development practices as very important in the Polish national culture (3.3 points, 57% and 60% respectively). The statement that there are significant examples of entrepreneurial activities related to the Sustainable Development Goals in the business sector (4.7 points, 78% and 79% respectively) was given a relatively higher rating (Figure 3.18).

Block V – priorities related to government support for sustainability-oriented enterprises was rated low by experts. The average rating for the two statements comprising the block was 2.9 (58% of the average score for high-income economies, 60% of that for European countries) (Figure 3.14). According to the experts, the government does not provide special regulations to support sustainability-oriented start-ups (3.1 points, 60% and 61% respectively), nor does it support sustainability-oriented companies through subsidies, special laws, or tax reductions (2.8 points, 56% and 58% respectively) (Figure 3.18).

Figure 3.18. An assessment of NFCs for entrepreneurial development in Poland – **implementation of the UN Sustainable Development Goals**: **Block IV – priorities related to sustainable development, Block V – priorities related to government support of sustainability-oriented companies**. Poland vs. high-income economies and European countries in 2022



Source: own study based on GEM data.

3.8. Conclusions

The analysis of expert opinions obtained in the NES survey shows that, in 2022, compared to the previous three years, the conditions for entrepreneurship development in Poland did not improve. However, it should be borne in mind that this was yet another year when the survey was conducted under exceptional conditions: in 2020-2021, that was related to the COVID-19 pandemic, and in 2022 – to the war in Ukraine and fears about the future caused by these events. This may also have influenced experts to be more cautious in assessing the conditions for newly-established and developing enterprises in Poland. Therefore, although the results of the latest expert assessment are not optimistic, especially if we look at the assessment of the conditions in other European countries, it does not mean, for the time being, that in 2022 the conditions for entrepreneurship development deteriorated in comparison to those present in 2019-2021.

In 2022, there was only one area, i.e. the ease of entry to the external market, that Polish experts rated significantly higher than the European average. Access to technical infrastructure was also rated relatively high, though slightly lower than the European average. But improvement is needed in entrepreneurship education (at primary and secondary levels, as well as at the university and vocational training levels), policies supporting entrepreneurship, and the area related to R&D and knowledge transfer.

Experts rated the block of questions on rebuilding entrepreneurship after the COVID-19 pandemic at a level similar to the average for high-income economies and the European countries surveyed. According to them, in order to rebuild their business, companies have increased their use of digital tools, which is extremely beneficial in light of efforts to accelerate digitalisation of the Polish economy.

Experts gave a relatively low rating to the statements concerning progress in the implementation of the United Nations Sustainable Development Goals. Particularly the area of government support for sustainability-oriented enterprises requires improvement.

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

4. A special topic – Start-ups in Poland

We hear about start-ups in the media and read about them in government documents, but do we know what a start-up actually is? As a concept quite commonly used in various contexts, it should come as no surprise that is has no single definition, but quite a few, some of them more popular than others. One of the more popular definitions, formulated by Steve Blank, a leader of innovative start-up development and entrepreneurship teaching methodologies, says that a start-up is a temporary organisation designed to seek a repeatable and scalable business model[56]. According to Blank, start-ups can be identified by their goals (intentions), function, or funding structure. In Poland, start-ups have been studied for years by Agnieszka Skala, a researcher and mentor to successive "generations" of start-ups in Poland, who, in one of her publications[57], proposes a spiral definition of a start-up. The starting point of the definition is the assumption that the necessary characteristics that an organisation must meet to be a start-up are limited internal resources and uncertain or non-existent demand.

Of course, defining a start-up is one thing, while the society's knowledge about start-ups is another, and studying start-ups is something different altogether.

It should be emphasised that there is no representative research in Poland that could determine the number and describe the situation of Polish start-ups. This is due, among other things, to the difficulty of identifying the population of start-ups and reaching out to them. For the past 6 years, PARP has been trying to at least partially fill this gap by searching for start-ups in a representative sample of adult Poles aged 18-64[58].

[56] https://steveblank.com/2010/01/25/whats-a-startup-first-principles/; https://www.forbes.com/sites/kevinready/2012/08/28/a-startup-conversation-with-steveblank/?sh=46fc0fc9f0db

[57] Skala A., Spiralna definicja startupu, „Przegląd Organizacji", 2017, s. 33–39, https://przegladorganizacji.pl/artykul/2017/10.33141po.2017.09.05; https://www.academia.edu/35393379/Spiralna_definicja_startupu

[58] N=8000, see more in chapter 1.

The start-up study, part of the GEM survey, is conducted exclusively among Polish respondents and comprises additional questions included in the quantitative survey questionnaire. It should be emphasised that the questions regarding start-up operations are addressed to adults who are already owners/co-owners of an existing business, and to people at the stage of establishing/creating a business. This broad approach offers an opportunity for greater relevance in the search for such entities. In addition, the qualitative survey tool for assessing the key pillars of the entrepreneurial ecosystem in Poland includes a block of questions on the determinants of start-up development, which were evaluated by 36 experts from various fields related to entrepreneurship. The result of this assessment complement the provided description. The study consists of three main parts:

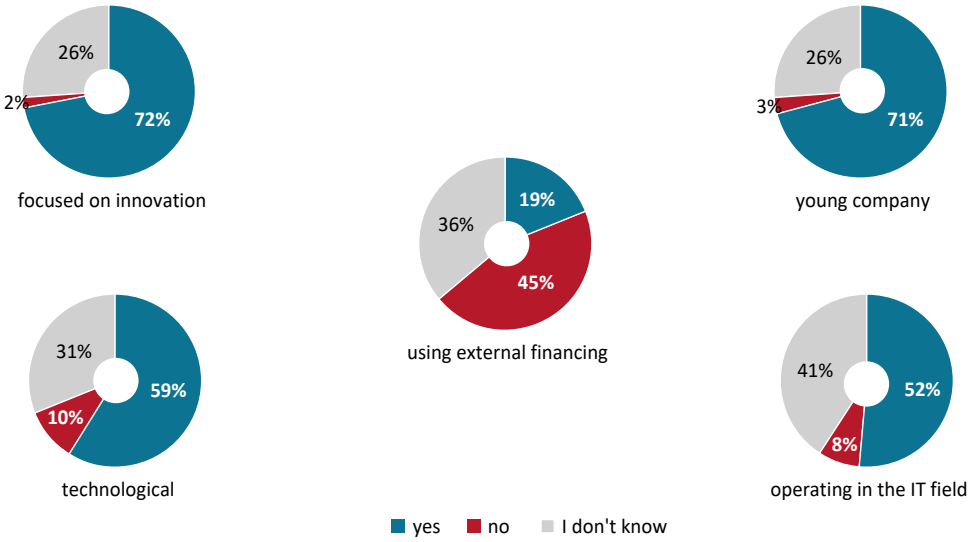
1. Social understanding of a start-up,
2. Characteristics of declared start-ups vs. other business entities defined as traditional, including an econometric analysis,
3. Determinants of start-up development in a qualitative study.

4.1. Social understanding of a start-up – a definition of start-ups according to adult Poles

In 2022, for the first time, as part of the GEM survey[59], we decided to check how adult Poles (18-64 years old) define a start-up. In the questionnaire, we offered respondents the choice of 5 characteristic features, selected based on an analysis of recurring descriptions present in various definitions. Respondents could refer to each feature and state whether, in their opinion, the description characterises a start-up.

[59] What do you think a start-up is? Is a Start-up: (1) a young company, (2) a technology company, (3) an IT/ICT company, (4) a company that does not earn its own living but uses external financing, (5) a company focused on innovation (Answer: 1-Yes, 2-No, 3-Don't know, 4-Deny).

Figure 4.1. Characteristics of start-ups according to adult Poles, *a start-up is a company*.



Source: own study based on GEM data, N = 4106.

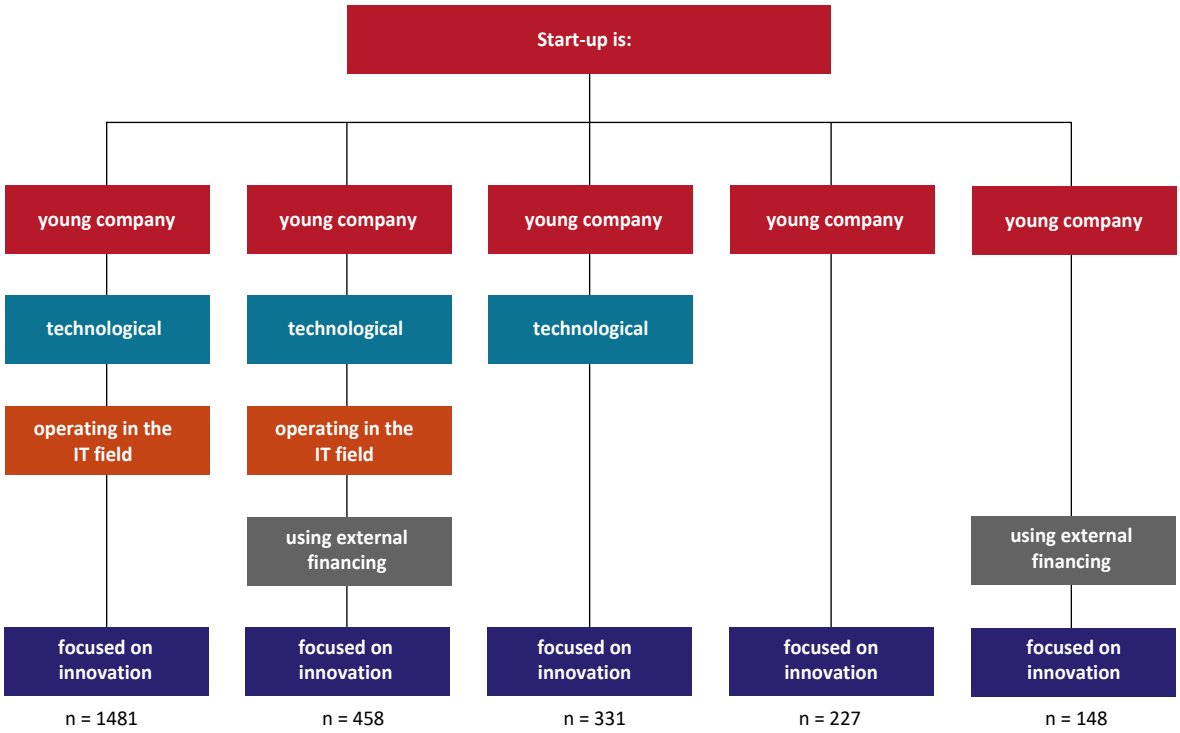
Importantly, what comes to the fore when analysing the public's understanding of what a start-up is are the "I don't know" answers. **From a simplified perspective, it can be said that the percentage of adults for whom the characteristics of a start-up are not clear oscillates around +/-30%**. Most difficult was the question whether a start-up is an IT company, with as many as 42% of respondents answering "I don't know." On the other hand, the characteristics **that are attributed to start-ups without much difficulty are innovation and time on the market ("youth")**.

The questions whether a start-up is a technology company or a company operating in IT posed more difficulty than those previously discussed, although **most respondents believe that start-ups originate from technology entities, primarily operating in the field of IT**. As regards Poles' opinions on such entities' financial self-reliance, it is interesting to note that, **according to a fairly large group of respondents (45%), start-ups are not perceived as entities that do not financially self-sufficient and must use external financing**.

In the survey, respondents referred to each characteristics separately. However, because – intuitively – we are aware that such an entity is a set of attributes, in further analysis individual responses were grouped into sets[60].

The sum of all possible combinations/sets is 32[61]. The question of what a start-up is was answered by 3,131[62] respondents, and the most frequently selected sets of answers (from the left) are presented in Chart 4.1.

Chart 4.1. Most common sets of answers provided by the society



Source: own study based on GEM data, N = 3131.

[60] In the following analysis, possible sets of answers were prepared. To simplify, it was assumed: 1 when the respondent answered - "yes", and the other responses got 0, i.e. when the respondent did not select a characteristic because they believed that the characteristic did not define a start-up, or they did not know whether the characteristic fell within the definition of a start-up or refused to answer.

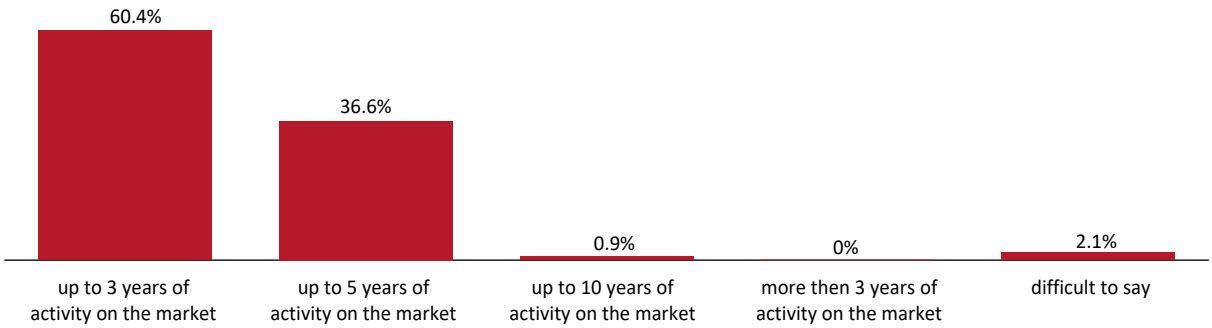
[61] $\binom{5}{0}\binom{5}{1} + \binom{5}{2} + \binom{5}{3} + \binom{5}{4} + \binom{5}{5} = 32$

[62] The question was asked to 8,000 respondents, but 3,894 refused to answer, from the remaining set of N=4106 responses were excluded: "no" and "I don't know".

According to adult Poles, innovation is a key characteristic of start-ups, as indicated by 72% of respondents. Almost as much as innovation, the defining characteristic of a start-up is its "age" that is, how long it has been present on the market. 71% of Polish adults believe that start-ups are young entities, with 60% of respondents who identified age as a characteristic feature of a start-up specifying that start-ups are entities operating on the market for up to 3 years, and another 36% pointing to the slightly longer period of up to 5 years.

Another important characteristics of a start-up is its area of operation. According to nearly 59% of respondents, start-ups are technology companies, and according to 52%, they operate in the IT/ICT area. At the same time, it is important to emphasise the understanding of these two characteristics is similar (a company operating in the IT/ICT area constitutes part of the broader category i.e. technology companies)[63]. Interestingly, a vast majority of respondents believe a start-up can be an entity that is able to finance itself, with only 1/5 expressing the opposite opinion.

Figure 4.2. The meaning of the term "young enterprise" according to respondents who selected this characteristics



Source: own study based on GEM data, N = 2932.

In the remainder of the article, the concept of a start-up will be presented from the perspective of individuals who believe that they themselves represent this type of entity, and from the perspective of others, who are involved in some form of entrepreneurship. Selected characteristics will be presented for the two groups – declared start-ups, and other entities.

[63] The correlation index for these two responses is at a very high level (Pearson's R = 0.756**).

4.2. Start-ups in the opinion of pre-entrepreneurs, new entrepreneurs, and established enterprises

Methodological assumptions

From the sample of adult Poles (N = 8,000), a group comprising[64] respondents who already own an existing business and respondents at the early stages of starting a business was selected (N = 993).

Based on the question addressed to the group of adults (N = 993) involved in various stages of entrepreneurship, distinction was made between those who believe they are running a start-up (Ns = 293), and others (No = 683): for the purposes of the article often referred to as traditional/other companies/businesses.

In the comparisons presented, the numbers next to the particular questions may vary slightly. Unless otherwise indicated, this is due to refusals to answer, in which case the "n" figure given refers only to those who answered the question.

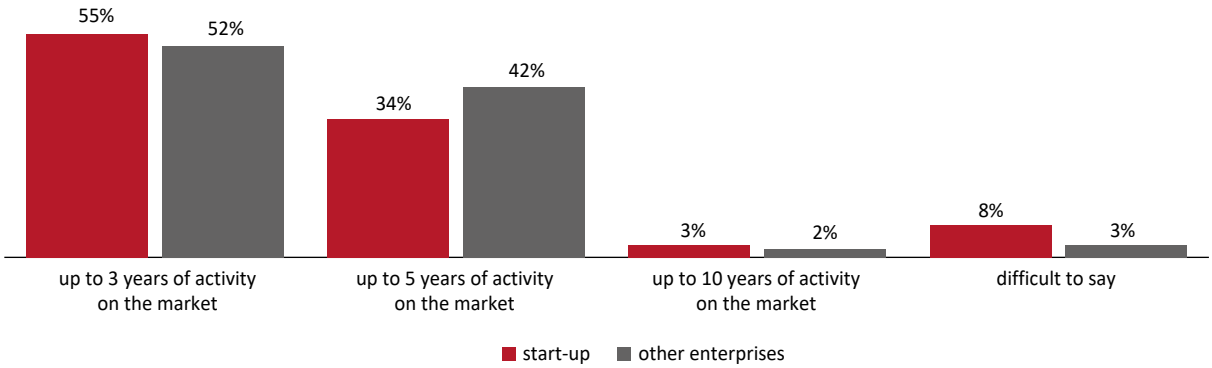
[64] Extracted base for analysis of declared start-ups vs. other companies, based on questions q21 = 1 |q23 = 1 | q62 = 1|q63 = 1.
q21 – are you trying to start a new business on your own or in cooperation with others, including self-employment or selling products or services?
q23 –in the past 12 months, have you taken any steps to start this business, such as looking for equipment, finding premises, building a team of employees, developing a business plan, raising funds to help start the business?
q62 – Are you currently - alone or with others – the owner of a business you help manage, self-employed, or offer goods or services to others?
q63 – Are you currently - alone or with others – the owner of a business that you help manage as part of your primary employment for your current employer?

Definition of a start-up in the opinion of declared start-ups and other individuals involved in business

Individuals involved in business, regardless of the stage of development of their entrepreneurial process, define start-ups similarly to the general public. However, **respondents who believe that the business THEY are running is a START-UP clearly and without hesitation state that a start-up is a young and innovation-oriented** company – these characteristics were mentioned by 100% of declared start-ups.

Like the general public, **both declared start-ups and those representing other enterprises consider a young enterprise to be one that has been operating on the market for up to 3 years (55%; 52%), or up to 5 years (34%; 42%)**. It is important to note the high percentage of respondents among declared start-ups who could not specify a time frame for a young enterprise and responded "difficult to say" (8%).

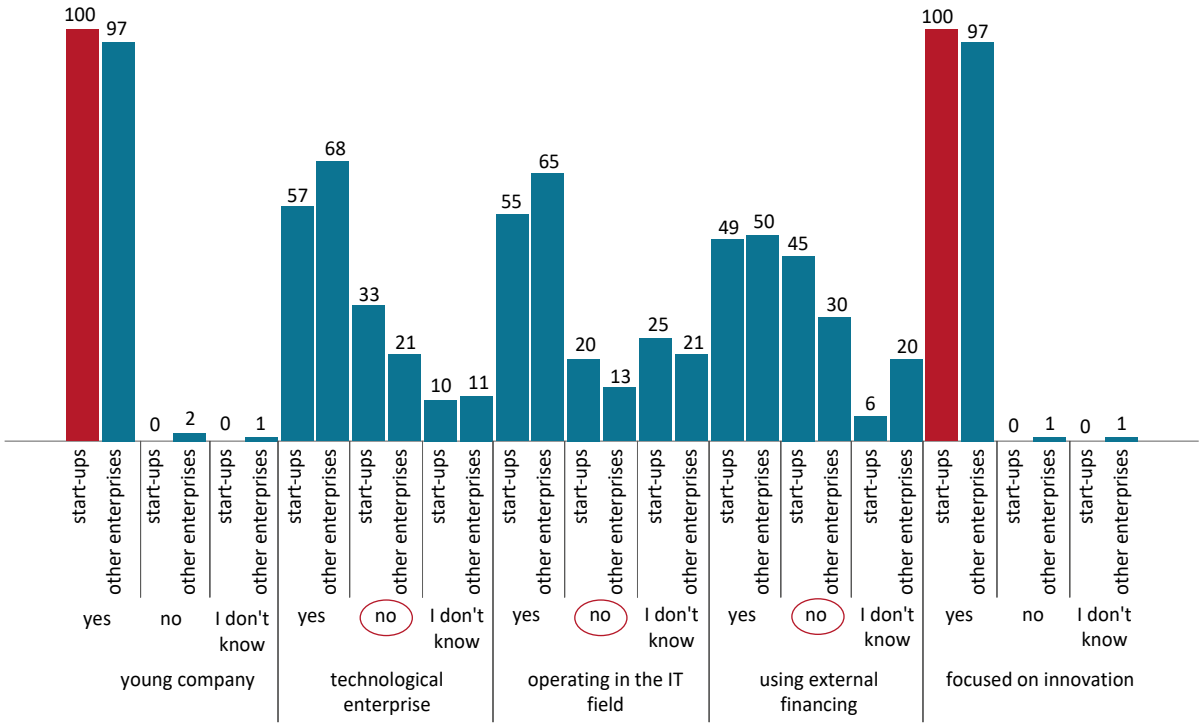
Figure 4.3. The meaning of the term "young enterprise" according to start-ups and other enterprises



Source: own study based on GEM data, Ns = 287, No = 652.

When attributing characteristics to start-ups, such as "a technology company", "operating in the IT/ICT field", "a company that does not earn its own living and uses external financing", the opinions of start-up owners and other companies were divided. It seems justified that the need to use external financing may depend on a given entity's stage of development, as well as the specifics of the venture. Some entities will need support at the early stages of development, while for others such financial assistance may be crucial as they scale up their operations.

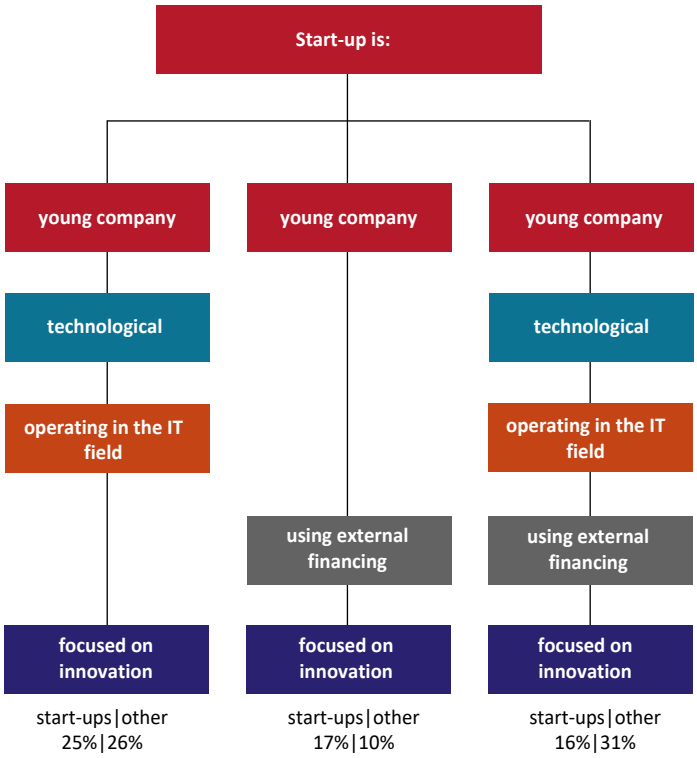
Figure 4.4. What is a start-up according to declared start-ups and other enterprises (in %)



Source: own study based on GEM data, Ns = 287, No = 670.

The most popular sets of start-up characteristics selected by respondents who define their businesses as start-ups vs. other respondents running businesses are shown in Chart 4.2.

Chart 4.2. Sets of characteristics of a start-up by declared start-ups and other enterprises



Source: own study based on GEM data, Ns=287, No=670.

Declared start-ups (25%) were most likely to select a set containing 4 out of 5 possible characteristics. In this set, the characteristics concerning the need to base a start-up's operations on external funding was rejected. A similar percentage of other enterprises also pointed to this set of start-up attributes (26%). The set chosen as second by start-ups was one in which start-ups are young enterprises focused on innovation and using external financing (17%). The third most popular set among declared start-ups (16%), and the first among other entities (31%), comprises all possible characteristics.

Characteristics of individuals and their ventures

Who are the people operating in the start-up formula? Who sets up start-ups in Poland?

Among adults involved in start-ups in 2022, the majority were women (53%), while men were slightly less likely (47%) to run such entities. In comparison to respondents operating

in a different business model, respondents representing start-ups are noticeably younger (25-34); this is true for both men and women (18% vs. 11% overall). The average age also confirms this: it is lower for both women involved in start-ups and those operating in other business models.

Table 4.1. Age of start-ups vs. other businesses by gender

start-ups	men Nsm = 139	women Nsw = 154
18–24	1%	1%
25–34	17%	19%
35–44	31%	35%
45–54	36%	31%
55–64	15%	13%

other enterprises	men Nom = 354	women Now = 329
18–24	1%	1%
25–34	8%	14%
35–44	39%	40%
45–54	36%	30%
55–64	16%	14%

Source: own study based on GEM data.

The data obtained shows that women are more adventurous when it comes to start-up activity and are not held back by their young age, trying their hand as entrepreneurs earlier than men. This is evidenced by the 5-year difference between the minimum age for men and women in the start-up group. This is certainly a very interesting observation that deserves a deeper analysis. For other enterprises, there is no difference in terms of gender.

Table 4.2. Average, min. and max. age of start-up owners vs. other enterprises by gender

	start-ups N_{sm} = 139, N_{sw} = 154			other enterprises N_{om} = 354, N_{ow} = 329		
	Average	Max	Min	Average	Max	Min
total	43.5			44.4		
men	44.4	64.0	23.0	45.1	64.0	18.0
women	42.6	64.0	18.0	43.7	64.0	18.0

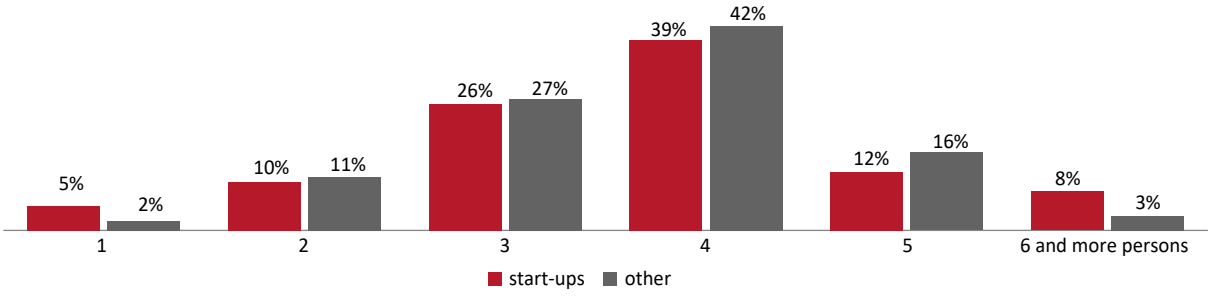
Source: own study based on GEM data.

Household size of start-ups vs. other enterprises

The results of the analysis of the household size of start-ups vs. other enterprises indicate that, overall, there are no major differences between the two groups.

The largest percentage of individuals engaged in entrepreneurship live in 4-person households. Biggest differences between start-ups vs. other enterprises can be seen in one-person households and in the largest households comprising 6 or more people. In the case of one-person households, this is easy to explain, as greater optimism is characteristic of those without family responsibilities and with a willingness to take the risk that accompanies a start-up venture. In the case of large families, the result is harder to explain. Perhaps, the revenue from traditional business is not enough, and hence the greater involvement in the start-up.

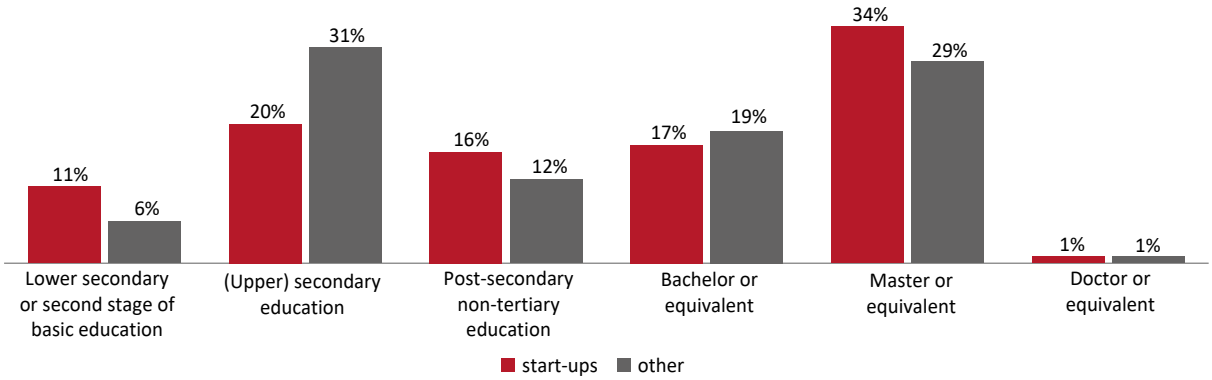
Figure 4.5. Household size: individuals running start-ups and other enterprises (number of people in the household, %)



Source: own study based on GEM data, Ns = 292, No = 683.

Compared to age, the level of education differentiates the groups in question much more strongly, but it would be difficult to speak of any regularity here in the context of persons running start-ups and those running other enterprises.

Figure 4.6. Education of people operating start-ups vs. other enterprises

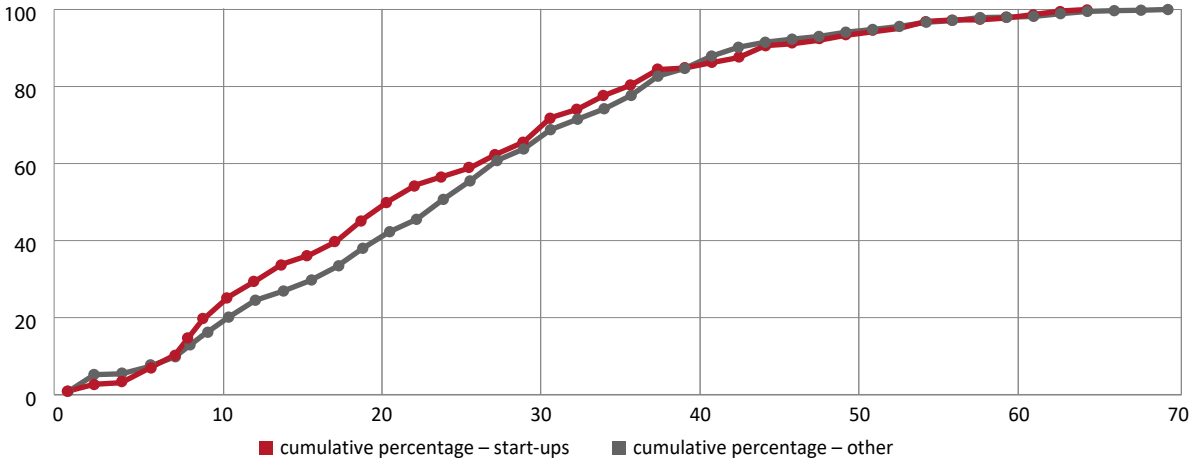


Source: own study based on GEM data, Ns = 292, No = 683.

Approximate period of enterprises' operation on the market

In order to determine the age of start-ups and other enterprises, the question was used in which respondents stated the year in which salaries, profits, or remuneration in some other form (e.g. in kind) were first paid. To calculate the approximate age of an enterprise, 2022 was used as a starting point. The chart below shows the cumulative percentage of entities in the particular groups by entities' age. Closeness of the lines on the graph reflects slight differences between start-ups and other entities. **In the group of declared start-ups, the percentage of entities of up to 10 years is 40%, while in the case of other enterprises it is 33%**.

Figure 4.7. Approximate period of operation of declared start-ups and other enterprises. The X-axis represents the number of years in business since payment of first remuneration = hypothetical age of the enterprise.



Source: own study based on GEM data, Ns = 224, No = 613.

Basic descriptive statistics provide more detail: the average age of start-ups is slightly lower than that of traditional businesses (14.1 years vs. 14.8 years), while a slightly larger difference can be observed for the median (12 vs. 14 years).

Table 4.3. Basic descriptive statistics of the operating time of individuals running start-ups and other enterprises

	start-ups N = 224	other N = 613
Average	14.08	14.86
Median	12	14
Minimum	0	0
Maximum	38	66

Source: own study based on GEM data, Ns = 224, No = 613.

The results are quite puzzling considering that a large majority of declared start-ups stated, in the context of definition, that a start-up is a young company operating on the market for up to approximately 5 years. However, there was also a fairly significant group among the respondents that did not refer to the time frame, and it is partly this aspect that may explain the discrepancies in the definition vs. the actual age of the entities. These discrepancies are further reinforced by the responses of declared start-up owners aged 40+, who indicate that

a start-up is a young company – up to 5 years old, while themselves representing much older entities. Analysis shows that the held image of a start-up does not coincide with the reality, and it is difficult to explain this issue.

Econometric analysis of characteristics favouring start-up vs. other types of businesses

General assumptions

The multiple definitions and the resulting difficulty with providing a clear definition of the features of a model start-up ask for the application of more advanced statistical methods than just the frequency analysis. In the further section of the study, a logistic model was used to examine the characteristics of declared start-ups vs. other enterprises. Logistic regression makes it possible to assess the influence of many different characteristics on the chances of an event occurring. The model used a dichotomous variable, where: 1 stands for declared start-ups and 0 stands for other enterprises.

To build the model, variables from the questionnaire were used, to present general characteristics of businesses, some of which (in theory) should characterise particularly start-ups. Areas addressed by the variables were as follows:

- gender,
- age of the owner or potential owner,
- first remuneration paid,
- motivations/reasons for setting up a business,
- distinctive aspects of the enterprise's competitive edge,
- source of funding,
- target market,
- stages of development of the business venture,
- type of activity,
- company strengths,
- degree of novelty of introduced products and services,
- degree of novelty of technologies and work methods used.

At the initial stage of the model's development, the model proved to contain many statistically insignificant variables. These were removed step by step i.e. in subsequent steps, the variable with the lowest significance (highest p-value) was removed, and the model was recalculated. The steps were repeated until a model with only significant variables was obtained. This is known as the backward selection method.

The model's results[65]

The model's analysis shows that, of the 44 variables, 12 had a statistically significant impact on classifying the enterprise as a start-up or traditional enterprise. The direction of the variables influence favouring classification of enterprises as start-ups vs. traditional enterprises was as predicted.

Finally, only statistically significant variables were left in the model – presented in Table 4.4.

[65] Test results and the value of the logarithm of reliability and pseudo-R2 for the model:

- The model has fairly high R2 coefficients. They are 0.143 for Cox Snell's R2 and 0.2 for Nagelkerke's R2. This means that the model is a fairly good fit to the data;
- Using the Hosmer-Lemeshow test, it was verified that the model was an equal good fit to the entire dataset, the P-value of the test was greater than 0.05, so there were no grounds to reject H0. This is a positive conclusion, indicating that the model is correct;
- Hosmer-Lemeshow test results: Chi-square = 11.647; df = 8; Significance = 0.222;
- Based on the classification table – the model correctly classified 71.6% of the observations.

Table 4.4. Estimation results

No	Description of variables	B	Exp(B)	Higher chance of occurrence of the given event in start-ups/other enterprises
1.	Reasons: To become wealthy or earn a high income	0.341	1.407	start-ups
2.	Reasons: To make a living, because there are not enough offers on the job market	–0.179	0.836	other
3.	Distinctive element: Has unique competitive advantages	–0.332	0.717	other
4.	Distinctive element: Revolutionises existing rules in the industry	0.39	1.477	start-ups
5.	Distinctive element: It is innovative on a national scale	–0.477	0.621	other
6.	Source of funding: Banks and other financial institutions	–0.405	0.667	other
7.	Source of funding: Accelerator/start-up platform	2.005	7.429	start-ups
8.	Source of funding: Government programmes, grants, subsidies	0.429	1.536	start-ups
9.	Development stage: Strengthening market position	–0.416	0.66	other
10.	Business description: A business that is looking for a way to revolutionise the industry	1.095	2.988	start-ups
11.	A business that does not assume rapid growth, while the income enables current operations of the company	–0.572	0.564	other
12.	Strengths: We have people in the company with previous business/start-up experience	0.358	1.431	start-ups
	non-variable	–0.719	0.487	

Conclusions:

1. It is more likely that start-ups (1.4 times more likely) rather than other enterprises will set up a business in order to become wealthy and earn a high income
2. It is more likely that other enterprises (84% more likely) rather than start-ups will state that their reason for starting a company is the lack of offers on the job market
3. It is more likely that other enterprises (70% more likely) will be distinguished by unique competitive advantages
4. Start-ups are (1.5 times) more likely to stand out among the competition as wanting to revolutionise the existing rules in the industry
5. It is more likely that other enterprises rather than start-ups will stand out among the competition as nationally innovative
6. It is more likely that other enterprises rather than start-ups will be using financing from banks and other financial institutions
7. It is more likely that start-ups (7 times more likely) rather than other enterprises will use accelerator/start-up platform funding
8. Start-ups are (1.5 times) more likely than other enterprises to use funding in the form of government programmes
9. Consolidation stage is more likely to involve other enterprises (66% more likely) than start-ups
10. It is more likely that the business looking for ways to revolutionise the industry will be a start-up (almost 3 times more likely),
11. It is slightly more likely that other enterprises rather than start-ups will be thinking about activities that do not involve rapid growth, and income that will enable the company's ongoing operations
12. It is more likely the advantage of start-ups (1.4 times more likely) rather than other enterprises to have people with previous business/startup experience in the company.

Source: own study using the SPSS package. If Exp (B)>1, the event is more likely to occur in the first group. If Exp (B)<1, the event is more likely to occur in the second group. If Exp (B) = 1, the event is equally likely in both classes of observations.

Detailed analysis of factors significantly differentiating declared start-ups vs. other enterprises

Reasons for setting up companies

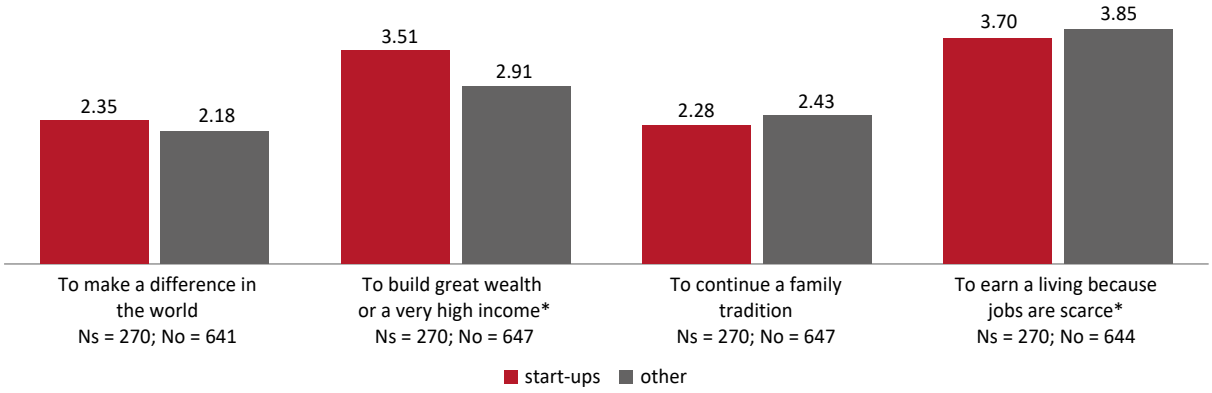
When looking for determinants that differentiate start-ups vs. other enterprises, the motivation that accompanies the decision to start a business seems to be key. In the questionnaire, among the possible reasons for starting a business, respondents had the following options to choose from: (1) To make a difference in the world, (2) To become wealthy or earn a high income, (3) To continue a family tradition and (4) To make a living, because there are not enough offers on the job market. The model presented earlier shows two (in the graph with *) of the four reasons, one of which had a stimulating effect on the occurrence of the phenomenon under study, and the other – a limiting effect. **The results of the model showed that the motive referring to wanting to become wealthy and earn a high income was 1.4 times more likely to occur in the group of those who declared they were running a start-up.** At the same time, what differentiates declared start-ups vs. other enterprises is that the latter are 85% more likely to mention the need make a living in a situation where there are not enough offers on the job market as the reason for starting a business.

Based on the two cited motives, it becomes clear that declared start-ups are definitely more likely than other enterprises to see their business as more than just a source of livelihood.

The other reasons did not have a statistically significant differentiating effect on the groups in question, though **start-ups were more likely to be motivated by wanting to change the world, while those running other enterprises were more likely to be motivated by wanting to continue family traditions**.

The average ratings for the particular statements are shown below. A higher average stands for stronger agreement that a particular reason was important in the decision to start a business.

Figure 4.8. Average ratings for statements[66] reflecting reasons for starting a business



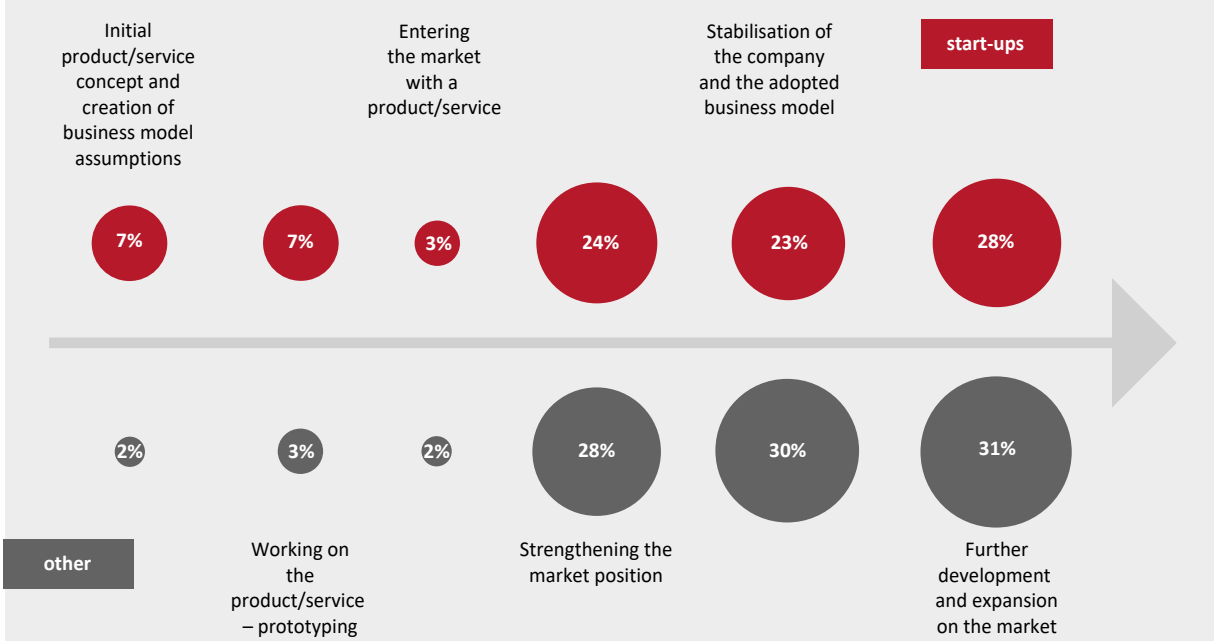
Source: own study based on GEM data, * statistically significant variables.

Stages of developing a business venture

The results of the GEM survey show that the distribution of enterprises by stage of development between start-ups vs. other enterprises is very similar. **The highest percentage of entities in both groups are at the stage of further development and market expansion (28% and 31%).** About ¼ in each group are at the stage of consolidation of the market position, stabilisation of the company and the adopted business model. Companies at the initial stage of initial product/service concept, creation of business model assumptions, or product/service entry are the smallest group. On the one hand, such a picture is indicative of a certain market maturity of the analysed companies and their functioning on the market for several years, while on the other hand, it suggests that only a small percentage of new entrants are working on a new product and measuring themselves against market entry. Considering the broader context, this may be due to market impediments and the unstable situation caused first by the pandemic and then by the war in Ukraine.

[66] 1 – strongly disagree, 2 – somewhat disagree, 3 – neither agree nor disagree, 4 – somewhat agree, 5 – strongly agree *(asterisks) indicate statistically significant variables that were eventually included in the model.

Chart 4.3. Stages of business venture development, start-ups vs. other enterprises



Source: own study based on GEM data, Ns = 293, No = 683.

Features that differentiate a business from the competition

Answers regarding the stage of development of companies suggest that start-ups, as well as other enterprises, are mostly familiar with the features that distinguish them from their competitors. Both **start-ups and other enterprises are most likely to point to their entity's growth potential (80%; 84%), which, undoubtedly – especially in the case of other enterprises – can be linked to having unique competitive advantages (59%; 72%).** It is worth noting that this feature – "it has unique competitive advantages" – is less likely to occur among start-ups than among other companies. **Start-ups**, on the other hand, **are significantly likely to believe they distinguish themselves from their competitors with their activities revolutionising the rules existing in the industry**. Other enterprises are slightly more likely than start-ups to believe they are characterised by innovating on a national scale. Innovating on the global scale applies to both groups only minimally, besides, it is not a significant differentiating characteristics of the players.

Table 4.5. What distinguishes the company from its competitors (%)

Distinctive element:	start-ups	other
Growth potential	80%; n = 254	84%; n = 585
Unique competitive advantages*	59%; n = 273	72%; n = 619
The company is a leader in its industry	19%; n = 253	15%; n = 572
The company revolutionises the rules existing in the industry*	29%; n = 266	16%; n = 642
Innovative on a national scale*	20%; n = 259	22%; n = 638
Innovative on a global scale	2%; n = 259	3%; n = 611

Source: own study based on GEM data, * statistically significant variables.

Statement that best describes the business of declared start-ups and other enterprises

Other enterprises are significantly more likely than start-ups (68% vs. 47%) to operate on revenues that allow them to function on a day-to-day basis, but do not assume fast growth. For start-ups, this is also the most frequent statement, but, as the logistics model describes, the differences are significant enough to differentiate start-ups from other enterprises, with the characteristics 56% more likely to apply to other enterprises.

Table 4.6. Statement that best describes business

	start-ups	other	difference (p.p.)
A business that does not assume fast growth, with an income that enables the ongoing operations	47%	68%	–21
A business that develops new products and services under conditions of extreme uncertainty	15%	11%	4
A business that involves fast growth	13%	8%	5
A business looking for a way to revolutionise the industry*	6%	2%	4
I don’t know/would rather not answer	18%	12%	6

Source: own study based on GEM data, * statistically significant variables.

A similar percentage of companies among both start-ups and other enterprises indicate that they develop products and services under conditions of extreme uncertainty.

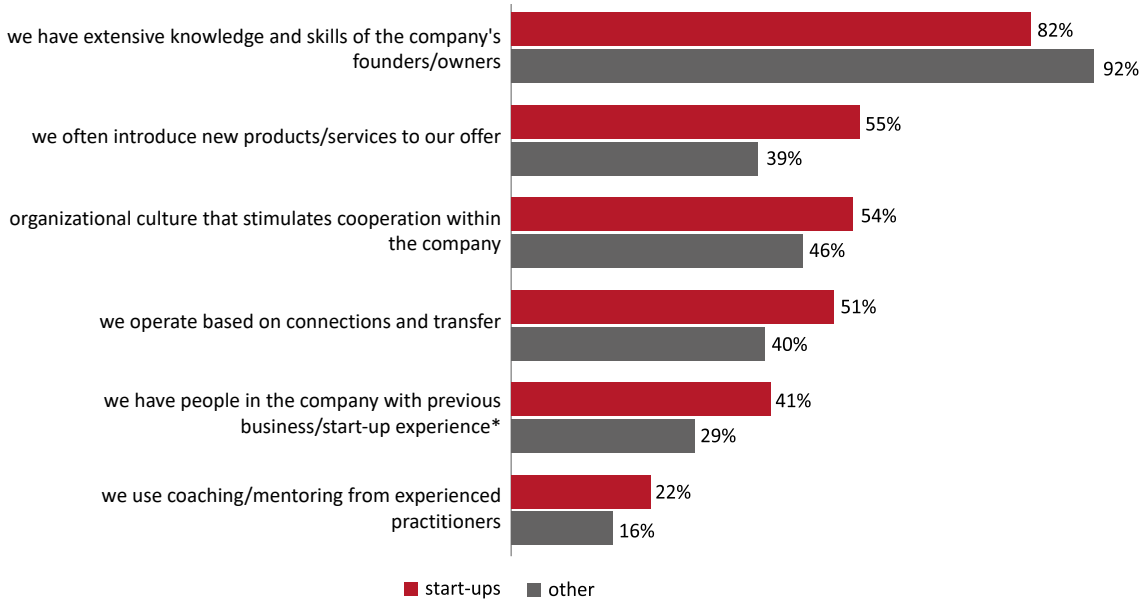
Start-ups are slightly more likely (a difference of 5 p.p.) to **indicate that the business they are doing assumes fast growth**. Respondents representing declared start-ups are also more likely to say that they are looking for a way to revolutionise the industry through their business. **It is almost 3 times more likely that a business looking for ways to revolutionise the industry is a start-up**.

Strengths of start-ups vs. other enterprises

Based on the analysis of answers regarding company strengths, it appears that declared start-ups are stronger than other enterprises in almost all the areas. **Start-ups present themselves as dynamic entities, with a collaborative culture and with contacts, using mentoring, and characterised by having people in the company with previous business or start-up experience**.

An exceptional area, where other enterprises demonstrate an advantage over declared start-ups, concerns extensive knowledge and skills of the company's founders/owners. Respondents representing other enterprises were more likely than start-ups to select this characteristics (92% vs. 82%). Such a result is not surprising, especially since it is not uncommon for respondents from other enterprises to be more senior and have more experience than those representing declared start-ups.

Figure 4.9. Strengths of declared start-ups vs. other enterprises

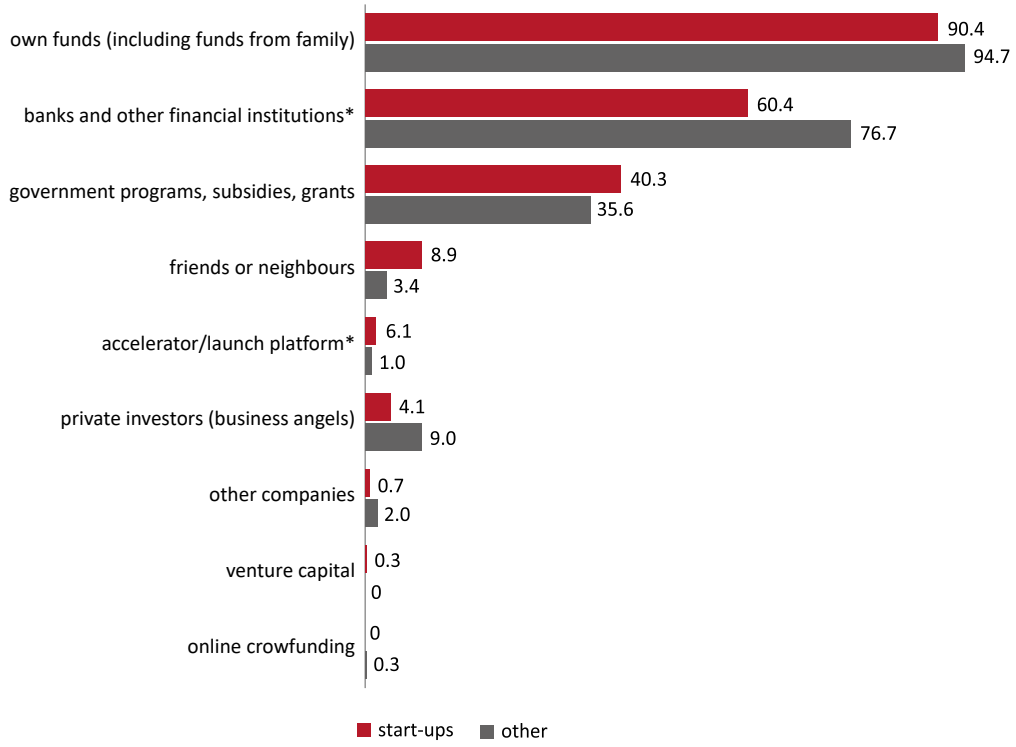


Source: own study based on GEM data, Ns = 293, No = 683, * statistically significant variables.

Sources of business financing

The results of the survey indicate that both start-ups and other enterprises (those in the start-up or operational stage) financed their business primarily with their own funds (90% and 95% of responses, respectively). Although obtaining funds from banks came second in both groups, this form of financing is far more popular among other enterprises than among start-ups. The third **very important source, selected by 40% of declared start-ups and 36% of other enterprises, is government programmes or grants**. **This type of financing was significantly more frequently mentioned by start-ups as, among them, there are likely to be entities that would be unable to make it on the market without such support.** The higher percentage of responses of start-ups using accelerators or start-up platforms is obvious as this is the type of entity this support is aimed at.

Figure 4.10. Sources of funding when starting/running a business (%)

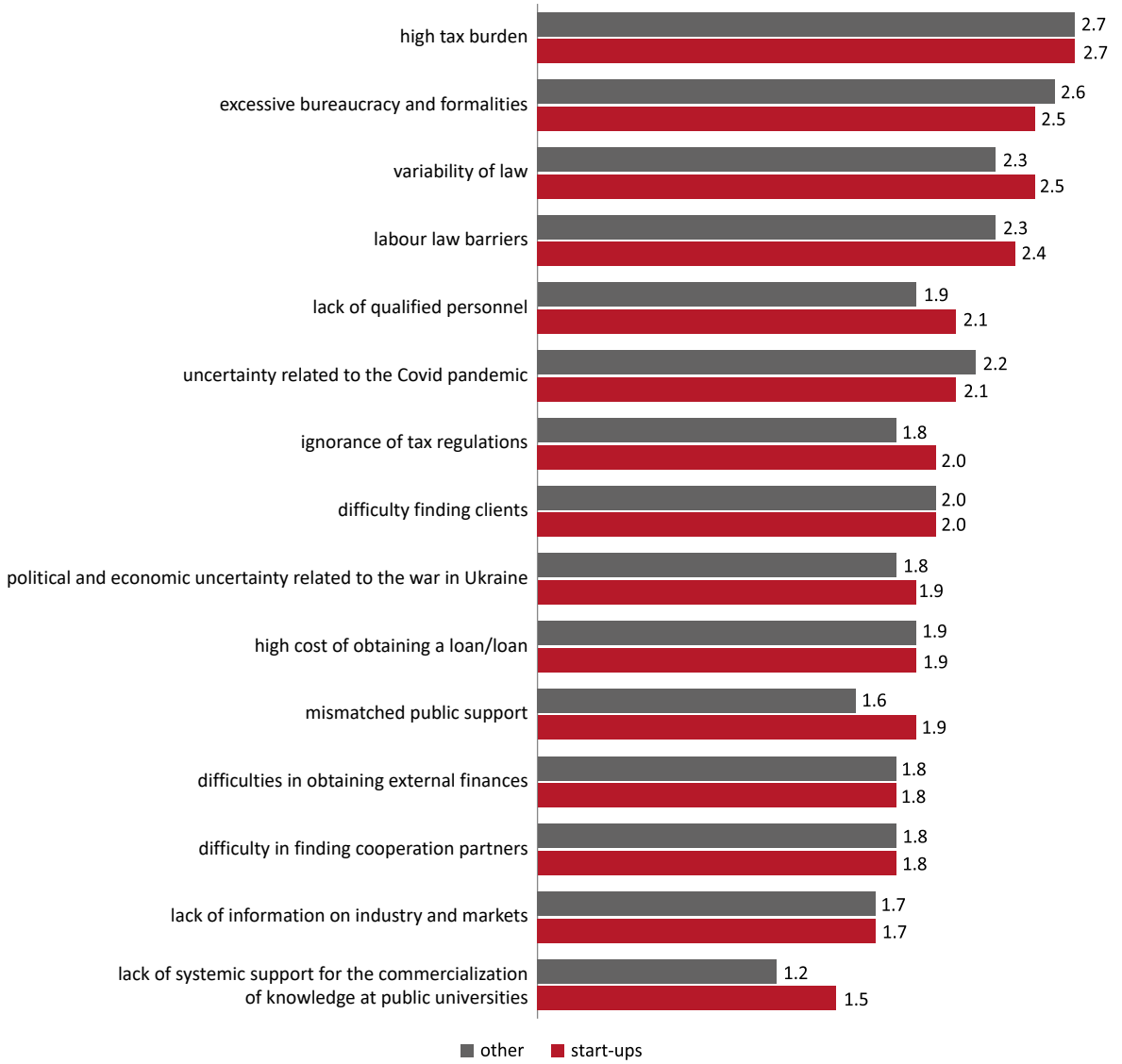


Source: own study based on GEM data, Ns = 293, No = 683, * statistically significant variables.

Factors and barriers for the development of start-ups

Both declared start-ups and other enterprises identified two key **factors hindering the growth of their companies: high tax burdens and excessive bureaucracy and paperwork**, while changing laws were cited as the third barrier to business development.

Figure 4.11. Factors hindering the growth of start-ups and other enterprises – average rating



Source: own study based on GEM data, Ns = 293, No = 683; possible answers: 1 – no hindrance, 2 – moderately, 3 – very.

4.3. Expert assessment of the determinants of start-up development

As part of the qualitative National Experts Survey conducted as part of the GEM project, at least 36 experts from Poland specializing in various fields (financing, government policies, government programmes, domestic market openness and dynamics, cultural and social

norms, education, R&D, service infrastructure, technical infrastructure) directly or indirectly related to entrepreneurship are asked about their views on the conditions for the emergence of start-ups and their development. Respondents rate each statement by selecting an option from 0 – strongly disagree to 10 – strongly agree, where 5 is the middle value meaning neither agree nor disagree.

Presented below are the results of the NES survey regarding start-up development over the last four years (2019-2022) of the Polish GEM Survey. A broader overall assessment of the conditions for the development of companies in Poland in 2022 is provided in Chapter 3.

According to Polish experts, in general, start-ups play a key role in the economy, which is reflected in the average score for this statement, ranging from 6.39 to 6.55 points over the past four years, with 6.49 points in 2022. Experts **believe that large and medium-sized companies need training and consulting on building and developing cooperation with start-ups** (the average score for this statement rose from 6.94 points in 2019 to 7.0 points in 2022).

Experts gave a positive rating to the availability of infrastructure for start-ups in the form of co-working spaces, although the average rating for this area was lowest in four years (5.68 points).

In terms of access to platforms that enable networking and mentoring support, the average dropped below 5 points compared to ratings from the previous years, which may mean that some support mechanisms have been exhausted while new ones have not yet been launched.

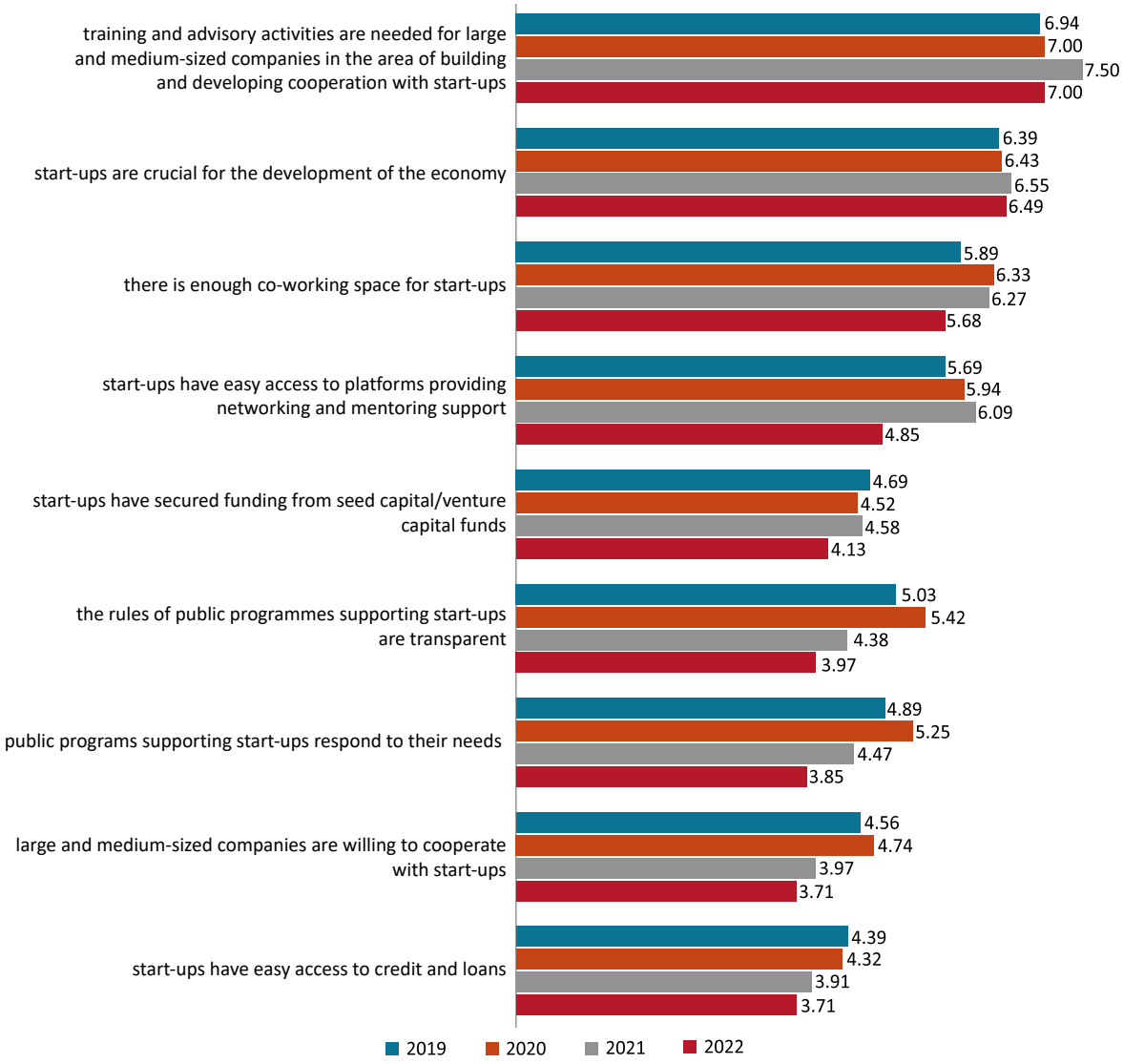
The market for start-up funds in Poland continues to grow, but ratings as low as in 2022 have not been seen in four years. In 2022, the experts' rating of seed capital/venture capital funding for start-ups was about 4.13 points, which means that **experts tended to disagree with the statement that "start-ups have secured funding from seed capital/venture capital funds".**

Over the past four years, **experts** involved in the survey **rated the transparency of the rules of public programmes supporting start-ups and the adaptation of such offers to the needs of young enterprises as average**. Moreover, in 2022, the average ratings for these aspects

recorded further decline against the previous years, to below 3.97 points (with the peak of 5.4 points in 2020). **Startups' access to credit and loans was also rated relatively low**. In addition, the average rating also dropped from 4.39 points in 2019 to 3.71 points in 2022.

It is worth noting that in 2019-2022 expert assessments of the various aspects describing the start-up ecosystem in Poland generally converged. Start-ups were invariably considered very important for the development of the Polish economy, and it was believed that training and consulting should be implemented on building cooperation between large and medium-sized companies on the one hand and start-ups on the other.

Figure 4.12. Average expert ratings for the particular statements describing the start-up ecosystem in 2019-2022



Source: own study based on GEM data, N2019 min = 35, N2020 min = 31, N2021 min = 32, N2022 min = 31.

The year 2022 brought a deterioration in the ratings for all the dimensions assessed. The conditions for start-ups, both related to space and working conditions, as well as financing conditions and public programmes dedicated to start-ups, were rated much lower. This could be a consequence of the turbulence in the economy, first caused by the COVID-19 pandemic, and later by the further negative effects of the war in Ukraine, and the approaching end of the current financial perspective, under which public support is also available for start-up activity.

4.4. Conclusions

Results of the survey of a representative sample of adult Poles on their understanding of the notion of a start-up indicate that approximately 30% of adult Poles cannot clearly define the characteristics of a start-up. The remaining respondents that had an opinion on the topic readily identified innovation (72%) and time on the market (71%) ("young age") as the key characteristics of this business category. The majority of the public also believe that start-ups originate from technological entities (59%), primarily those operating in the field of IT (51%). According to a fairly large group of respondents (45%), start-ups are not entities that do not earn their own living or need to use external financing.

Questions related to the definition of a start-up in the group of people who already own an existing business and those who are at the early stages of starting one were less challenging – e.g. 100% of respondents identified the following as key characteristics of a start-up: innovation and young age, i.e. short presence on the market. Larger differences between declared start-ups and other enterprises can be seen when it comes to understanding the area of operation, or how start-ups are financed.

To sum up the topic of start-ups as entities, we can generally say that start-up founders are middle-aged (43 years old). Regardless of the gender, 80% of those running start-ups are over 35, and their main motivation for starting such an entity is the desire to become wealthy and earn a high income. Those operating as start-ups are, much more frequently than owners of other enterprises, looking for a way to revolutionise the industry, or have already distinguished themselves by revolutionising the rules existing in the industry. Most often involved in start-ups are individuals from 3-4-person households, with a master's degree. The surveyed start-ups' median time on the market is 12 years, although, according to the surveyed owners of enterprises from this group, start-ups are young companies operating on the market for up to 5 years. Start-ups are far more likely than other enterprises to use financial support in the form of government programmes as well as accelerators or start-up platforms. Declared start-ups have people with previous business or start-up experience on board, which most certainly helps them grow.

The factors perceived as most hindering the growth of start-ups are tax burdens, bureaucracy and paperwork, and changes in the law.

Expert assessment of the start-up ecosystem in Poland over the last four years of the survey's implementation was generally consistent from year to year. Start-ups were invariably considered very important for the development of the Polish economy. It was believed training and consulting needs to be implemented on building cooperation between large and medium-sized companies and start-ups. The year 2022 brought a deterioration in the ratings for all the dimensions assessed. Access to co-working space, financing from seed/venture capital and public programmes dedicated to start-ups were rated much lower.

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