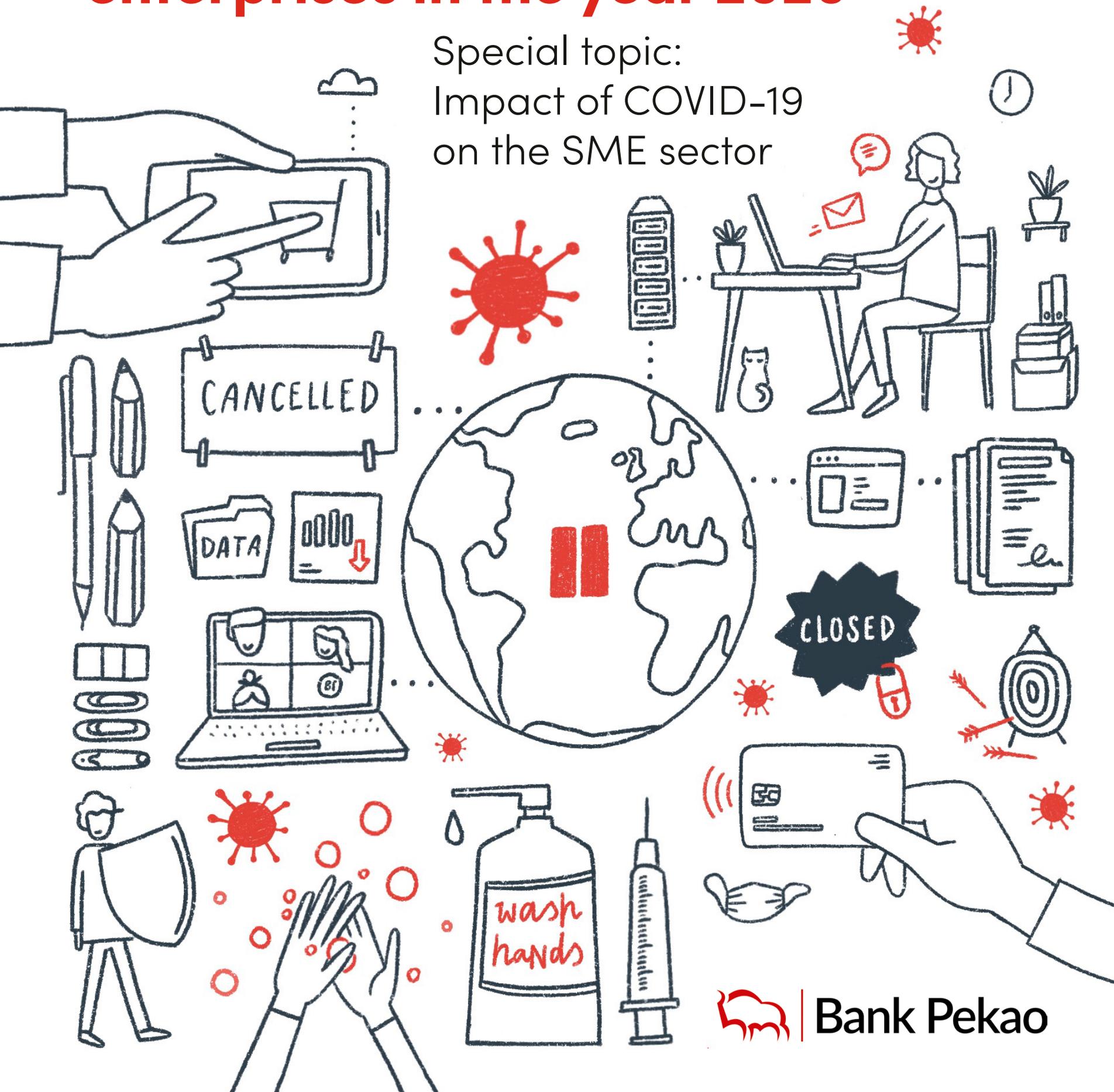


# Report on the situation of micro, small and medium-sized enterprises in the year 2020

Special topic:  
Impact of COVID-19  
on the SME sector



# Report on the Situation of Micro, Small and Medium-Sized Enter- prises in the year 2020

Special topic: Impact of COVID-19 on the SME sector

Warsaw, January 2021

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# Foreword – Bank Pekao

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Never in the last few decades have Polish companies been forced to operate in such difficult conditions.

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We are pleased to present the eleventh and most recent version of the “Report on the situation of micro, small and medium-sized enterprises in Poland”. This is a special edition for several reasons.

Never in the last few decades have Polish companies been forced to operate in such difficult conditions as we have seen in the past several months due to the epidemic situation. Never before have public institutions launched such enormous financial support to safeguard the liquidity of domestic companies. Since March 2020, Bank Pekao has launched several assistance programmes in cooperation with, among others, the Polish Development Bank, the Polish Development Fund and the European Investment Fund – for a total of several billion zlotys.

Restrictions on the rules of doing business, difficulties in dealing with customers and suppliers at home and abroad, and the need to adapt quickly to the external situation have become the new normal for the domestic SME sector. Telephone interviews conducted in September 2020 with over 7,000 entrepreneurs give a fairly good picture of how this unprecedented situation has affected the sentiments and behaviour of Polish companies.

This can be seen not only in the answers to the questions which entrepreneurs have been asked in the same form since 2010, but also in the part of the report that directly concerns the impact of COVID-19 on Polish companies. Like every year, we devote much more space in the report to one issue that is important for entrepreneurs. While in previous years we have focused on exports, investment activities or innovations, it should not be particularly surprising that the special topic of this year’s edition is the impact of COVID-19 on domestic SMEs.

However, we approached the special topic a little differently than in previous years. Most of the questions that the respondents were asked in relation to the special topic came from a worldwide survey conducted by the International Trade Centre (ITC). This organization, operating under the auspices of the United Nations and the World Trade Organization, promotes trade by implementing technical assistance programmes for countries and entrepreneurs. We are very pleased that this year we were able to join forces and the ITC is a partner of the latest edition of the report. We highly recommend the text prepared by the experts of this organization, comparing the results of our research regarding the impact of COVID-19 on Polish

companies with the results of research conducted by the ITC among entrepreneurs from all over the world.

This year's report differs from last year's report not only because it is the first time we have prepared it in cooperation with an international organization. As the second decade of the report begins, we have significantly changed its format, layout and structure. In this year's edition we focused on graphics, assuming that the readers, on the basis of the maps and figures included in the publication, will be able to form their own opinion on the situation in particular areas covered by the report. We have narrowed down our comments to the most important conclusions and the macroeconomic background. We have significantly

reduced the volume of the report, limiting the number of additional articles and the regional part. Since 2018 the survey has also covered medium-sized companies, and we have also changed the way data is presented, showing it broken down into three enterprise size categories. We hope that all these changes will be well received.

If you are interested in the detailed data, please feel free to visit our website, where you can find an interactive report with the research results from 2010 broken down in various ways.

We hope you find this report informative and invite you to read the next edition of our publication next year!



**Leszek Skiba**  
President  
of the Management Board



**Magdalena Zmitrowicz**  
Vice-President of the Management Board responsible for small and medium-sized companies



**Wojciech Werochowski**  
Vice-President of the Management Board responsible for micro companies

# Foreword

## – International Trade Centre

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We are the only  
United Nations  
agency  
fully dedicated  
to supporting  
MSMES.

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The COVID-19 pandemic caused an unprecedented crisis, affecting human health and economic welfare across the globe. Micro, small and medium-sized enterprises (MSMES) were disproportionately affected, given their limited ability to absorb economic shocks compared to large firms and corporations.

As the crisis unfolded, the International Trade Centre deployed a global COVID-19 Business Survey to assess the effects of the crisis on MSMES, and target support to the most relevant areas.

I am pleased that we have joined forces with Bank PEKAO, Poland's largest commercial bank serving MSMES, to evaluate the impact of the pandemic on Polish businesses. This collaboration is unique. Our surveys collected data from 138 countries around the world, and we published global results in our flagship report, the *SME Competitiveness Outlook*. This is the first time, however, that we partner with a commercial bank to jointly conduct the COVID-19 Business Survey in a country. Moreover, it is the first time that we analyse country results and compare them to regional peers and the rest of the world.

For the Polish reader, the International Trade Centre may not spring immediately to mind.

We are the only United Nations agency fully dedicated to supporting MSMES in their quest for competitiveness in national, regional and global markets.

As a joint agency of the United Nations and the World Trade Organization, the International Trade Centre works with policymakers, business support organizations and the business community to make trade happen on the ground. We focus on trade and market intelligence, building a business-friendly environment, strengthening trade and investment support institutions, connecting to international value chains, mainstreaming inclusive and green trade, and supporting regional integration and South-South links. Our aim is to help small firms become more competitive, and contribute to the implementation of the Sustainable Development Goals.

Coronavirus had a major impact on Polish MSMES, especially those who are exporters. Yet it affected them differently than their European and global peers. In Europe and the rest of the world, the major effects on SMEs were temporary shutdowns, cashflow issues and supply disruptions. In Poland, SMEs faced relatively higher administrative burdens and withheld investments, while also grappling with logistics.

To keep going, they turned massively to teleworking; swiftly adapted their products or switched to new suppliers; and tapped into government support programmes. These programmes were more generous, diversified and easily accessible than elsewhere. One lesson learned from Poland is that easy access to information about available support makes a huge difference for small firms.

I hope that the findings of this report suggest new avenues to mitigate the effects of the current pandemic, and strengthen the resilience of Poland's economy and its MSMEs. I thank Bank PEKAO and our respective teams for making this collaboration possible, and look forward to new opportunities to work with Poland in the 'new normal'.



**Pamela Coke-Hamilton**  
Executive Director,  
International Trade Centre

# Summary

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The General Business Climate Index for Micro, Small and Medium Enterprises, which is a synthetic measure of sentiments in enterprises, was only 91.4 points.

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**01** In September and early October 2020, more than 7,400 micro, small and medium-sized enterprises were interviewed by telephone and 49 questions were asked. On this basis, the eleventh edition of the “Report on the situation of micro, small and medium-sized enterprises in 2020” was prepared.

**02** The epidemic situation in the country and the related problems with running a business significantly influenced the sentiments of entrepreneurs. **The General Business Climate Index for Micro, Small and Medium Enterprises, which is a synthetic measure of sentiments in enterprises, was only 91.4 points.** This result is more than 11 points worse than last year’s record result of 102.6 points.

**03** Entrepreneurs gave the last 12 months a particularly low rating. The General Business Climate Index for SMEs for this period (entrepreneurs compare the present situation to that of a year ago) was only 88.3 points. Forecasts for the next 12 months are slightly better, but far below the neutral level of 100 points. **The General Business Climate Index for 2021 is 94.5 points.**

**04** All eight indices included in the General Business Climate Index for SMEs have decreased compared to 2019. The biggest

decreases, of 14–16 points, concern the assessment of the economic situation, the situation of the industry, the situation of the company, revenues and the financial result of the company. Significantly smaller decreases, in the range of 4–5 points, were recorded in the assessment of waiting time for payment for goods and services sold, access to external financing, and employment; this should be attributed to the huge scale of assistance programmes launched by the public sector, which had a positive impact on the liquidity of businesses and job preservation.

**05** Traditionally, since the Bank first began its research, the economic situation is the lowest rated area of the General Business Climate Index for SMEs. This year’s economic situation index was only 81.6 points. At the opposite end of the scale, the result for employment was 98.9. This result was largely influenced by optimistic forecasts for 2021. They can be revised downwards in connection with the second wave of the pandemic, which began shortly after the end of the survey.

**06** Large drops in the General Business Climate Index for SMEs were recorded in the regions. The Index values range from 89.7 points in Warmińsko-Mazurskie to 93.2 points in Opolskie.

**07** The distribution of the General Business Climate Index for SMEs is fairly uniform in terms of the different industries. Trade has the lowest index value (90.5 points), but it is only slightly worse than the top result – that of the construction industry (92.6 points).

**08** In the SME group, the first wave of the pandemic affected medium-sized companies the most. The General Business Climate Index for the last 12 months was only 84.4 points for this group of companies compared to 88.3 points for microenterprises.

**09** There has been a large decrease in investments in the micro, small and medium-sized enterprise sector due to cost cuts and uncertainty. The percentage of companies investing has decreased over the last 12 months, from 52% in 2019 to 44% this year. Only 35% of the SMEs surveyed intend to complete investment projects in the next 12 months.

**10** The decrease in the percentage of investing companies in 2020 was compensated by an increase in investment outlays, which averaged PLN 128,000 over the last 12 months. Microenterprises that completed investment projects spent an average of PLN 101,000, small companies – PLN 393,000 and medium companies – PLN 639,000. Own funds remain the dominant source of investment financing.

**11** During the last 12 months, 15% of entrepreneurs declared export activity. This result is 3 percentage points lower than last year, mainly due to a decrease in the percentage of exporters in the group of the smallest companies.

**12** The crisis situation did not cause a breakthrough in innovation. Product innovations in the last year were made by 23.7% of SMEs, while process innovations were made by only 18.8% of micro, small and

medium enterprises. Spending on innovation increased only slightly compared to last year – average innovation expenditure in the SME sector amounted to almost PLN 70,000.

**13** The three major barriers to the development of Polish SMEs have not changed for years – these are the amount of taxes, labour costs, and red tape. Compared to last year's survey, barriers closely linked to the pandemic have increased: payment bottlenecks, demand for the company's products and services, access to external financing and access to assistance programmes for companies.

**14** The special topic of this year's edition of the Report is the impact of COVID-19 on the Polish SME sector. Thanks to cooperation with the International Trade Centre in Geneva, the results of the Polish survey could be presented in comparison with the assessment made by European and global companies.

**15** The impact of the coronavirus on the Polish SME sector is enormous. 57% of respondents believe that the pandemic puts the company's operations in jeopardy (compared to 38% in Europe and 39% worldwide). 37% of Polish SMEs stated that the epidemic had a profound impact on their business, compared to 54% in Europe and 60% worldwide. This impact is particularly visible in the group of exporting companies.

**16** The epidemic had an impact on such aspects of company operations as the procurement of products and services necessary for business activity and sales. 58% of companies globally, 37% in Europe and 36% in Poland experienced procurement problems. The percentage of companies in which the pandemic had a negative impact on sales was 77% (worldwide), 74% (Europe) and 66% (Poland), respectively.

In our country, sales on the domestic market have been particularly strongly affected.

**17** The impact of the epidemic was not limited to issues involving procurement and sales. In Poland it included such areas as **extension of administrative procedures** (41%), **reduction in investment outlays** (32%) and **limited access to logistics services** (25%). Companies worldwide faced different problems, of which the three most significant ones were **the need to temporarily close down the company** (61%), **the failure of customers to meet financial obligations** (39%) and, similarly to Poland, **limited access to logistics services** (37%).

**18** Companies have adopted various strategies for dealing with the effects of the epidemic. In Poland, remote work, placing new or changed products and services on the market, starting cooperation with new suppliers, and temporary hiring restrictions were particularly popular. Domestic companies used such tools as marketing, internet

sales, and changing credit repayment conditions much less frequently compared to their European or global peers.

**19** Considerable support for the SME sector was provided by various assistance programmes, which were used by as many as 81% of the Polish companies surveyed. The structure of Polish assistance programmes differed significantly from that in other countries. Global companies most often declared tax exemptions (53%) would be the most helpful government measures, while in Poland only 4% of the companies surveyed were beneficiaries of such measures.

**20** Access to information about assistance programmes makes Poland stand out among other countries. It was considered easy by 39% of Polish companies and 23% of European and global companies. 22% of companies in Poland, 32% of European companies and 45% of those surveyed worldwide had difficulties in accessing information on support measures.

# Survey results<sup>1</sup>

## Micro, small and medium-sized enterprises in 2020

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Compared to previous editions of the Report, its structure has been significantly changed.

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### Introduction

**01** The eleventh edition of the “Report on the situation of micro, small and medium-sized companies” is based on the results of research conducted in September and early October among over 7,400 companies. The telephone survey covered 6,006 micro companies, 903 small companies and 503 medium-sized enterprises selected at random. This ensures the representativeness of the survey at a national, regional and sub-regional level (groups of counties). The survey consisted of **49 questions** and the answers to all the questions are presented in the following chapters of the Report.

**02** The results are presented using indices and percentages. The methodology used in the report makes it possible to present the research results either in the form of indices (with values from 50 to 150 points, where 50 means the worst possible index value and 150 the best possible index value) or as a percentage. Detailed information on the research methodology can be found in Annex 2 of the Report.

**03** In the Report, the definition of the SME sector is the same as the one used by Statistics Poland. By microenterprises we mean companies with up to 9 employees, by small companies we mean companies with 10 to 49 employees, and by medium-sized companies we mean those with 50 to 249 employees.

**04** Compared to previous editions of the Report, its structure has been significantly changed. The survey did not include the 16 questions concerning assessment of the business environment, as well as a few of the questions that have previously been asked within the individual thematic blocks.

While in previous years the publication contained separate chapters devoted to macroeconomic analysis, data from Statistics Poland on the SME sector, and discussion of the research results, in the latest edition of the Report a short discussion of the most important research results is illustrated by selected statistical data from Statistics Poland and a macroeconomic commentary prepared by Bank Pekao economists. The only exception to this rule is the first chapter, in which only the official statistics on the number of micro, small and medium-sized companies in Poland are presented.

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<sup>1</sup> Authors: Adam Antoniak, Jerzy Grześkowiak, Tomasz Kierzkowski (Chapter I–XIII), Aissata Boubacar Moumouni, Floriana Borino, Valentina Rollo (Chapter XIV)

The way and form in which data are presented has also changed. Since from 2018 the survey includes medium-sized companies, the Report presents the results calculated for all of the over 7,400 companies included in the survey, unless otherwise indicated. In previous years, data for micro and small companies were presented separately from data for medium-sized companies.

In order to ensure the comparability of historical data, in this year's edition of the Report the results for the whole period from 2010–2020 are presented separately for micro, small and medium enterprises (the latter from 2018 onwards).

All results are presented **only in graphical form** – graphs and maps. No tables appear in the latest Report. If the source of data is not indicated in the graphs and maps, it means that the data refer to the survey results.

We also decided not to include a very detailed presentation of regional and subregional data, given that all the research results from 2010

onwards are presented in an **interactive version of the Report** available on the Bank's website. In this Report, regional data are presented in accordance with the NUTS 2 classification in force from 1 January 2018 (15 voivodeships and two separate regions within the Mazowieckie Voivodeship – Warsaw Capital and Mazowieckie Regional).

**05** The Report also presents the results of research related to a special topic, different in each edition of the publication. Questions related to the special topic of the Report are asked only in the given year. In the latest edition of the survey, entrepreneurs answered **9 questions about the impact of COVID-19 on companies**. Since a similar survey was conducted among entrepreneurs from all over the world by the **International Trade Centre (ITC) in Geneva**, an international organization operating under the auspices of the United Nations and the World Trade Organization, the Pekao Bank survey used the questions developed by the ITC. As a result, in Chapter XIV, prepared by experts from the International Trade Centre, the results of research conducted in Poland have been compared with European and worldwide results.

# Number of SMEs in Poland

In 2018 there were over 2.15 million active companies, of which 99.8% SMEs.

There are 4.5 million registered companies in Poland, 2.2 million of which are active

**06** Statistics Poland presents data on the number of micro, small and medium-sized companies in Poland in two ways: for registered and active companies. The first source of data are entries in the National Official Business Register – REGON. The second and much more reliable source of knowledge on the number of micro, small and medium companies, based on full (for small and medium companies) and representative (for micro companies) surveys conducted by Statistics Poland, are data concerning only the companies which are actually active in a given year.

**07** In 2019, over 4.5 million companies were registered in the REGON system. The largest group consisted of 4.34 million micro companies. In addition, almost 137,000 small enterprises, 27,650 medium-sized companies and 4,306 large ones were registered. Between 2009 and 2019, the number of enterprises registered in REGON increased by almost 800,000 (Figure 1).

**08** The number of active companies is much smaller – in 2018 there were over 2.15 million such companies. The 2.08 million

micro companies constituted 96.7% of all active companies, the almost 52,600 small enterprises constituted 2.4%, and the 15,200 medium-sized companies constituted 0.7%; the statistic was completed by the 3,674 large enterprises (0.2%). In total, in 2018 there were 2,146,614 micro, small and medium enterprises. Between 2009 and 2018, the number of active companies increased by almost 480,000 (Figures 2 and 3).

According to preliminary data from Statistics Poland for 2019, there were 2.21 million companies operating in Poland, including 2.144 million micro, 48,900 small, 14,800 medium and 3,751 large companies.

**09** The dominance of the smallest companies in the size structure is typical for all EU countries. In 2018, among the 18 EU countries for which data were available, the share of microenterprises in the total number of companies ranged from 86.8% in Austria to 97.1% in Slovakia (Figure 4).

Mazowieckie region with the largest number of SMEs

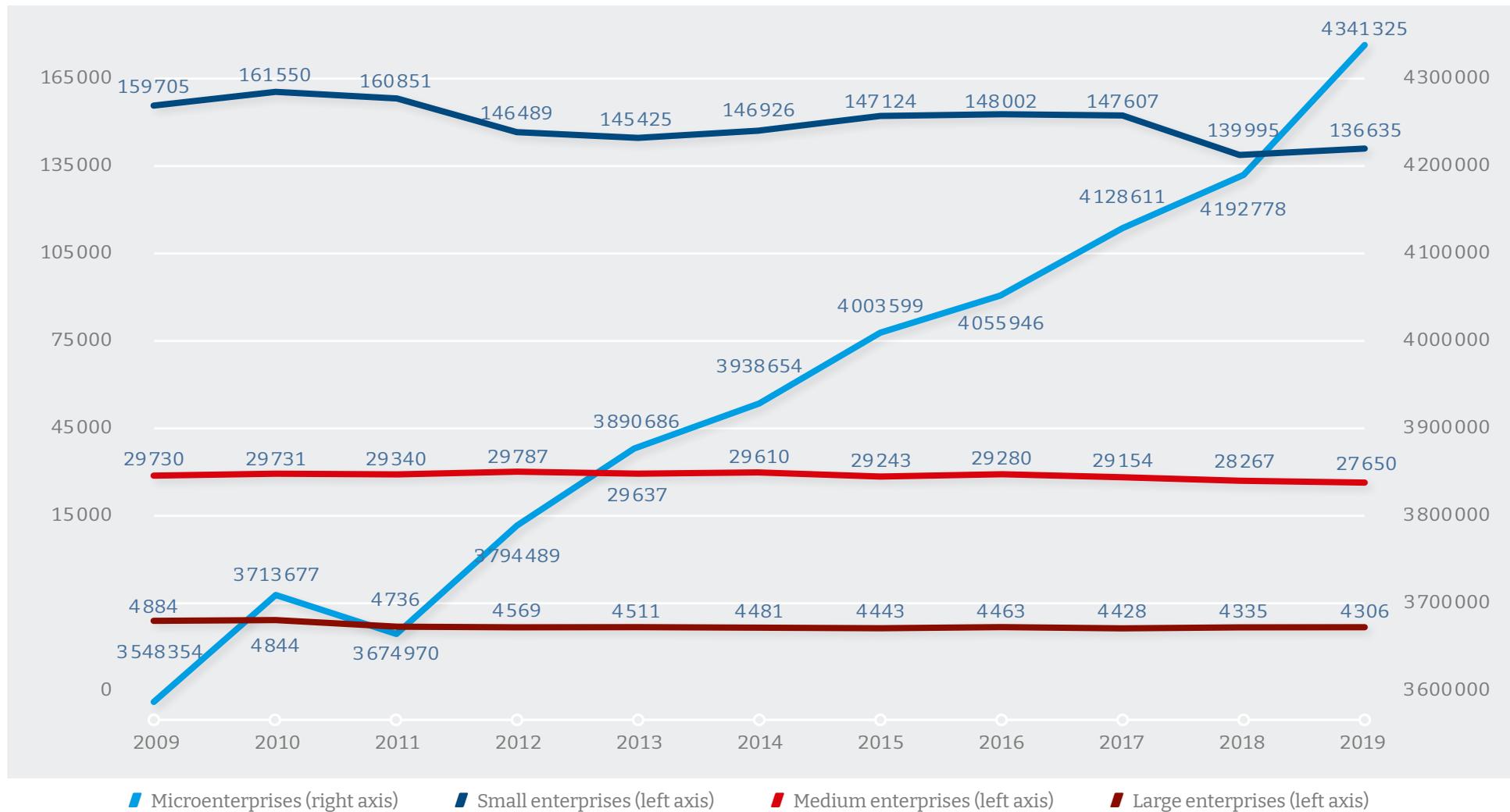
**10** The number of micro, small and medium enterprises in individual voivodeships is

**quite diverse.** In 2018, the largest number of companies from the SME sector operated in **Mazowieckie Voivodeship** (Map 1) – over 414,000 (19.3% of all Polish SMEs), and the smallest in **Opolskie Voivodeship** – almost 42,500 (2%).

**11** A better measure of actual economic activity in individual regions is the number of active SMEs per 1000 inhabitants. In the years

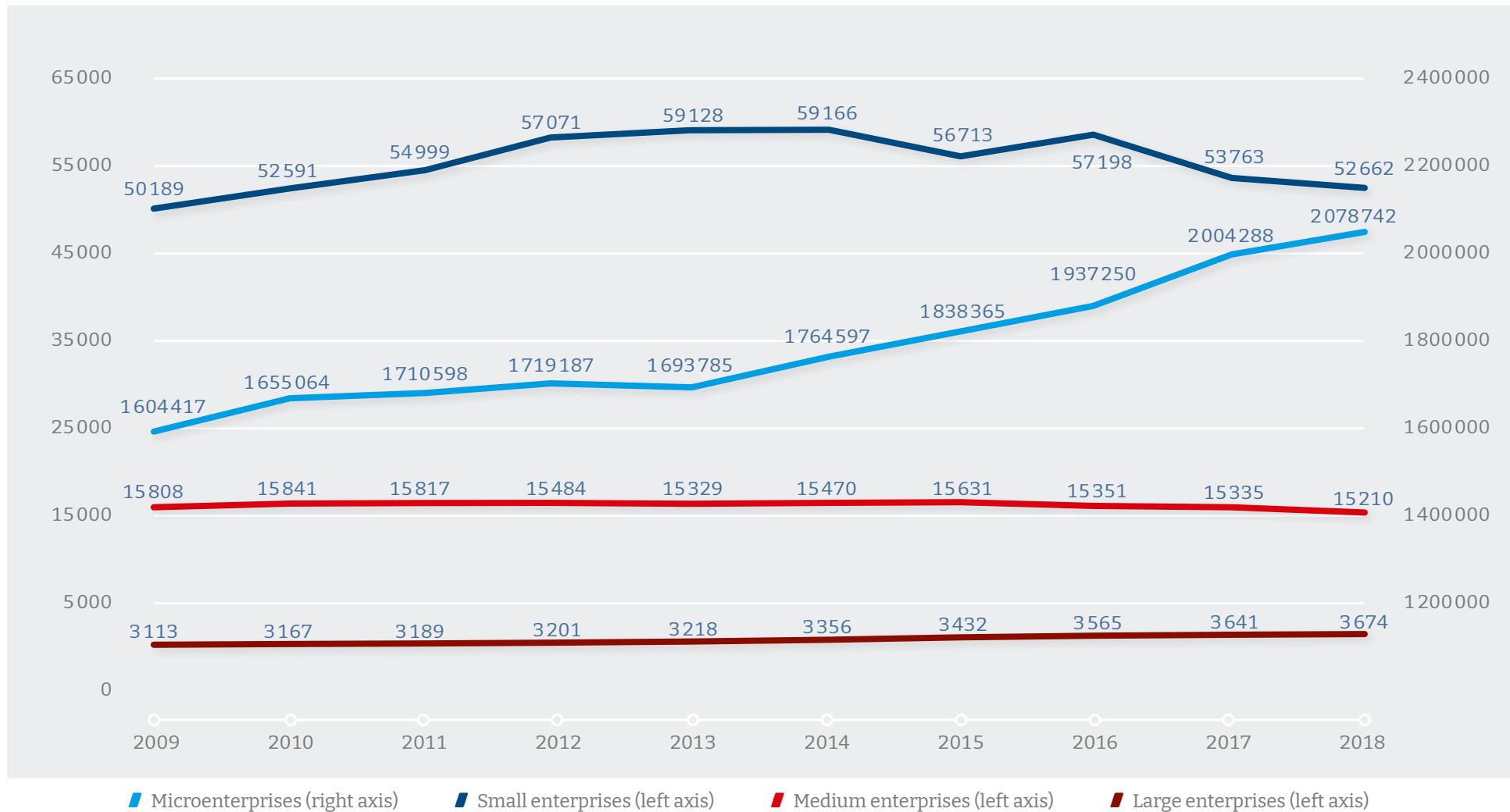
2009–2018, this index increased from 43.8 in 2009 to 55.9 in 2018 (Figure 5). In 2018, this index ranged from 40.7 SMEs per 1000 inhabitants in the Podkarpackie region to 76.8 SMEs per 1000 inhabitants in the Mazowieckie region (Map 2).

Figure 1 Number of Micro, Small, Medium and large companies by REGON in the years 2009–2019



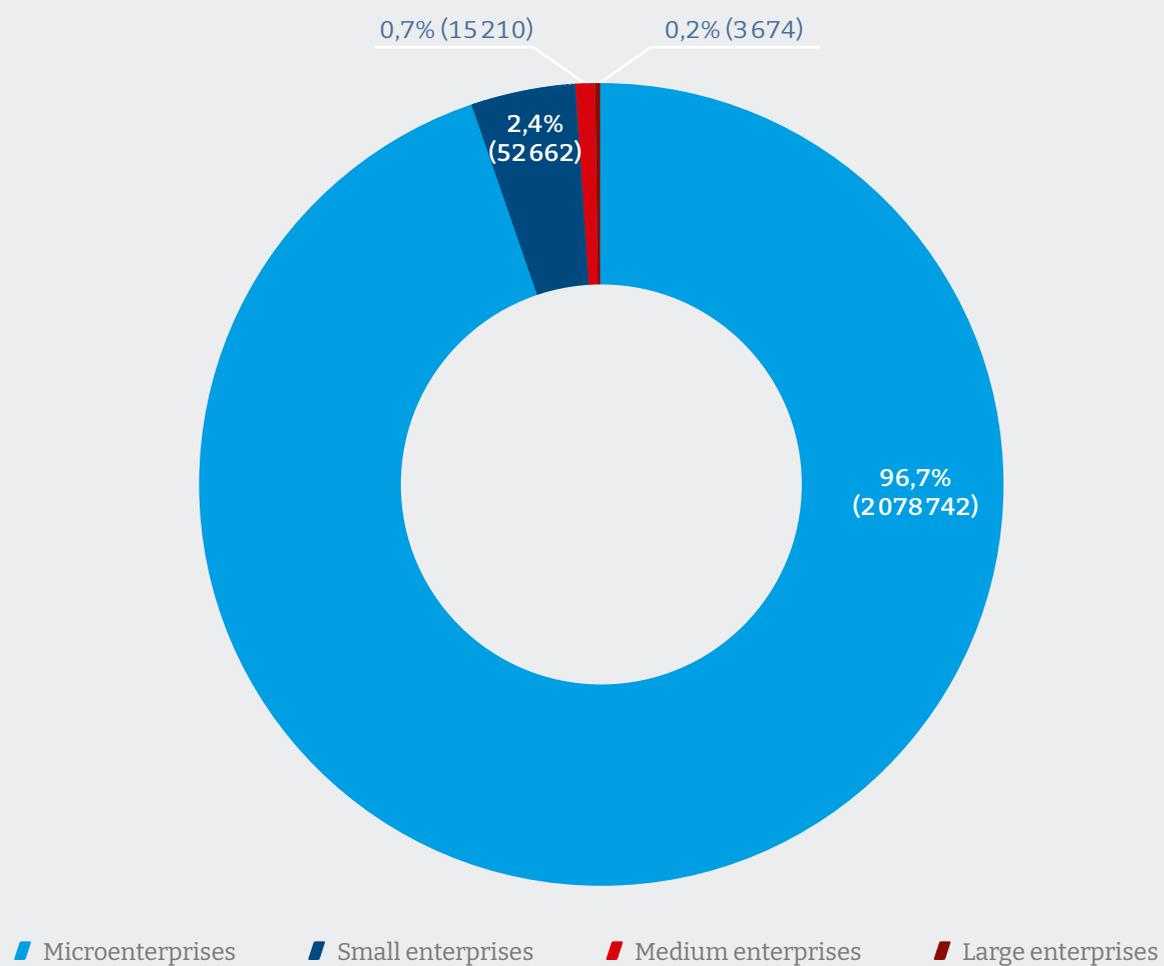
Source: Statistics Poland

Figure 2 Number of active Micro, Small, Medium and large companies in the years 2009–2018



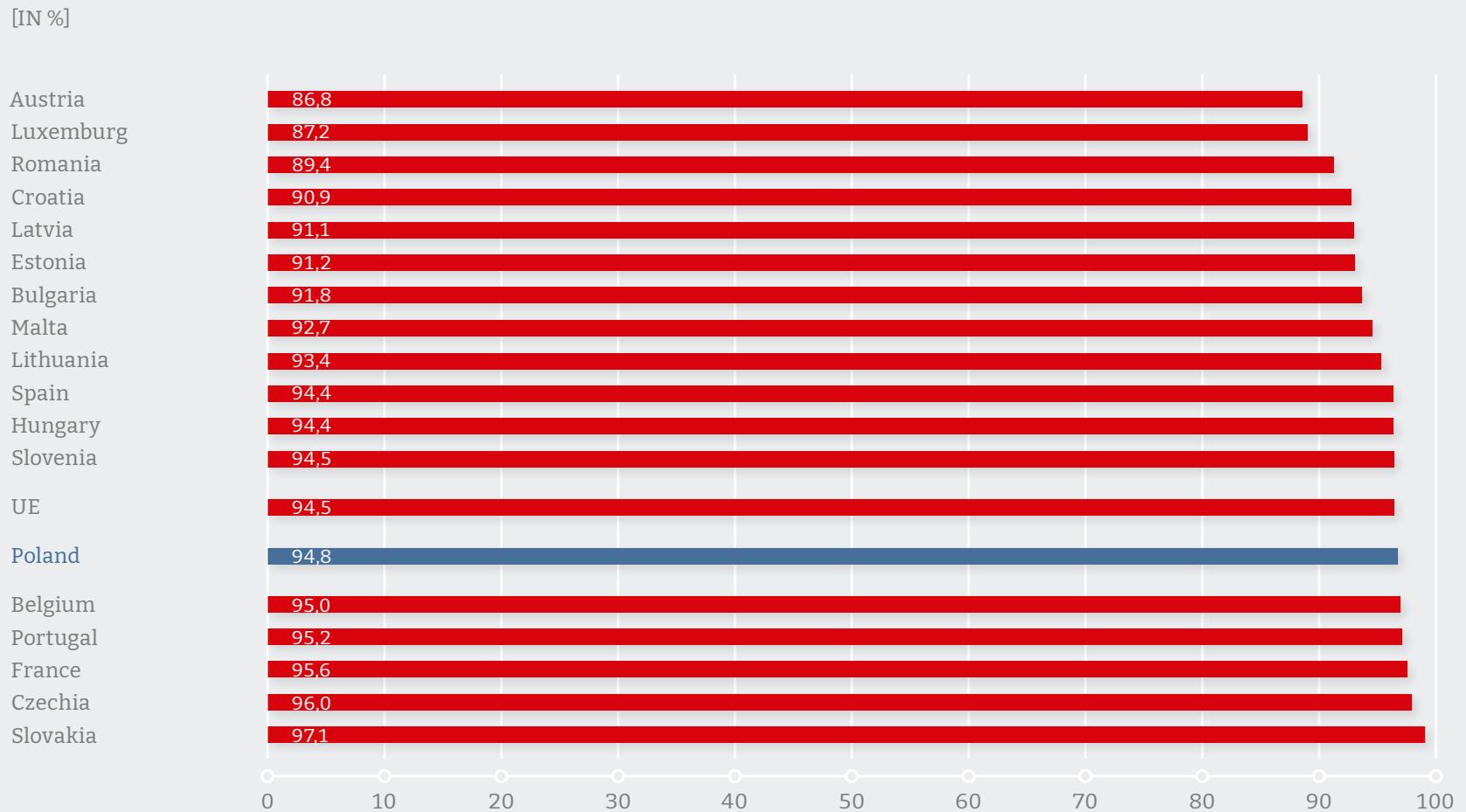
Source: Statistics Poland

Figure 3 Percentage share of active Micro, Small, Medium and large companies in 2018



Source: Own calculations based on Statistics Poland

Figure 4 Percentage share of Micro companies in the structure of companies in selected EU countries



Source: Eurostat. Due to the different methodology used by Eurostat, the percentage of companies reported by Eurostat and by Statistics Poland varies.

Map 1 Number of active Micro, Small and Medium-sized enterprises in 2018 by region

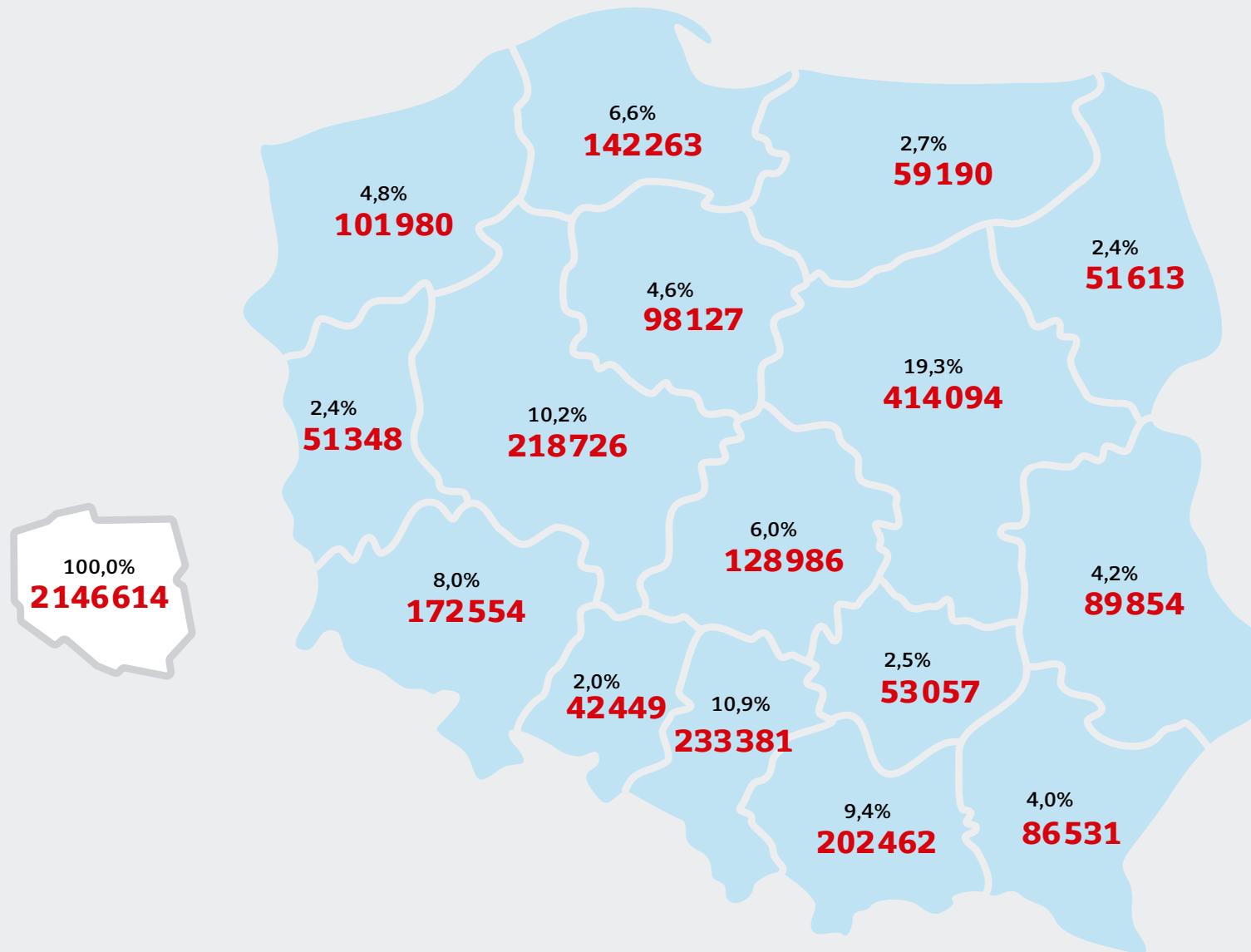
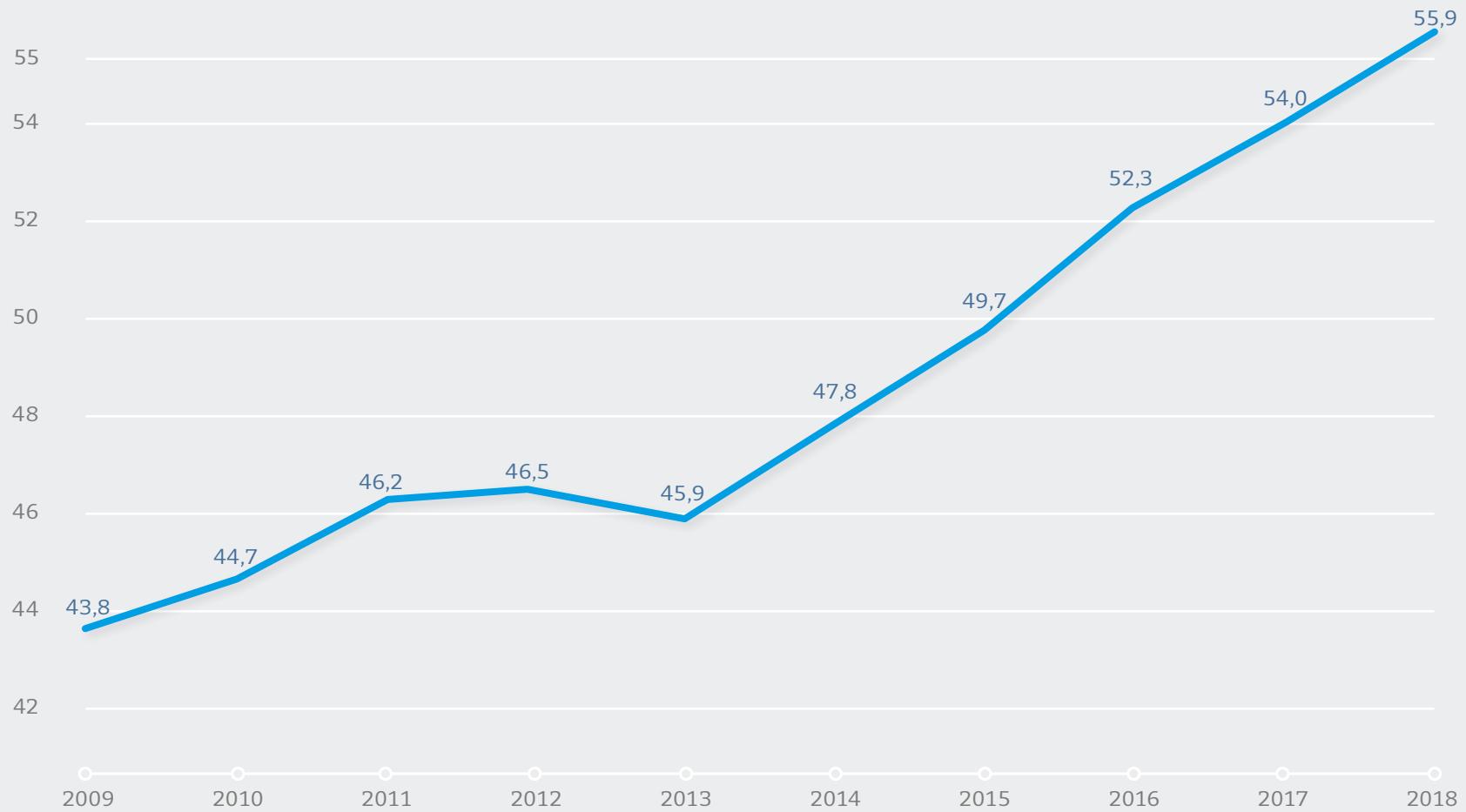
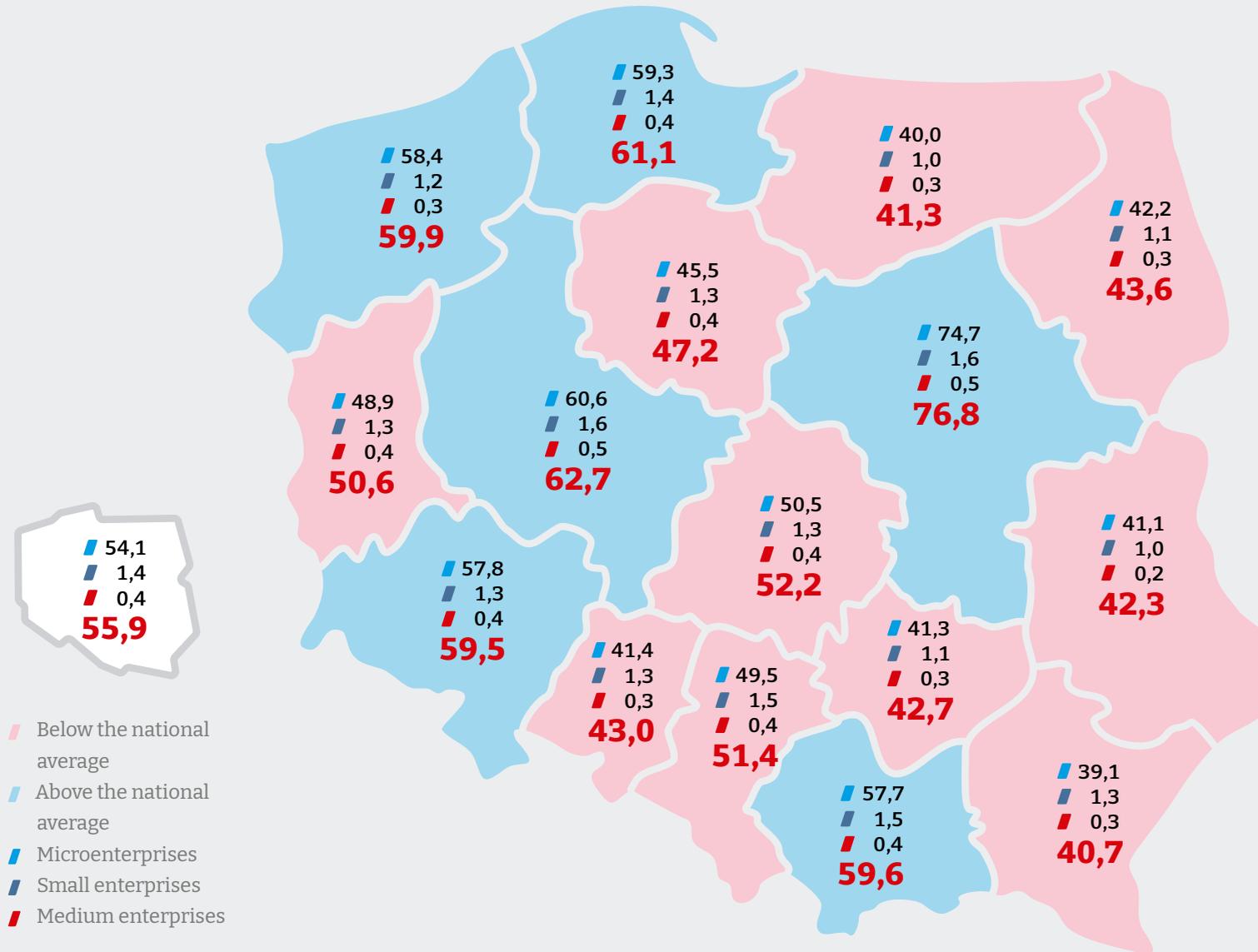


Figure 5 Number of active Micro, Small and Medium-sized enterprises per 1000 inhabitants in the years 2009–2018



Source: Own calculations based on Statistics Poland

Map 2 Number of active Micro, Small and Medium-sized enterprises per 1000 inhabitants



Source: Own calculations based on Statistics Poland

# General Business Climate Index for SMEs

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The epidemic situation in the country significantly influenced the sentiments of entrepreneurs in 2020.

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How should the General Business Climate Index be interpreted?

**12 The General Business Climate Index is a synthetic measure of companies' sentiments.** It is calculated based on entrepreneurs' answers to **eight** assessment questions:

1. Economic situation,
2. Situation of the industry in which the company operates,
3. Situation of the company,
4. Financial revenues of the company,
5. Financial result of the company,
6. Waiting time for payment for goods/services sold,
7. Availability of external financing,
8. Employment in the company.

**13 Entrepreneurs assess the last 12 months and the prospects for the next 12 months for each of the eight areas mentioned above.** The calculated indices can range from **50 points** (big deterioration) to **150 points** (big improvement), where **100 points** is a neutral value. Unless otherwise indicated, the Report presents the average indices calculated on the basis of data for the last 12 months (the present situation compared to the previous year) and the next 12 months (situation in a year's time compared to the present). The index

calculated from the results for all eight areas is the General Business Climate Index. Indices for particular areas will be discussed in the following chapters of the Report.

Large decrease in the General Business Climate Index for SMEs in the pandemic situation

**14 The General Business Climate Index for Micro, Small and Medium Enterprises in 2020 was only 91.4 points.** The epidemic situation in the country and the related problems with running a business significantly influenced the sentiments of entrepreneurs. This result is as much as 11 points worse than last year's record result of 102.6 points. It may come as a surprise that despite such negative conditions, **the sentiments of entrepreneurs are similar to those of 2012**, when economic growth only slowed down. (Figure 6).

**15 The conditions under which companies now operate are much worse than those of eight years ago.** In the spring of 2020, the COVID-19 pandemic forced the authorities to introduce a number of epidemiological restrictions that "froze" economic activity in many sectors, especially services. The global extent of the epidemic also caused significant

disruption of global supply chains in the second quarter of 2020, which hit foreign trade turnover. Exports (Figure 7) and industrial production were significantly affected. The deepest decline in GDP in 25 years (-8.4% YOY) was recorded. **In 2020 the Polish economy experienced its first recession in over two decades** (Figure 8).

### Optimism for the next 12 months with some reservations

**16 The General Business Climate Index for the next 12 months reached 94.5 points compared to 88.3 points for the last 12 months.** This result is below the neutral level of 100 points, but the entrepreneurs rated the prospects for next year much better than the present situation compared to the previous year. This is also a much better result than in 2012. The index for the last 12 months dropped by 14 points YOY, compared to a drop of 8 points YOY for the future index.

**17 The relative optimism of the companies surveyed about the prospects for the coming months may be premature.** One of the reasons for the relatively good result of the General Business Climate Index compared to previous years may be the date when the survey was carried out, in September. It coincided with a rapid economic recovery, which took place in the third quarter of 2020 after the removal of epidemiological restrictions, and before the impact of the autumn wave of the disease and the imposition of further restrictions. In the third quarter of 2020, seasonally adjusted GDP increased by 7.7% quarter-on-quarter, after a 9.0% QOQ decrease in the second quarter of 2020.

The assessment of employment, the availability of external financing, and waiting time for payment has changed slightly compared to 2019.

**18 All eight indices included in the General Business Climate Index for SMEs have decreased compared to 2019.** In Figure 9, two areas stand out. In five of them, the YOY decreases are very high. The assessment of the economic situation, the situation of the industry, the situation of the company, revenues and the financial result of the company decreased by 14–16 points compared to last year's survey.

In the remaining three areas – the assessment of the availability of external financing, employment, and waiting time for payment – these decreases are insignificant and amount to 4 points. This distribution of results was probably influenced by numerous assistance programmes launched by the government, which helped entrepreneurs to maintain liquidity and safeguard jobs.

### Opolskie Voivodeship with the highest General Business Climate Index for SMEs

**19 Large drops in the General Business Climate Index for SMEs were also recorded in the regions.** Compared to the previous year, it decreased by 8–13 points. The General Business Climate Index for SMEs ranges from 89.7 points in Warmińsko-Mazurskie to 93.2 points in Opolskie (Map 3).

The worst results for the last 12 months were reported by companies from **Lubuskie** Voivodeship (Figure 10). In previous years, this has repeatedly been the region with the highest percentage of exporters among SMEs and this may explain the fact of such a poor result – the closure of the Polish-German border meant that the region was suddenly cut off from foreign markets for the products and services offered by entrepreneurs from the region, including border exchange. In turn, the biggest optimists for 2021 are companies **from the Opolskie and Śląskie regions**. These are also traditional export regions, especially to the German market. The normalization of the situation in the summer (e.g. in the automotive sector) may have translated into a high assessment of the prospects for the coming months in relation to other regions.

#### Small differences in the General Business Climate Index between industries...

**20 The distribution of the General Business Climate Index for SMEs is fairly uniform in terms of the different industries.** In the study's division into 4 sectors: trade, services, construction, and industry, there are no major differences between the sectors. At first glance, this may indicate that the epidemic has affected every area of economic activity in a similar way (Figure 11). But, as indicated in Chapter IV, within each sector there were industries that were particularly badly affected by the epidemic, but also those that improved their situation during that period.

Trade has the lowest average index value, but it is only slightly worse (2 points) than construction. It is also worth noting that in each of the previous editions of the Report, the indices for companies from the trade sector were the lowest.

The differences are greater for the last 12 months (trade 87 points, construction 90 points), but they result from the actual impact of the restrictions imposed on companies during the first wave of the epidemic, which affected trade the most. The General Business Climate Index for SMEs for the next 12 months is very similar for each of the four industries.

#### ...much larger depending on the size of the company

**21 In the SME group, the first wave of the pandemic affected medium-sized companies the most.** The General Business Climate Index for the last 12 months was only 84.4 points for this group of companies (Figure 12). This may come as a bit of a surprise, given their much greater financial and organizational capacity as compared with smaller companies to adapt to the rapidly changing market situation. The latter usually have a much less diversified product or service range, a limited number of customers as well as a weaker financial background, and are therefore much more sensitive to radical changes in business conditions. Nevertheless, the General Business Climate Index value for the last 12 months was much higher for microenterprises than for medium-sized companies (88.3 points).

#### Market veterans the greatest pessimists

**22 The General Business Climate Index varies quite strongly depending on the number of people working in the company, the area of operation of the company and the duration of economic activity.** While the values for individual indices included in the General Business Climate Index are presented in the following chapters in terms of regional,

industry and company size, only this chapter presents the results of the survey according to revenues of the companies, number of employees, area of activity and time of operation on the market.

It is worth noting the large variation in the assessment of the last 12 months depending on the number of people working in the company

(surprisingly good results in the group of sole proprietorships), optimism about the year 2021 among companies operating on international markets (exporters), as well as a clear decline in sentiments proportional to the duration of economic activity.

Figure 6 General Business Climate Index for Micro, Small and Medium Enterprises in the years 2010–2020

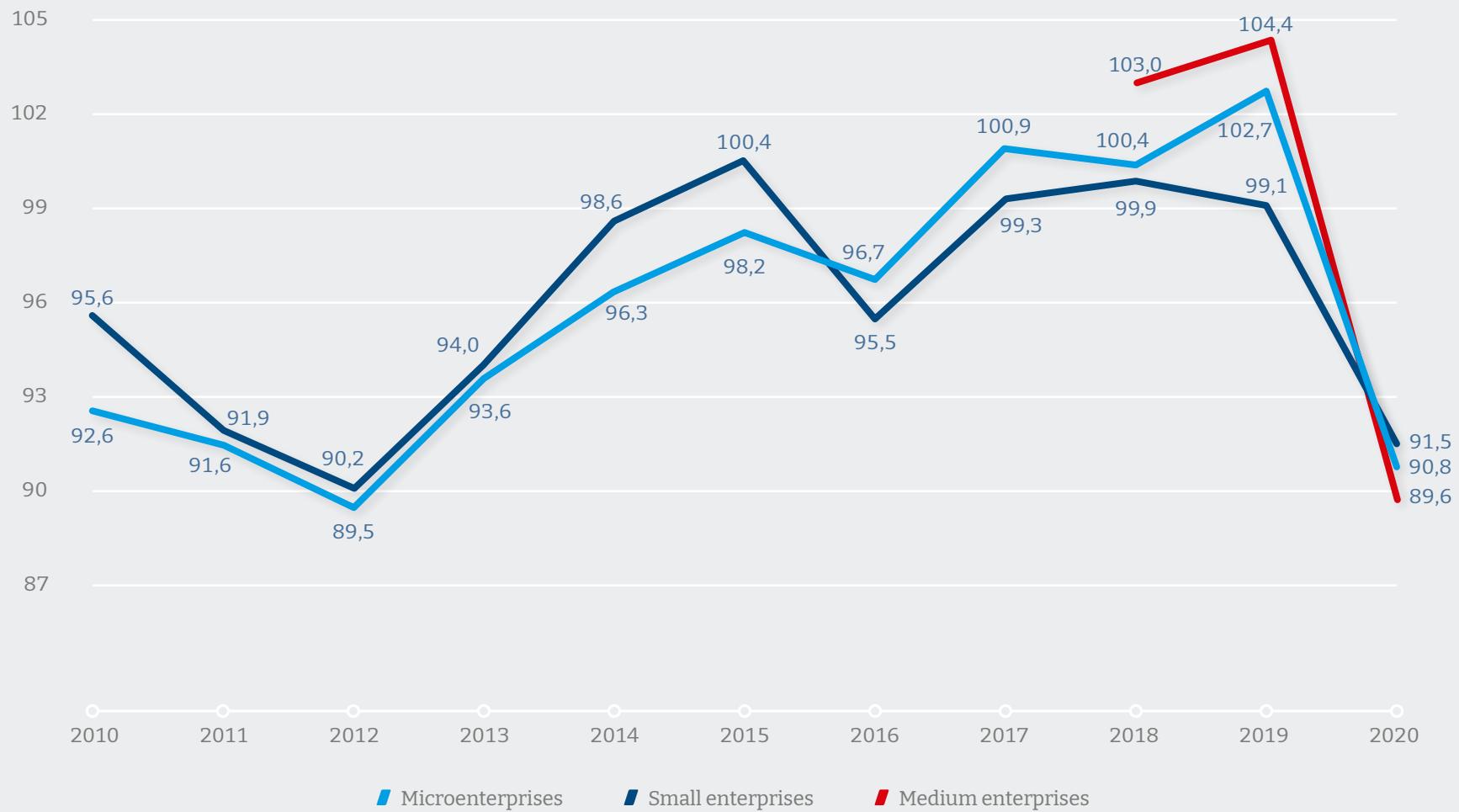
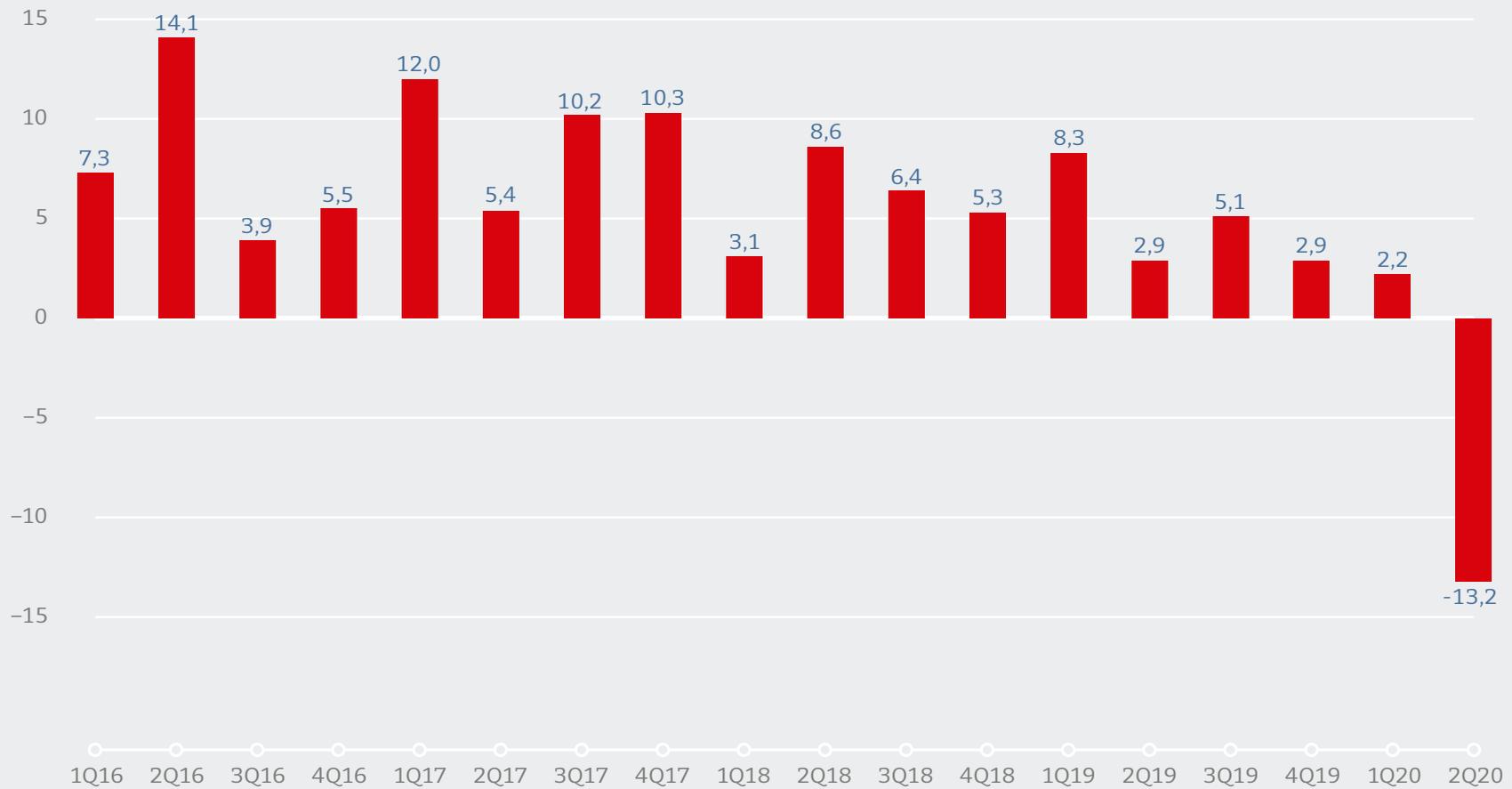
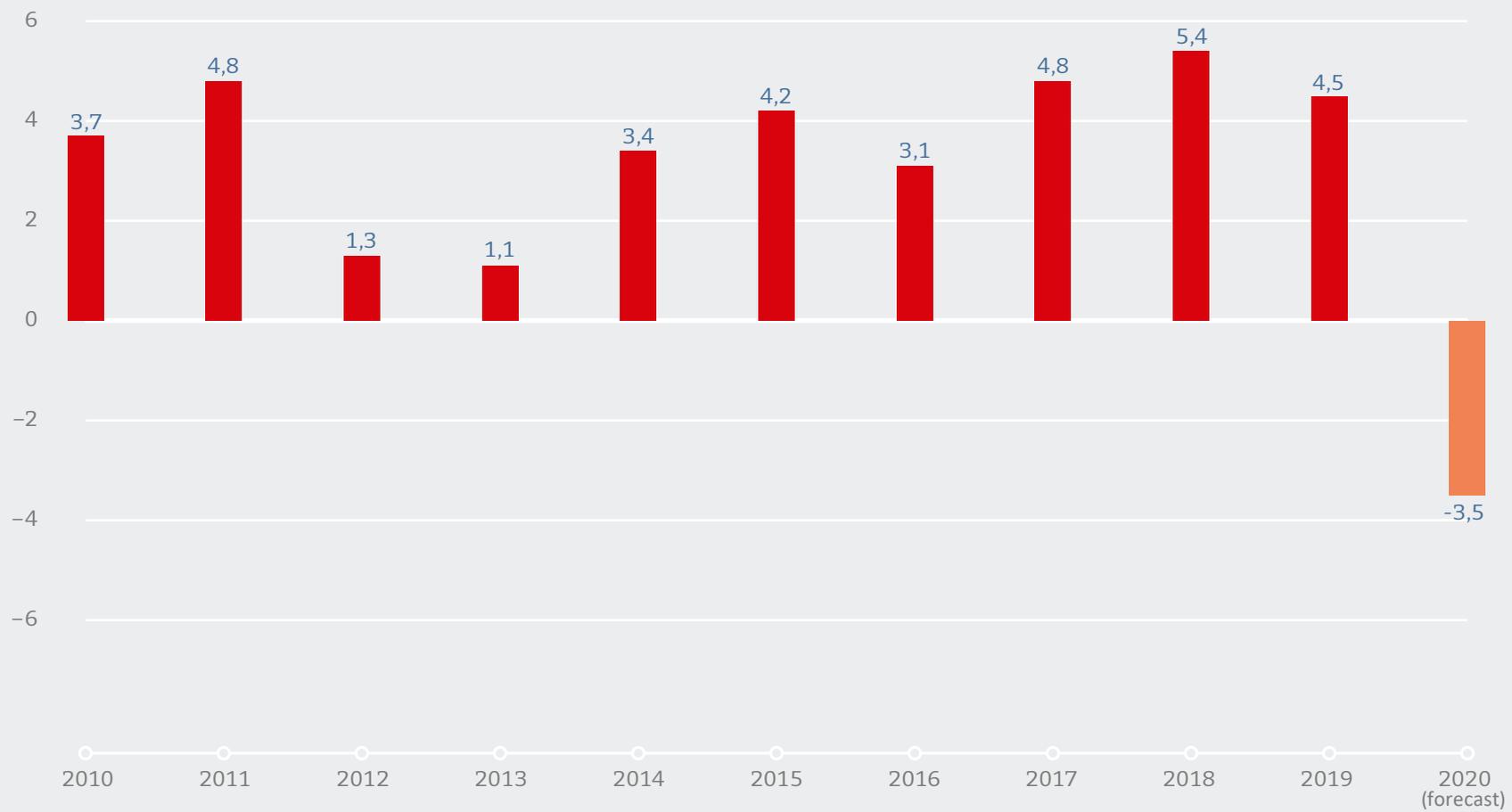


Figure 7 Export of goods (real), % YOY



Source: Eurostat.

Figure 8 Gross Domestic Product (GDP), %



Source: Statistics Poland

Figure 9 Comparison of indices included in the General Business Climate Index in the years 2019 and 2020



Map 3 General Business Climate Index for Micro, Small and Medium Enterprises by region

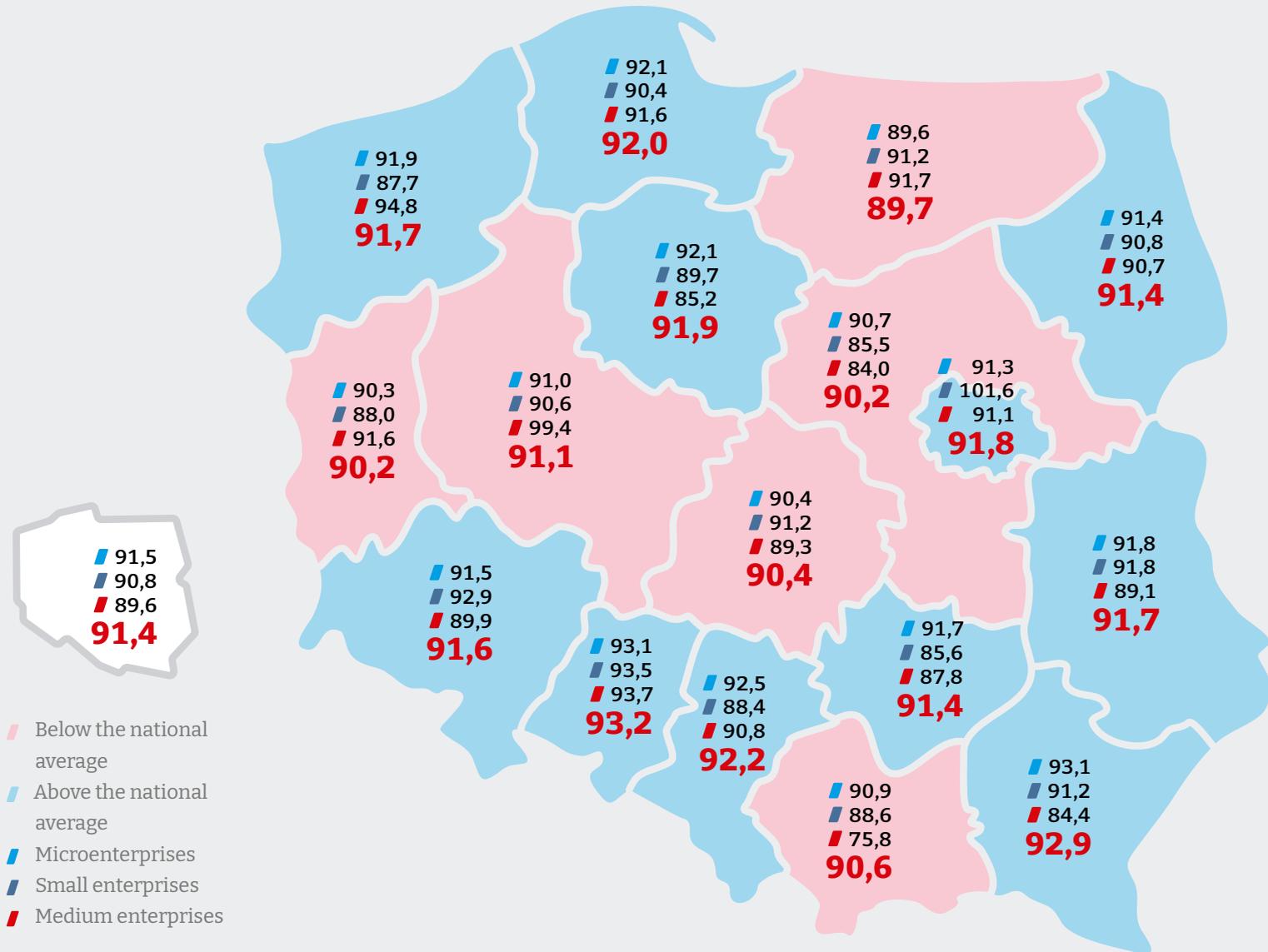


Figure 10 General Business Climate Index for SMEs for the last and next 12 months by region



Figure 11 General Business Climate Index for SMEs for the last and next 12 months by industry, area of operation and time of operation

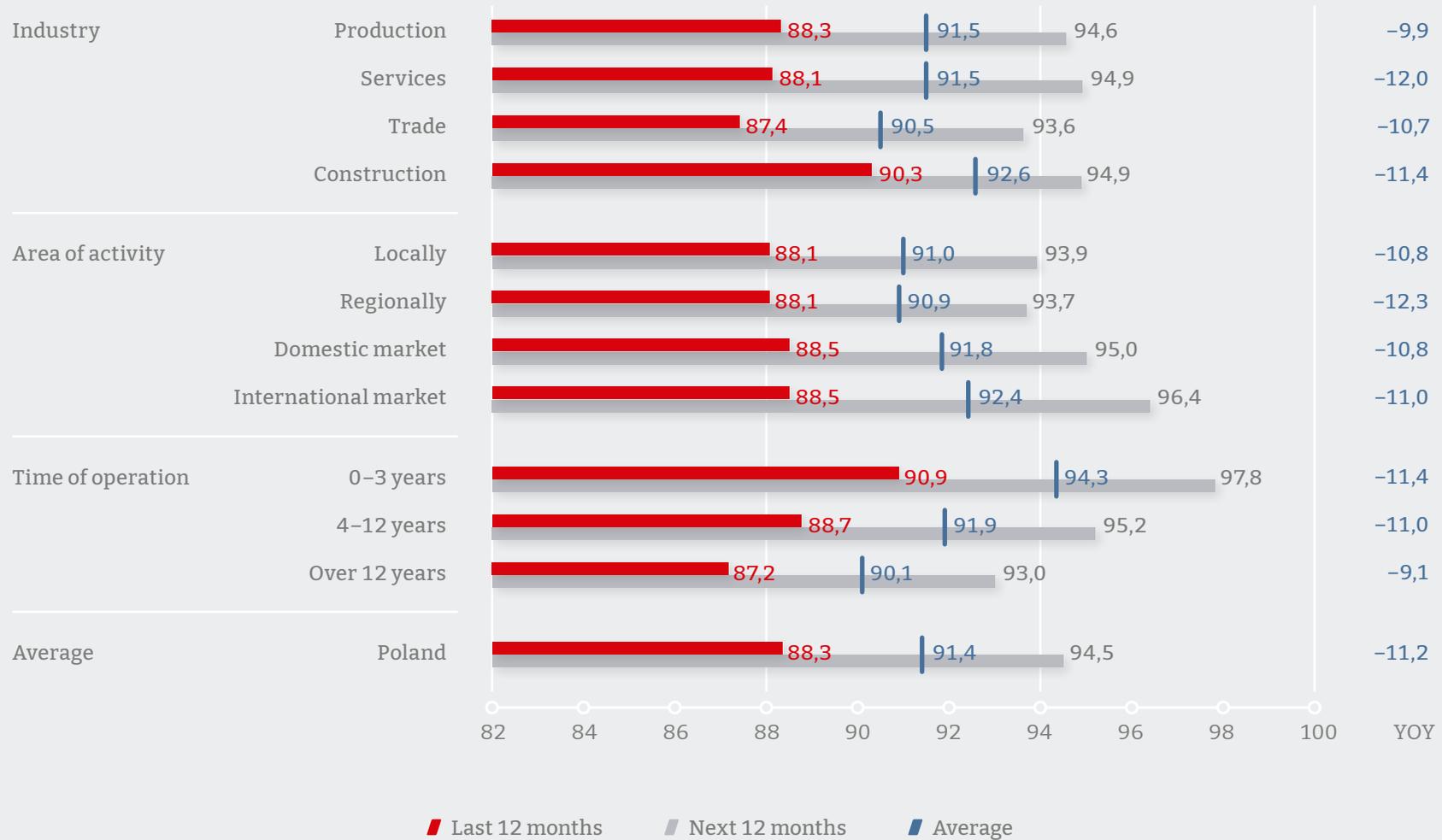
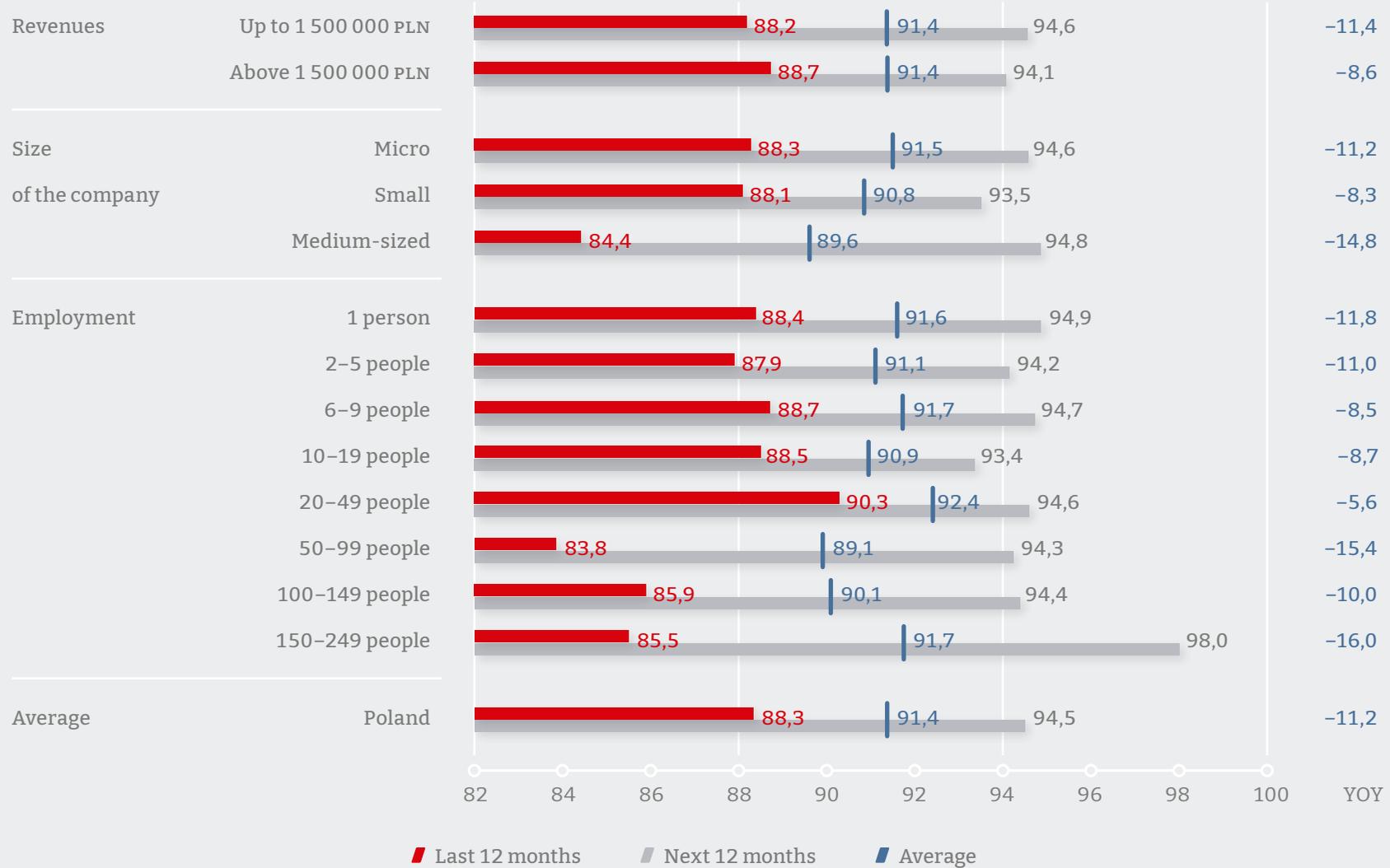


Figure 12 SME General Business Climate Index for the last and next 12 months by revenue, company size, employment and industry



# Assessment of the economic situation

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This year's economic situation index was only 81.6 points.

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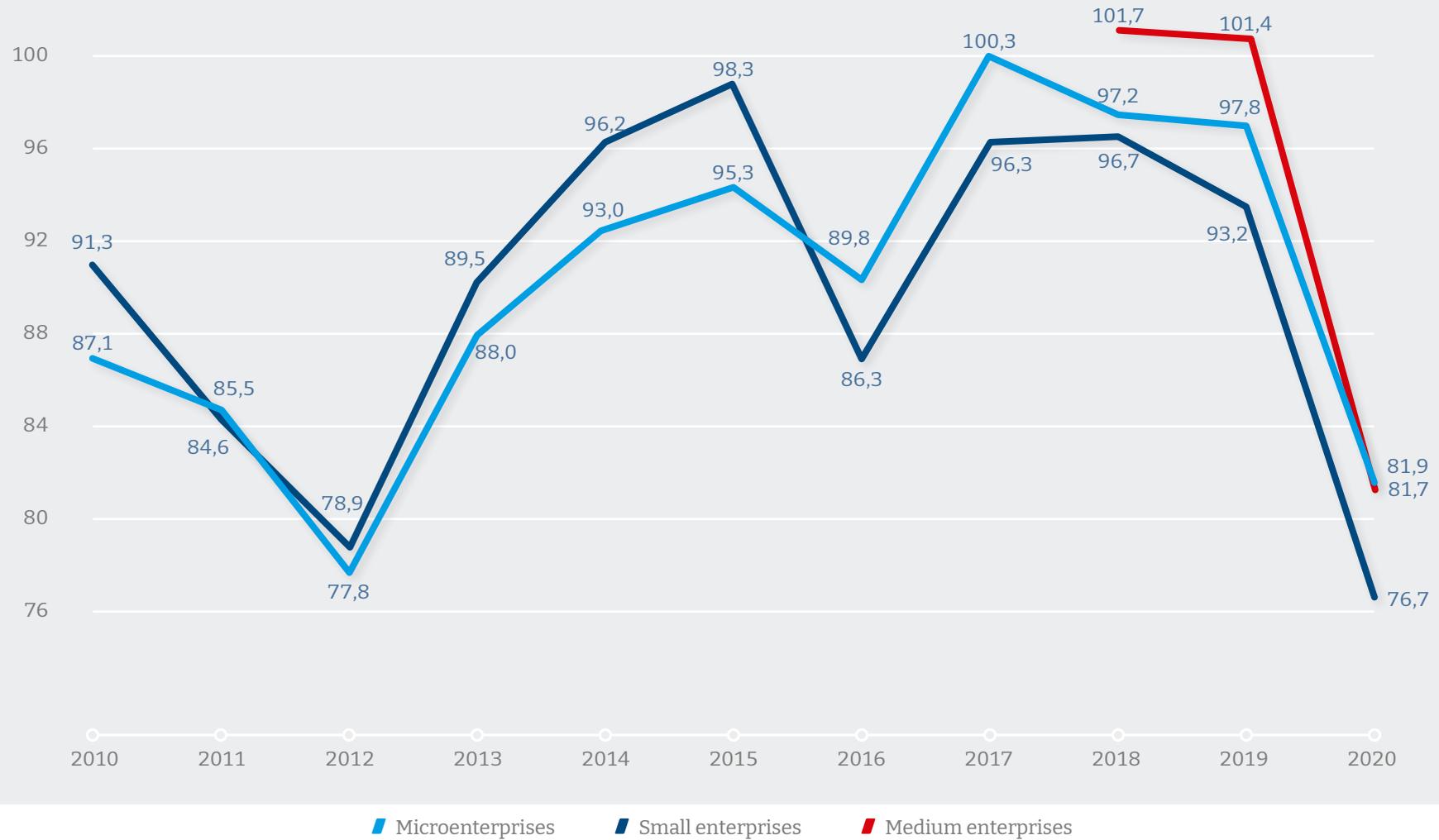
The economic situation is the area given the worst rating by entrepreneurs

**23** Traditionally, since the beginning of the Bank's research, the economic situation is the lowest-rated area of the General Business Climate Index – this year's economic situation index was only **81.6 points**. The assessment of the last 12 months was harsher – the index was only **78.1 points**. This is as much as 22 points less than in the previous year (in the case of medium-sized companies, the decline was even steeper – 28 points). With the exception of 2012, there have been no equally weak results so far (Figure 13). The economic slowdown associated with epidemic restrictions at home and abroad, unprecedented in the last 30 years, has clearly had an impact on this assessment. Comparing the economic situation in 2012 and 2020, one can even say

that entrepreneurs made a relatively moderate assessment.

**24** The indices for the last 12 months rarely exceed 80 points, while the future indices are below 90 points, which indicates that the entrepreneurs are expecting to face a longer period of economic downturn. A negative assessment of the economic situation is observed when broken down by region (Map 4 and Figure 14), industry and company size (Figure 15). Even if the construction industry or medium-sized entrepreneurs stand out from other companies (the indices for the next 12 months are 86 and 89 points, respectively), it is difficult to speak of optimism when a year ago, the corresponding indices exceeded 100 points.

Figure 13 Assessment of the economic situation in the years 2010–2020



Map 4 Assessment of the economic situation by region

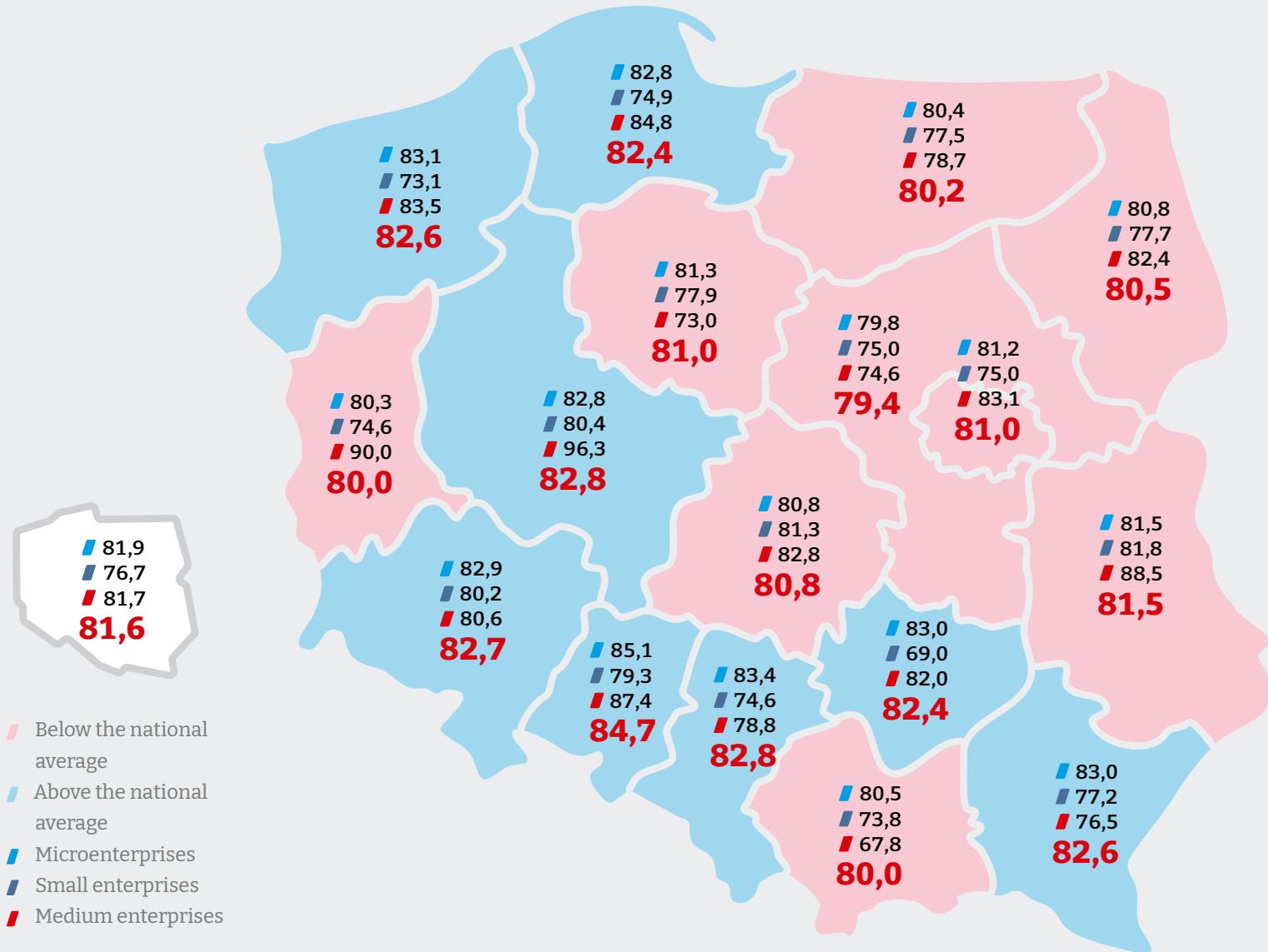
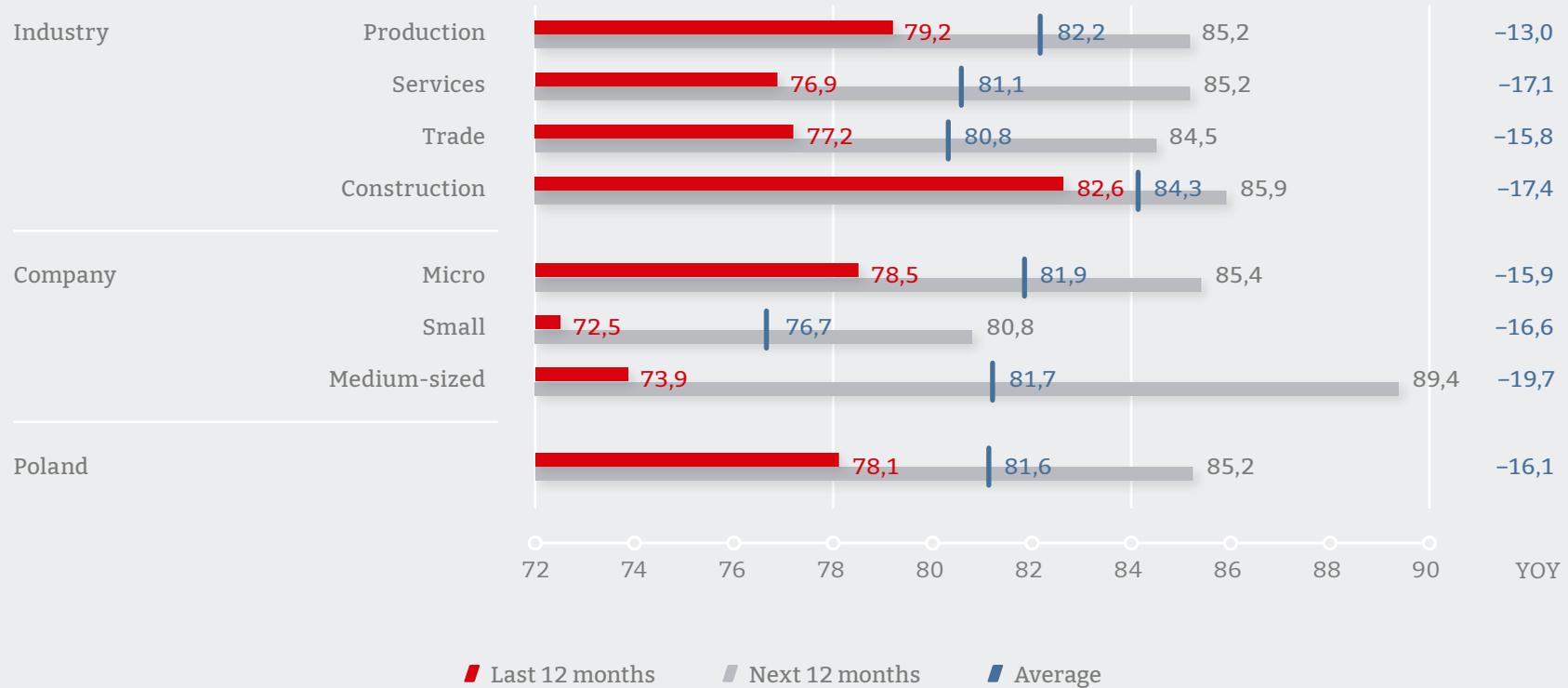


Figure 14 Assessment of the economic situation in the last and next 12 months by region



Figure 15 Assessment of the economic situation by company size and industry



# Assessment of the industry situation

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In all major sectors of the economy the results of the survey were significantly weaker than a year ago.

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Traders rate their industry the lowest, but the biggest drops are in the construction sector

**25** The industry situation was assessed by entrepreneurs as slightly better than the economic situation, but the results are significantly worse than in the last few years – the industry situation rating index was **86.3 points**. Entrepreneurs do not expect any improvement over the next 12 months, as the future index is well below the neutral level of 100 points (89.9 points).

**26** Traders were the group who gave their industry situation the lowest rating. This is fully justified given that the restrictions on conducting economic activity implemented in connection with the epidemic situation have strongly affected this particular industry (e.g. restrictions on the number of people who can be in stores, temporary closure of most outlets, customers avoiding retail outlets for fear of infection). However, it is worth noting that in previous editions of the Report, companies involved in trade gave their industry situation the lowest rating each time. Despite the undoubtedly difficult commercial situation, the drop in ratings in relation to 2019 was the lowest of all the industries analysed in the study (by 13 points; Figure 16–19).

**27** The biggest drop in ratings year on year was recorded in the construction industry. This is surprising, considering that the restrictions on economic activity in this industry as compared to trade were relatively small, and at the same time the demand for the services of companies from this industry remained stable, both from the public sector (projects financed by EU funds) and the private sector (housing, commercial projects). Such an assessment may be related to a certain time lag in the effects of the pandemic – at the beginning of the crisis, construction companies were carrying out projects started earlier.

Perhaps such an assessment should be attributed to a high reference level. In previous years, companies from the construction industry have been the leader when it comes to assessing the industry situation. For example, in last year's survey, the industry's rating for the next 12 months was over 104 points. Optimistic forecasts for the growth of the industry a few months ago confronted with the market reality, which has been changing rapidly since March 2020, and which forced the correction of these positive forecasts, meant that in the case of the construction industry, this correction was the most radical and at the same time disproportionate in relation to the actual current situation and

prospects for this industry, also in the context of the situation in other industries.

**28** The results of the survey correspond well with the sector business climate surveys conducted by Statistics Poland – in all major sectors of the economy they were also significantly weaker than a year ago. In October, the worst sentiments were expressed in construction and services (Figure 20).

**29** However, in the October survey by Statistics Poland, almost half of processing industries were already at least marginally optimistic. Among the branches expressing the best sentiments were both those with high stability in the first period of the pandemic (pharmaceuticals, chemicals) and those which, after the severe slump in spring, recorded a strong rebound in the summer months (e.g. furniture, textiles, plastic and rubber products). The weakest results were seen in the industries particularly affected by the restrictions (mainly clothing and leather), as well as those dependent on the investment demand of companies (e.g. production of machinery and other transport equipment; Figure 21).

Despite the continuing optimism, Statistics Poland's assessment of the economic situation in October was still worse year on year. The strongest decline was recorded by small companies (-13 pts YOY), with less of a deterioration in sentiment in medium and large companies (-9 and -6 pts, respectively).

**30** At the beginning of the second wave of the crisis, companies from the construction industry were already characterized by some of the worst sentiments in the whole economy. In October, the best sentiment prevailed among the largest construction companies, that complete

large long-term contracts, which at least partially stabilizes their situation in the current crisis (Figure 22). October sentiment was worse YOY in all groups of companies by size, and the deepest decline was recorded among micro companies.

**31** In October, the perception of the climate for trade was very varied. The good ratings in the wholesale and retail trade of household goods were accompanied by considerable pessimism and anxiety among clothing and footwear companies, vehicle distributors, and even food companies, which are associated with stable demand (Figure 23).

The greater optimism of wholesalers vs. retail stores was mainly due to the lower impact of the restrictions on operations as well as the rapidly recovering demand from industry. The deterioration of the economic situation in the textiles, clothing and footwear retail industry, related to customers' fears of being in large crowds of people, is noteworthy.

**32** On the eve of the second wave of the crisis, there was a clear division in services between the sectors heavily affected by the pandemic and the accompanying restrictions (requiring direct contact and serving large groups of people) and those relatively resistant. The assessment of the economic situation was worse than a year ago among all service sections, with most of them showing strongly negative values (Figure 24). The deepest decline in sentiment was recorded among companies operating in the field of education, culture and entertainment and the HoReCa industry. Despite the already pessimistic sentiments, with the return of restrictions, service activities came under renewed pressure in autumn.

Figure 16 Assessment of the industry situation in the years 2010–2020

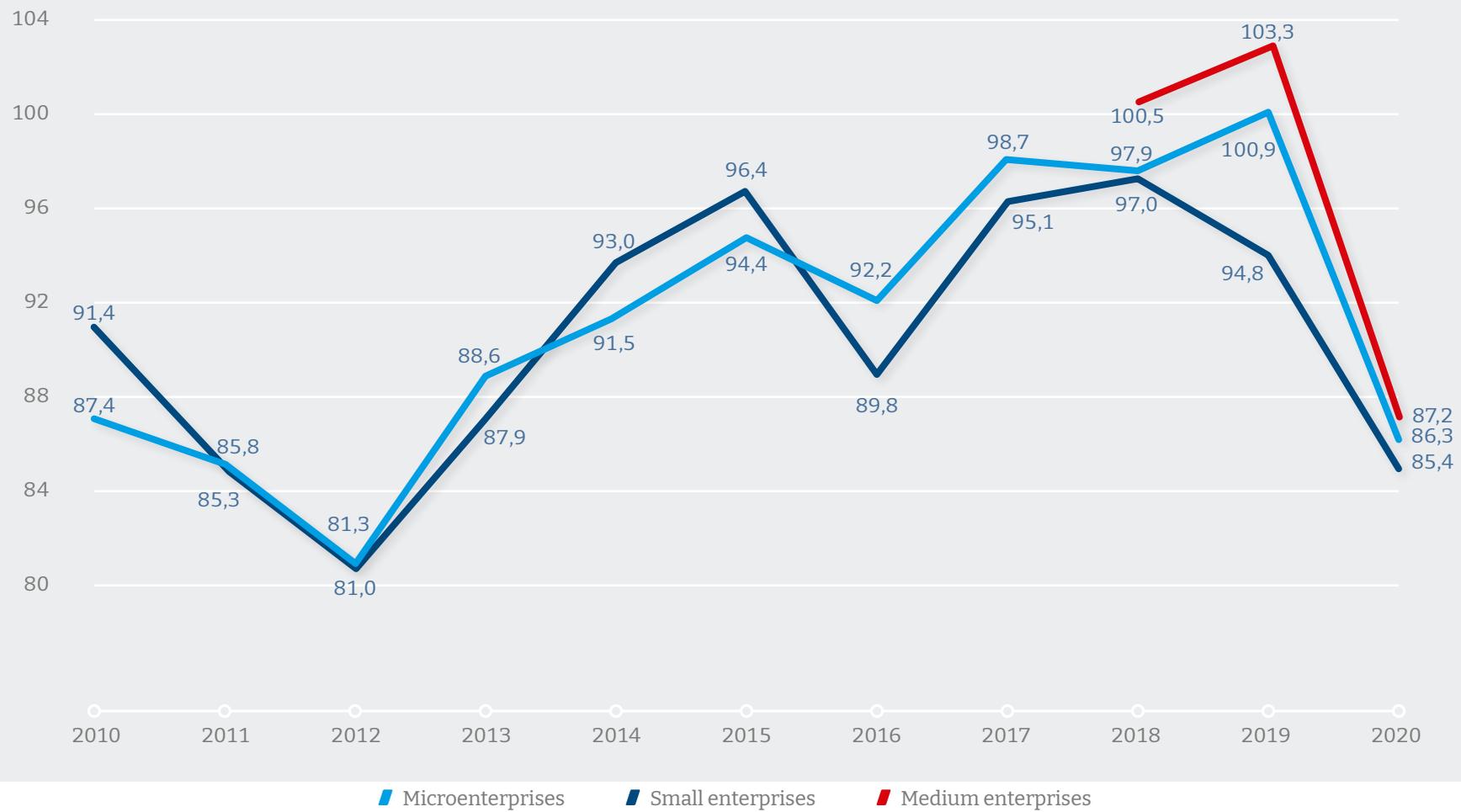
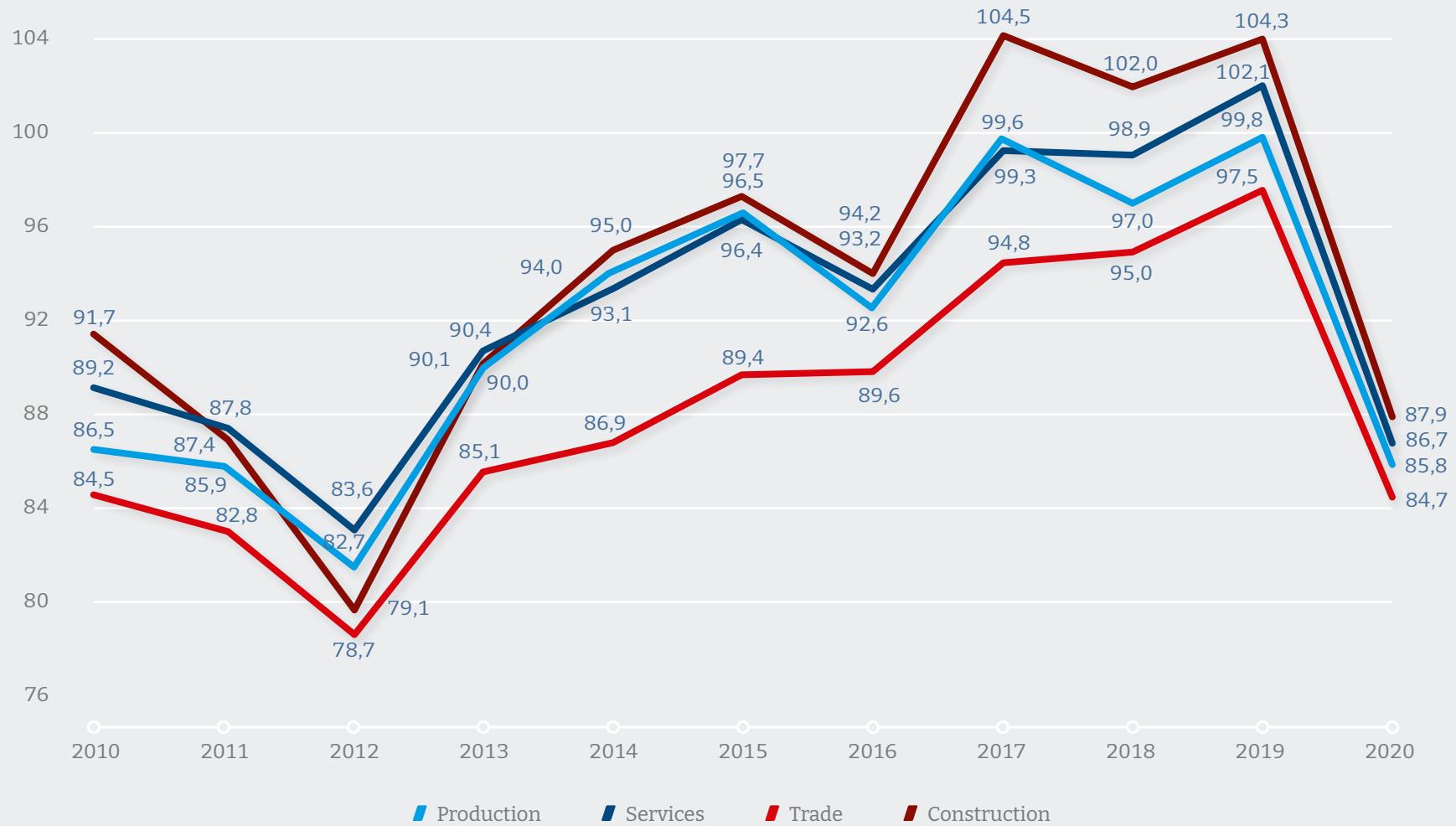


Figure 17 Assessment of the situation in the manufacturing, trade, services, and construction sectors in the years 2010–2020



Map 5 Assessment of the industry situation by region

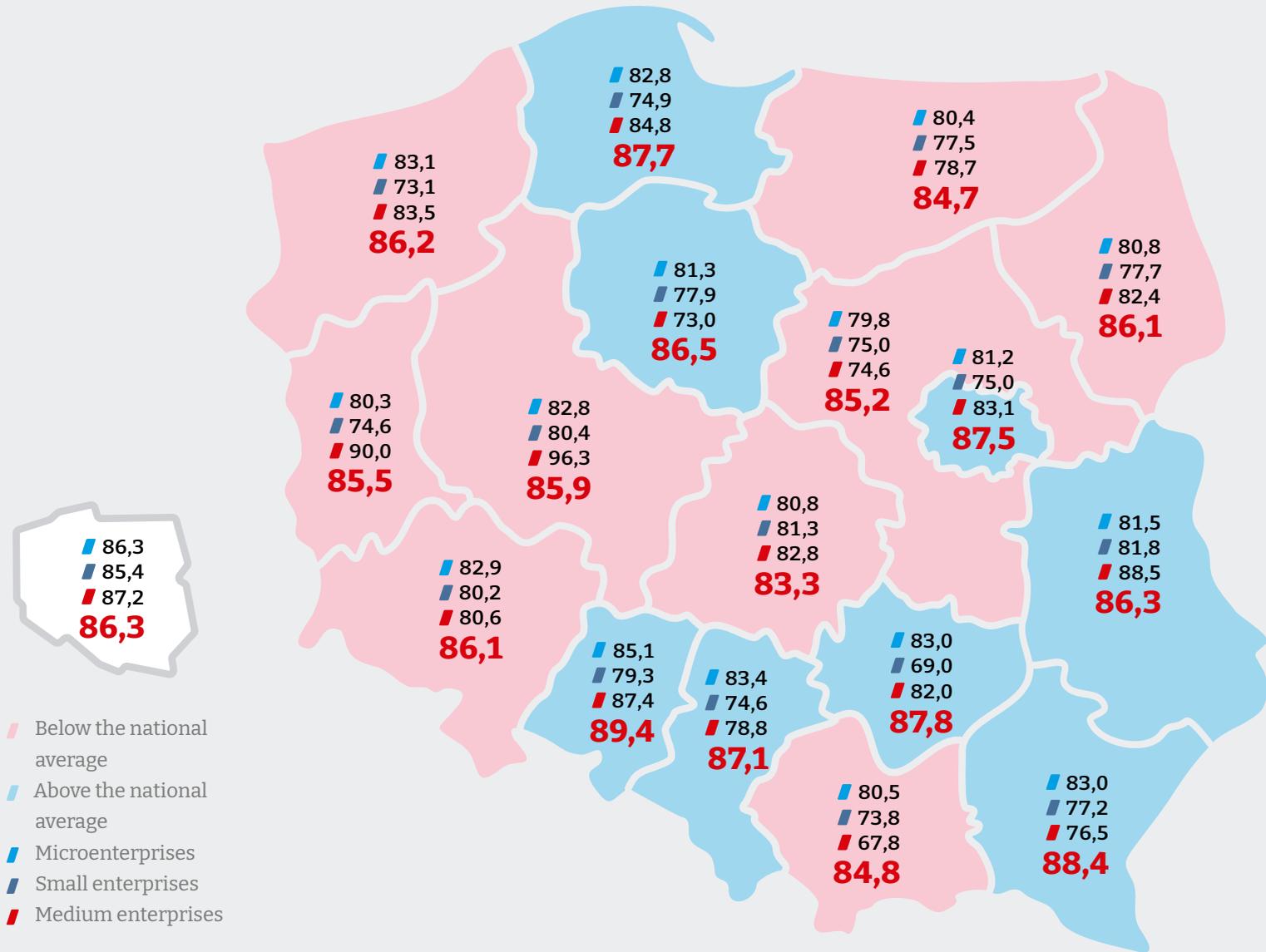


Figure 18 Assessment of the industry situation in the last and next 12 months by region

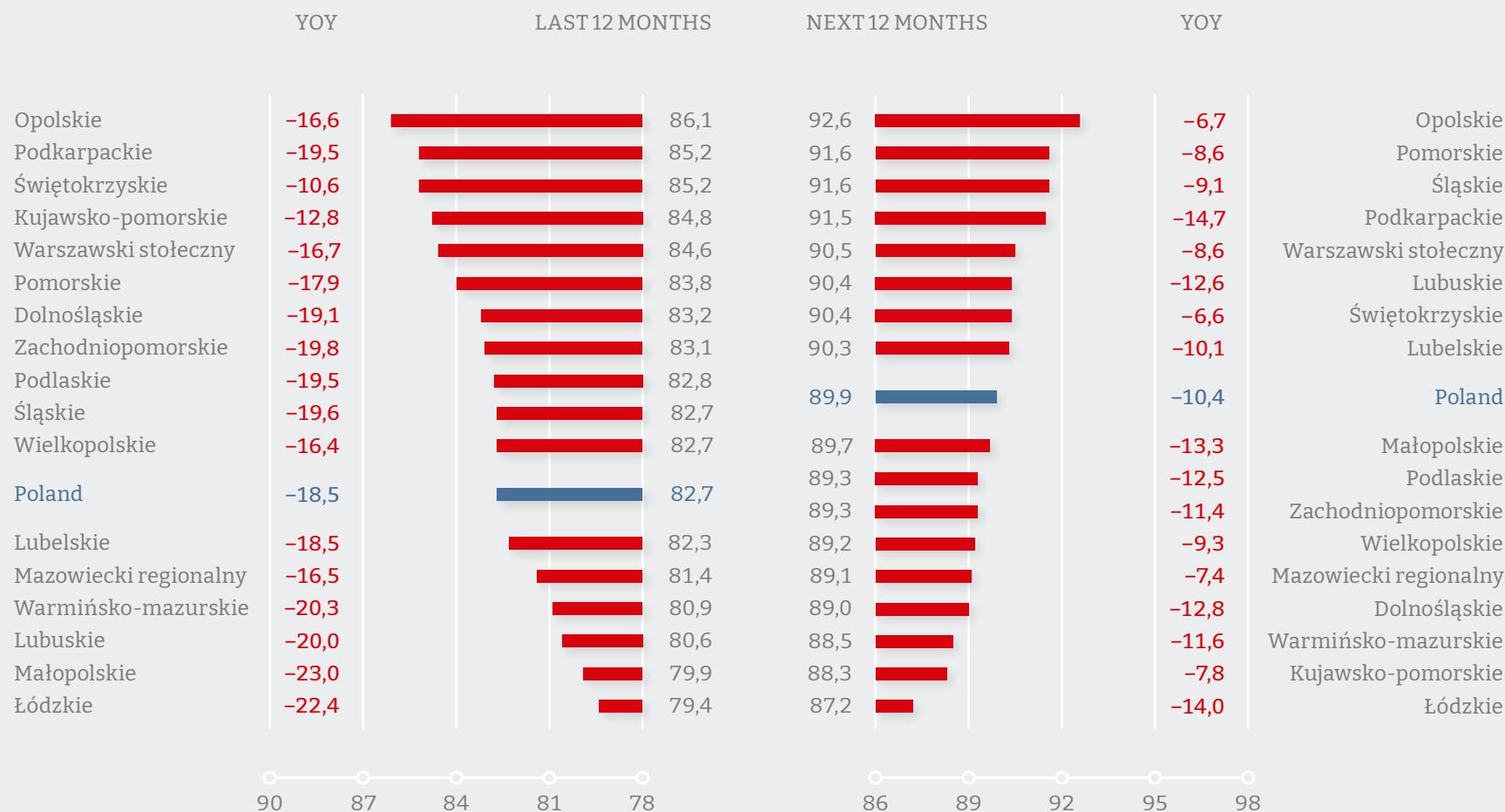


Figure 19 Assessment of the industry situation by company size and industry

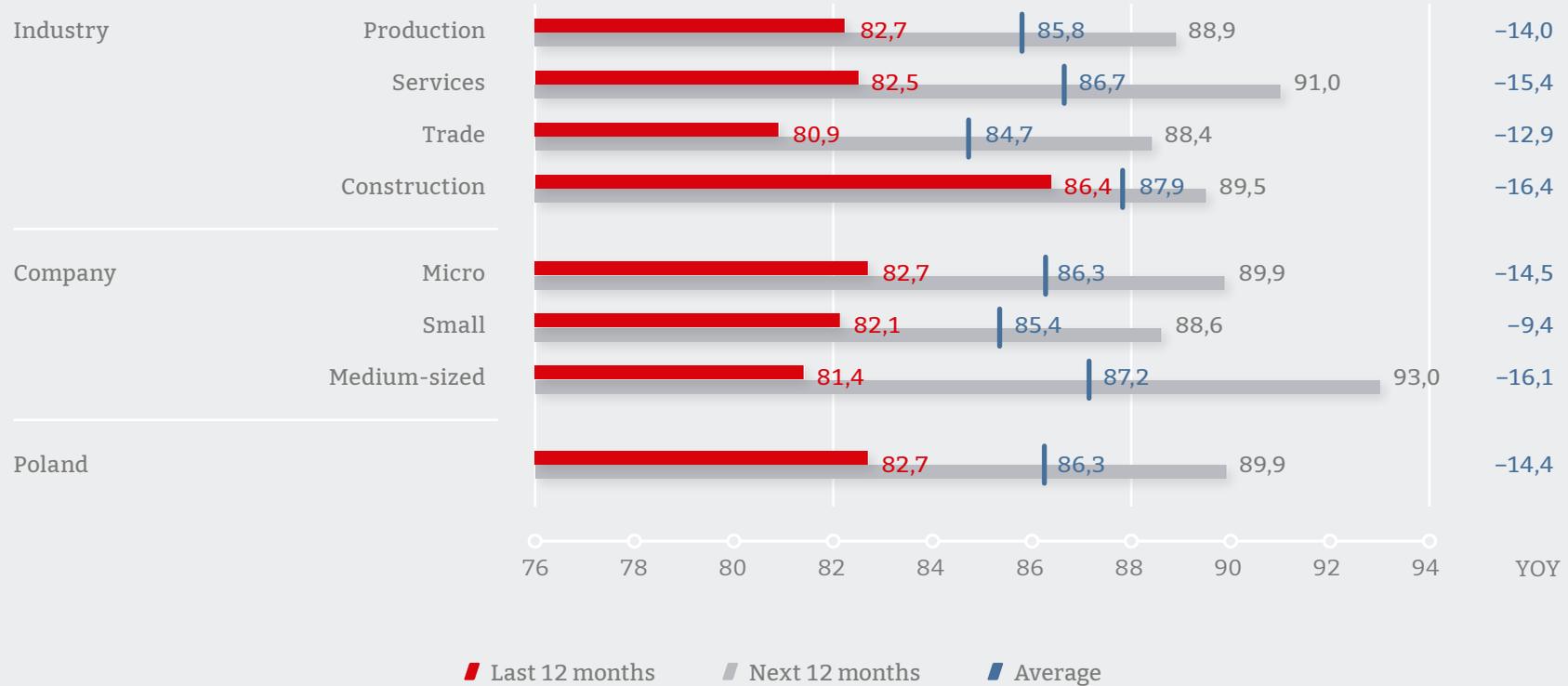
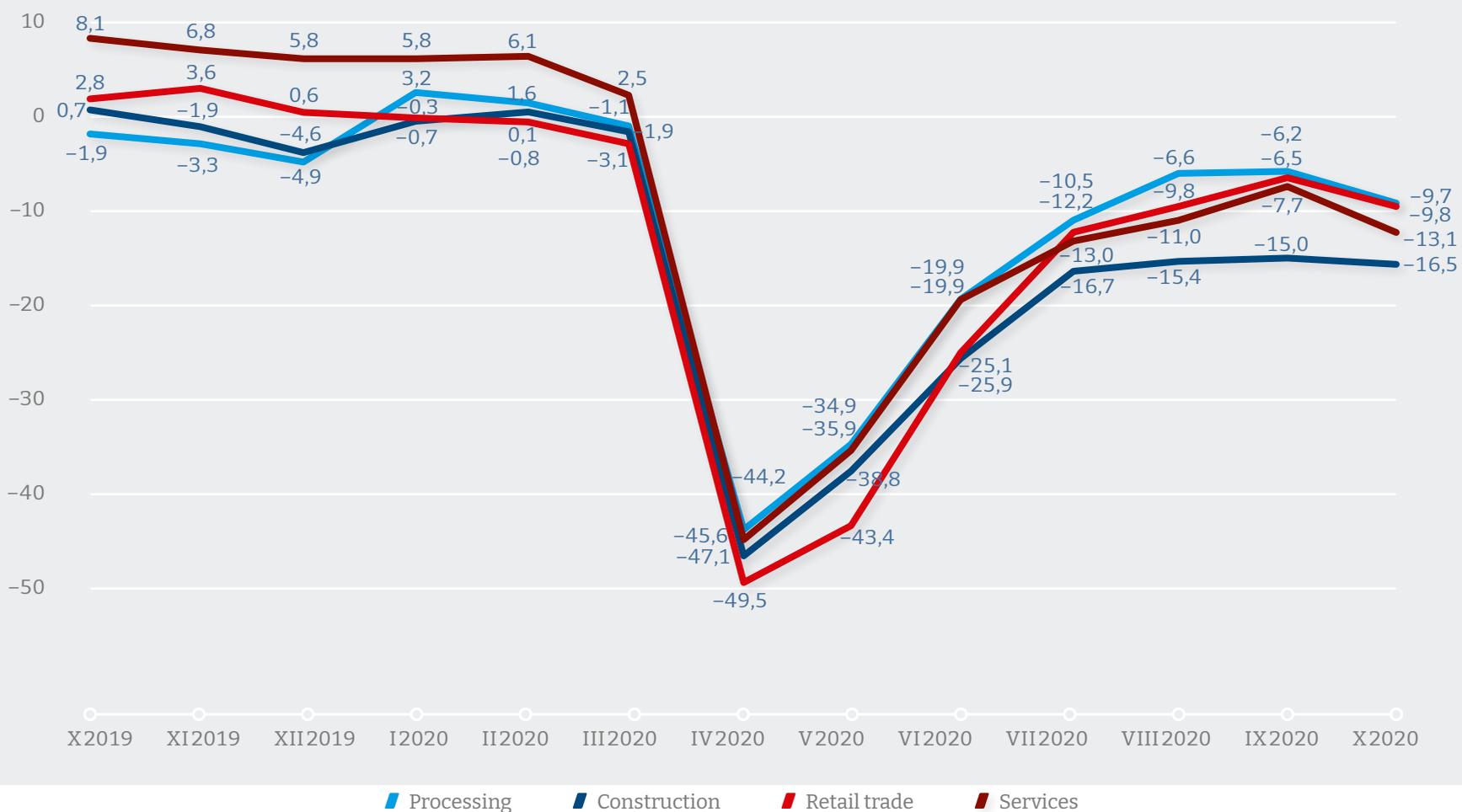
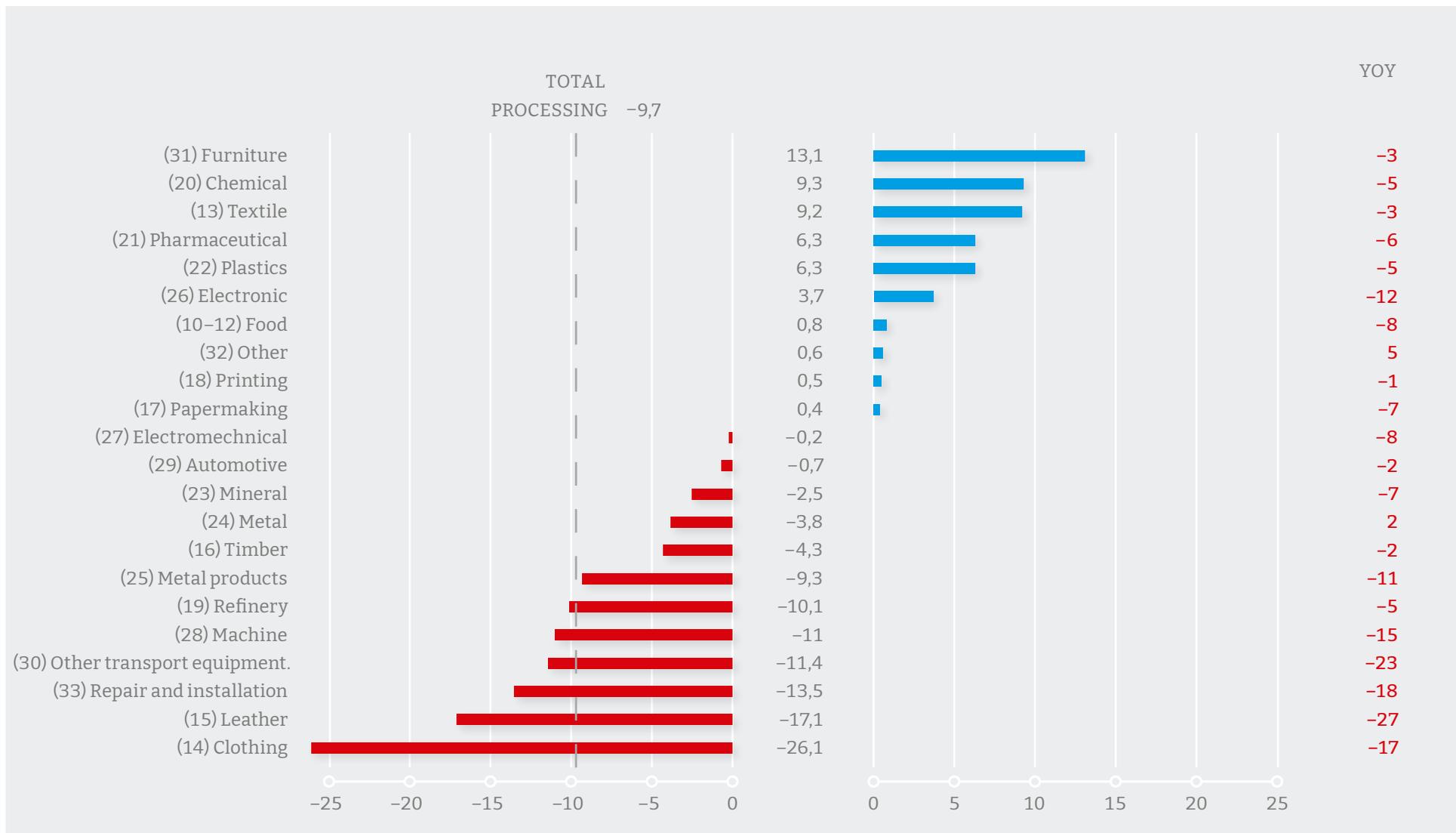


Figure 20 General Business Climate Index from Statistics Poland by main sectors of the economy (points)



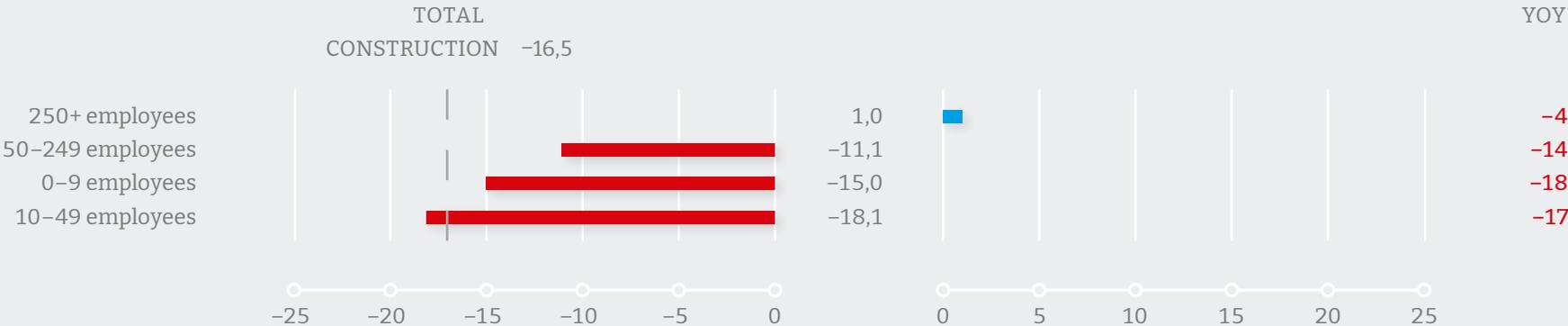
Source: Statistics Poland, Pekao analyses

Figure 21 General Business Climate Index from Statistics Poland in October 2020  
in industrial processing by industry (points)



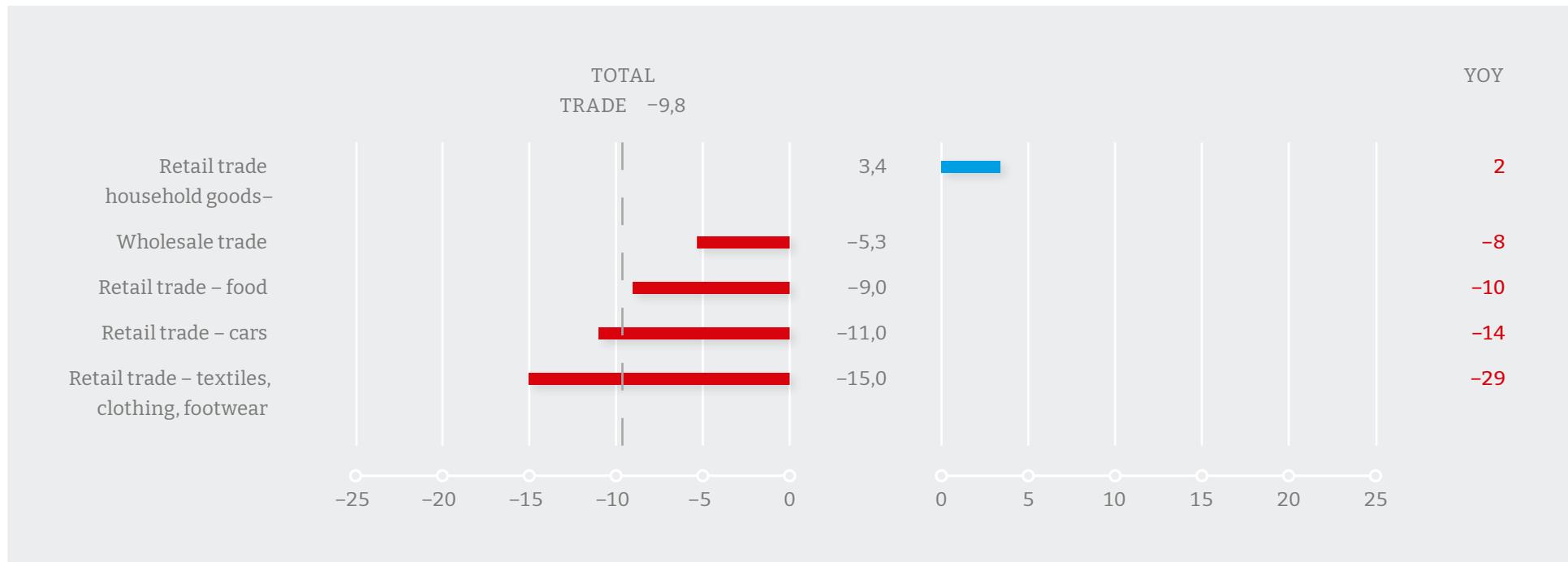
Source: Statistics Poland, Pekao analyses

Figure 22 General Business Climate Index from Statistics Poland in October 2020 in the construction industry by size of companies (points)



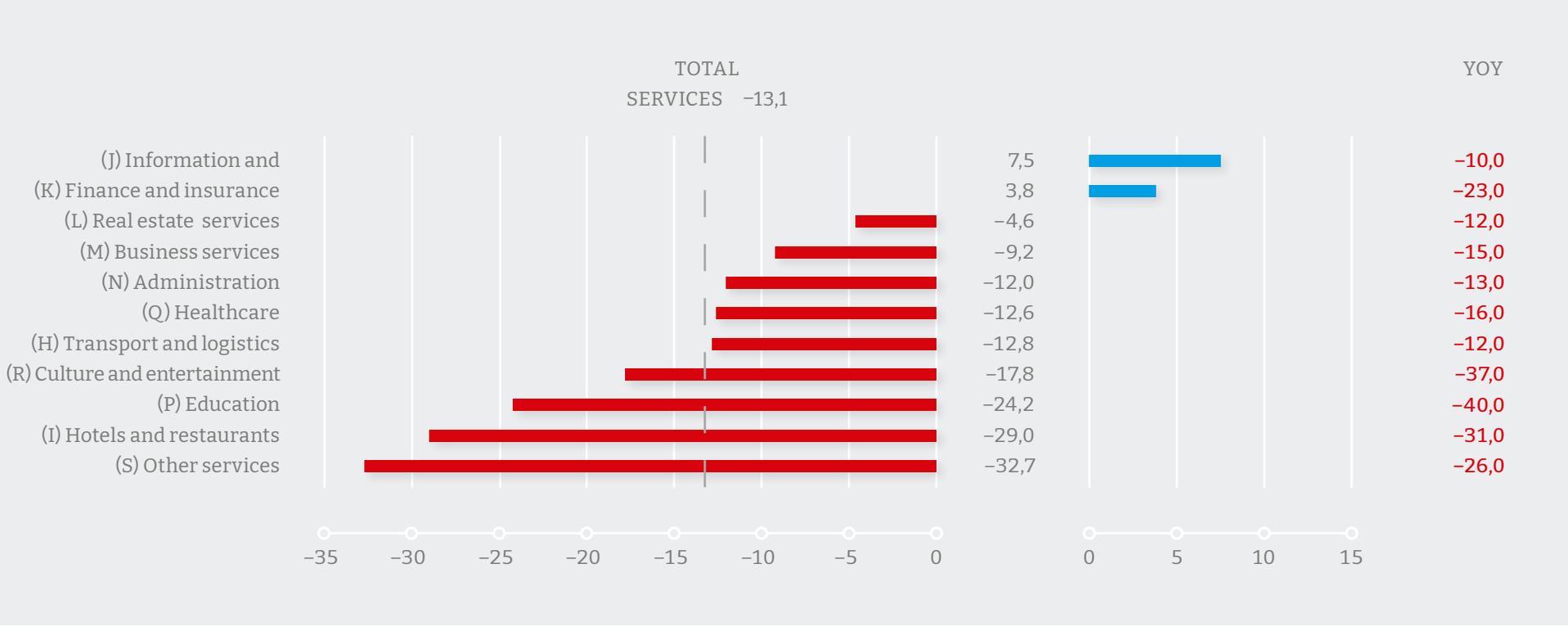
Source: Statistics Poland, Pekao analyses

Figure 23 General Business Climate Index from Statistics Poland in October 2020  
in trade by type of activity (point)



Source: Statistics Poland, Pekao analyses

Figure 24 General Business Climate Index from Statistics Poland in October 2020  
in selected service sections (points)



Source: Statistics Poland, Pekao analyses

# Assessment of the company's situation

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The assessment of the situation of one's own enterprise seems to be the most reliable indicator describing the situation of the SME sector in Poland.

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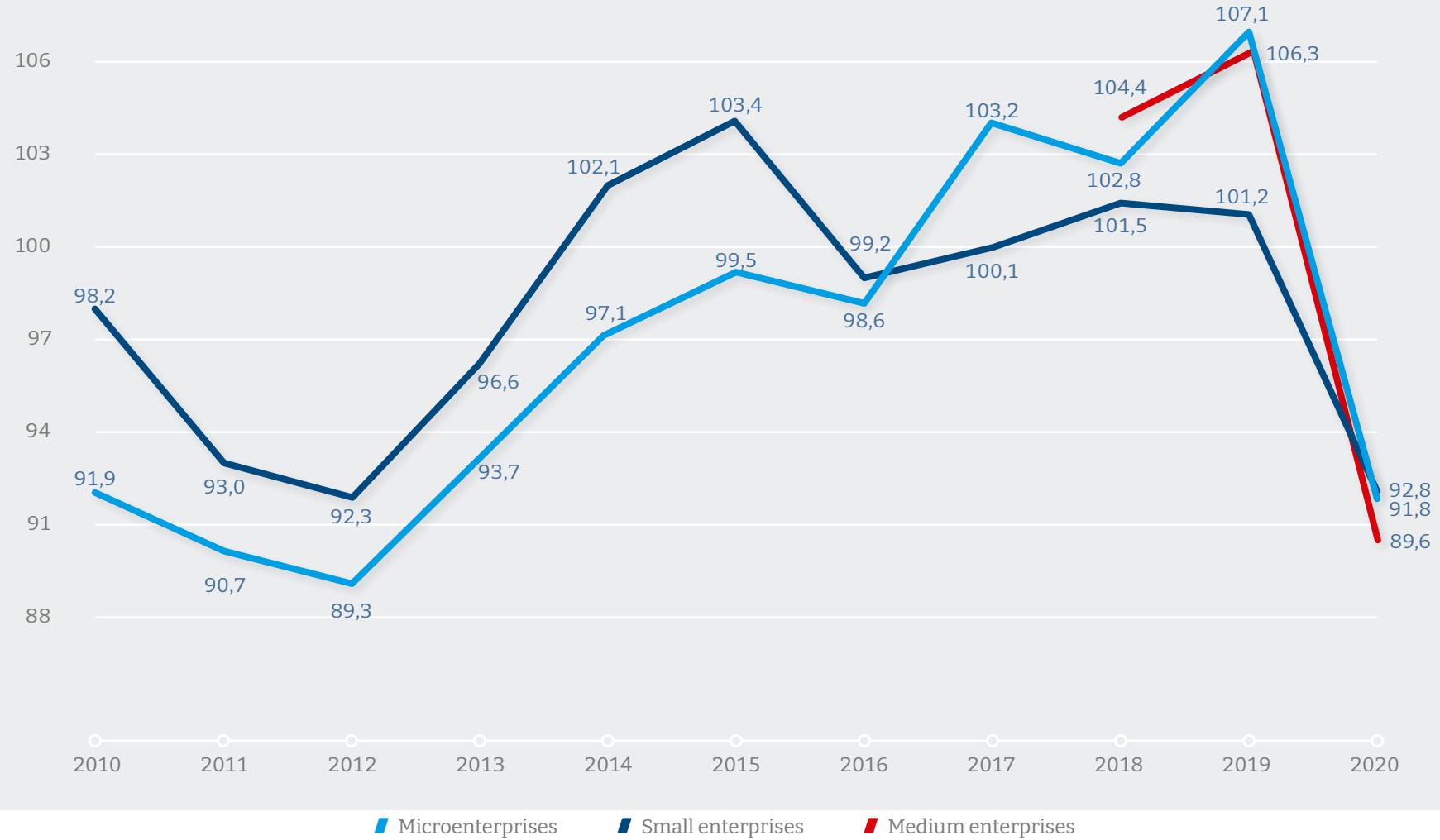
The impact of COVID-19 is best illustrated by the low rating of the company's situation

**33** As in previous years, business owners gave the situation of their enterprises a better rating than the situation of the economy and the industry, but the index at 91.8 points shows how much the coronavirus crisis has affected Polish enterprises (down by 15 points year-on-year). While the assessment by entrepreneurs of the economic situation or the situation of the industry is always subjective, the assessment of the situation of one's own enterprise seems to be the most reliable indicator describing the situation of the SME sector in Poland. An entrepreneur answering the question about the situation of their company takes into account all the factors that influence the current and future situation of their business (Figure 25).

**34** In the SME group the crisis was felt most strongly by medium-sized companies. The company situation index for the last 12 months (83.3 points) dropped by 22 points

year on year. Micro (87.3 points) and small (88.8 points) companies rated the situation of their businesses much more positively. At the same time, looking at the relatively uniform values of the future indices (96–97 points), one can put forward a thesis that, after the shock of the first wave of restrictions and difficulties in conducting business activity, which affected medium-sized companies the most, companies have adapted to this new reality and look at the future of their businesses much more optimistically than at the situation of the economy or industry in which they operate. Such an image also emerges from regional (Map 6 and Figure 26) and industry analysis (Figure 27). Since the indices for the next 12 months do not exceed 100 points (last year the corresponding indices ranged between 102 and 112 points), entrepreneurs are preparing for another difficult year, all the more so because by the end of the survey, the second wave of illnesses and related problems with running a business had already begun.

Figure 25 Assessment of the company's situation in the years 2010–2020



Map 6 Assessment of the company's situation by region

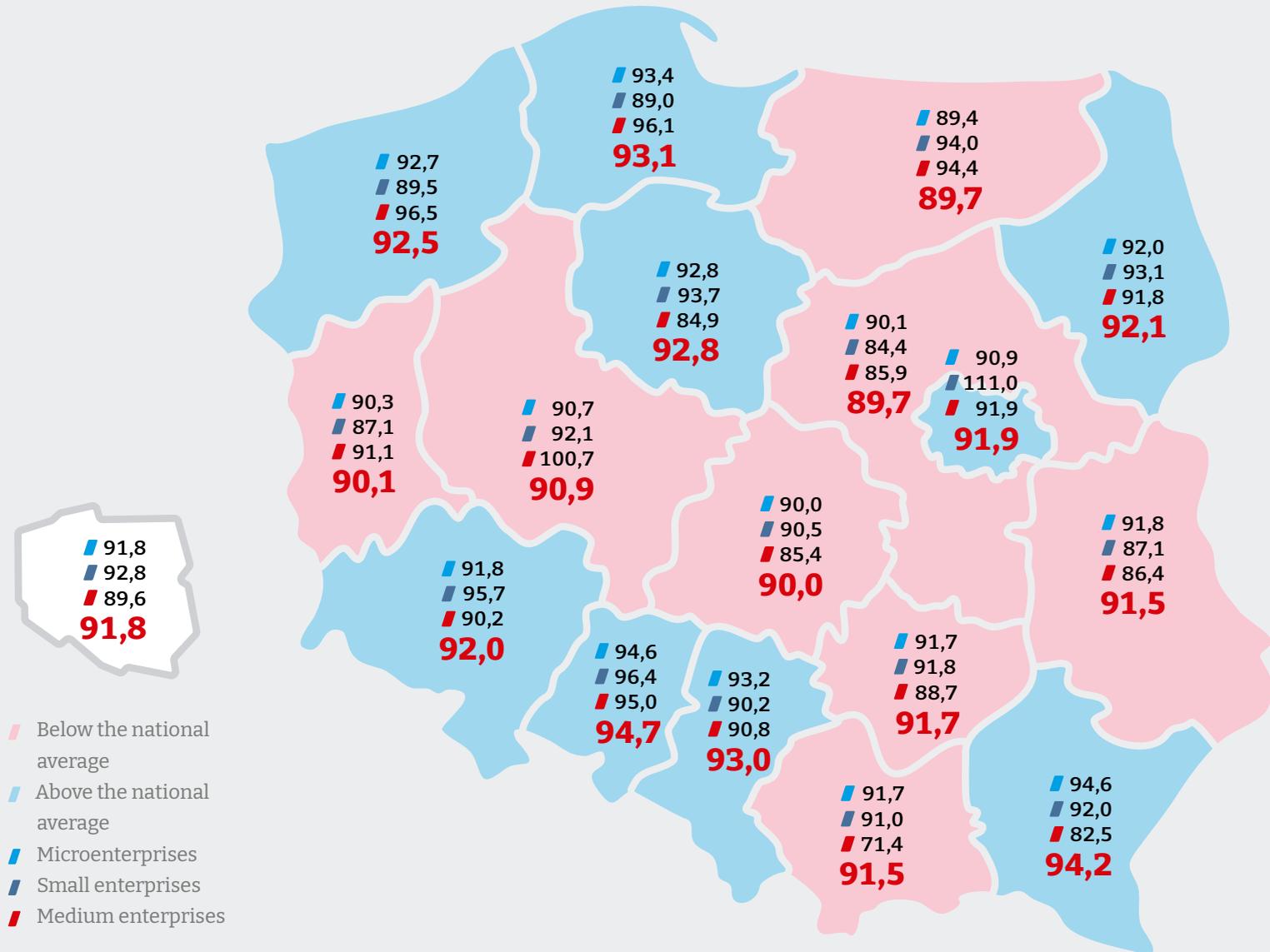


Figure 26 Assessment of the company's situation in the last and next 12 months by region

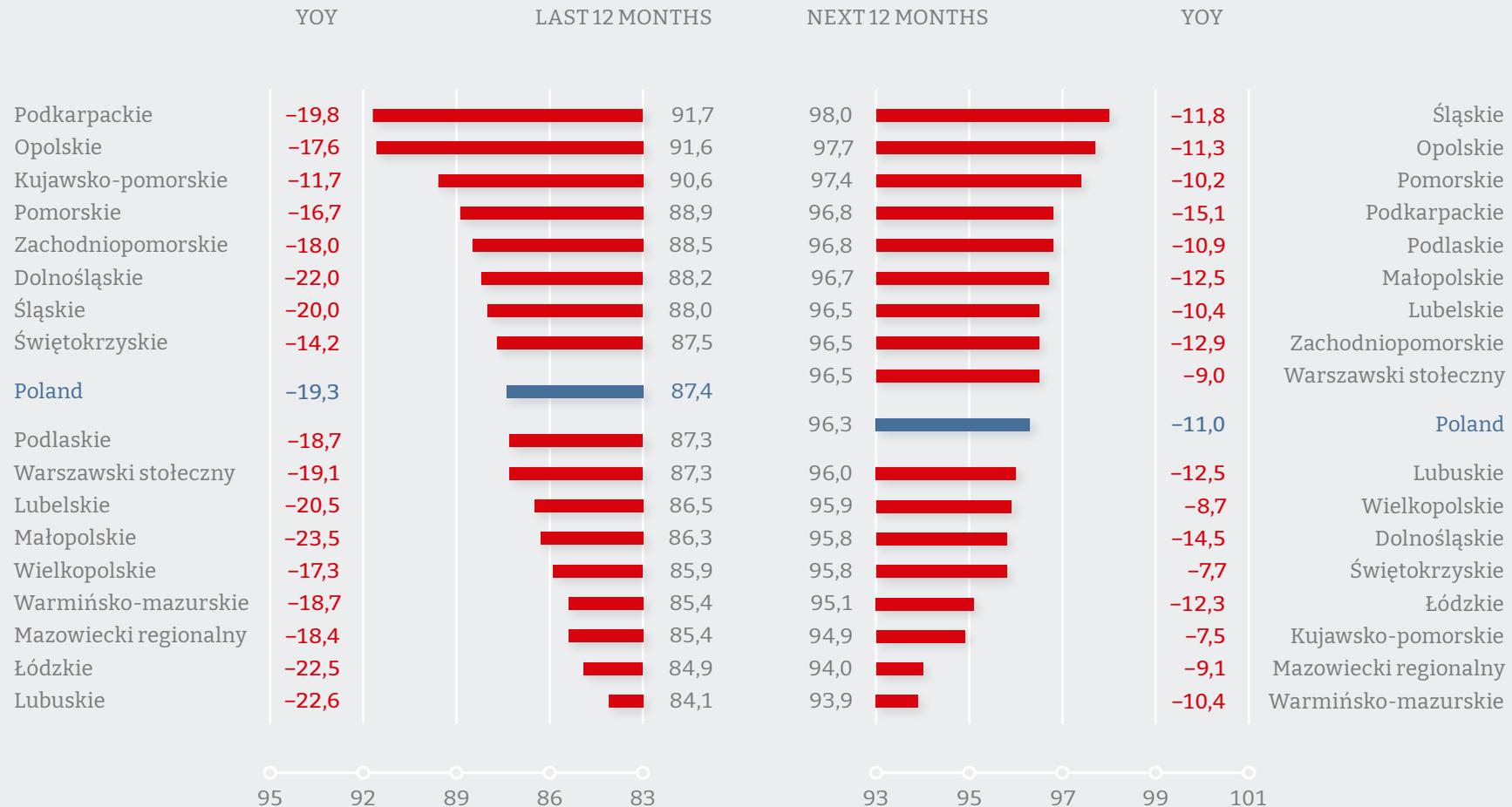
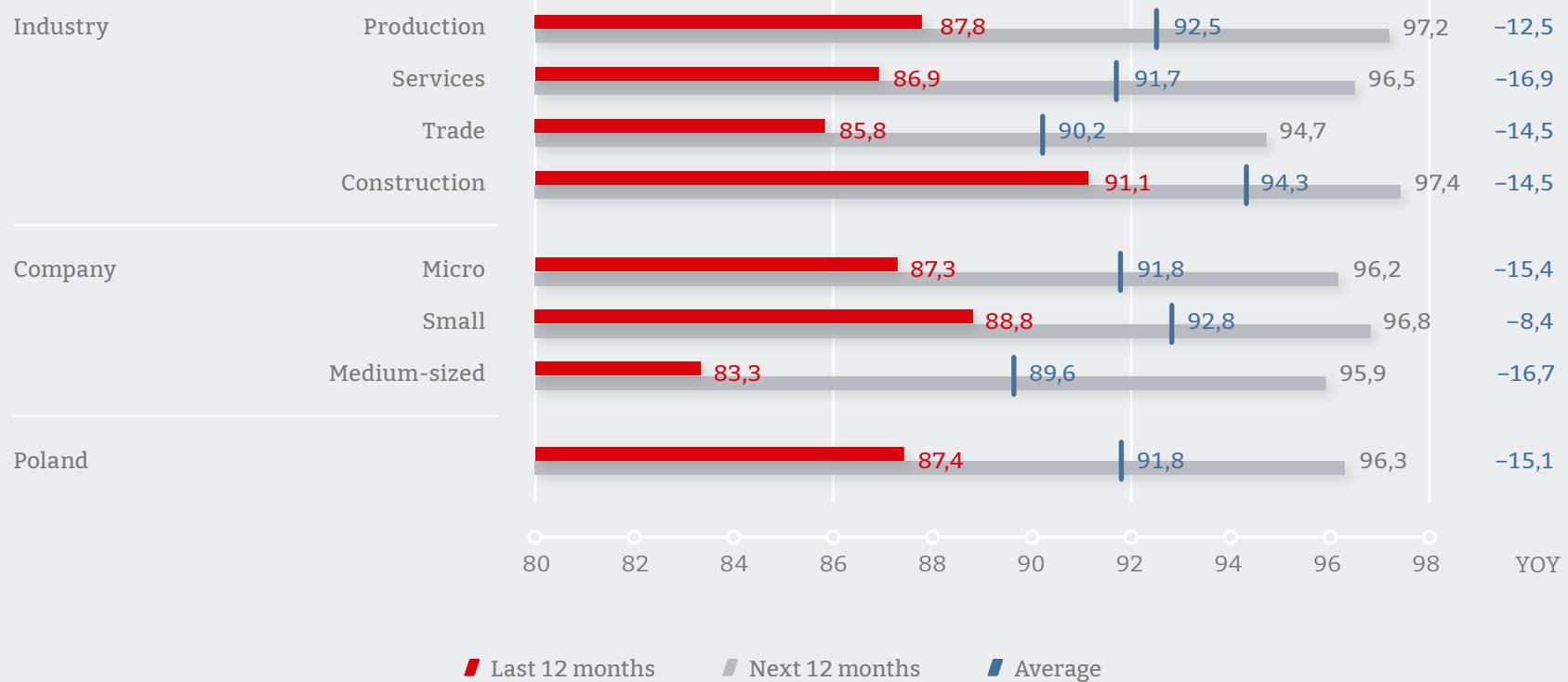


Figure 27 Assessment of the company's situation by company size and industry



# Assessment of the financial situation of the company

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Companies have launched programmes to cut all costs which can be cut without affecting the company's ability to continue operating.

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**35** The section of the survey devoted to the financial situation of the company consists of three parts. Entrepreneurs are asked to **assess the revenues, financial result** (profit or loss) and the **waiting time for payment for goods and services sold**.

Revenues of companies before the pandemic according to Statistics Poland

**36** In 2018, the revenues generated in the SME sector – PLN 2,728 billion – constituted 55% of the revenues of all active enterprises operating in Poland. The share of gross profit – PLN 316 billion – was even higher and amounted to 73% (Figure 28). The largest revenues were generated in the section of car trade and repair (Figure 29).

Large decrease in the revenues and financial result of companies

**37** Since the company owners surveyed negatively assessed the situation of their companies, especially in comparison to last year's survey, the assessment of income and financial result was bound to be and is equally weak. It is difficult to separate

the assessment of the company's situation from the key financial factors (Figures 30–35, Maps 7–8). At the same time, the survey participants pointed out that despite large market problems, **payment bottlenecks were not as serious a problem** as one might expect, given the huge demand- and supply-side disruptions in the market as a whole (Figures 38–40, Map 9).

**38** The revenues and financial result indices reached the level of 90.1 and 90.5 points, respectively. The average result does not allow us to capture the interesting regularity shown in this year's research. In the first editions of the Report, the assessment of the financial result was always better than the assessment of revenues. The companies had considerable opportunities to reduce costs, which translated into improved financial results. In the following years, company costs, such as those related to rising salaries, increased every year and cost flexibility deteriorated. In the years 2016 and 2017, the assessment of revenues and financial result was already identical, and in the last two years, the assessment of revenues exceeded the assessment of financial result quite significantly – entrepreneurs were not able to stop the decreasing profitability.

This year the trend has been reversed again. But this is an ostensible reversal, if you look at the assessment of the last and next 12 months. **The financial result for the last 12 months (86 points) is significantly higher than the revenues (84.8 points).** The latter index is understandable, given that a large proportion of companies have experienced significant revenue reductions in recent months. The difference between the two indices can be explained by the effects of the assistance programmes launched, which improved the performance of companies through a direct cash injection (e.g. in the form of the Financial Shield from the Polish Development Fund). In addition, companies have launched programmes to cut all costs which can be cut without affecting the company's ability to continue operating, to compensate for the shrinking revenues.

In the following months, these measures may no longer function and entrepreneurs have shown this in their answers to the questions on the assessment of revenues and financial result. **The index for revenues in the next 12 months is again higher (95.3 points) than the financial result index (95.1 points).** Companies assume that over the next year or so, they will have to bear costs, which will negatively influence their profits.

**39 The scale of the drop in revenue as a result of the unprecedented freezing of social and economic activity is illustrated by macro data – domestic companies recorded a 5% year-on-year drop in revenue in the first half of 2020.** The decline in turnover across the entire economy is a rare phenomenon – the last time such a situation was recorded was in the first half of 2013. It should also be noted that the impact of the crisis on revenues in the first half of 2020 was mitigated by high inflation (4% YOY on average) and government assistance programmes.

The crisis had a particularly profound impact on the turnover of the largest players, due to a strong focus on foreign demand and the smaller impact (vs. SMEs) of government assistance packages.

**40 In the whole economy, the deepest decline in revenues was experienced by industrial activity.** Restrictions on brick-and-mortar sales also translated into a decline in sales – entrepreneurs were unable to transfer sales to the online channel in a short period of time, although rapid growth in e-commerce was recorded. The decrease in turnover was also visible in the service business, with the situation of the industries unaffected by restrictions strongly contrasted with those which experienced the most restrictions. A small increase in revenues was recorded by the construction industry, which in the first half of 2020 has not yet felt the full effects of the slowdown (Figure 36).

**41 In the group of SMEs surveyed by the Bank, the biggest revenue drops over the last 12 months were recorded in trade.** The industry that suffered the least from the decrease in revenues was, as in the Statistics Poland research, the construction industry.

**42 In the first half of 2020, the enterprise sector also recorded a decrease in its net result to PLN 65.2 billion (-18% YOY).** The erosion of profits in the first half of the year mainly affected large entities. Small and medium-sized companies even recorded a slight increase (+2% y/y). The fact that the results of large companies were more vulnerable to the first wave resulted from the negative impact of the result on financial activity (accounting effects of the crisis), greater exposure to exports, the concentration of activity in industries most affected by the crisis (e.g. heavy industry, mining, transport, fuel production) and the nature of some government support solutions, focused mainly on SMEs.

**43** The most significant impact of the pandemic on the net financial result was experienced in the first half of 2020 by the service sector (-24% YOY) – especially activities related to culture, entertainment, tourism, accommodation and catering. The crisis also affected the performance of the industrial sector (down by 23% YOY) – although the scale of this differed from industry to industry. Thanks to the continuation of projects started before the pandemic, combined with the limited impact of restrictions on the sector, construction profits increased by as much as 15% YOY in the first half of 2020 (with a slight decrease among SMEs). A slight erosion of profits (-2% YOY) was also recorded in the trade sector (Figure 37).

**44** As in the case of revenues, over the last 12 months, the biggest drops in the financial result among the surveyed SMEs were recorded in the trade sector, and the smallest in the construction industry.

#### Payment bottlenecks are less of a problem than falling revenues

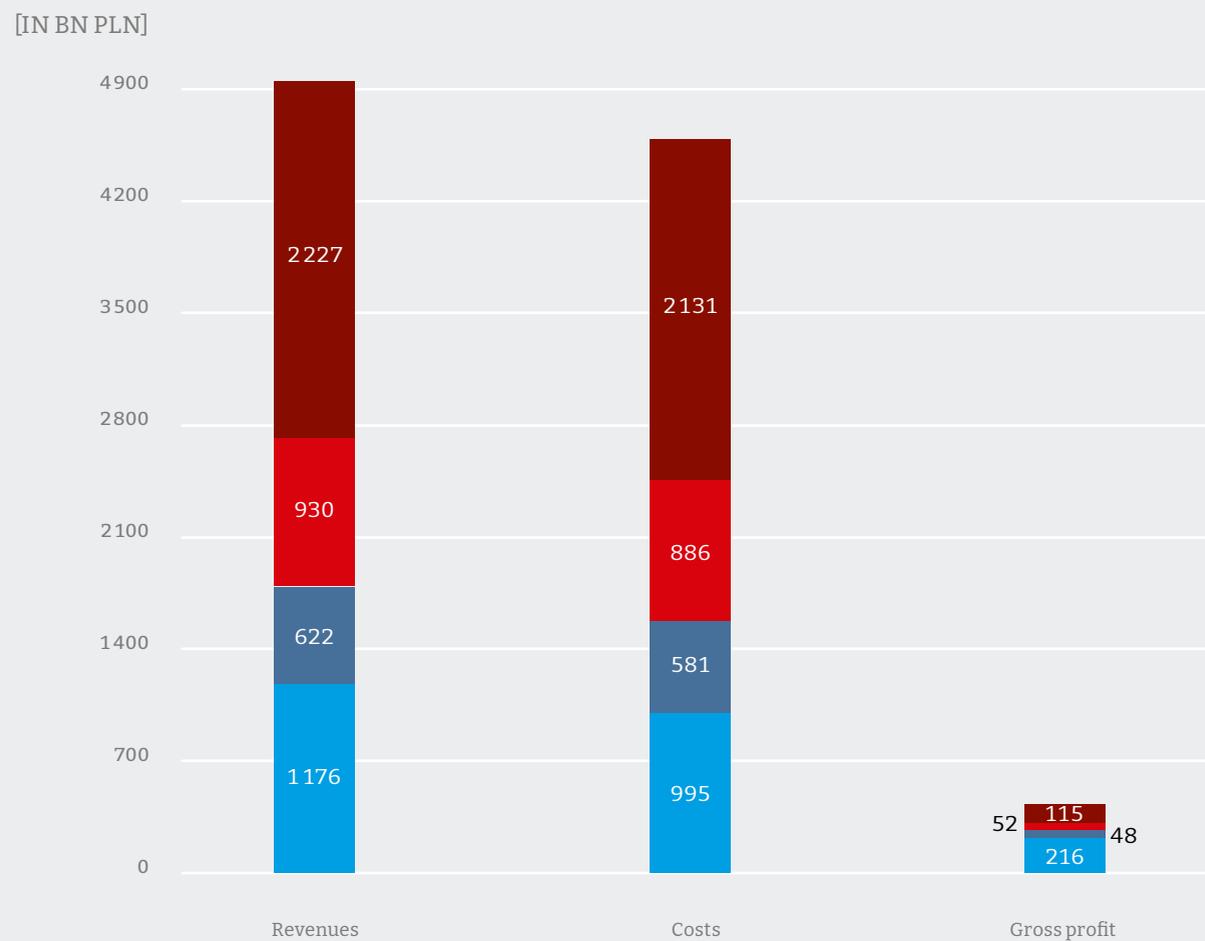
**45** The assistance programmes launched had an even greater impact on the waiting time for payment for goods and services sold – the index for this area is 95.2 points and is much higher than the indices for revenue and financial result. With a clear decrease in the revenue of the companies, a similar decrease in this index was to be expected.

Assistance programmes such as the Polish Development Fund Financial Shield, as well as numerous financial measures launched since March 2020 and aimed at maintaining the financial liquidity of companies (e.g. repayment holidays, guarantees for working capital loans, interest rate subsidies) resulted in a decrease in this index by only 4 points compared to last year's survey. For comparison, the assessment of revenues and financial result decreased year-on-year by 16 and 15 points, respectively.

**46** Macro data confirm that the enterprise sector (especially SMEs) has improved its ability to meet current liabilities. Quick liquidity increased in the first half of 2020 to its highest level since late 2017 (to approximately 106%). While aggregate indices for the economy as a whole are quite favourable, the situation in individual sectors varies greatly (Figure 41 and 42). Quick liquidity deteriorated the most in the hotel and restaurant industry.

**47** Despite the crisis, the scale of company bankruptcies in the first 9 months was moderate. According to Statistics Poland, the number of enterprise bankruptcies in the first half of 2020 increased by 5% YOY, and in the third quarter, a decrease of almost 8% compared to the corresponding period in 2019 was recorded.

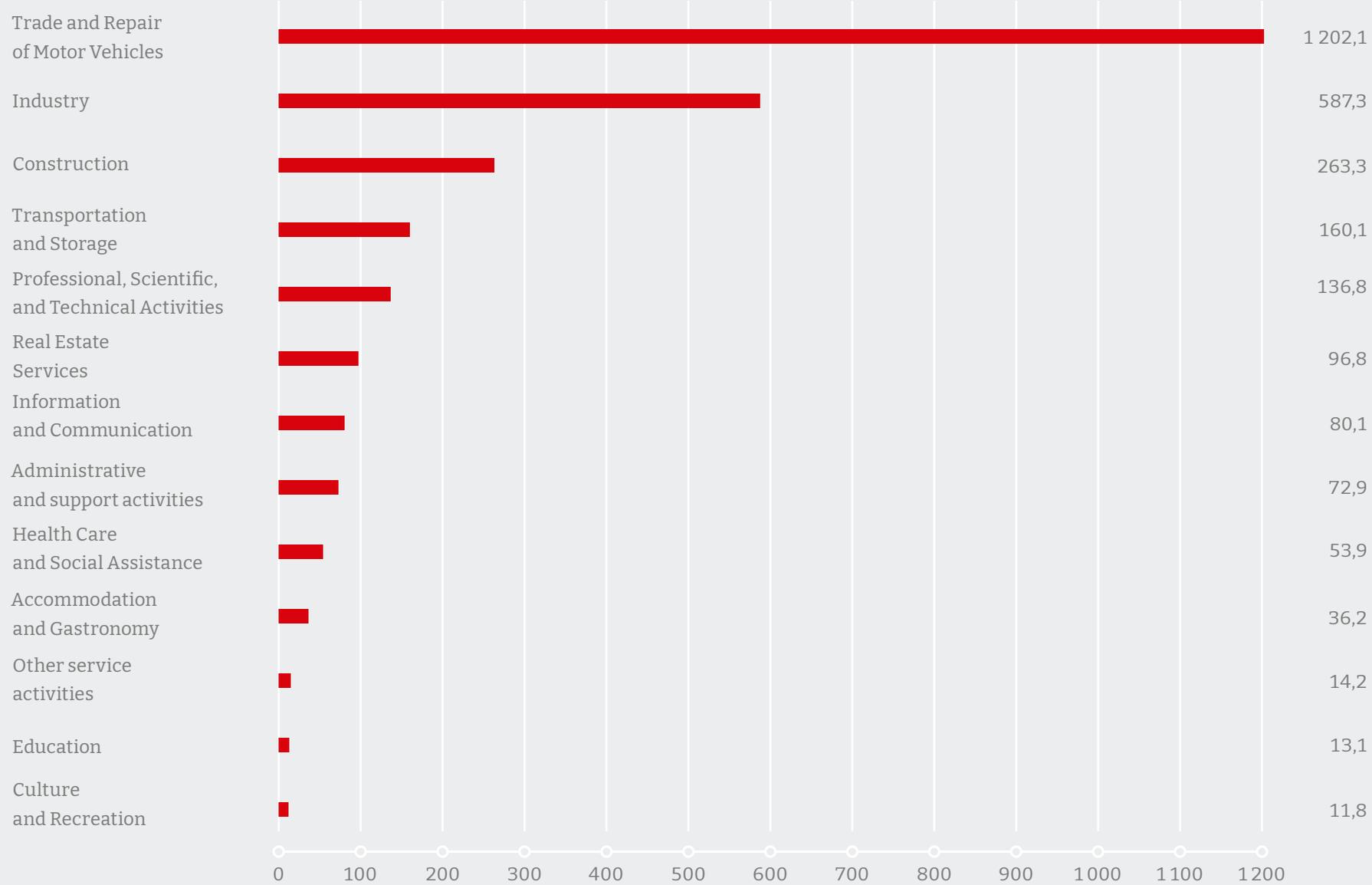
Figure 28 Revenues, costs and gross profit of active companies in 2018



Source: Statistics Poland

■ Microenterprises   
 ■ Small enterprises   
 ■ Medium enterprises   
 ■ Large enterprises

Figure 29 Revenues and number of active SMEs by basic activity type in 2018



Source: Statistics Poland

Figure 30 Assessment of company revenues in the years 2010–2020

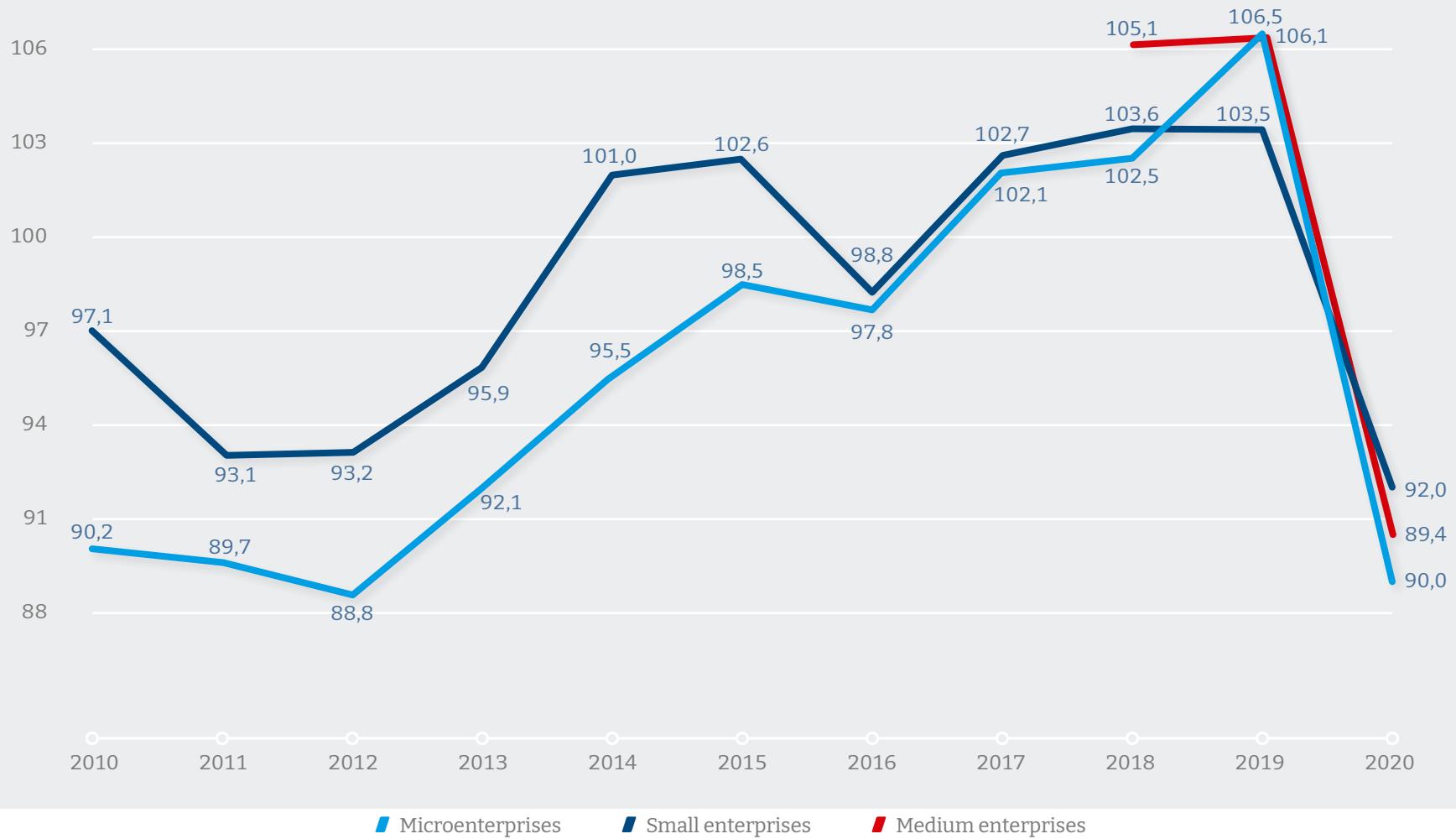
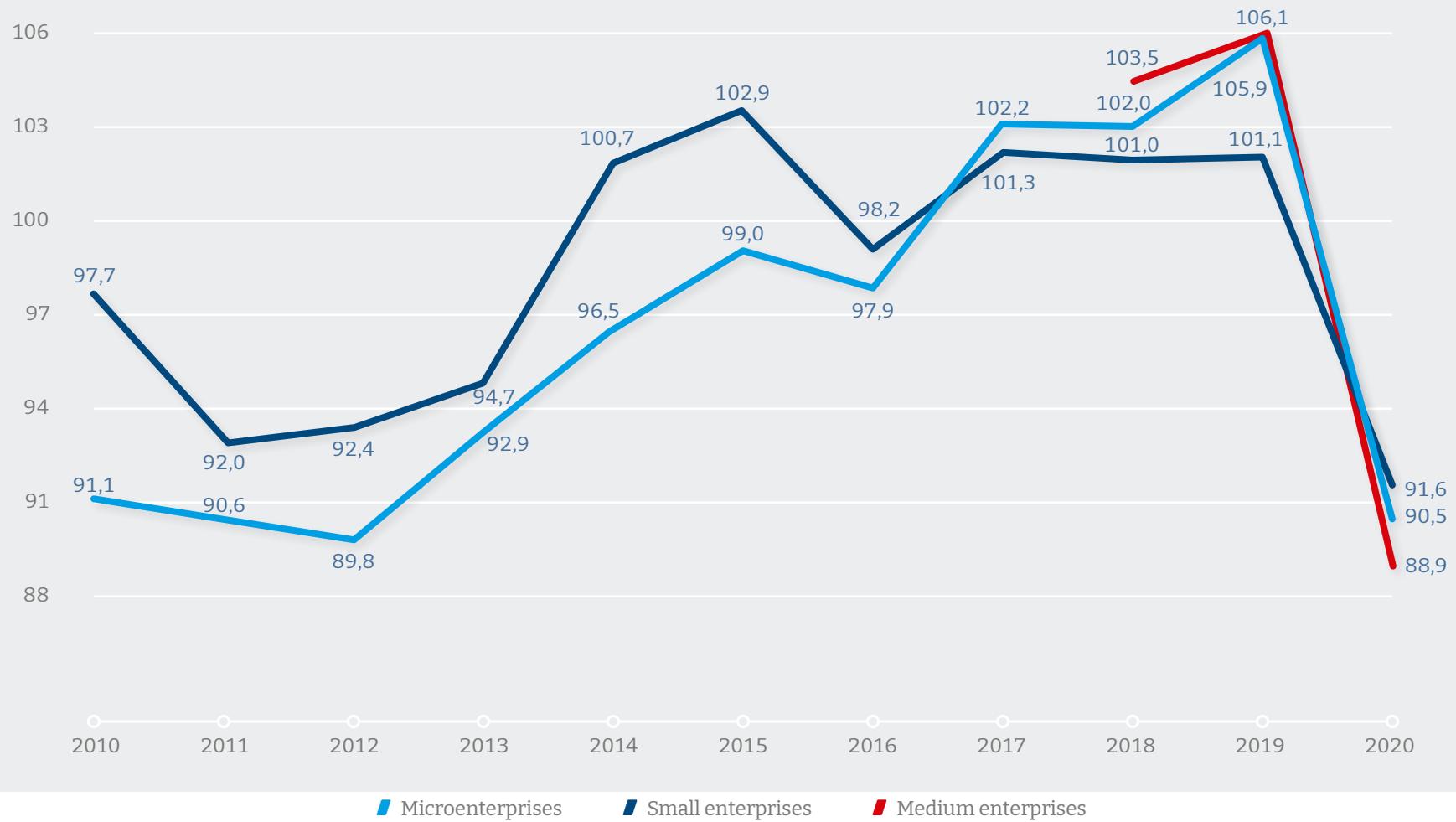
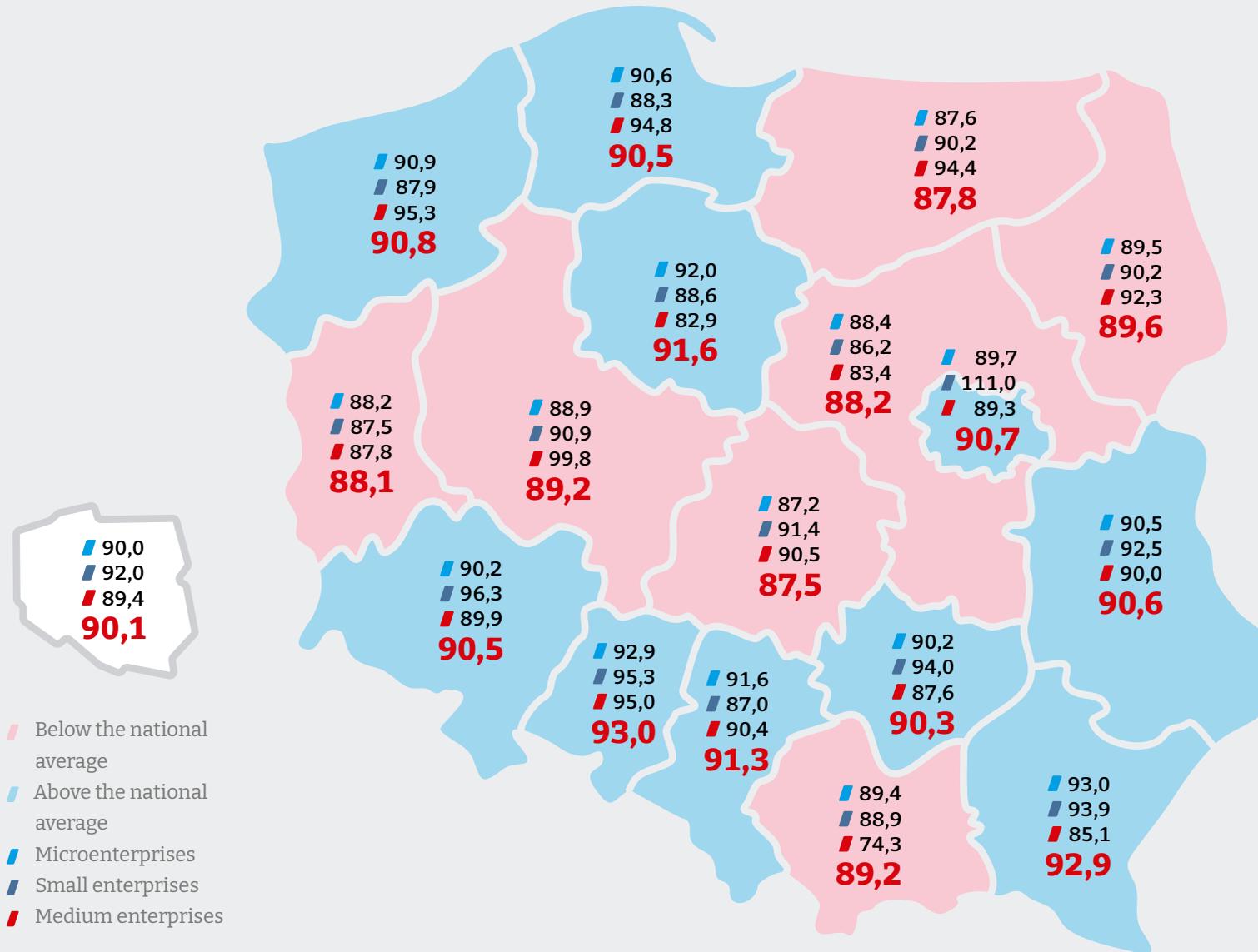


Figure 31 Assessment of the company's financial result in the years 2010–2020



Map 7 Assessment of company revenues by region



Map 8 Assessment of the company's financial result by region

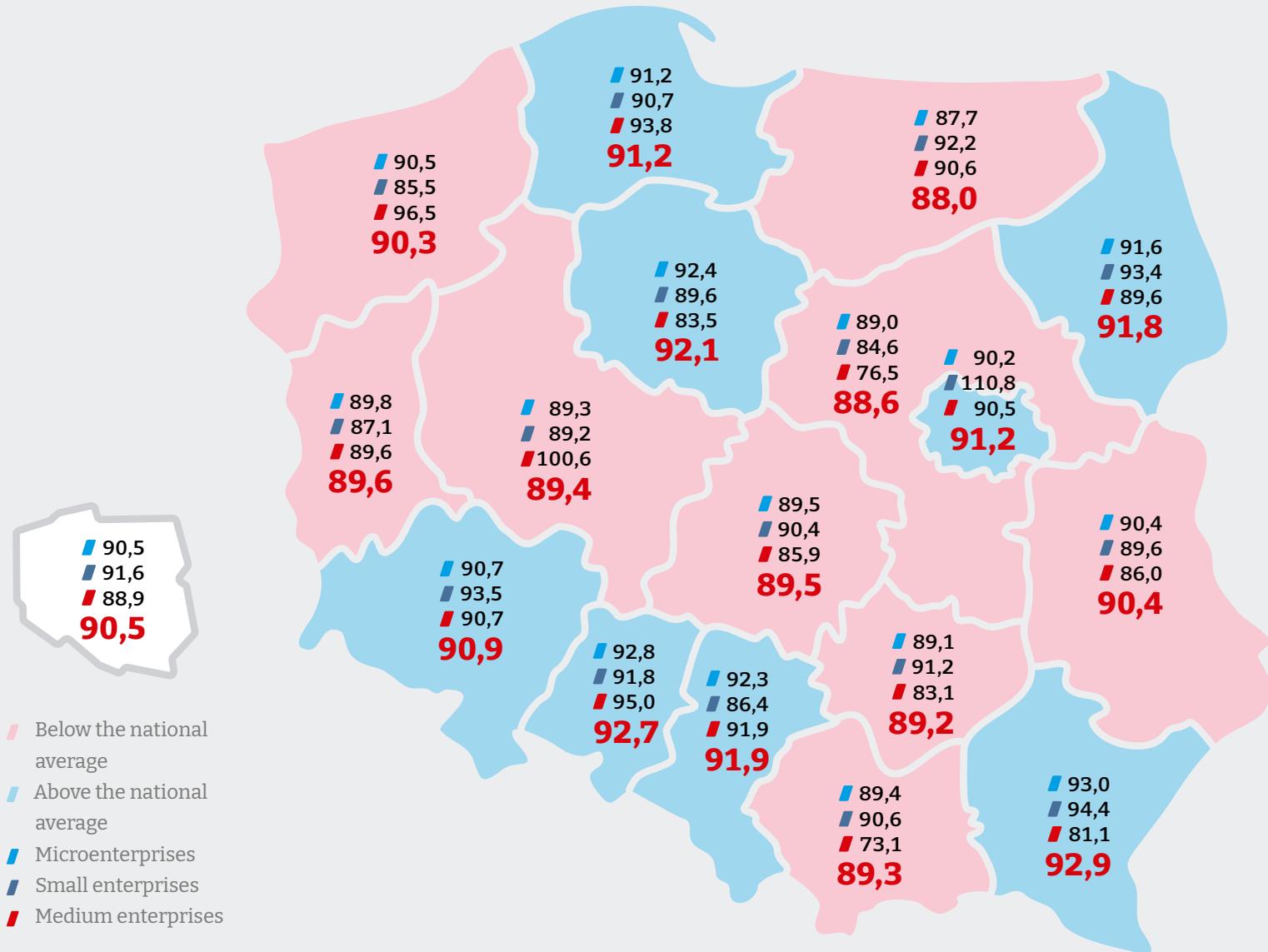


Figure 32 Assessment of company revenues in the last and next 12 months by region

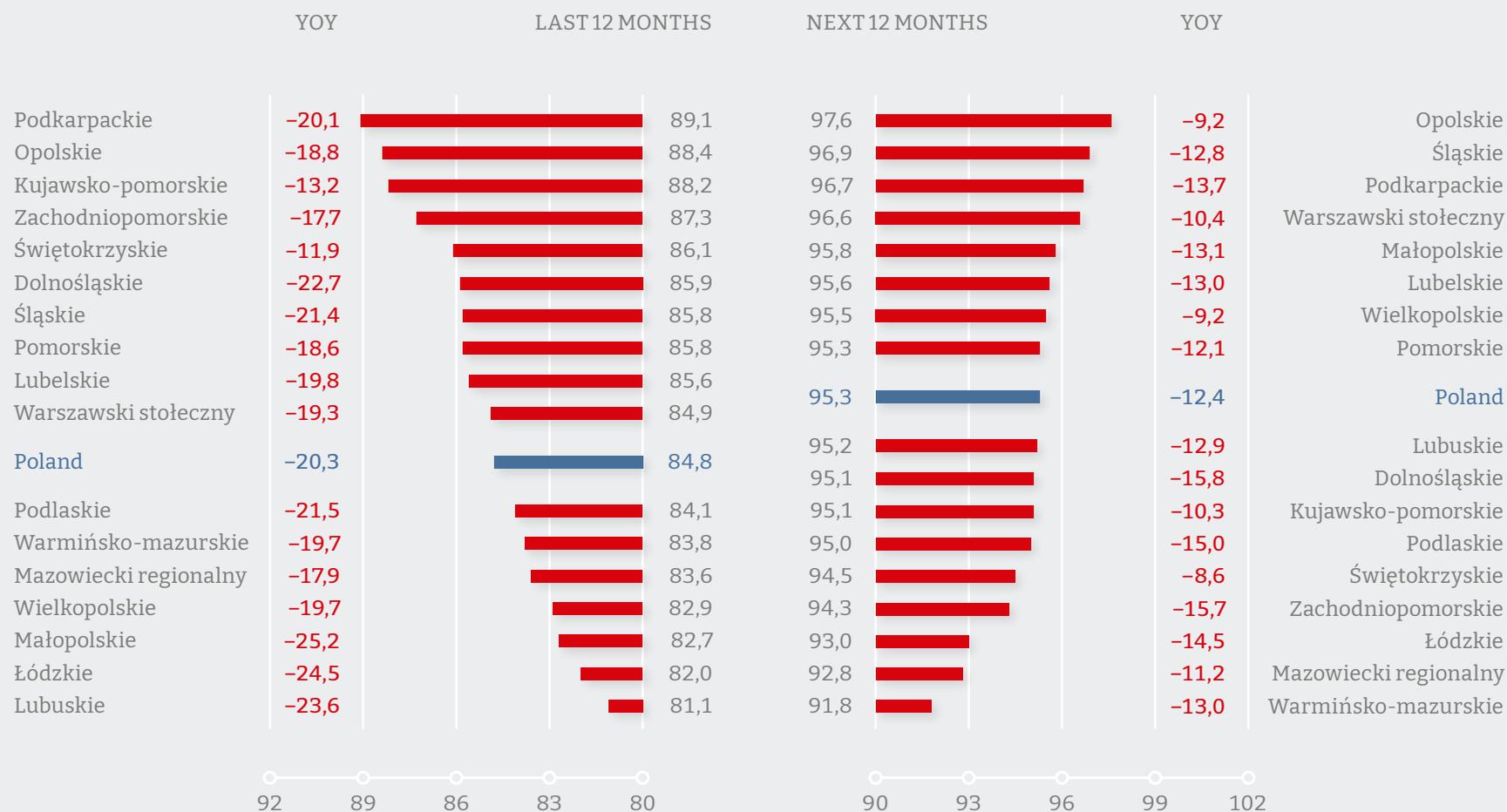


Figure 33 Assessment of the company's financial result in the last and next 12 months by region



Figure 34 Assessment of company revenues by company size and industry

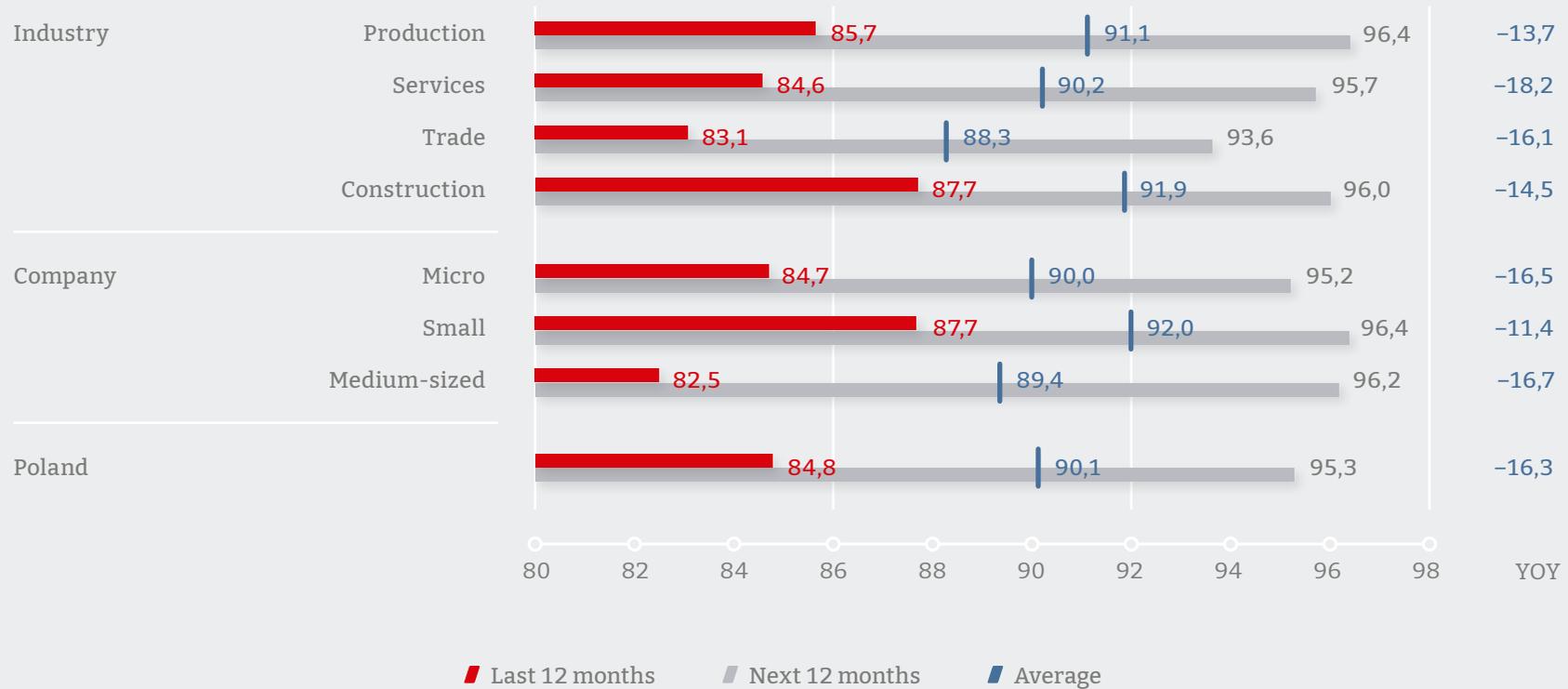


Figure 35 Assessment of the company's financial result by company size and industry

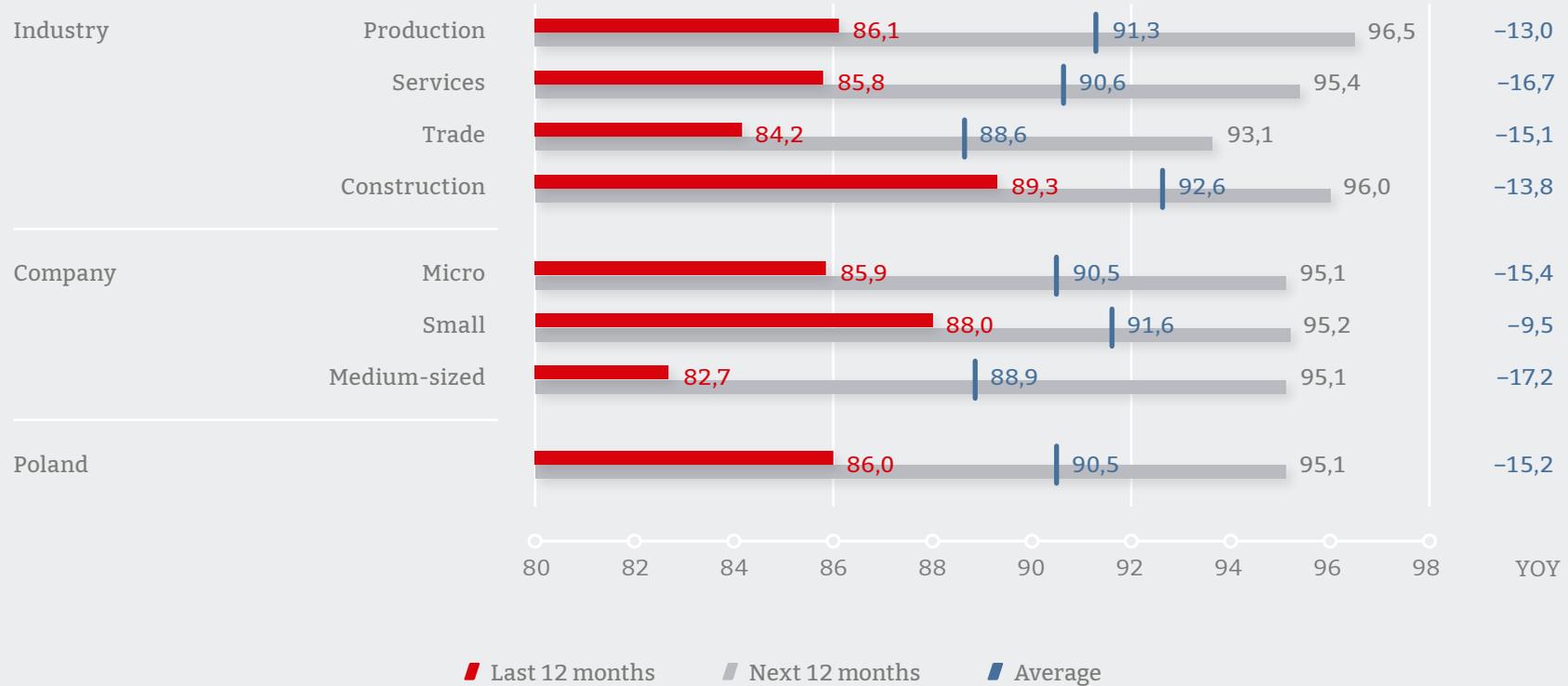
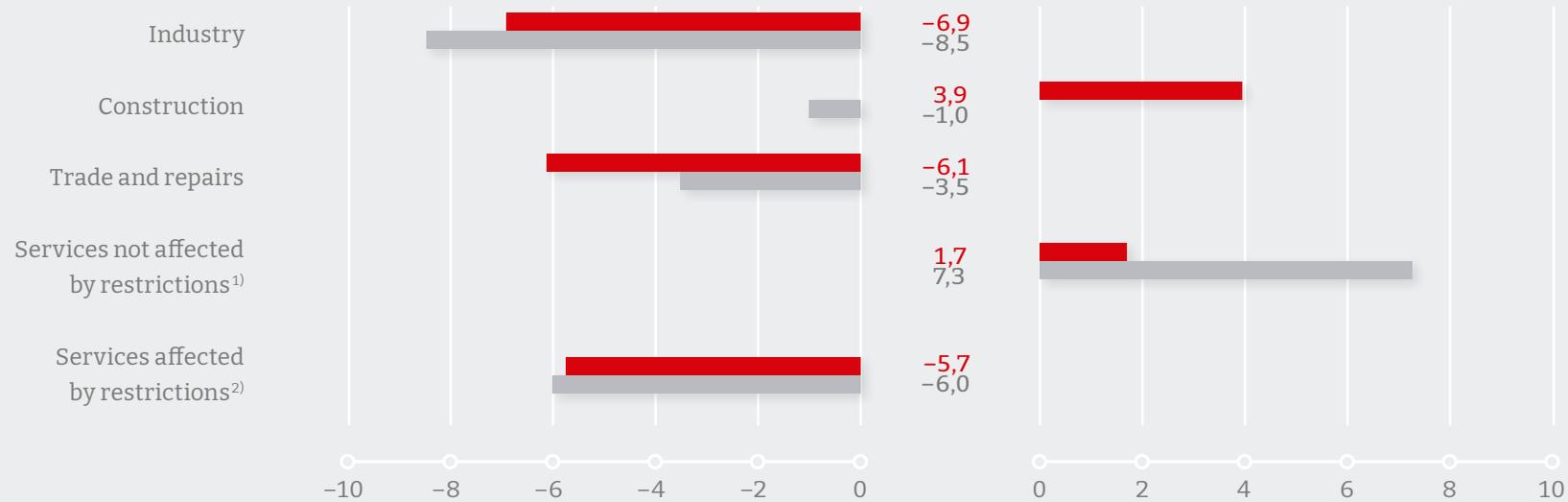


Figure 36 YOY growth rate of total revenues in the first half of 2020 by company size (%)



1) GDP sections: J – Information and communication, K – Financial and insurance activity, L – Real estate services, M – Professional, scientific and technical activity, Q – Healthcare and social welfare

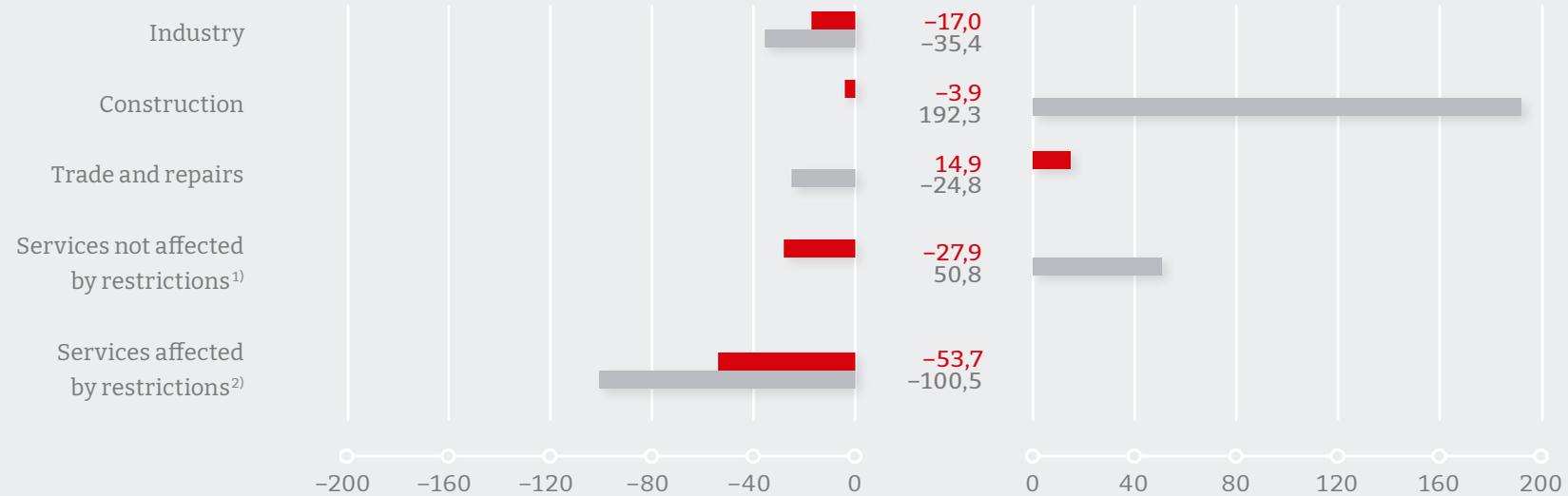
2) GDP sections: H – Transport and warehouse management, I – Accommodation and catering, N – Administration and support activities, P – Education, R – Cultural, entertainment and recreational activities, S – Other service activities

Source: Pont Info, Pekao analyses

█ 10-249 employees

█ 250 and more employees

Figure 37 YOY growth rate of net profit in the first half of 2020 by company size (%)



1) Increase from 283 in 1H19 to PLN 828 milion

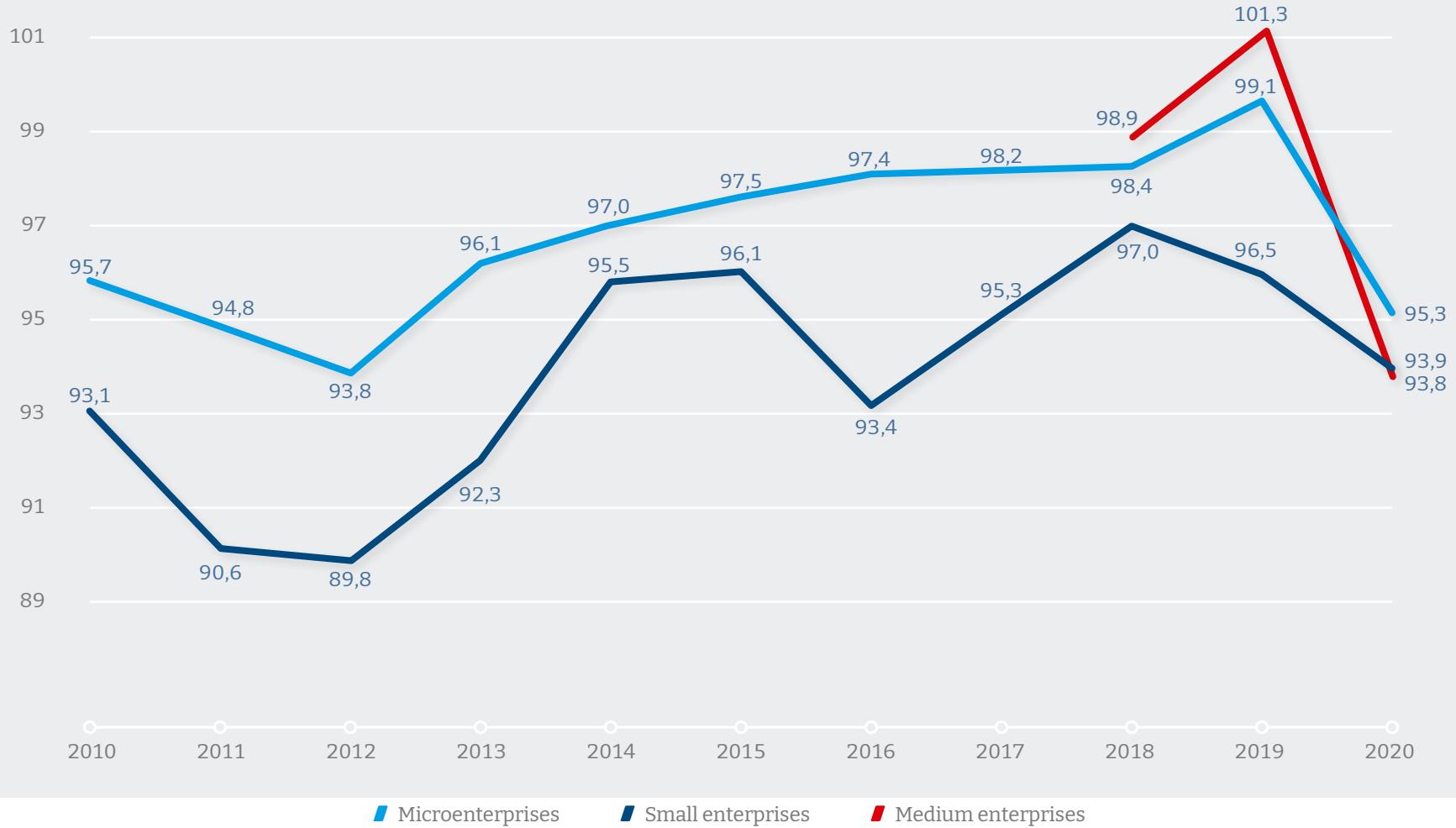
2) GDP sections: J – Information and communication, K – Financial and insurance activity, L – Real estate services, M – Professional, scientific and technical activity, Q – Healthcare and social welfare 3) GDP sections: H – Transport and warehouse management, I – Accommodation and catering, N – Administration and support activities, P – Education, R – Cultural, entertainment and recreational activities, S – Other service activities

Source: Pont Info, Pekao analyses

■ 10-249 employees

■ 250 and more employees

Figure 38 Assessment of waiting time for payment for goods/services sold in the years 2010–2020



Map 9 Assessment of waiting time for payment for goods/services sold by region

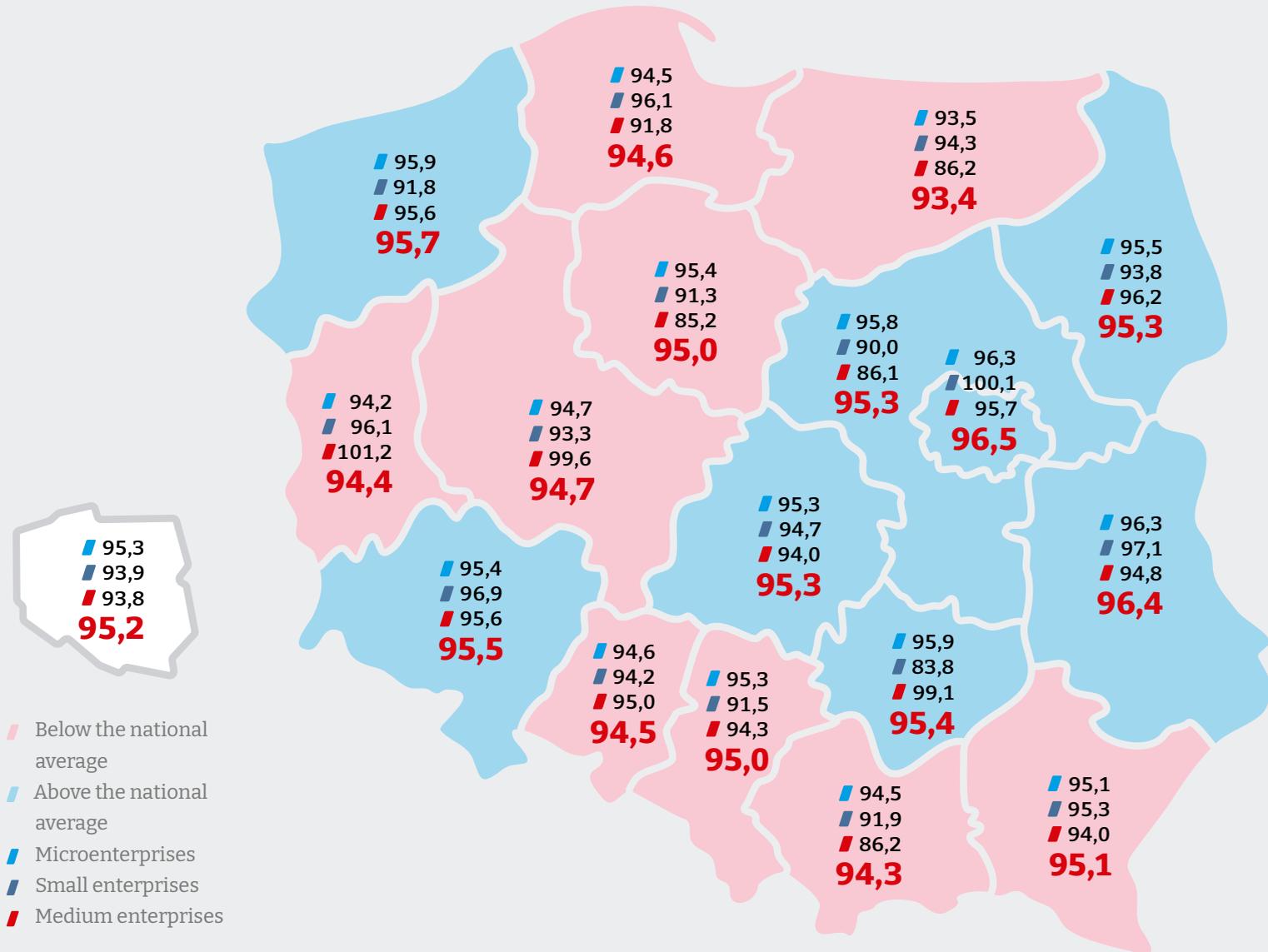


Figure 39 Assessment of waiting time for payment for goods/services sold in the last and next 12 months by region

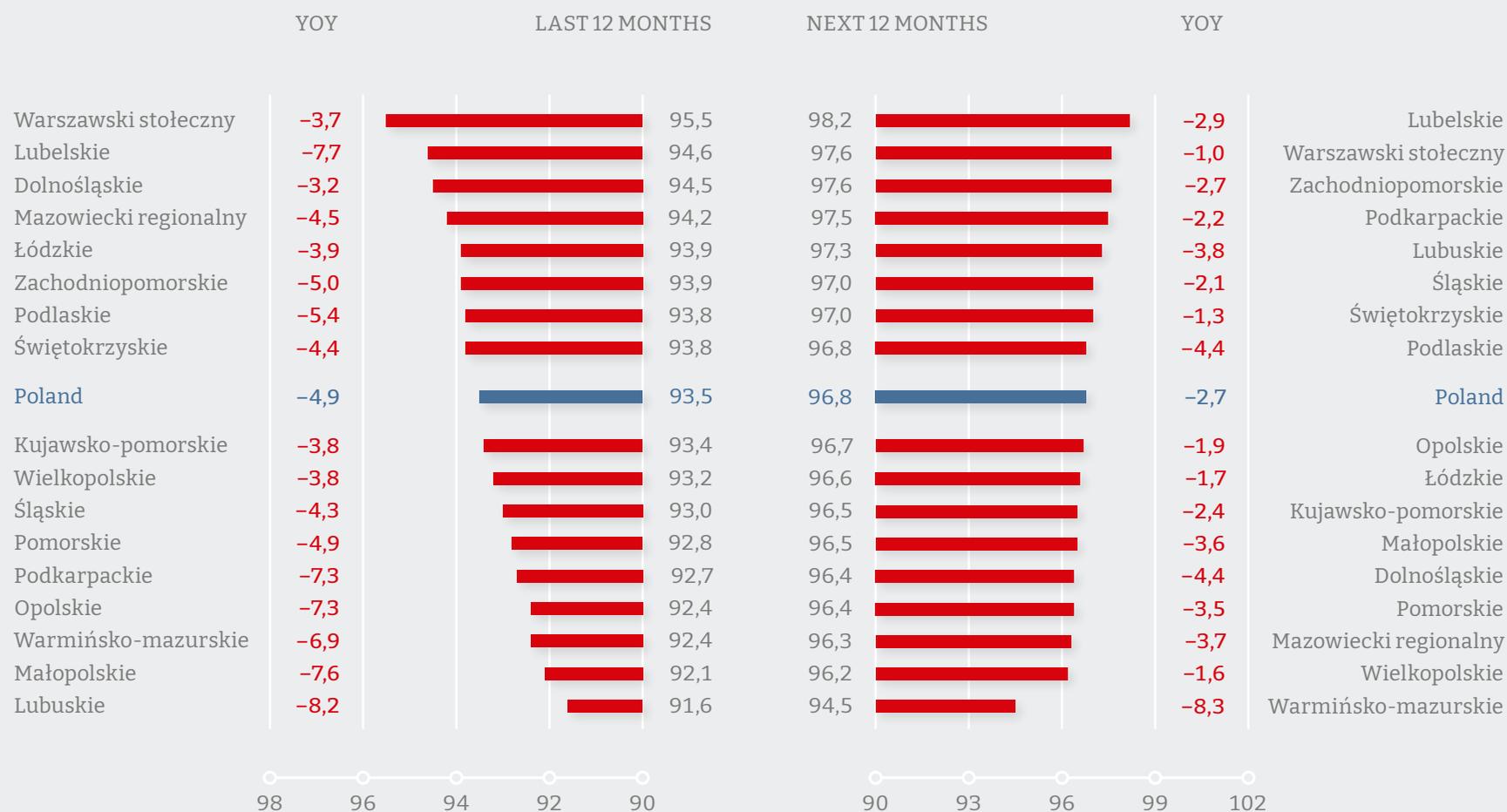


Figure 40 Assessment of waiting time for payment for goods/services sold by company size and industry

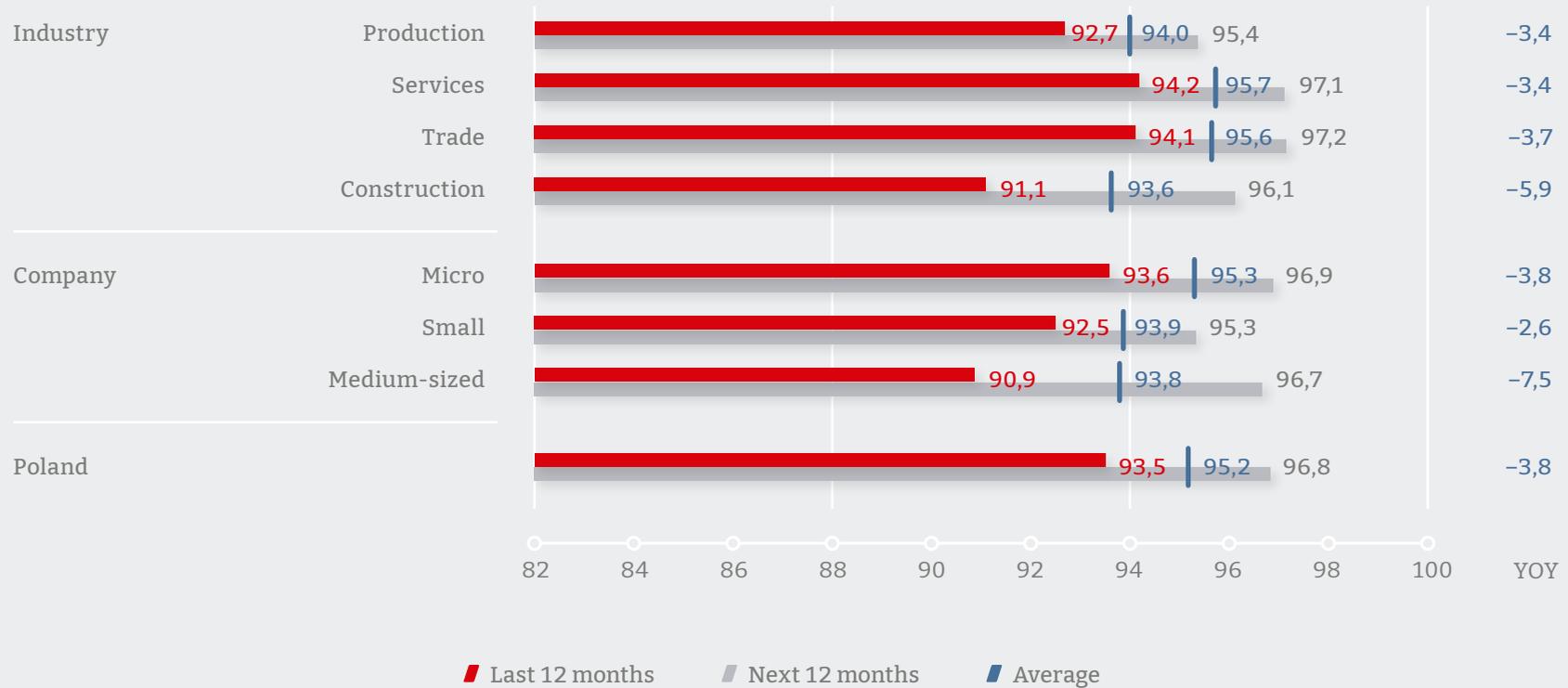
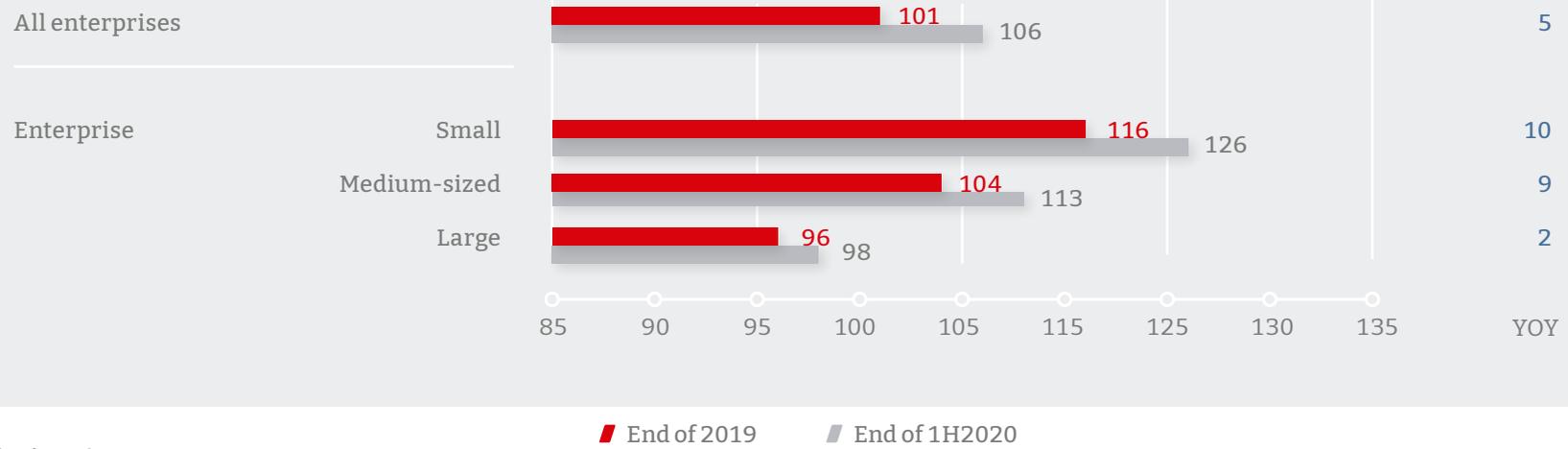
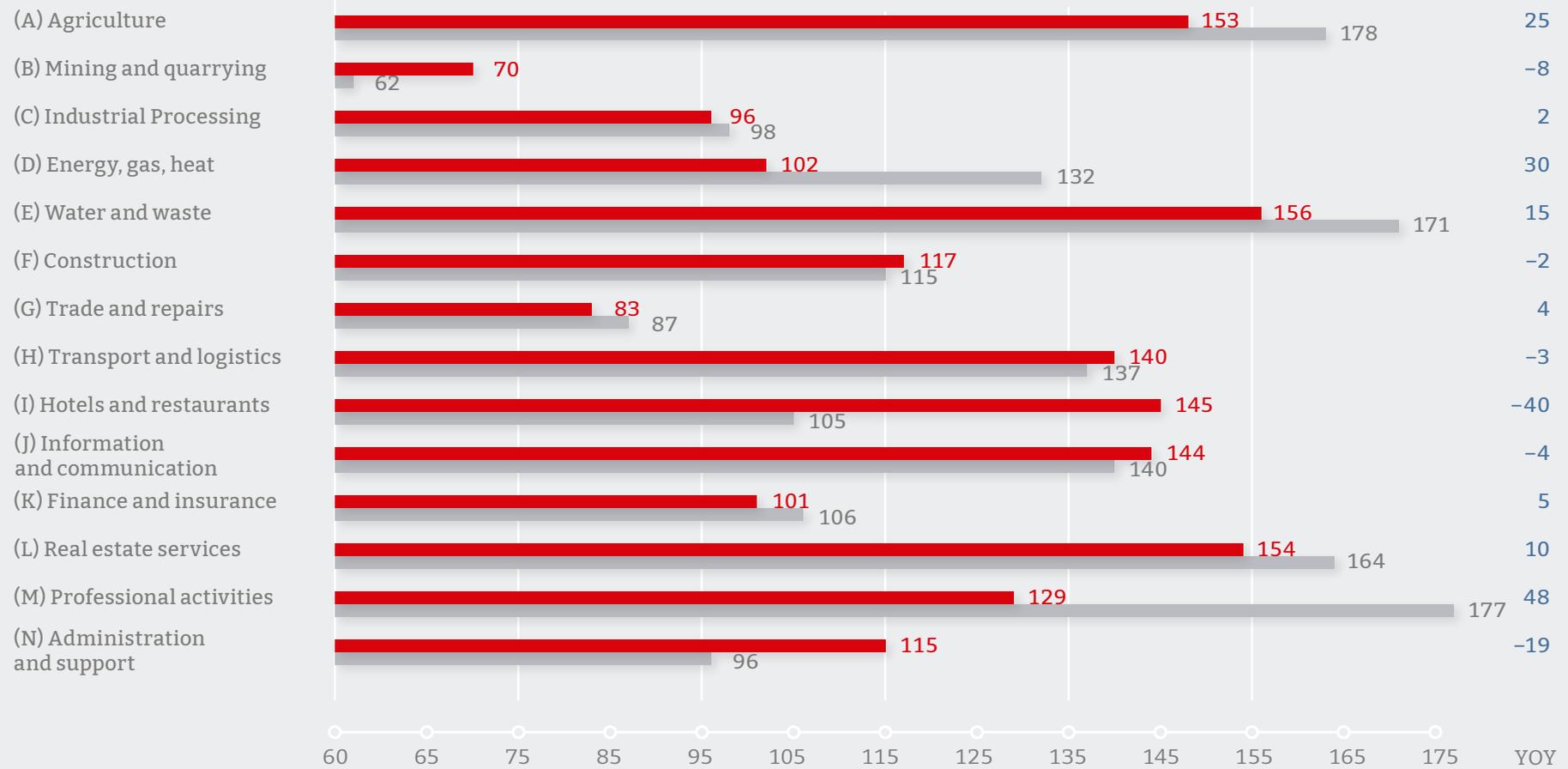


Figure 41 Quick liquidity ratio by company size (%)



Source: Pont Info, Pekao analyses

Figure 42 Quick liquidity ratio by selected sections of the economy (%)



Source: Pont Info, Pekao analyses

■ End of 2019    ■ End of 1H2020

# Assessment of the availability of external financing

The SME sector was the largest beneficiary of state aid in the fight against the economic consequences of the COVID-19 pandemic.

Assistance programmes have provided access to funding in times of crisis

**48** The financial programmes launched since the beginning of the COVID-19 epidemic by both the government and the private sector have positively influenced the availability of external funding. Although the index for this area has decreased by 5 points compared to last year, the **availability of external financing index, at 96.7 points**, is the second-best rating out of the eight areas of the General Business Climate Index for SMEs.

**49** The issue of maintaining the financial liquidity of companies in the first months of restrictions introduced in connection with the epidemic situation was crucial. Companies deprived overnight of revenues and the ability to pay their current liabilities, through no fault of their own, had to be supported by the public and private sector at a time when it was difficult, if not impossible, for some industries to conduct economic activity. The numerous financial measures launched at that time, providing access to **grants** (the Polish Development Fund Financial Shield), **low-interest working capital financing** (interest rate subsidies, repayment holidays, preferential credit lines) or **facilitating the acquisition**

**of external financing** (loan guarantees, relaxation of creditworthiness assessment procedures in banks), have largely succeeded, judging by the results of the study, in minimizing the negative effects of access to external financing in a severe economic slowdown.

**50** The SME sector was the largest beneficiary of state aid in the fight against the economic consequences of the COVID-19 pandemic. Within the framework of the Financial Shield programme from the Polish Development Fund (PDF), companies from this sector received support of approximately PLN 60 billion. Nearly PLN 20 billion were given to microenterprises and approximately PLN 40 billion to small and medium-sized companies. In the period from March to October 2020, banks granted almost 48,000 loans to SMEs, which were secured by de minimis guarantees from the Polish Development Bank worth almost PLN 17 billion.

**51** Difficulties in accessing external financing in the last 12 months have had the greatest effect on medium-sized companies, which previously rated this area very highly. This is understandable if you look at the revenue assessment for the last 12 months. The revenue index is also definitely the weakest for medium-sized companies (82.5 points

compared to 87.7 points for small companies). The deteriorating financial situation of the company, due to reduced revenues, means that financial institutions, unless special assistance programmes are launched, are not able to continue financing at the current level (Figure 45).

**52 Trading companies appreciated the external financing programmes most.** There are no major differences between industries in the assessment of the last 12 months, but it may come as a surprise that the availability of external financing was best assessed by trading companies, which also had the worst indices for revenues and financial result. This may be explained by the fact that most of the activities undertaken by state and financial institutions as regards access to financing were related to the financing of current operations, which is a key type of financing for the trade sector.

The continuation of assistance programmes should support the liquidity of companies...

**53 The external financing availability index values for the next 12 months indicate that entrepreneurs expect a slight improvement in this area.** As far as the different regions, industries, and company sizes are concerned, the indices are very similar. The differences do not exceed 3 points (Figures 43–45, Map 10). However, it is far from being normalized from previous years, when the future indices were higher than 100 points. The announced extension of the financial assistance programmes until mid-2021 should be conducive to a gradual improvement in access to funding.

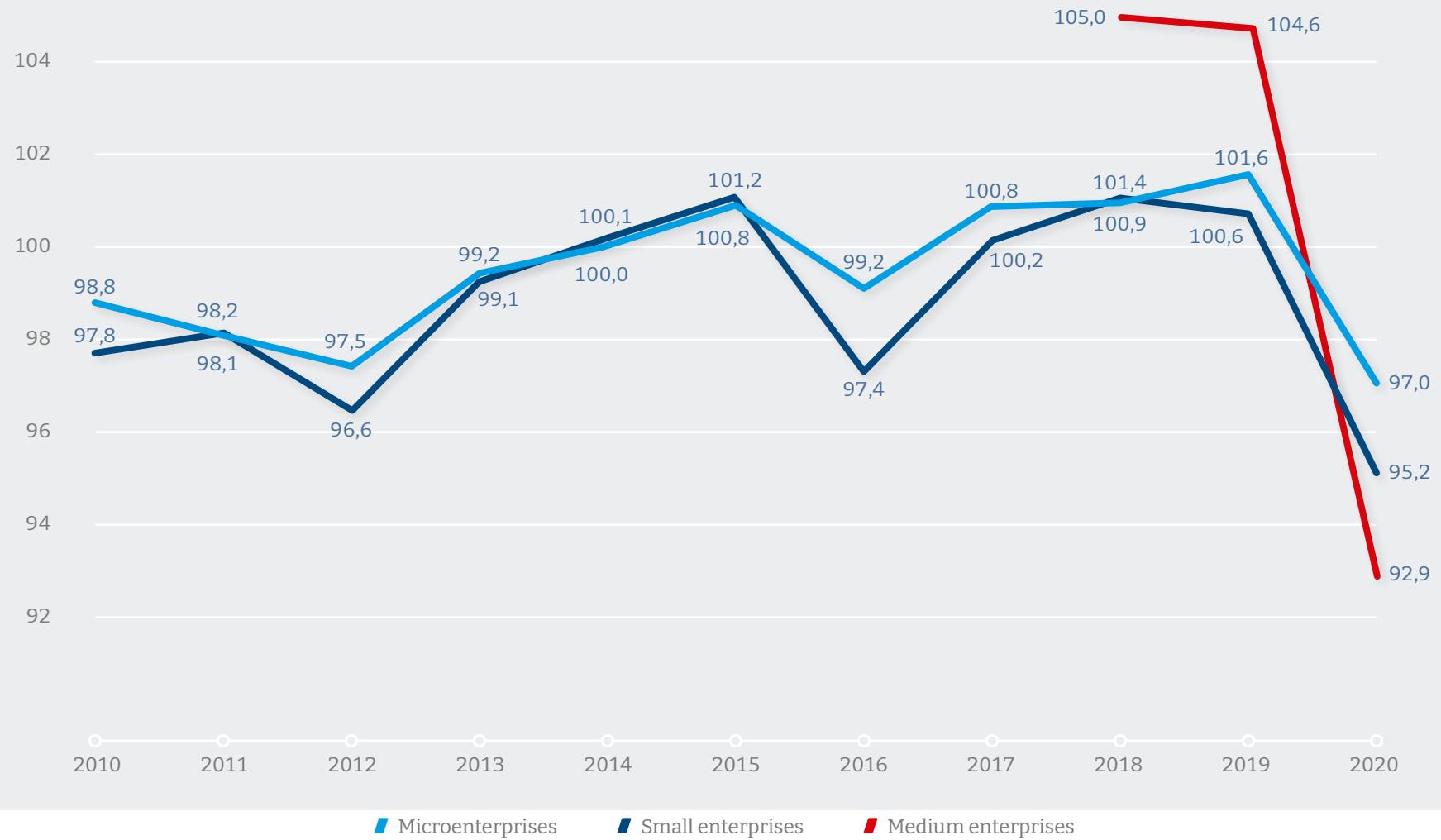
...but at the same time will reduce the demand for credit

**54 The most recent survey saw a record percentage of companies using external sources of financing for their business activities (32%). However, these were probably not bank funds, but government programmes.** In previous editions of the Report, this percentage fluctuated around 25%. When asked about the reason for financing business activities exclusively from their own resources generated from current operations, most of the respondents pointed out a lack of need or aversion to debt. This need emerged with the beginning of the pandemic, when, faced with shrinking resources, companies used external sources of financing much more often than before (Figure 48).

**55 PDF subsidies have reduced the demand of enterprises for bank loans through the substitution effect.** This was particularly true for SMEs, which are generally reluctant to contract loan liabilities with banks and often do not have sufficient collateral to receive loans (Figure 46). Companies' deposit balance at the end of September was PLN 64.5 billion higher than at the end of February (Figure 47), which indicates that state support provided liquidity and access to financing in a difficult economic period.

**56 In 2021, only 27% of companies want to continue financing current operations with external funds.** This confirms the thesis that external financing came primarily from government programmes, and the large increase in the percentage of companies using such financing should be treated as a one-off event rather than the beginning of a long-term change.

Figure 43 Assessment of the availability of external financing in the years 2010–2020



Map 10 Assessment of availability of external financing by region

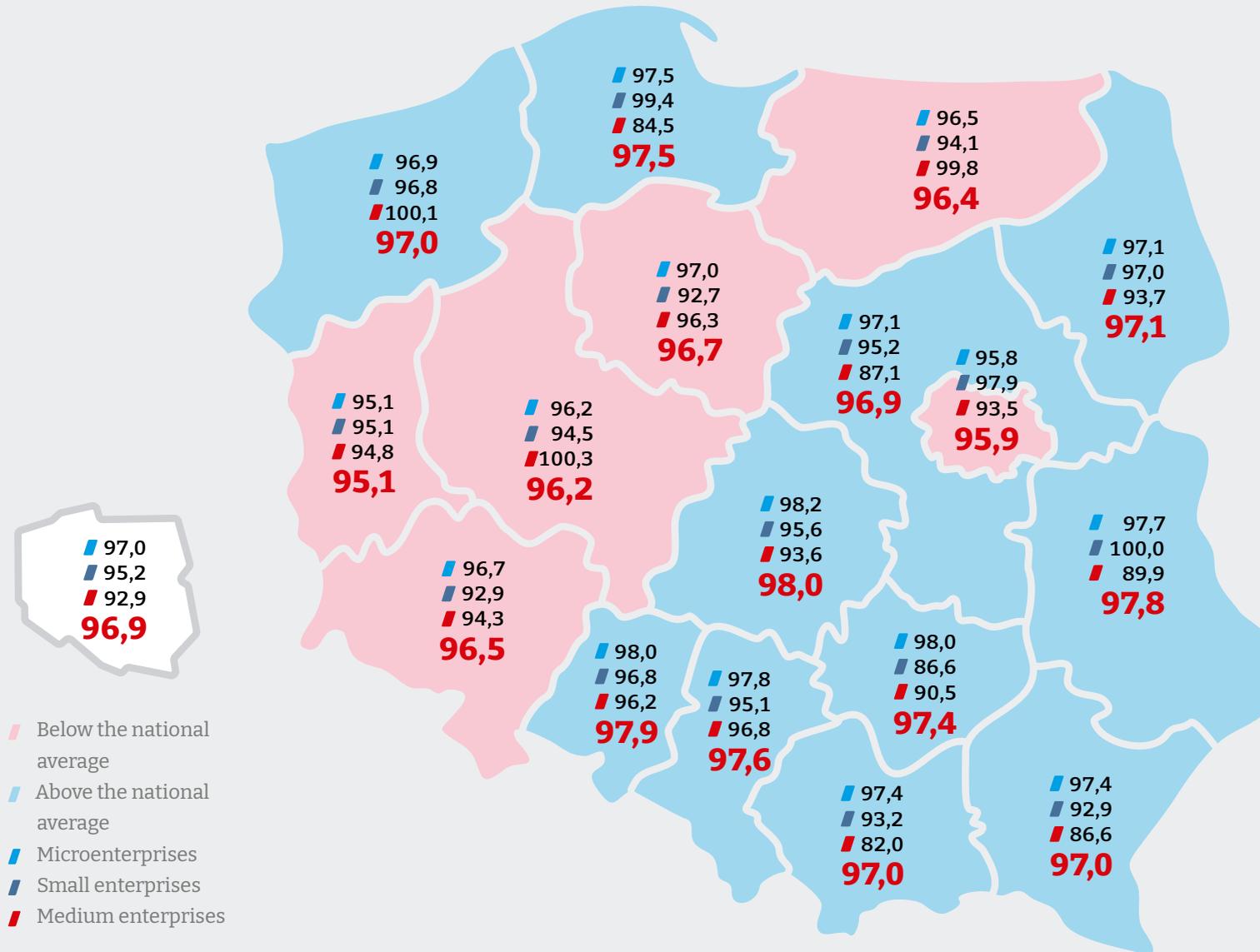


Figure 44 Assessment of availability of external financing in the last and next 12 months by region



Figure 45 Availability of external financing by company size and industry

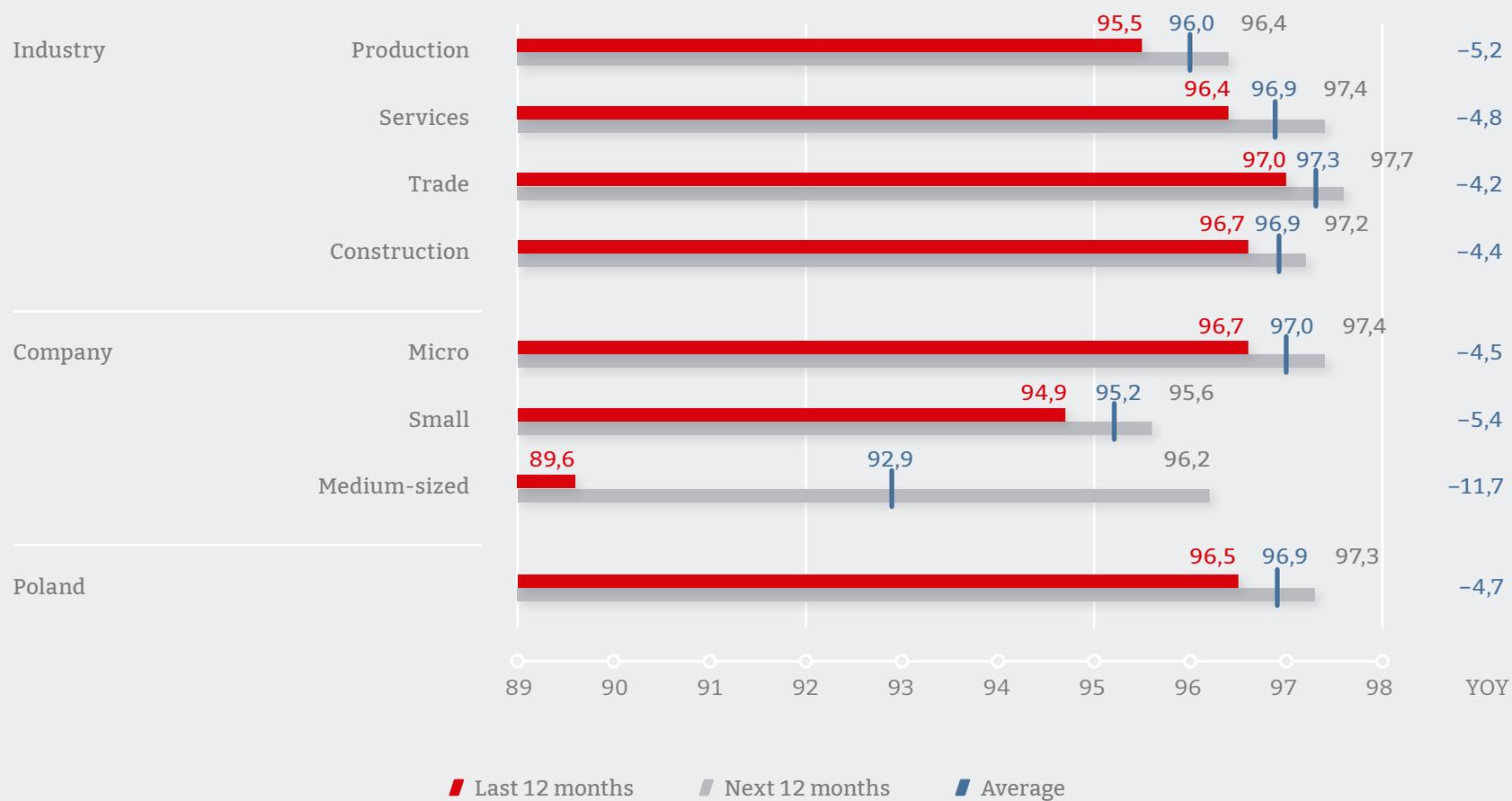
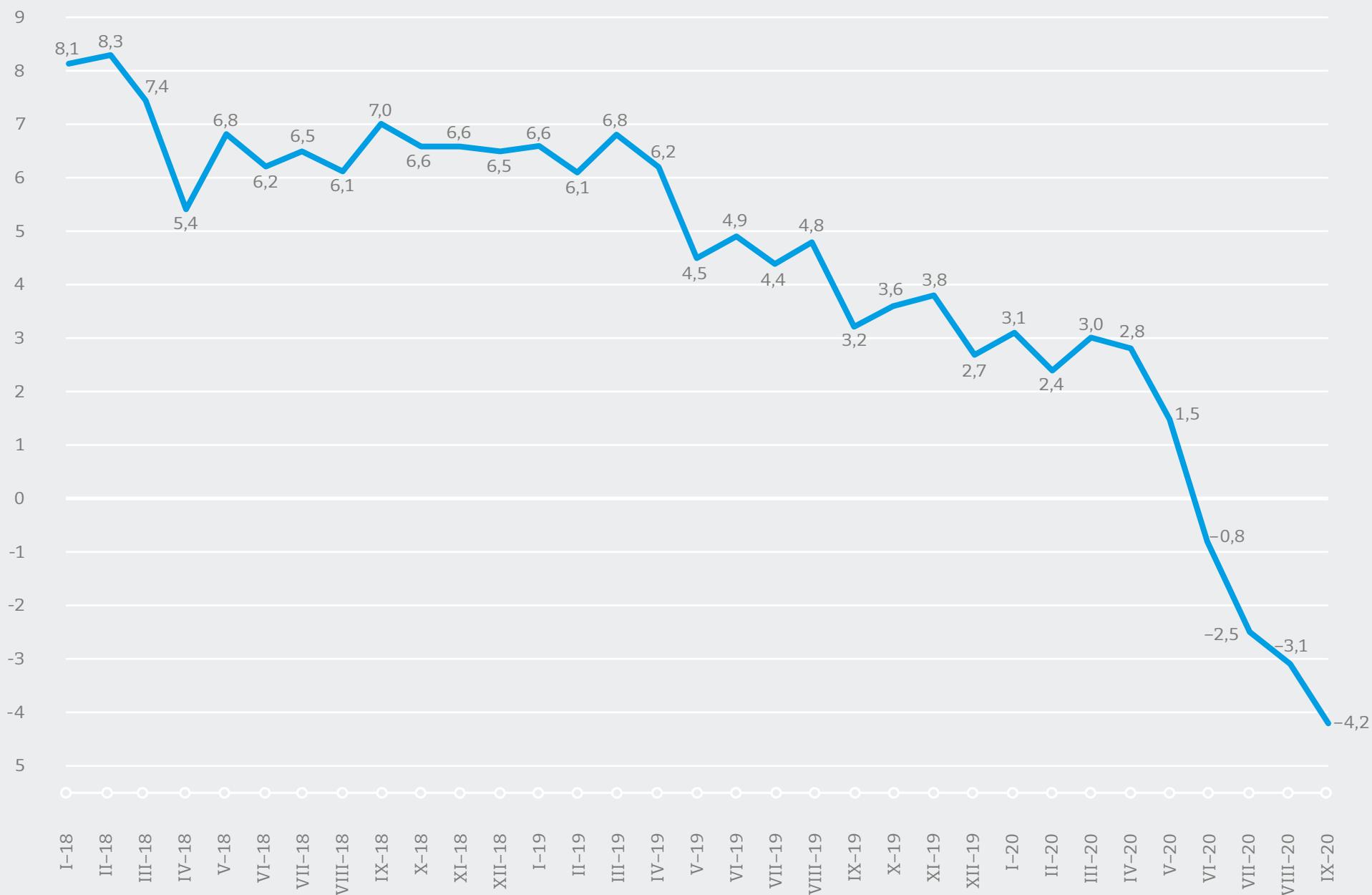


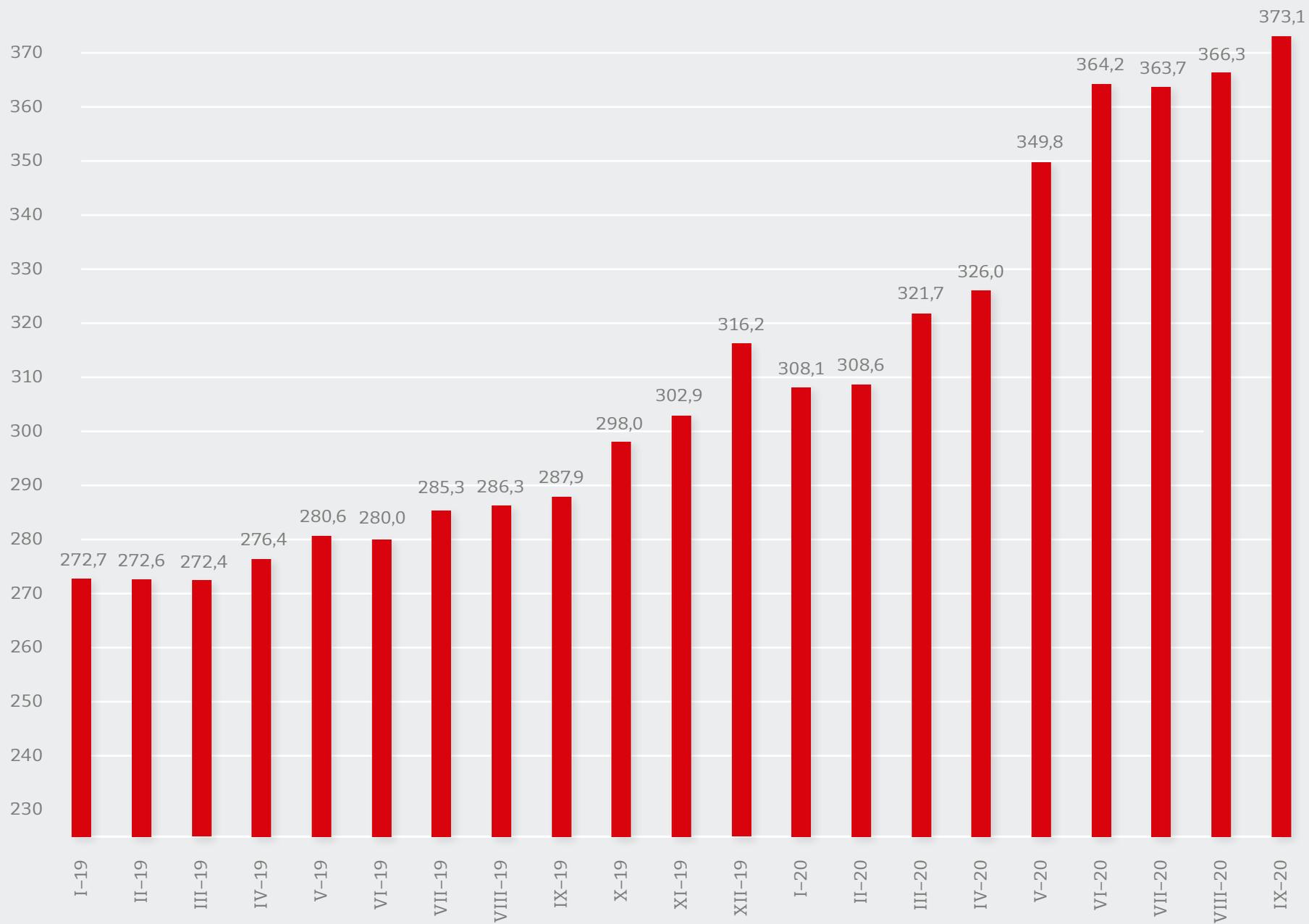
Figure 46 Loans to enterprises\*, % YOY



Source: NBP

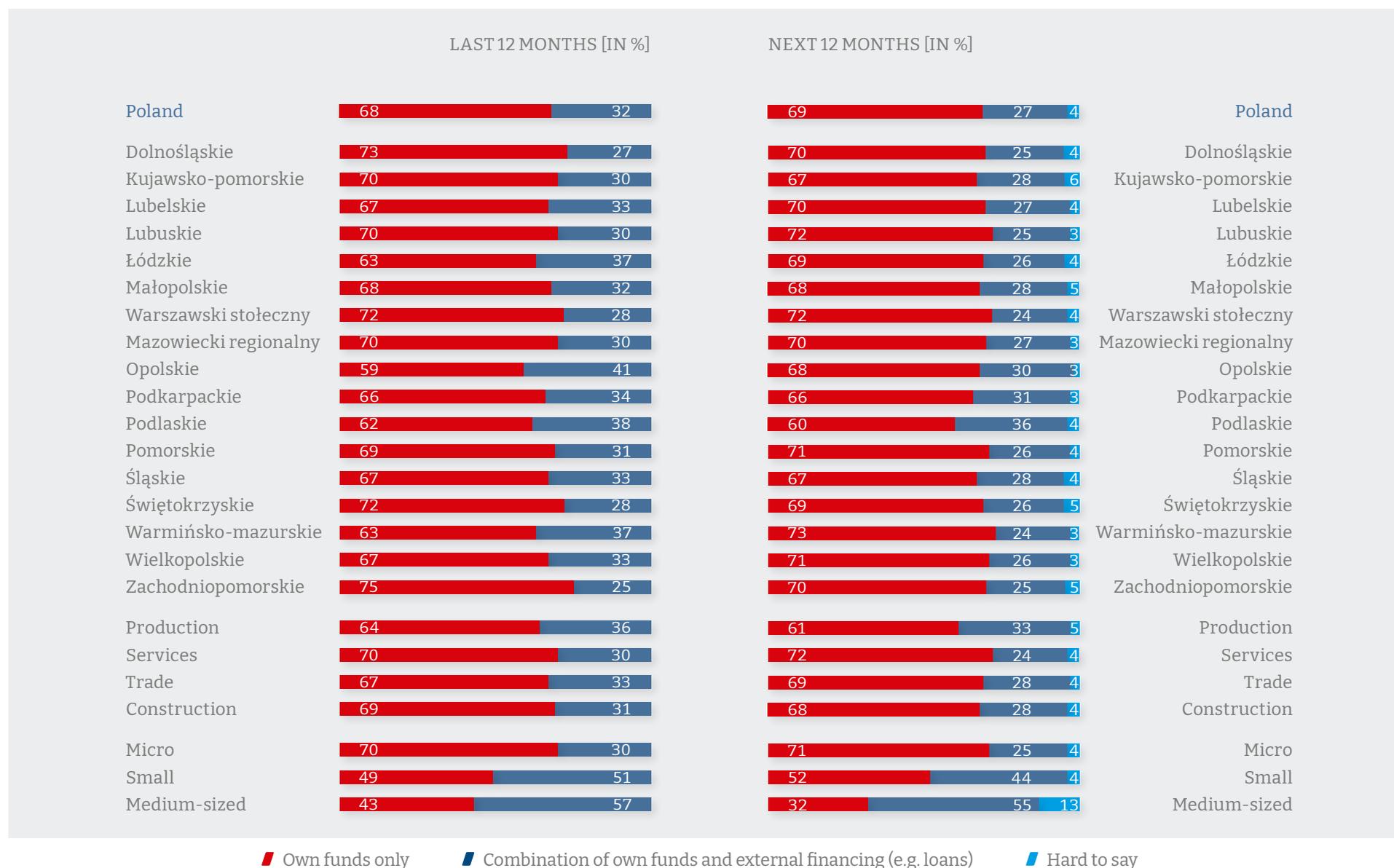
\* Change in the liabilities of non-financial enterprises to banks on a transaction basis, i.e. excluding valuation changes.

Figure 47 Deposits of enterprises, billion PLN



Source: NBP

Figure 48 Sources of financing for current operations of the company



# Assessment of employment in the company

Entrepreneurs generally tried to ensure the functioning of their businesses using methods other than redundancies.

6.8 million people work in the SME sector

**57** In 2018 the enterprise sector employed 10 million people, of whom 68% were employed in micro, small and medium-sized enterprises. The largest number of people worked in microenterprises – 4.08 million people, while 1.12 million people worked in small companies, and 1.61 million people worked in medium-sized enterprises (Figure 49).

**The largest employer are micro, small and medium-sized enterprises from the Mazowieckie Voivodeship**, in which 1.23 million people worked, which constituted over 18% of all those working in Polish SMEs (Map 11). At the opposite end are micro, small and medium-sized companies from the Opolskie region with over 142,000 employees (2.1%).

Taking into account the number of employees in the SME sector per 1000 inhabitants, in 2018 this index ranged from 128 in Lubelskie Voivodeship to 228 in the Mazowieckie region (Map 12).

Most people work in two industries: trade and repair of motor vehicles – 1.74 million, and industry – 1.55 million (Figure 50).

Slight decrease in employment in difficult market conditions

**58** The employment assessment index was 98.9 points and was the highest of all the areas included in the General Business Climate Index for SMEs. Despite a very serious economic situation, entrepreneurs generally tried to ensure the functioning of their businesses using methods other than redundancies. (Figure 51).

Problems with finding employees in previous years, a perception of the pandemic as a temporary shock, and widespread state support, caused us to experience the phenomenon of “labour hoarding”. The registered unemployment rate increased from 5.4% at the end of the first quarter of 2020 to 6.1% at the end of the second quarter and remained at this level in the third quarter (Figure 52).

**59** The adjustment of the labour market to the economic downturn was mainly done by reducing working time. This was possible thanks to the launch of such measures as furlough schemes, wage subsidies, exemptions from social security contributions, tax deferrals and subsidies. The scale of the decrease in the number of employees in the enterprise sector was clearly lower than the decrease in

average employment, which is converted into full-time equivalents (Figure 53).

The results of the Labour Force Survey (LFS) indicate that in the second quarter of 2020, in the week covered by the survey, nearly 700,000 employees did not work due to a business interruption, and over 500,000 employees worked less than usual for reasons related to the company (Figure 54).

As part of the Financial Shield from the Polish Development Fund, nearly 346,000 small and medium-sized companies with 3.1 million employees received financial support. Most subsidies can be **amortized**, provided the company continues to operate and employment levels are maintained.

**60** However, the index at 97.4 points for the last 12 months indicates that employment in the SME sector has decreased. Most jobs were lost in medium-sized companies, with the employment index amounting to less than 91 points. There is no indication that these lost jobs

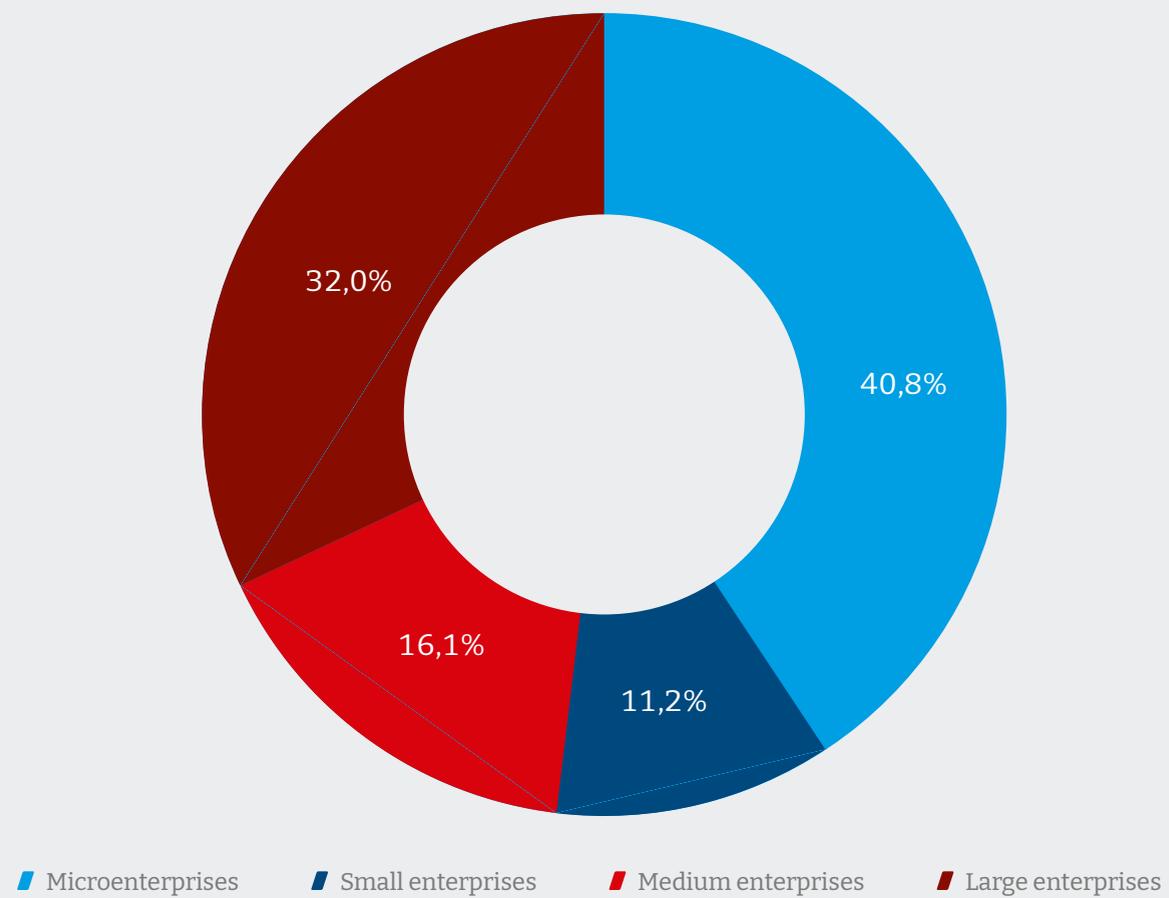
in medium-sized companies will return within the next 12 months. The future index is definitely the lowest in this group of companies.

The employment indices for the last 12 months in micro and small companies, as well as in the four analysed sectors, are much better and fluctuate around 97–98 points (Figure 56).

#### Good employment prospects for 2021

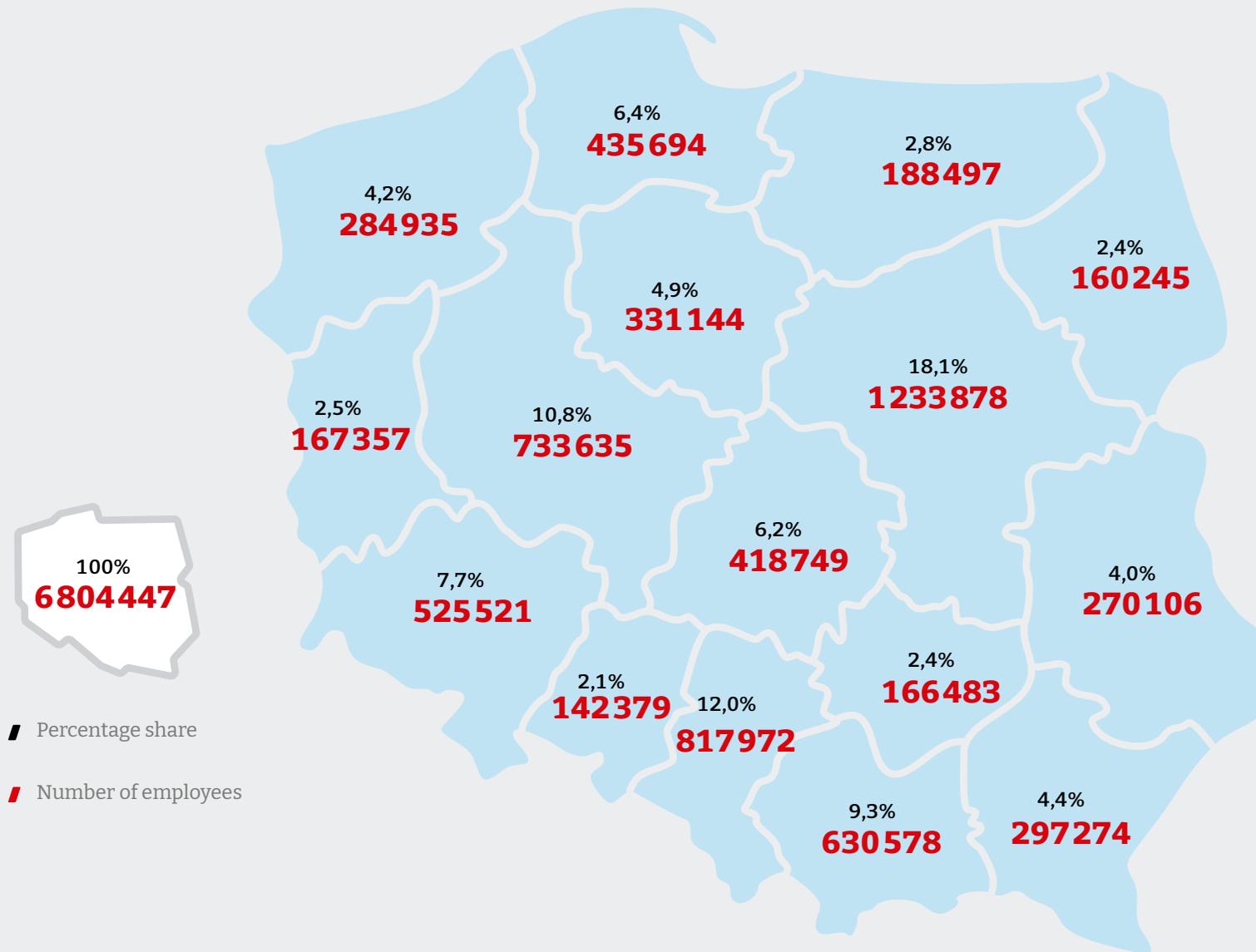
**61** The employment rates for the next 12 months are the only ones with values greater than 100 points, suggesting an improvement from the current situation. With the exception of the medium-sized enterprise sector, forecasts are optimistic. Most new jobs should be created in micro, construction and service companies. However, given the second wave of the pandemic, these predictions may be out of touch with reality.

Figure 49 Percentage share of employees in Micro, Small, Medium and large companies in 2018



Source: Own calculations based on Statistics Poland

Map 11 Employees in Micro, Small and Medium-sized enterprises by region with percentage share



Map 12 Employees in SMEs per 1000 inhabitants

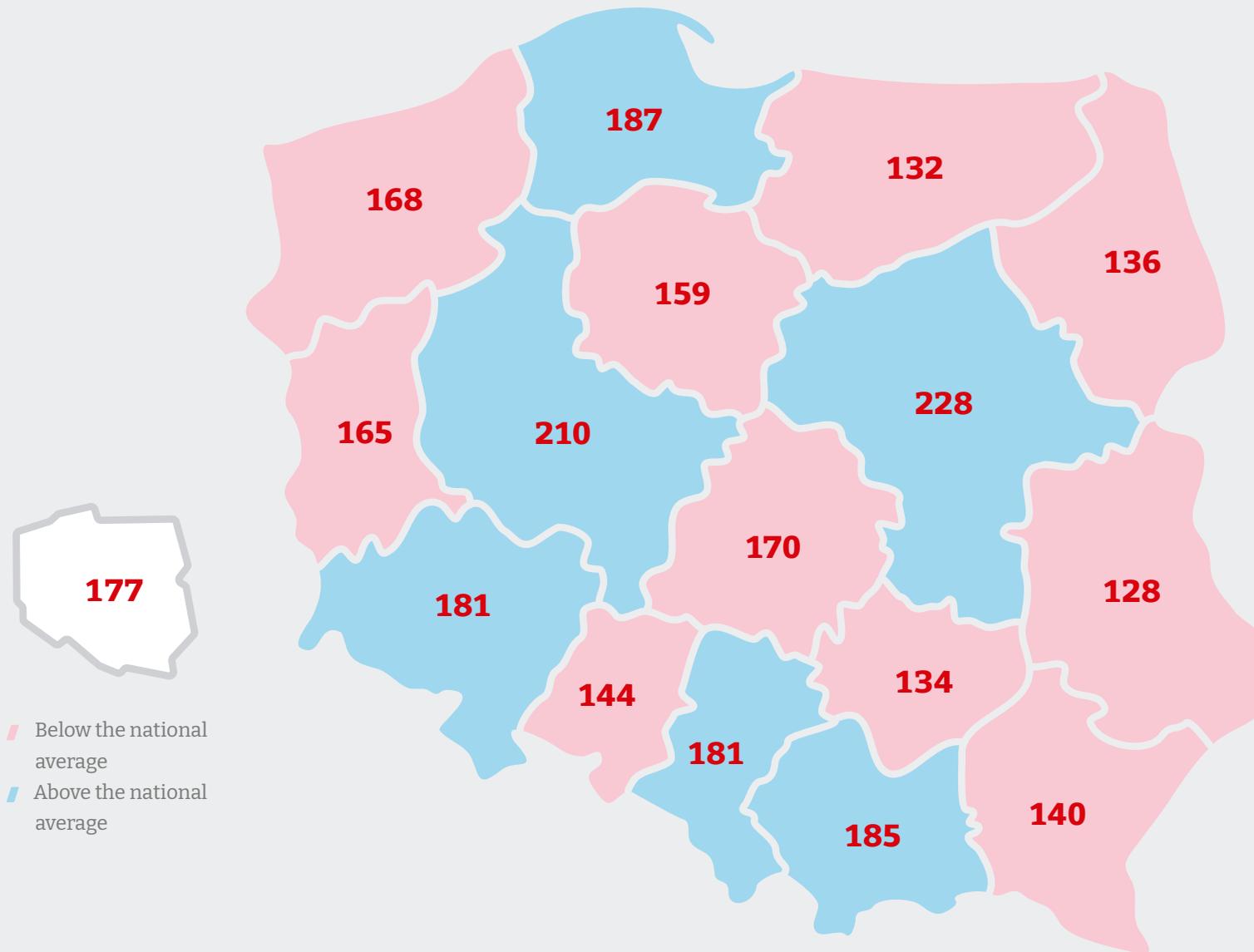
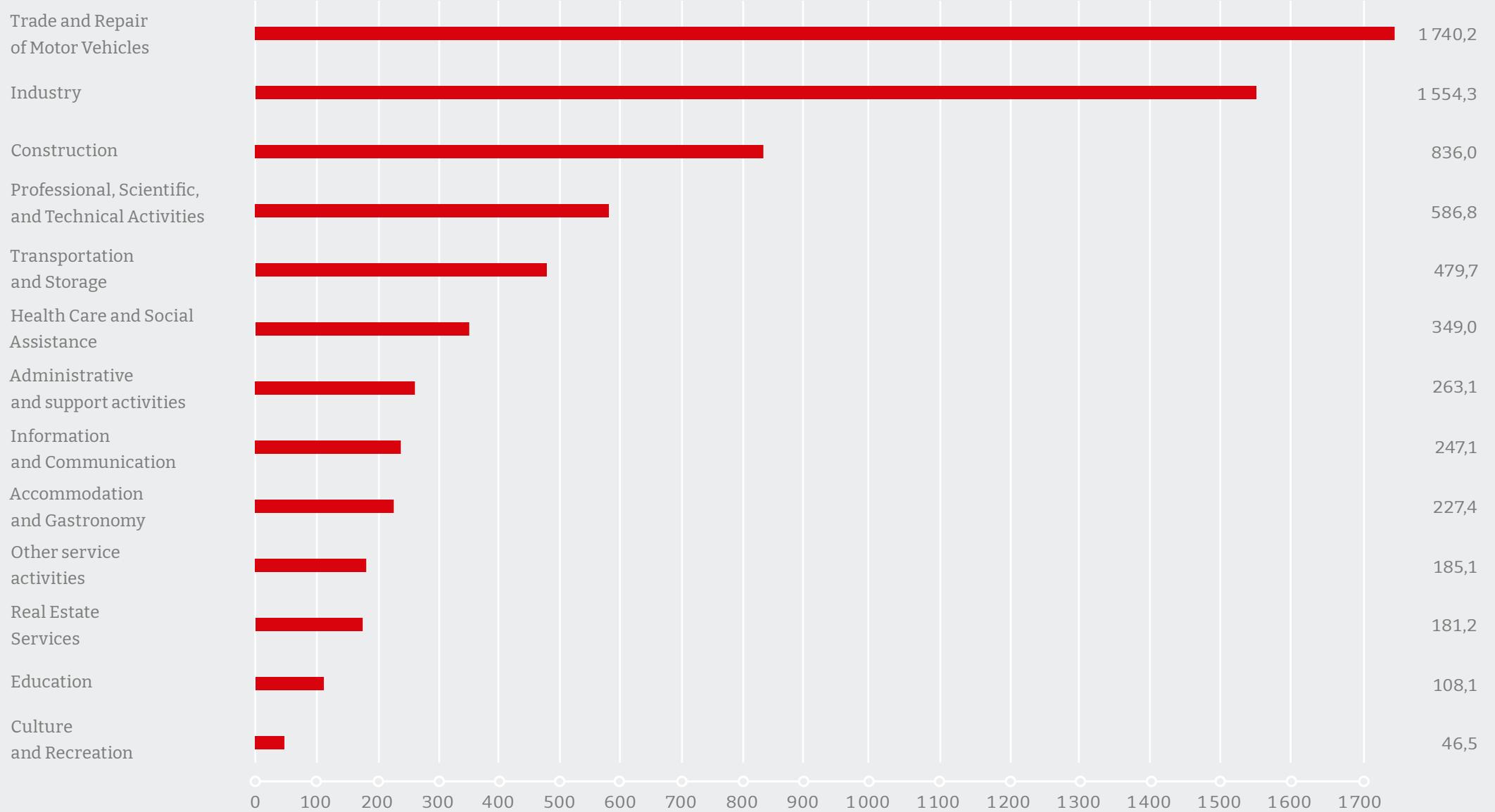


Figure 50 Employees in active SMEs by basic type of activity in 2018



Source: Statistics Poland

Figure 51 Employment in the company in the years 2010–2020

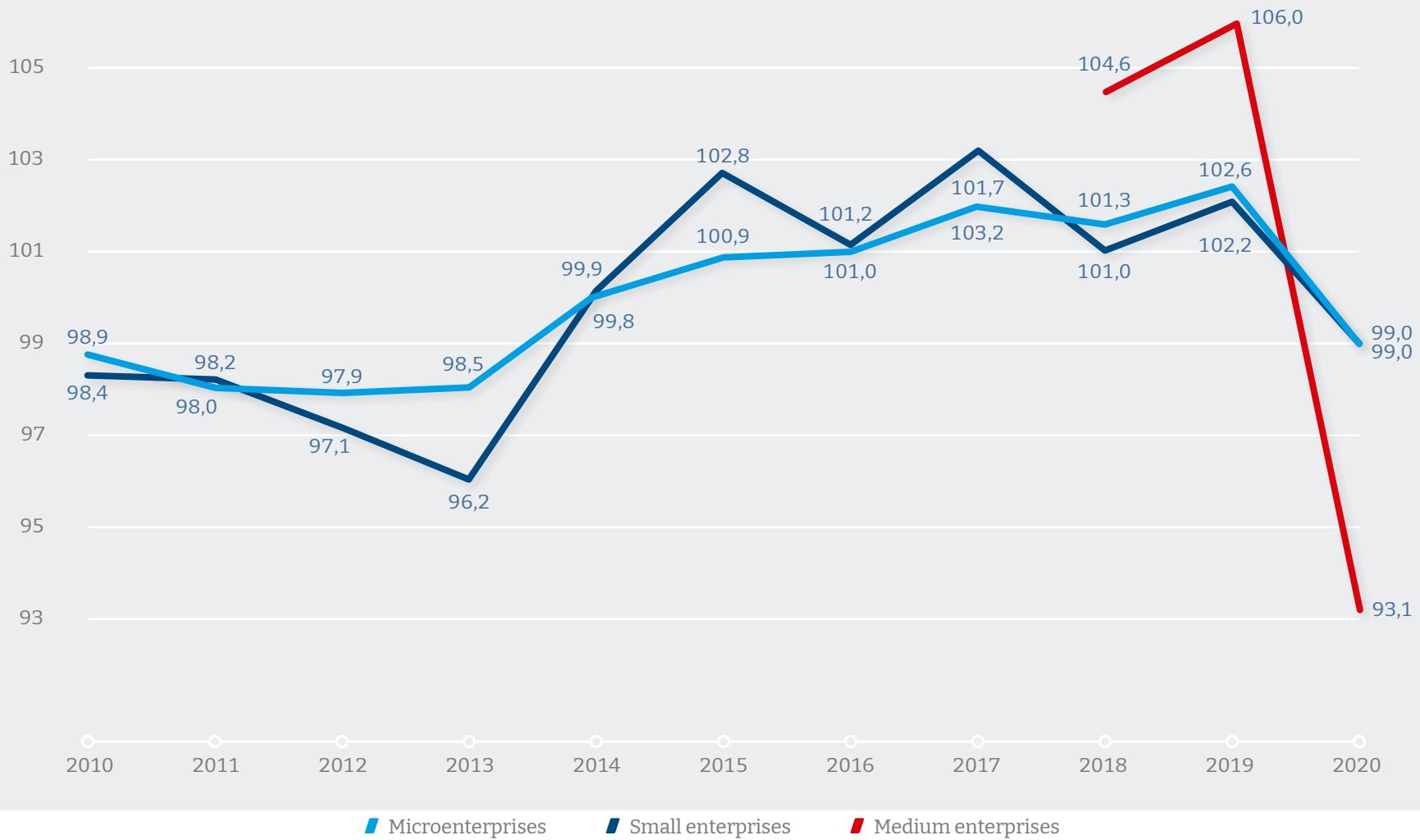
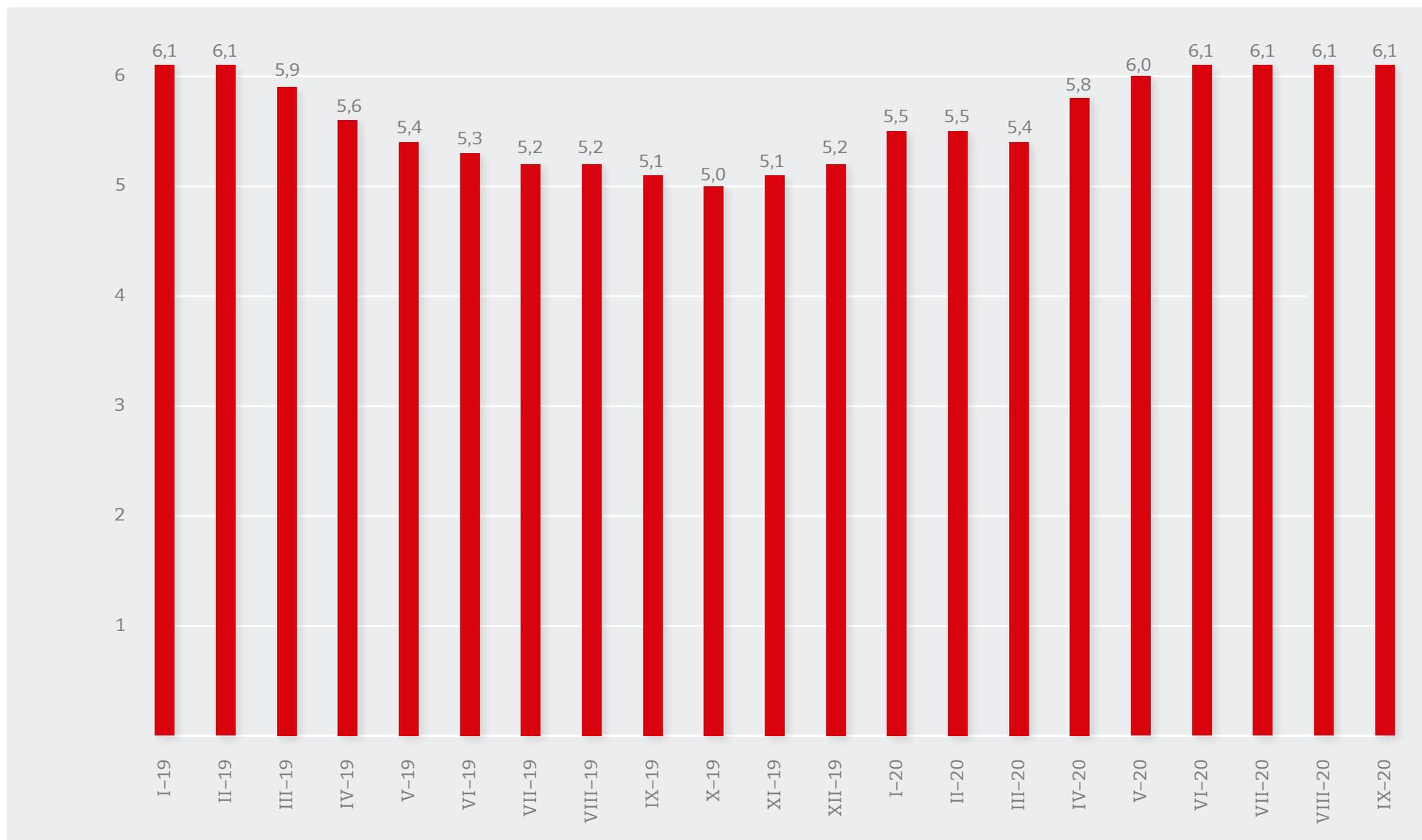
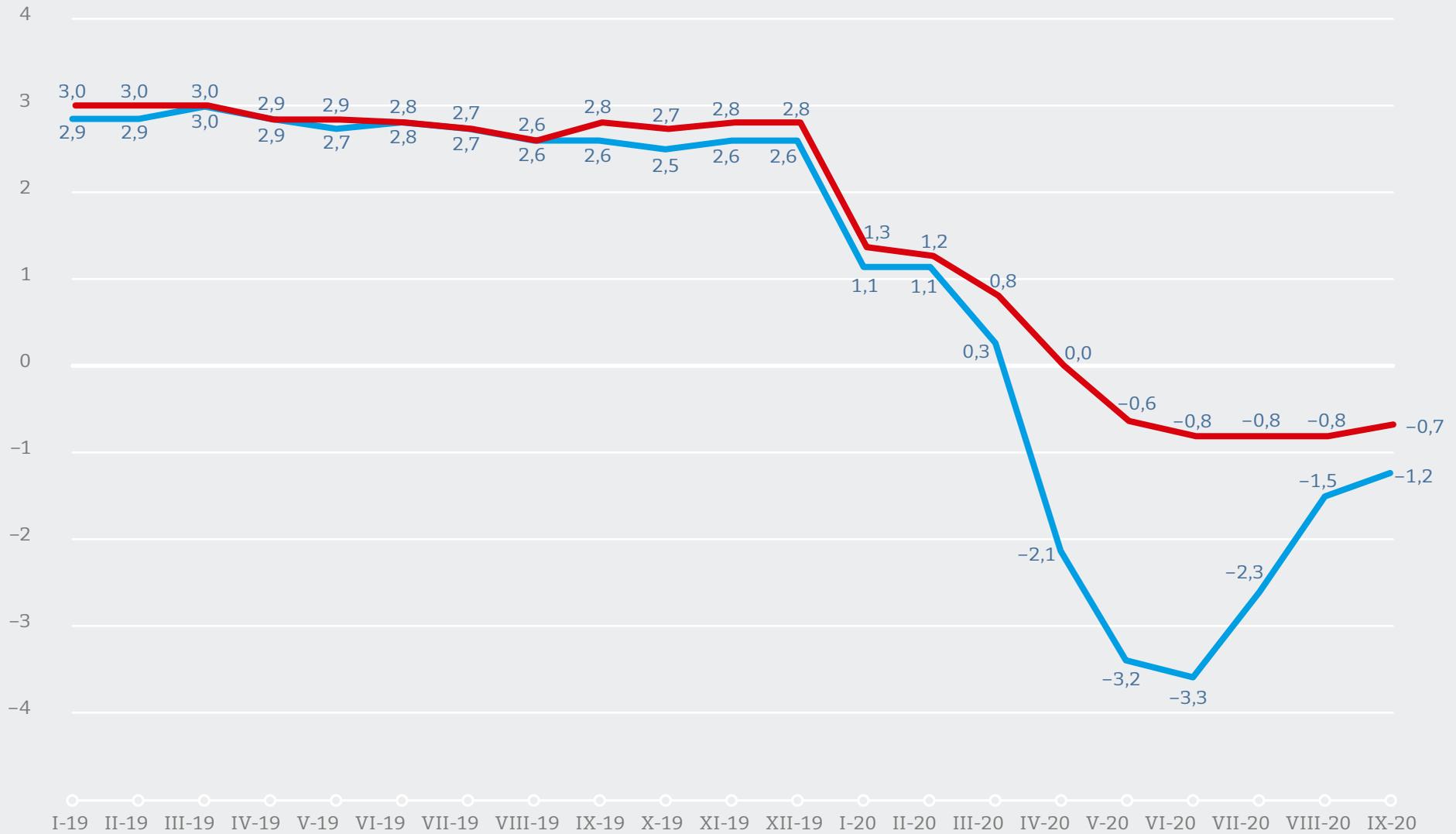


Figure 52 Registered unemployment rate, %



Source: Statistics Poland

Figure 53 Average employment and employees in the enterprise sector, % YOY

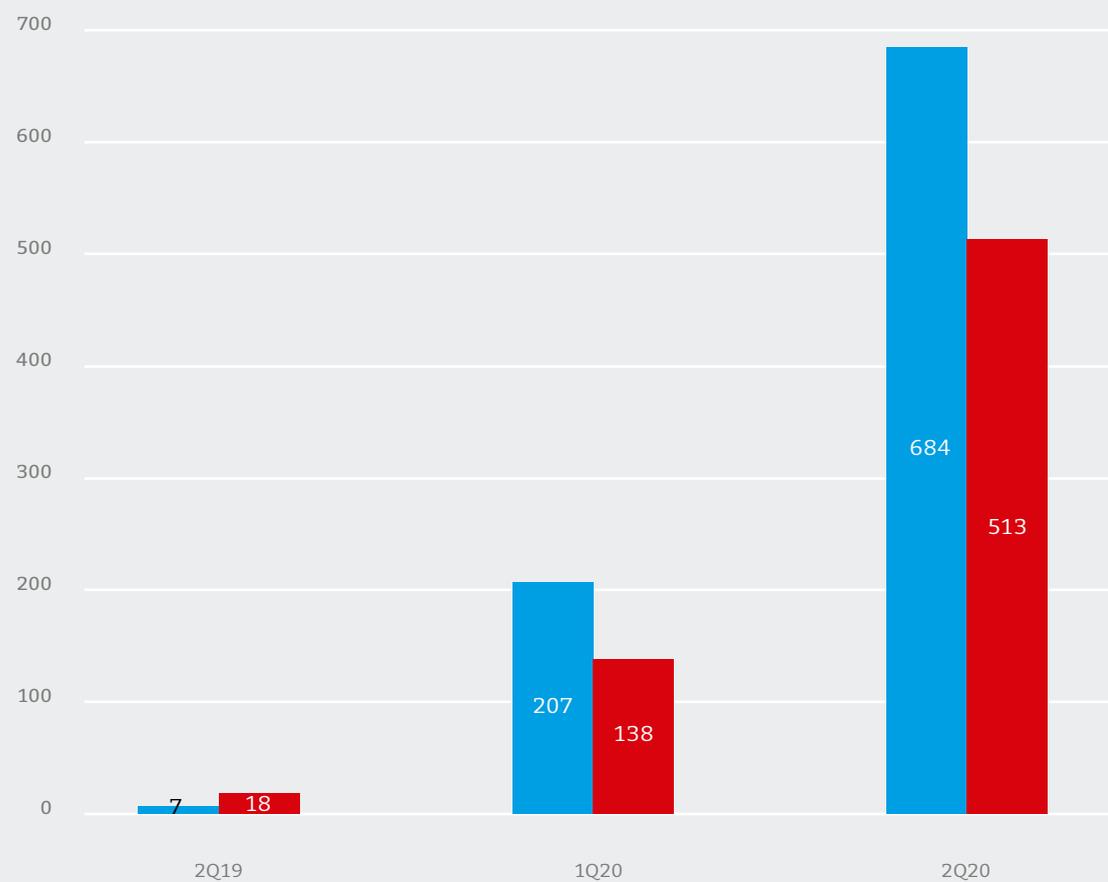


Source: Statistics Poland

■ Average employment (full time jobs), % YOY

■ Number of employees, % YOY

Figure 54 Limitations in work during the week covered by the survey, thousand people



Source: Labour Force Survey (LFS), Statistics Poland.

■ Employee did not perform work due to business interruption  
■ Employee worked less than usual

Map 13 Assessment of employment in the company by region

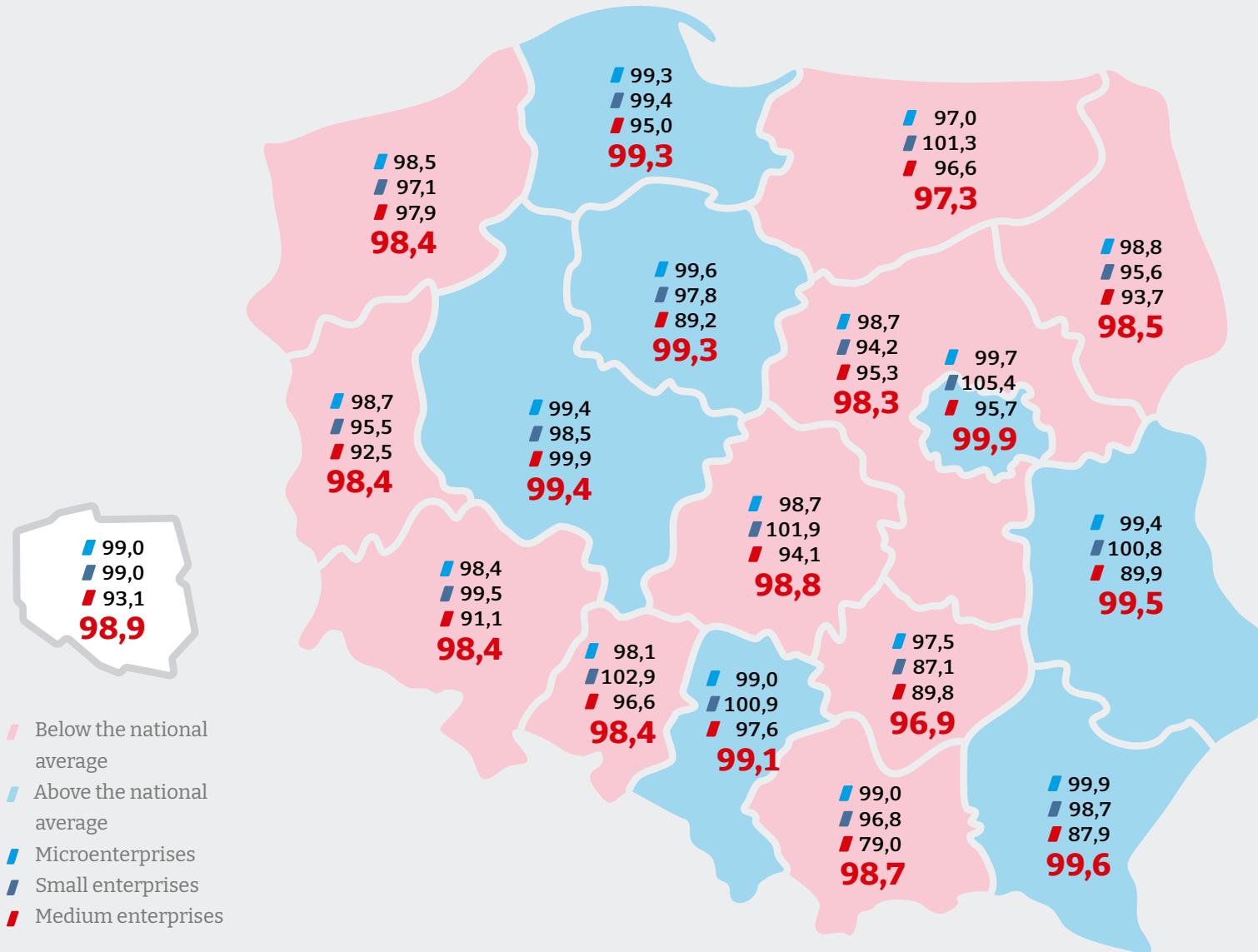


Figure 55 Assessment of employment in the company in the last and next 12 months by region

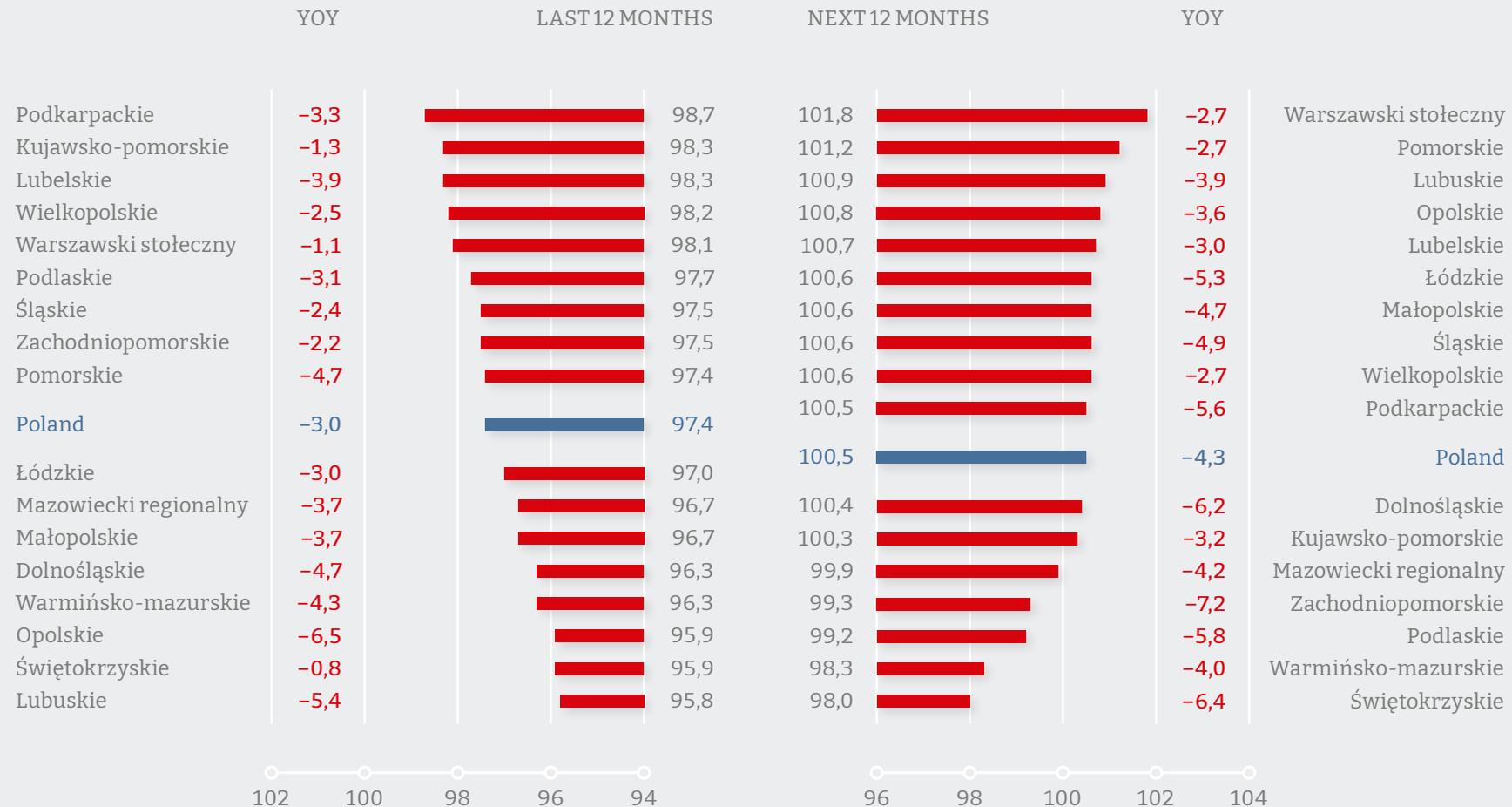
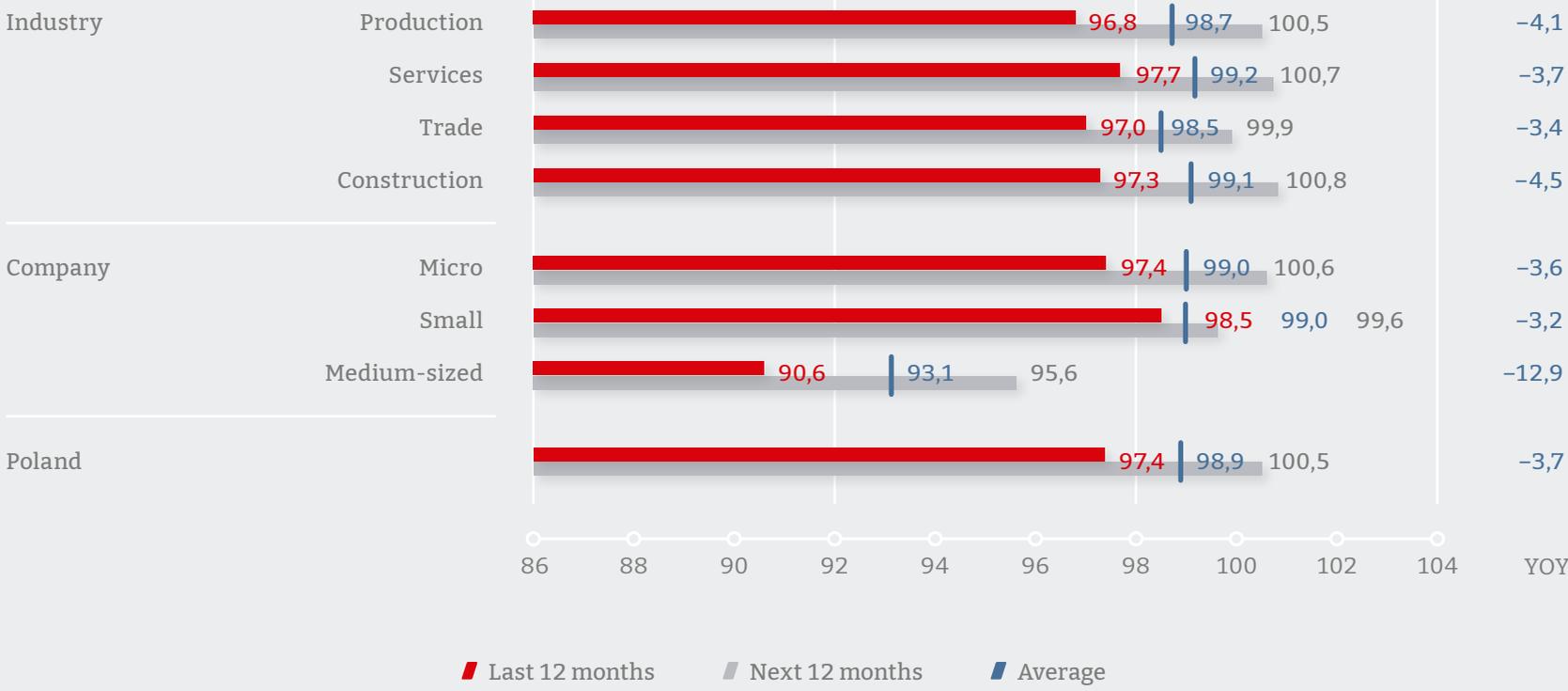


Figure 56 Assessment of employment by company size and industry



# Investments

When companies try to keep any unnecessary expenses to a minimum, investments often become the first victim of cost-cutting measures.

46% of investment expenditures fall within the SME sector – Statistics Poland

**62** The value of investments carried out in 2018 by active Polish companies amounted to more than PLN 218 billion, of which almost 46% was in the micro, small and medium-sized enterprise sector. The investments of microenterprises were worth PLN 38.8 billion (17.8%), small companies – PLN 19.1 billion (8.8%), and medium-sized enterprises – PLN 41.6 billion (19.1%; Figure 57).

In regional terms, the largest average investment expenditures per micro, small and medium enterprise were incurred by companies from the Mazowieckie Voivodeship – almost PLN 54,000 – while the smallest were incurred by entrepreneurs from the Świętokrzyskie region, where the average expenditures amounted to PLN 27,200 in 2018 (Map 14).

In 2018 the total gross value of fixed assets in enterprises reached PLN 2,257 billion, including 916 billion PLN (40.5%) in the micro, small and medium-sized enterprise sector (Figure 58). In percentage terms, buildings and structures constituted the largest part of the assets of SMEs.

In 2018 the largest expenditures on tangible fixed assets among SMEs were incurred by industrial enterprises – PLN 32 billion, which constituted almost 1/3 of all investment expenditures in this sector (Figure 59).

Uncertainty is not conducive to investment – a decrease in the percentage of SMEs investing

**63** In the latest survey we can see a large decrease in investments in the micro, small and medium-sized enterprise sector due to cost cuts and uncertainty. With a sudden change in the economic situation, when safeguarding liquidity becomes crucial and companies try to keep any unnecessary expenses to a minimum, investments often become the first victim of cost-cutting measures. The pandemic is also generating unprecedented uncertainty about economic prospects in most industries. In such circumstances, making investment decisions is extremely difficult due to the impossibility of estimating potential rates of return and the lack of economic justification for expanding production potential (lowering expectations of future economic activity).

**64** Over the last 12 months, the percentage of companies investing has decreased from 52% in 2019 to 44% this year. Medium-sized enterprises reduced their investments the most, as the share of companies investing in comparison with the previous year fell by 22 percentage points from 62% to 40% (Figure 61). The owners of medium-sized companies have cut expenses heavily over the last 12 months, reducing both investment and employment in their businesses.

The distribution of investing companies in terms of the different regions is interesting. There are voivodeships, such as Podlaskie or Łódzkie, in which the percentage of companies investing has decreased by more than 10% in comparison to the previous year. But there are also regions where these decreases are minimal. For example, in Opolskie Voivodeship, this year's percentage of companies investing (51%) has not changed compared to 2019 (Figure 62). It is worth noting that this year's General Business Climate Index for SMEs is highest in the Opolskie region.

**65** Only 35% of the SMEs surveyed intend to complete investment projects in the next 12 months. Until a vaccine for COVID-19 is developed and distributed, there will be the threat of further waves of the disease and periodic tightening of epidemiological restrictions aimed at limiting the spread of the epidemic. In the medium term, cooperation in the implementation of publicly funded projects, including those financed by the Recovery and Resilience Facility, may prove to be the impetus for increasing the investment activity of enterprises.

### Less but more valuable investments

**66** The decrease in the percentage of investing companies in 2020 is compensated by an increase in investment outlays, which averaged PLN 128,000 over the last 12 months. Microenterprises that have completed investment projects have spent an average of PLN 101,000, small companies – PLN 393,000 and medium companies – PLN 639,000. This is over PLN 22,000 more than in 2019 (Figure 63, Map 15 and 16). The increase in investment expenditure compared to 2019 occurred in all sectors and among micro (increase of PLN 8,000), small (increase of PLN 48,000) and medium (increase of PLN 159,000) companies.

### Loans or leasing in addition to investment financing

**67** Own funds remain the dominant source of investment financing. The percentage of companies that have used external sources of financing such as loans, leasing or subsidies in the last 12 months has changed slightly compared to 2019 (Figure 64). In a situation where a much larger number of companies have been using external liquidity financing in recent months, it could be assumed that a similar phenomenon would also be observed during investments. This did not happen, which can be attributed to the fact that the companies that had investments planned completed them in accordance with previous assumptions, including in terms of financing sources, while those companies that had problems with closing financing for investments after the outbreak started gave up these projects.

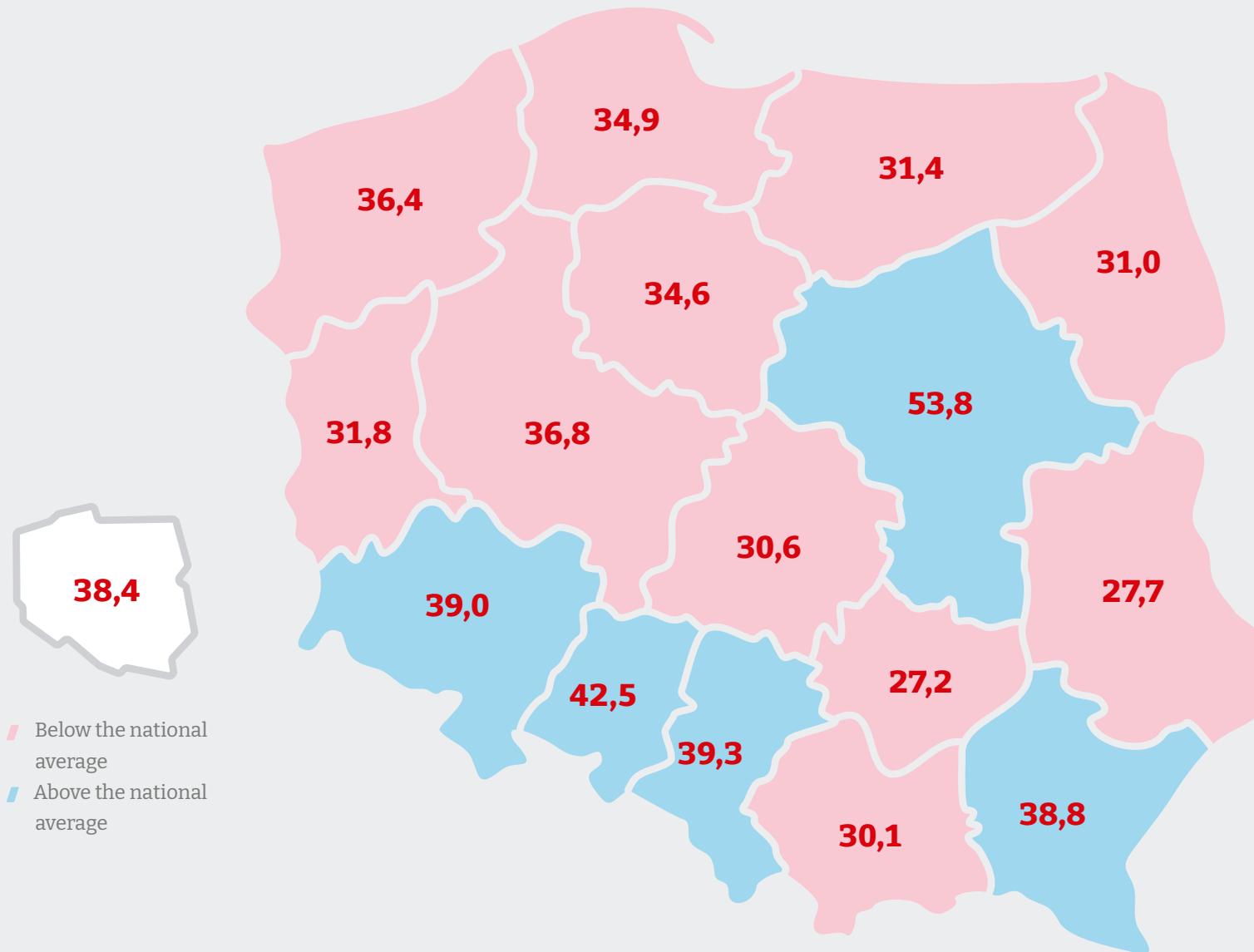
Figure 57 Investment expenditures in active companies in 2018



Source: Statistics Poland

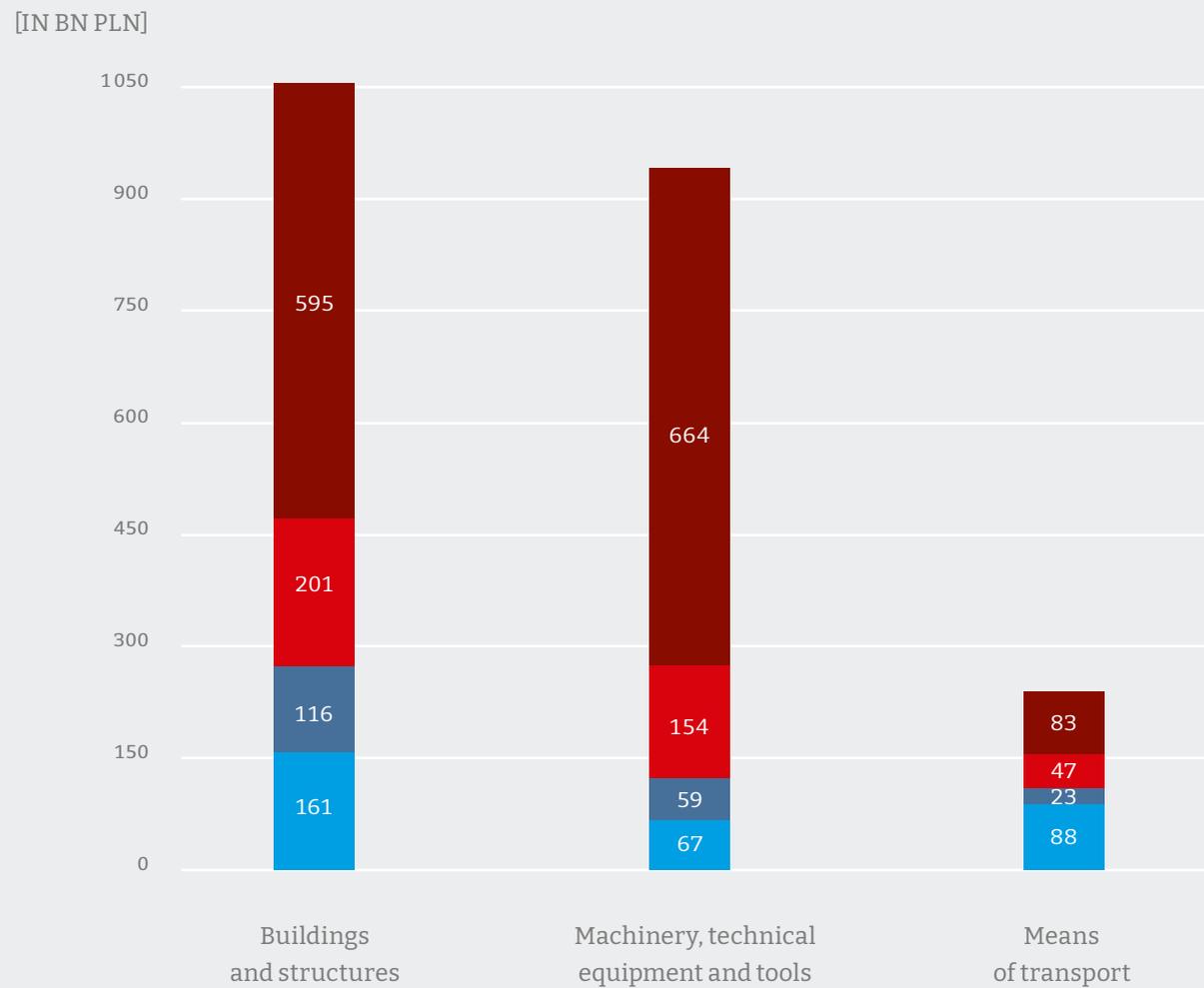
■ Microenterprises   
 ■ Small enterprises   
 ■ Medium enterprises   
 ■ Large enterprises

Map 14 Average investment expenditures in SMEs in 2018



Source: Own calculations based on Statistics Poland

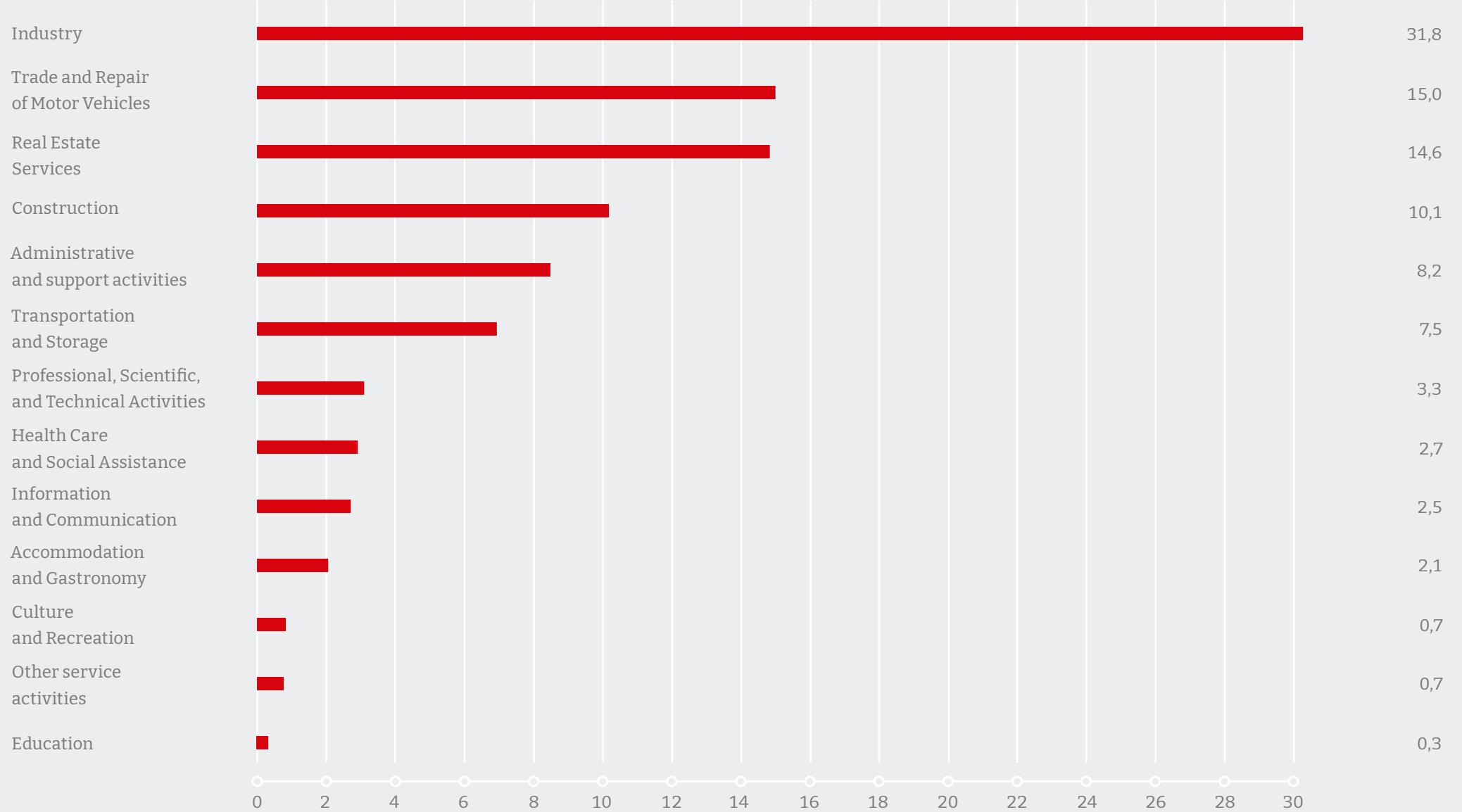
Figure 58 Gross value of fixed assets in active companies in 2018



Source: Statistics Poland

■ Microenterprises   
 ■ Small enterprises   
 ■ Medium enterprises   
 ■ Large enterprises

Figure 59 Investment expenditures and number of active SMEs by basic activity type in 2018



Source: Statistics Poland

Figure 60 Percentage of investing companies in the years 2010–2020

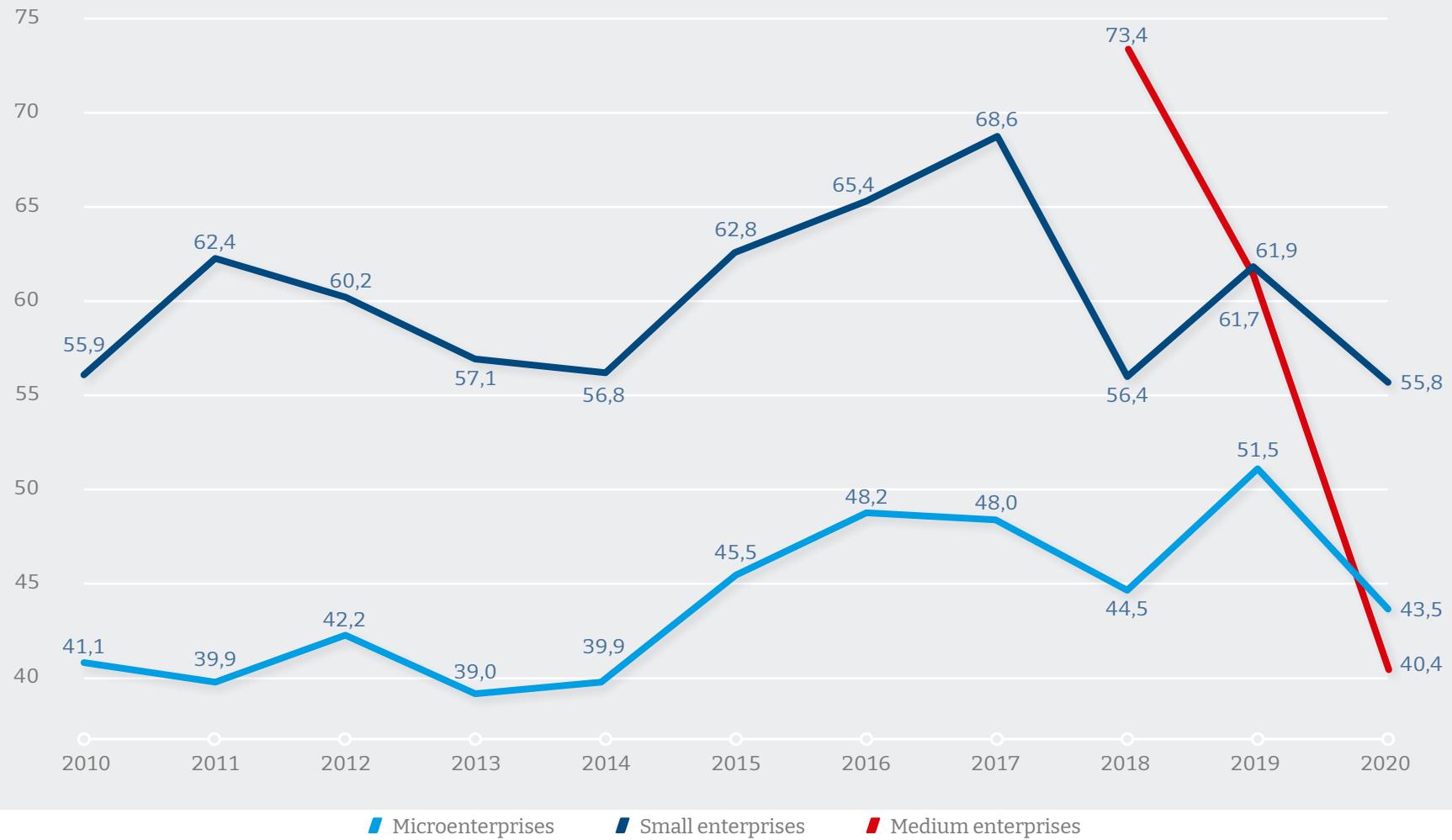
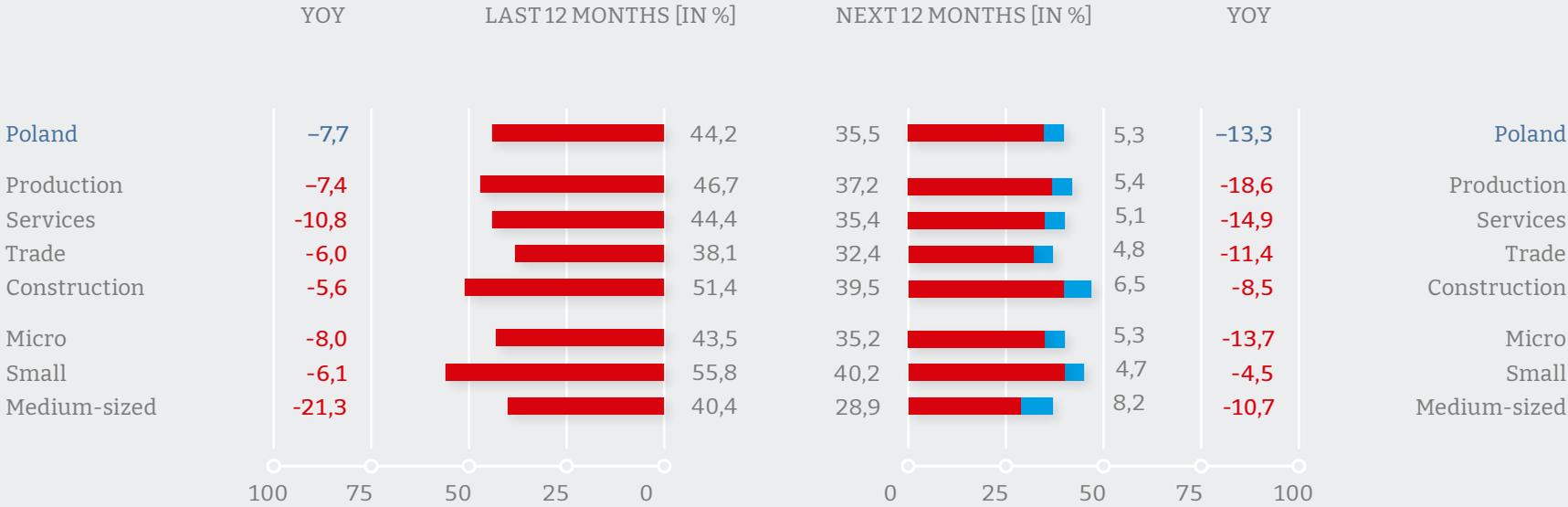
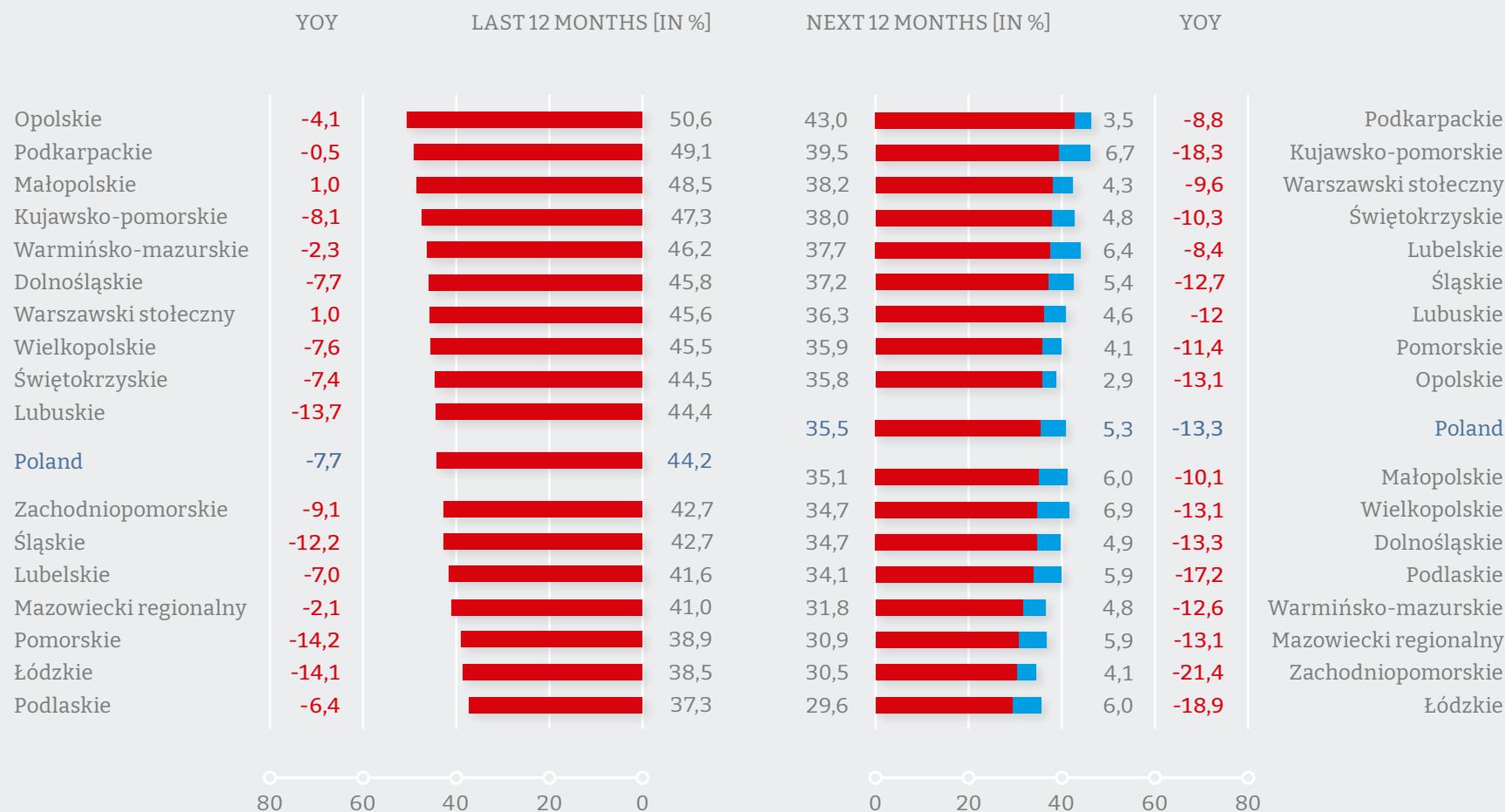


Figure 61 Percentage of investing companies by size and industry



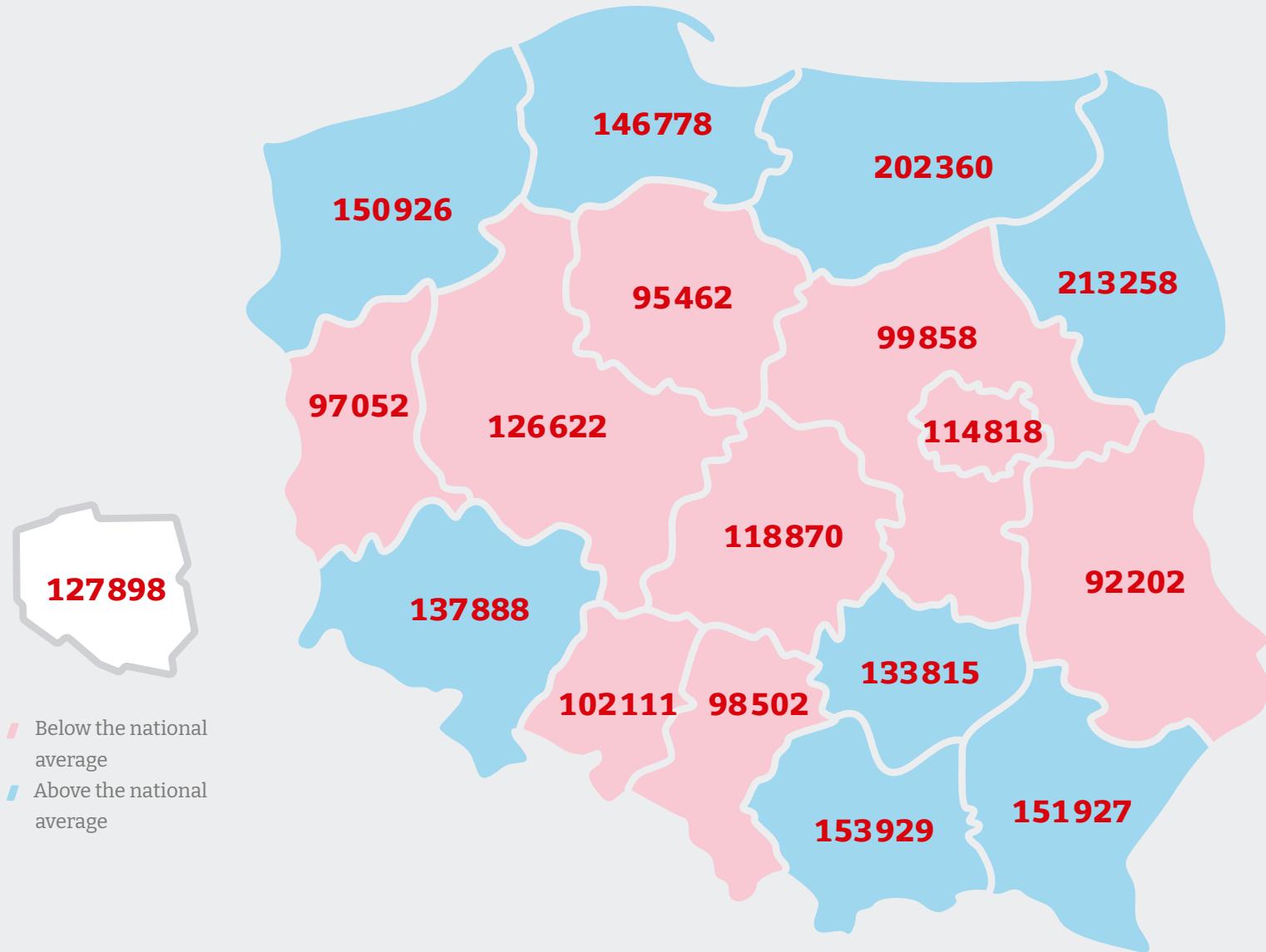
■ Hard to say

Figure 62 Percentage of investing companies in the last and next 12 months by region



■ Hard to say

Map 15 Investment expenditures in the last 12 months by region



Map 16 Investment expenditures in the next 12 months by region

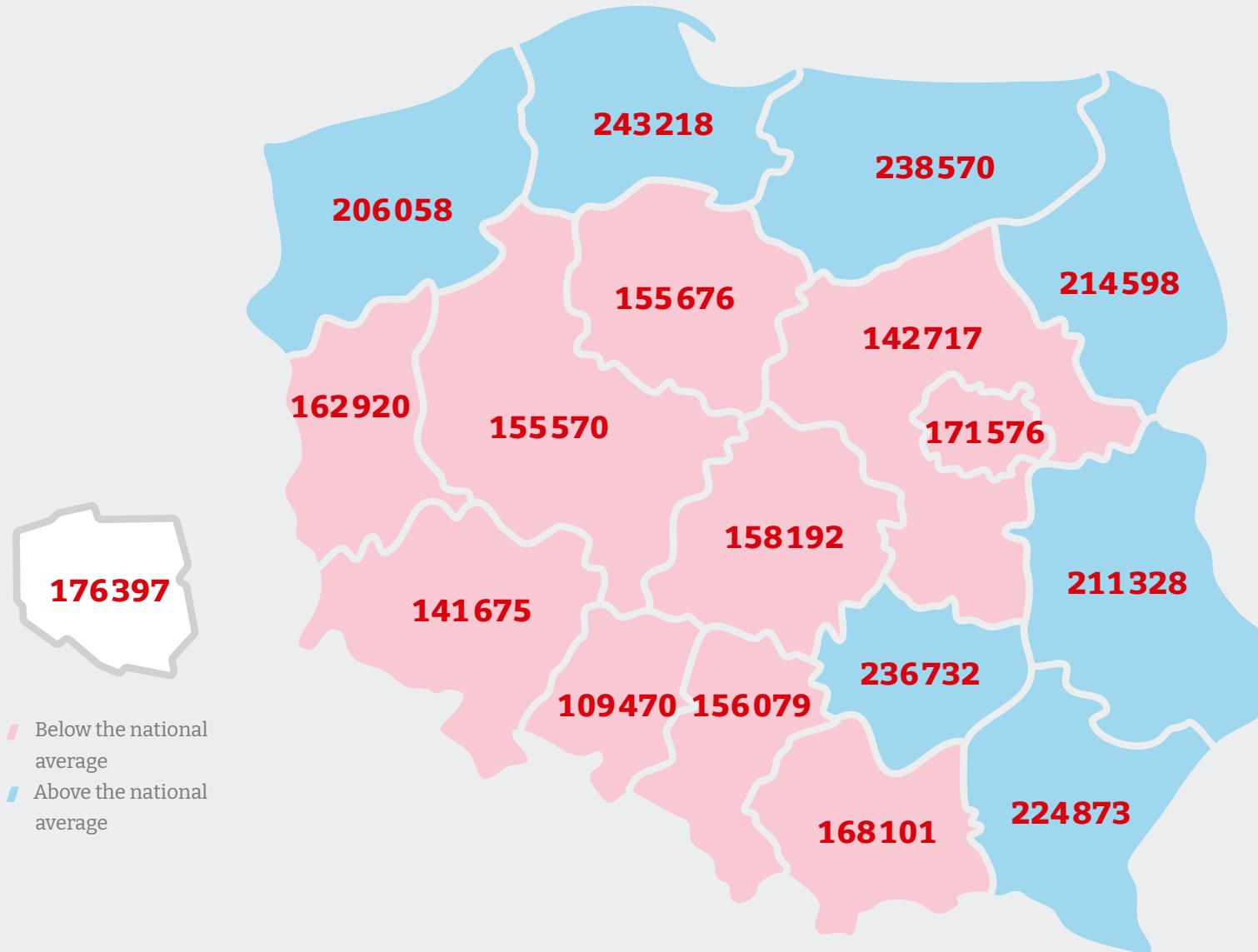


Figure 63 Investment expenditures in the last and next 12 months by company size and industry

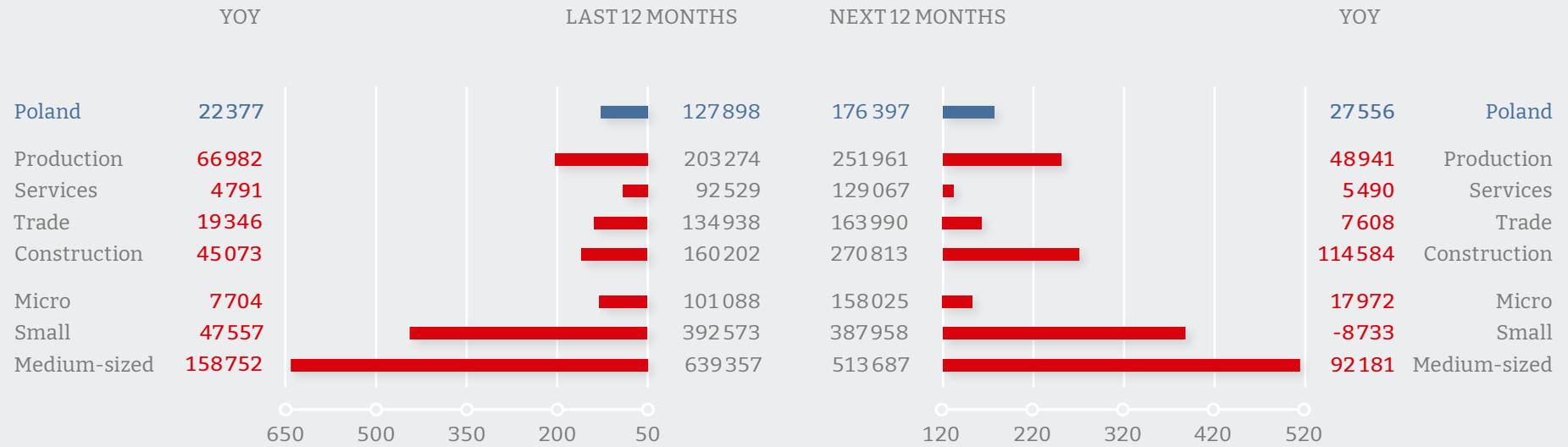


Figure 64 Sources of investment financing in the last and next 12 months by region, company size and industry

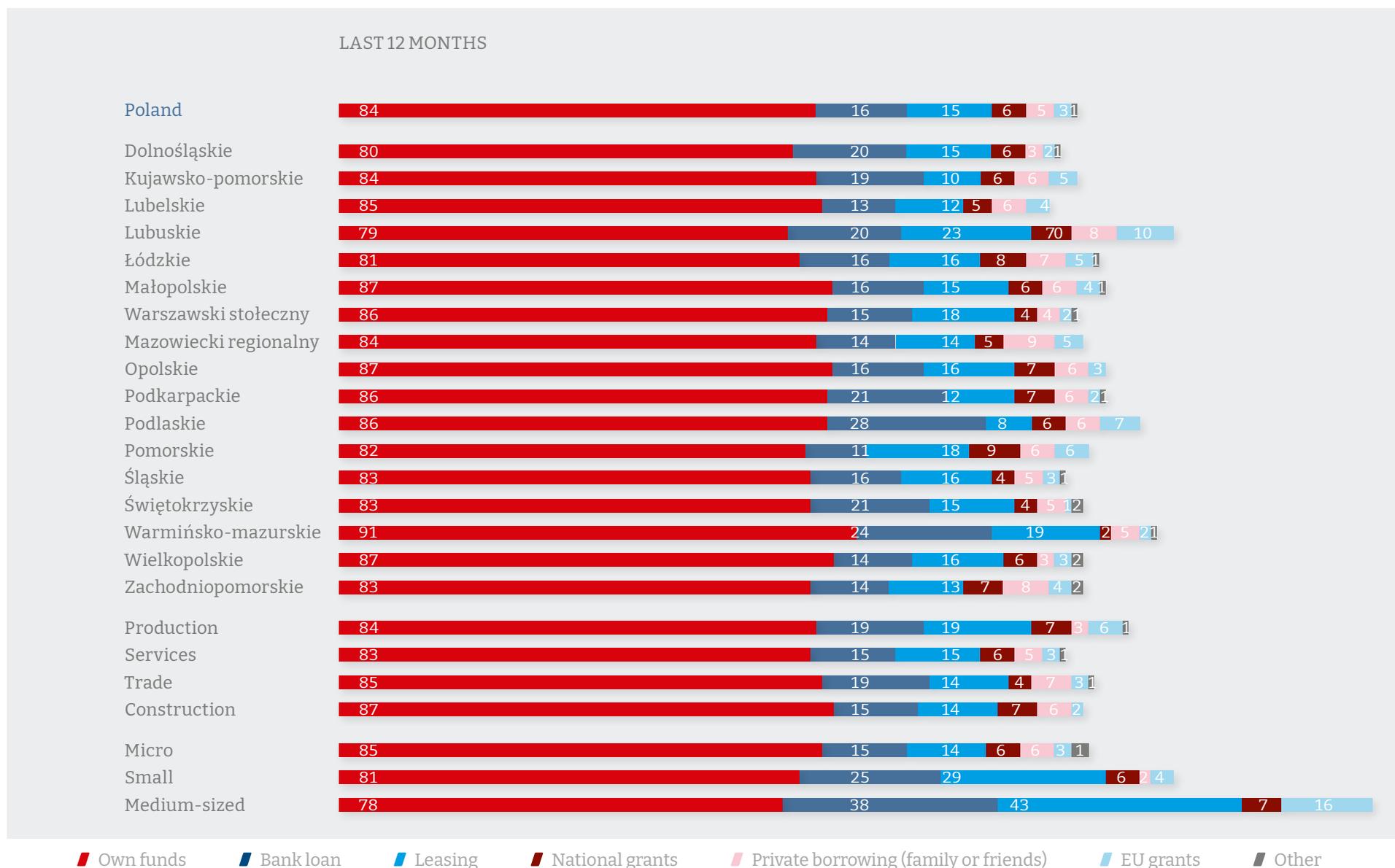
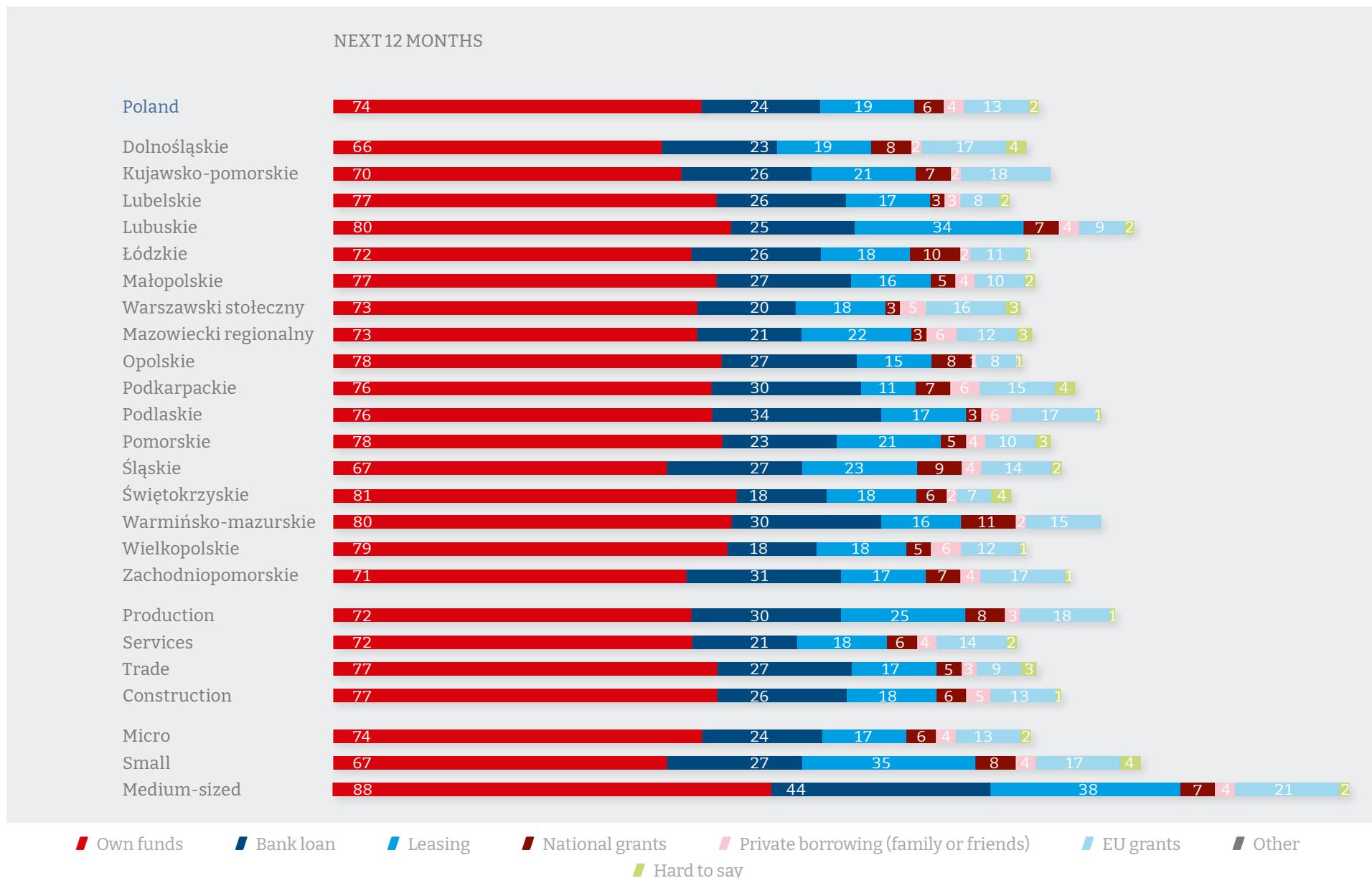


Figure 64. cont. Sources of investment financing in the last and next 12 months by region, company size and industry



# Export

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In the case of small and medium sized companies, we see an increase in the percentage of exporters.

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Polish exports have suffered less than in other EU countries

**68** The spring wave of the pandemic, the disruption of global supply chains and the “freezing” of some sectors of the economy caused a deep collapse in exports in the second quarter of 2020. The lifting of epidemiological restrictions and the gradual streamlining of supply chains were conducive to a rebound in exports in the following months (Figure 65).

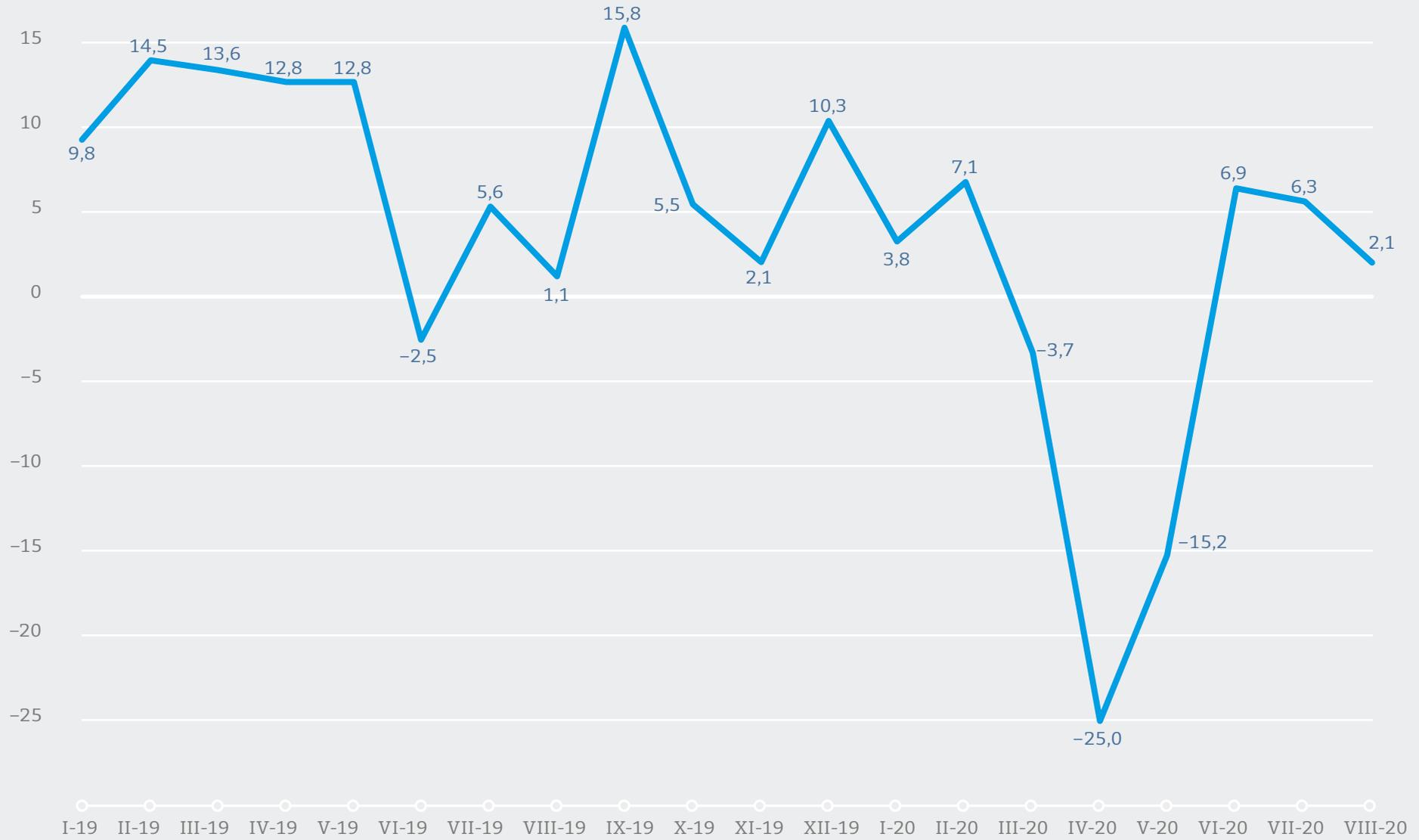
The product-diversified structure of Polish exports and close trade relations with the German economy, which experienced a relatively smaller scale of downturn than other large European economies, limited the scale of the export shock in Poland (Figure 66).

**69** In the last 12 months, the sale of goods and/or services to foreign markets was declared by 15% of entrepreneurs. This is

3 percentage points lower than last year (Figure 67). It is worth noting, however, that the decrease in the percentage of exporters by 3 percentage points is due to the decrease in the group of microenterprises from 18% to 14%. In the case of small and medium sized companies, we see an increase in the percentage of exporters. This may mean that in the case of larger companies, one of the crisis management strategies was to look for clients in foreign markets.

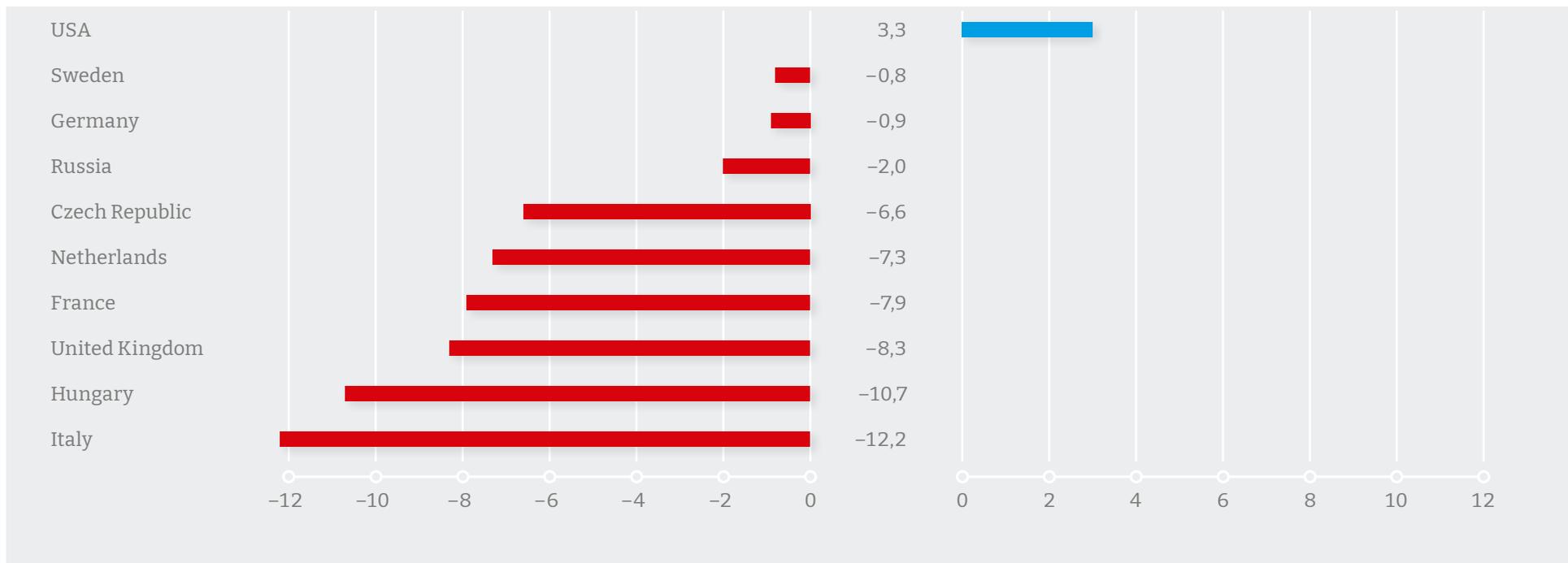
**70** 53% of exporters stated that exports had worsened as a result of the coronavirus pandemic. This decrease is clearly visible in the distribution of exporters by voivodeship. Lubuskie Voivodeship, which has been the region with the highest percentage of exporters many times in previous years, has recorded a decrease of this index by 10 percentage points year-on-year (Map 17).

Figure 65 Export of goods in PLN (nominal), % YOY



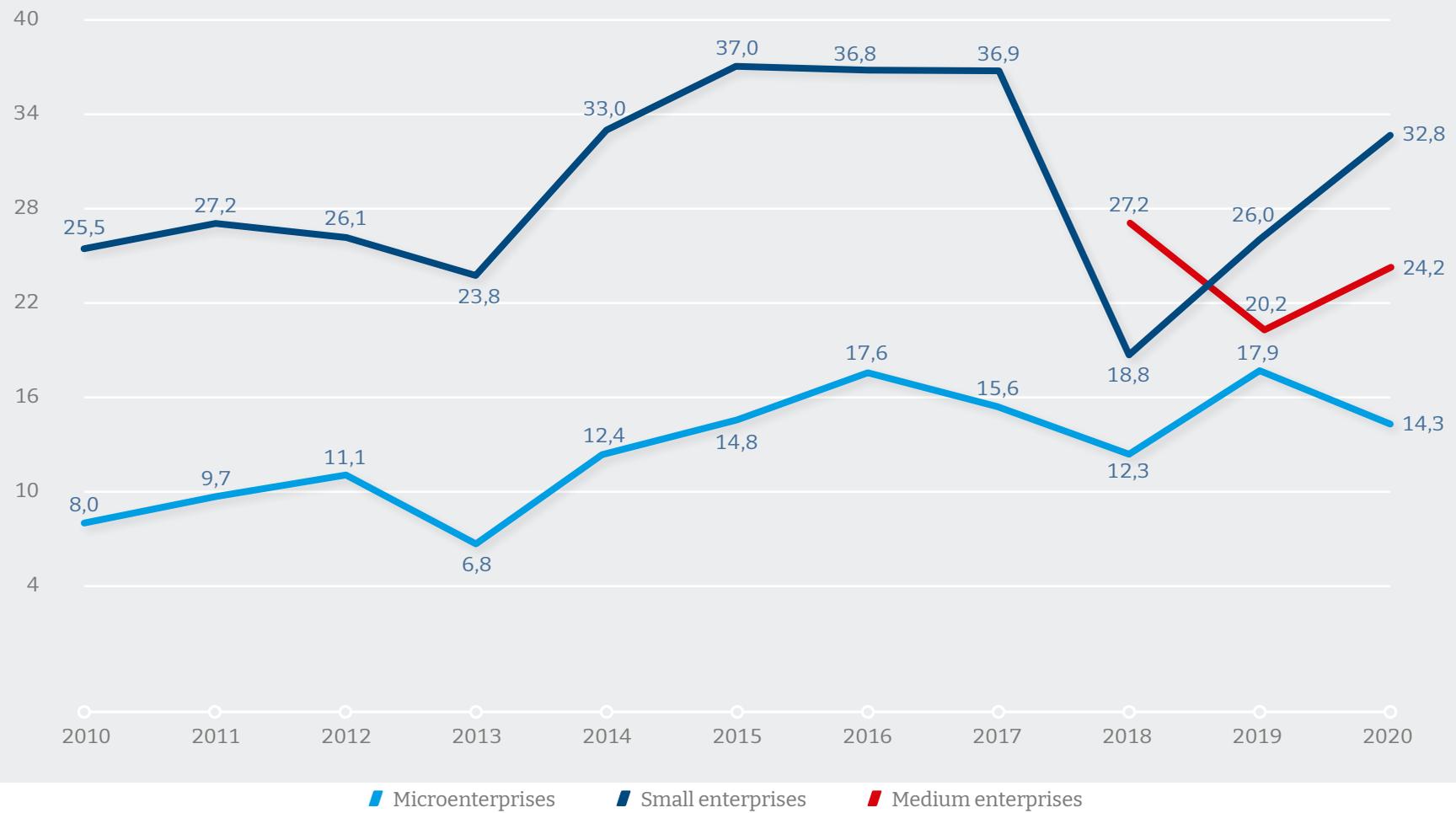
Source: Statistics Poland

Figure 66 Export of goods in the period from Jan-Aug, PLN (nominal), % YOY



Source: Statistics Poland

Figure 67 Percentage of exporting companies in the years 2010–2020



Map 17 Percentage of exporting companies by region

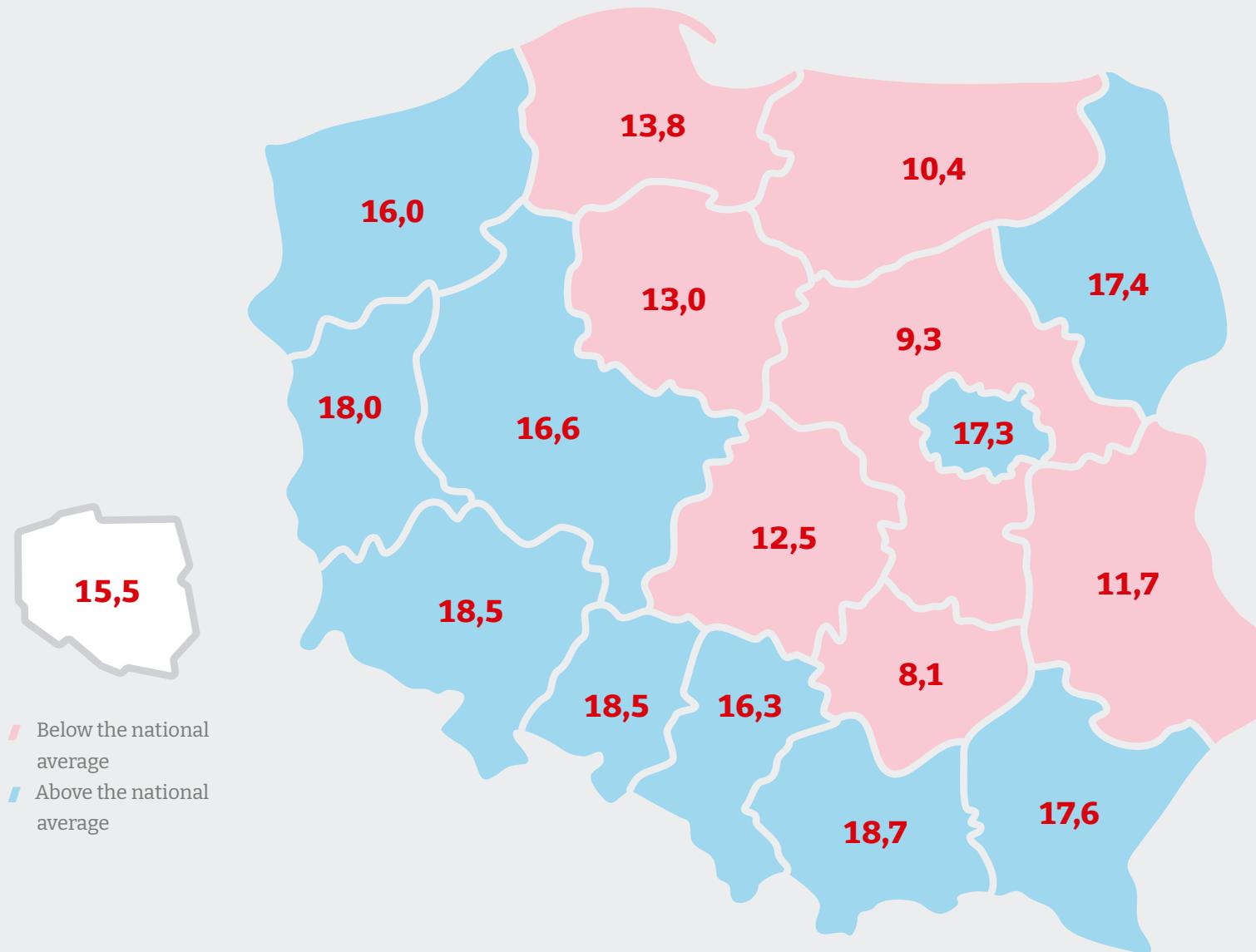


Figure 68 Percentage of exporters in the last and next 12 months by company size and industry



# Innovations

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In the long run, it will be crucial to intensify efforts aimed at improving the innovativeness of companies.

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Polish companies did not use innovation to fight the effects of the pandemic

**71** Poland is only 24th in the EU in terms of innovation in the latest “European Innovation Scoreboard” report published by the European Commission. Only Romania, Bulgaria and Croatia are classified in lower positions.

**72** In the case of the majority of indices relating strictly to the innovative aspects of enterprises’ activities, Poland comes in far below its EU competitors. Favourable readings are recorded only in two areas: opportunity-driven entrepreneurship and non-R&D innovation expenditure (Figure 69). In this second category, our country achieved an even better result than the innovation leader, Sweden. The extremely low assessment results relating specifically to the innovative activities of SMEs indicate that there is a particularly large gap in this respect compared to small and medium-sized enterprises in other EU countries.

**73** The crisis situation did not cause a breakthrough in innovation. Product innovations in the last year were made by 23.7% of SMEs, while process innovations were made by only

**18.8% of micro, small and medium enterprises.** It might seem as though the difficult situation related to the pandemic would cause companies to adapt to new conditions to a much greater extent than before by making product innovations (new or improved products and services) or, above all, process innovations (new or improved methods of production or distribution of products and services).

None of these processes have occurred in the last 12 months or are likely to occur in the next 12 months. 28.2% and 24% of companies have plans to implement product and process innovations, respectively, in 2021. Usually, the percentage of companies actually implementing innovations in a given year is several percentage points lower than the forecasts from the survey of the previous year (Figures 70–75).

**74** Expenditure on innovation increased only slightly compared to last year – average innovation expenditure in the SME sector was PLN 68,950. While this expenditure decreased year-on-year in the group of microenterprises, small and especially medium-sized companies invested much more in innovation (Figure 76).

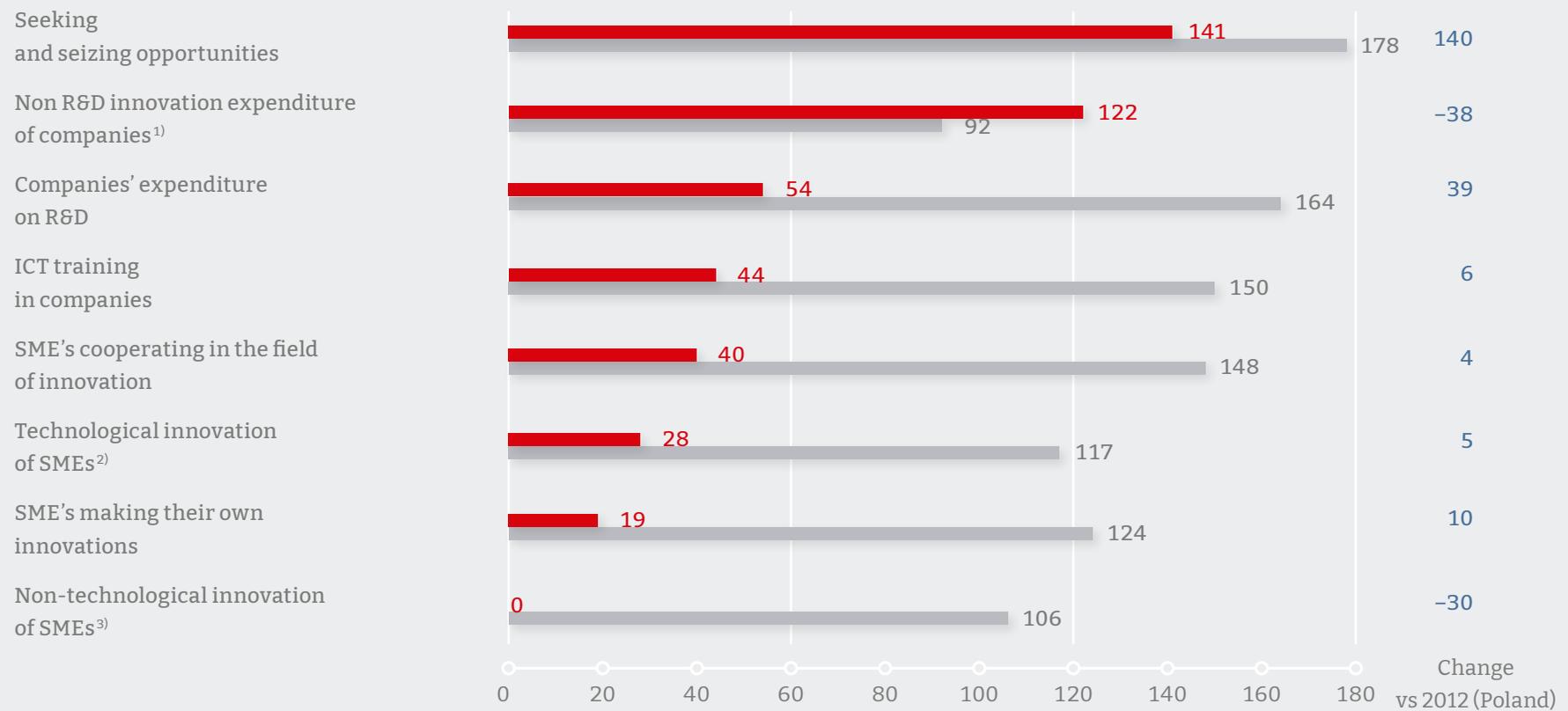
**75 Only 31% of companies used innovations to adapt to difficult business conditions.** These are companies that have implemented at least one type of innovation in the last 12 months. This is an extremely low percentage, given the huge changes that have taken place in recent months in the sale of goods and services.

However perverse it may sound, it is hard to find a better time to implement new solutions than a crisis situation when the business environment changes radically and you have to quickly apply solutions which, even if they were predicted, have never been implemented in the company previously. For example, only 16% of trading companies

implemented process innovations, when the epidemic restrictions in this industry were the greatest and it seemed natural to look for new distribution methods, for example by implementing Internet sales.

In view of the structural challenges facing Polish entrepreneurs (e.g. the gradually shrinking predominance of labour costs or the growing regulatory pressure related to environmental issues) in the long run, it will be crucial to intensify efforts aimed at improving the innovativeness of companies (especially SMEs).

Figure 69 Innovation indices of companies by selected areas in Poland and Sweden in 2019. (EU=100)



Source: European Commission, Pekao analyses

■ Poland    ■ Sweden (EU innovation leader)

<sup>1)</sup> R&D expenditure

<sup>2)</sup> With regard to products and processes

<sup>3)</sup> Within marketing and organization

Figure 70 Percentage of companies implementing product innovations in the years 2010–2020

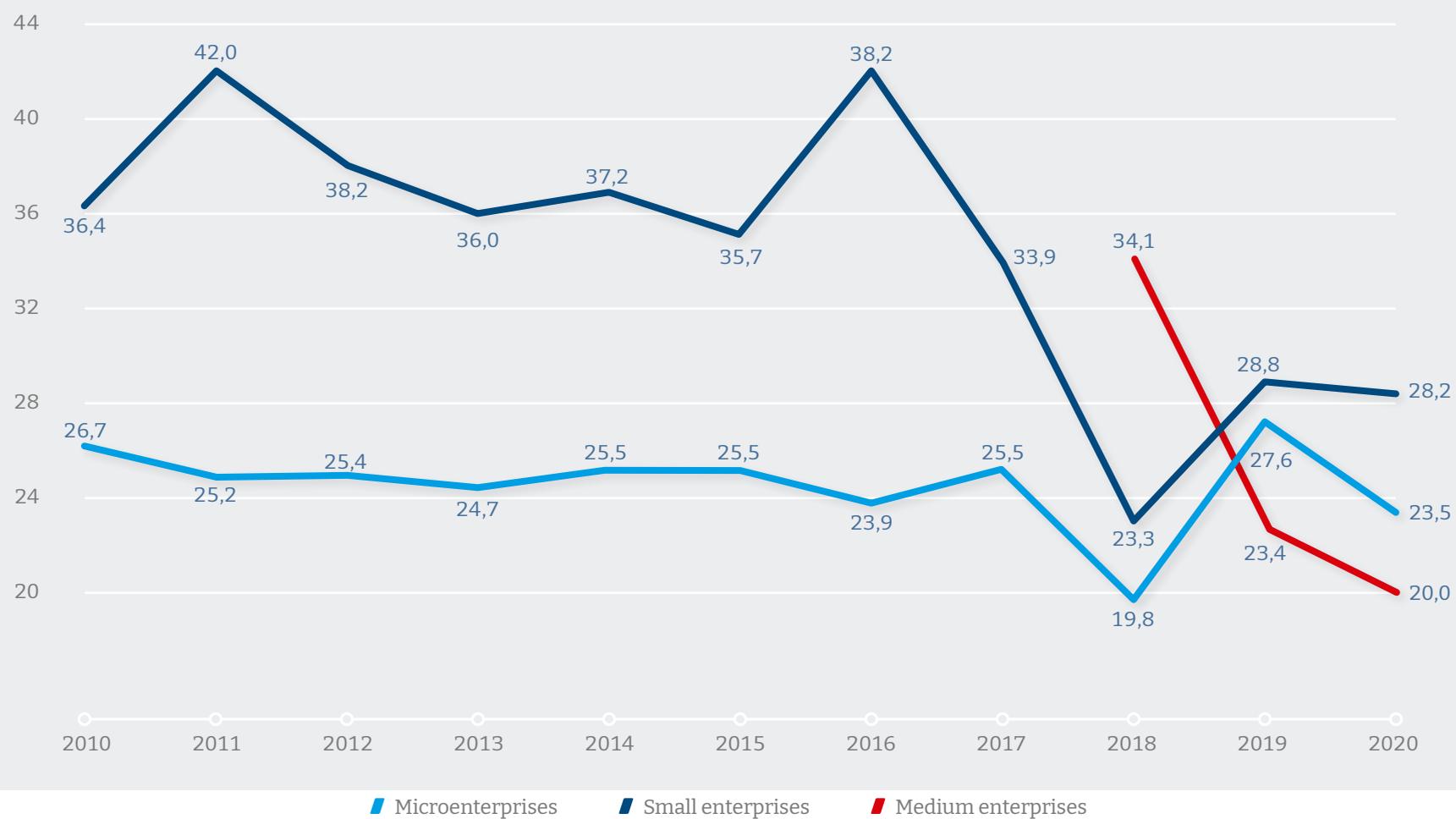
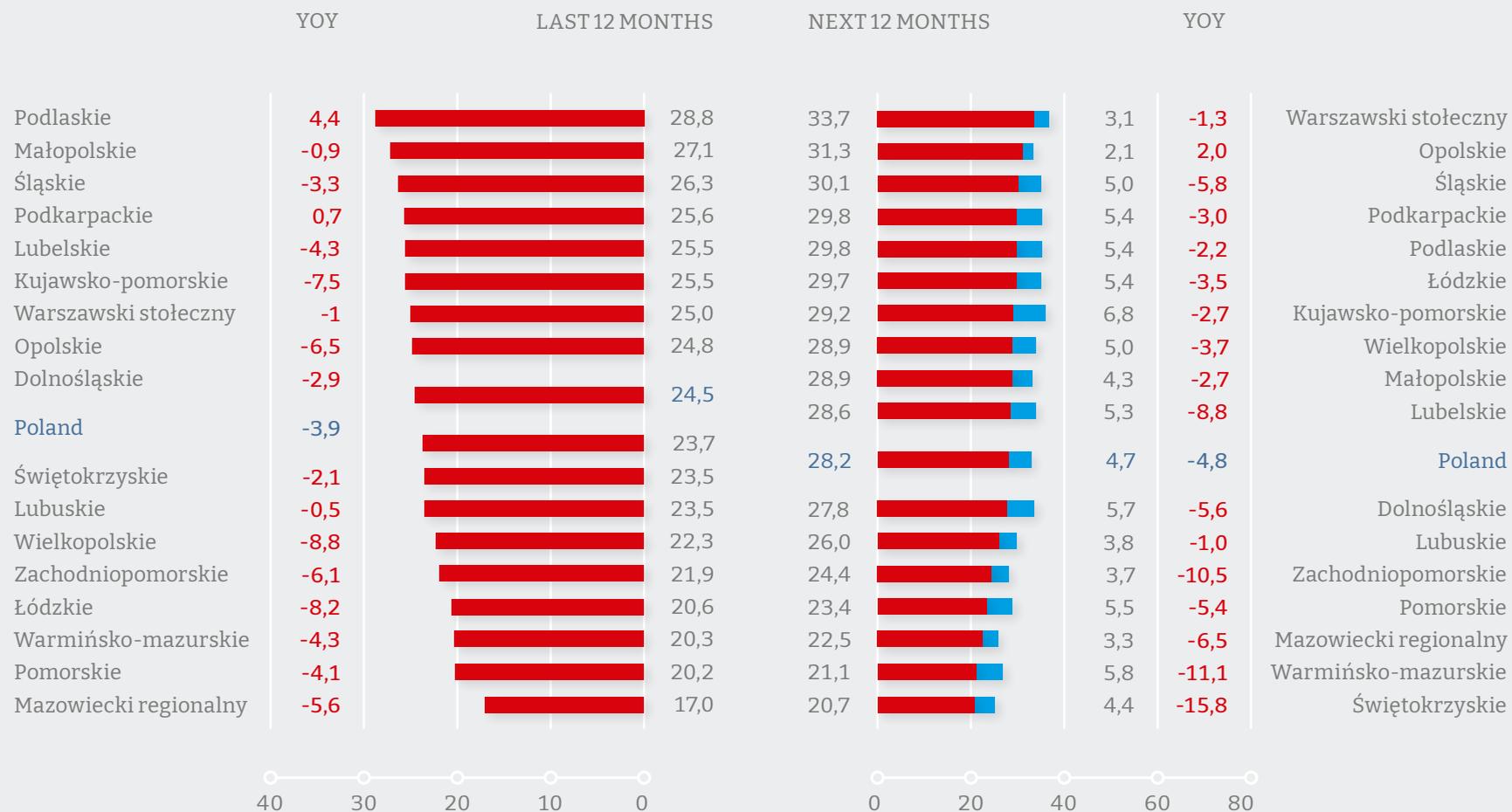


Figure 71 Percentage of companies implementing product innovations in the last and next 12 months by region



■ Hard to say

Figure 72 Percentage of companies implementing product innovations in the last and next 12 months by size of companies and industry



■ Hard to say

Figure 73 Percentage of companies implementing process innovations in the years 2010–2020

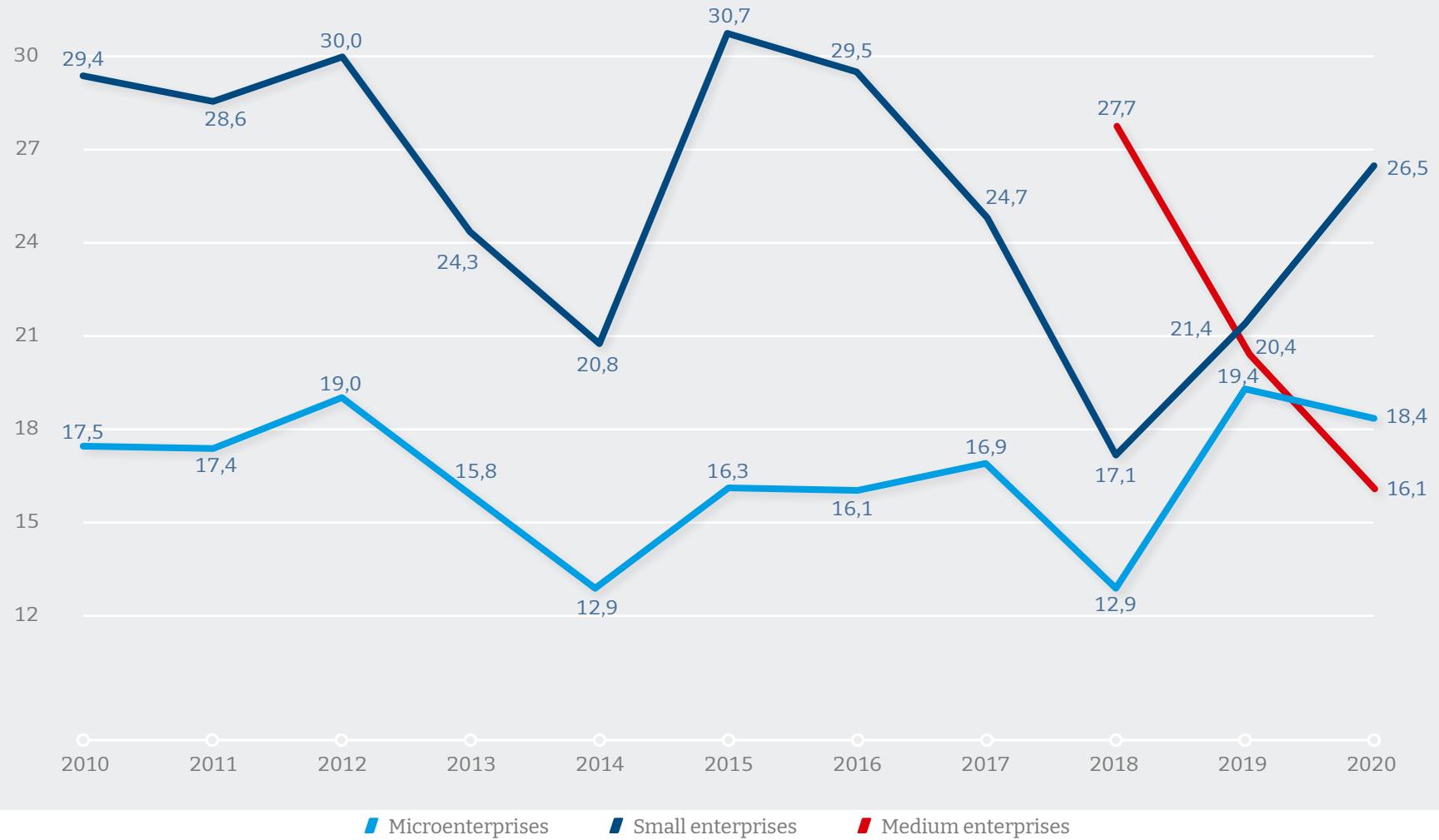
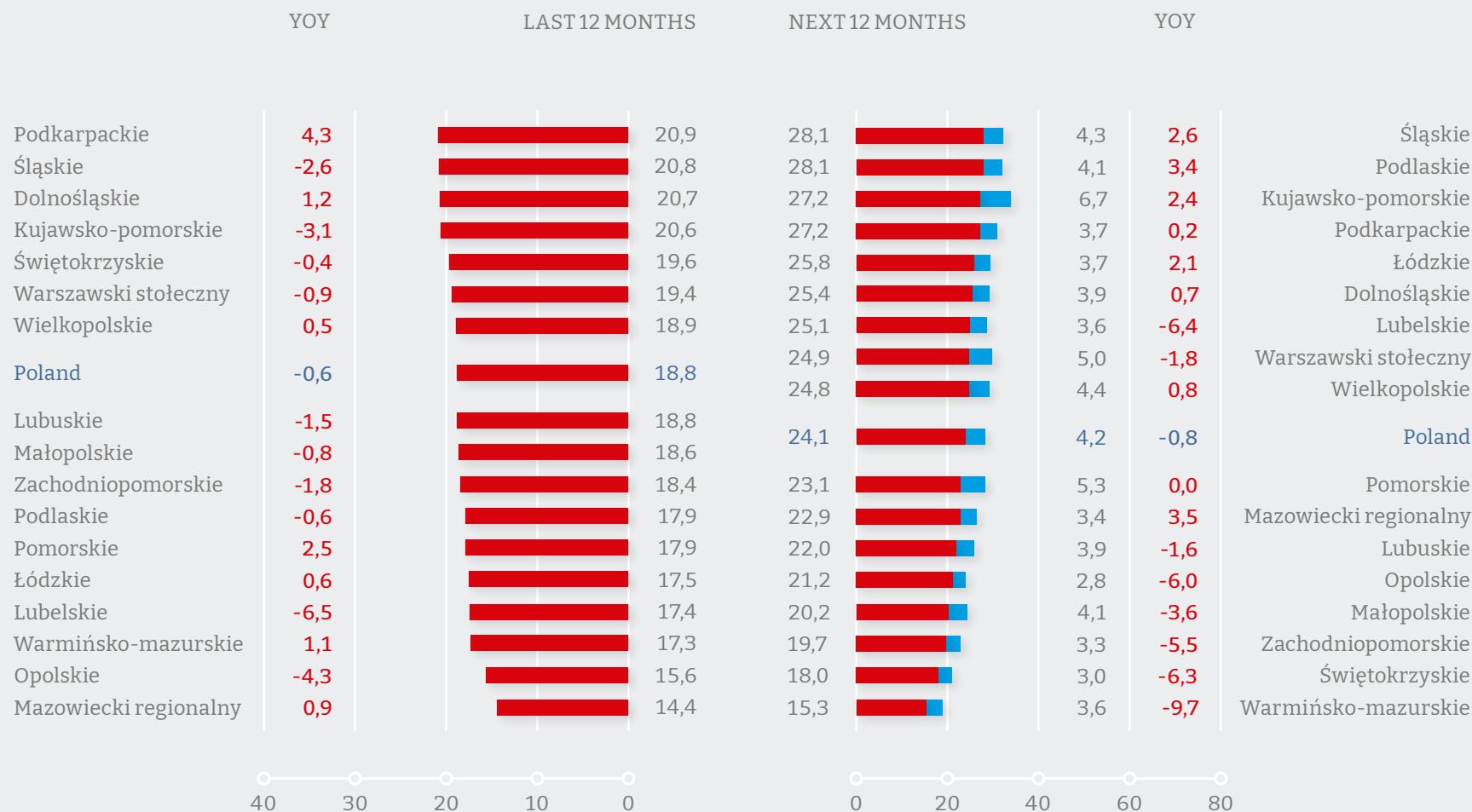


Figure 74 Percentage of companies implementing process innovations in the last and next 12 months by region



■ Hard to say

Figure 75 Percentage of companies implementing process innovations in the last and next 12 months by size of companies and industry



Map 18 Expenditure on innovation in the last 12 months by region

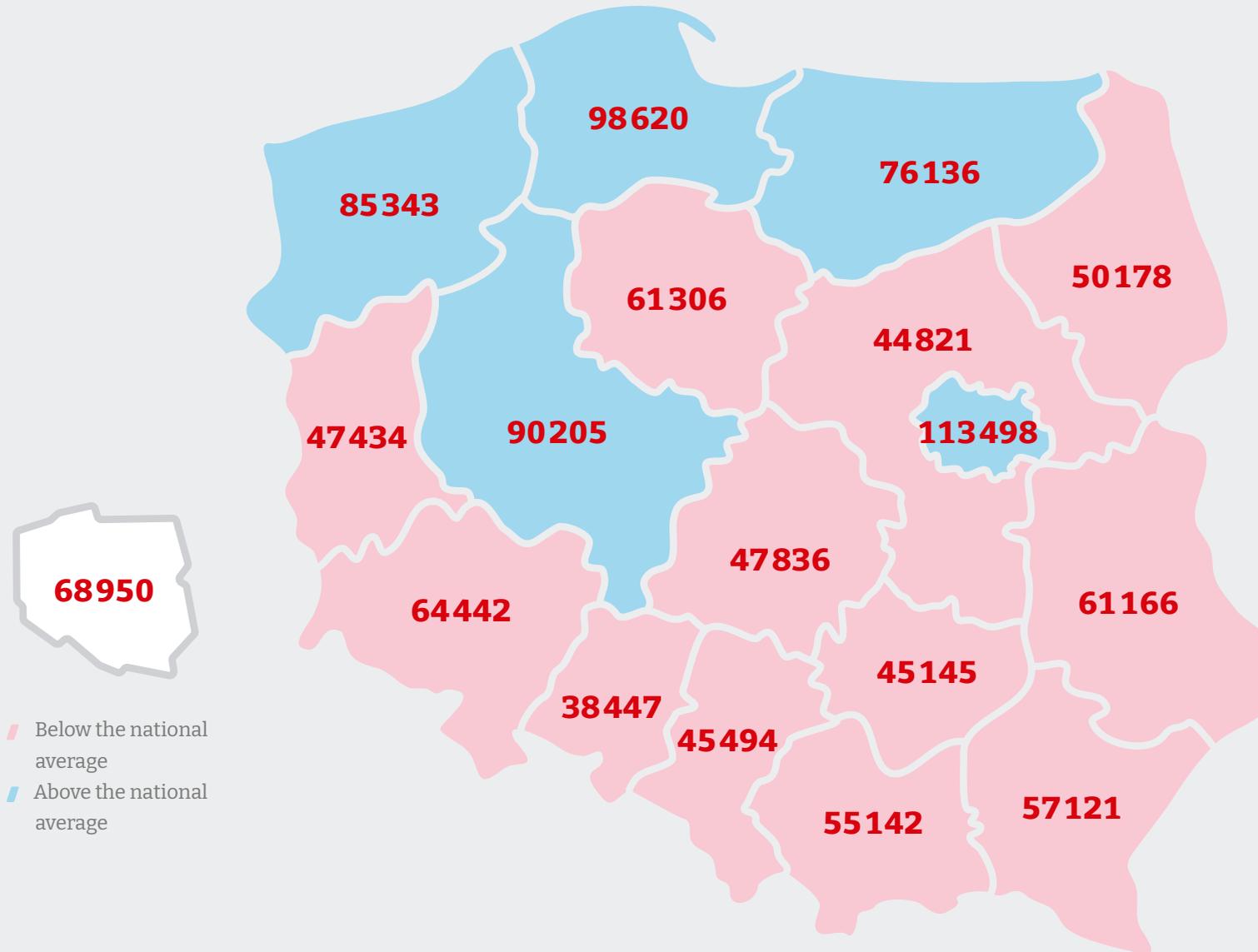


Figure 76 Innovation spending in the last 12 months by company size and industry

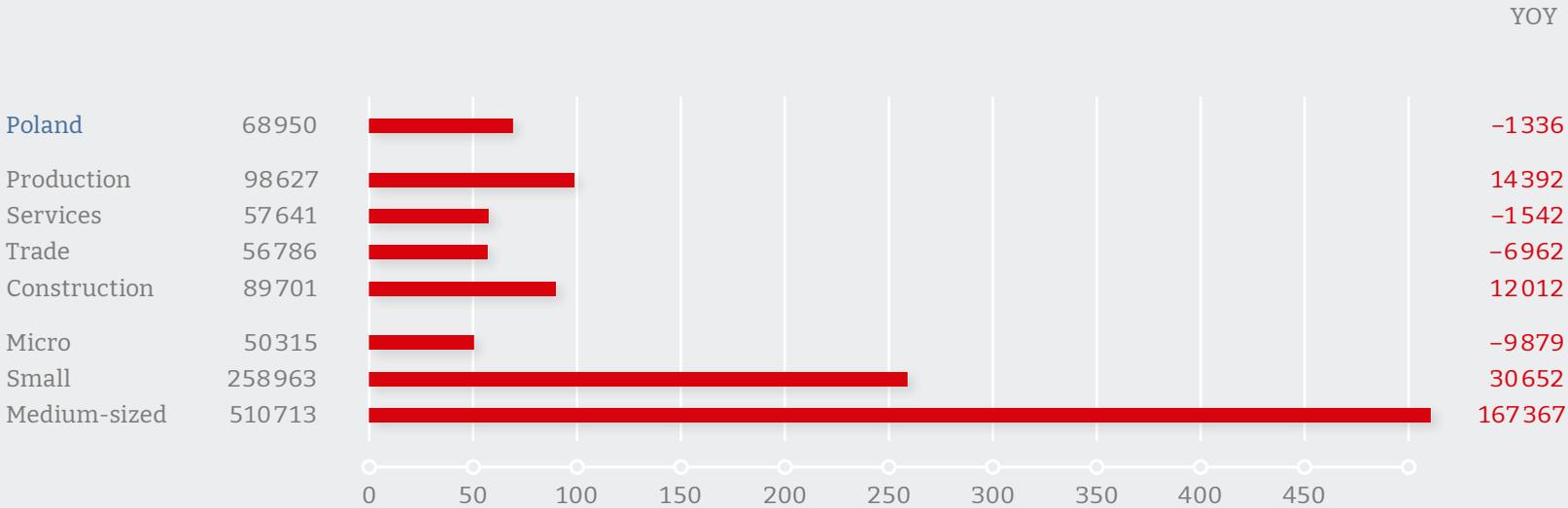
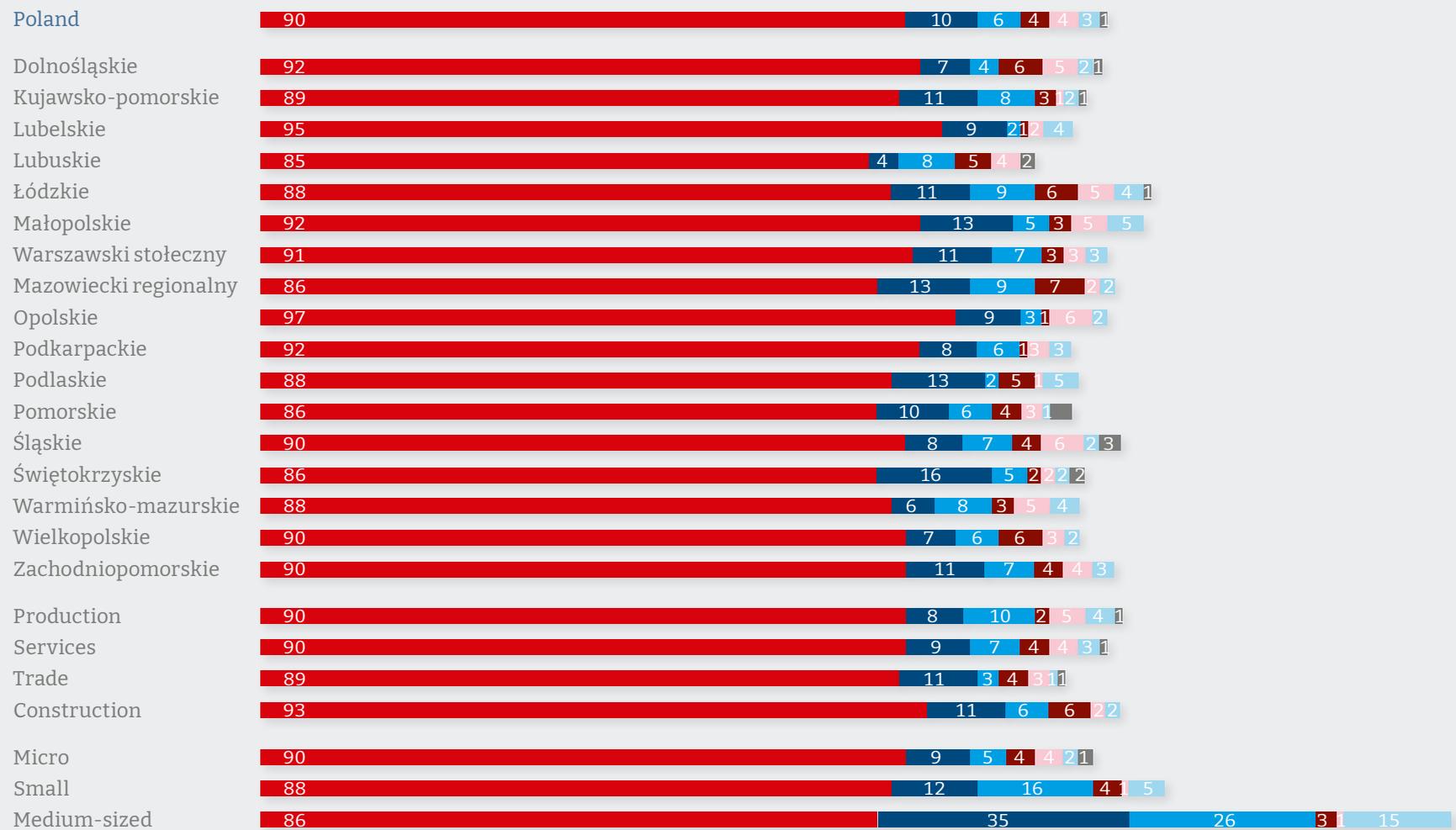


Figure 77 Sources of financing for innovation in the last 12 months by region, company size and industry



Own funds Bank loan Leasing National grants Private borrowing (family or friends) EU grants Other

# Barriers to doing business

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Compared to last year's survey, barriers closely related to the pandemic have increased.

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Despite the pandemic, taxes, labour costs and red tape remain the major barriers to growth for companies.

**76** The three major barriers to the development of Polish SMEs have not changed since last year – the amount of taxes, labour costs and red tape.

Since 2012 the Bank has been asking entrepreneurs about barriers to doing business. The owners assess each barrier read during the survey on a scale from 1 (no barrier) to 5 (very major barrier). In 2020 the average value of barriers amounted to 2.74 points,

compared to 2.67 points a year ago (Figure 78). It is worth noting that 4% of entrepreneurs chose COVID-19 as their other barrier. The average value for this barrier was 4.55 points. In order to ensure data comparability, this variable was not included in the calculations.

Compared to last year's survey, barriers closely related to the pandemic have increased: payment bottlenecks, demand for the company's products and services, access to external financing and access to assistance programmes for companies (Figure 79).

Figure 78 Average value of barriers to growth in the years 2012–2020

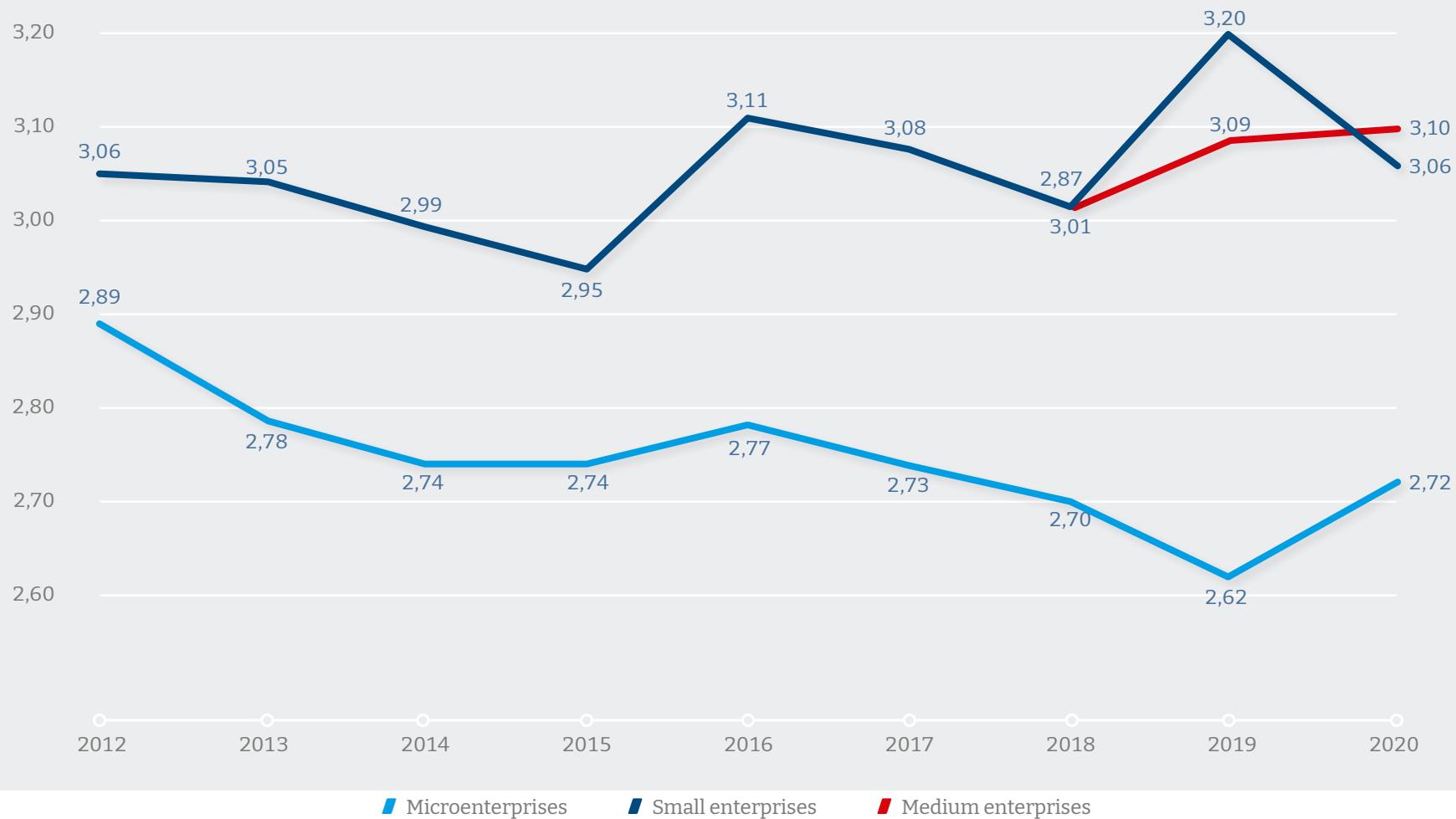
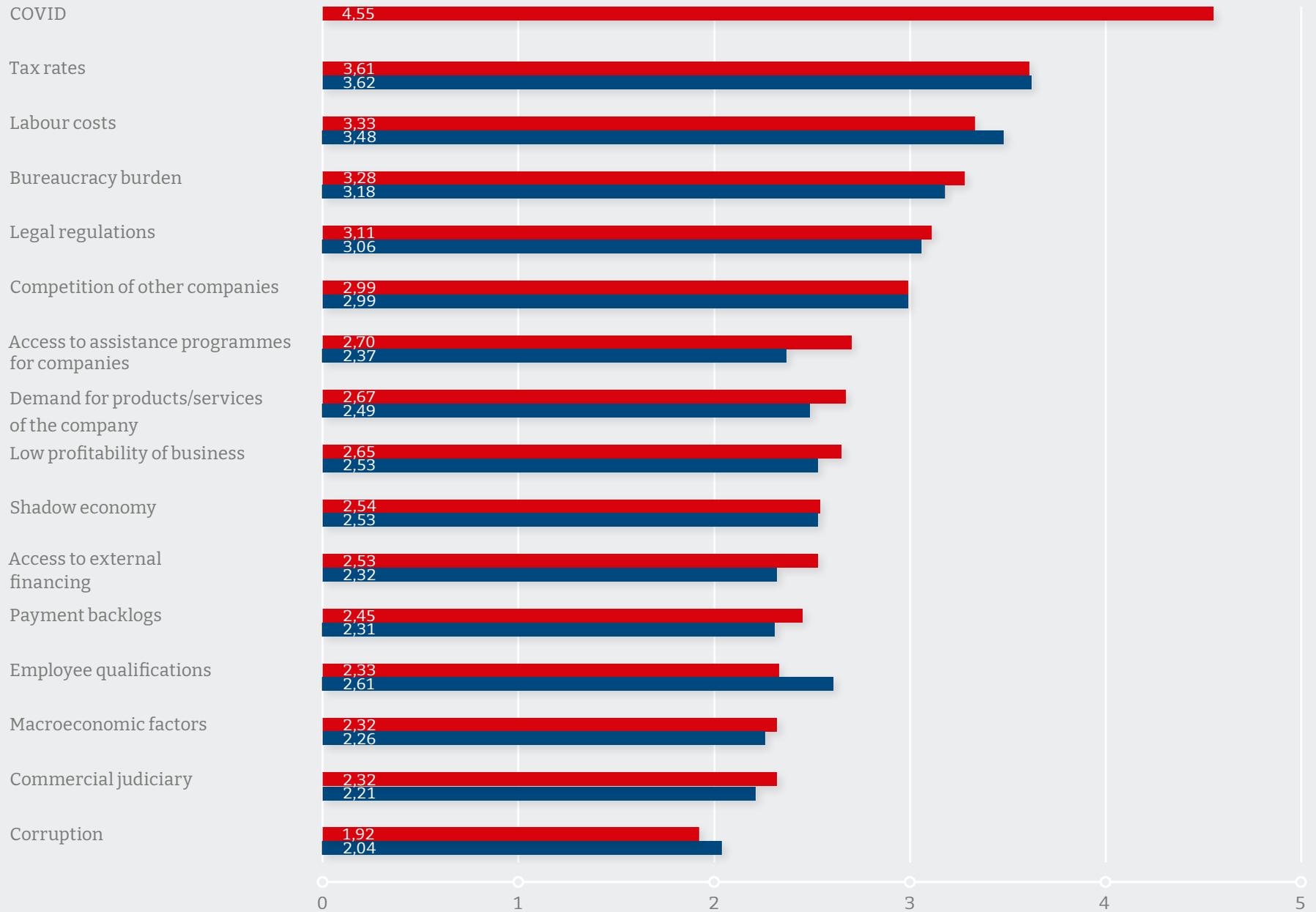


Figure 79 Barriers to the growth of Micro, Small and Medium-sized companies



■ 2020 index ■ 2019 index

# Special topic –

## the impact of the coronavirus pandemic on Polish SMEs

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Only one in twenty companies has recently recorded an increase in sales on the Polish market.

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Thanks to cooperation with the ITC, Polish survey results are compared with global results

**77** The last two chapters of this year's Report are devoted to discussing the results of the survey concerning the special topic, i.e. the impact of the coronavirus pandemic on Polish SMEs. This chapter will present the respondents' answers to 9 questions regarding the special topic. The questions asked to the respondents came from a questionnaire developed by the International Trade Centre in Geneva with minor adjustments to suit the Polish context (question about the assistance measures used by companies). In the last chapter, the ITC's experts compared the results of the Polish research with the answers provided by European and global entrepreneurs.

COVID-19 has left its mark on the Polish SME sector

**78** The impact of the coronavirus on the Polish SME sector is enormous. 57% of respondents believe that the pandemic puts the company's operations in jeopardy. Only 9% of entrepreneurs stated that COVID-19 had no impact on their business. Answers

to these two questions only indicate that the vast majority of micro, small and medium-sized enterprises had to face and continue to face the effects of changes caused by the epidemic (Figure 80 and 81).

**79** The epidemic affects such aspects of companies' functioning as the procurement of products and services necessary for business activity, sales on domestic markets, and exports. 54% of medium-sized companies had problems on the domestic market with procuring the supplies necessary for production or provision of services, and 21% of medium-sized companies encountered identical barriers on foreign markets (Figure 82). Only one in twenty companies has recently recorded an increase in sales on the Polish market. The coronavirus crisis has also affected exporters – more than half of Polish companies selling their products and services on international markets have recorded a deterioration in export sales (Figure 83).

The impact of the epidemic was not limited to issues related to procurement and sales. It was much more complex and covered areas such as extension of administrative procedures (41%), reduction in capital expenditure (32%), limited access to logistics services (25%), the need for temporary suspension of

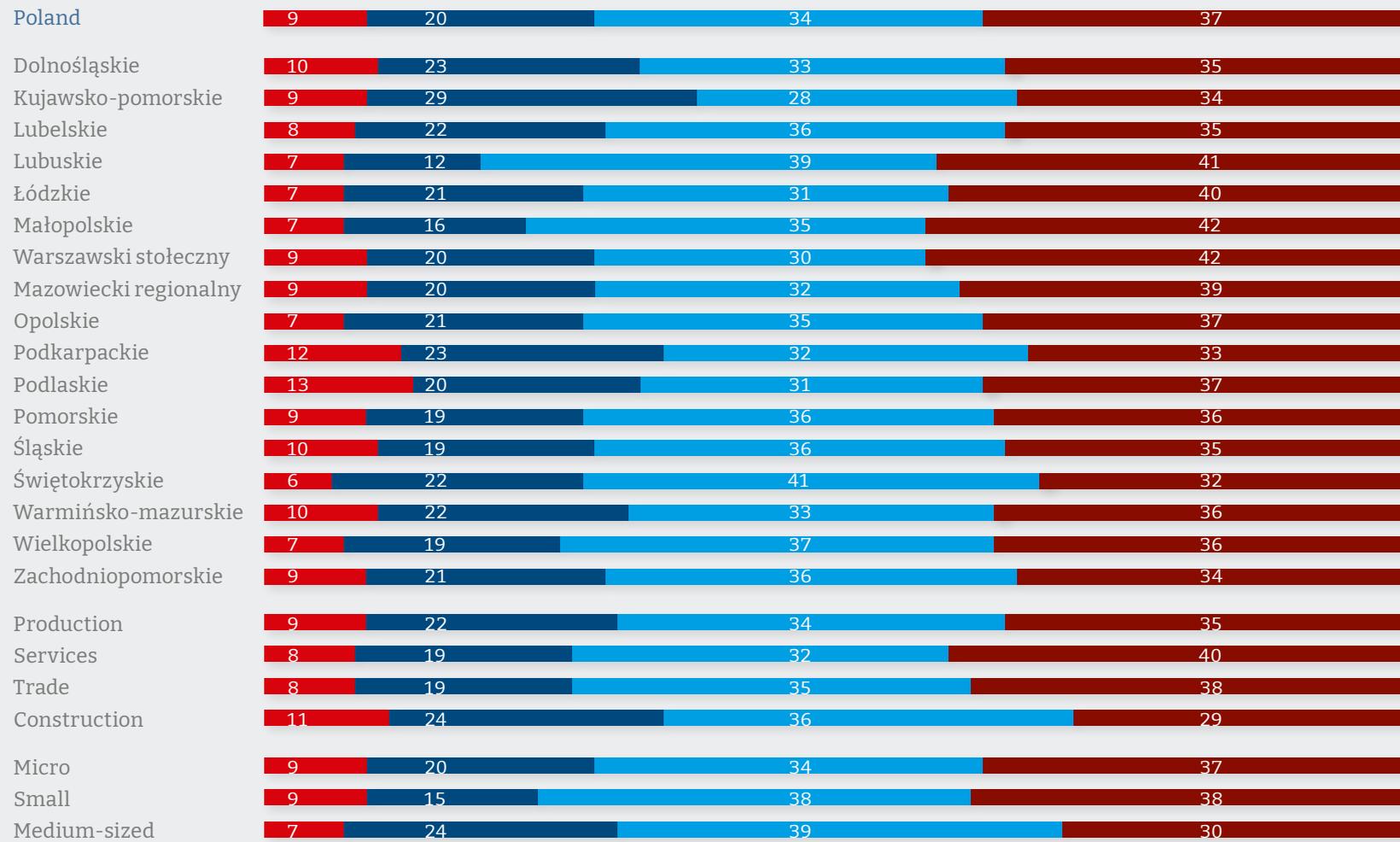
operations (24%) and problems with customers paying their liabilities (18%; Figure 84).

**80** Companies have adopted various strategies for dealing with the effects of the epidemic. The

most popular were remote work, launching new or changed products and services, finding new suppliers or temporary hiring restrictions (Figure 85).

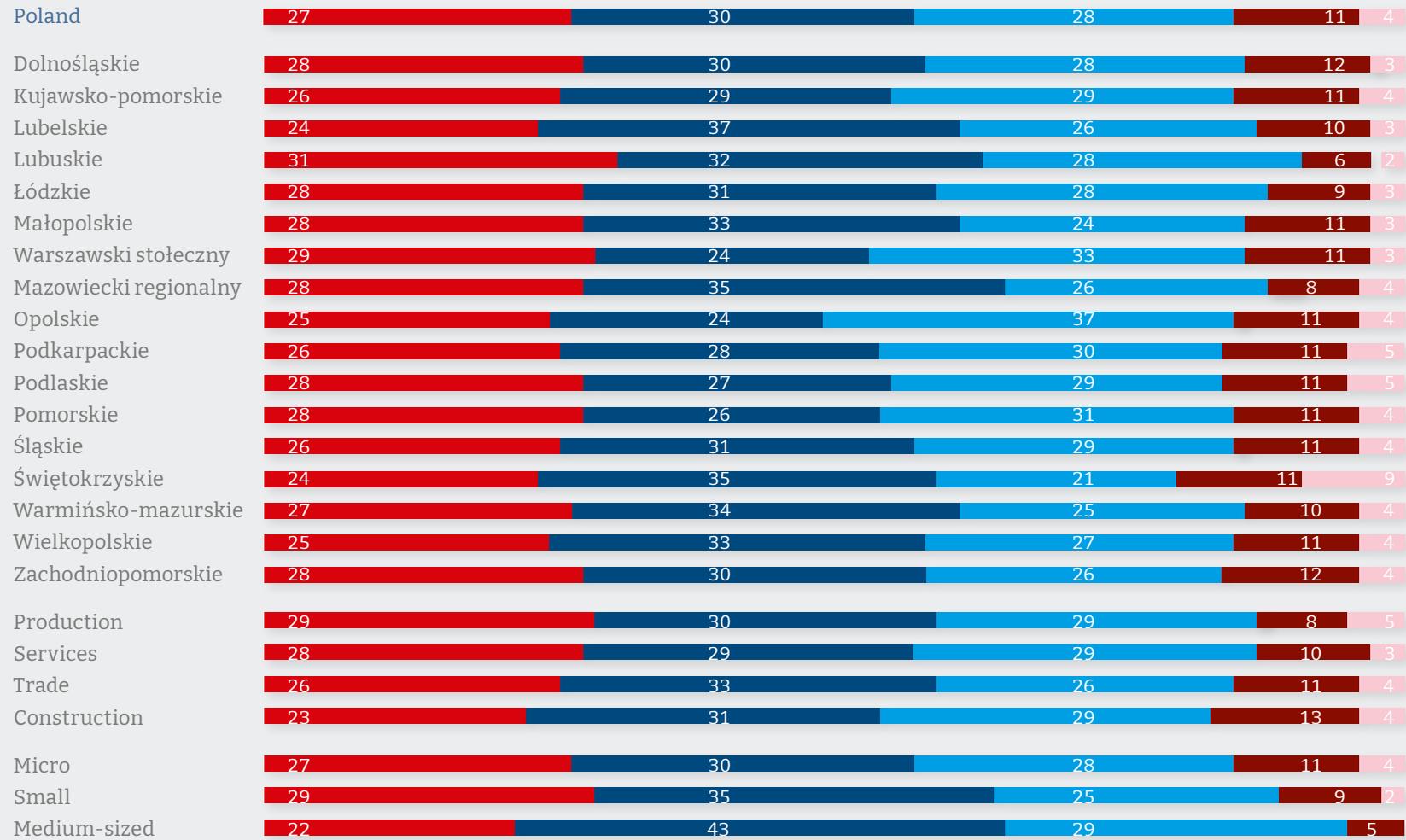
**81** Considerable support for the SME sector was provided by various assistance programmes, which were used by as many as 81% of the companies surveyed. The most popular were social security waivers, low-interest loans for microenterprises and furlough schemes (Figure 87, Map 21). The great deal of interest shown by entrepreneurs in these programmes resulted, among other things, from good access to information about these programmes (Figure 88, Map 22).

Figure 80 Impact of the coronavirus pandemic on the company



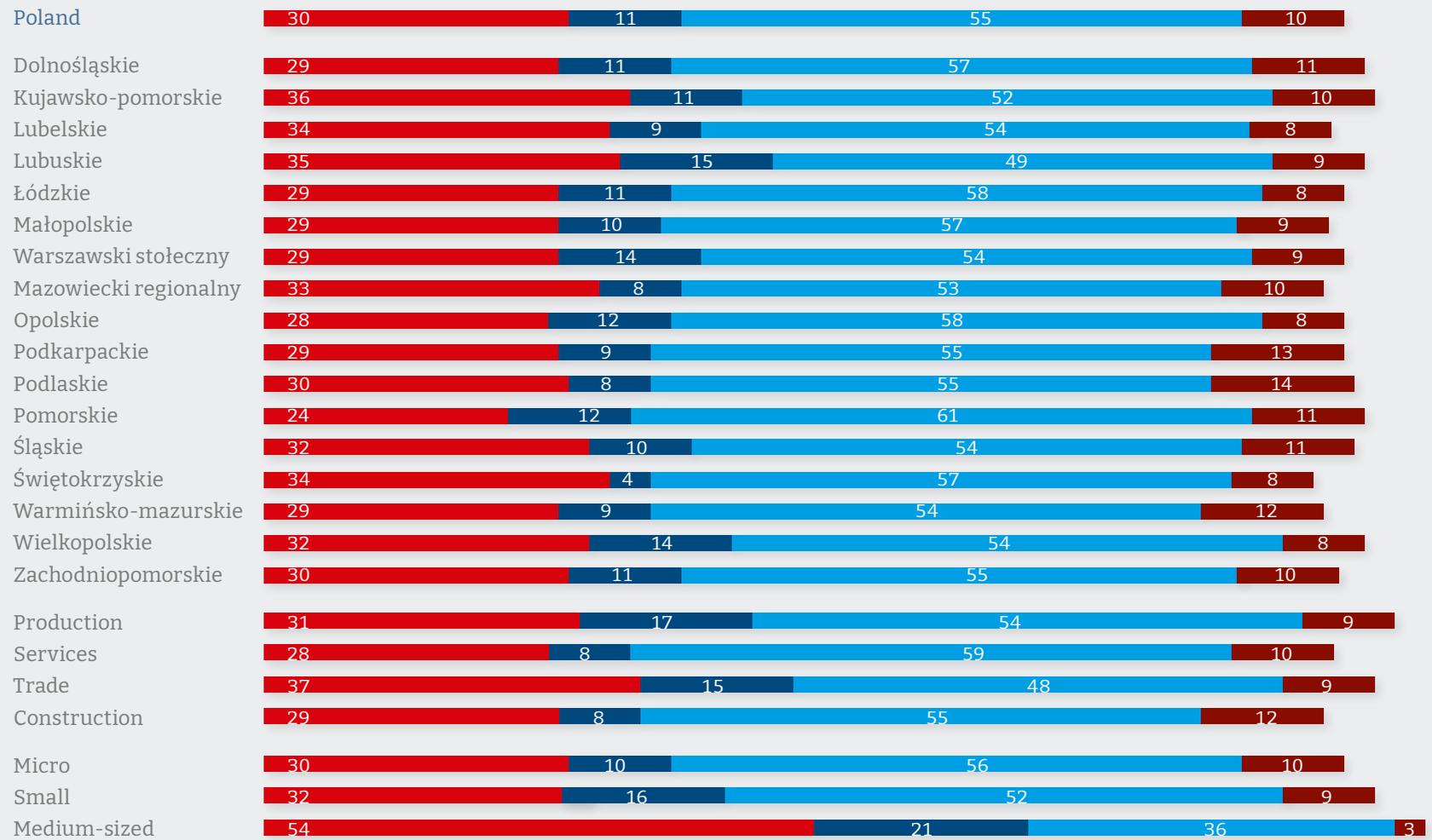
■ Not affected   
 ■ Slightly affected   
 ■ Moderately affected   
 ■ Strongly affected

Figure 81 Extent to which the coronavirus pandemic puts the company's operations in jeopardy



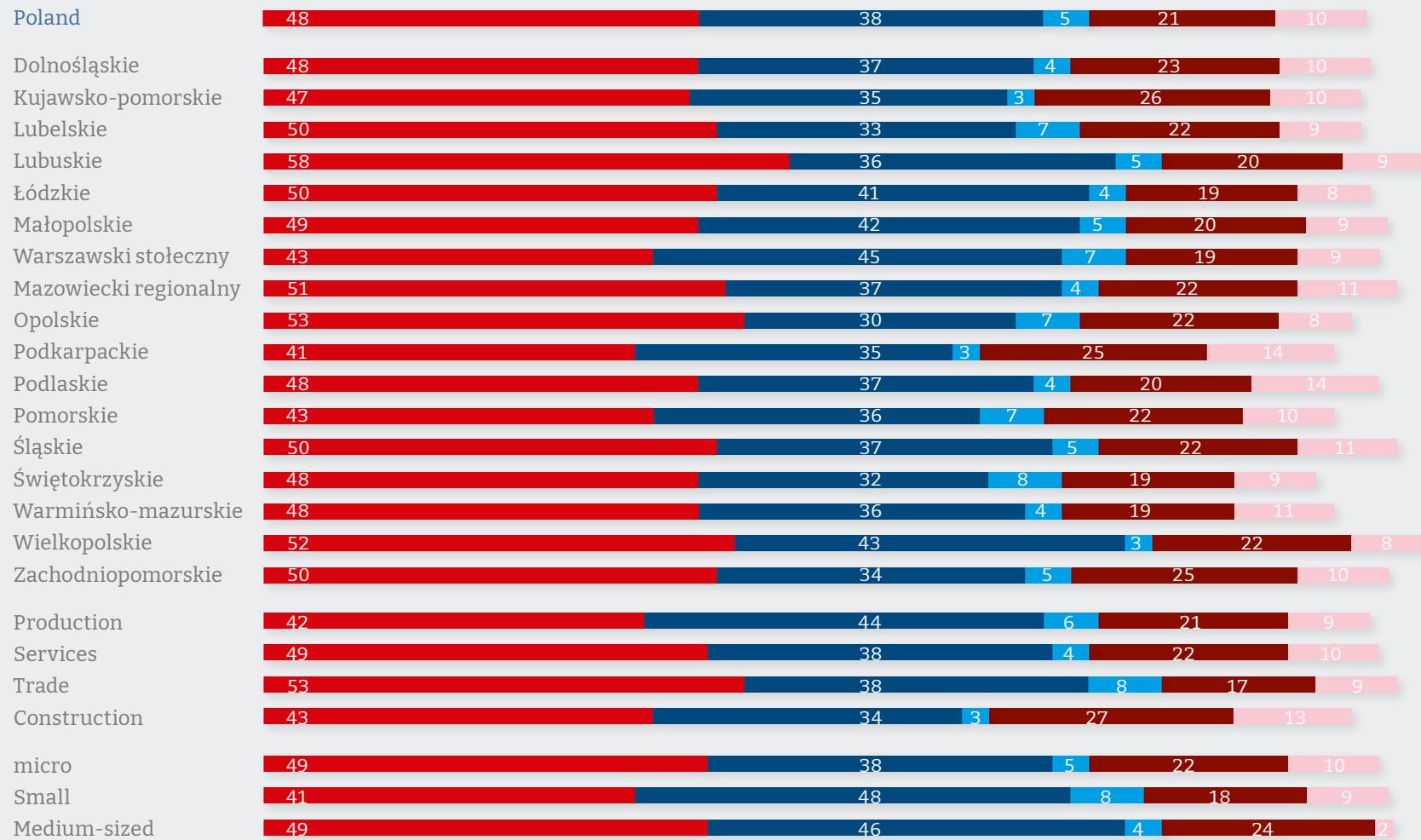
■ Definitely yes   
 ■ Rather yes   
 ■ Rather not   
 ■ Definitely not   
 ■ I do not know

Figure 82 Impact of the coronavirus pandemic on supply



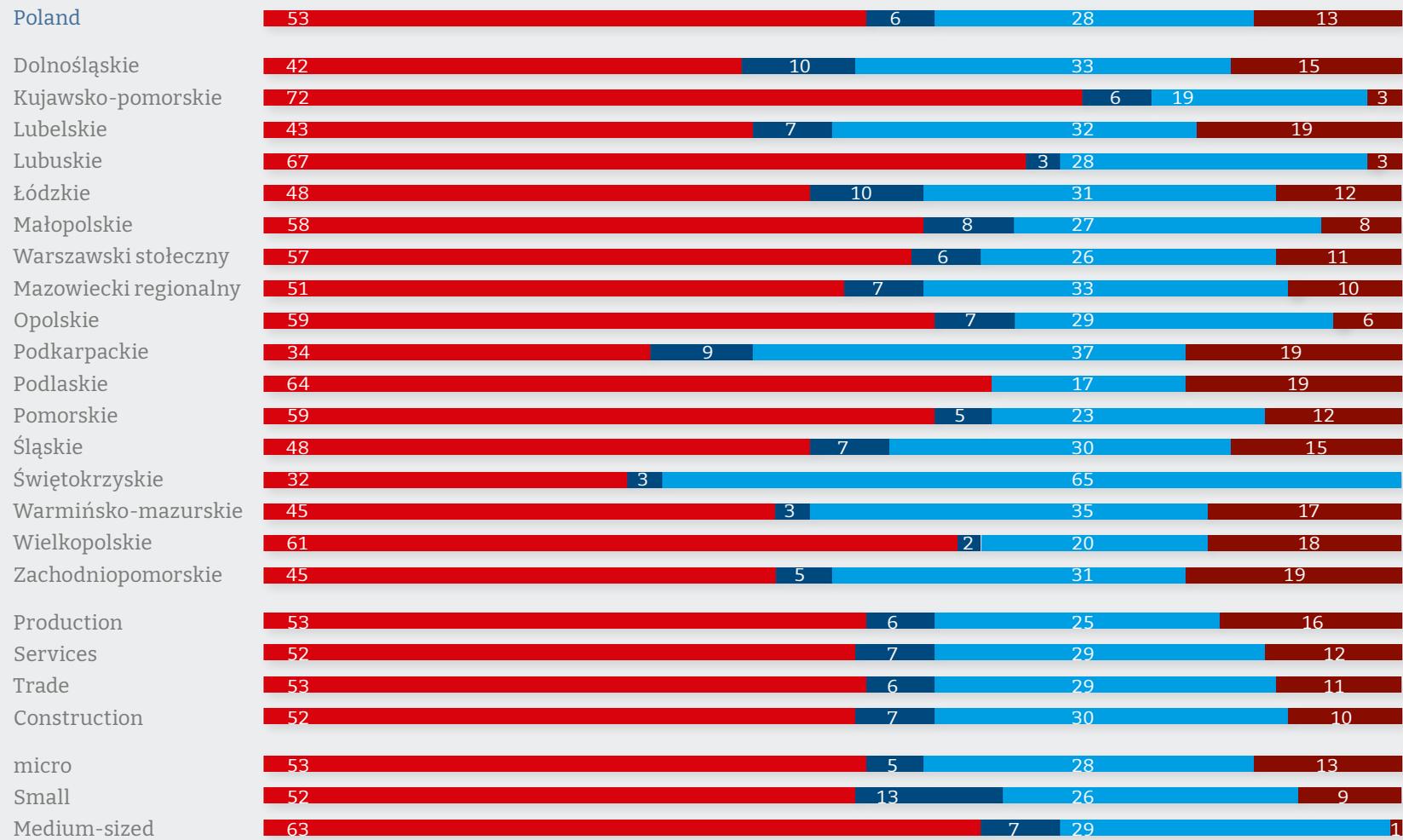
■ Company had difficulty accessing inputs domestically    
 ■ Company had difficulty importing inputs from abroad  
■ Company had no difficulty accessing inputs    
 ■ I don't know

Figure 83 Impact of the coronavirus pandemic on sales



■ Lower domestic sales to consumers    ■ Lower domestic sales to businesses  
■ Increased domestic sales    ■ Domestic sales unchanged    ■ I don't know

Figure 84 Effects of the coronavirus pandemic on exports



Lower export Increased export Export without changes Don't know

Map 19 Impact of the coronavirus pandemic on the company by region

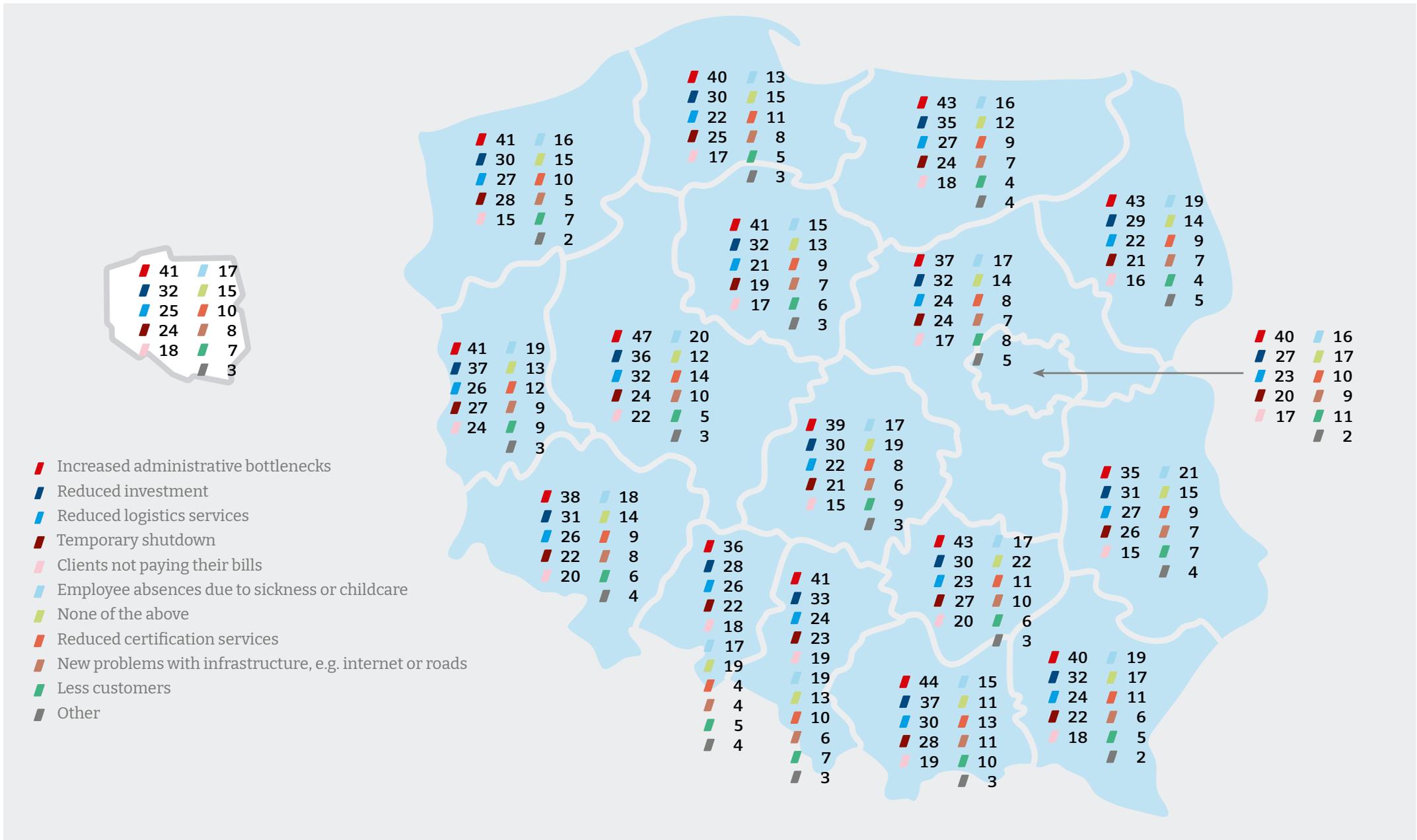
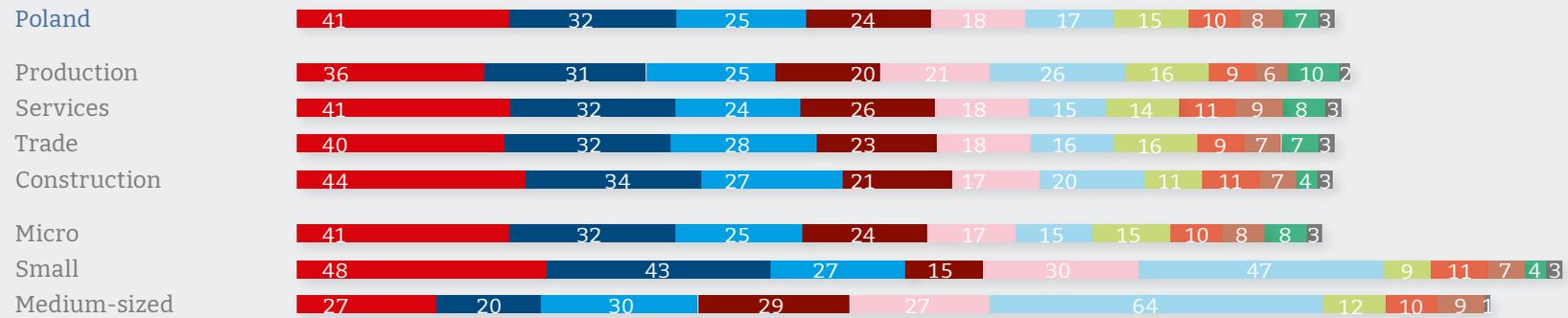


Figure 85 Impact of the coronavirus pandemic on the company, by company size and industry



- Increased administrative bottlenecks
- Reduced investment
- Reduced logistics services
- Temporary shutdown
- Clients not paying their bills
- Employee absences due to sickness or childcare
- None of the above
- Reduced certification services
- New problems with infrastructure, e.g. internet or roads
- Less customers
- Other

Map 20 Strategies to fight the coronavirus pandemic implemented in the company by region

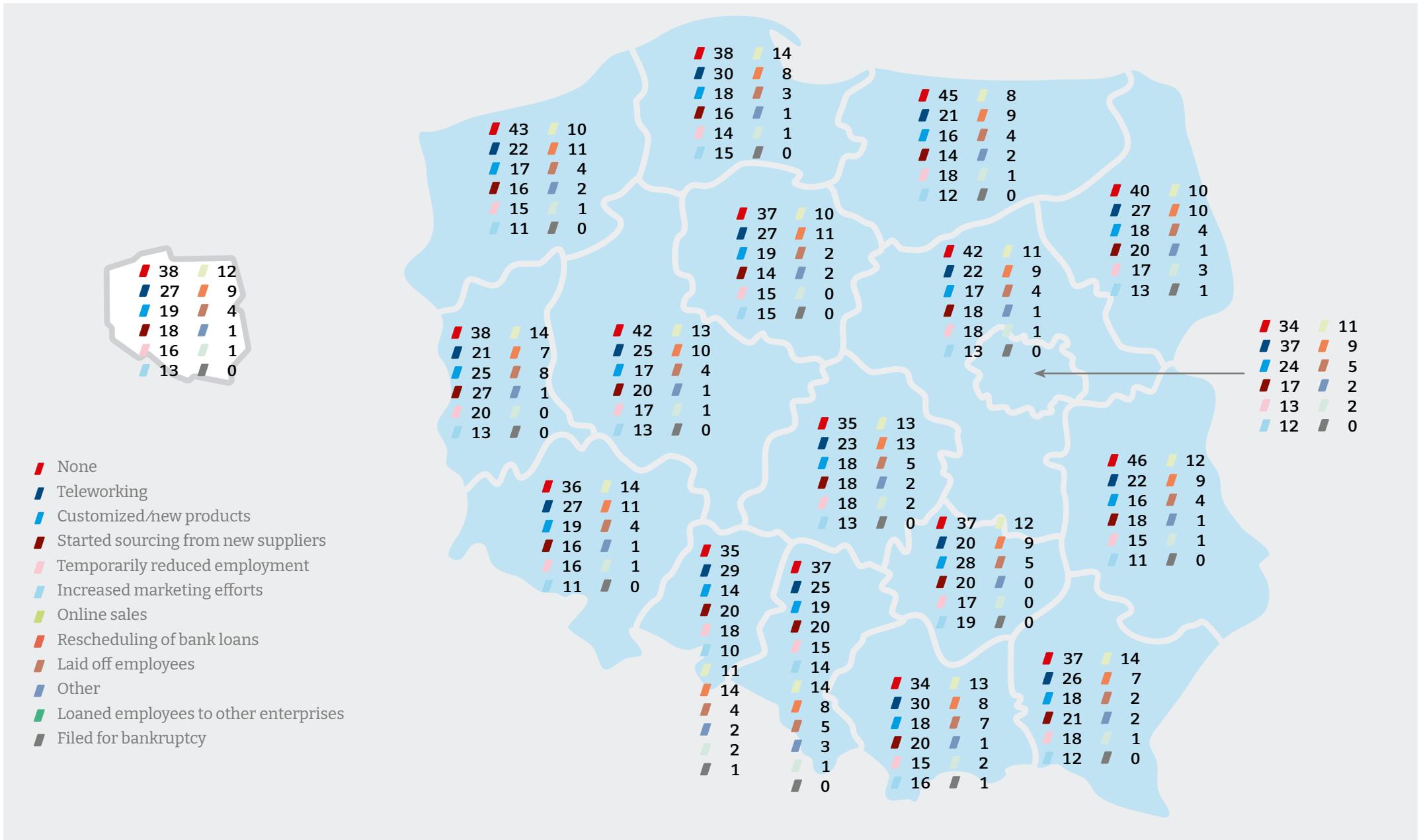
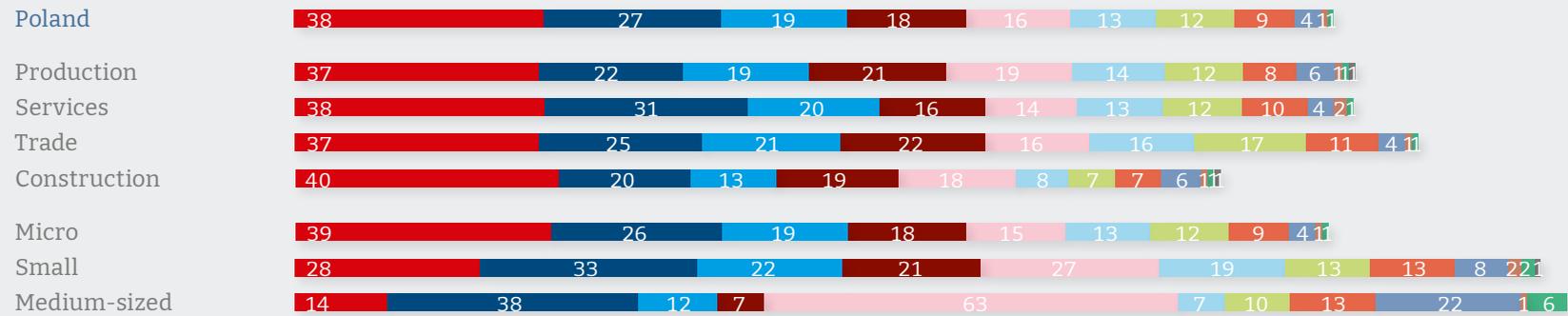


Figure 86 Strategies to fight the coronavirus pandemic implemented in the company, by company size and industry



- None
- Teleworking
- Customized/new products
- Started sourcing from new suppliers
- Temporarily reduced employment
- Increased marketing efforts
- Online sales
- Rescheduling of bank loans
- Laid off employees
- Other
- Loaned employees to other enterprises
- Filed for bankruptcy

Map 21 Percentage of companies benefiting from government support programmes by region

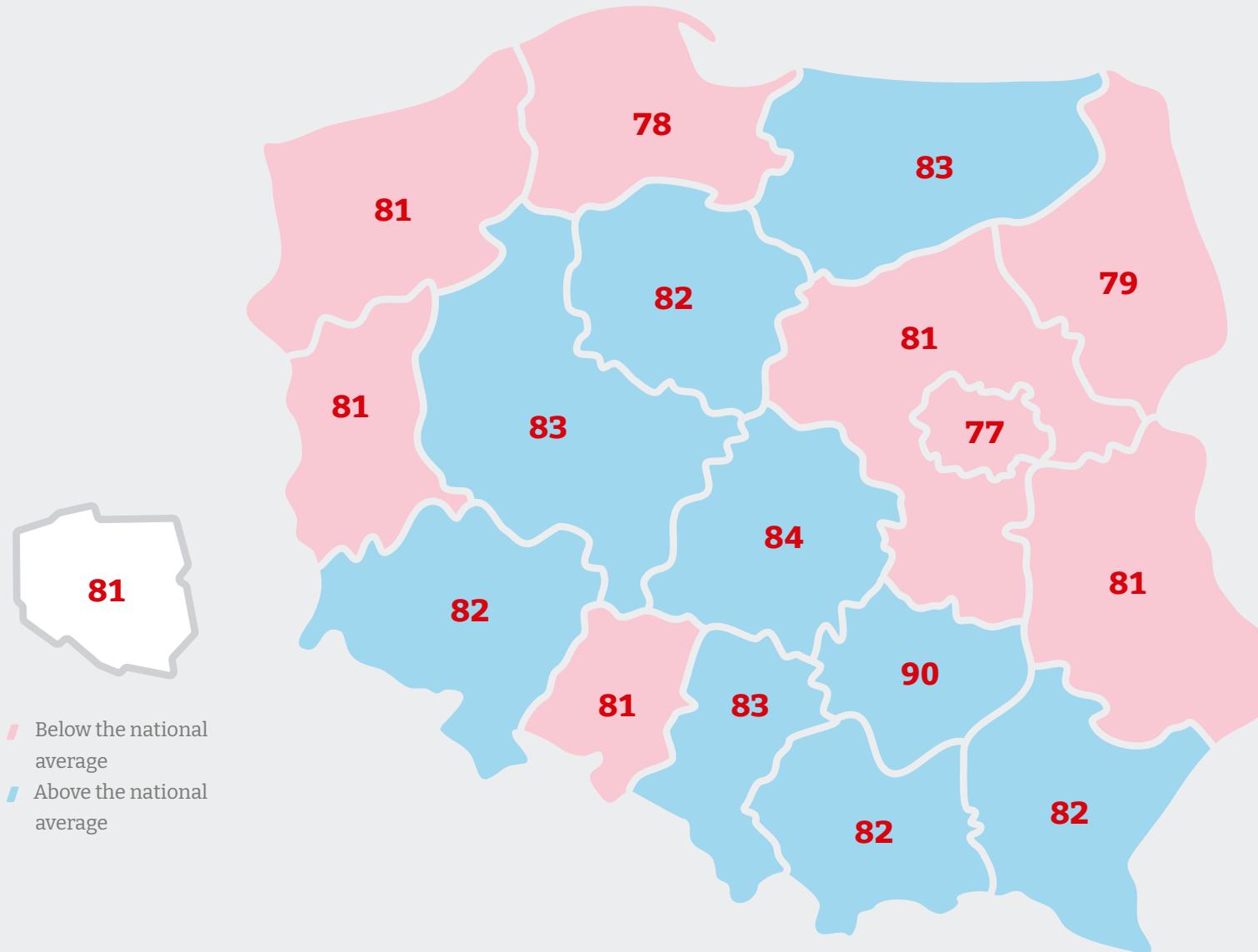
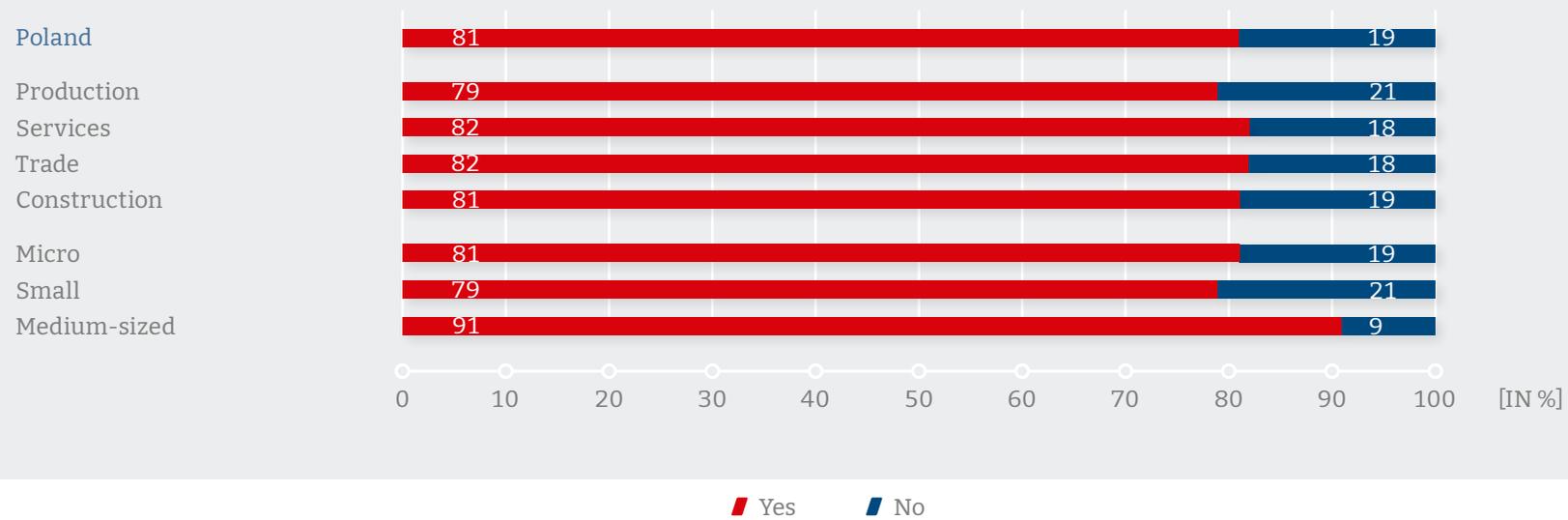


Figure 87 Percentage of companies benefiting from government support programmes by company size and industry



Map 22 The most popular government support programmes by region

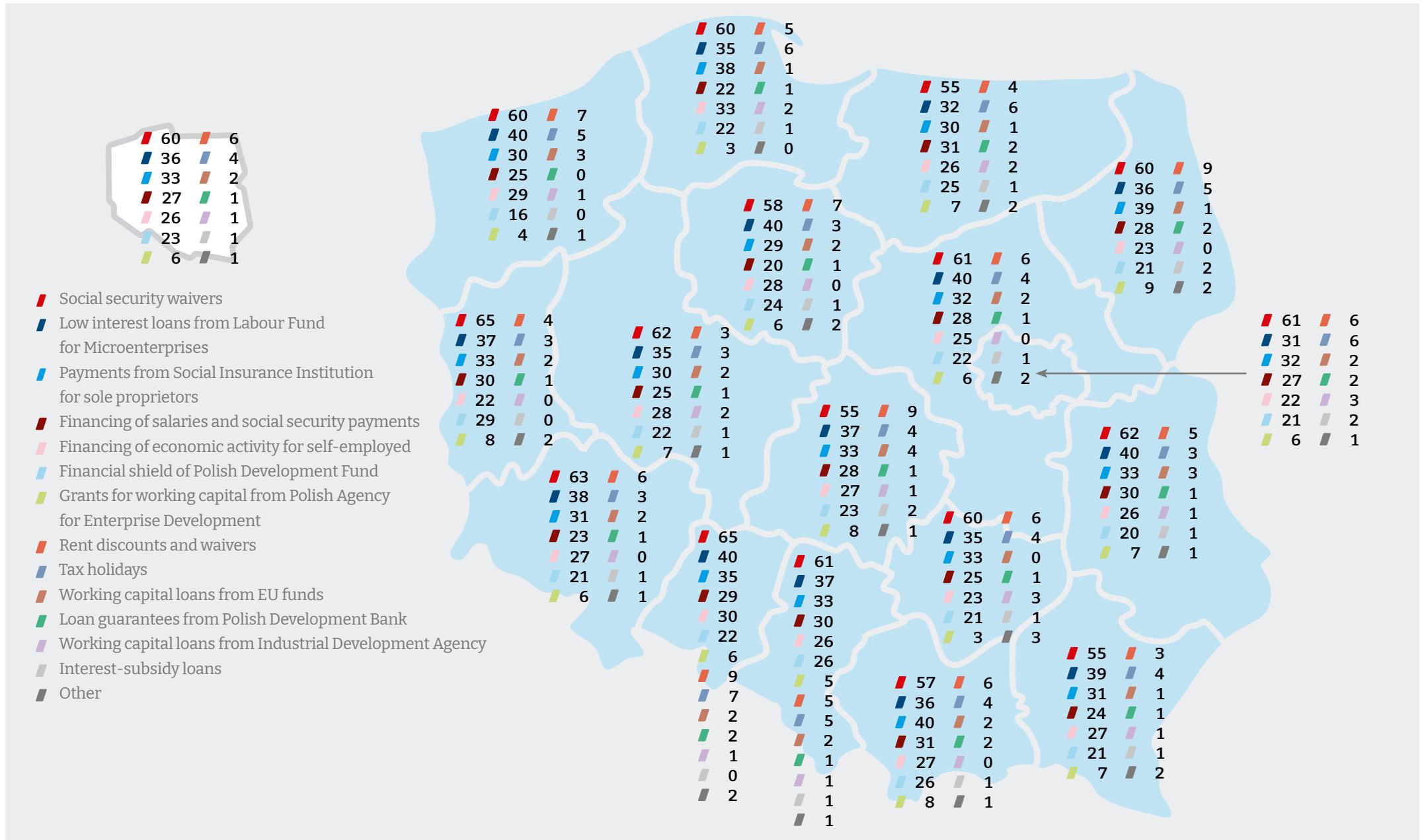
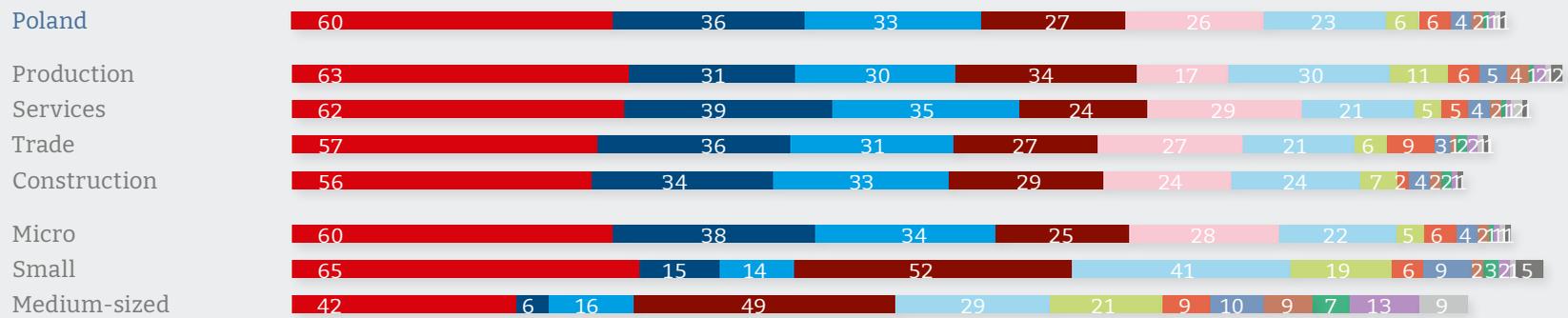


Figure 88 The most popular government support programmes by company size and industry



- 1 Social security waivers
- 2 Low interest loans from Labour Fund for Microenterprises
- 3 Payments from Social Insurance Institution for sole proprietors
- 4 Financing of salaries and social security payments
- 5 Financing of economic activity for self-employed
- 6 Financial shield of Polish Development Fund
- 7 Grants for working capital from Polish Agency for Enterprise Development
- 8 Rent discounts and waivers
- 9 Tax holidays
- 10 Working capital loans from EU funds
- 11 Loan guarantees from Polish Development Bank
- 12 Working capital loans from Industrial Development Agency
- 13 Interest-subsidy loans
- 14 Other

Map 23 Assessment of the availability of information on government support programmes by region

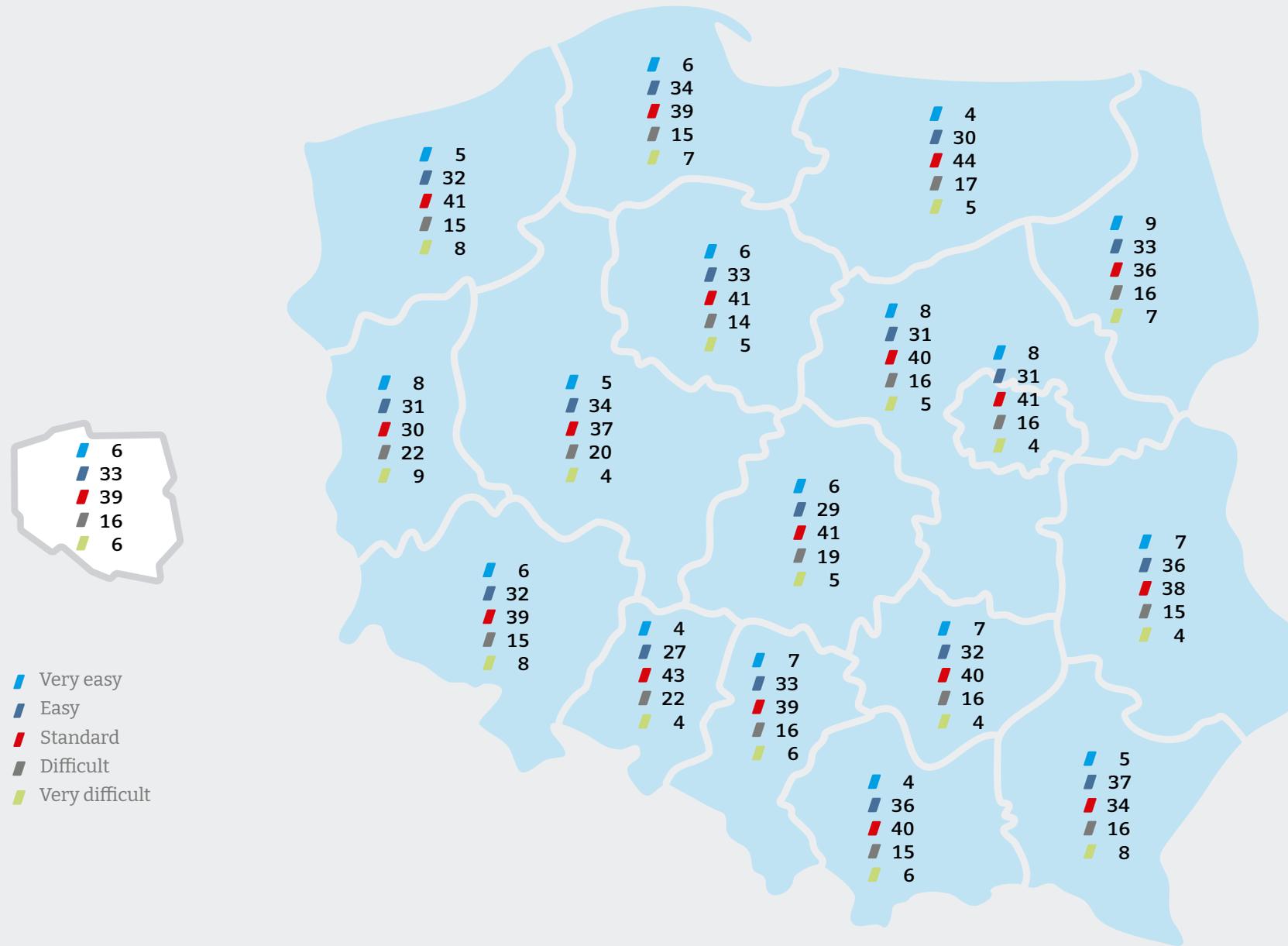


Figure 89 Assessment of the availability of information on government support programmes by company size and industry



## Public Guarantee Programmes in Bank Pekao Supporting Enterprises in the COVID-19 Outbreak



	Liquidity guarantees of the Polish Development Bank	Gwarancje <i>de minimis</i>	BIZNESMAX	COSME	EASI
<b>Beneficiaries</b>	Medium and large enterprises	SMEs	Innovative SMEs	SMEs	Microenterprises
<b>Guaranteed product</b>	Working capital loans	Working capital and investment loans	Working capital and investment loans	Investment and working capital loans, leasing	Working capital loans
<b>Loan volume</b>	Up to PLN 250 million	No limits	No limits	Up to PLN 12.96 million or EUR 3 million	Up to PLN 105,050
<b>Loan currency</b>	PLN and foreign currencies	PLN and foreign currencies	PLN	PLN or EUR	PLN
<b>Guarantee volume</b>	Up to 80% of loan volume, not more than PLN 200 million	Up to 80% of loan volume, not more than EUR 1.5 million	Up to 80% of loan volume, not more than EUR 2.5 million	Up to 50% of loan volume (80% for working capital loans not exceeding PLN 630 thousand)	Up to 80% of loan volume
<b>Guarantee maturity</b>	Up to 27 months	Up to 10 years (investment loans), up to 75 months (working capital loans)	Up to 20 years (investment loans), up to 39 months (working capital loans)	Up to 10 years (investment loans), up to 9 years (working capital loans)	Loan maturity
<b>Fee</b>	From 0,25% to 1,15% of guarantee volume, dependent on loan maturity and size of a company	Free of charge	Free of charge; in addition interest subsidies up to 5% of loan volume	Free of charge	Free of charge
<b>State aid</b>	COVID-19	<i>De minimis</i>	Regional investment aid (investment loans) or <i>de minimis</i> (investment or working capital loans)	No state aid	No state aid

# The impact of COVID-19 on Polish SMEs: a global perspective

In Poland, SMEs found it relatively easier to access information and benefit from government COVID-19-related assistance packages.

## Methodology

**82** On 21 April 2020, the International Trade Centre (ITC) launched a worldwide online survey to assess the economic impact of the COVID-19 pandemic on global businesses. The global ITC COVID-19 Business Impact Survey collected data for over 6,400 companies in 138 countries and territories, between 21 April and 24 August 2020.<sup>2</sup> The sample was spread across different regions (Africa, Americas, Asia, Europe and Oceania), sectors (primary, manufacturing and services) and firm size (micro, small, medium and large) and included both exporting and non-exporting firms.

**83** Bank Pekao partnered with ITC to conduct the ITC COVID-19 Business Impact Survey in Poland. Almost 7.5 thousand enterprises took part in the survey, conducted in September and October 2020 in the form of telephone interviews by the company PBS sp. z o.o.

**84** The analysis in this chapter, focused on SMEs in industry and service sectors, is based on a comparison between the global and Poland's ITC COVID-19 Business Impact

<sup>2</sup> Data collection is ongoing and subsequent analysis of the ITC COVID-19 Business Impact Survey might not coincide with data reported in this document.

**Surveys.** Comparing the impact of COVID-19 on SMEs in Poland with firms in the rest of the world helps place the country's results into a global perspective.<sup>3</sup>

## SMEs in Poland are less affected by COVID-19

**85** The coronavirus outbreak is causing an unprecedented global health emergency and economic slowdown.<sup>4</sup> However, the economic earthquake unleashed by COVID-19 does not affect everyone in the same way. With fewer resources to ride out the storm, **small businesses have been particularly vulnerable** to the repercussions of the crisis.

<sup>3</sup> When interpreting the data, few differences need to be taken into account. The global ITC COVID-19 Business Impact Survey was conducted both online, by phone and in person, depending on the country, while the Poland's COVID-19 Business Impact Survey was conducted in the form of telephone interviews. The global survey collected data between 21 April and 24 August, while in Poland data were collected between 1 September and 2 October. Finally, the data in Poland are representative, while in the global survey response rates vary across country and region and it is not necessarily representative.

<sup>4</sup> For further information see: International Trade Centre (2020). SME Competitiveness Outlook 2020: COVID-19: The Great Lockdown and its Impact on Small Business. ITC, Geneva. [www.intracen.org/uploadedFiles/intracenorg/Content/Publications/ITCSMECO2020.pdf](http://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/ITCSMECO2020.pdf)

**86** The ITC survey reveals that **about one company out of three in Poland said their business operations were strongly affected by the crisis** (Figure 90). **This share is lower than the global average** from the ITC COVID-19 Business Impact survey, where 60% of SMEs<sup>5</sup> reported being strongly affected. In addition, **SMEs in Poland reported being less affected than the average among European countries.**<sup>6</sup>

**87** However, impact varied within countries, with some companies being more exposed to the crisis, notably international firms and those in the service sector. Survey findings reveal that, in Poland, 44% of exporters have been strongly hit by the crisis, compared to 36% of non-exporters (Figure 91). This is a sign of greater exposure of international firms, that often plays in their favour, making them more resilient to shocks, but it can also make them more susceptible to shocks from various channels. This is consistent with recent findings from ITC work, as well as literature,<sup>7</sup> showing that while **trading firms are more susceptible to global shocks than firms that only operate domestically, international firms have proved more resilient to the COVID-19 crisis.**<sup>8</sup>

**88** The COVID-19 pandemic is an unprecedented global crisis, affecting every corner of the world. Therefore, **many exporters have been shaken by this crisis due to their exposure to demand shocks in multiple**

**markets.**<sup>9</sup> Firms that source inputs from different locations distribute the risk of one main supplier being unable to deliver their product or services on time. Nonetheless, compared to domestic firms, that during the pandemic were only affected by domestic shocks, **international firms could be affected either through national or international suppliers as well as buyers.** The eight percentage point gap (in Figure 91) between exporters and non-exporters in the degree of affectedness in Poland is in line with the gap observed in other European countries.

### Reduction in sales is a common problem for firms around the globe

**89** To slow the spread of the novel coronavirus, governments worldwide have imposed **strict containment measures.** These measures, taken to protect public health, **have hampered both supply and demand as factories slowed production and consumers stayed home.**<sup>10</sup>

**90** Results from the Poland COVID-19 Business Impact Survey show that two firms out of three have experienced a reduction in sales (domestically and/or abroad). However, **firms in the rest of the world and in the rest of Europe experienced a larger demand shock**, with three firms out of four experiencing a decrease in sales (Figure 92). This is in line with the previous result, showing that **Polish firms report being less affected by the crisis** (Figure 90).

5 In this chapter SMEs are defined as firms employing less than 249 people, differently from ITC definition, where SMEs are firms with less than 100 employees.

6 The regional group Europe includes the following countries: Albania, Belgium, Bosnia and Herzegovina, Croatia, Czech Republic, Denmark, France, Germany, Greece, Hungary, Italy, Lithuania, Malta, Moldova, Netherlands, North Macedonia, Portugal, Romania, Russia, Serbia, Slovenia, Spain, Sweden, Switzerland, Ukraine, United Kingdom.

7 Ramelli, S., & Wagner, A. F. (2020). Feverish stock price reactions to COVID-19.

8 Borino, F., Carlson, E., Rollo, V., & Solleder, O. (2020). International firms and COVID-19: Evidence from a global survey (ITC Working Paper Series WP-02-2020.E). International Trade Centre.

9 Vannoorenberghe, G. (2012). Firm-level volatility and exports. *Journal of International Economics*, 86(1), 57–67.

10 Brinca, P., Duarte, J. B., & Faria-e-Castro, M. (2020). Is the COVID-19 Pandemic a Supply or a Demand Shock? Available at SSRN 361230

**91** Interestingly, disaggregating the reduction in sales by destination shows that **sales of Polish SMEs to the domestic market were hit more strongly than those to foreign markets**. About two of three SMEs in Poland experienced a reduction in sales domestically, against 44% for sales abroad (Figure 93). This is **in line with responses from SMEs in the rest of the world, although the gap in Poland is larger**. SMEs in other European countries, however, observed a similar reduction in sales domestically and abroad.

**92** At the same time, firms in Poland experienced a supply shock as factories at home and in partner countries shut down. One third of surveyed firms in Poland had trouble accessing inputs, impairing their ability to produce goods and services (Figure 92). This is in line with the European average. However, **businesses in the rest of the world were harder hit by supply shocks, with almost two-thirds of companies experiencing difficulty accessing inputs**. This can be explained by the fact that **European countries are highly integrated economies**. During the pandemic, geographical proximity and high integration translated in relatively synchronized lockdowns and limited exposure to lockdowns in the rest of the world.

### SMEs in Poland face more administrative bottlenecks than other countries

**93** Almost 40% of the companies that responded to the global ITC COVID-19 Business Impact Survey said that their clients were not paying their bills, a figure similar to that of responses of European companies. This confirms the liquidity crisis accompanying the health crisis. In Poland, however, **the fact that clients were not paying their bills was less of a concern**, with 18% of firms citing this problem.

**94** Instead, **small businesses in Poland cited increased administrative bottlenecks as the main effect of the crisis**, with 41% of firms facing this problem. This can be explained by the fact that – when the survey was disseminated in Poland – several supportive financial measures had already been put in place, such as postponed fiscal or banking deadlines. The data indicate that companies need more support, such as simplification of procedures and reduction of administrative burdens.

### Coping with the pandemic

**95** Businesses around the globe responded to the crisis in different ways. The ITC global COVID-19 Business Impact Survey found that some companies (about 20%) adopted **retreating strategies** – laying off employees, selling off assets, taking on new debt, or doing nothing, all of which may hurt their long-term viability (Figure 95). However, the majority (61%) adopted a **strategy of resilience** – scaling down the business temporarily in a way that would allow them to resume it fully later on. Being resilient during the pandemic entailed strategies such as shifting the sales mix towards online sales, sourcing from new suppliers or using telework. The most **agile firms** transformed themselves to fit the new situation, creating novel products, such as designer masks, or loaned their workers to other active businesses in essential industries. Only 19% of firms adopted this strategy globally (Figure 95).

**96** Compared to the global and European averages, **SMEs in Poland were less likely to adopt resilient or agile strategies** (Figure 95). Most Polish firms reacted by either doing nothing or by taking emergency measures such as laying off employees, selling off assets or taking on new debt.

**97** Unfortunately, **Polish firms are more likely to do nothing to cope with the crisis, compared to firms in other countries** (Figure 96). The second most common strategy for Polish businesses to cope with the COVID-19 crisis has been the teleworking option, with 27% of firms using this strategy. This is in line with the share of firms **teleworking** in the rest of the world. However, **the share in Poland is much lower than the European average**, where almost 60% of firms used telework. Polish firms were also less likely to adopt countermeasures to continue production, such as shifting the sales mix towards online channels.

### Shutdown risk higher for Polish SMEs

**98** SMEs tend to have few assets and limited cash reserves to cushion the lockdown-induced liquidity shortages. Not surprisingly, **39% of SMEs globally reported that they risked shutting down permanently** (Figure 97). For every bankruptcy, closed store and unpicked crop, people will lose jobs and families will, in many cases, lose their only income.

**99** **Polish firms were at higher risk of permanently closing their business.** About 57% of Polish SMEs reported that they risked shutting down permanently, compared to 38% in other European countries and 39% in the rest of the world. This 18 percentage point gap between Poland and rest of the world shows that **Polish firms are more vulnerable to pandemic-induced bankruptcy than others.** This contrasts with the survey's finding regarding severity of impact from Figure 90.

**100** This contrasting findings might suggest that even though **Polish firms felt less exposed than others to the pandemic's economic impact, they were less able to cope and consequently more likely to shut-down.** This highlights the need for governments to act fast.

### Government measures to protect Polish SMEs

**101** **Most governments around the globe have taken steps to tackle the economic consequences of COVID-19 crisis.** If these measures succeed, they should prevent layoff, bankruptcy and help SMEs recover after the crisis.

**102** Companies that responded to the global ITC COVID-19 Business Impact Survey said that tax waivers, temporary tax relief (53% of SMEs) and financial programmes (50% of SMEs) would be the most helpful government measures to cope with the crisis (Figure 98). A third of SMEs also highlighted the importance of rent subsidies. This confirms that most SMEs face liquidity problems.

**103** When Polish companies were surveyed, several measures had already been put in place to support them, and four out of five surveyed SMEs in Poland already used these measures. **Differently from businesses in the rest of the world, SMEs in Poland were more concerned about retaining their workforce for future production.** Analysis of the COVID-19 Business Impact Survey in Poland shows that 71% of surveyed SMEs used employment programs to support the income or their workers. In the rest of the world, only 29% of SMEs highlighted employment programs (Figure 98). In Poland, the second and third most used government measures to cope with the COVID-19 crisis were cash transfers (48% of SMEs) and financial programs (45%), confirming that also Polish SMEs were facing liquidity shortages.<sup>11</sup>

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<sup>11</sup> Please note that the question in the global and Poland questionnaire differ and their interpretation needs to be taken carefully. While in the global questionnaire companies were asked to select the top three government measures that would be most helpful to cope with the COVID crisis, in the Poland questionnaire companies were asked which measure they actually used.

**104** Transparency and information are vital for firms to benefit from government assistance programmes. It is therefore worrisome that almost half of survey respondents struggle obtaining information about them. **In Poland, SMEs found it relatively easier to access information and benefit from government COVID-19-related assistance packages.** About 22% of surveyed SMEs in Poland said it was difficult or very difficult to access information, compared to 32% in the rest of Europe and 45% in the rest of the world (Figure 99).

### Trade governance for post-pandemic recovery

**105** It is hard to foresee how the pandemic and related containment measures will evolve over the coming months, given the recurrent infections and new waves in different regions of the world. When lockdown measures will be lifted in Europe and elsewhere, business owners and policymakers will shift their focus towards the post-pandemic world. **Companies, business support organizations and governments will have to adapt to this 'new normal' in the months and years ahead.**

**106** If the world seizes the opportunities presented by this crisis to address fundamental challenges in the global economy, the **new normal can be one that emphasizes resilience to change and unexpected shocks, embraces the possibilities offered by digitalization, prioritizes inclusiveness and leads to sustainable growth.**

**107** Given the importance of **supply chains in international trade, their resilience will matter greatly for the future of trade.** Lead firms often have a significant role in directing supply chains, making decisions about production practices, branding, sourcing and sales. In many cases during the crisis, lead firms passed the risk burden along the

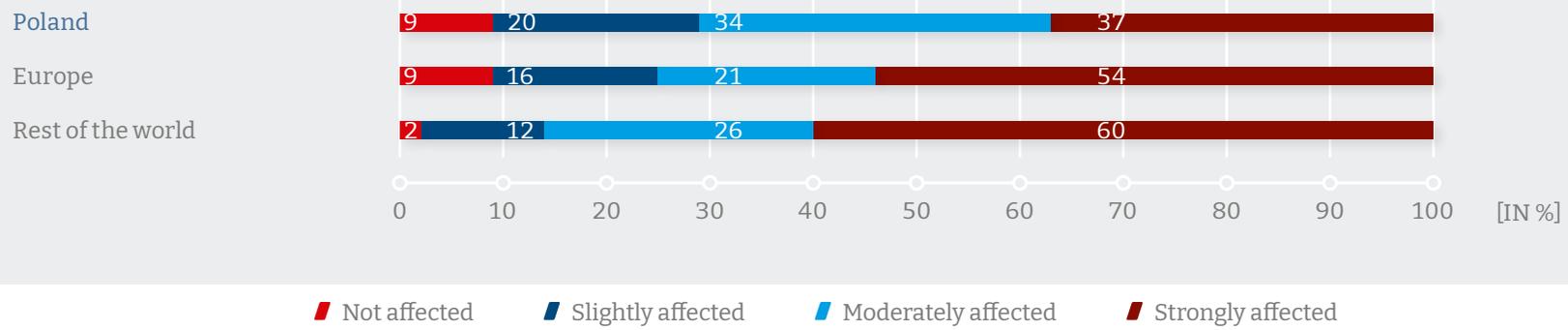
supply chain to vulnerable SMEs. Lead firms should redesign their approach to collaborating and splitting costs with small suppliers to ensure more equally shared value.

**108** Finally, the post-pandemic recovery period will provide a **unique opportunity for global cooperation to rebuild the international order,** including in the field of international trade. For the multilateral trading system this may imply embracing new concepts, new fields of work and new partnerships. Factory shut-downs abroad affected small companies around the globe, with the demand and supply shocks crossing borders through disrupted supply chains. **Resilient supply chains** can transmit knowledge, provide stability and generate agility under a new normal. **Ensuring an open and predictable world trading system will also be part of the solution.**<sup>12</sup>

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<sup>12</sup> For further information see: International Trade Centre (2020). SME Competitiveness Outlook 2020: COVID-19: The Great Lockdown and its Impact on Small Business. ITC, Geneva. [www.intracen.org/uploadedFiles/intracenorg/Content/Publications/ITCSMECO2020.pdf](http://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/ITCSMECO2020.pdf)

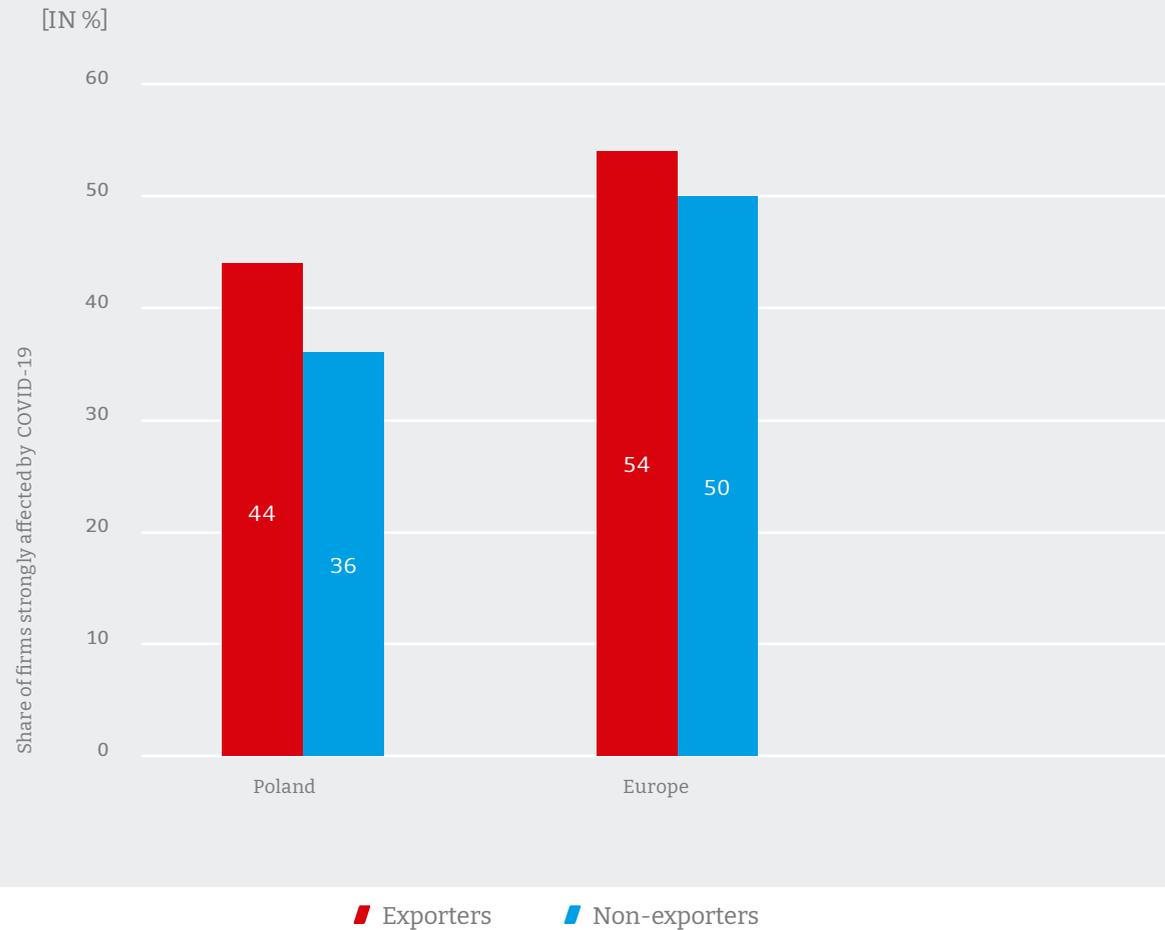
Figure 90 Polish SMEs report being less affected by COVID-19



Note: Respondents were asked 'How have your business operations been affected by the coronavirus (COVID-19) pandemic?' and 'Which country is your company based in?' Data on 7,412 businesses in Poland, 119 businesses in Europe and 3,949 businesses in the rest of the world in 123 countries. Response rates vary across countries and regions.

Source: ITC calculations based on global and Poland ITC Covid-19 Business Impact Survey. Data collected 21 April – 24 August 2020 for global survey and between 1 September and 2 October 2020 for Poland survey.

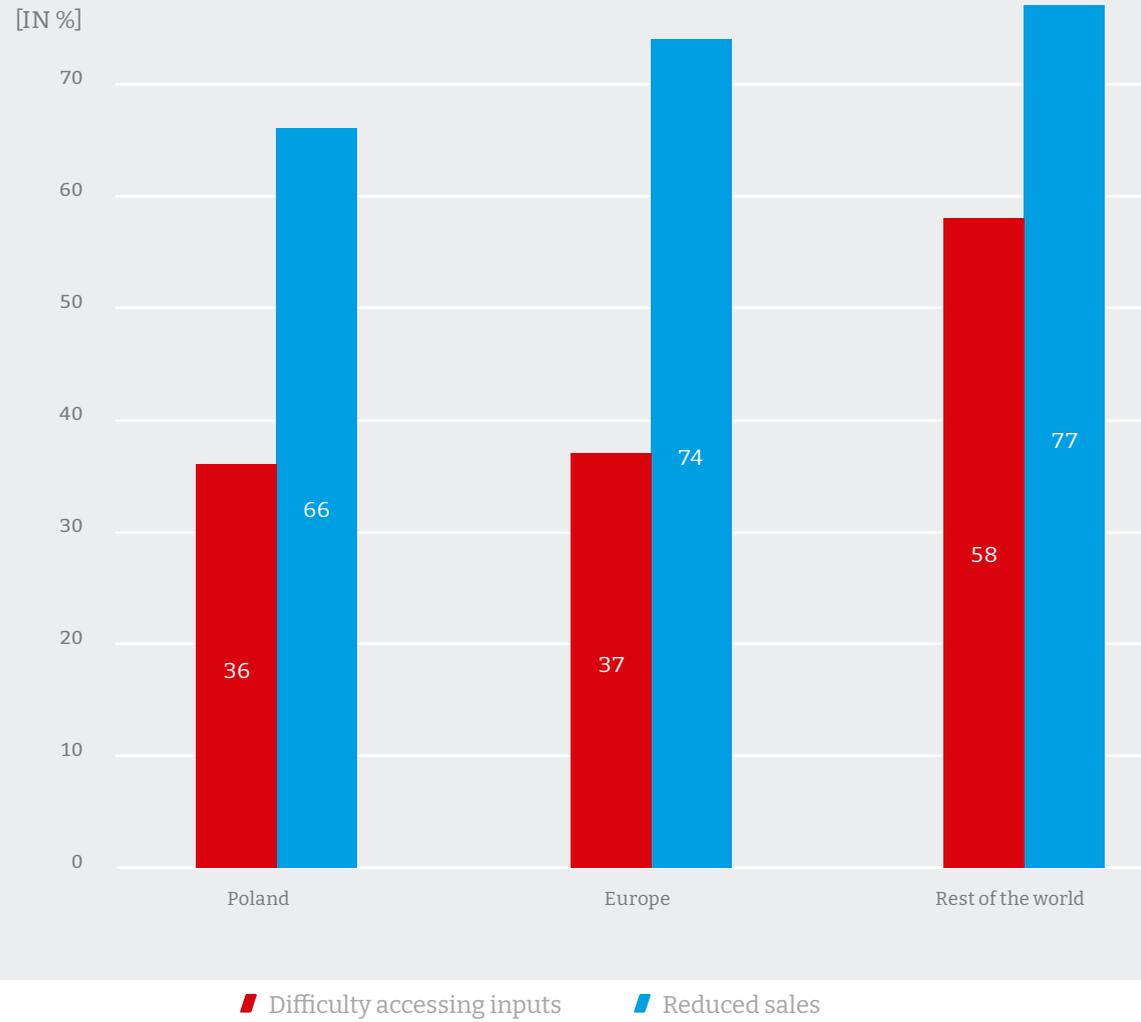
Figure 91 Exporters in Poland see larger impact from COVID-19



Note: Respondents were asked 'How have your business operations been affected by the coronavirus (COVID-19) pandemic?' and 'What is the scale of activities of your company?' Data on 7412 businesses in Poland and 119 businesses in Europe. Response rates vary across countries and regions.

Source: ITC calculations based on global and Poland ITC Covid-19 Business Impact Survey. Data collected 21 April – 24 August 2020 for global survey and between 1 September and 2 October 2020 for Poland survey.

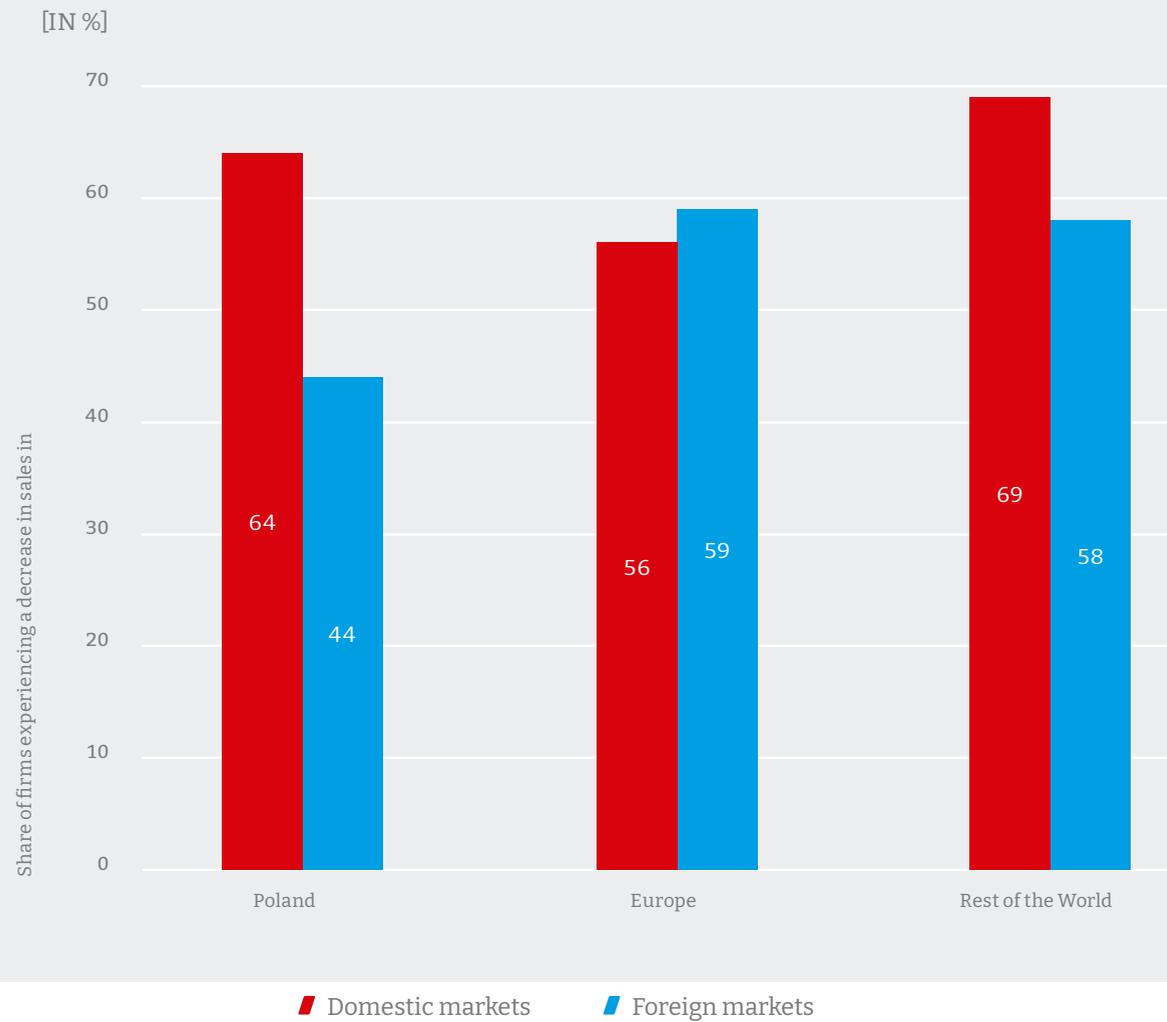
Figure 92 Firms in Poland experienced both demand and supply shocks



Note: Respondents were asked 'Has the coronavirus (COVID-19) pandemic affected the ability to purchase inputs for your enterprise and/or sell outputs?' and 'Which country is your company based in?' Data on 7412 businesses in Poland, 119 businesses in Europe and 3276 businesses in the rest of the world. Response rates vary across countries and regions.

Source: ITC calculations based on global and Poland ITC Covid-19 Business Impact Survey. Data collected 21 April – 24 August 2020 for global survey and between September and October 2020 for Poland survey.

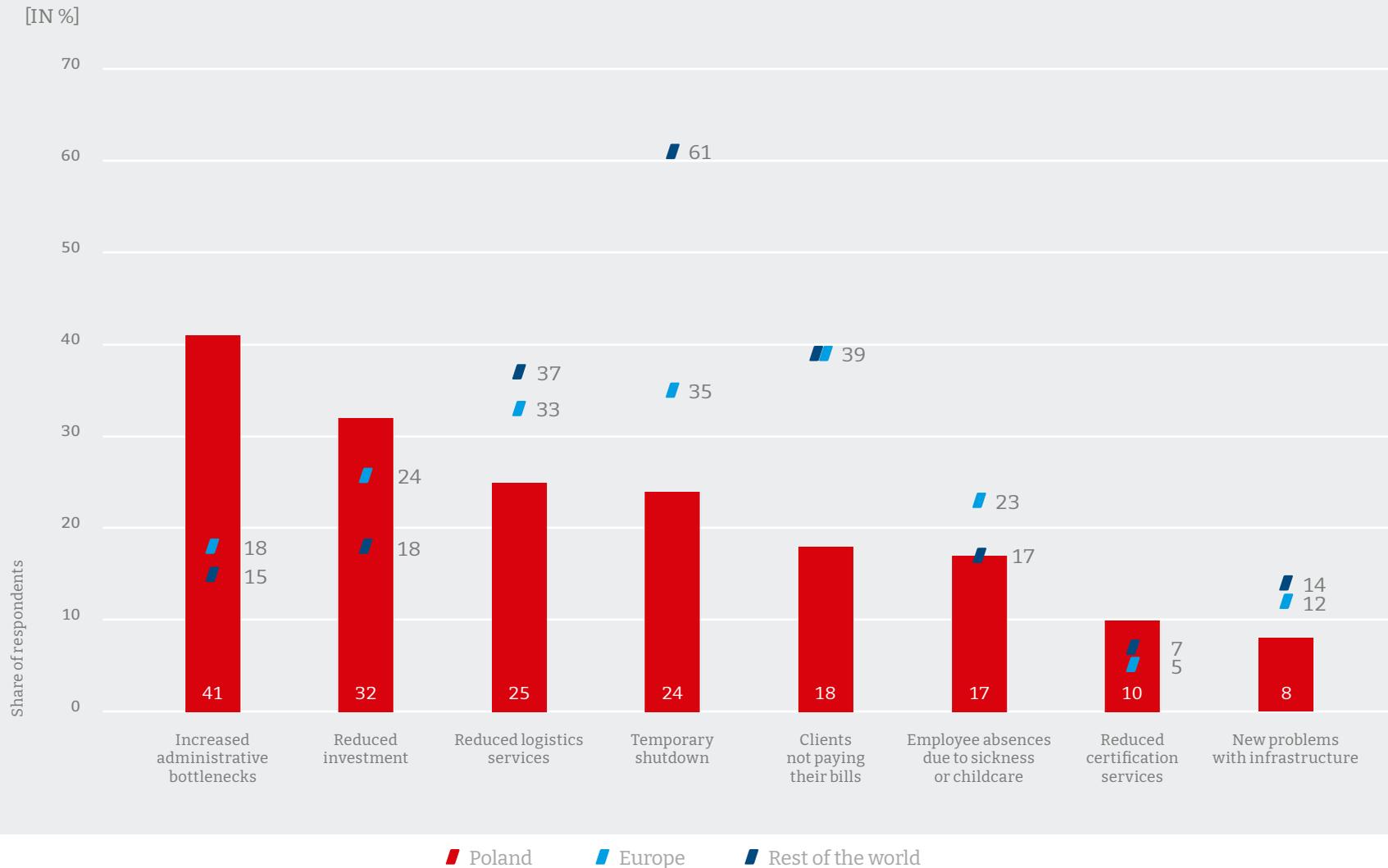
Figure 93 Polish firms experienced higher reduction in sales domestically than abroad



Note: Respondents were asked 'Has the coronavirus (COVID-19) pandemic affected the ability to purchase inputs for your enterprise and/or sell outputs?' and 'Which country is your company based in?' Data on 7412 businesses in Poland, 119 businesses in Europe and 3276 businesses in the rest of the world. Response rates vary across countries and regions.

Source: ITC calculations based on global and Poland ITC Covid-19 Business Impact Survey. Data collected 21 April – 24 August 2020 for global survey and between 1 September and 2 October 2020 for Poland survey.

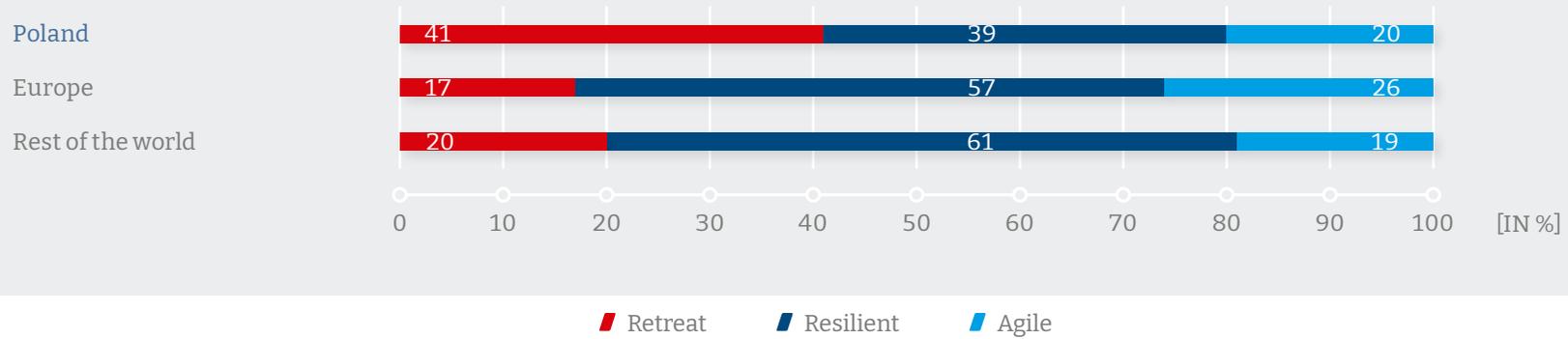
Figure 94 Businesses in Poland face more administrative bottlenecks



Note: Respondents were asked 'Has the coronavirus (COVID-19) pandemic affected your enterprise in any of the following ways?' and 'Which country is your company based in?' Data on 7412 businesses in Poland, 119 businesses in Europe and 3276 businesses in the rest of the world. Response rates vary across countries and regions.

Source: ITC calculations based on global and Poland ITC Covid-19 Business Impact Survey. Data collected 21 April – 24 August 2020 for global survey and between 1 September and 2 October 2020 for Poland survey.

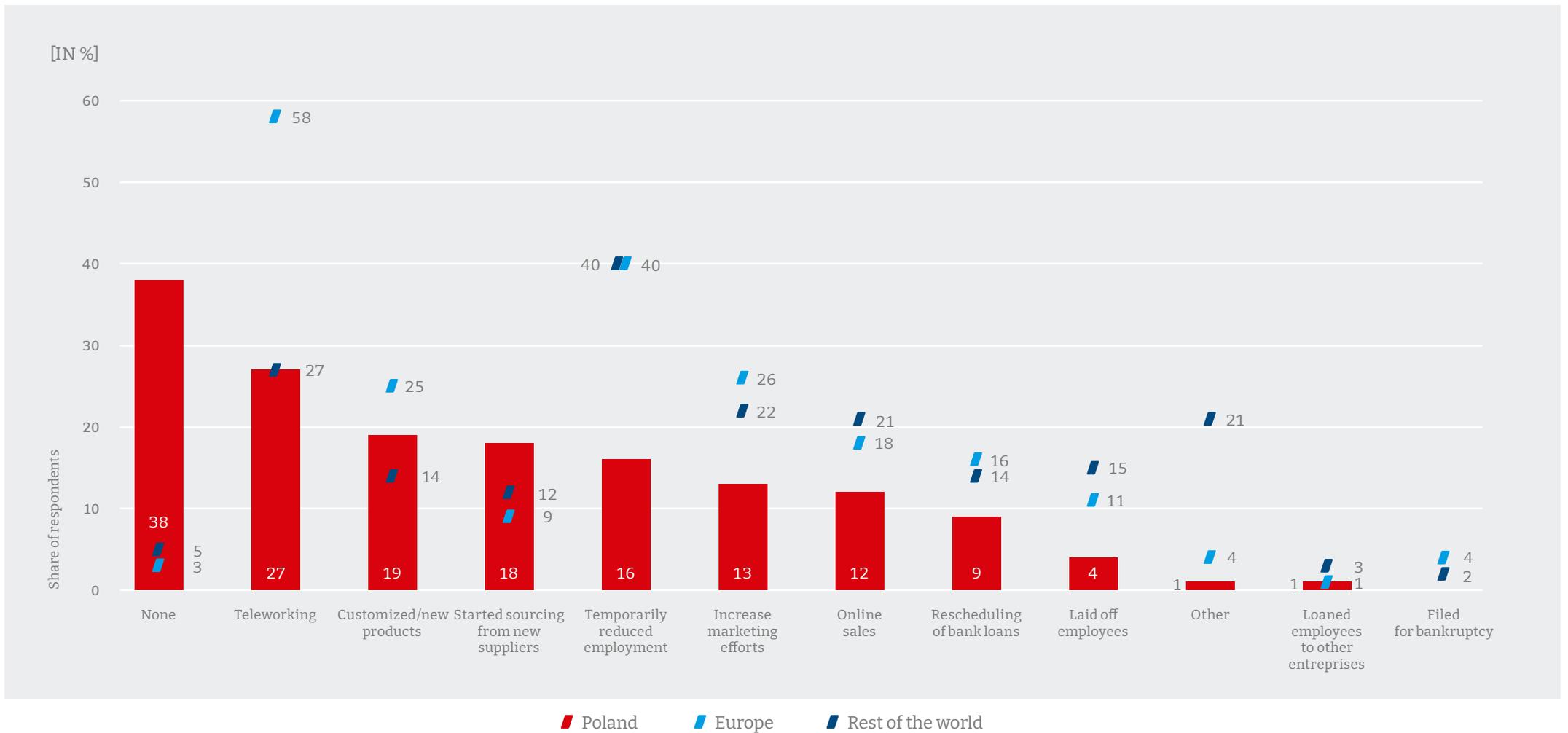
Figure 95 Firms in Poland are more likely to opt for retreating strategies



Note: Respondents were asked 'Have you adopted any of the following strategies to cope with the crisis?' Categorizations: Agile – customized/created new products or loaned employees to other enterprises. Retreat – filed for bankruptcy, laid off employees, sold off assets, took on new debt or took no action. Resilient – didn't follow a retreat or agile strategies; chose one or more options: temporarily reduced employment; teleworking; rescheduled bank loans; greater marketing; online sales; sourcing from new suppliers; or temporary shutdown. Data from 7412 business responses in Poland, 119 in Europe and 3276 in the rest of the world.

Source: ITC calculations based on global and Poland ITC Covid-19 Business Impact Survey. Data collected 21 April – 24 August 2020 for global survey and between 1 September and 2 October 2020 for Poland survey.

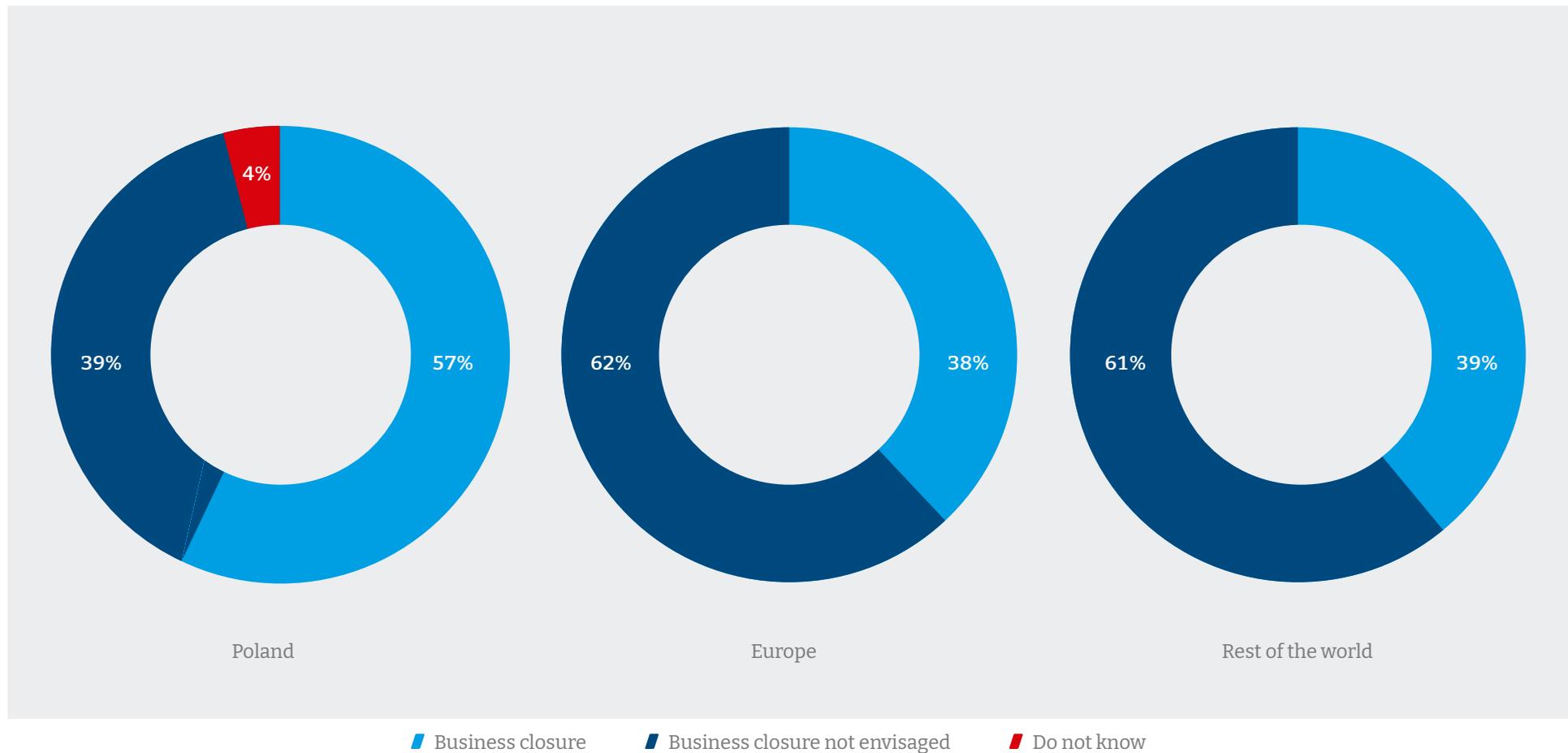
Figure 96 Business approaches to cope with COVID-19 crisis



Note: Respondents were asked 'Have you adopted any of the following strategies to cope with the crisis?' and 'Which country is your company based in?' Data on 7412 businesses in Poland, 119 businesses in Europe and 3276 businesses in the rest of the world. Response rates vary across countries and regions.

Source: ITC calculations based on global and Poland ITC Covid-19 Business Impact Survey. Data collected 21 April – 24 August 2020 for global survey and between 1 September and 2 October 2020 for Poland survey.

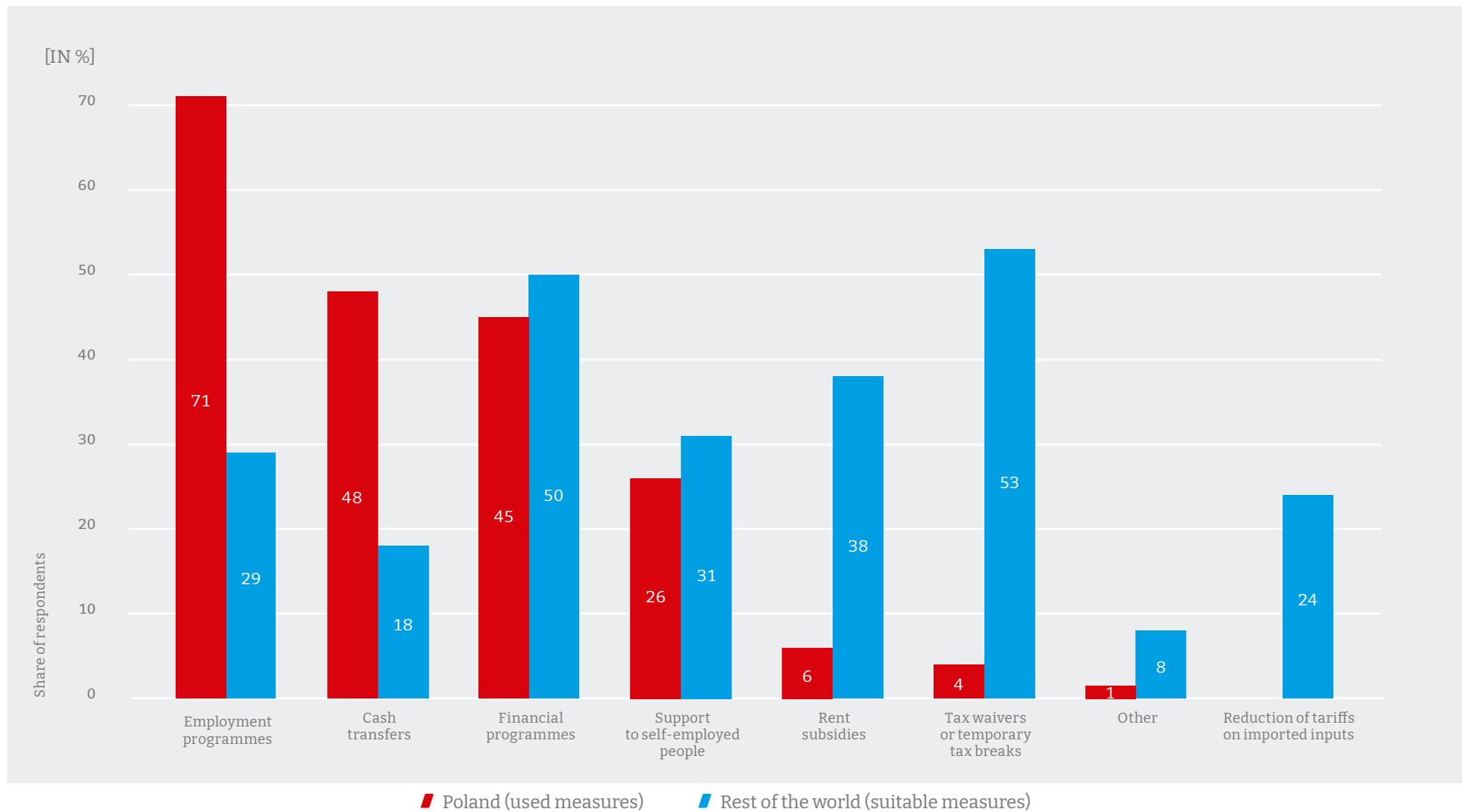
Figure 97 Polish firms are at higher risk of permanently shutting down



Note: Respondents in Poland were asked 'May coronavirus pandemic shut down activity of your company?' and those in Europe and the rest of the world were asked 'Do you think there is a risk that your business will permanently shut down because of this crisis, and if so, when could this closure occur?' Data on 7412 businesses in Poland, 119 businesses in Europe and 3276 businesses in the rest of the world. Response rates vary across countries and regions.

Source: ITC calculations based on global and Poland ITC Covid-19 Business Impact Survey. Data collected 21 April – 24 August 2020 for global survey and between 1 September and 2 October 2020 for Poland survey.

Figure 98 Government measures to cope with the COVID-19 crisis



Note: The questions in the global and Poland questionnaire differ. Respondents to the global survey were asked 'Please select the top three government measures that would be most helpful as you cope with the COVID-19 crisis,' while those in Poland were asked 'Which of the government COVID-19 related assistance programmes did you use?'. Data on 7412 businesses in Poland and 3276 businesses in the rest of the world. Response rates vary across countries and regions.

Source: ITC calculations based on global and Poland ITC Covid-19 Business Impact Survey. Data collected 21 April – 24 August 2020 for global survey and between 1 September and 2 October 2020 for Poland survey.

Figure 99 SMEs in Poland find easier to access information and benefit from government



Note: Respondents were asked 'How easy is it to access information and benefits from government COVID-related SME assistance programmes?' Data on 7412 businesses in Poland, 119 businesses in Europe and 3069 businesses in the rest of the world. Response rates vary across countries and regions.

Source: ITC calculations based on the ITC COVID-19 Business Impact Survey, data collected from 21 April–24 August 2020, and Poland COVID-19 Business Impact Survey, data collected from 1 September – 2 October.

# Micro, small and medium-sized enterprises in 2020 – survey results at the sub-regional level

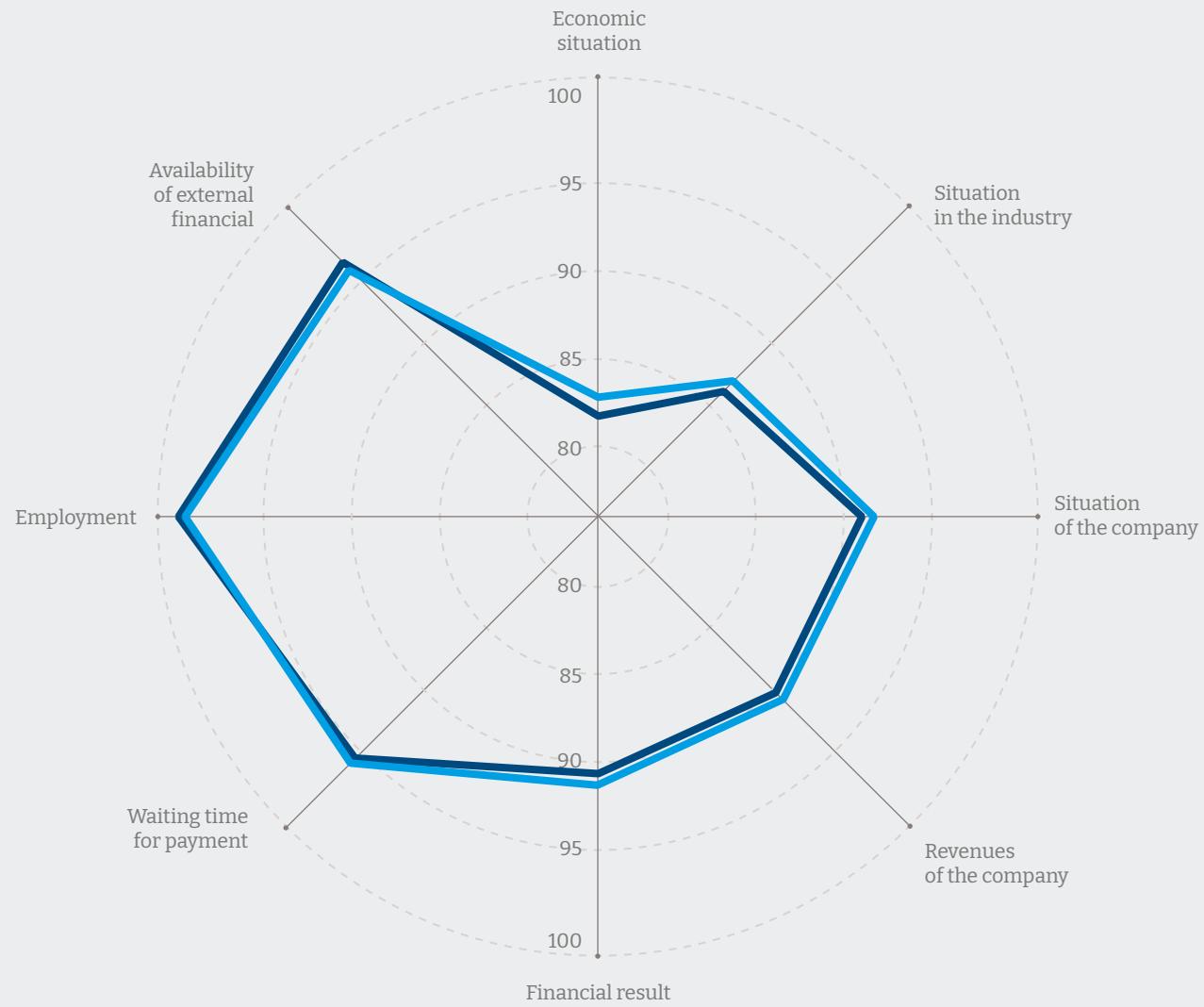
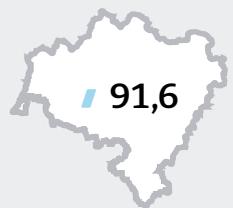


# Dolnośląskie Voivodeship



## Dolnośląskie Voivodeship

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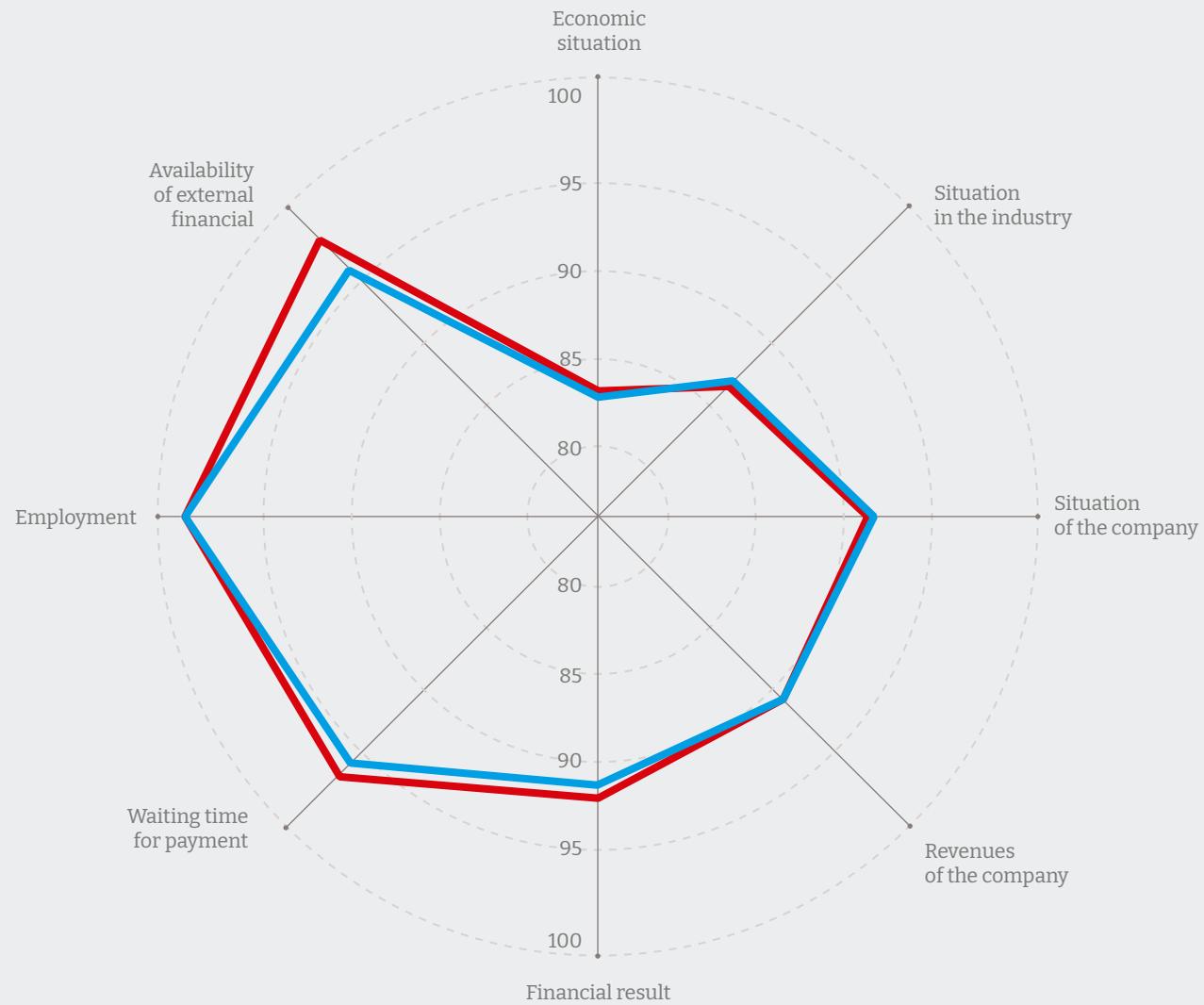


Poland

Dolnośląskie Voivodeship

## Jeleniogórski Region

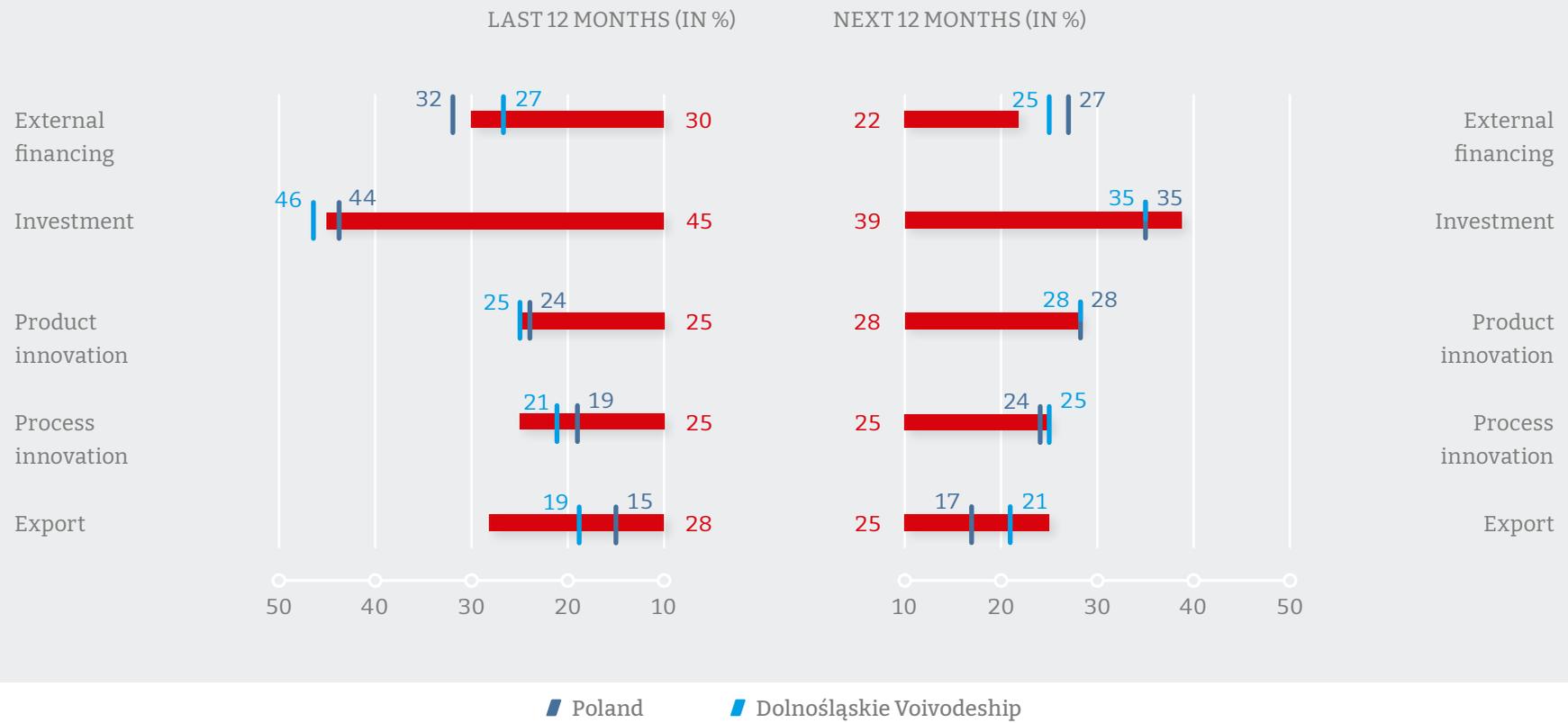
The General Business  
Climate Index for SMEs



■ Dolnośląskie Voivodeship

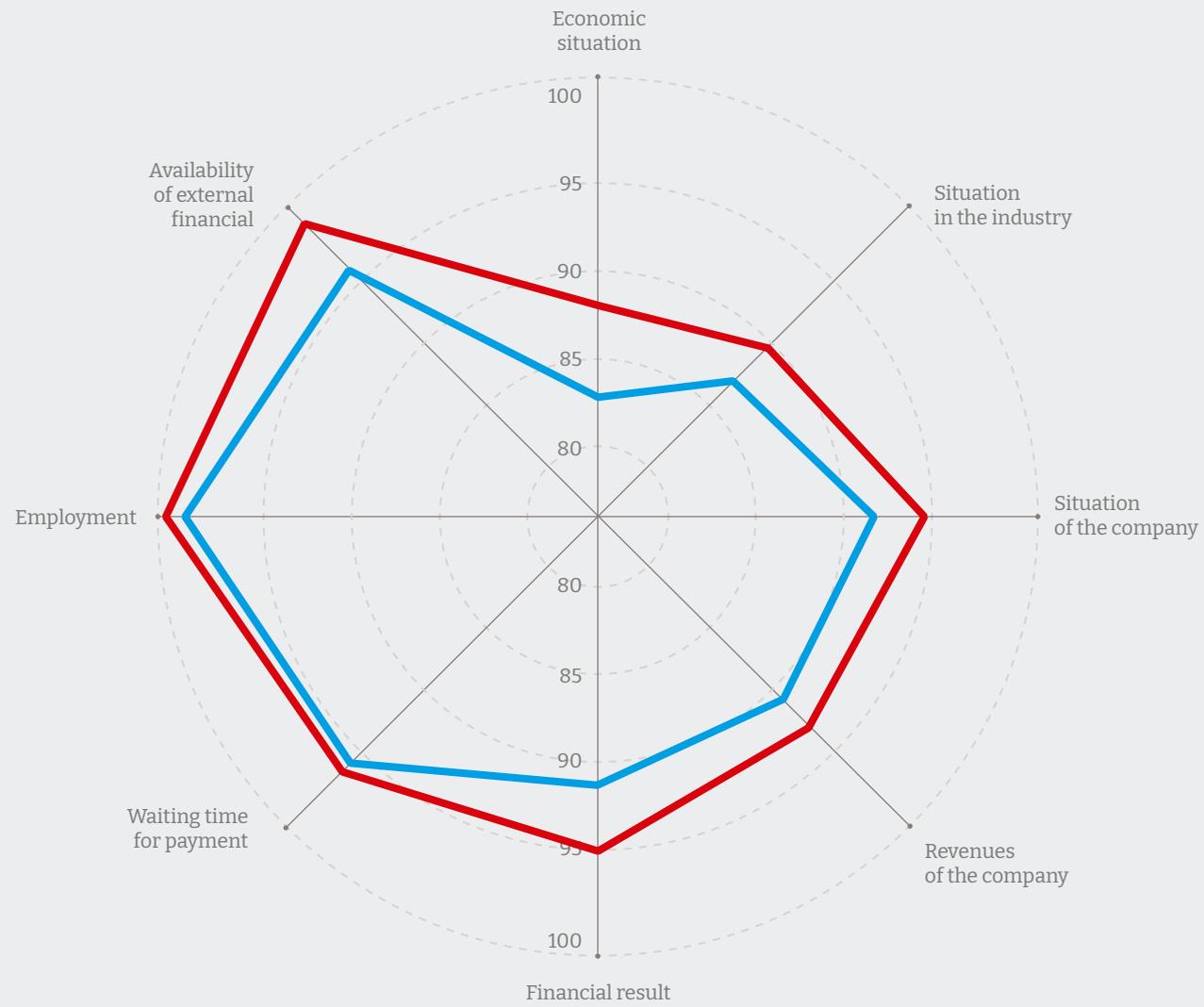
■ Jeleniogórski Region

## Jeleniogórski Region



## Legnicko-głogowski Region

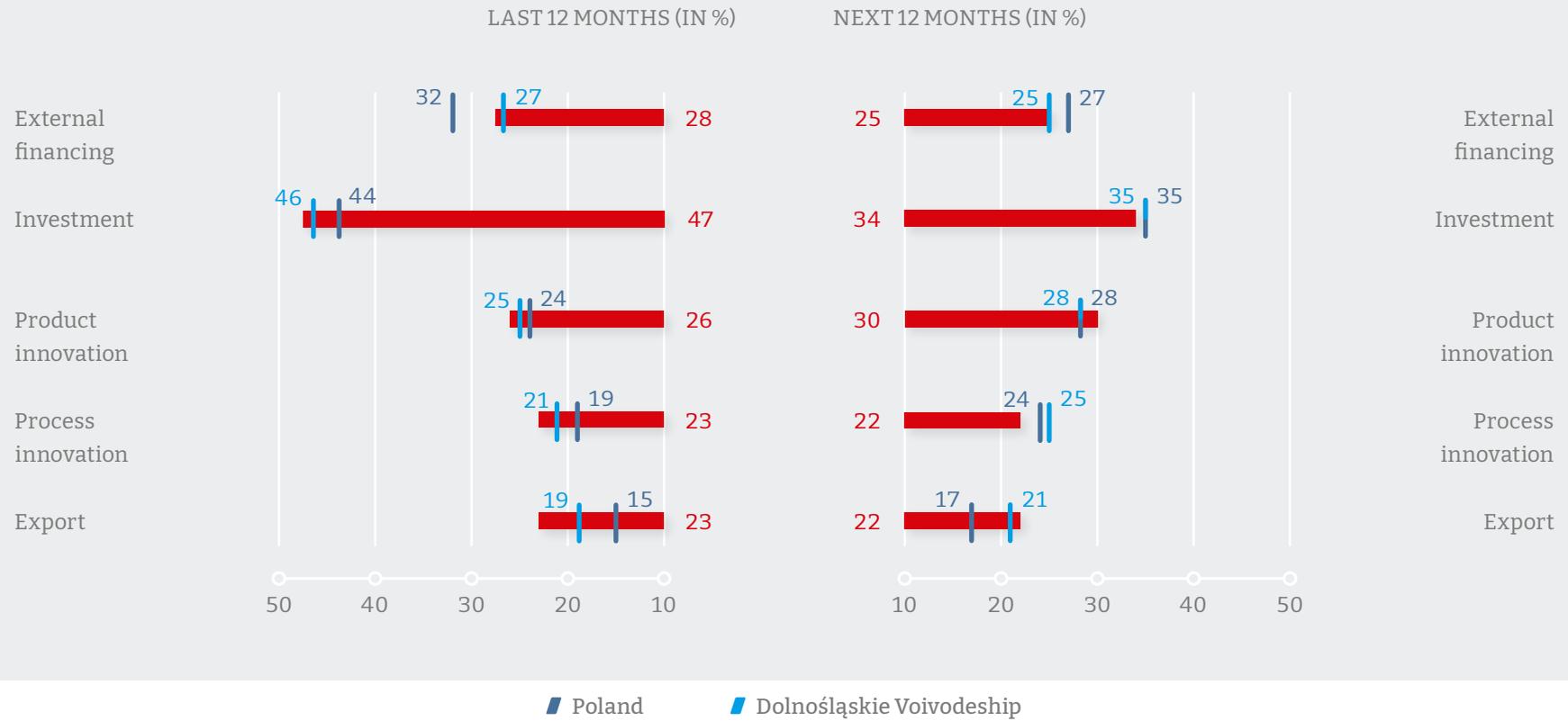
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■ Dolnośląskie Voivodeship

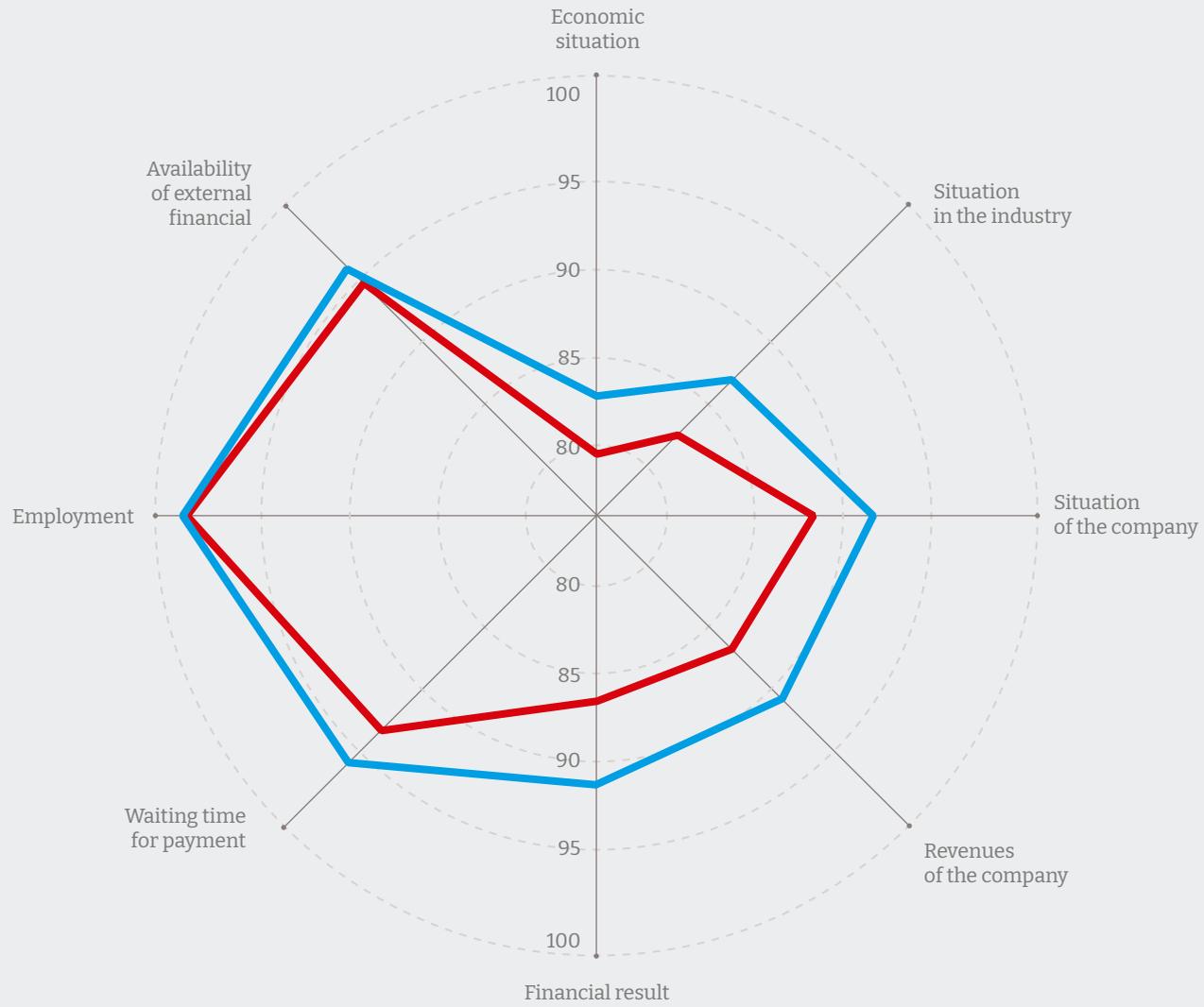
■ Legnicko-głogowski Region

## Legnicko-głogowski Region



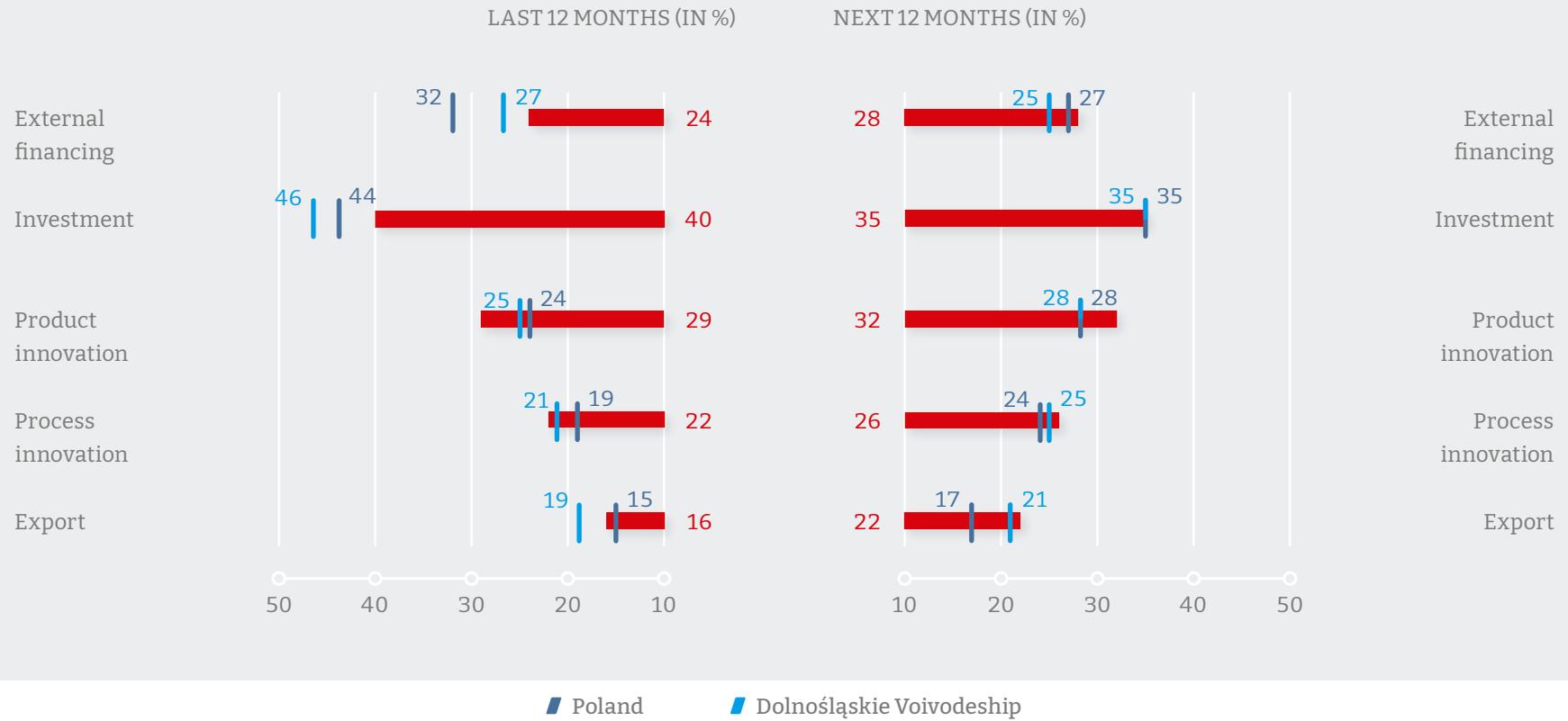
# City of Wrocław

The General Business Climate Index for SMEs



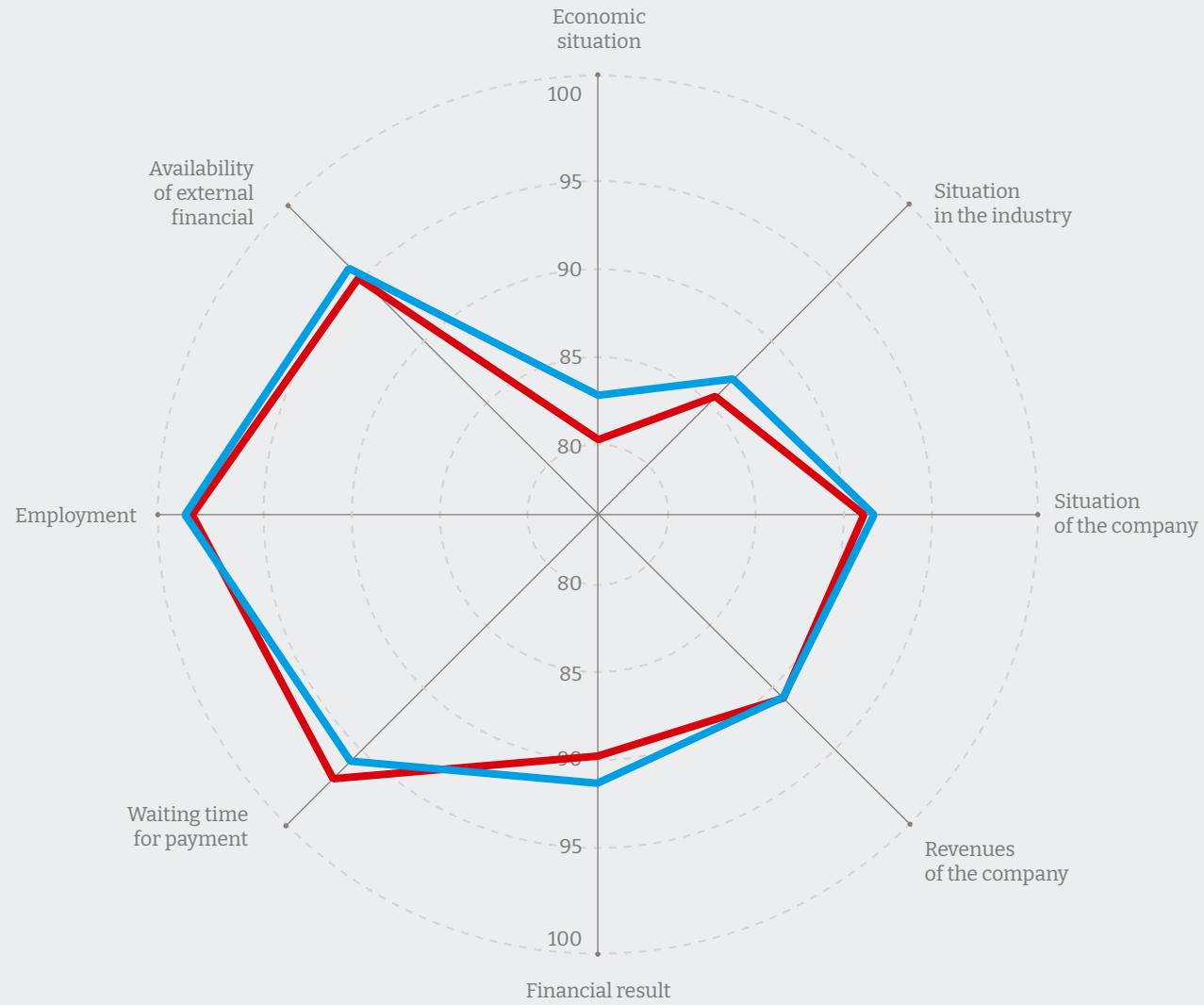
■ Dolnośląskie Voivodeship    ■ City of Wrocław

## City of Wrocław



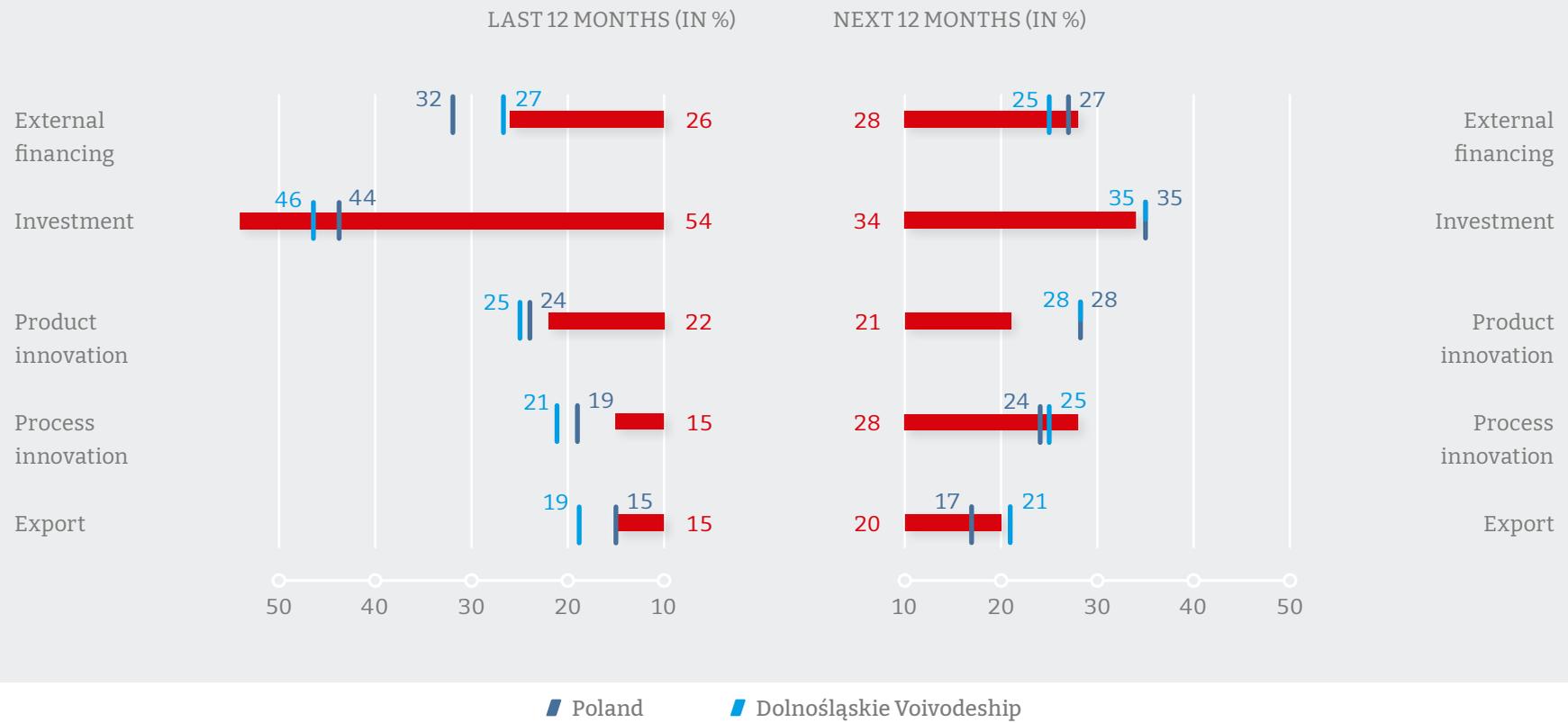
## Wałbrzyski Region

The General Business  
Climate Index for SMEs



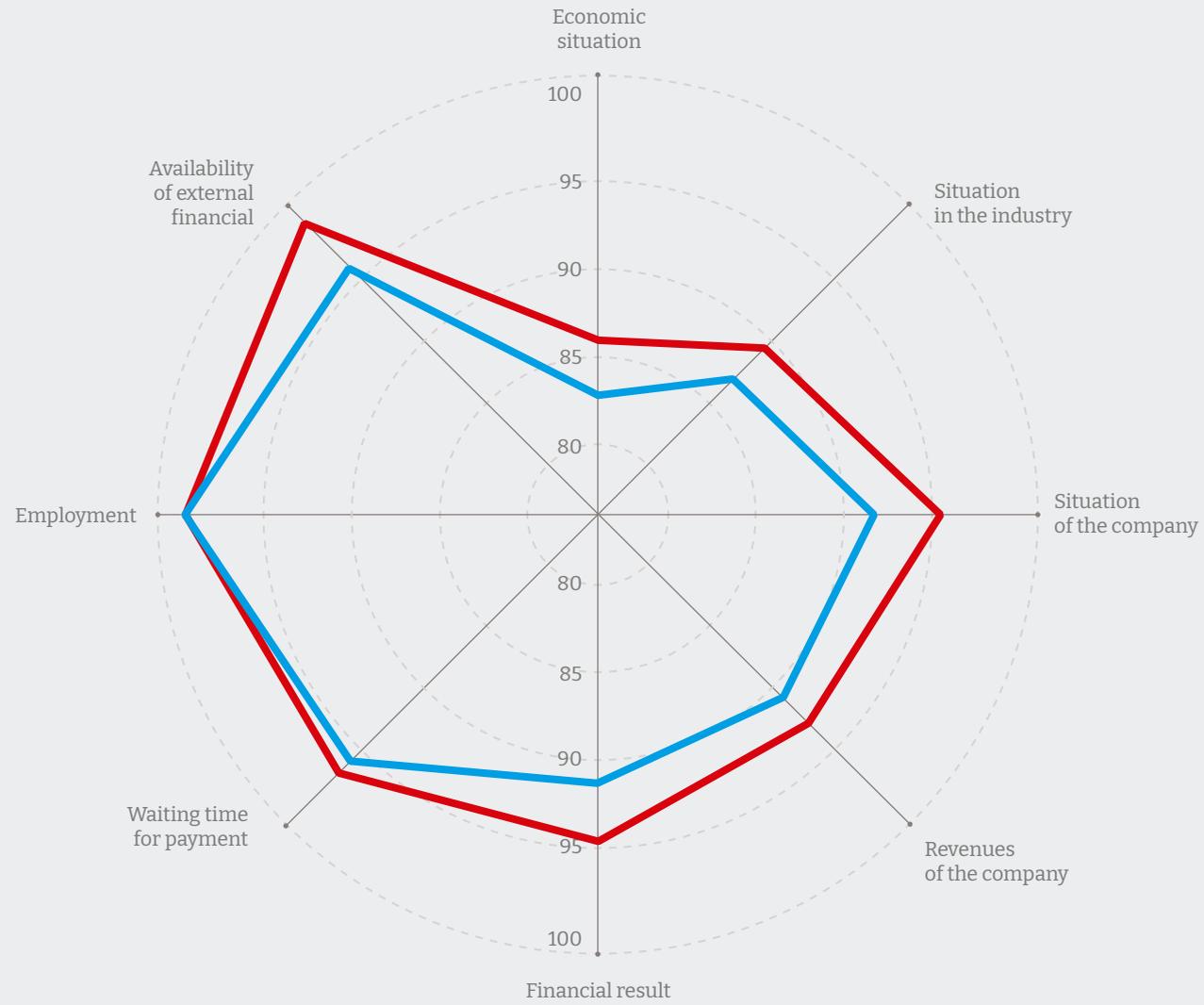
■ Dolnośląskie Voivodeship ■ Wałbrzyski Region

## Wałbrzyski Region



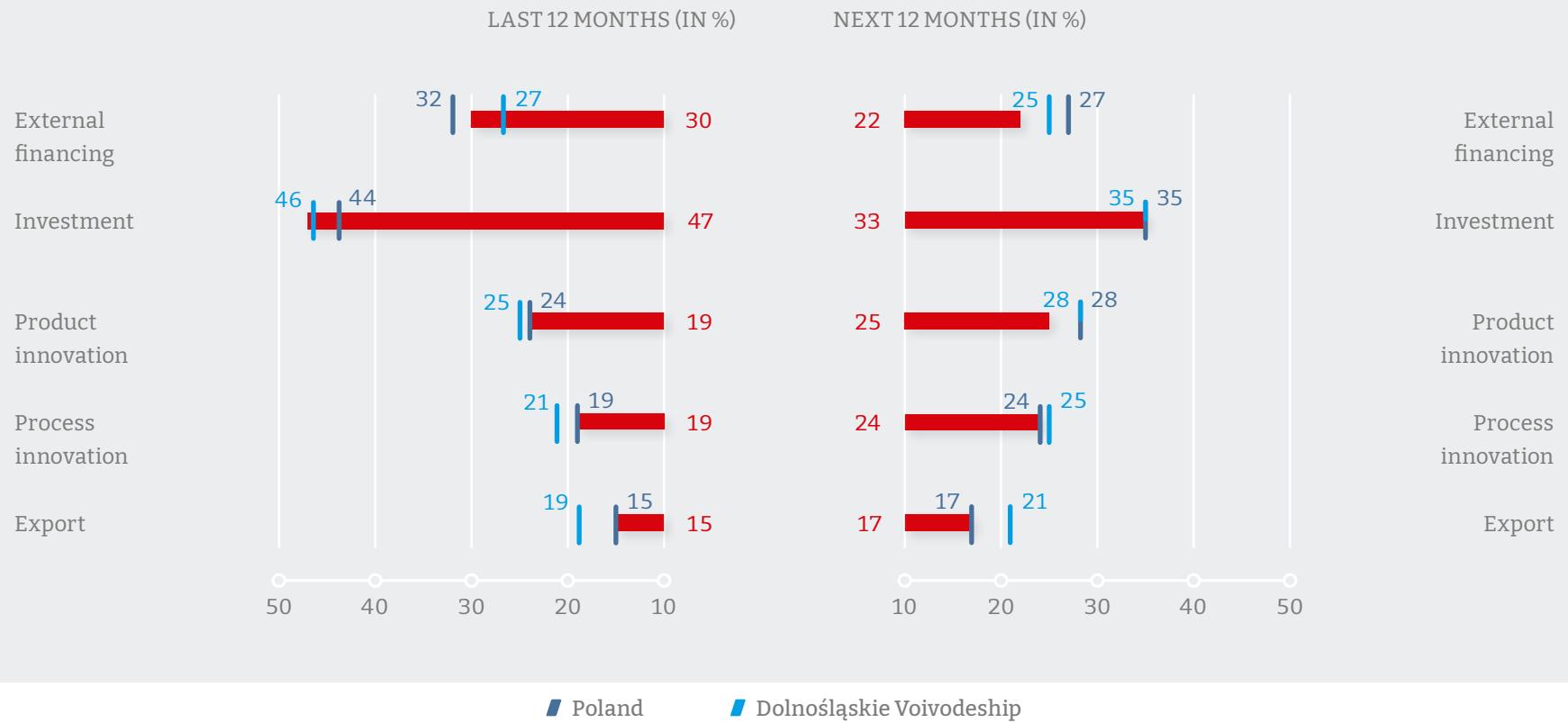
## Wrocławski Region

The General Business  
Climate Index for SMEs



Dolnośląskie Voivodeship Wrocławski Region

## Wrocławski Region

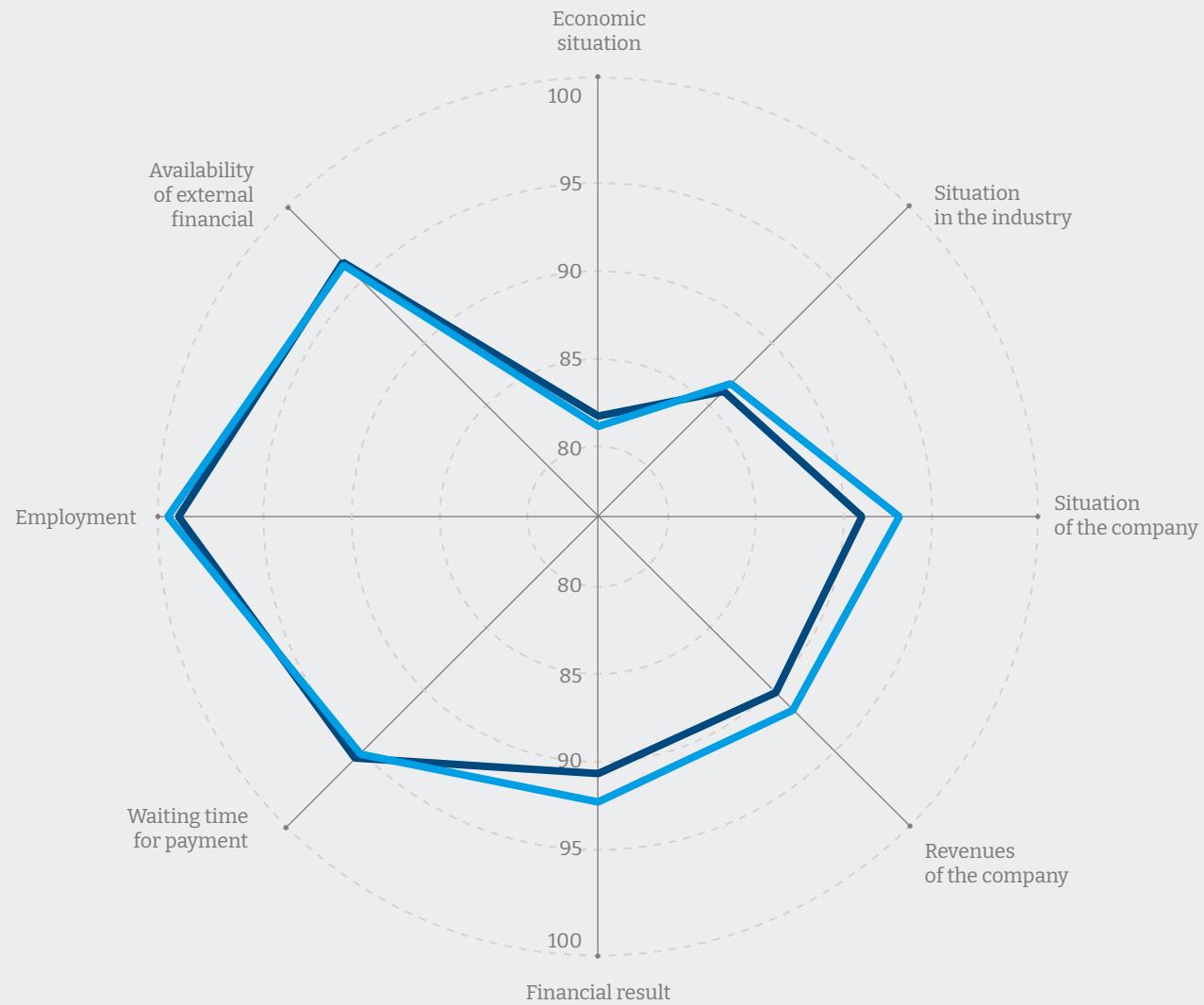


# Kujawsko-pomorskie Voivodeship



## Kujawsko-pomorskie Voivodeship

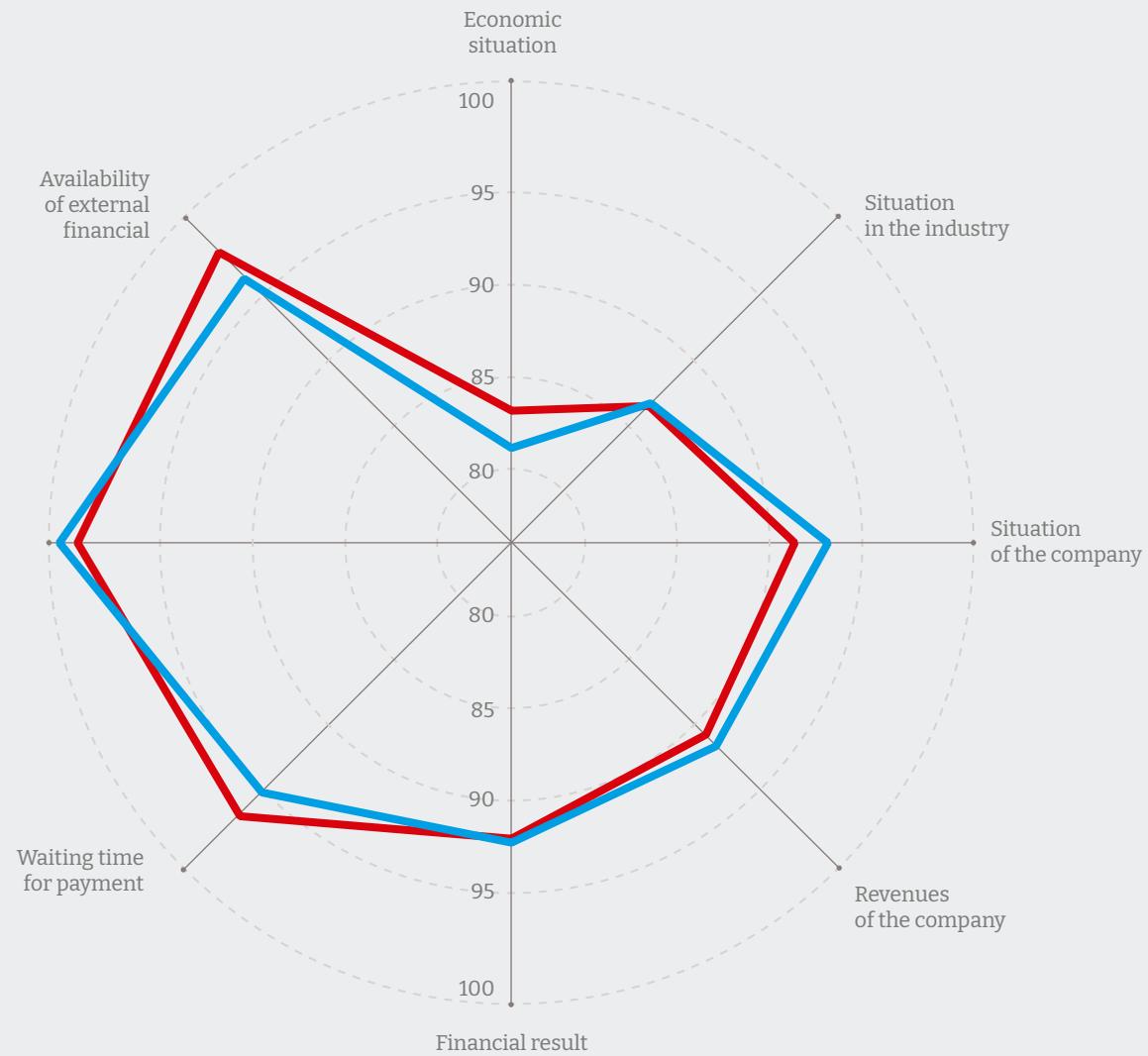
The General Business  
Climate Index for SMEs



■ Poland ■ Kujawsko-pomorskie Voivodeship

## Bydgosko-toruński Region

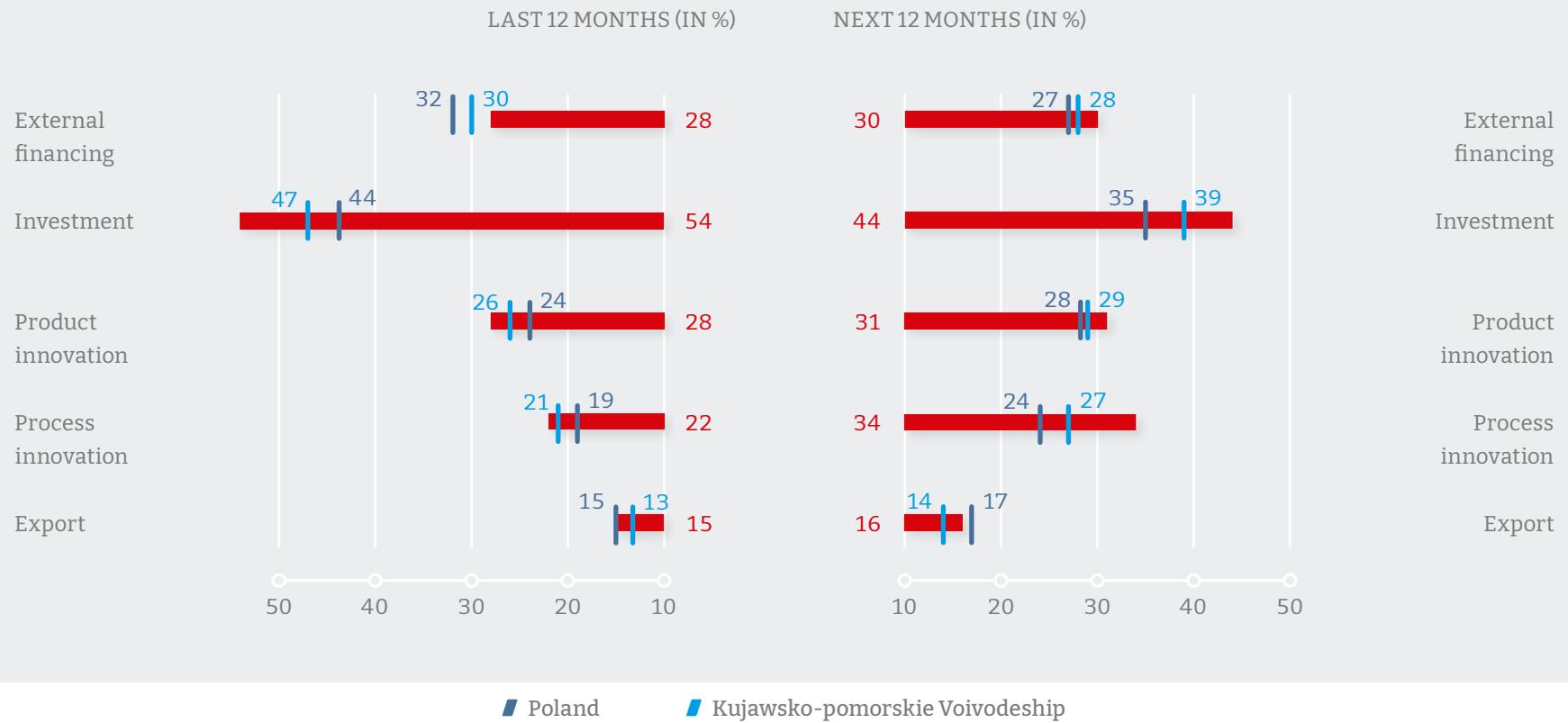
The General Business  
Climate Index for SMEs



■ Kujawsko-pomorskie Voivodeship

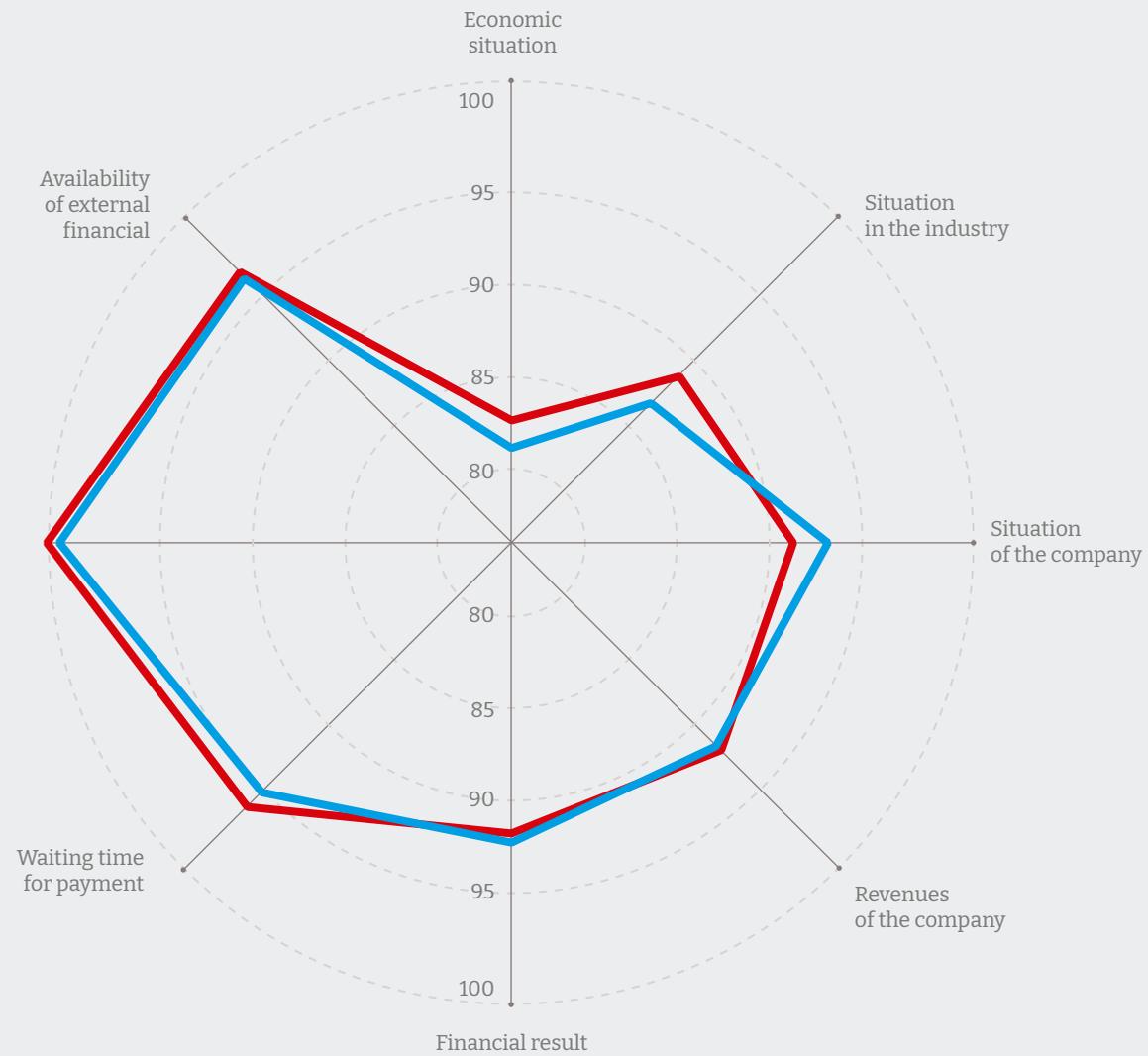
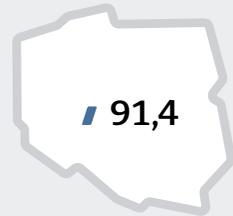
■ Bydgosko-toruński Region

## Bydgosko-toruński Region



## Grudziądzki Region

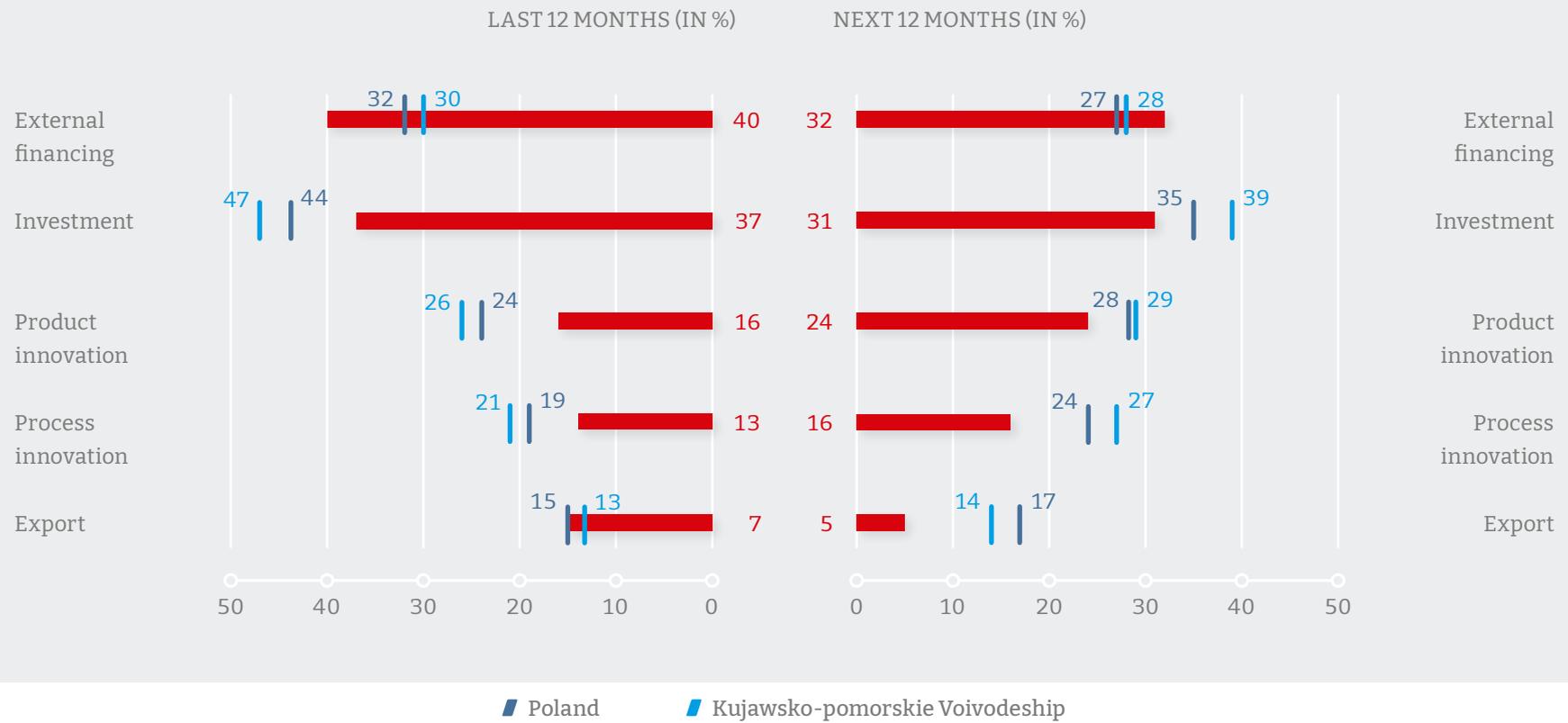
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 Kujawsko-pomorskie Voivodeship

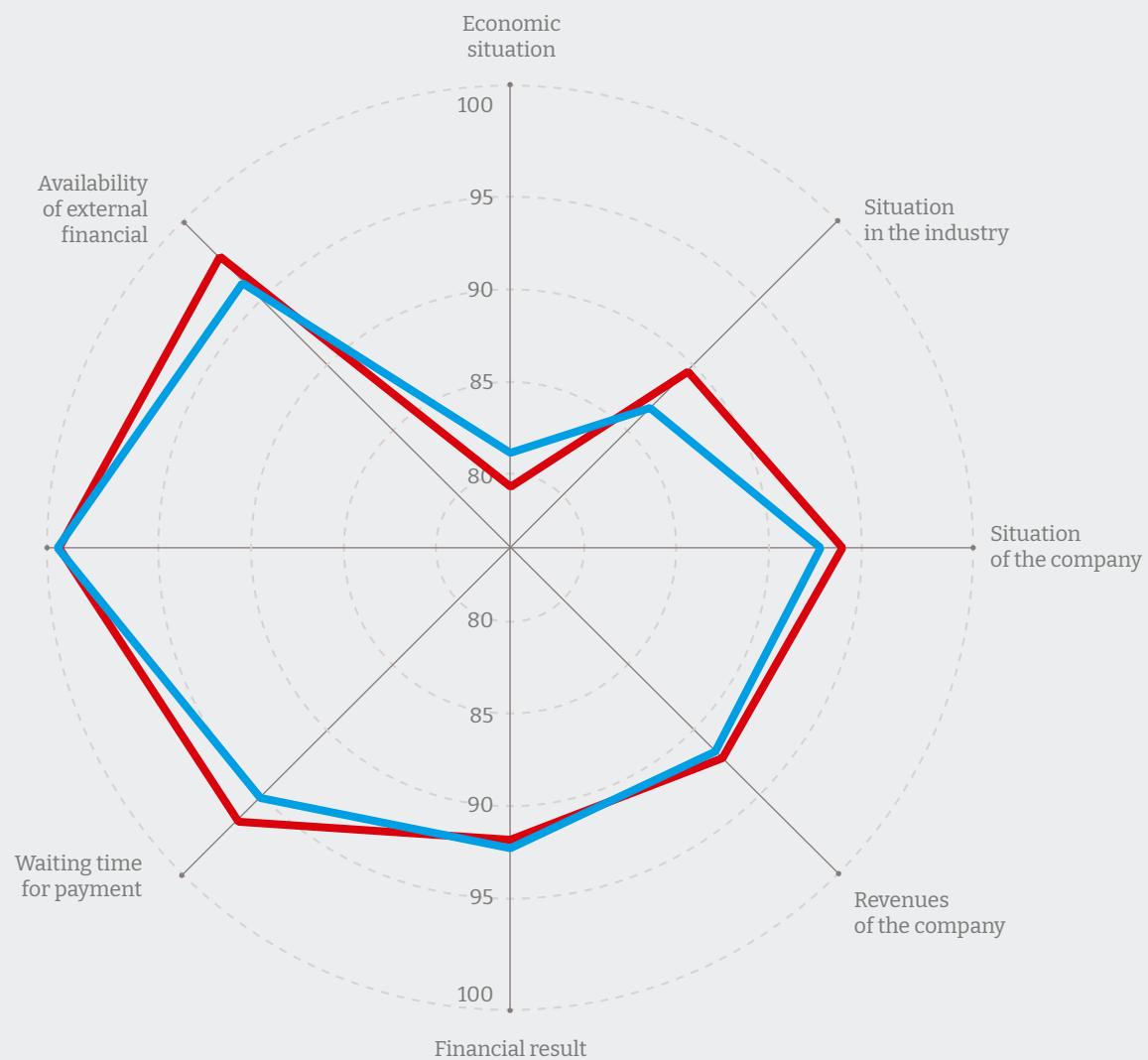
 Grudziądzki Region

## Grudziądzki Region



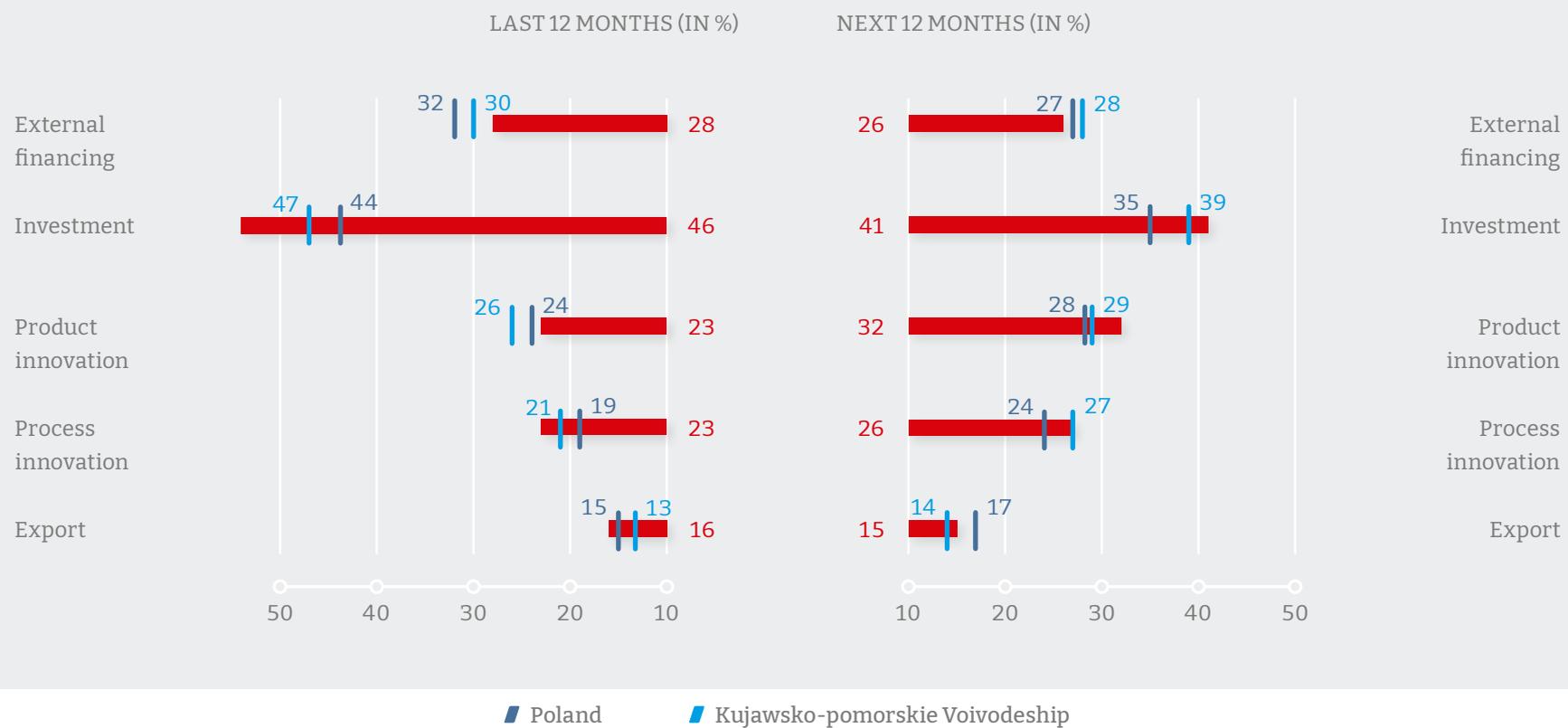
## Inowrocławski Region

The General Business  
Climate Index for SMEs



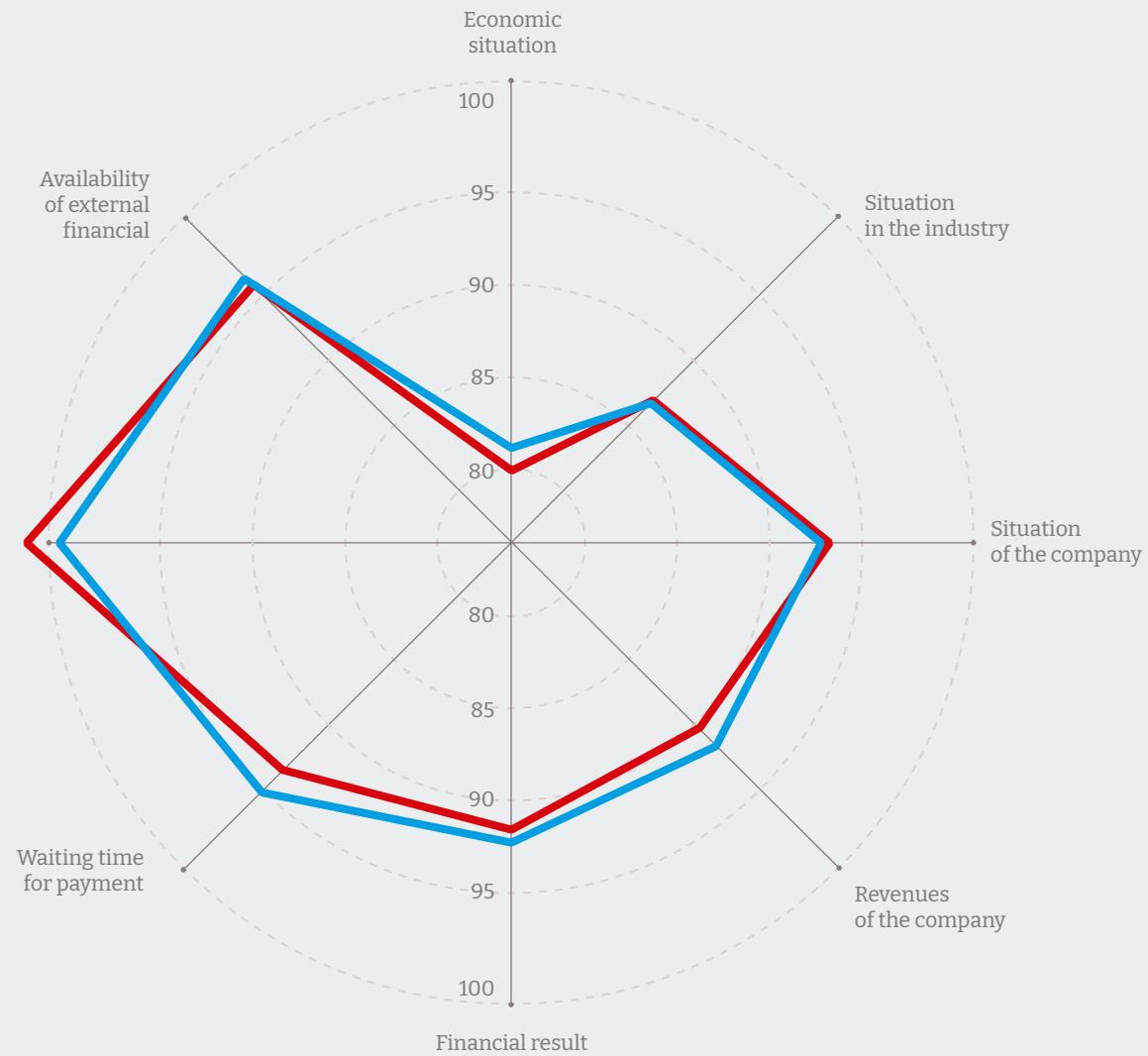
■ Kujawsko-pomorskie Voivodeship ■ Inowrocławski Region

## Inowrocławski Region



## Świecki Region

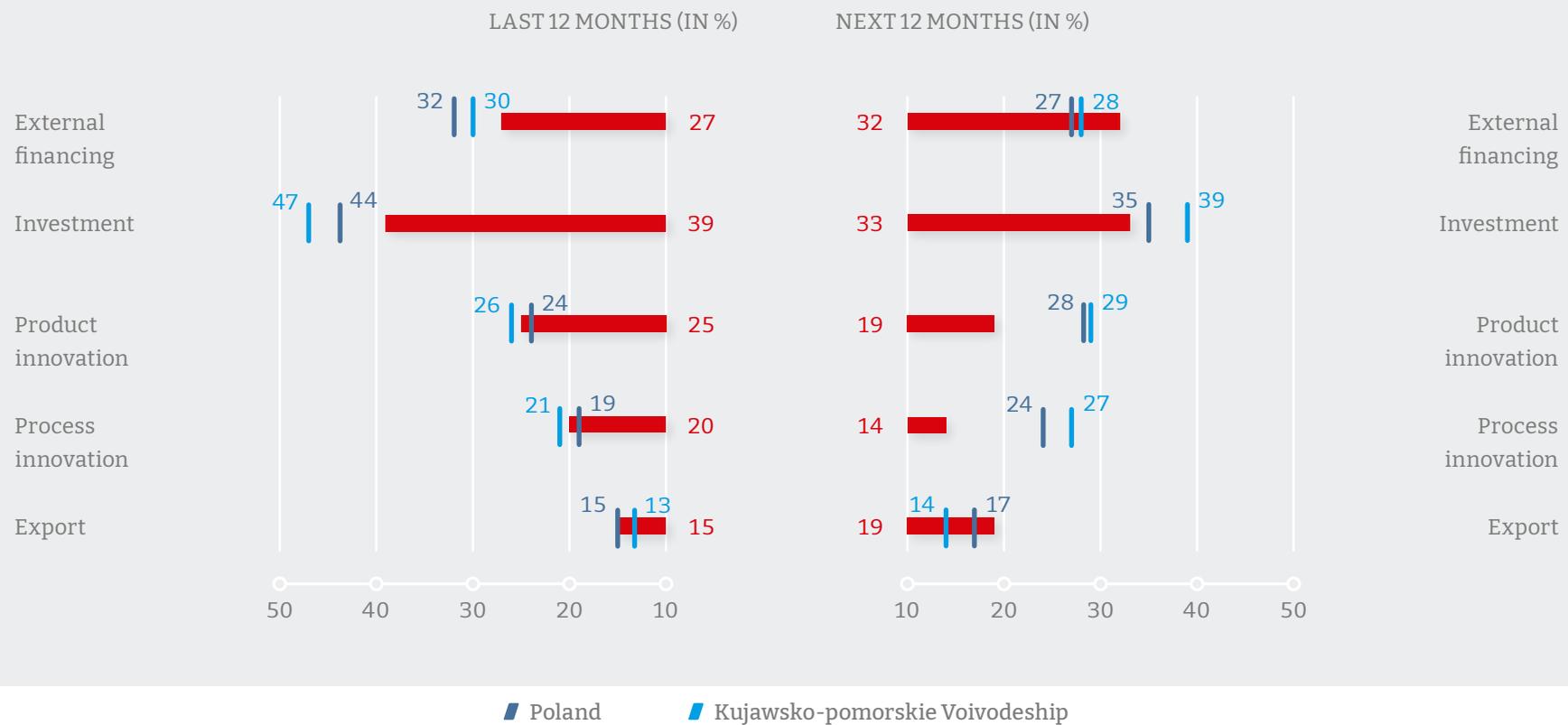
The General Business  
Climate Index for SMEs



■ Kujawsko-pomorskie Voivodeship

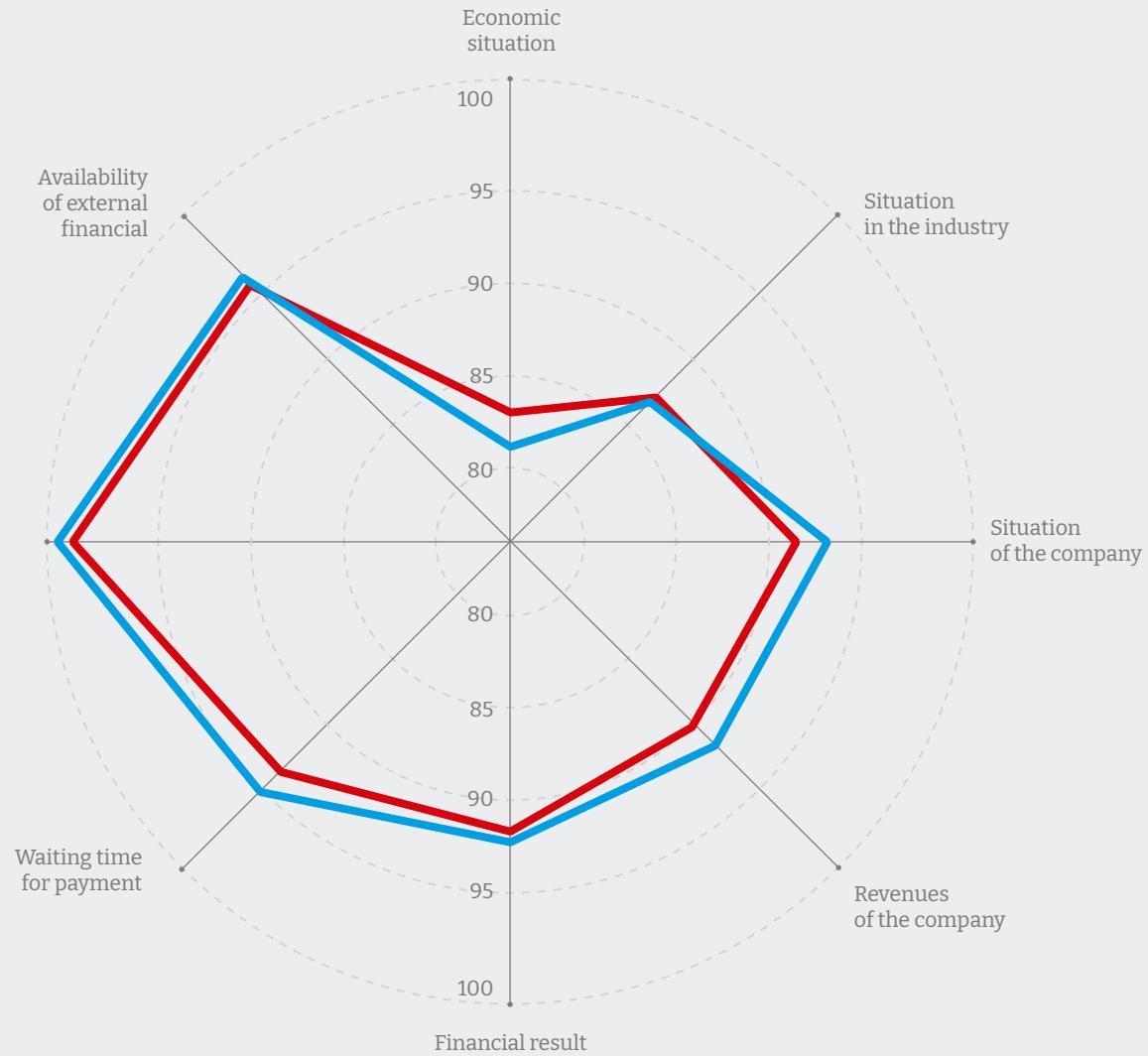
■ Świecki Region

## Świecki Region



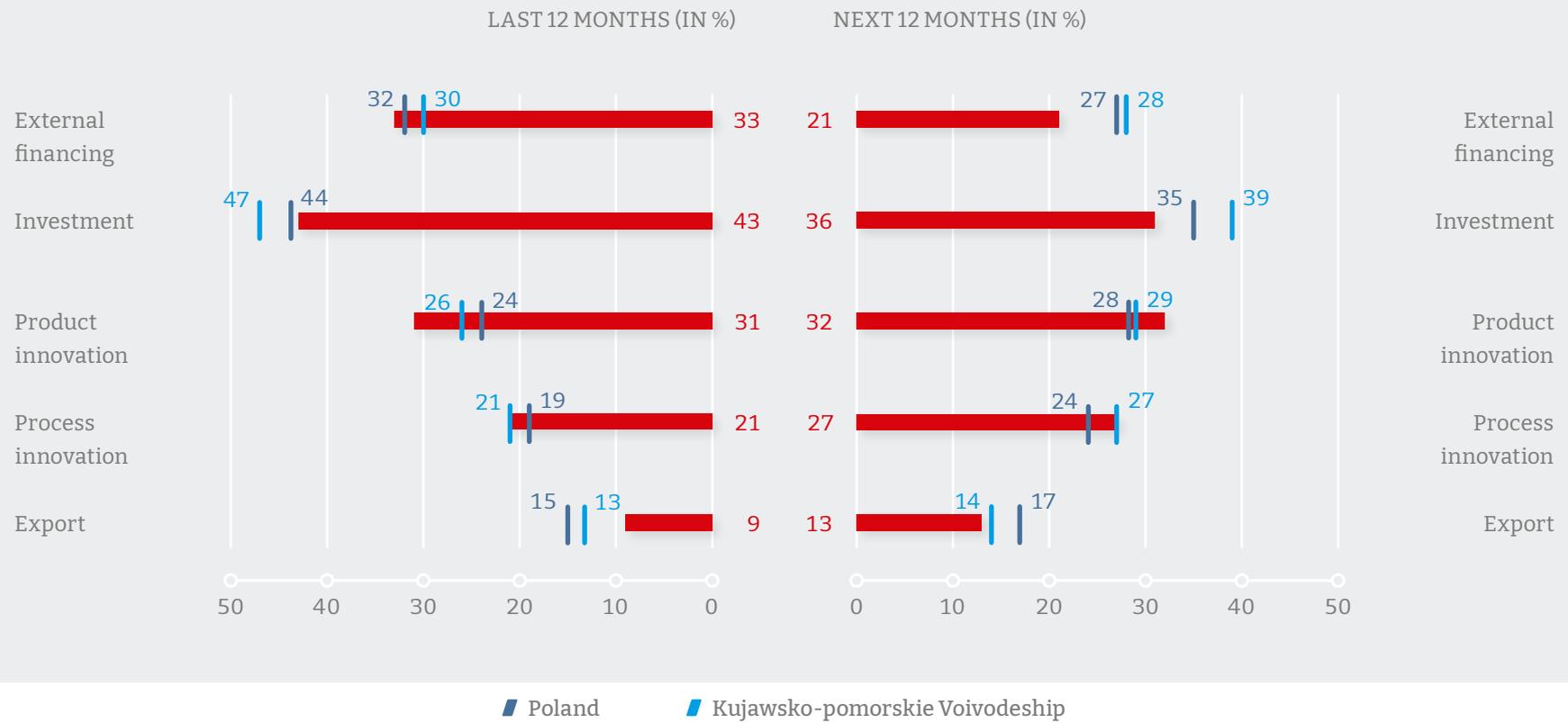
## Włocławski Region

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Climate Index for SMEs

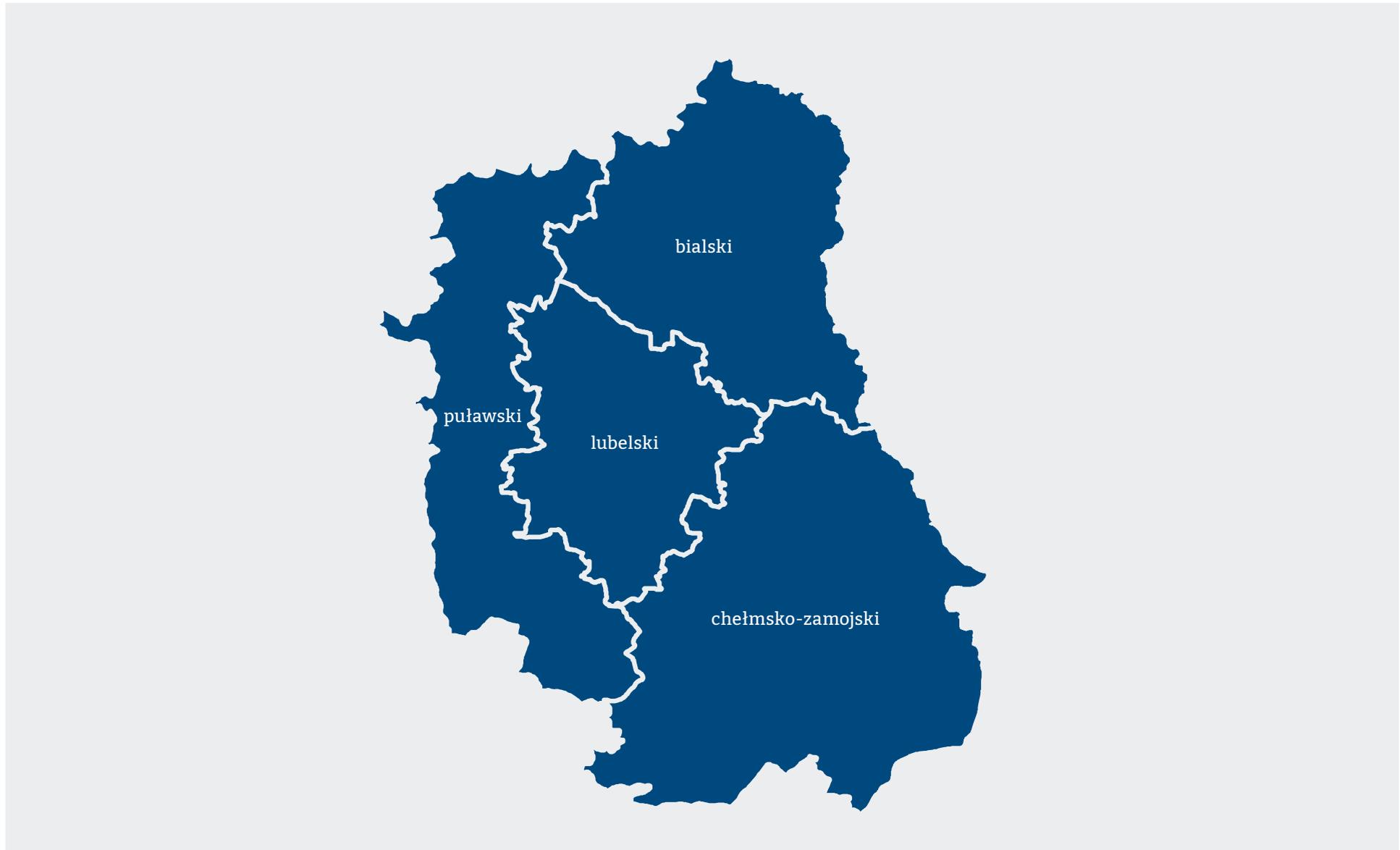


■ Kujawsko-pomorskie Voivodeship ■ Włocławski Region

## Włocławski Region

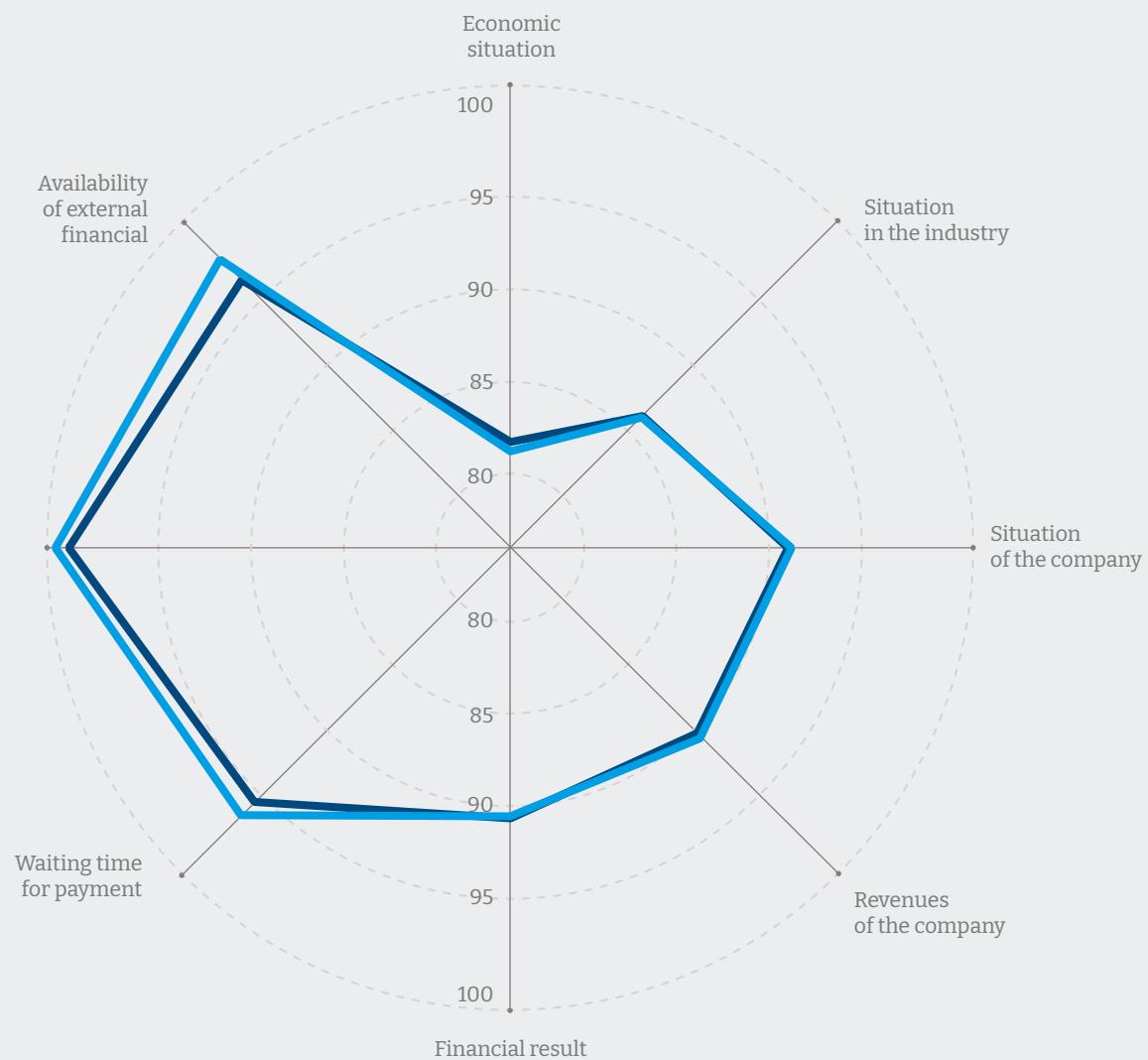


# Lubelskie Voivodeship



## Lubelskie Voivodeship

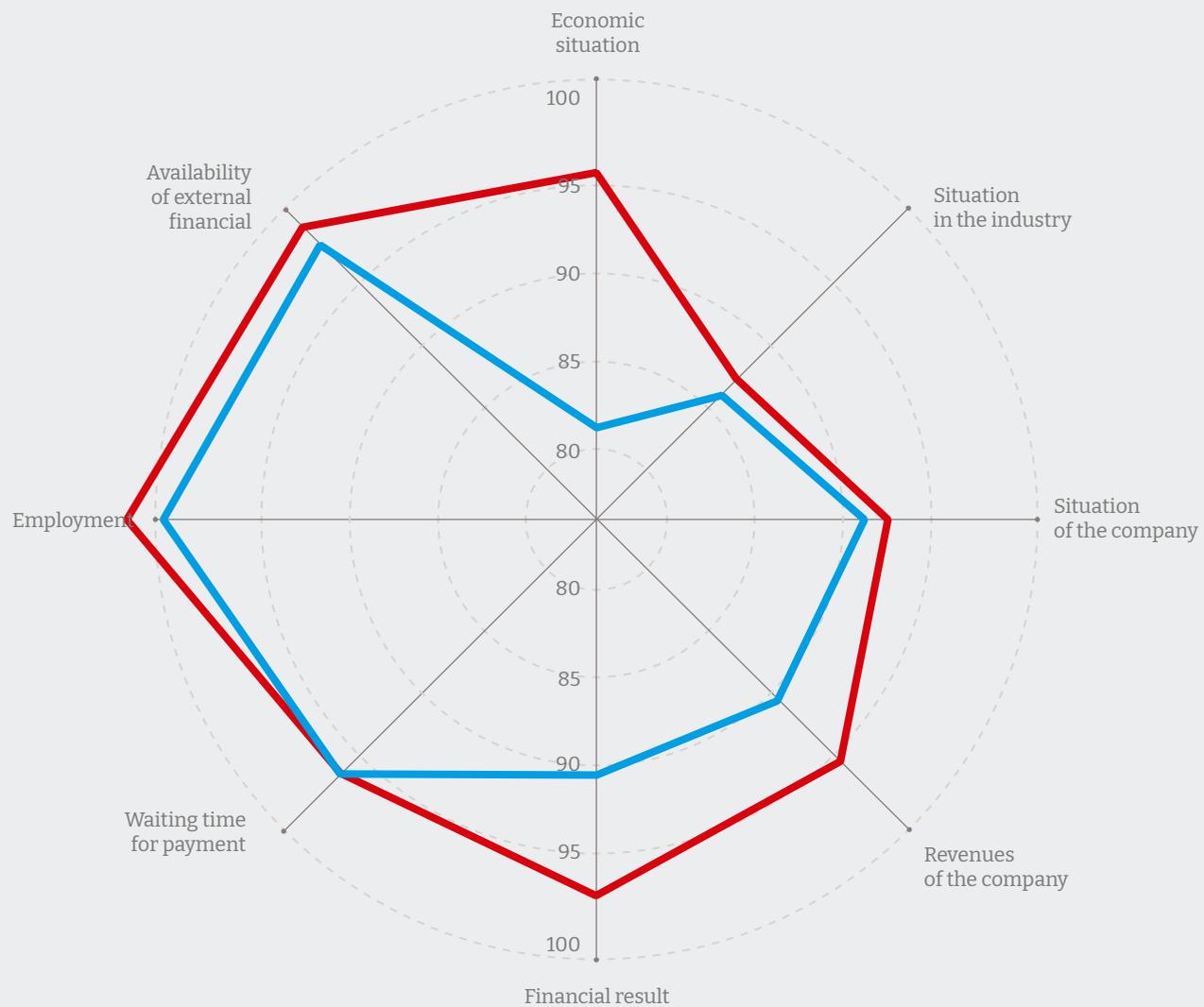
The General Business  
Climate Index for SMEs



Poland Lubelskie Voivodeship

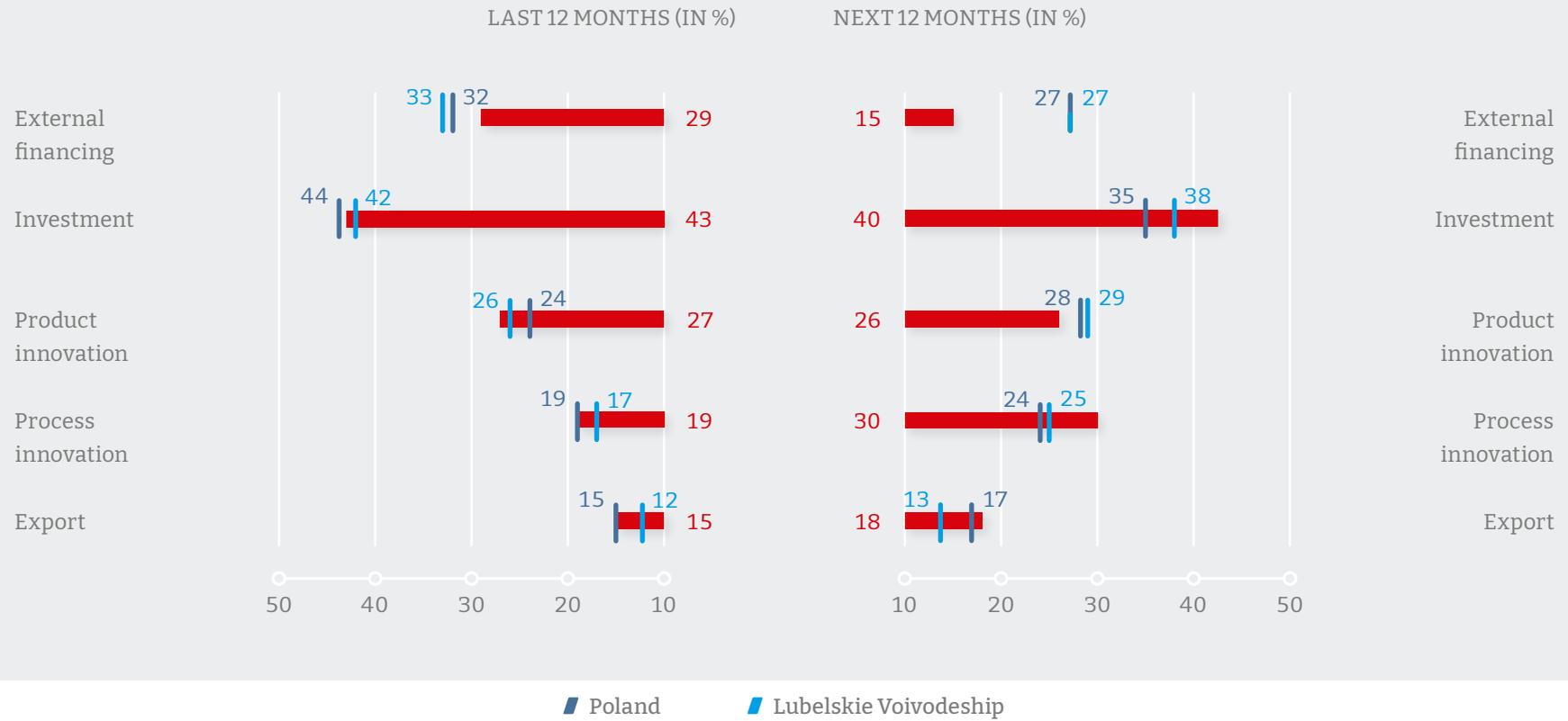
## Bialski Region

The General Business  
Climate Index for SMEs



Lubelskie Voivodeship Bialski Region

## Bialski Region



## Chelmsko-zamojski Region

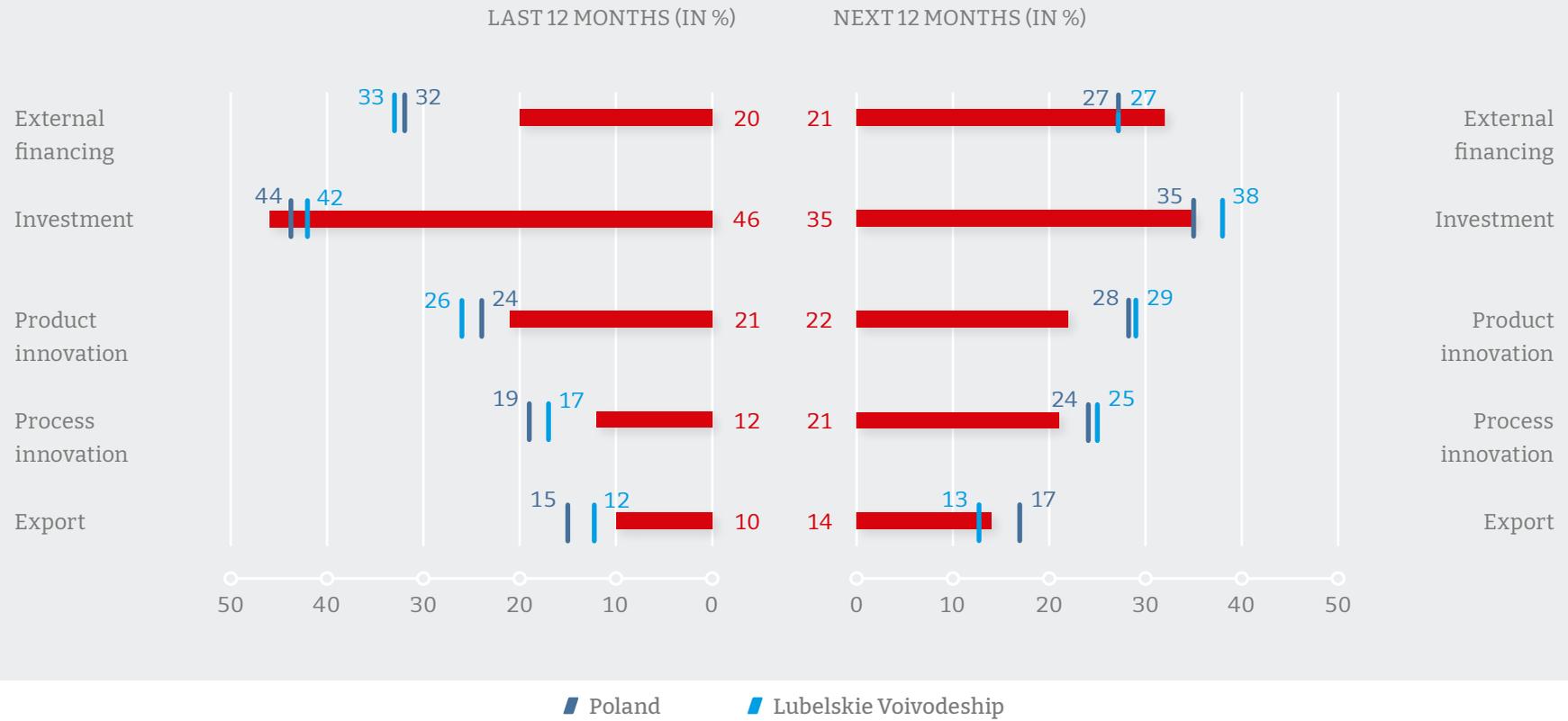
The General Business  
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Lubelskie Voivodeship

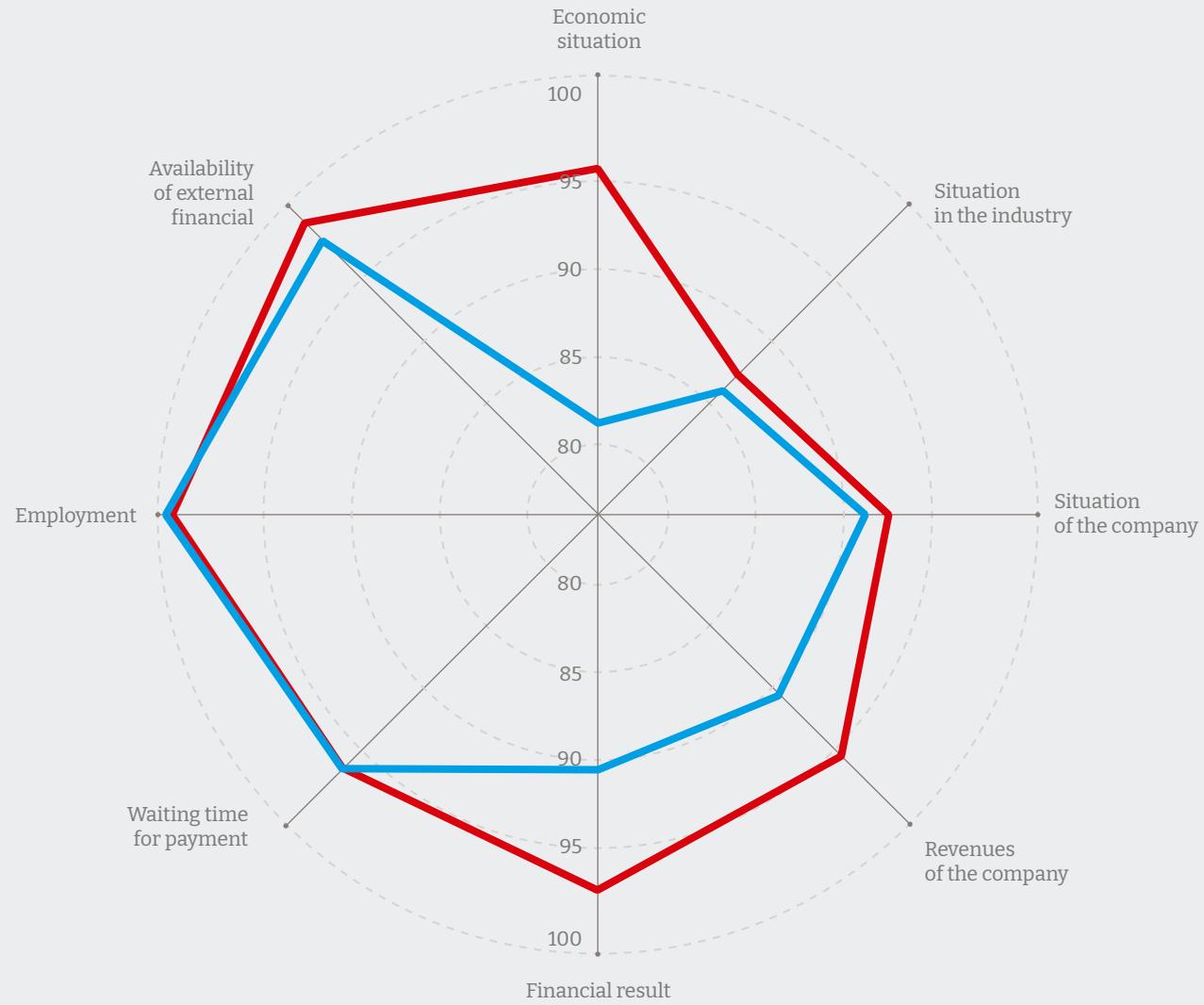
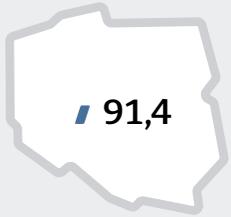
Chelmsko-zamojski Region

## Chełmsko-zamojski Region



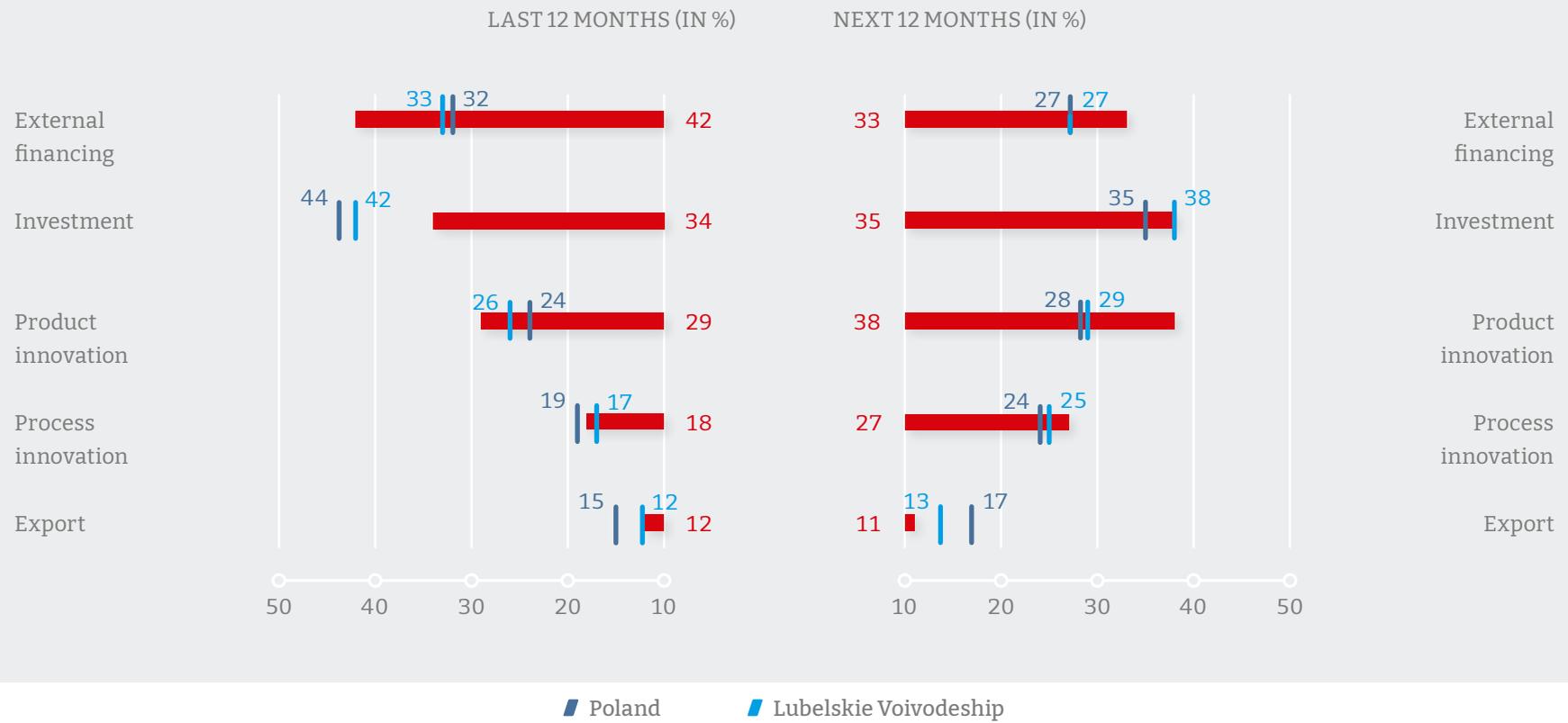
# Lubelski Region

The General Business Climate Index for SMEs



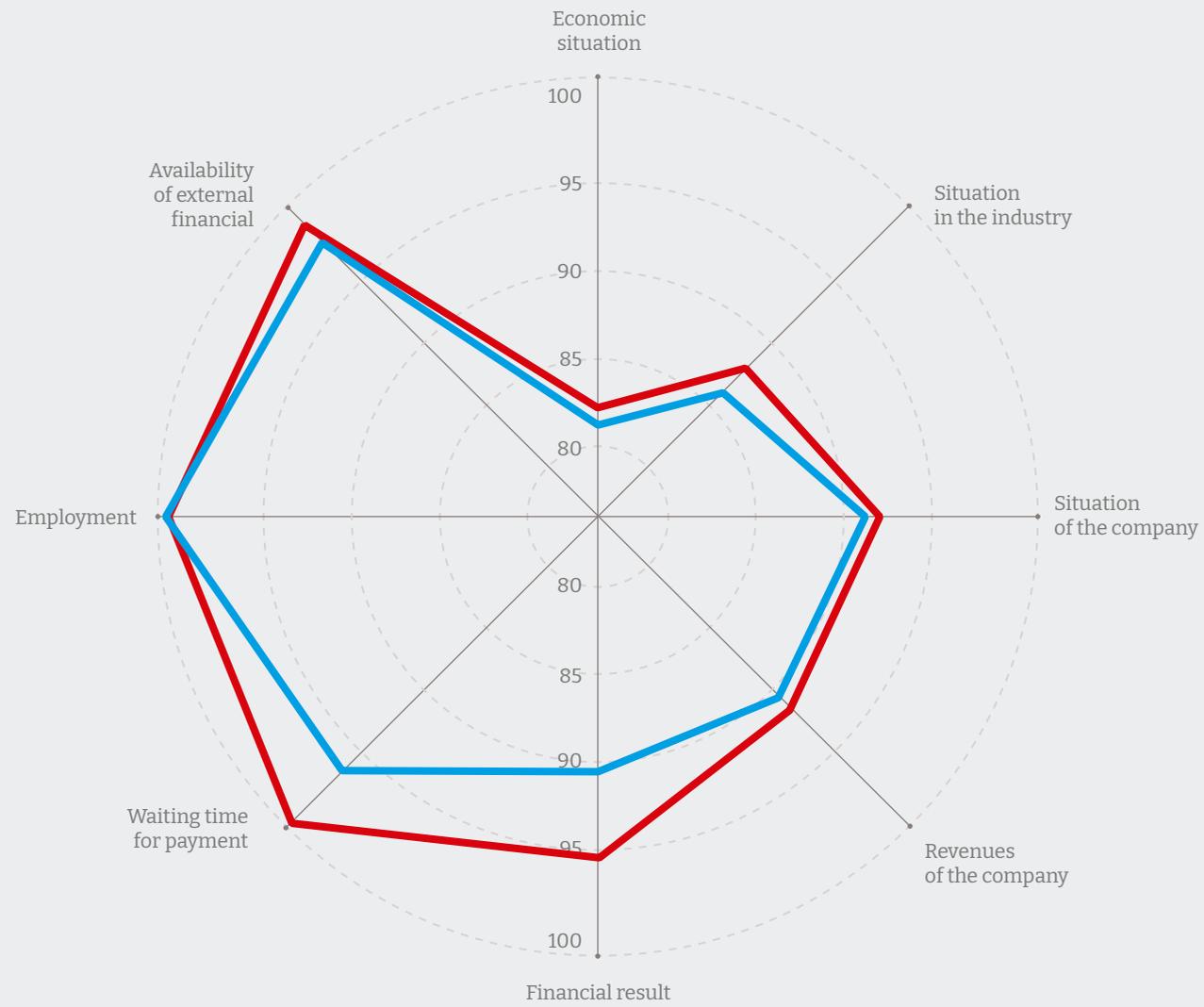
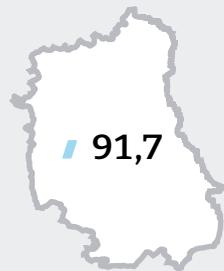
Lubelskie Voivodeship Lubelski Region

## Lubelski Region



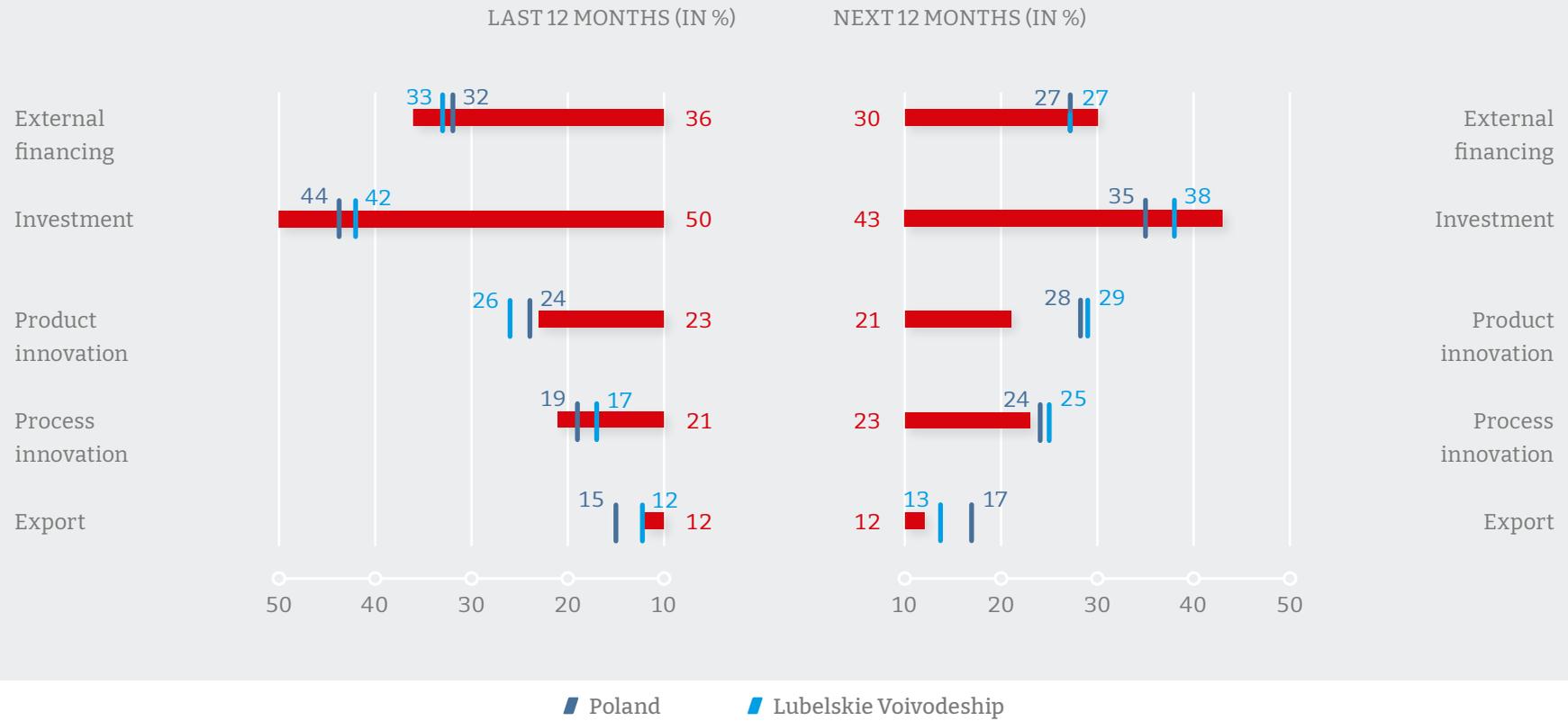
## Puławski Region

The General Business  
Climate Index for SMEs

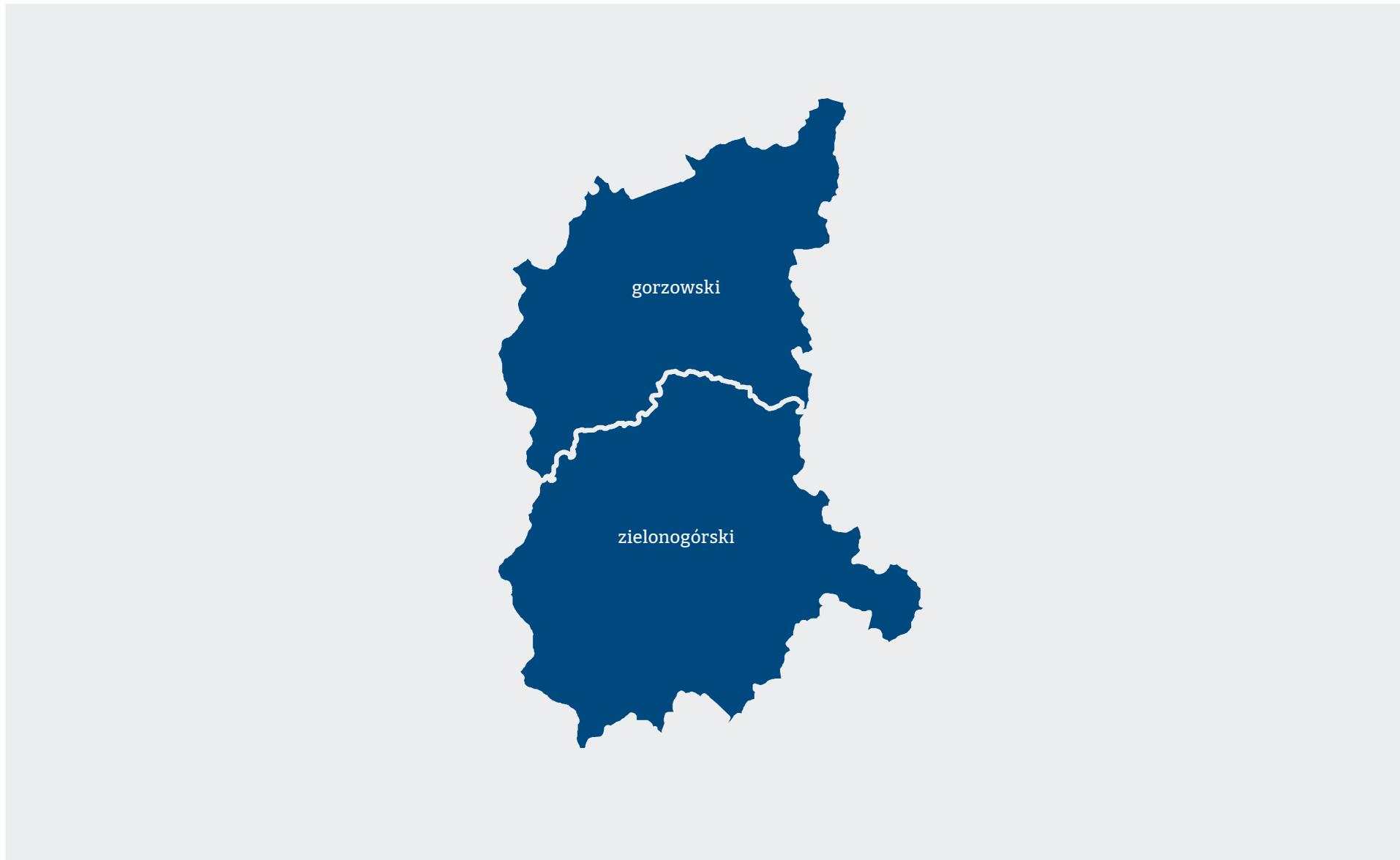


▄ Lubelskie Voivodeship    ▄ Puławski Region

## Puławski Region

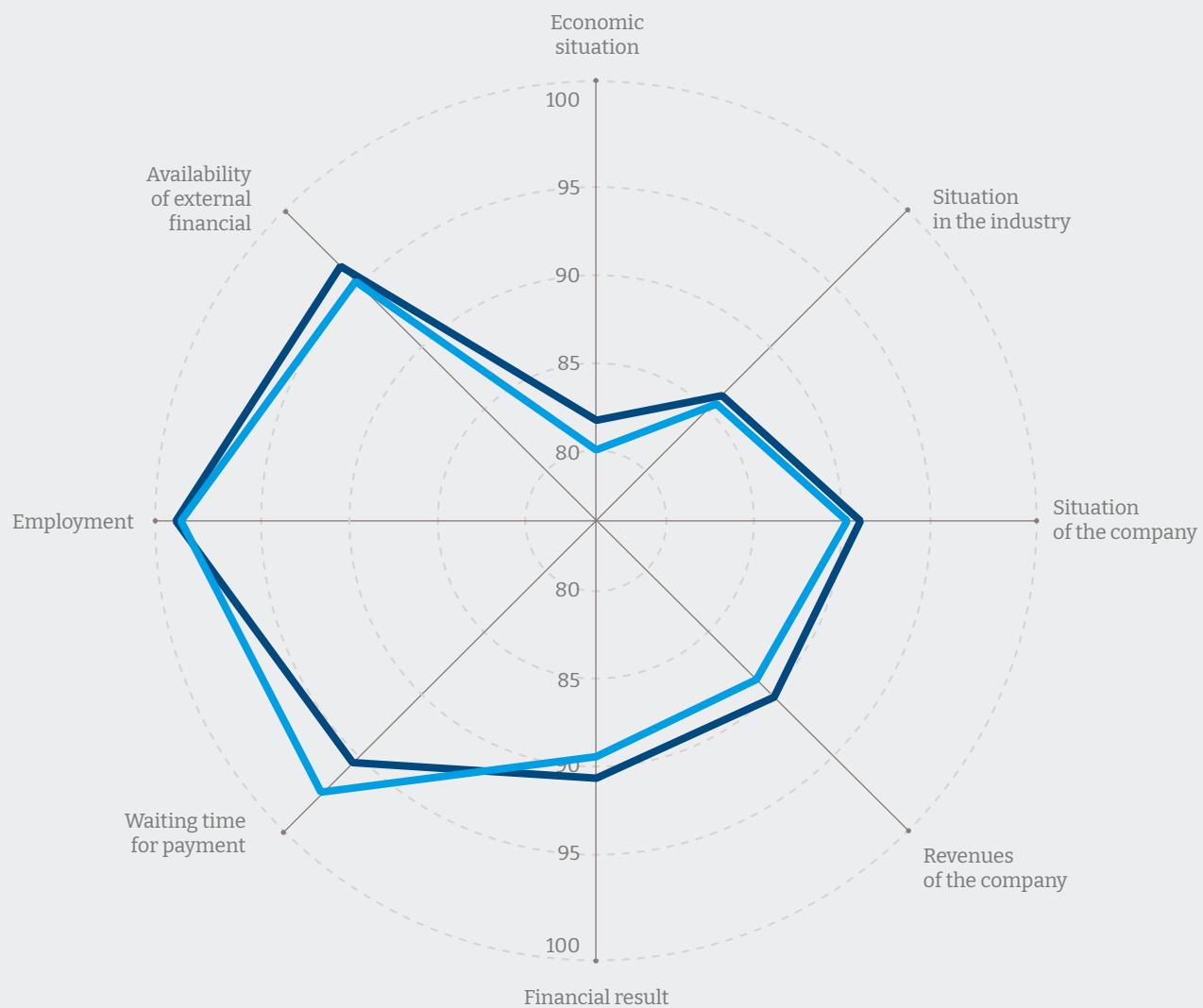


# Lubuskie Voivodeship



## Lubuskie Voivodeship

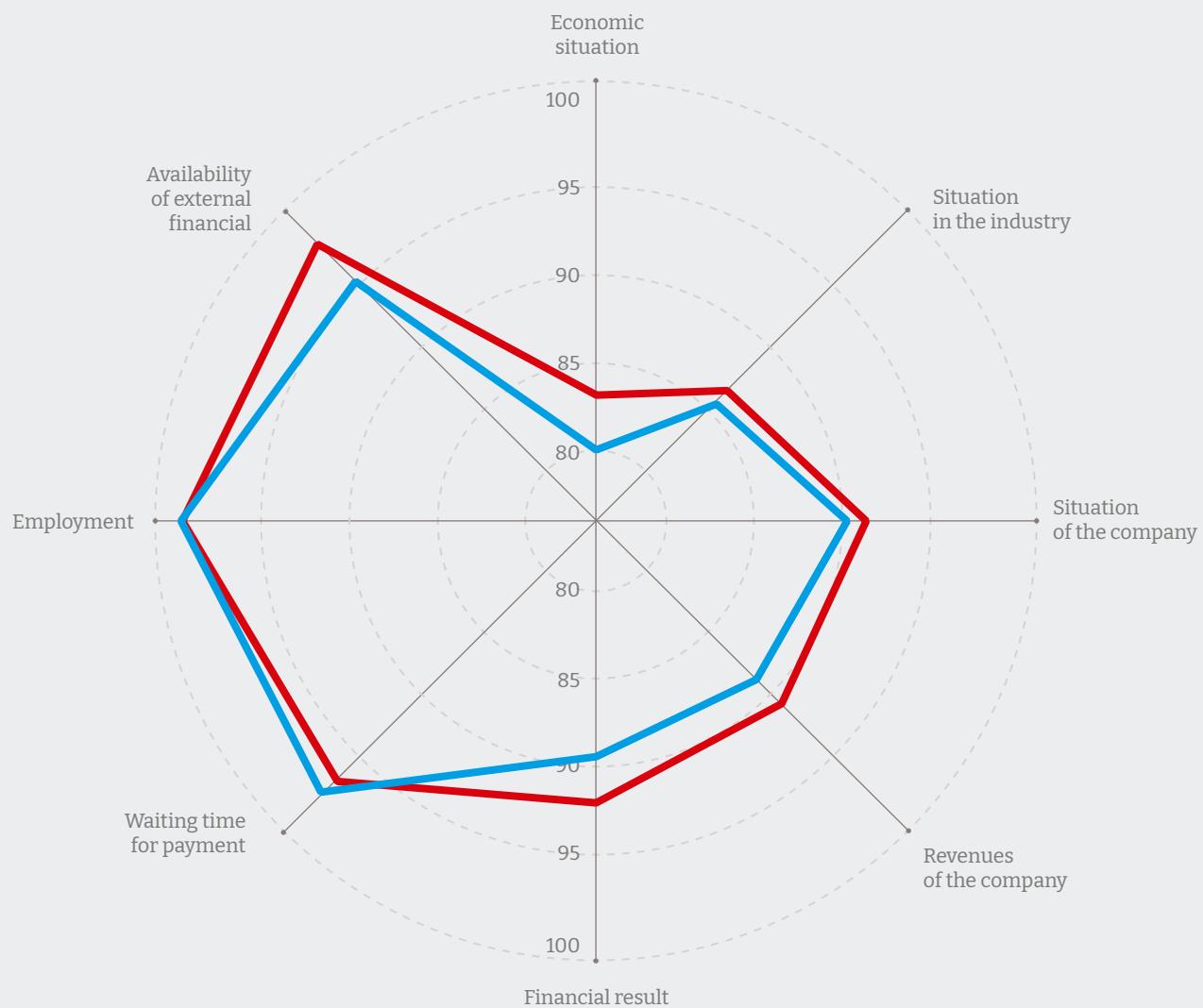
The General Business  
Climate Index for SMEs



■ Poland ■ Lubuskie Voivodeship

## Gorzowski Region

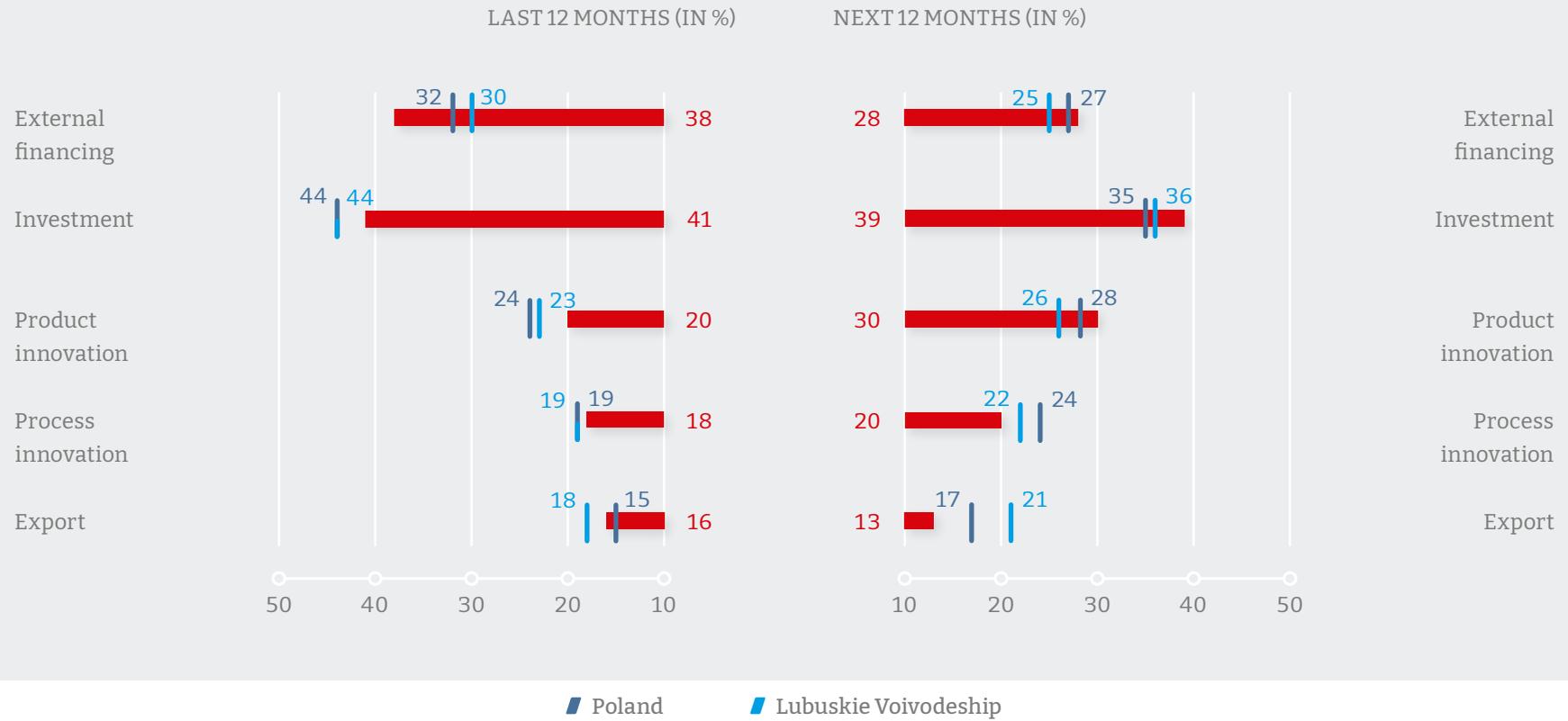
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Lubuskie Voivodeship

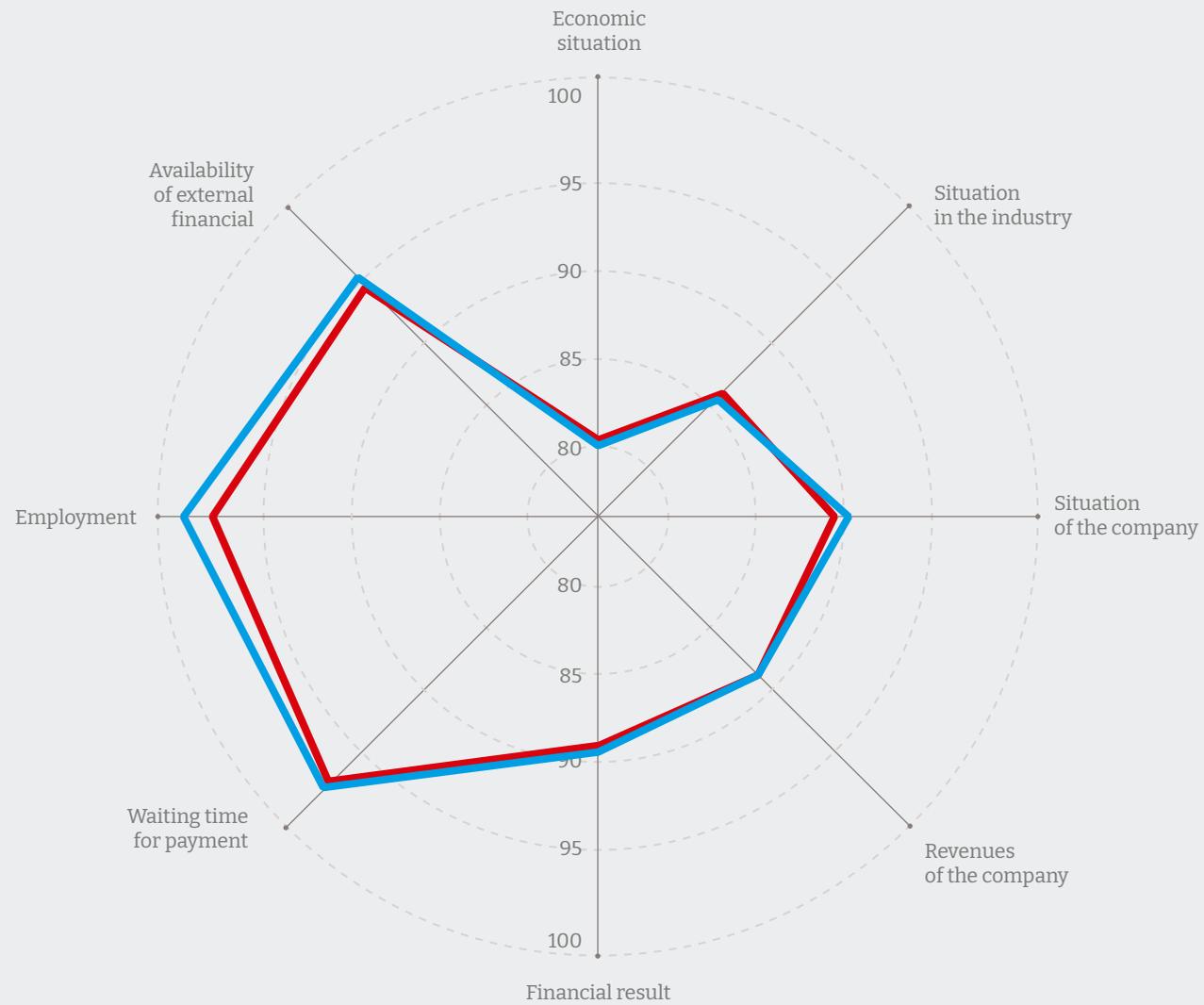
Gorzowski Region

## Gorzowski Region



## Zielonogórski Region

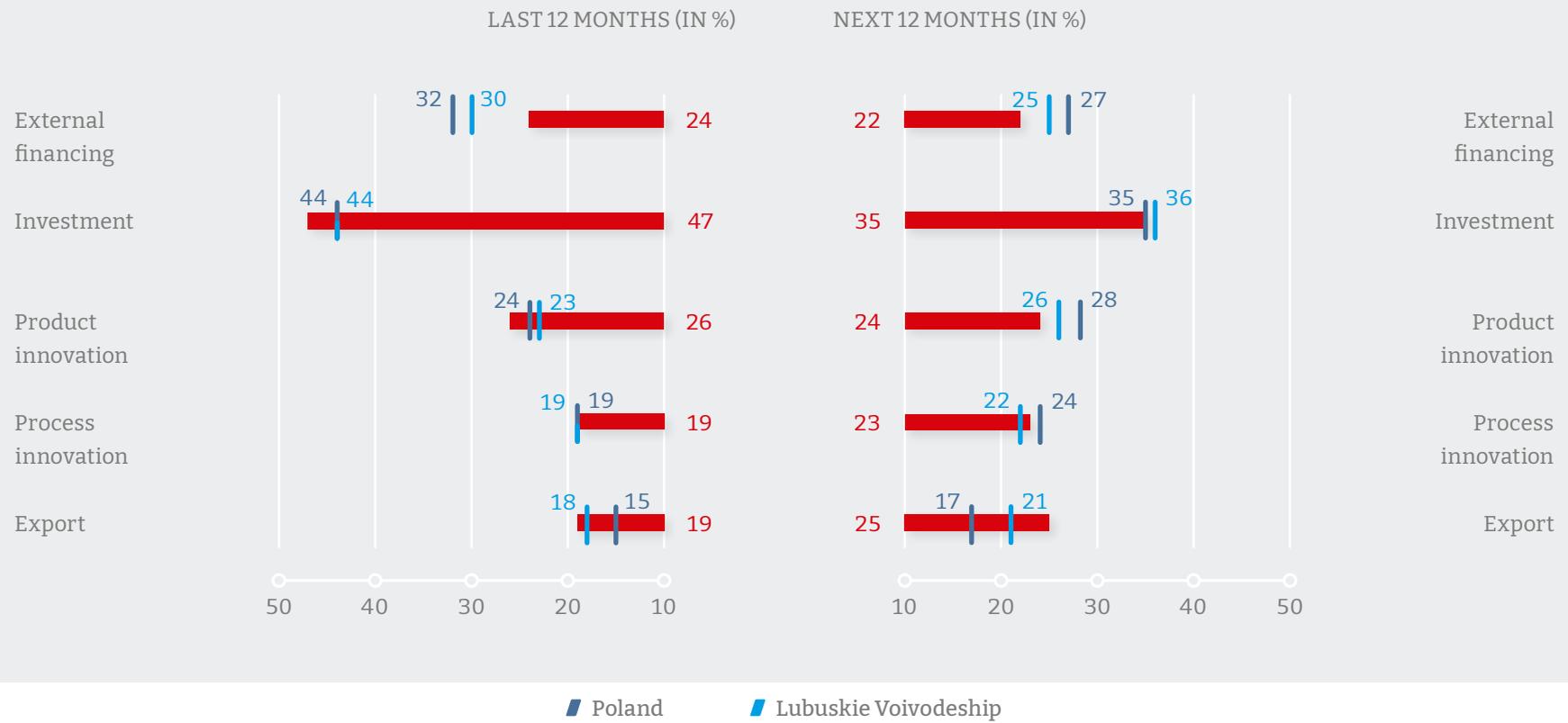
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Lubuskie Voivodeship

Zielonogórski Region

## Zielonogórski Region



# Łódzkie Voivodeship



# Łódzkie Voivodeship

The General Business Climate Index for SMEs



Poland Łódzkie Voivodeship

## Łódzki Region

The General Business  
Climate Index for SMEs



Łódzkie Voivodeship Łódzki Region

## Łódzki Region



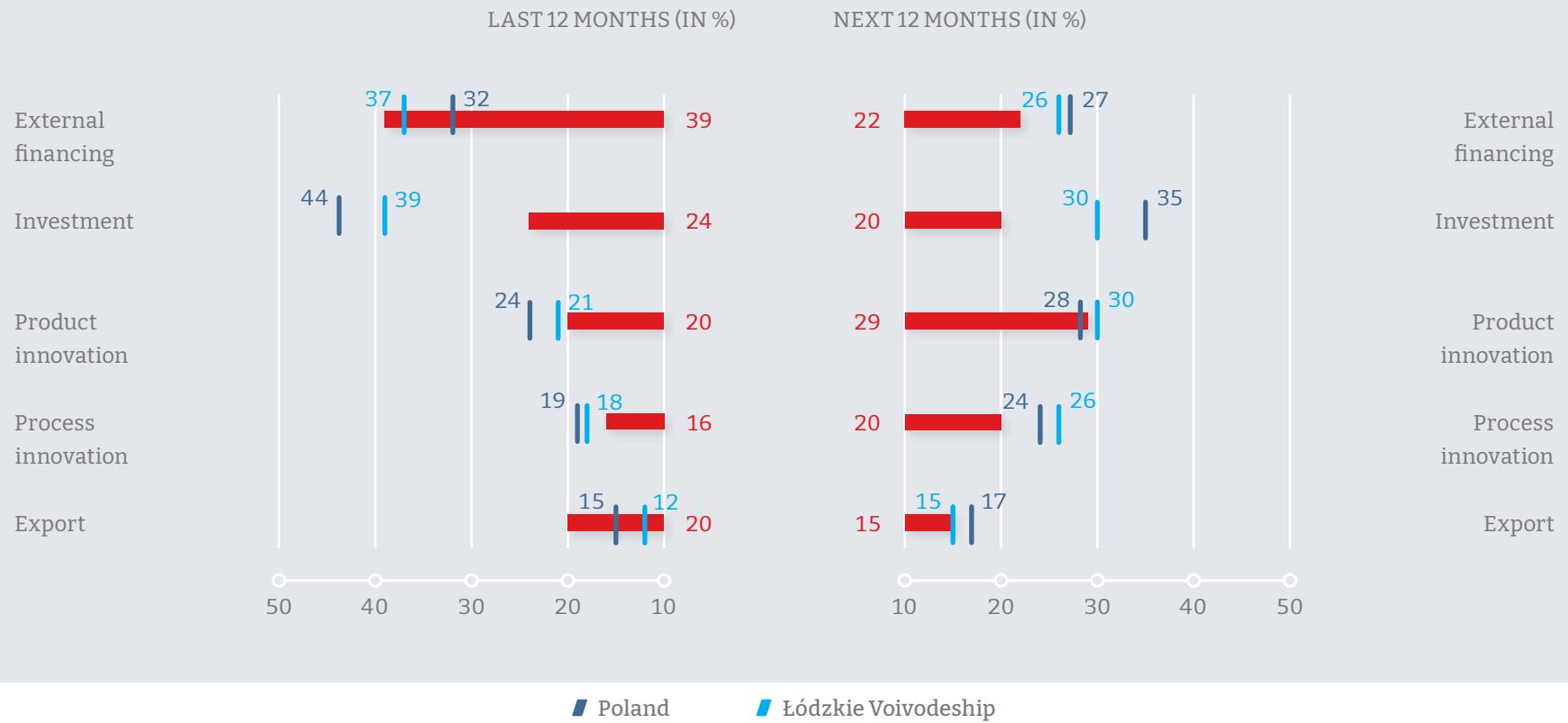
## City of Łódź

The General Business  
Climate Index for SMEs



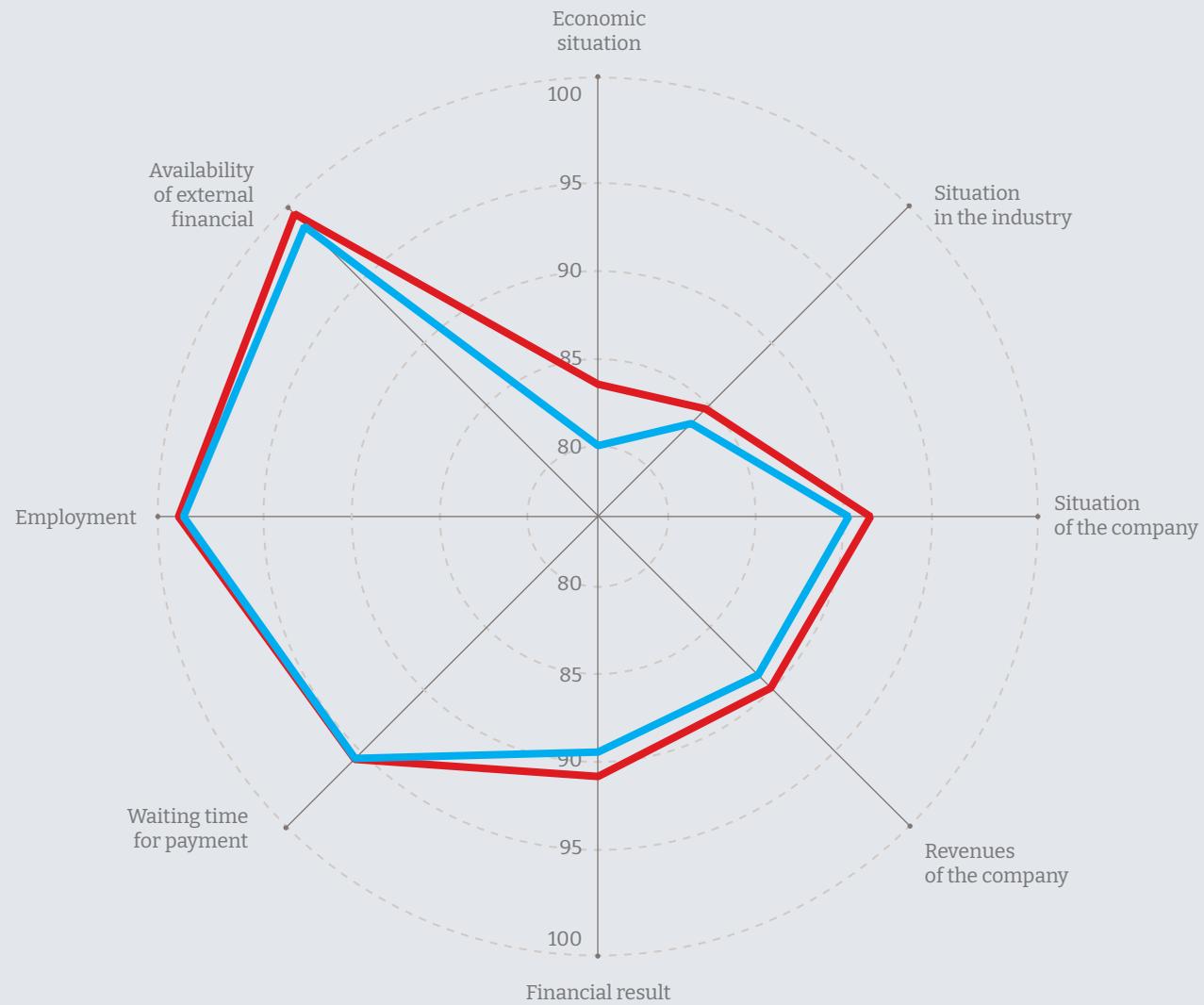
Łódzkie Voivodeship City of Łódź

## City of Łódź



## Piotrkowski Region

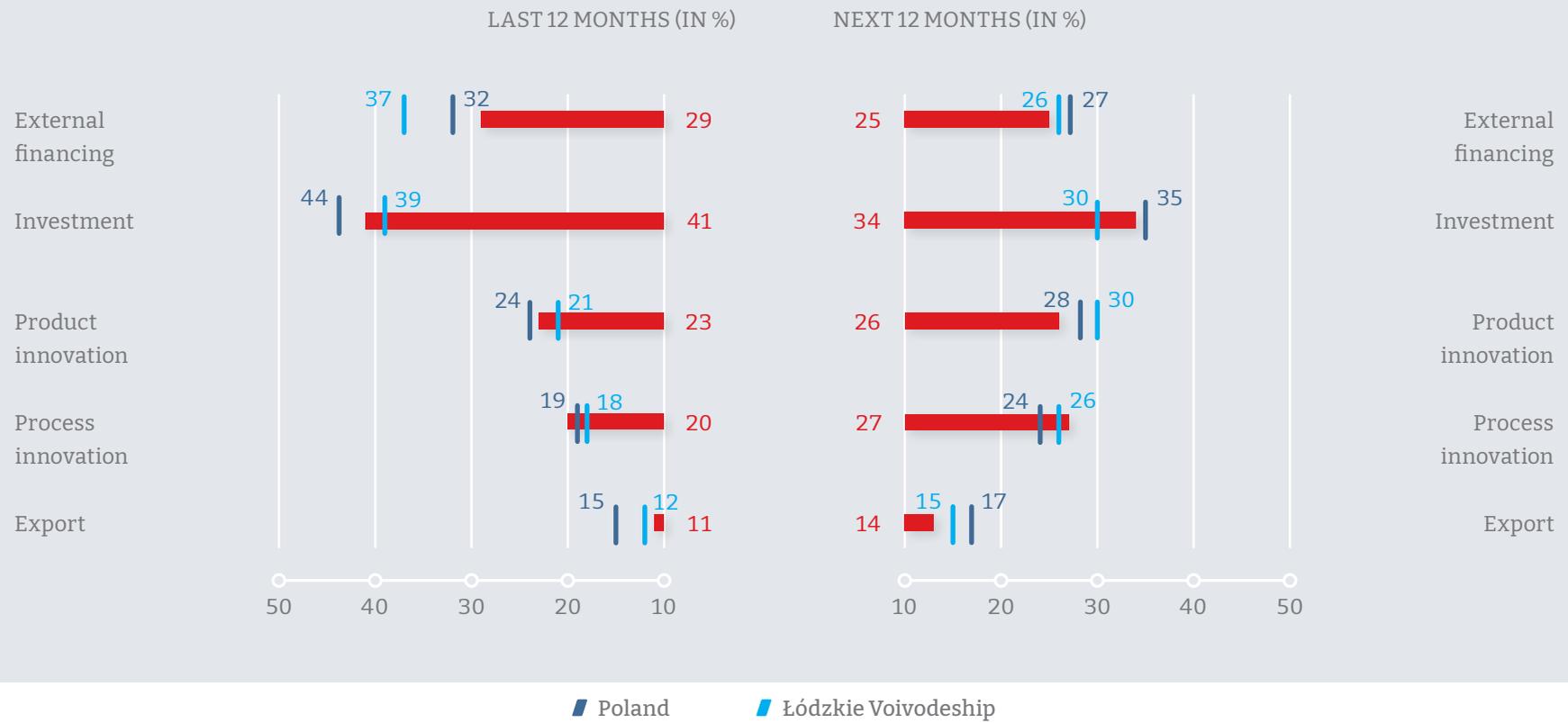
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Climate Index for SMEs



Łódzkie Voivodeship

Piotrkowski Region

## Piotrkowski Region



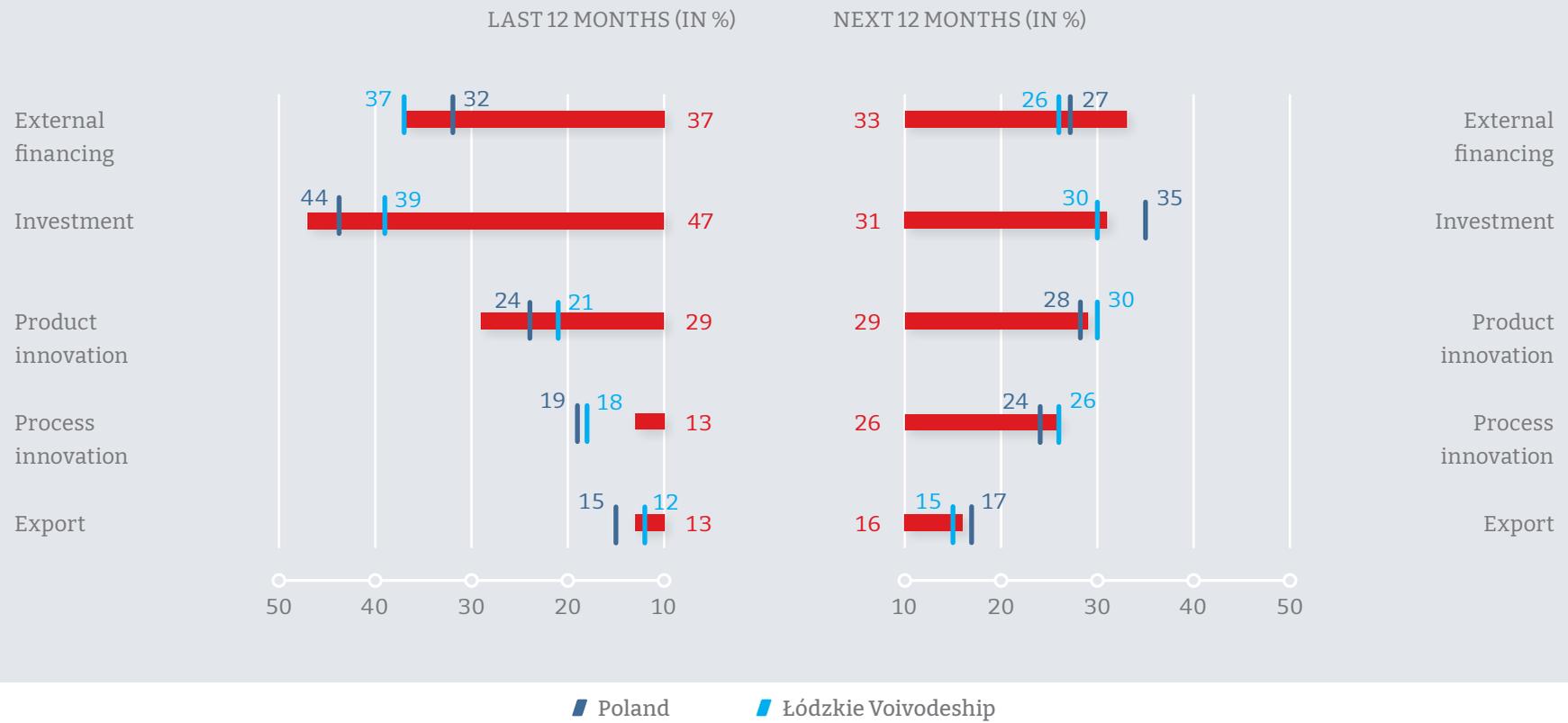
## Sieradzki Region

The General Business  
Climate Index for SMEs



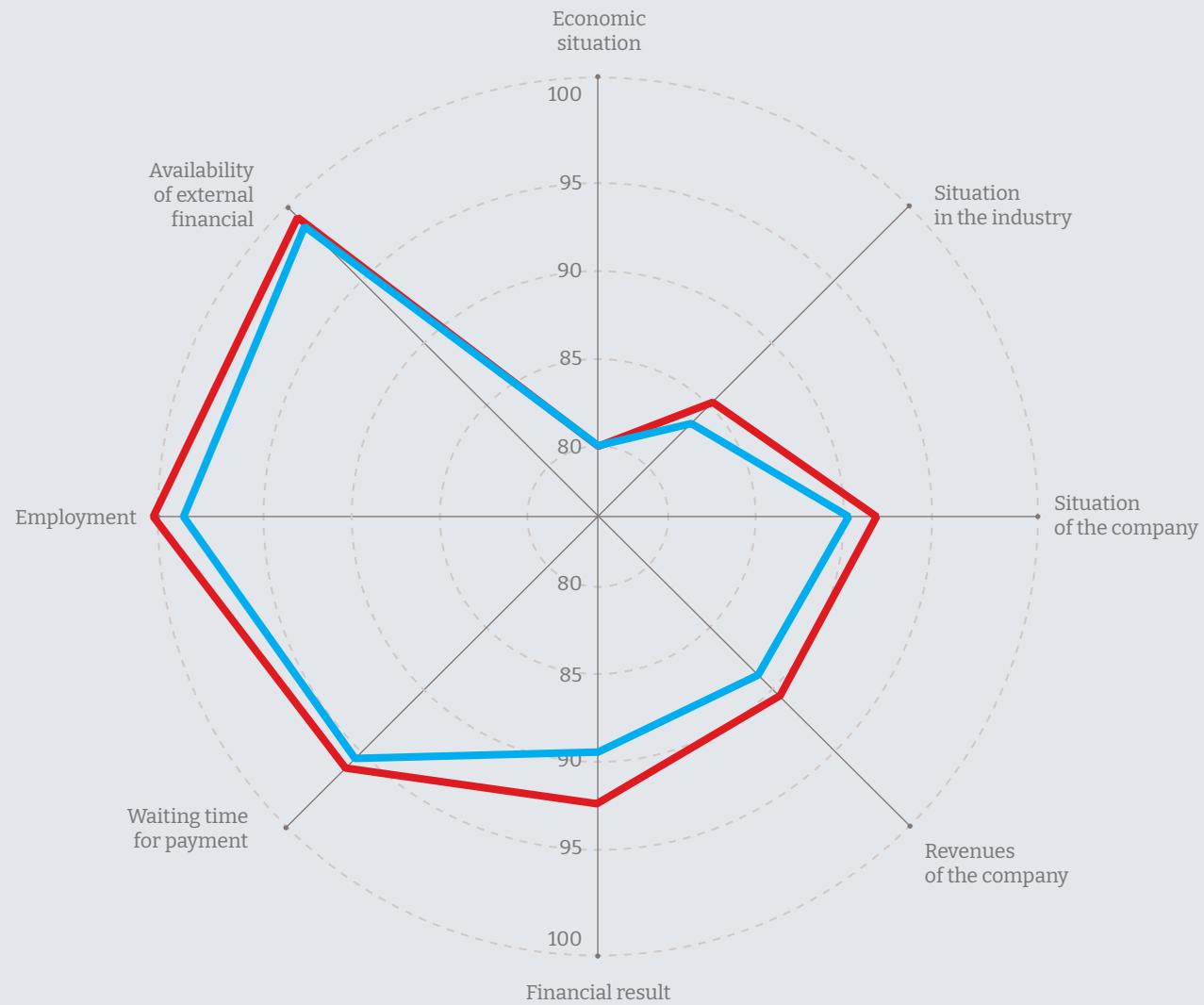
Łódzkie Voivodeship Sieradzki Region

## Sieradzki Region



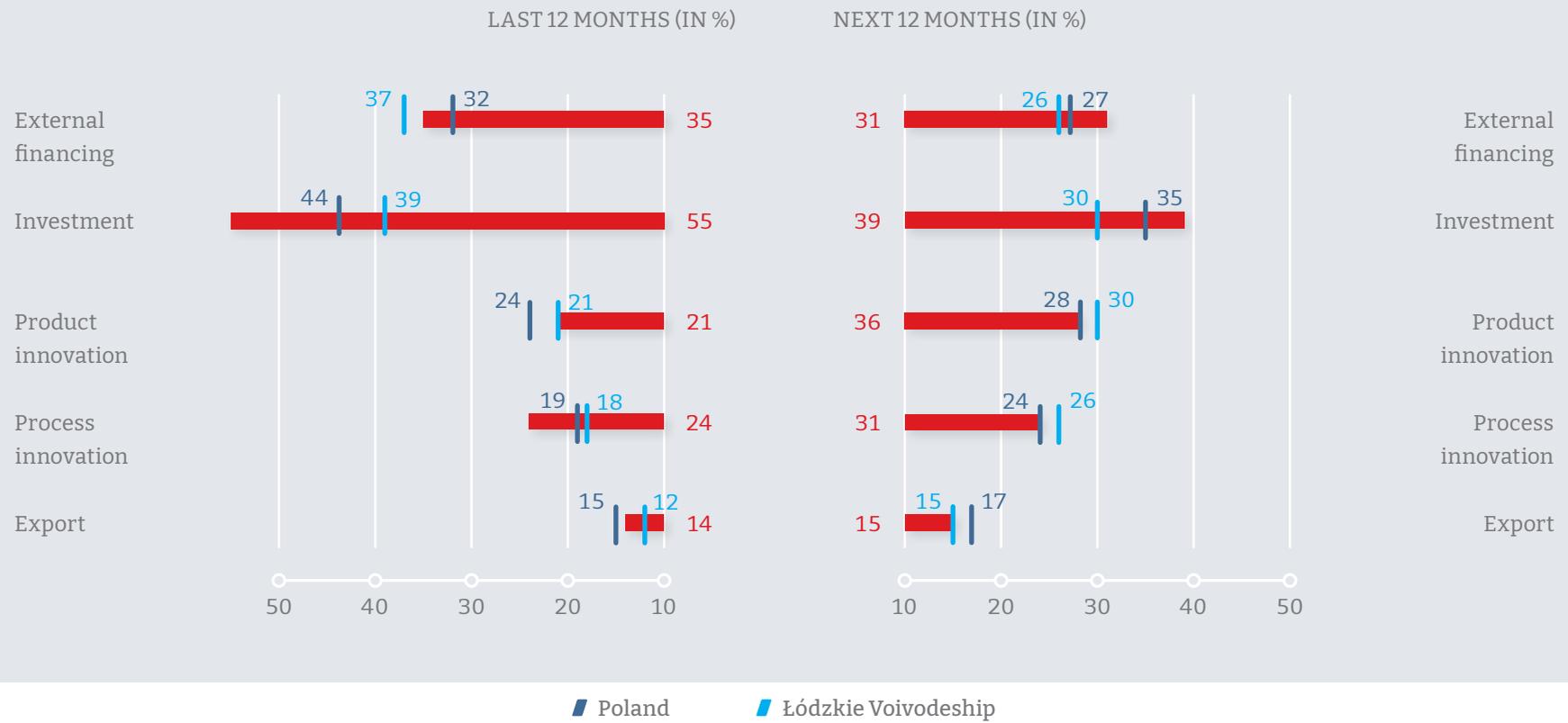
## Skierniewicki Region

The General Business  
Climate Index for SMEs



Łódzkie Voivodeship    Skierniewicki Region

## Skierniewicki Region



# Małopolskie Voivodeship



## Małopolskie Voivodeship

The General Business  
Climate Index for SMEs

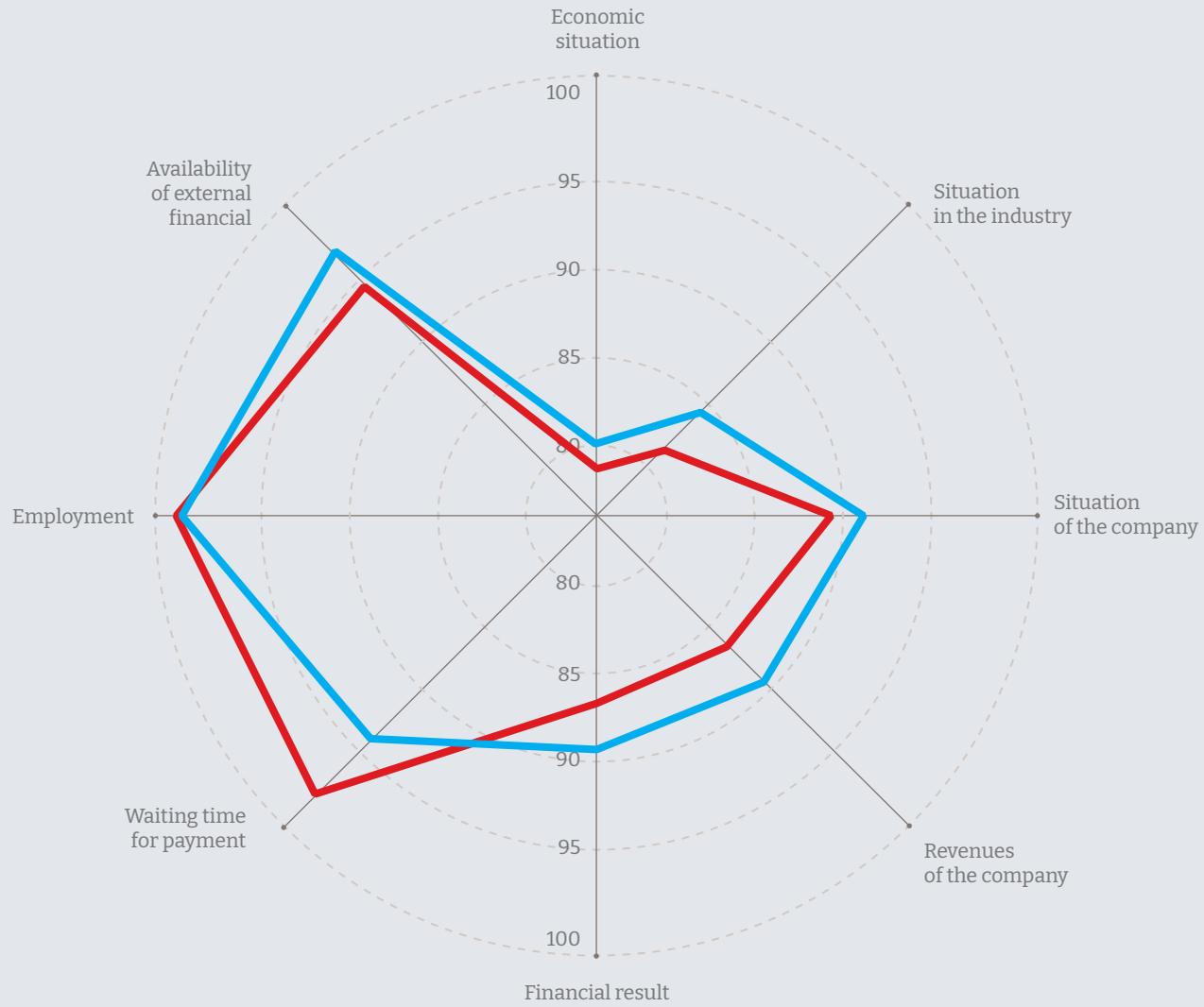


Poland

Małopolskie Voivodeship

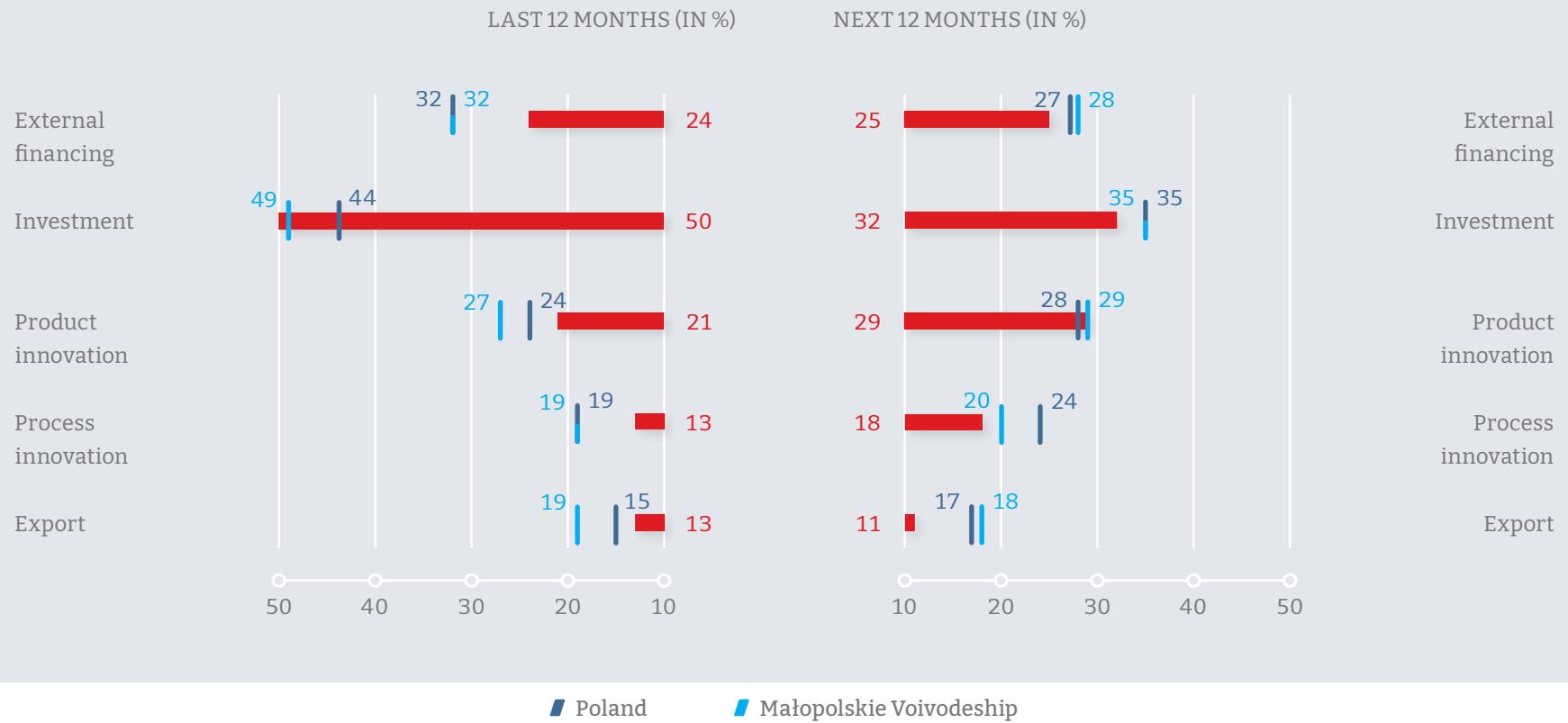
## Krakowski Region

The General Business  
Climate Index for SMEs



Małopolskie Voivodeship Krakowski Region

## Krakowski Region



## City of Cracow

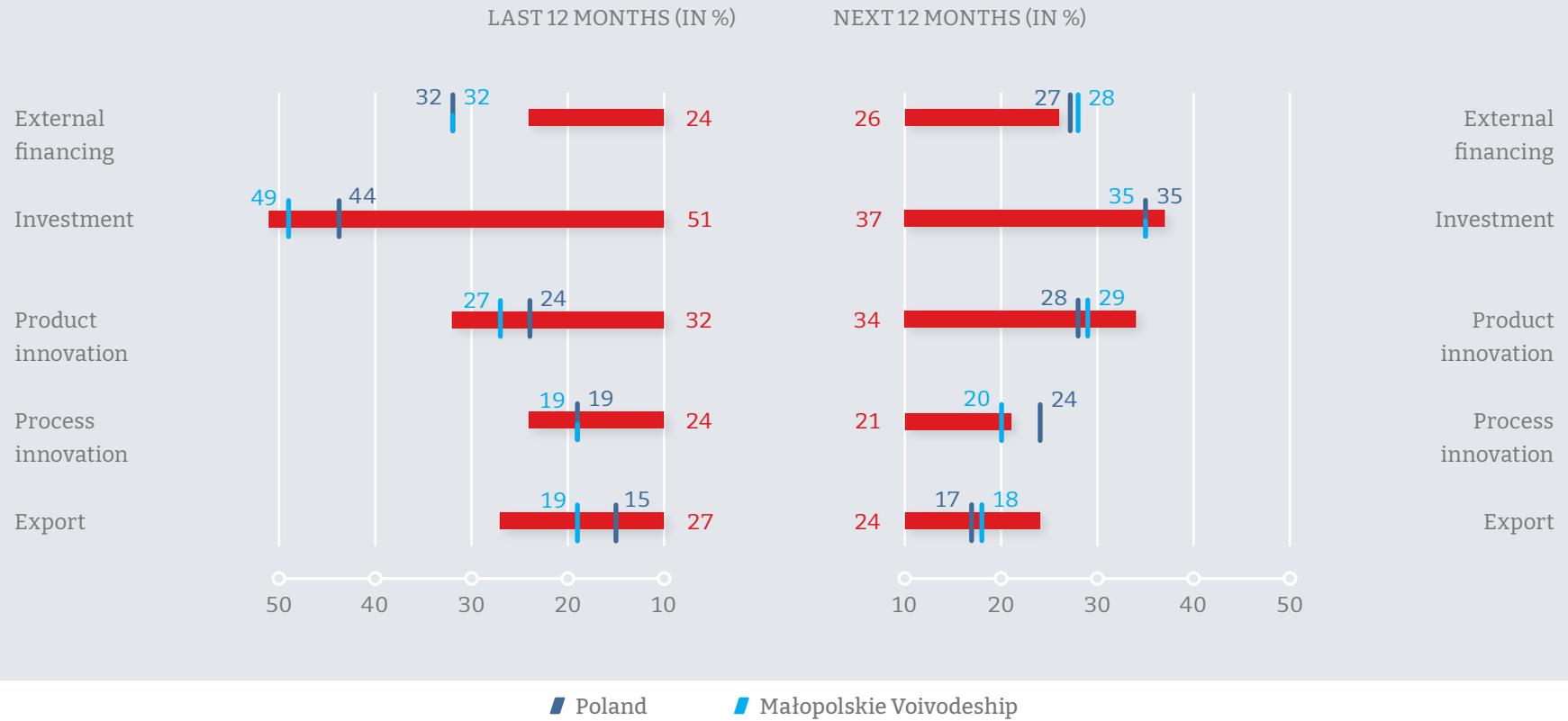
The General Business  
Climate Index for SMEs



Małopolskie Voivodeship

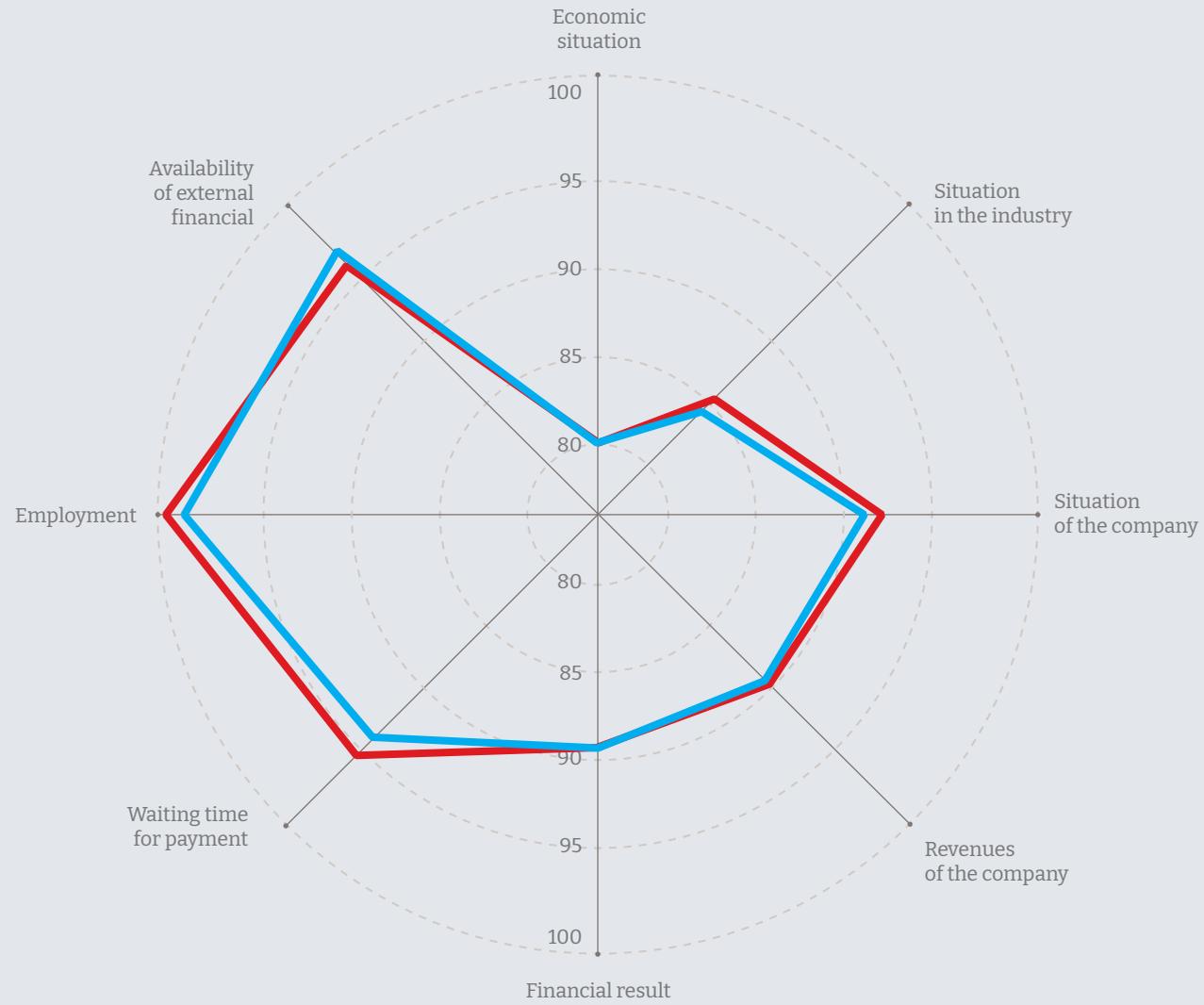
City of Cracow

## City of Cracow



## Nowosądecki Region

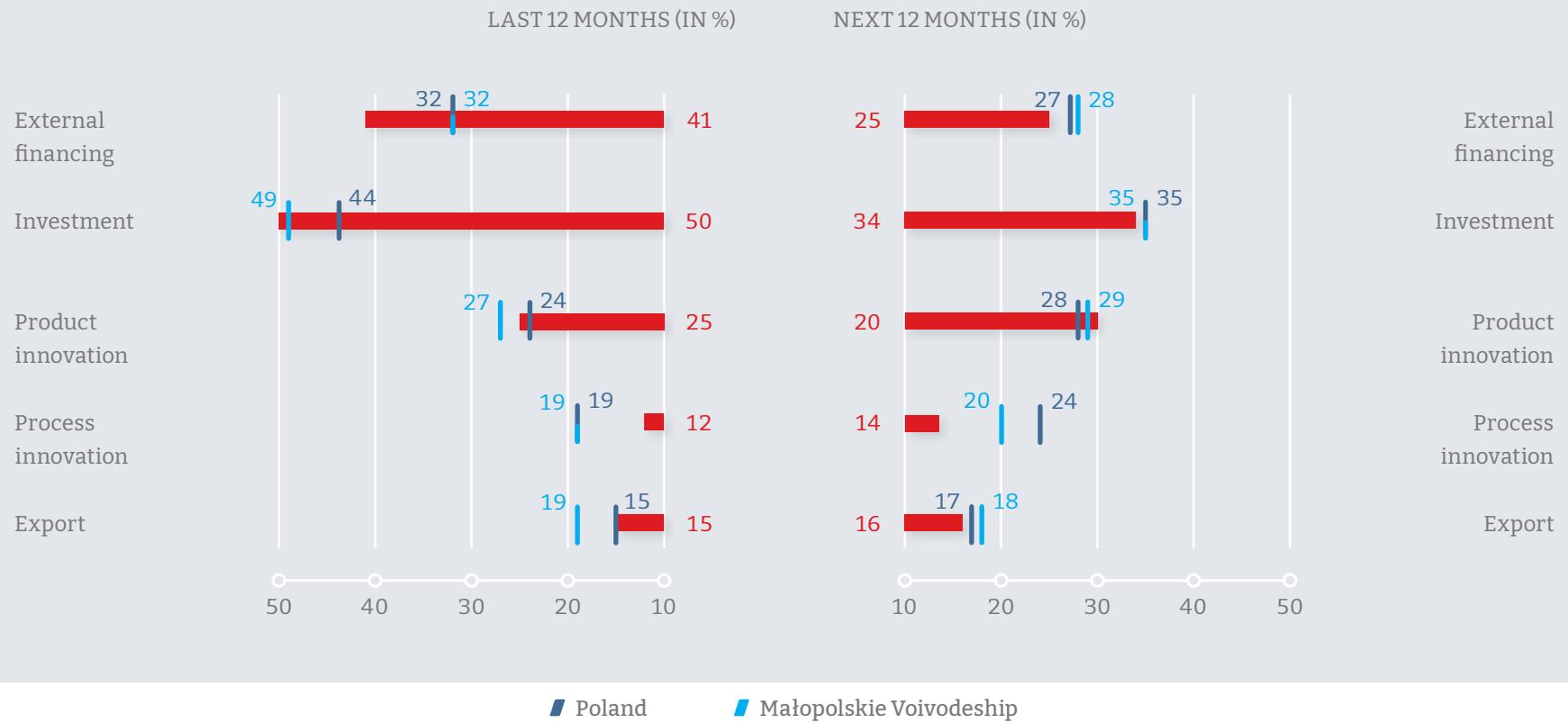
The General Business  
Climate Index for SMEs



Małopolskie Voivodeship

Nowosądecki Region

## Nowosądecki Region



## Nowotarski Region

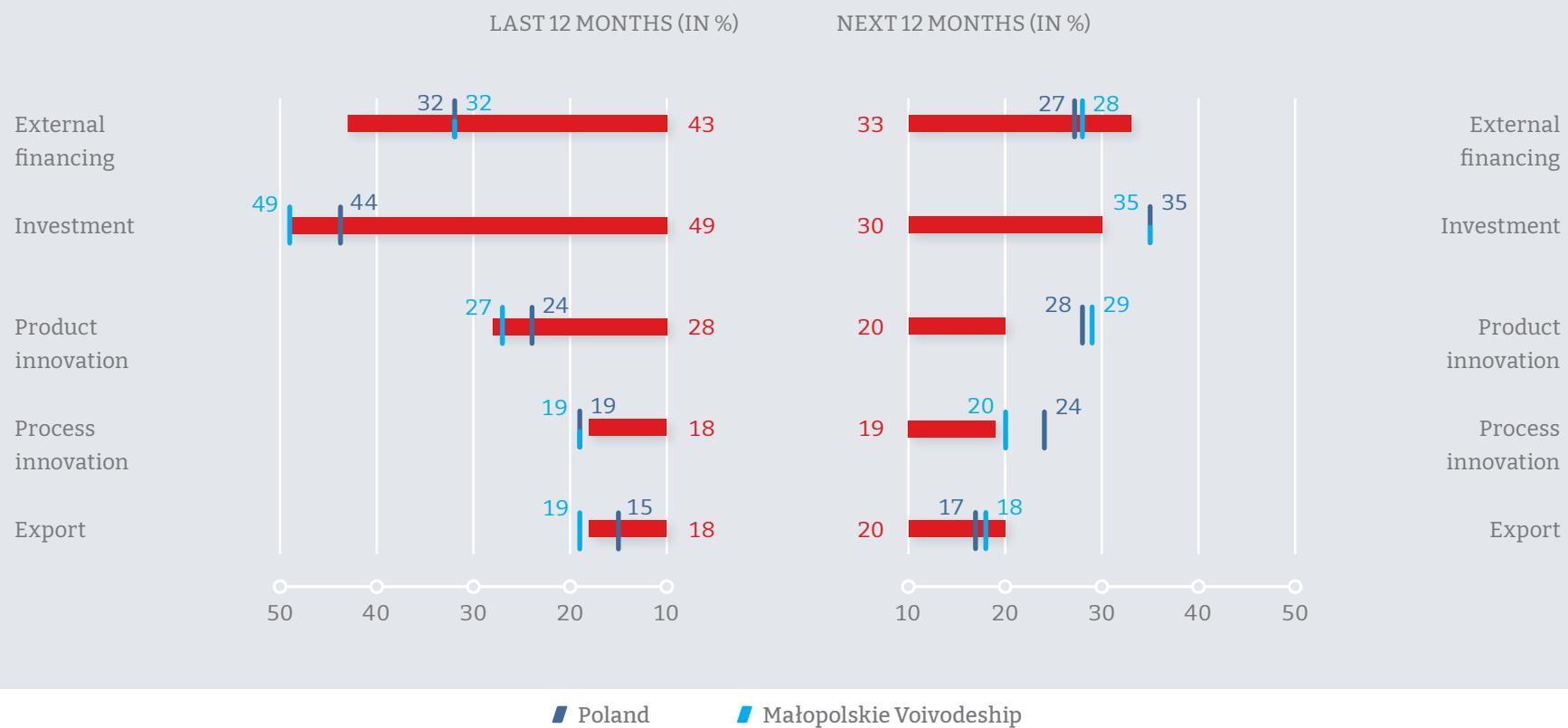
The General Business  
Climate Index for SMEs



■ Małopolskie Voivodeship

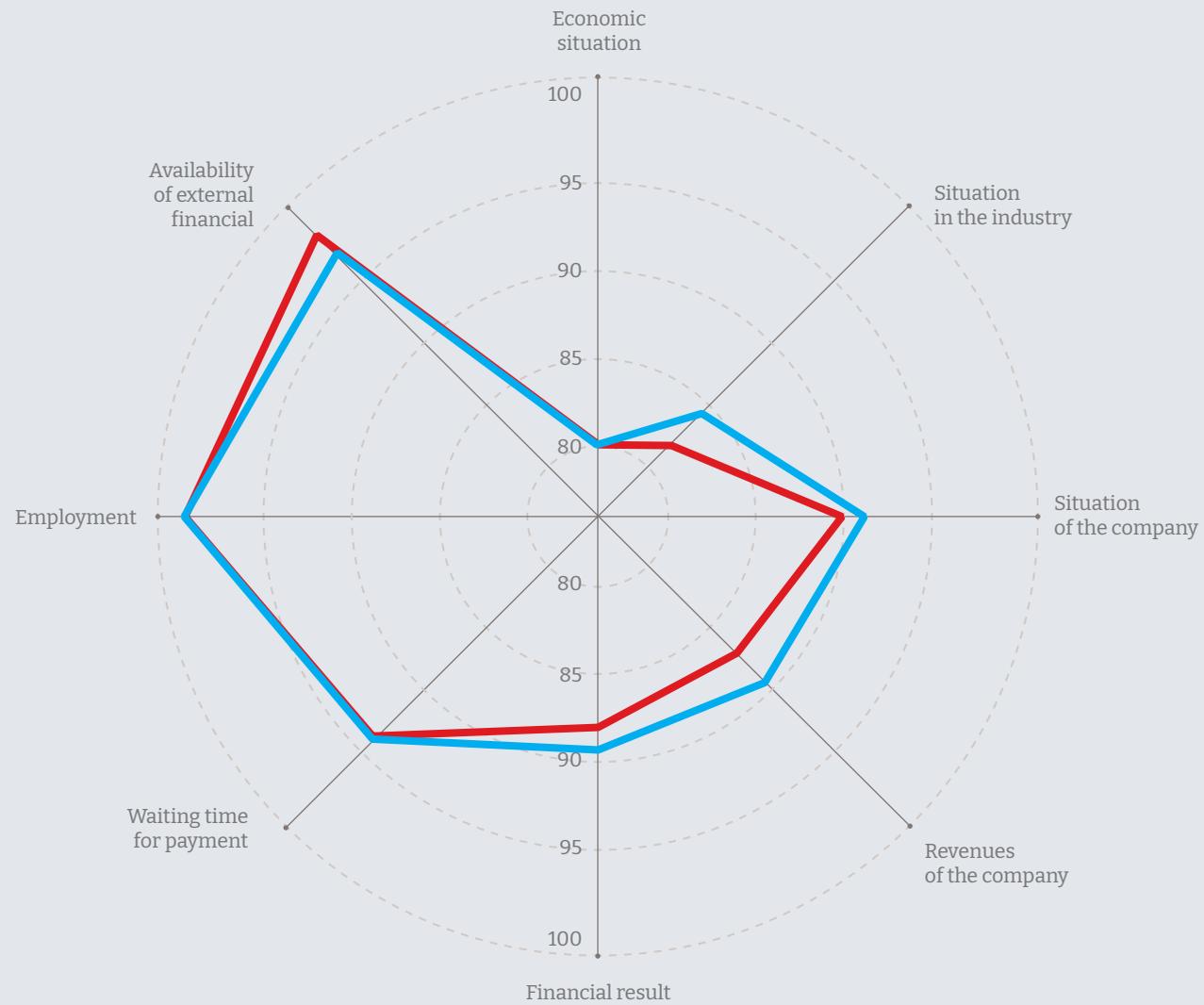
■ Nowotarski Region

## Nowotarski Region



## Oświęcimski Region

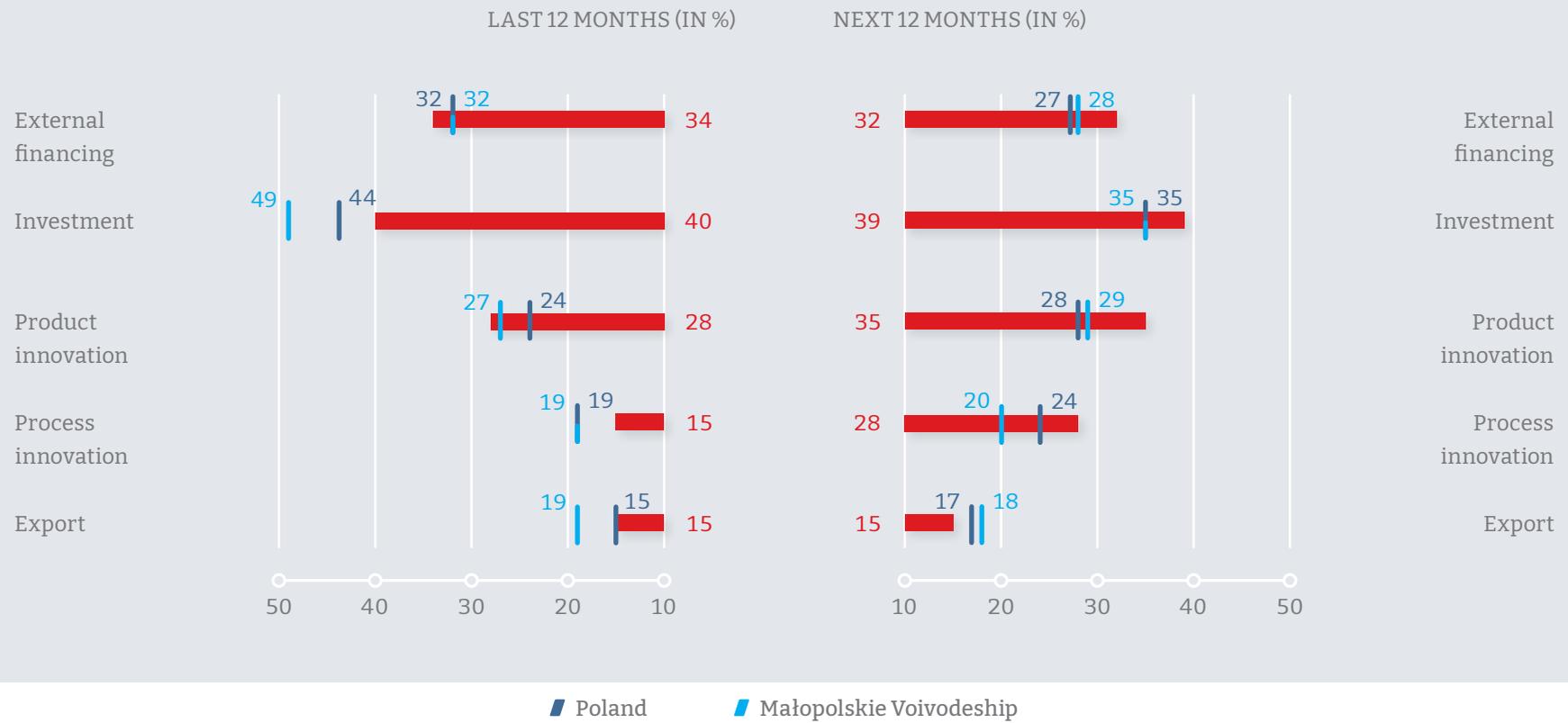
The General Business  
Climate Index for SMEs



Małopolskie Voivodeship

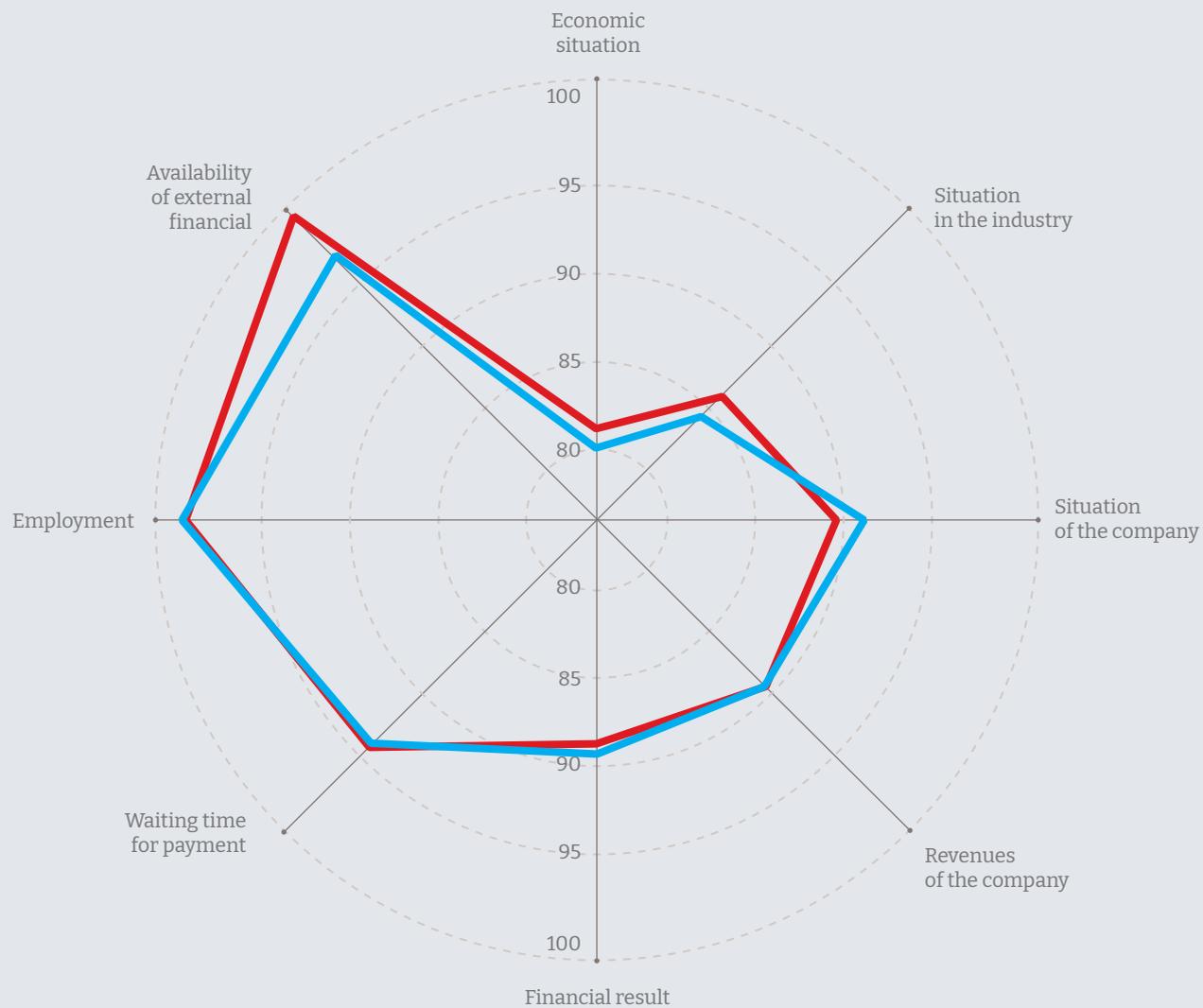
Oświęcimski Region

## Oświęcimski Region



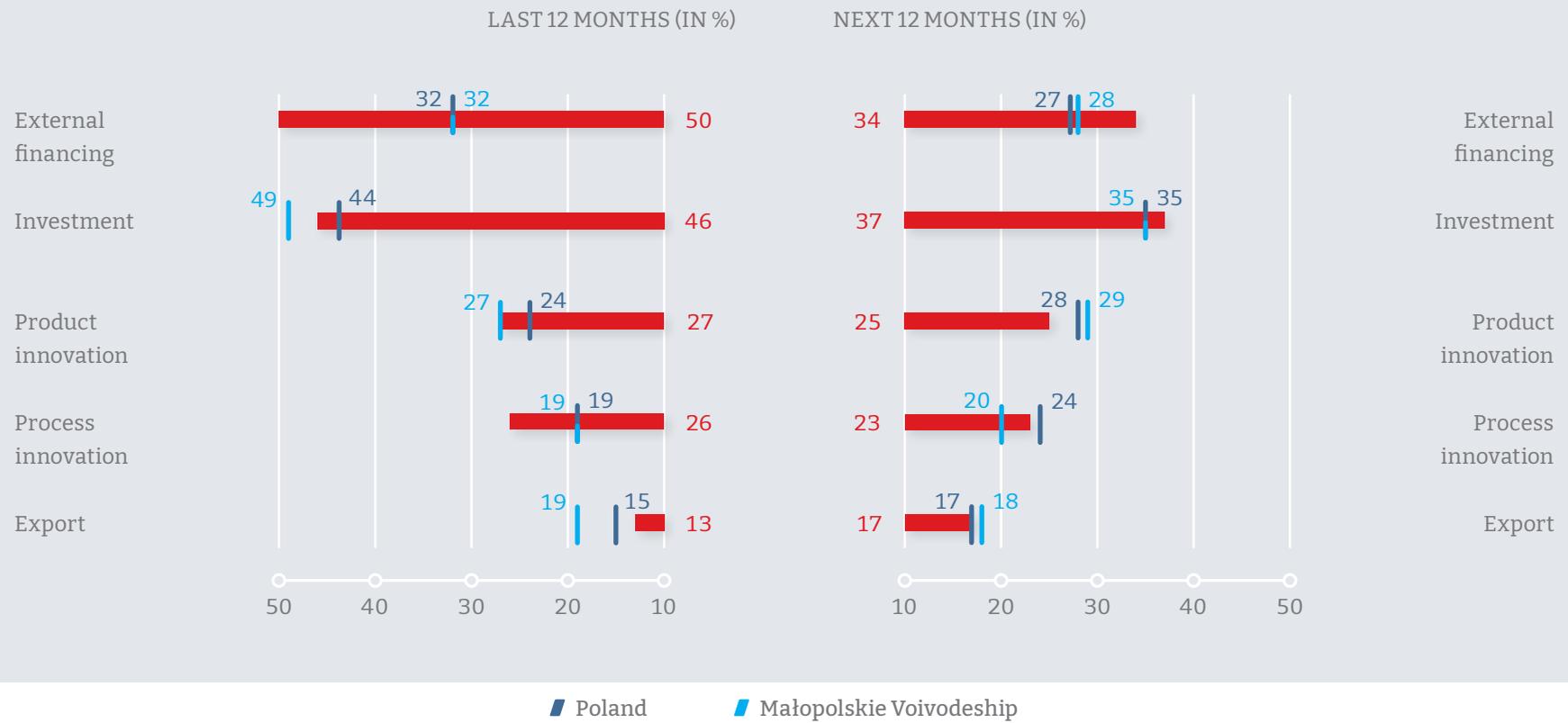
## Tarnowski Region

The General Business  
Climate Index for SMEs



Małopolskie Voivodeship Tarnowski Region

## Tarnowski Region



# Warszawski stołeczny

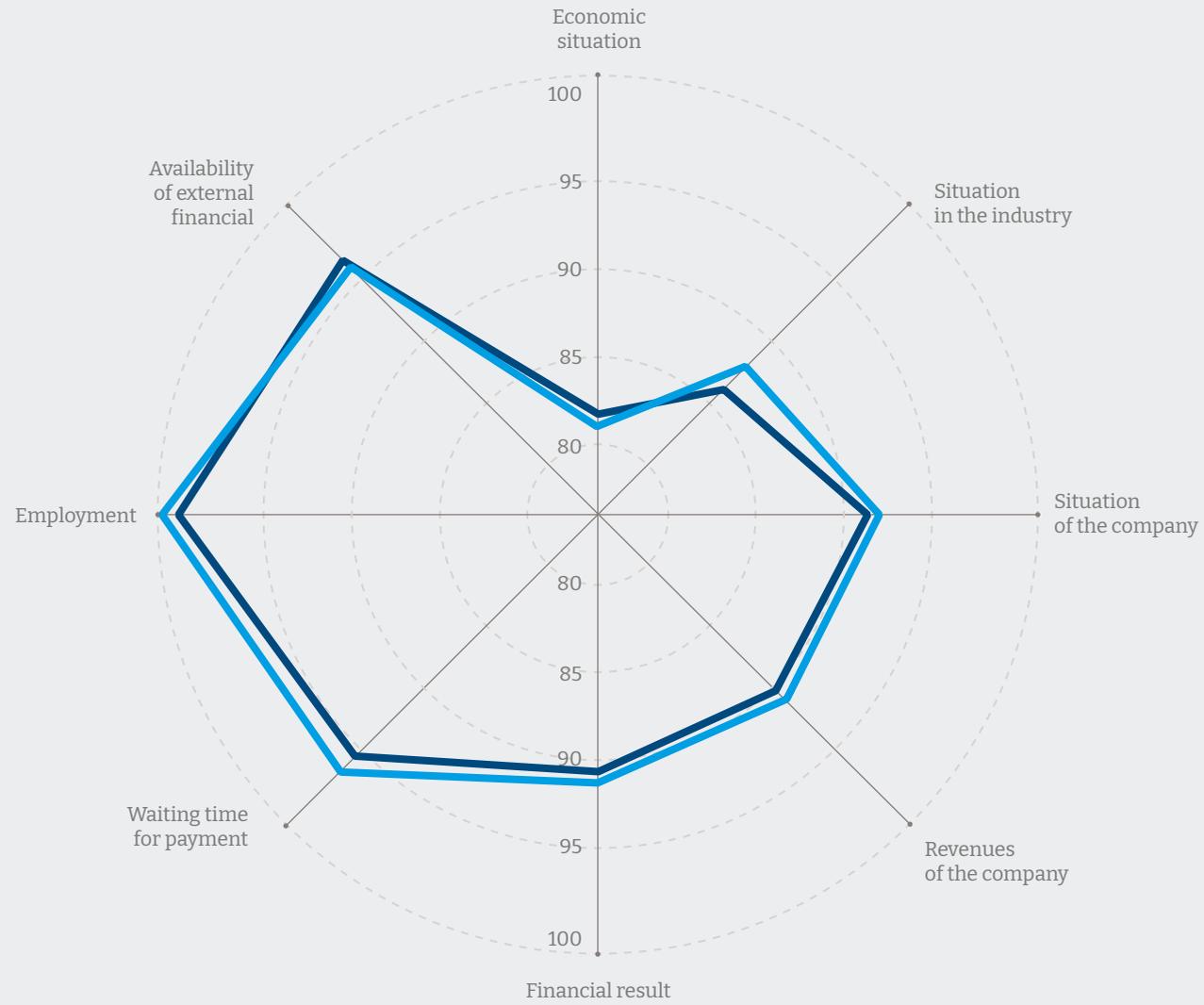


## Warszawski stołeczny

The General Business  
Climate Index for SMEs

91,4

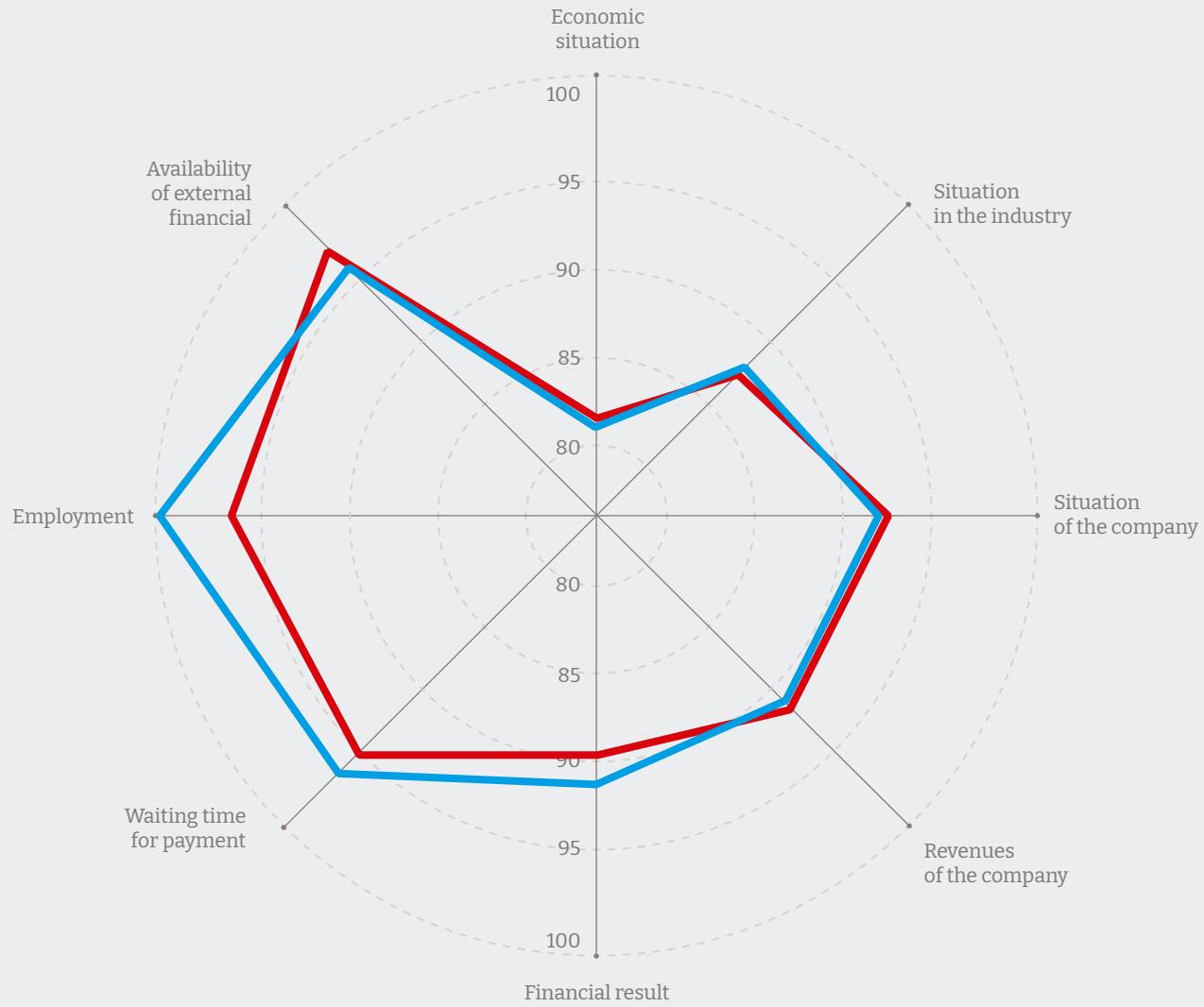
91,8



Poland Warszawski stołeczny

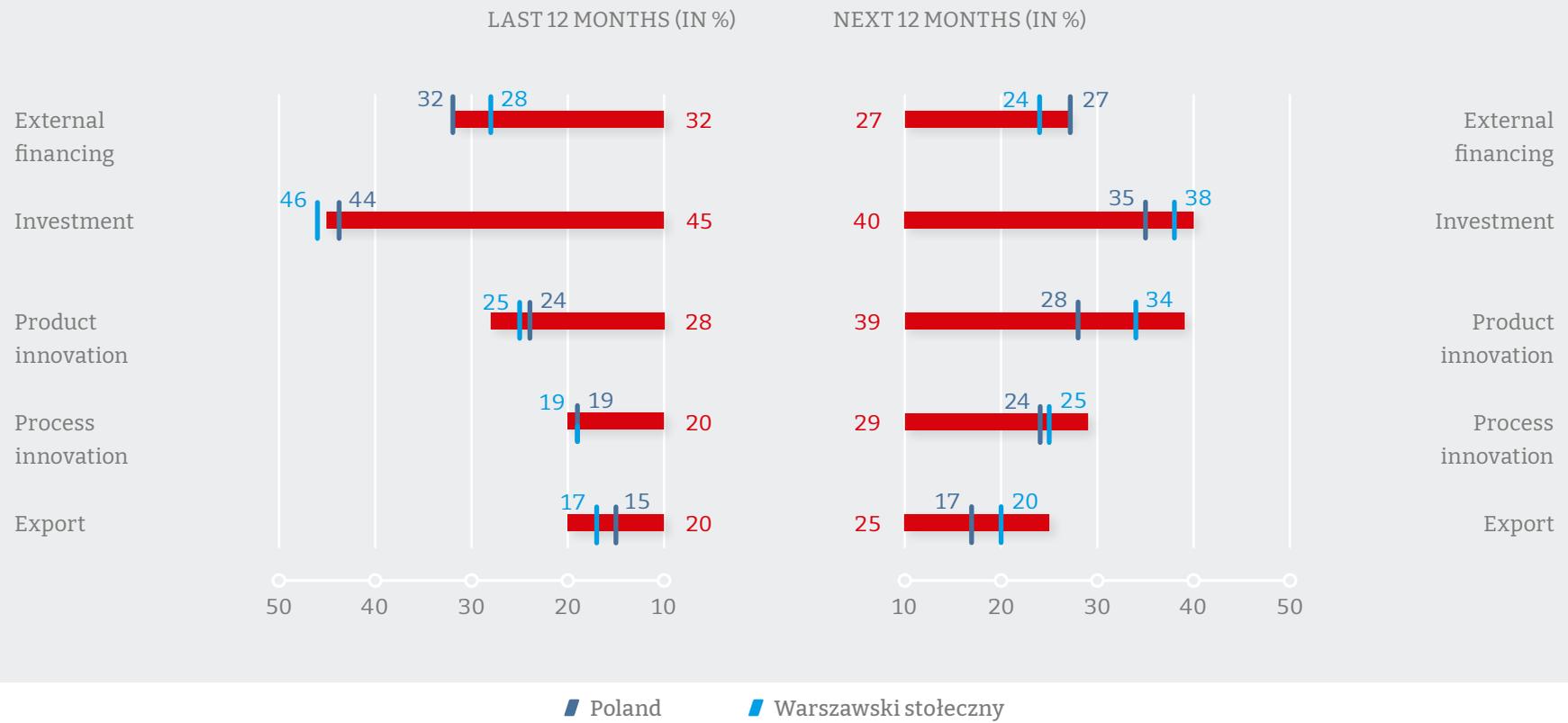
# City of Warsaw

The General Business Climate Index for SMEs



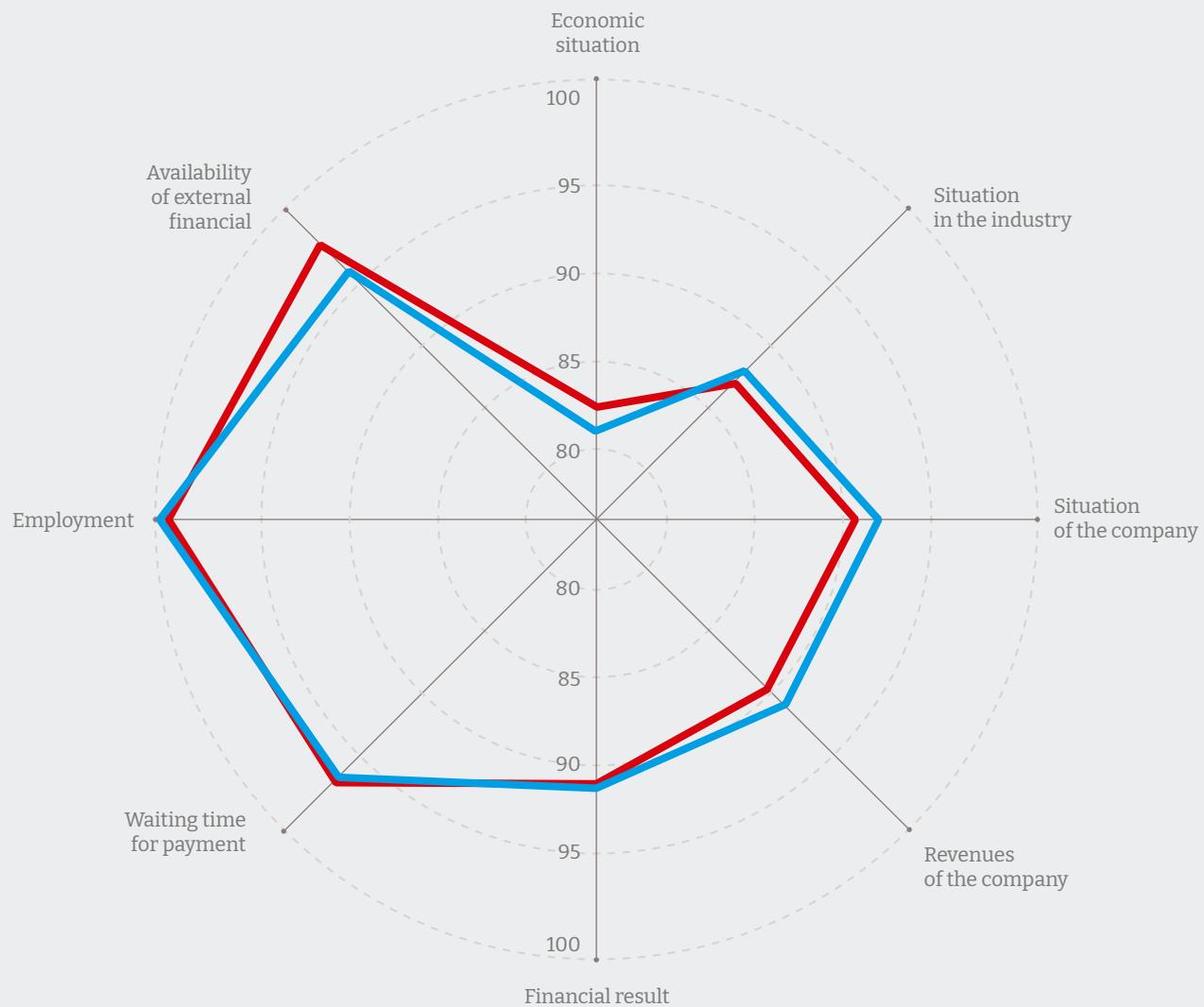
Warszawski stołeczny City of Warsaw

## City of Warsaw



## Warszawski wschodni

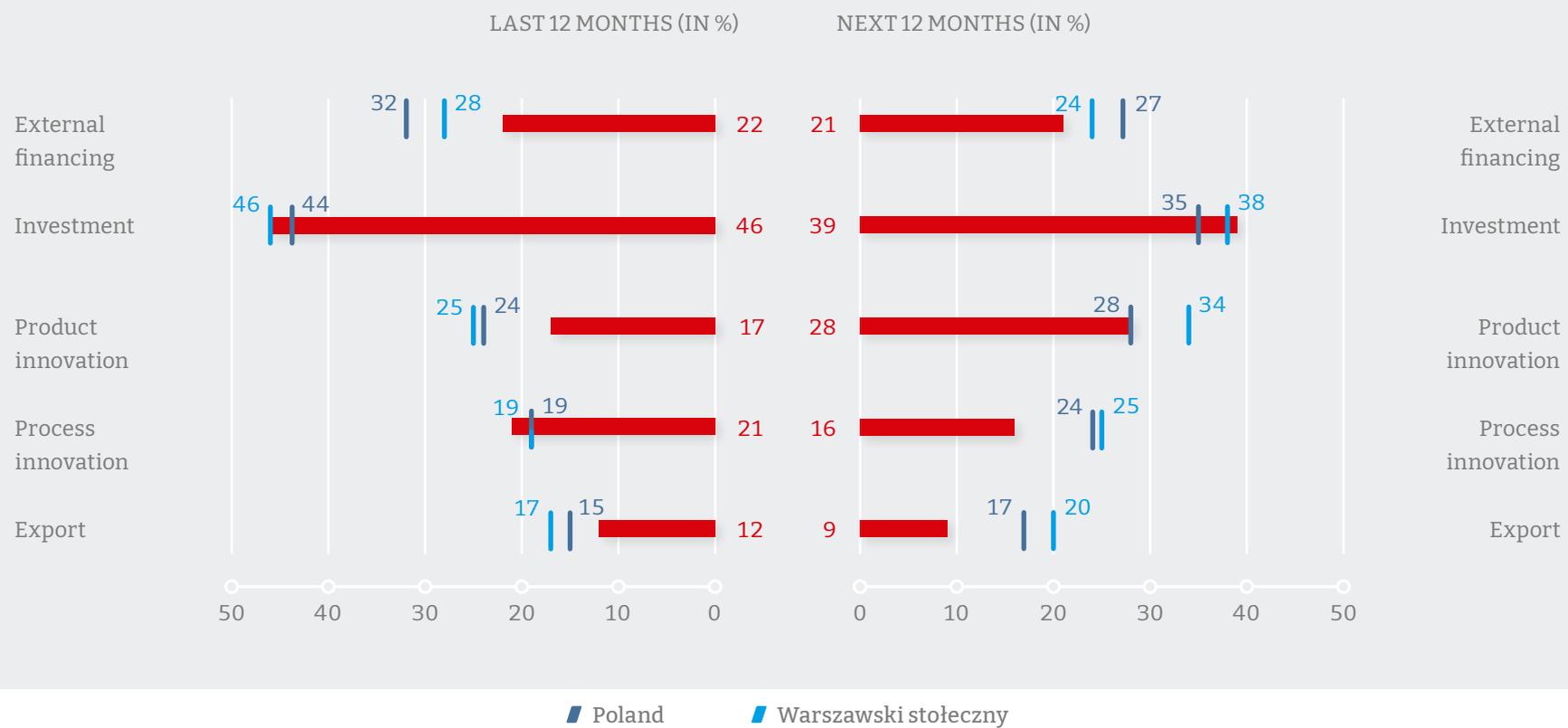
The General Business  
Climate Index for SMEs



Warszawski stołeczny

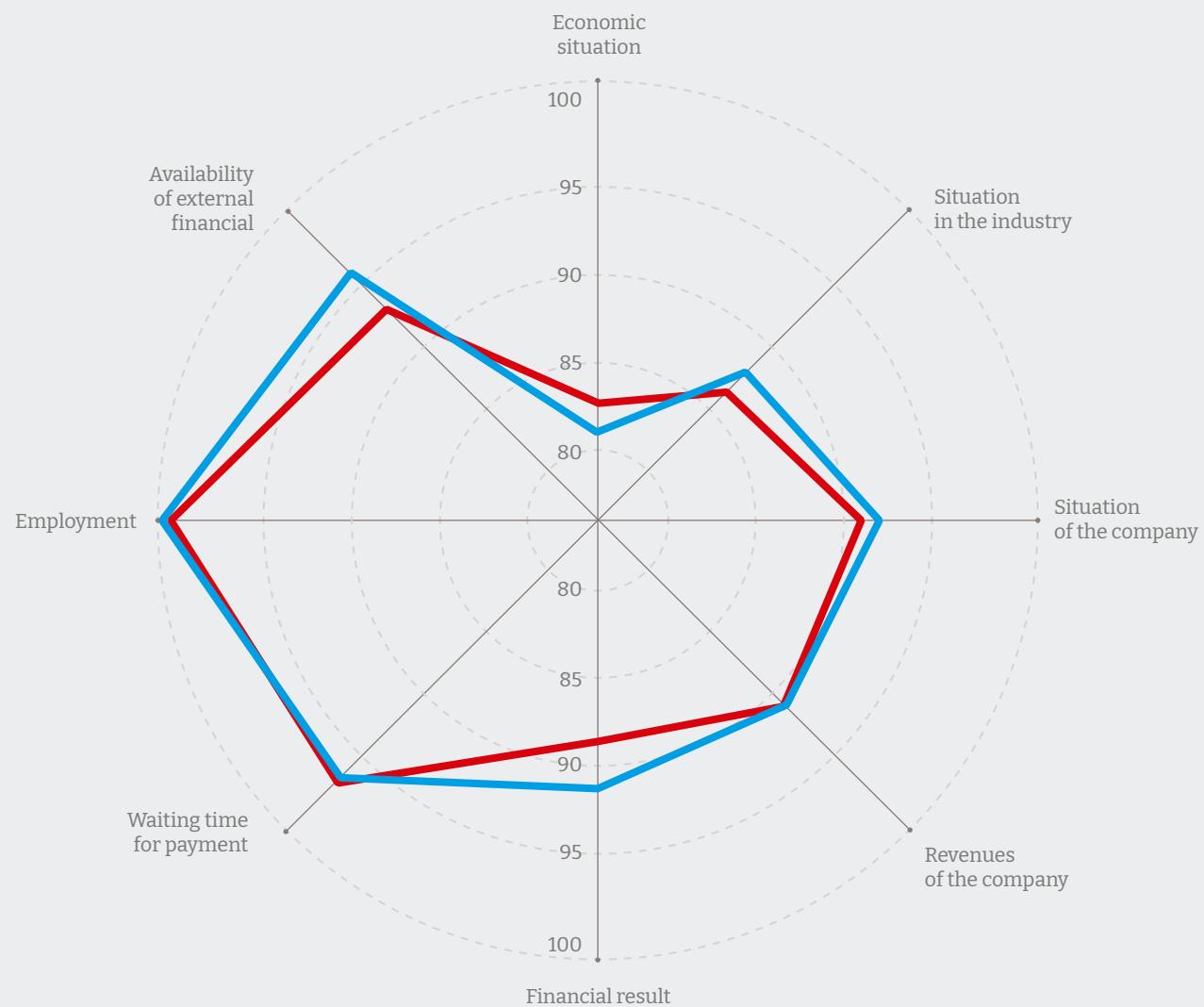
warszawski wschodni

## Warszawski wschodni



## Warszawski zachodni

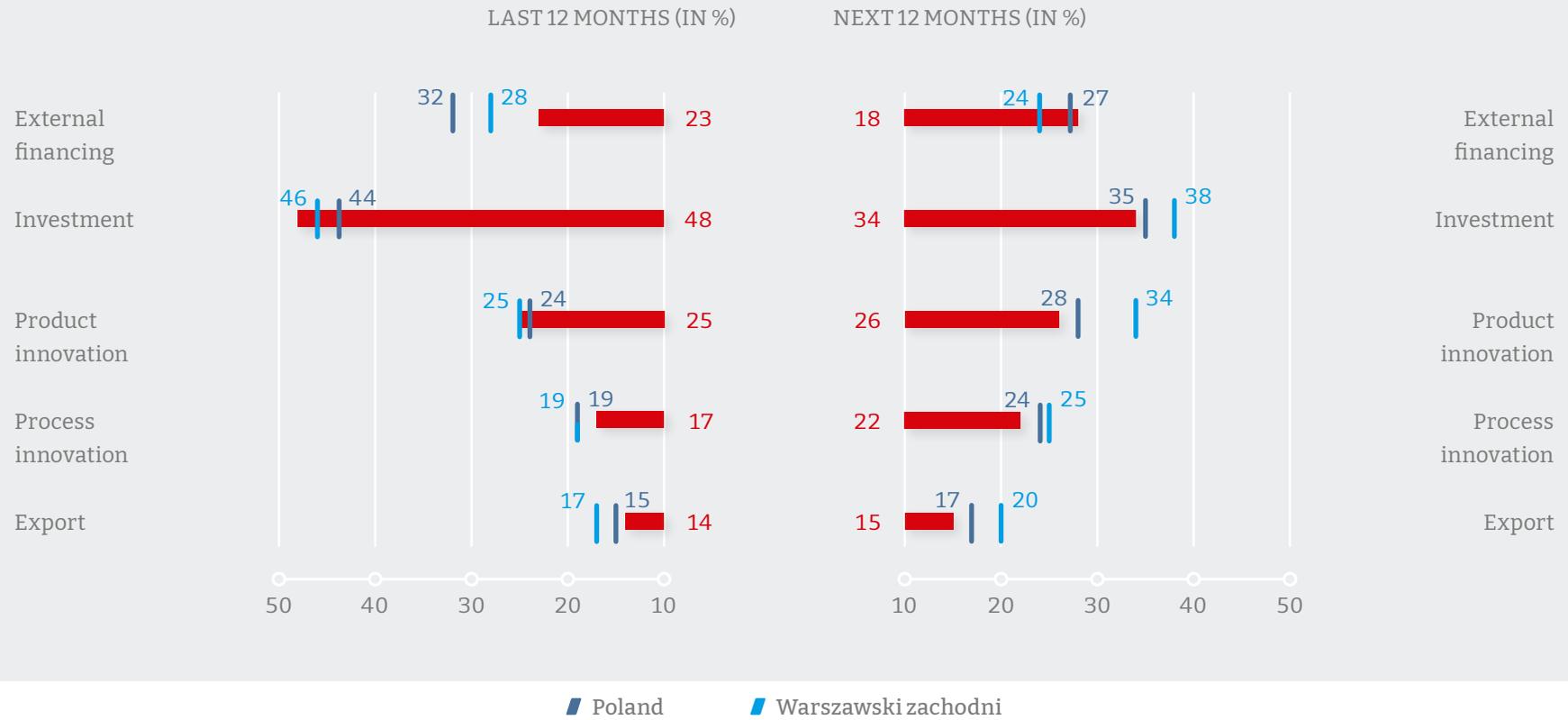
The General Business  
Climate Index for SMEs



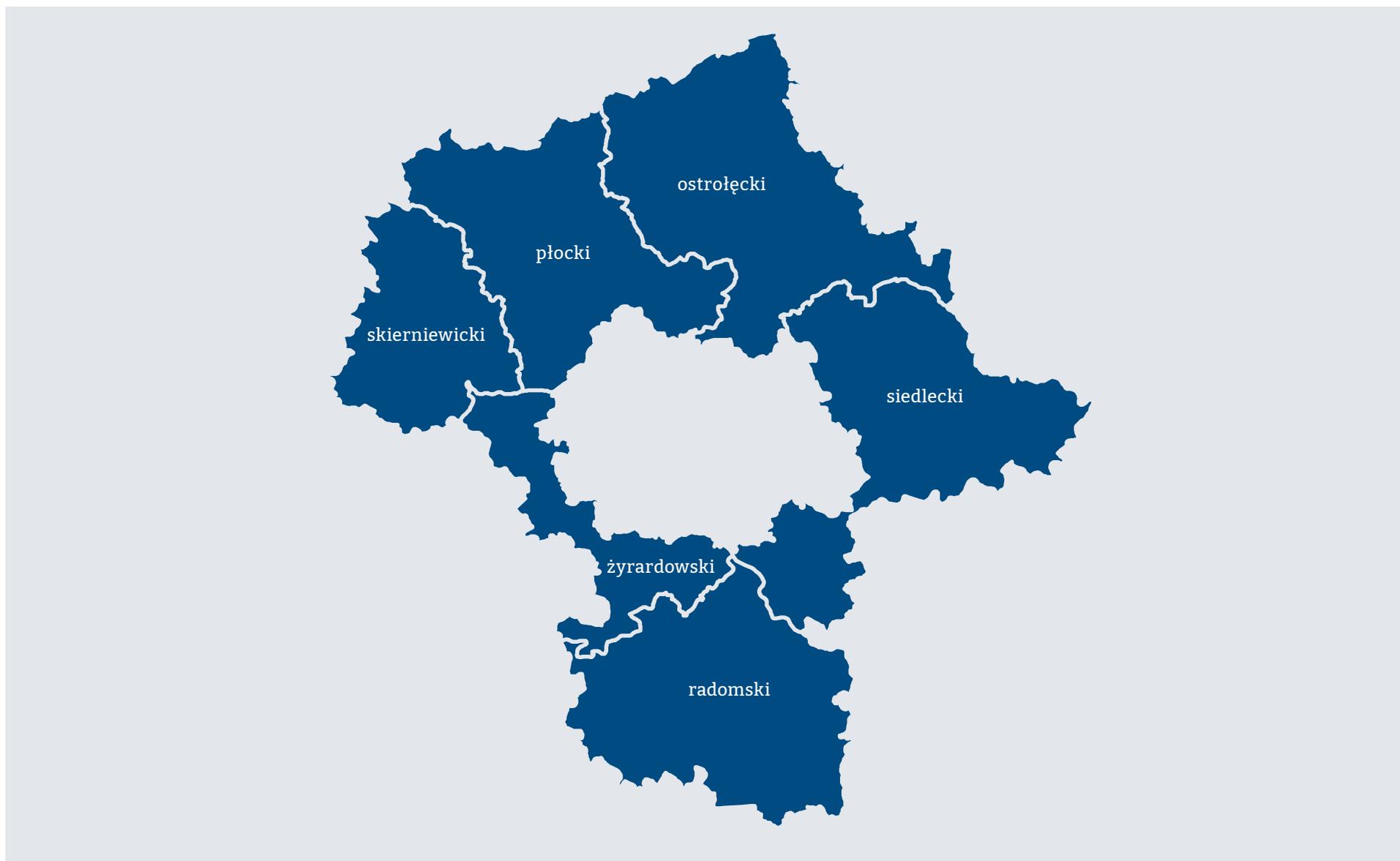
Warszawski stołeczny

warszawski zachodni

## Warszawski zachodni

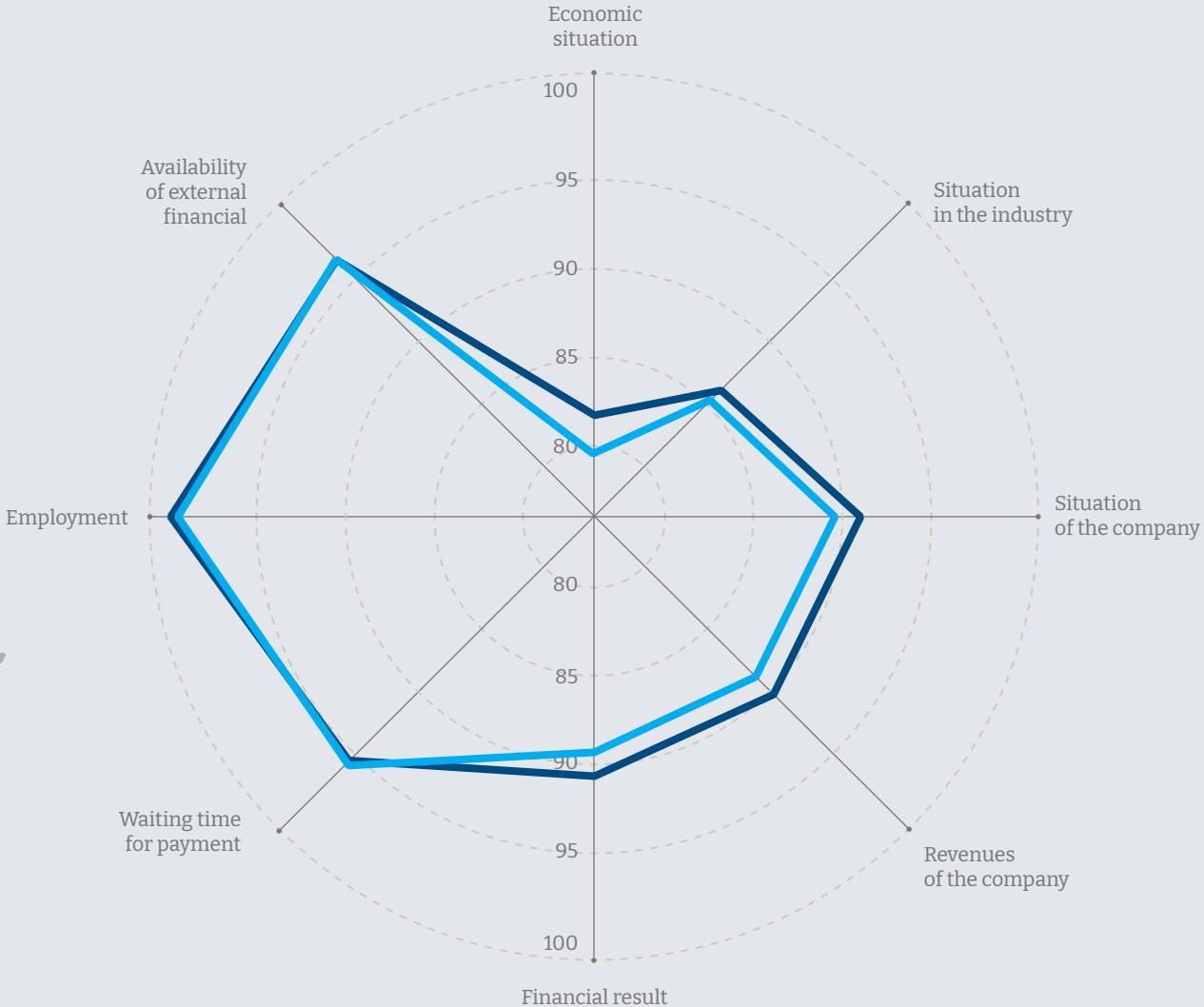
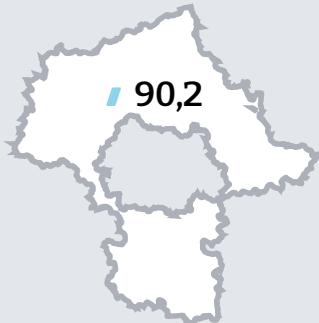


# Mazowieckie regionalne Voivodeship



# Mazowieckie regionalne Voivodeship

The General Business Climate Index for SMEs



■ Poland ■ Mazowieckie regionalne Voivodeship

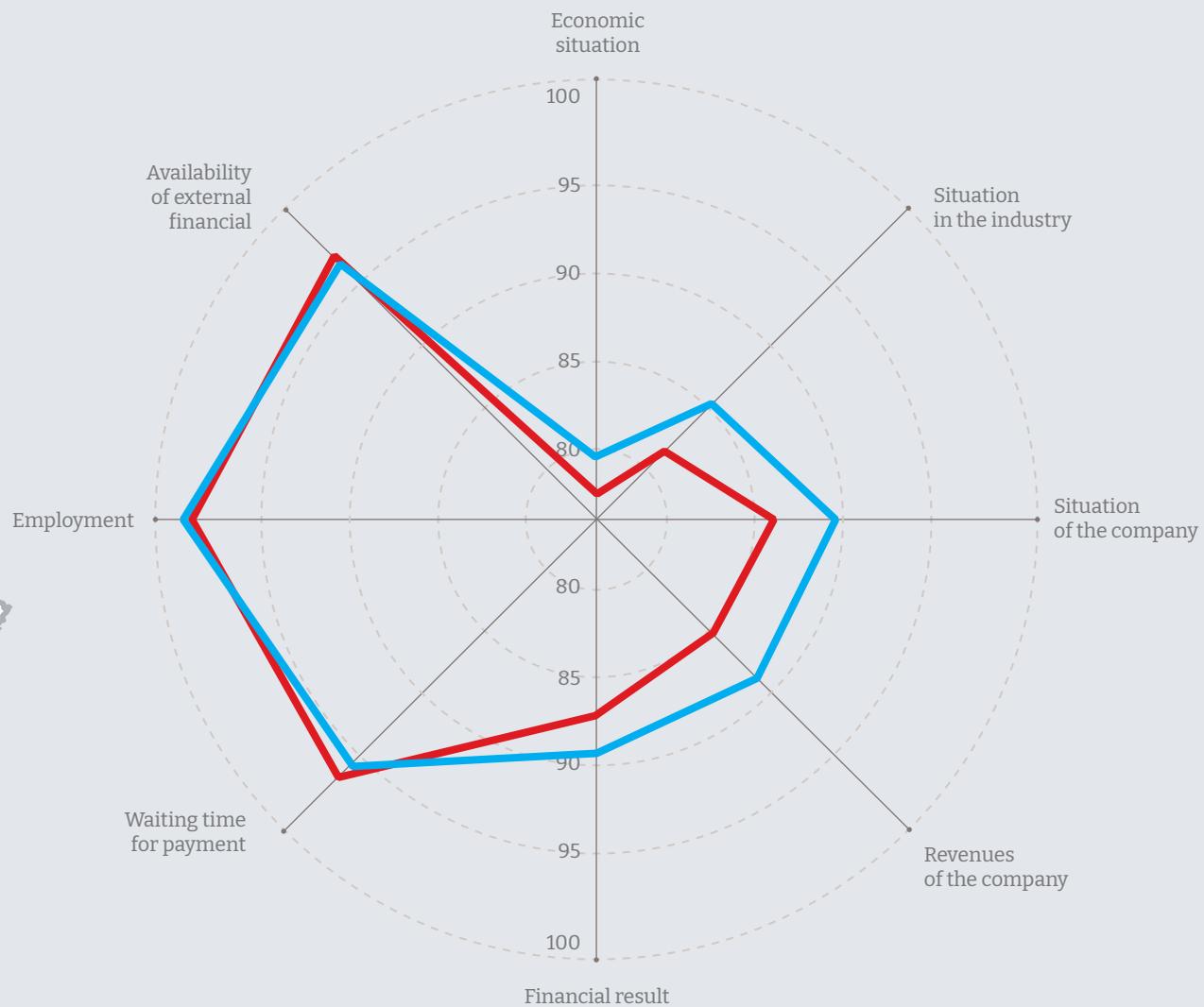
## Ciechanowski Region

The General Business  
Climate Index for SMEs

91,4

90,2

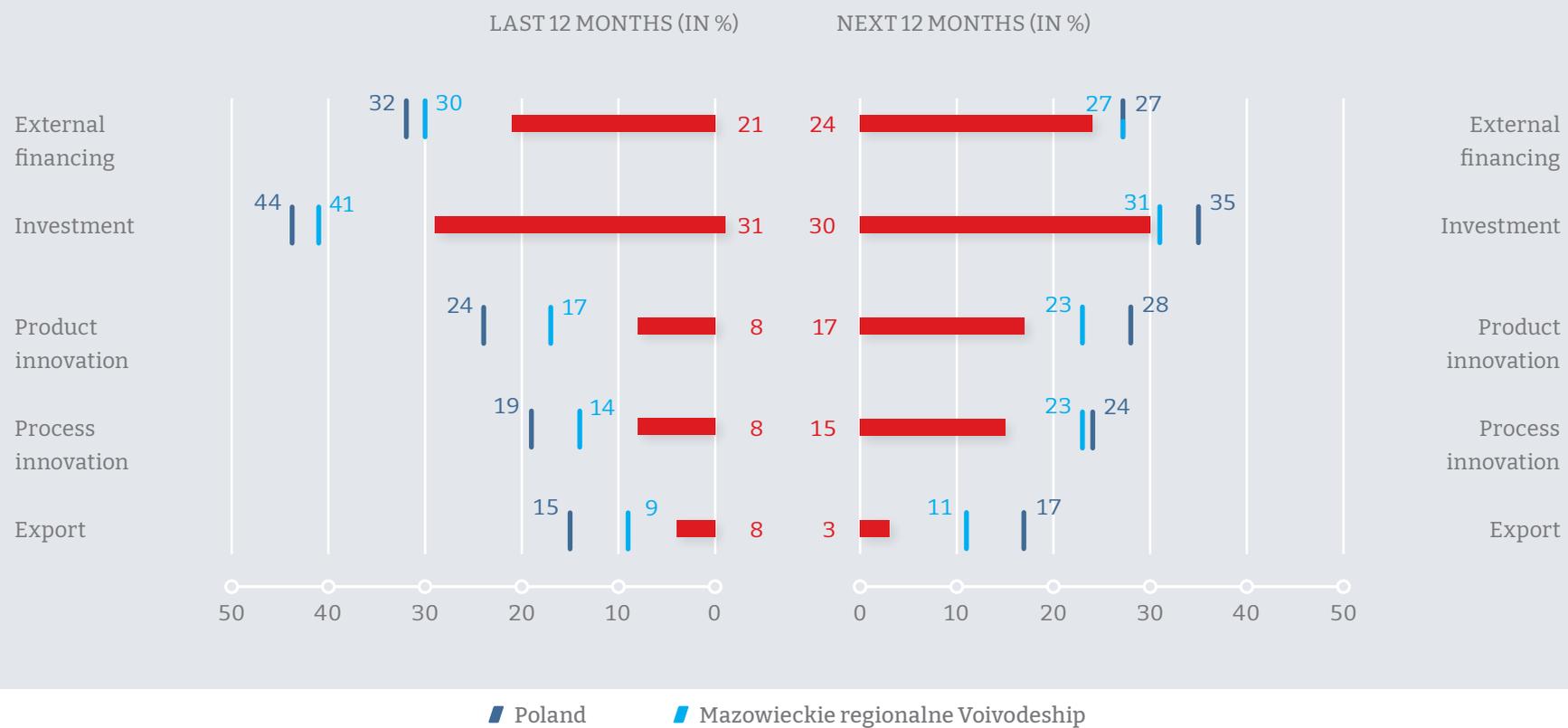
88,5



Mazowieckie regionalne Voivodeship

Ciechanowski Region

## Ciechanowski Region



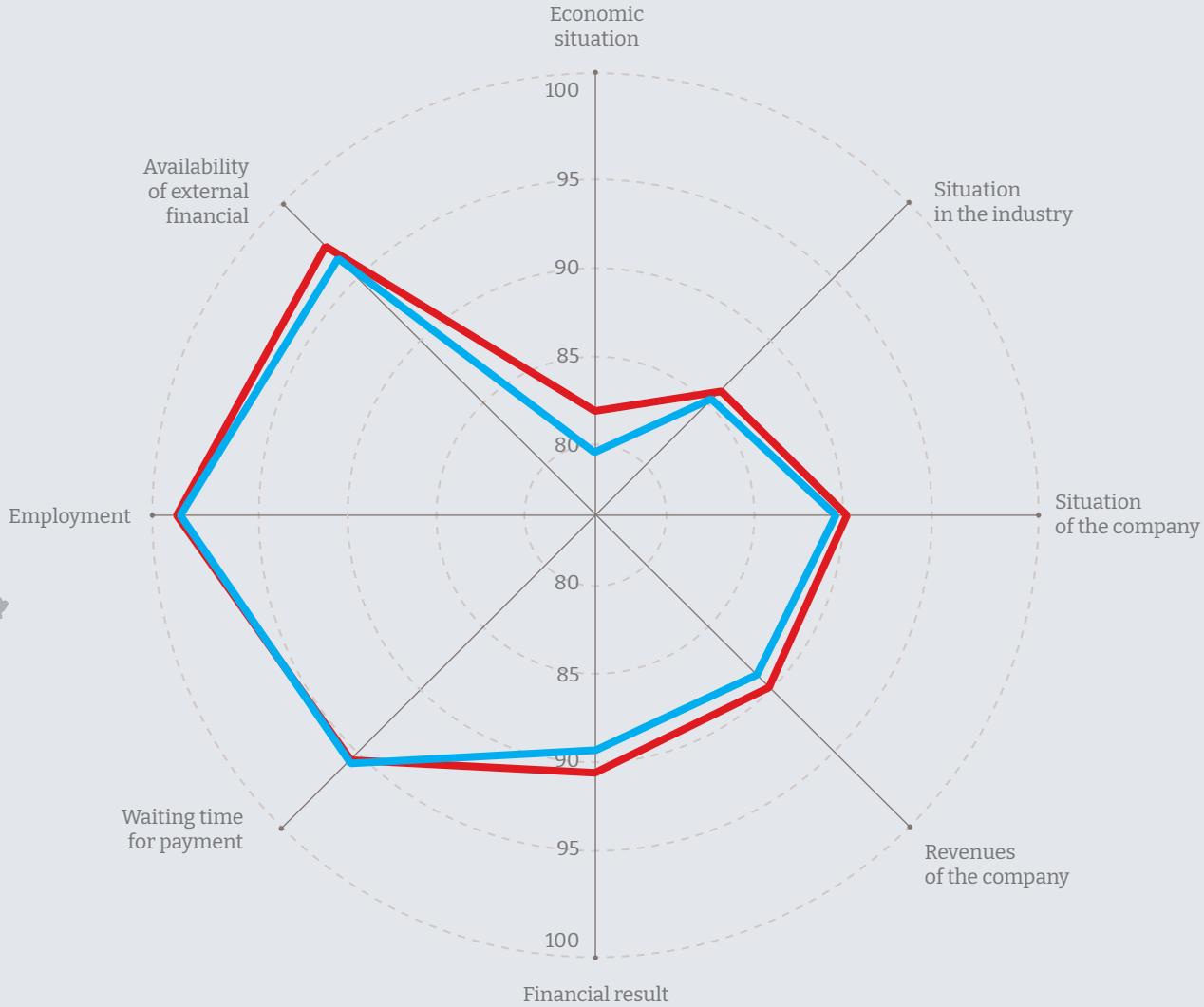
# Ostrołęcki Region

The General Business Climate Index for SMEs

91,4

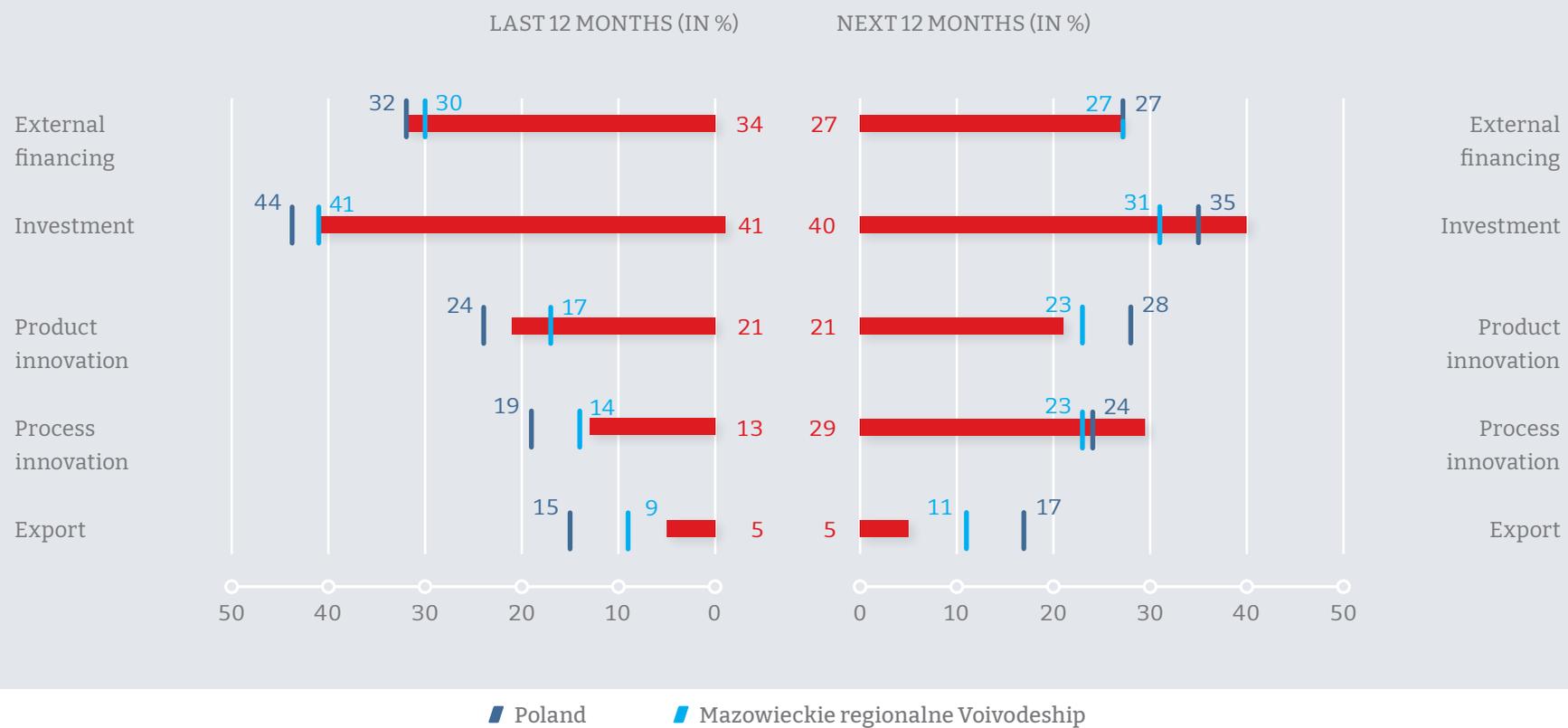
90,2

91,2



Mazowieckie regionalne Voivodeship Ostrołęcki Region

## Ostrołęcki Region



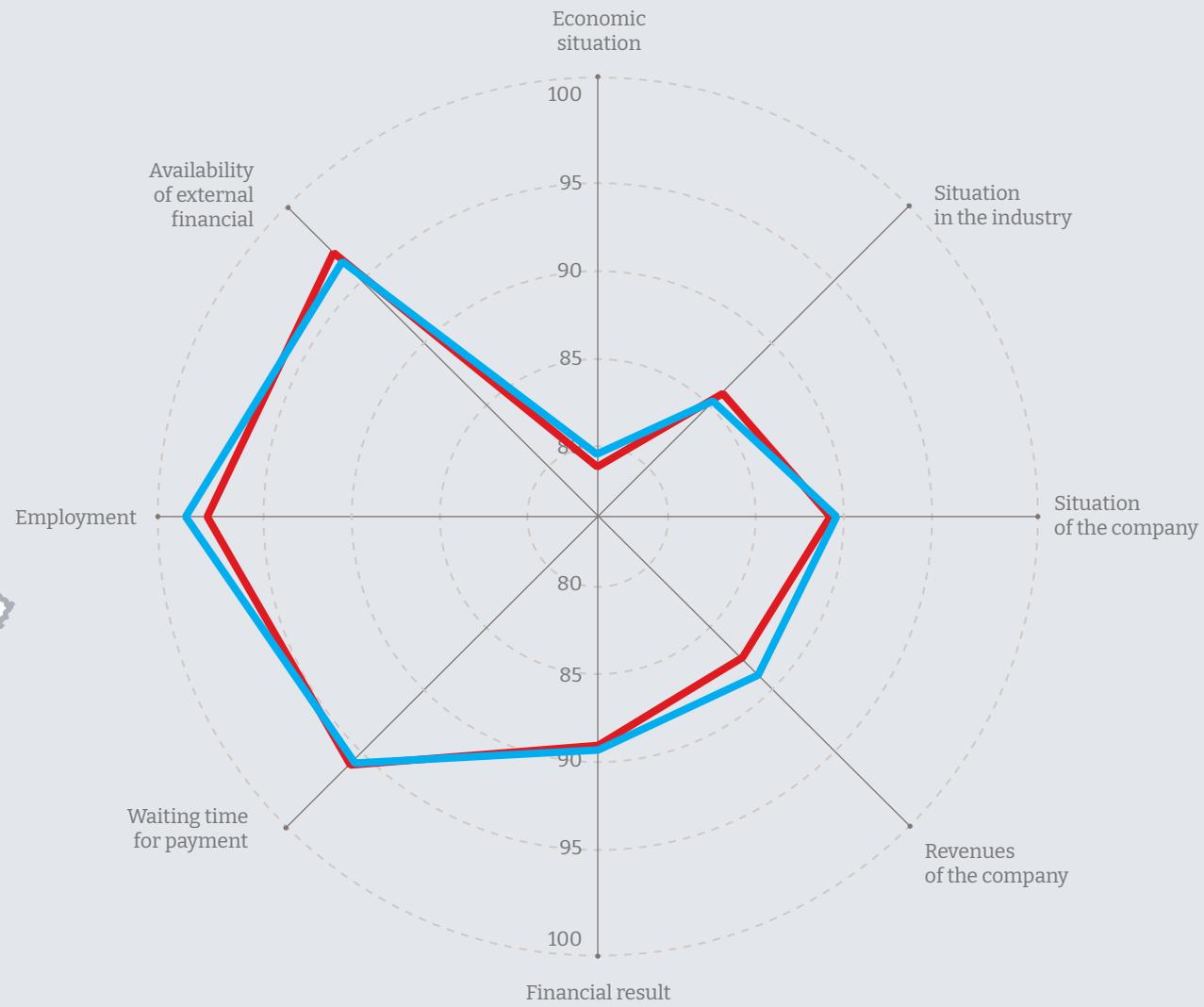
## Płocki Region

The General Business  
Climate Index for SMEs

91,4

90,2

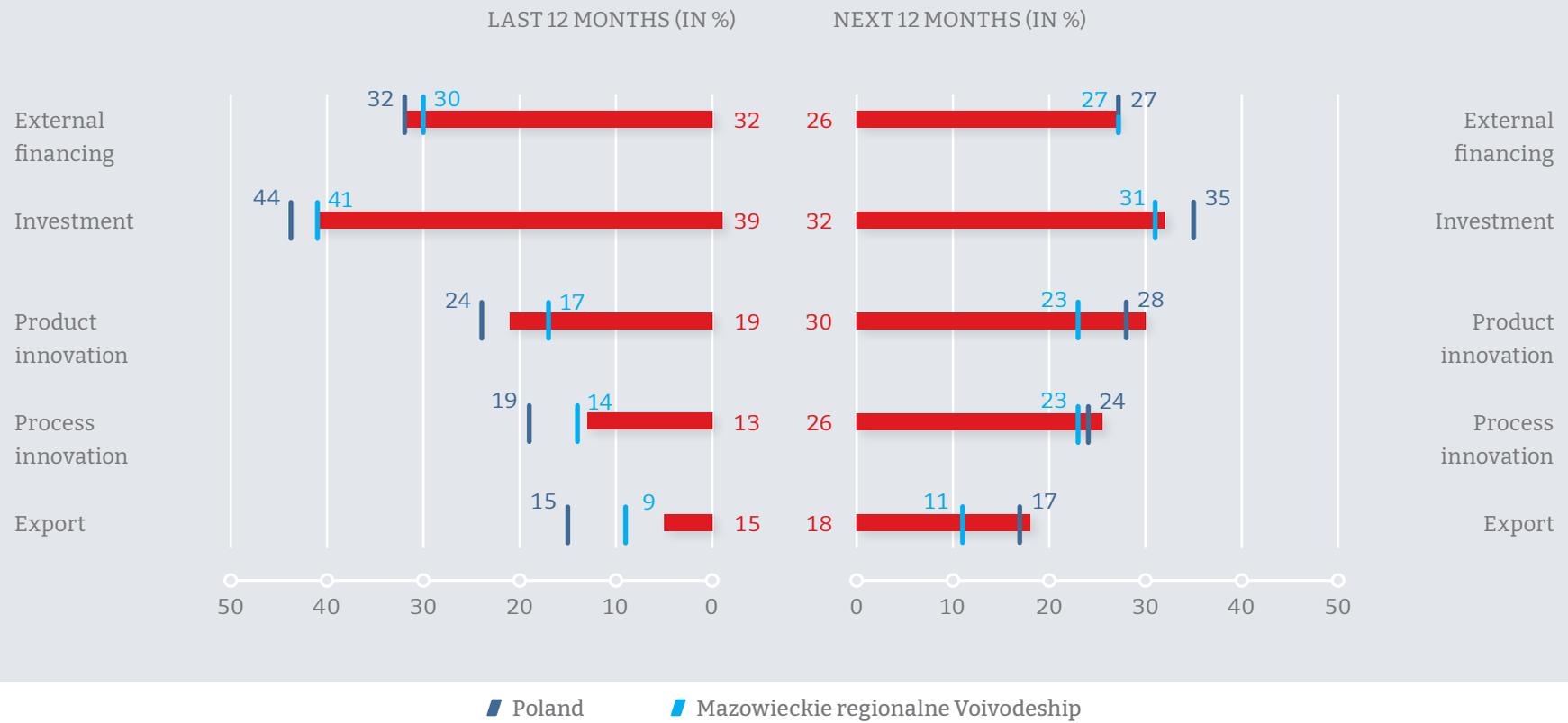
90,1



Mazowieckie regionalne Voivodeship

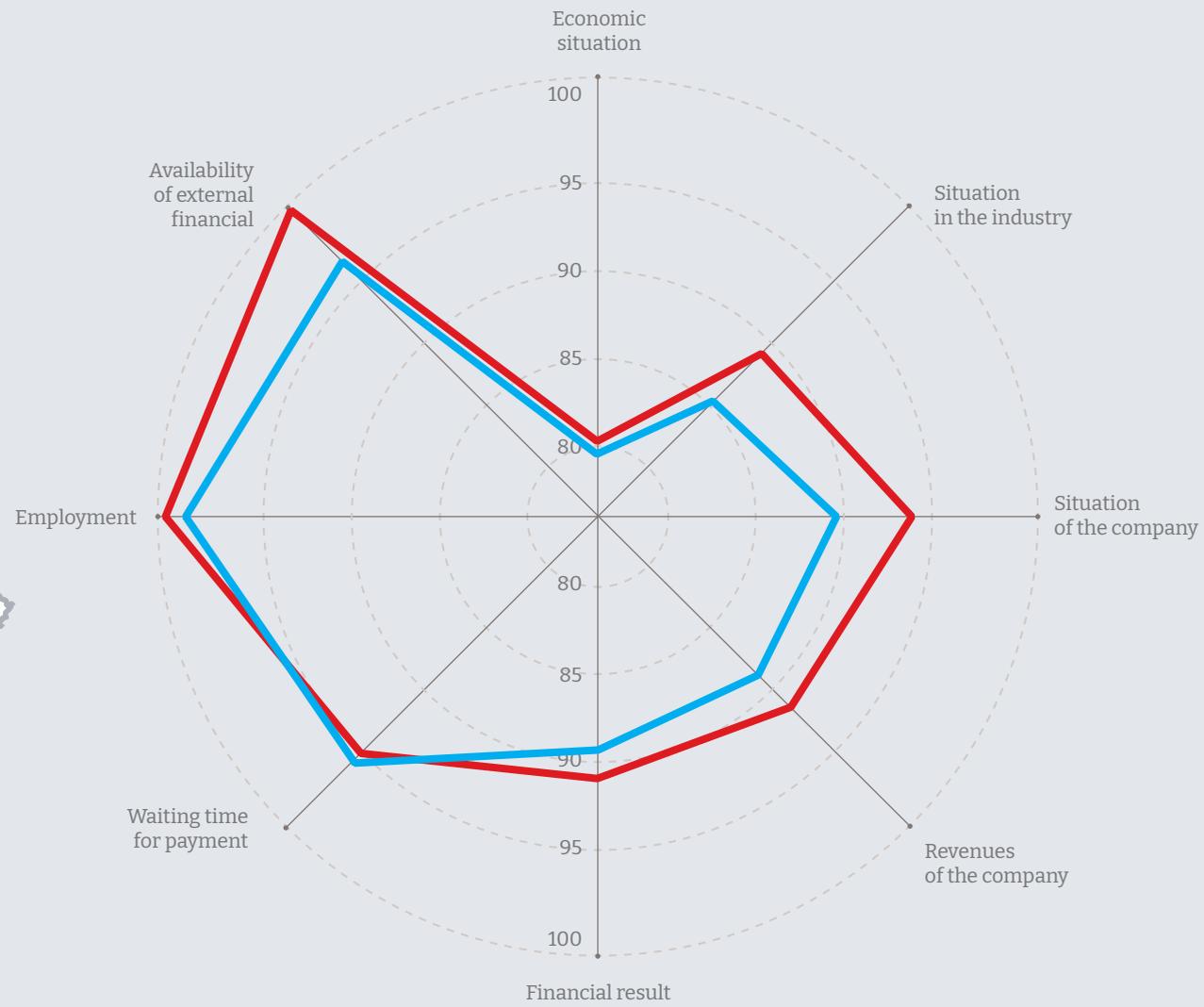
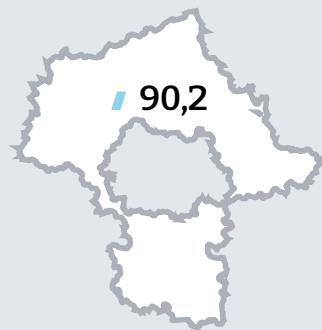
Płocki Region

## Płocki Region



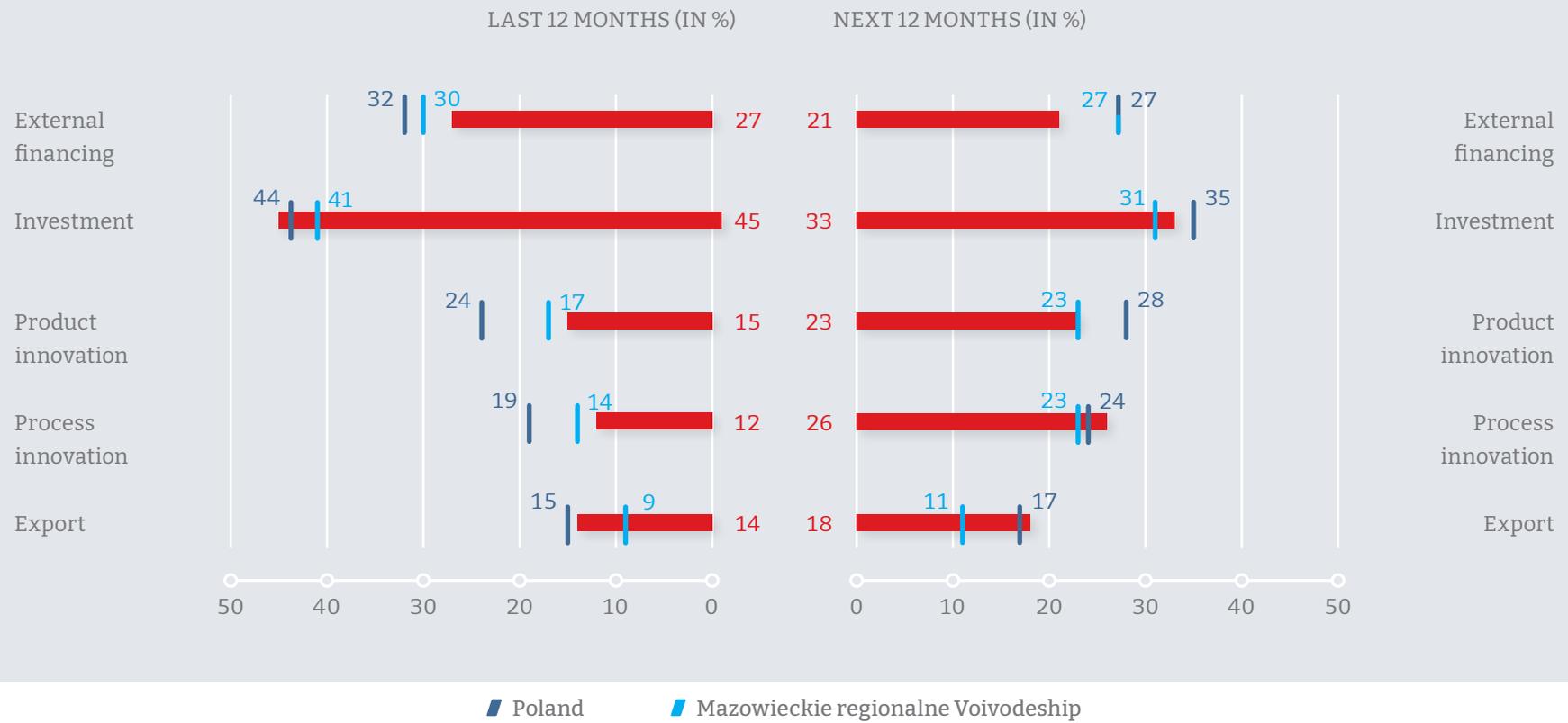
## Siedlecki Region

The General Business  
Climate Index for SMEs



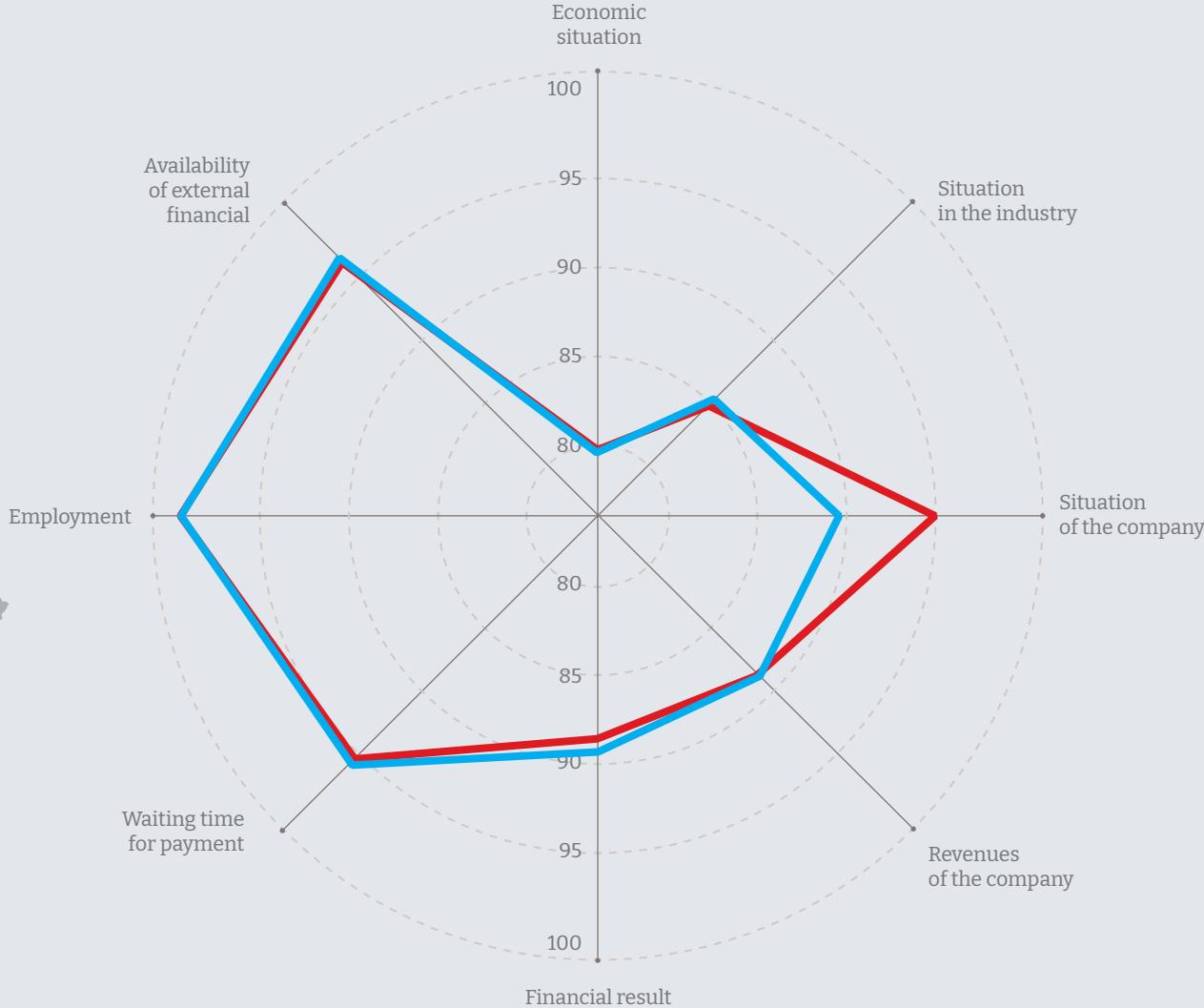
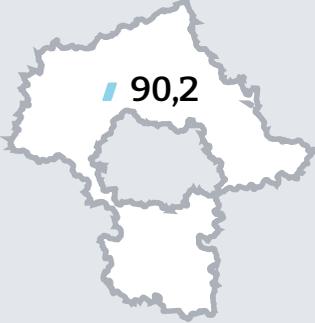
■ Mazowieckie regionalne Voivodeship ■ Siedlecki Region

## Siedlecki Region



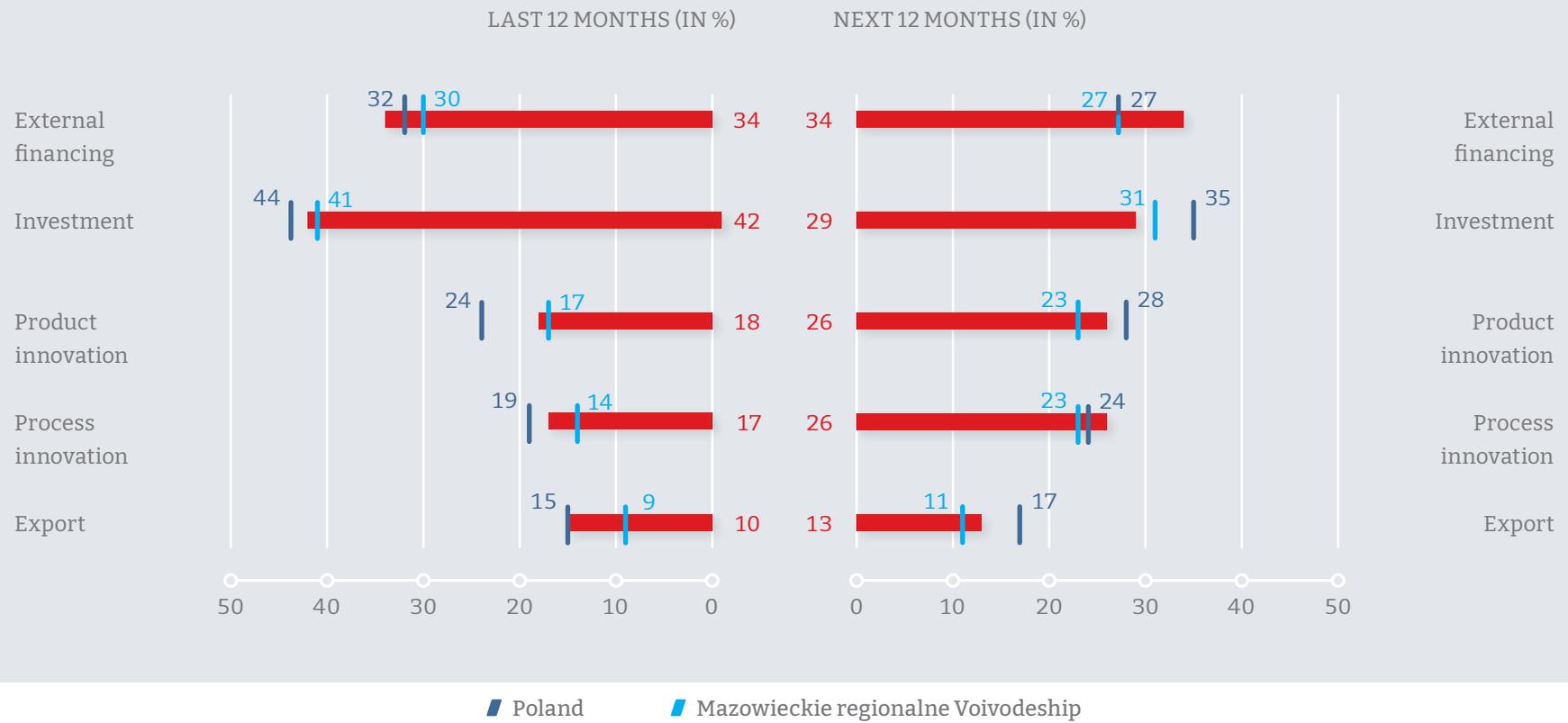
# Radomski Region

The General Business Climate Index for SMEs



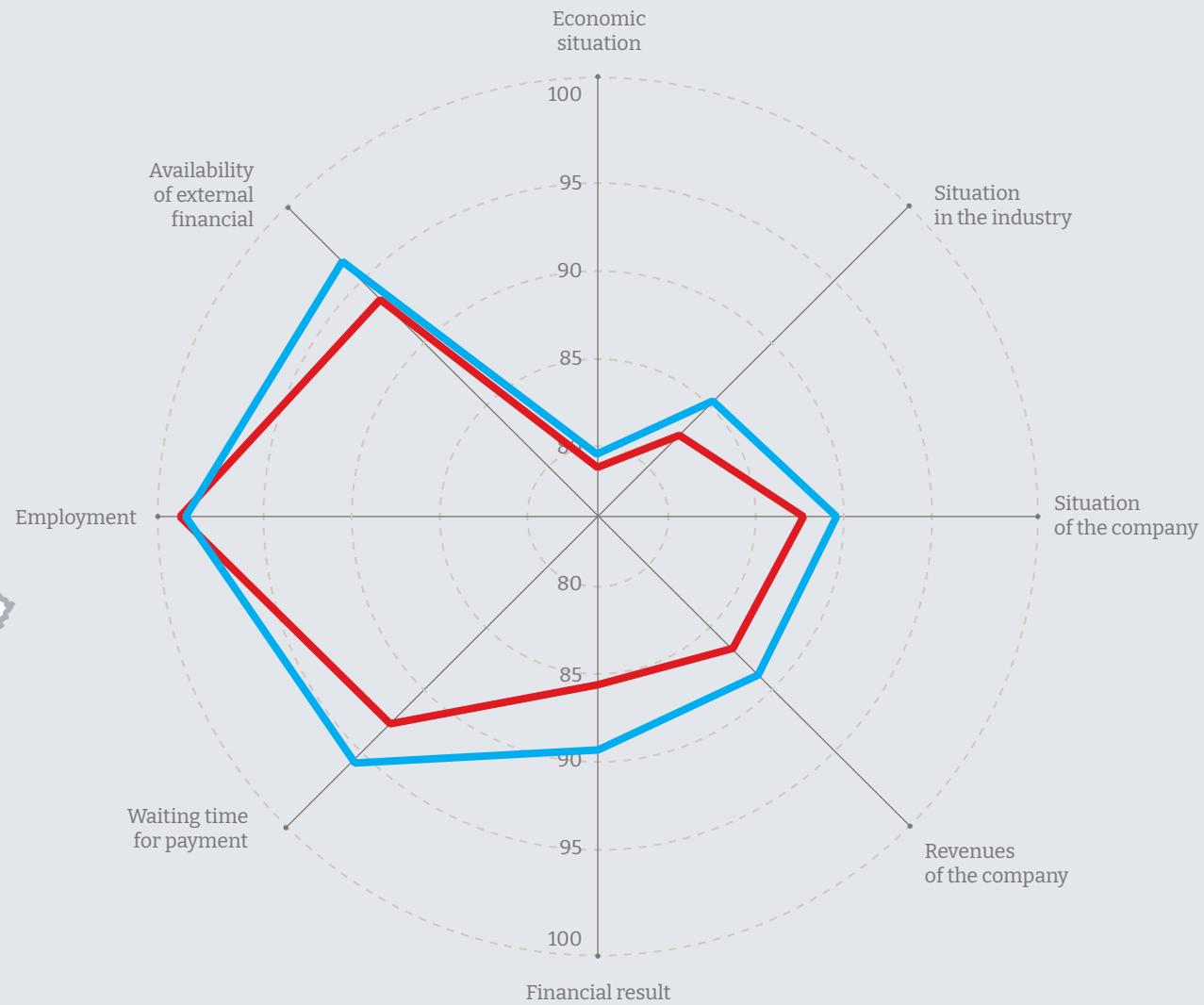
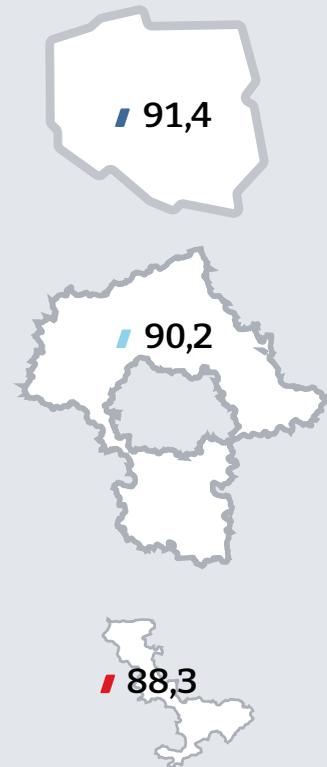
■ Mazowieckie regionalne Voivodeship    ■ Radomski Region

## Radomski Region



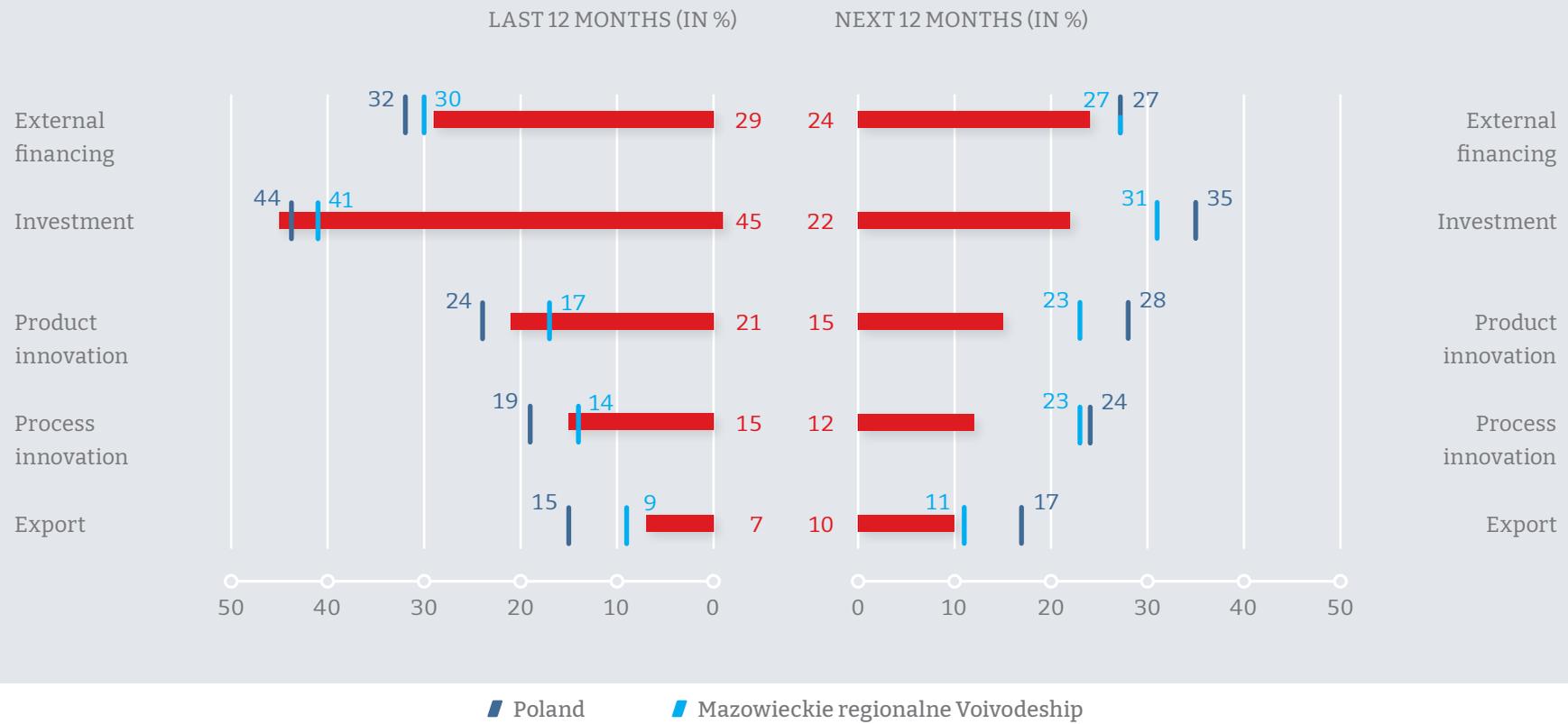
## Żyrardowski Region

The General Business  
Climate Index for SMEs



■ Mazowieckie regionalne Voivodeship ■ Żyrardowski Region

## Żyrardowski Region



# Opolskie Voivodeship



## Opolskie Voivodeship

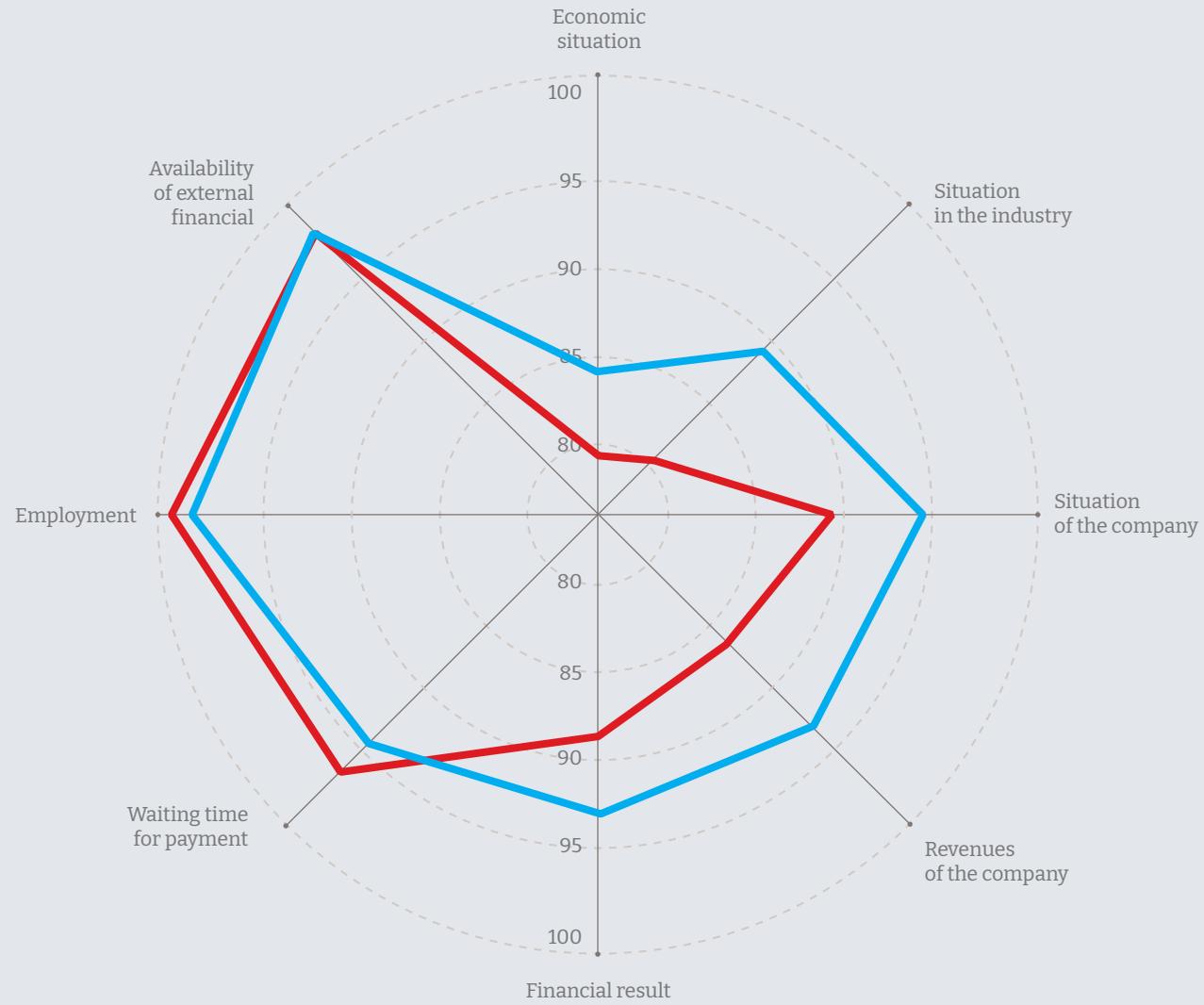
The General Business  
Climate Index for SMEs



■ Poland ■ Opolskie Voivodeship

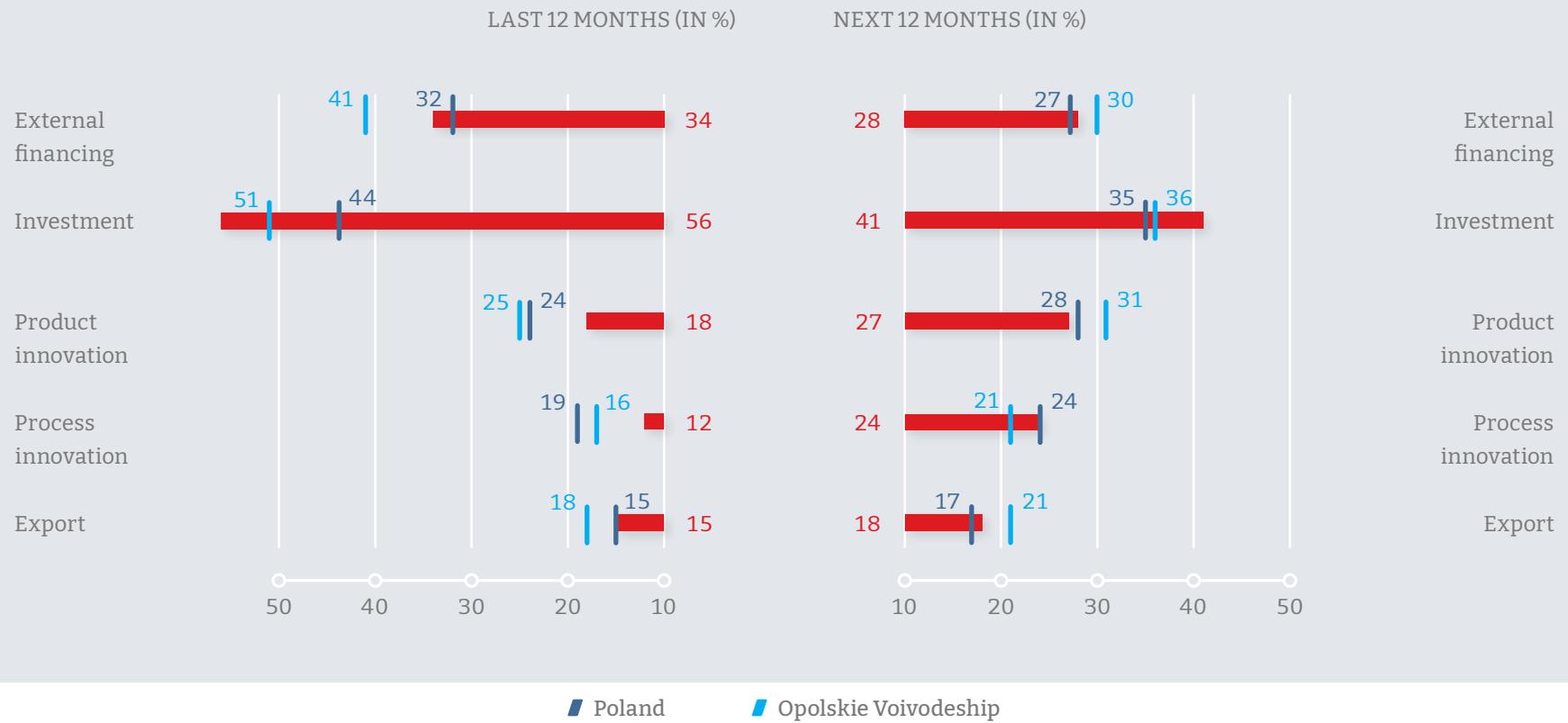
## Nyski Region

The General Business  
Climate Index for SMEs



Opolskie Voivodeship Nyski Region

## Nyski Region



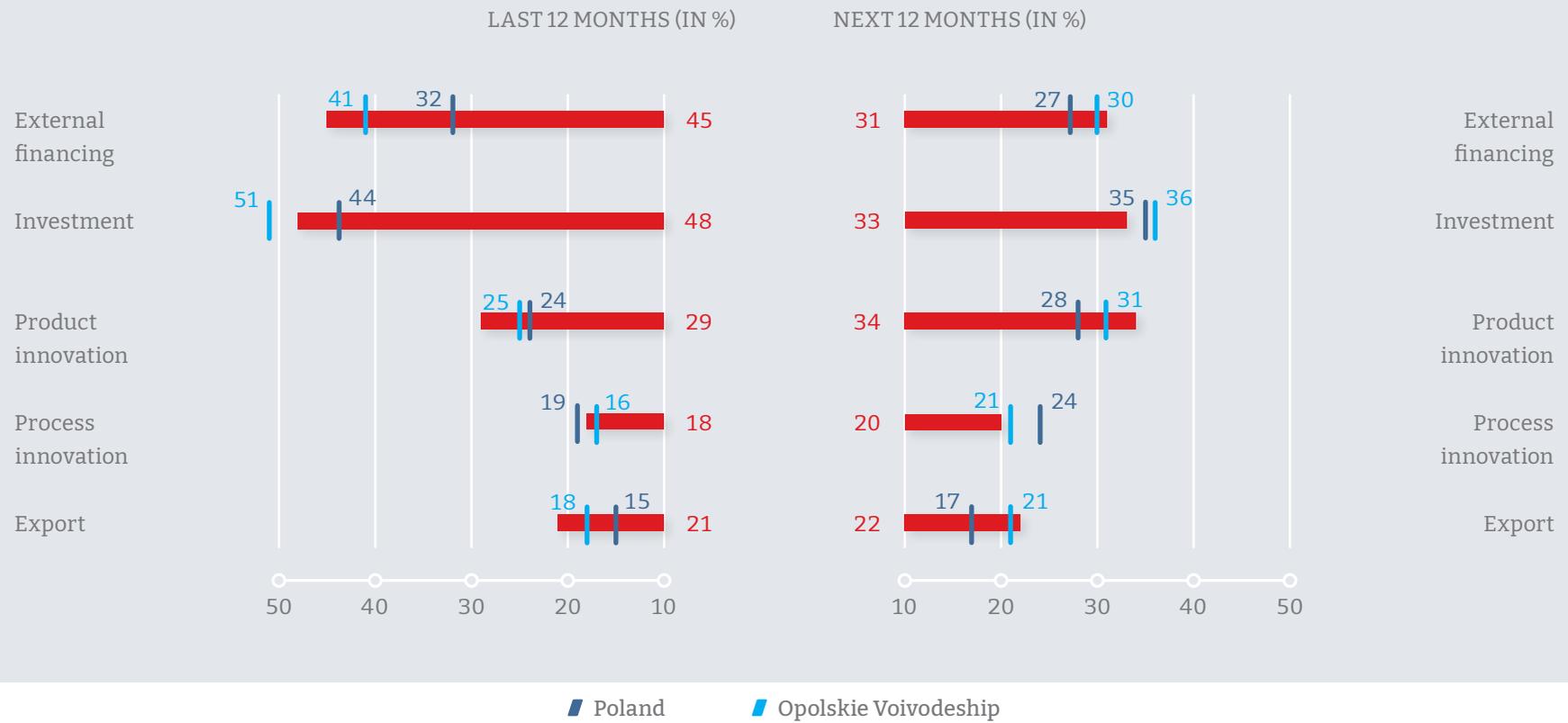
## Opolski Region

The General Business  
Climate Index for SMEs

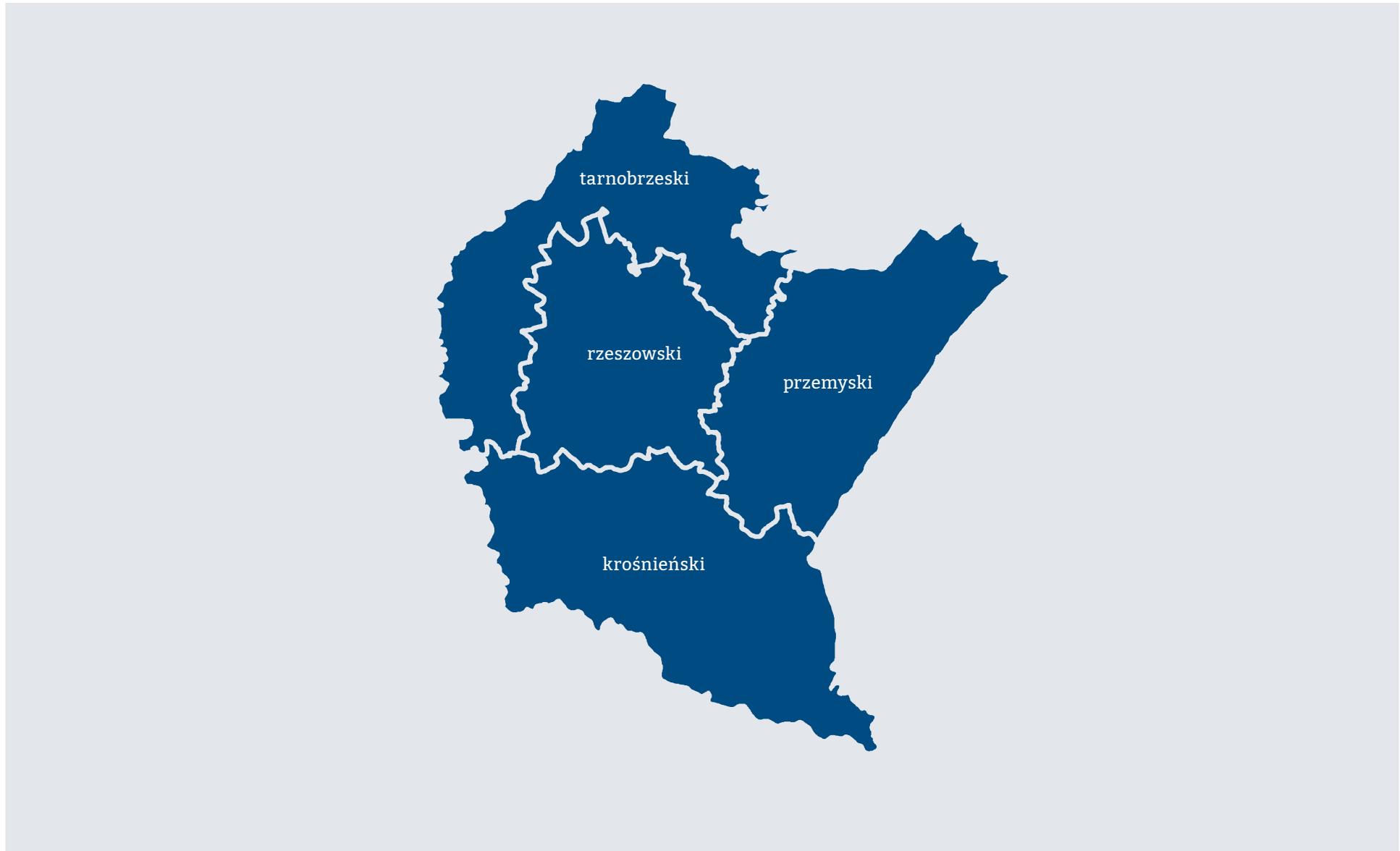


Opolskie Voivodeship Opolski Region

## Opolski Region

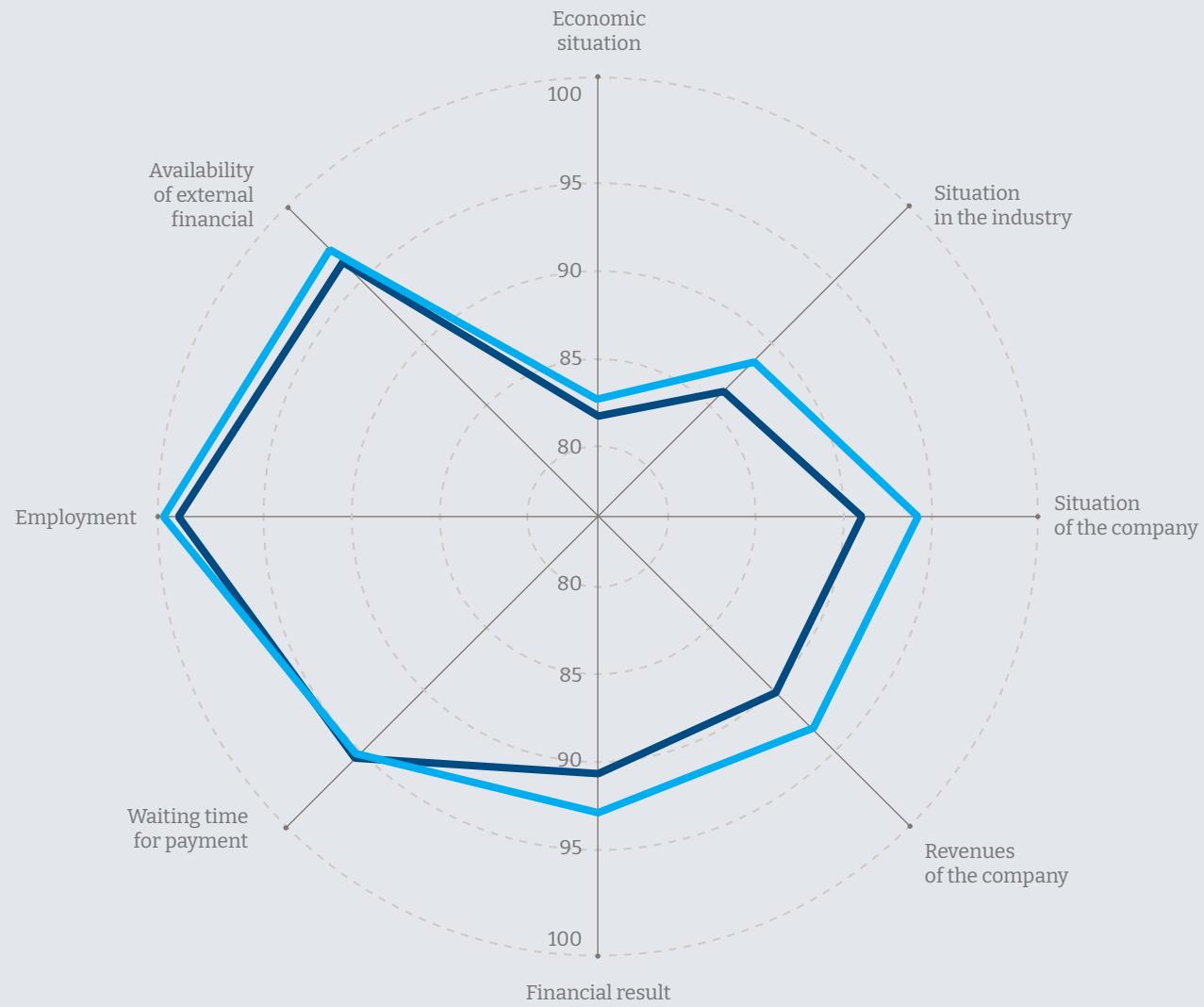
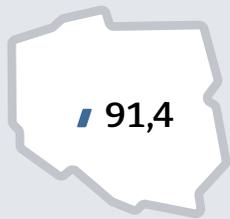


# Podkarpackie Voivodeship



## Podkarpackie Voivodeship

The General Business  
Climate Index for SMEs



■ Poland ■ Podkarpackie Voivodeship

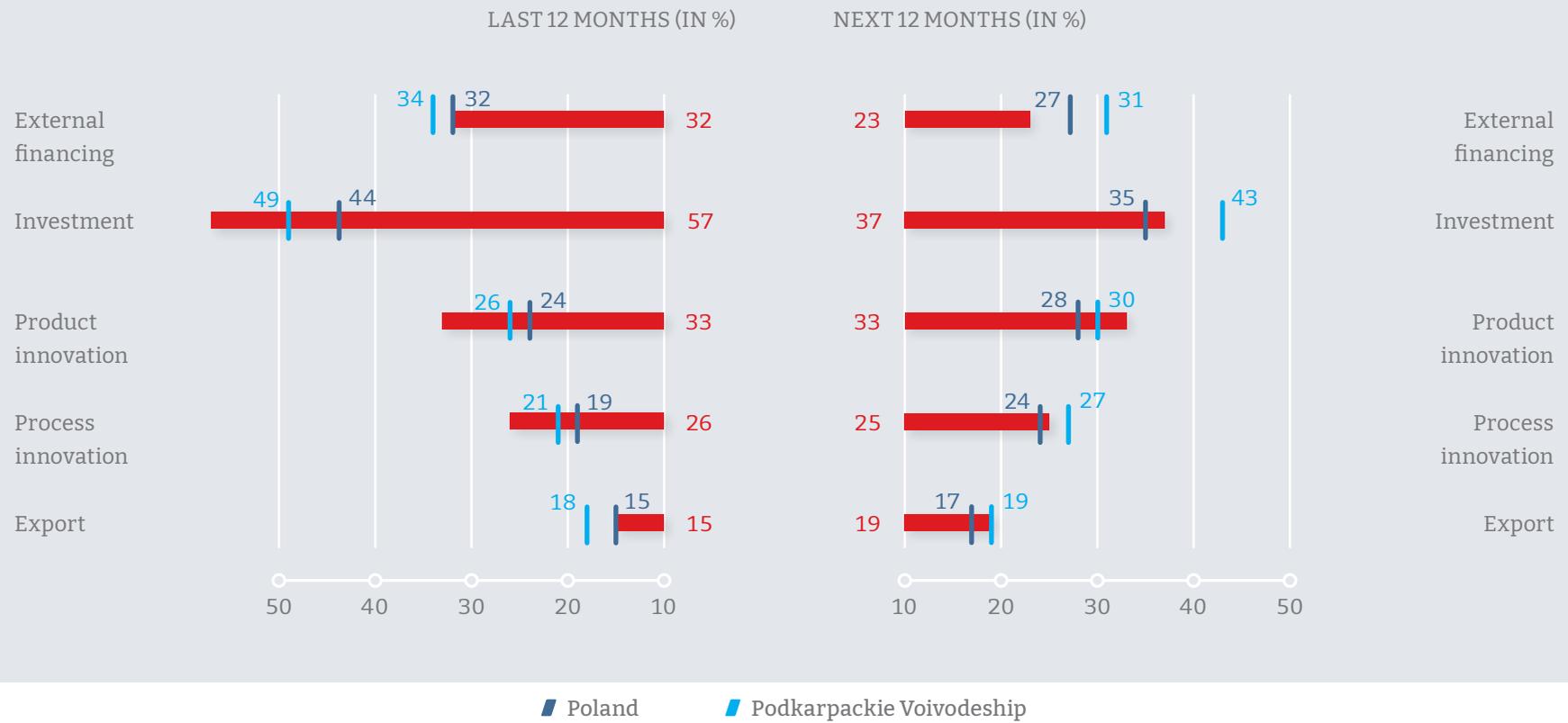
## Krośnieński Region

The General Business  
Climate Index for SMEs



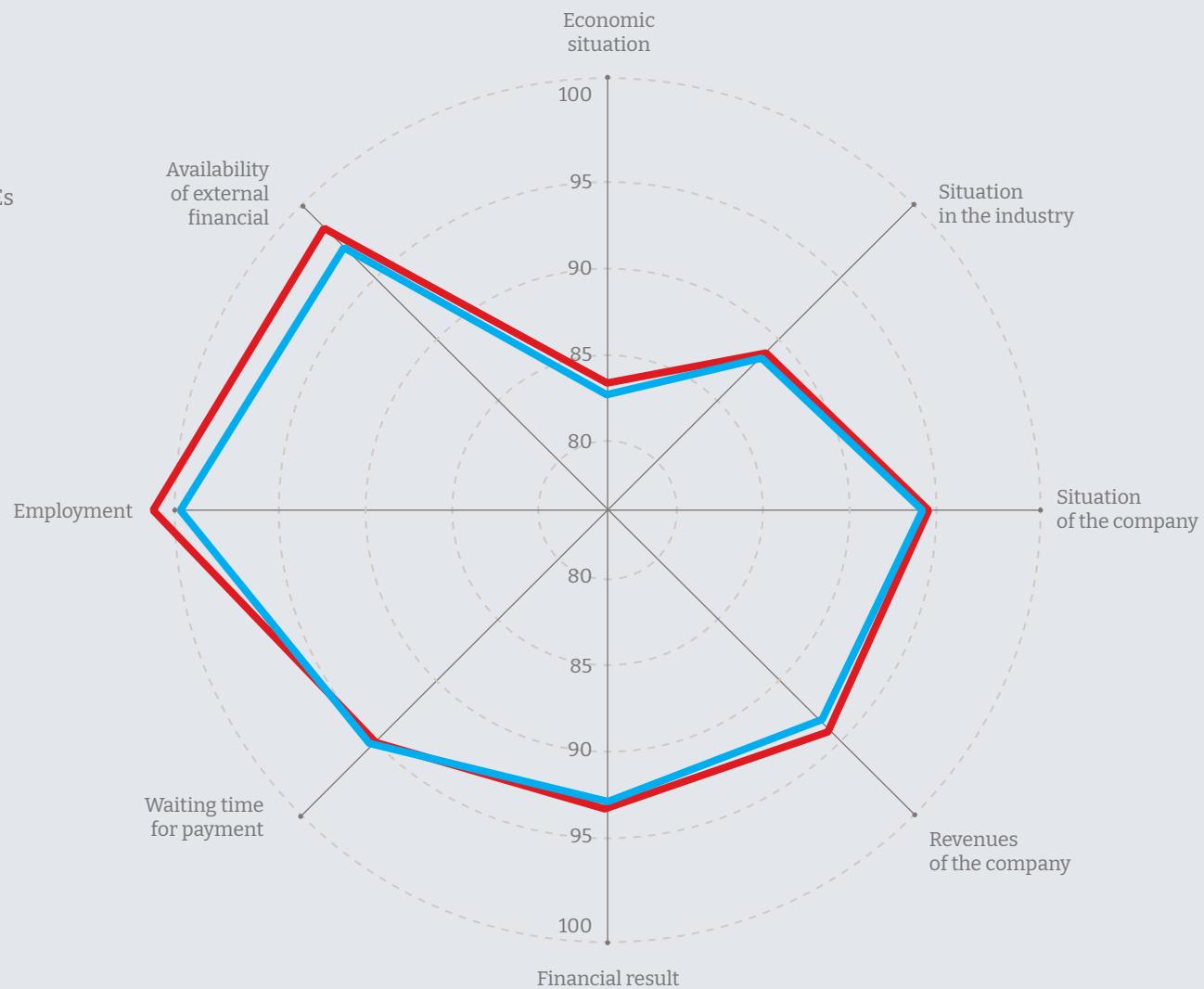
Podkarpackie Voivodeship Krośnieński Region

## Krośnieński Region



## Przemyski Region

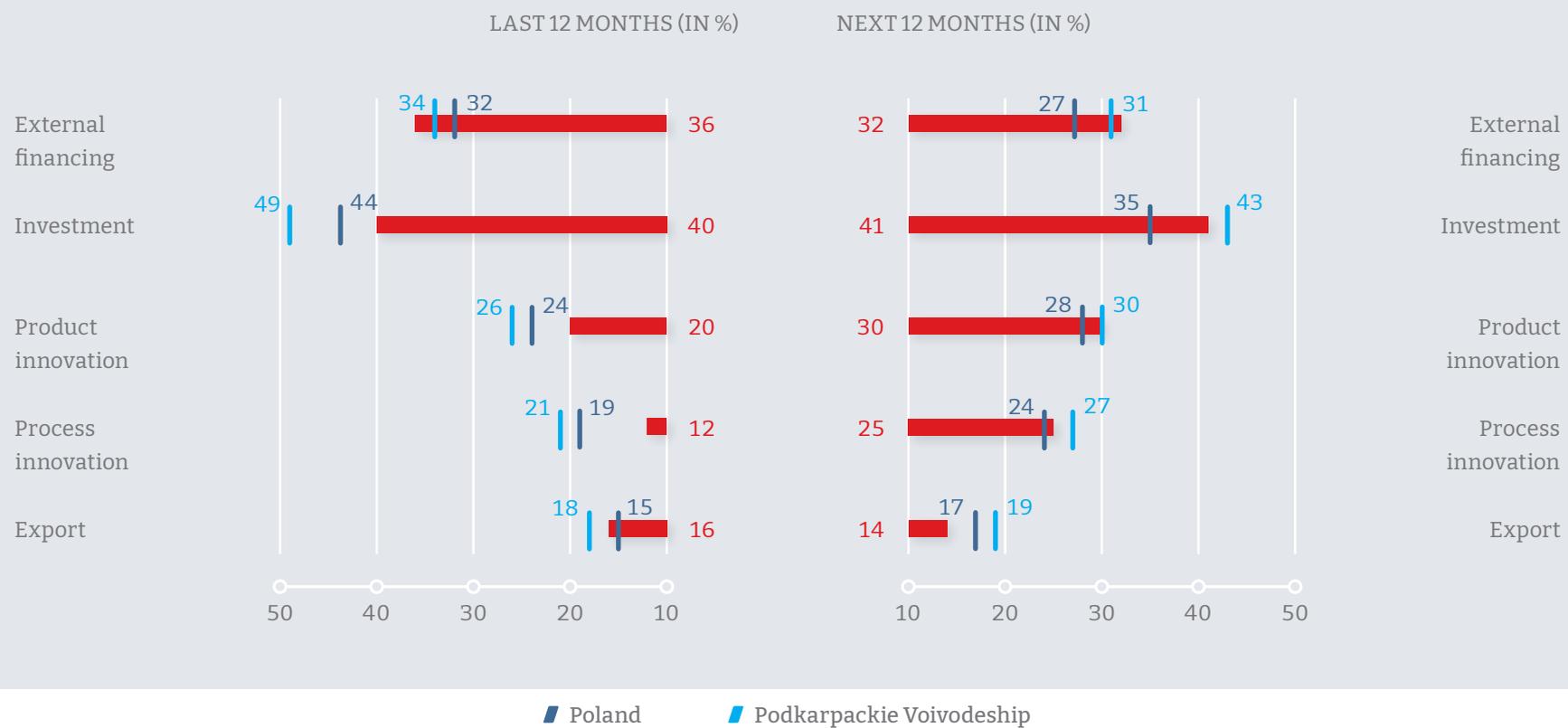
The General Business  
Climate Index for SMEs



Podkarpackie Voivodeship

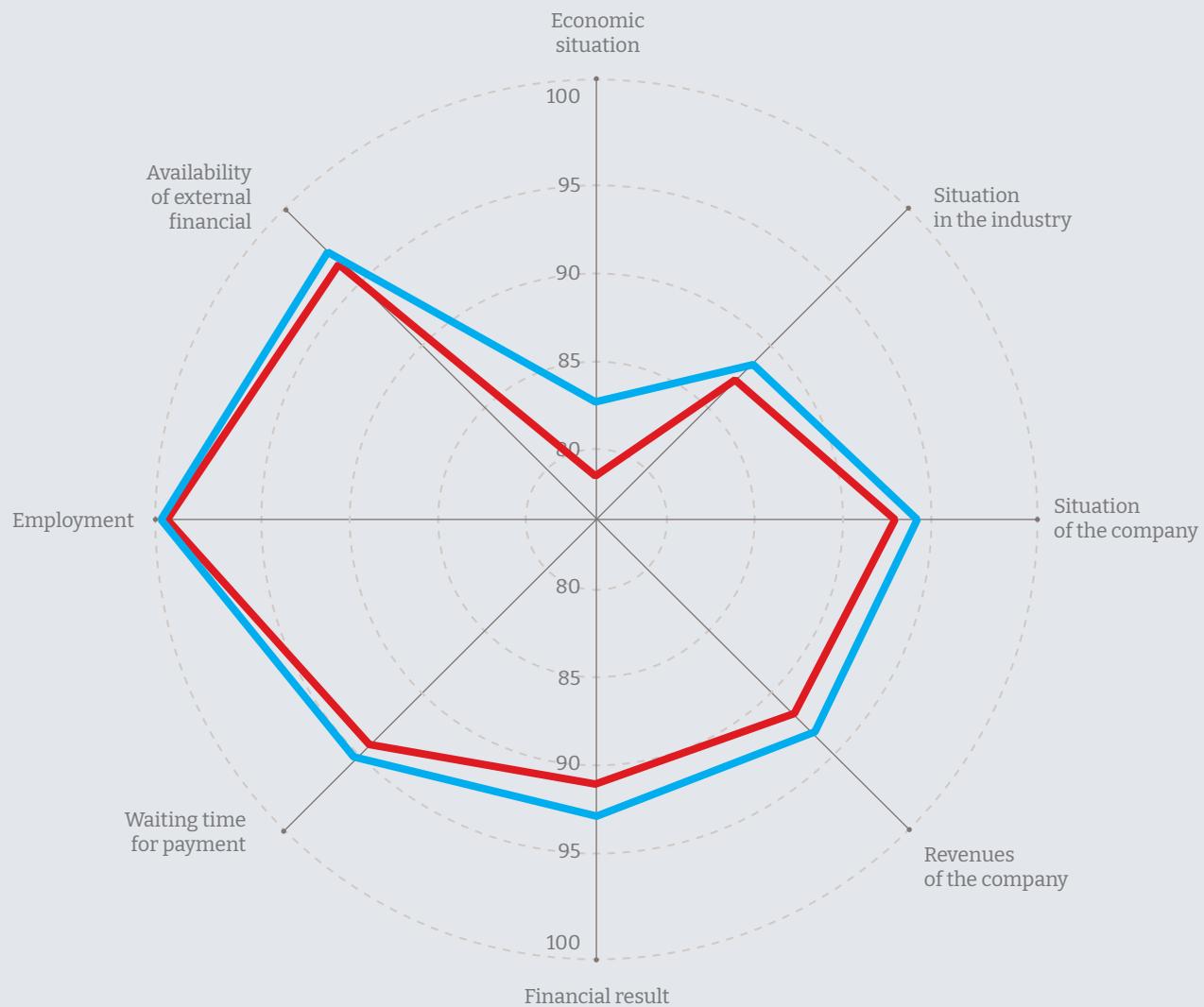
Przemyski Region

## Przemyski Region



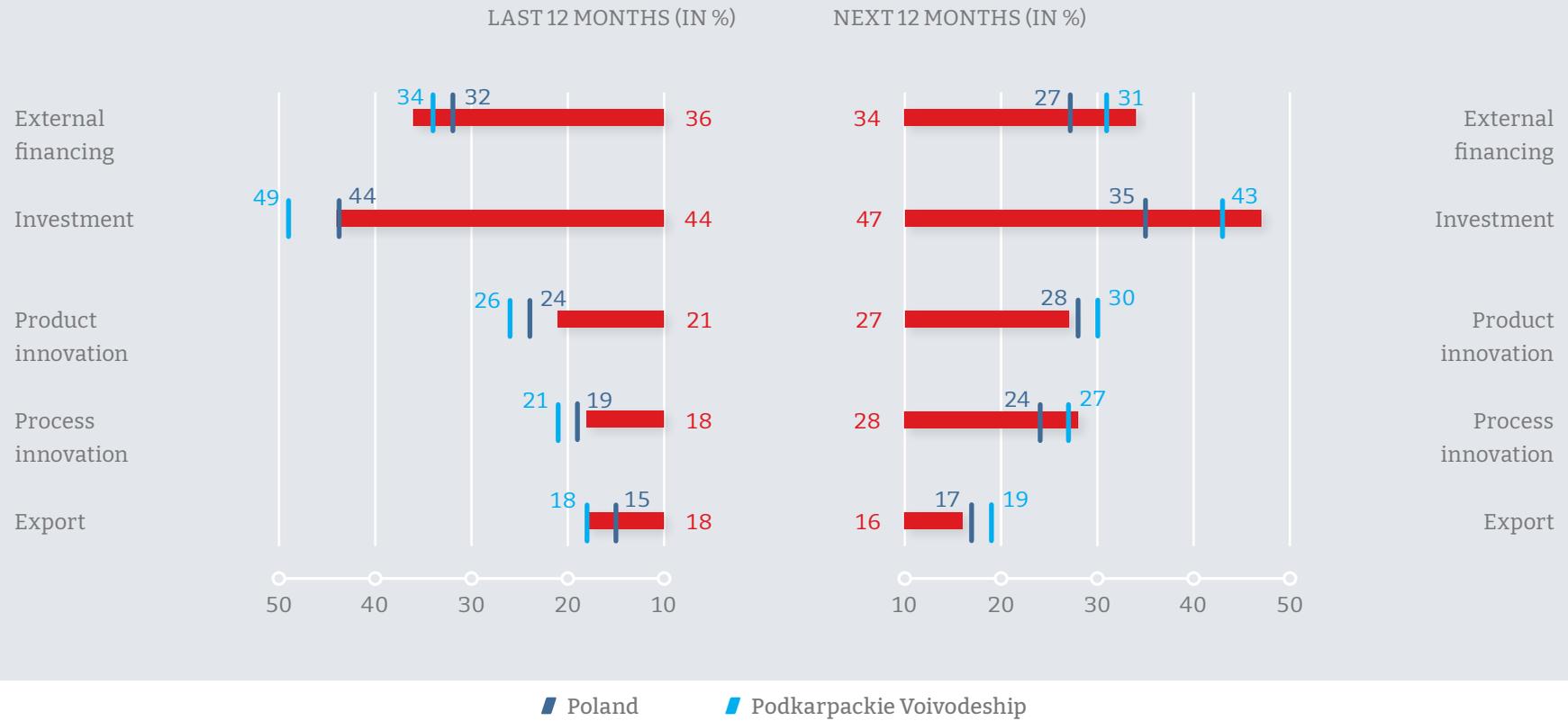
## Rzeszowski Region

The General Business  
Climate Index for SMEs

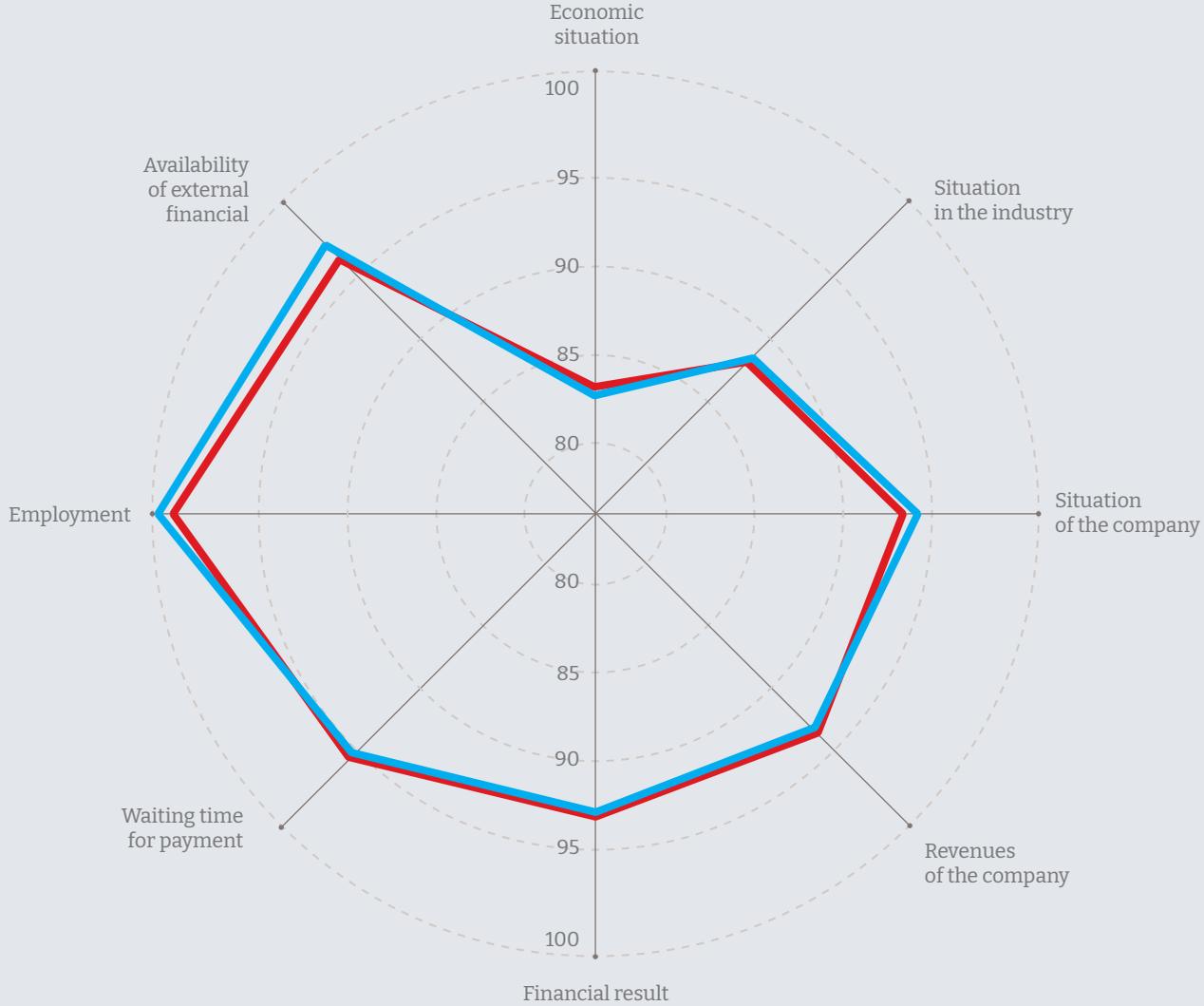


Podkarpackie Voivodeship Rzeszowski Region

## Rzeszowski Region

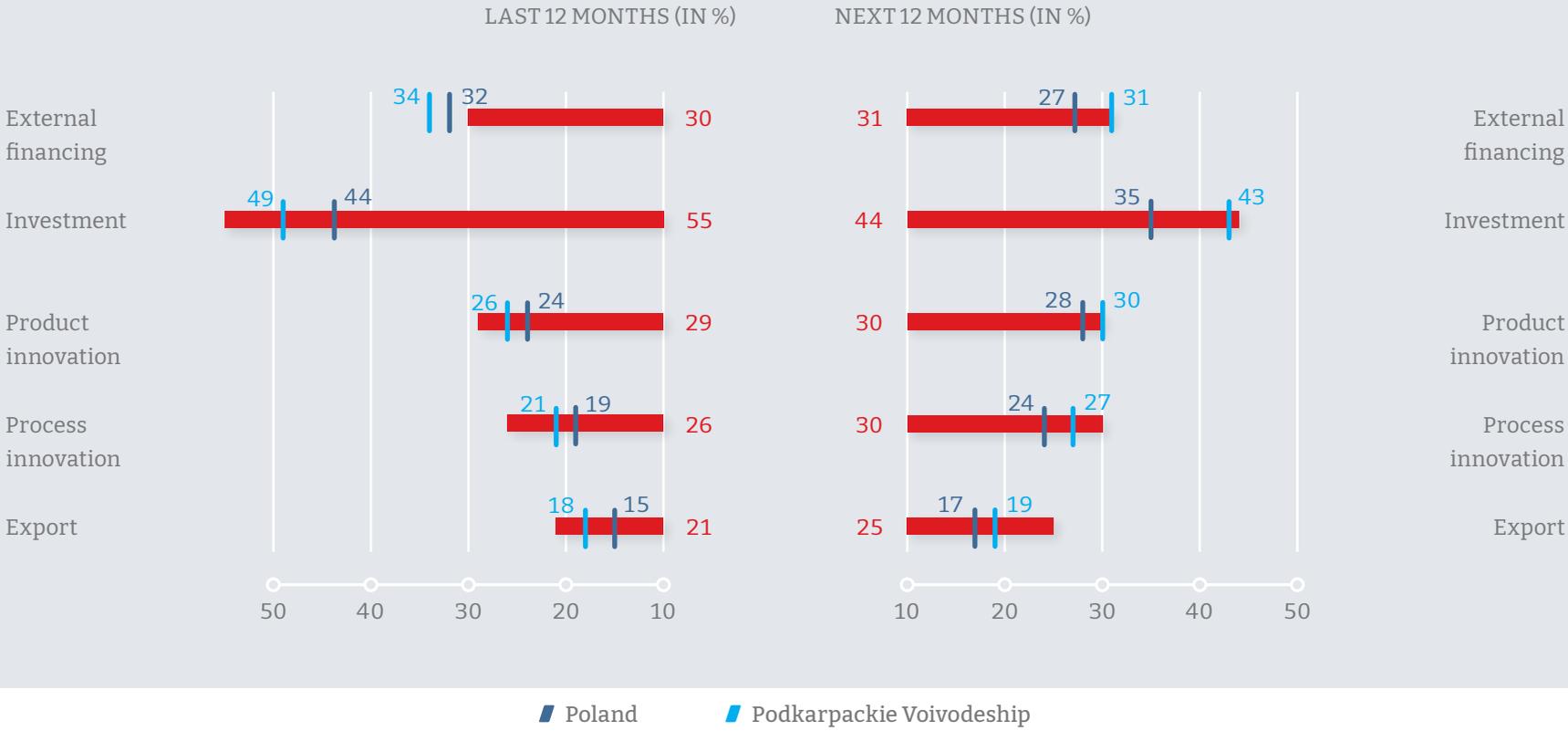


# Tarnobrzieski Region

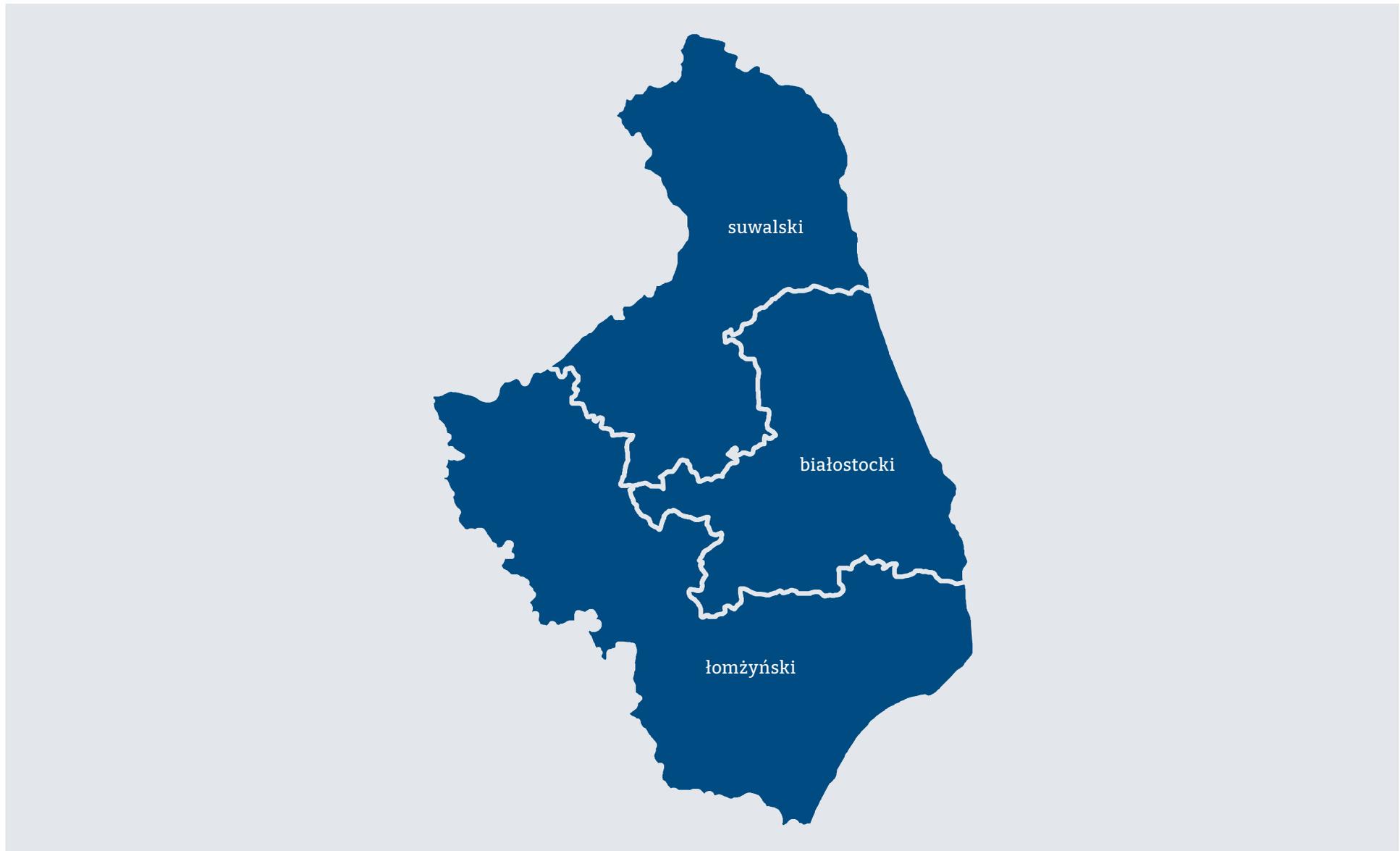


Podkarpackie Voivodeship Tarnobrzieski Region

# Tarnobrzieski Region

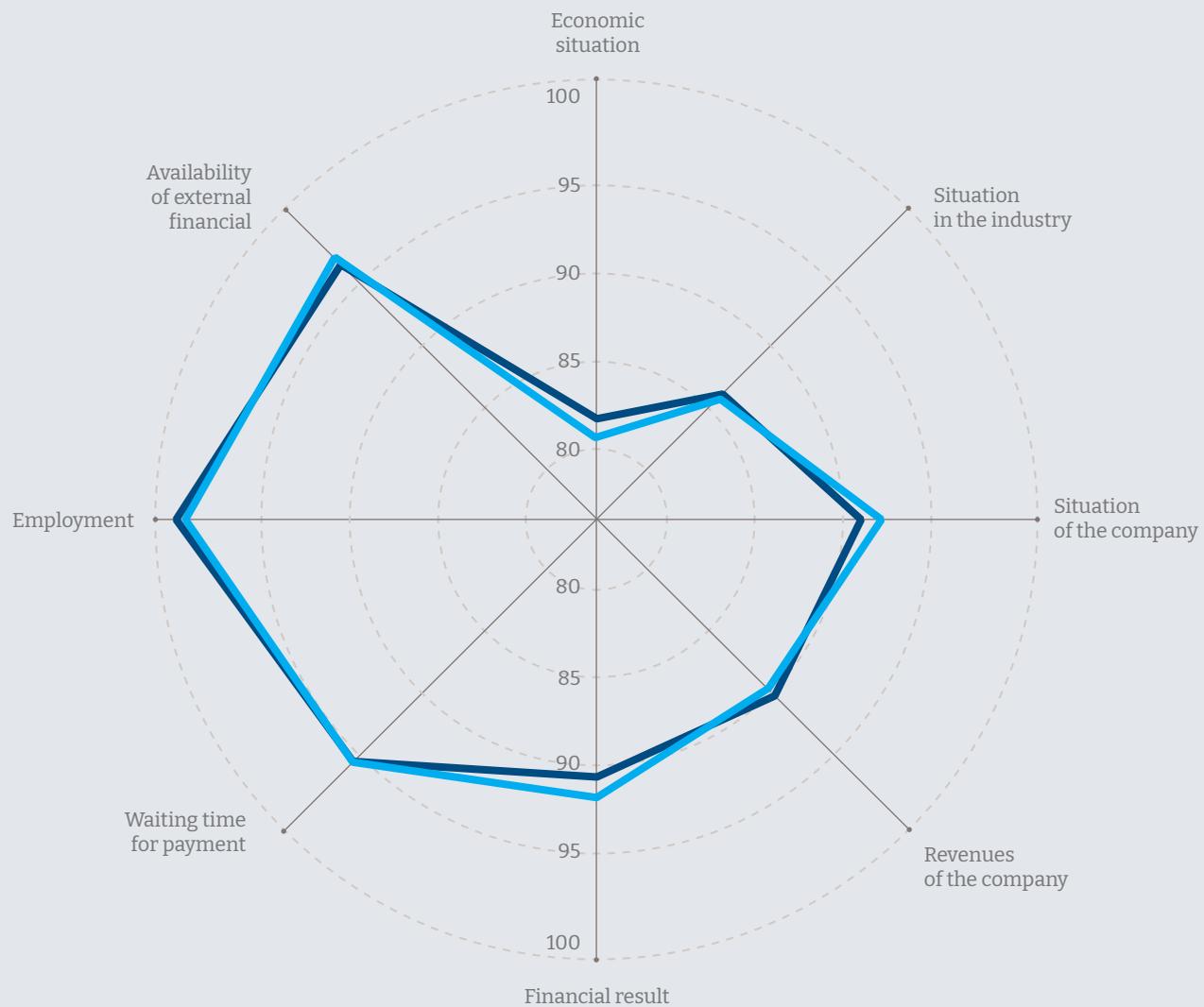


# Podlaskie Voivodeship



# Podlaskie Voivodeship

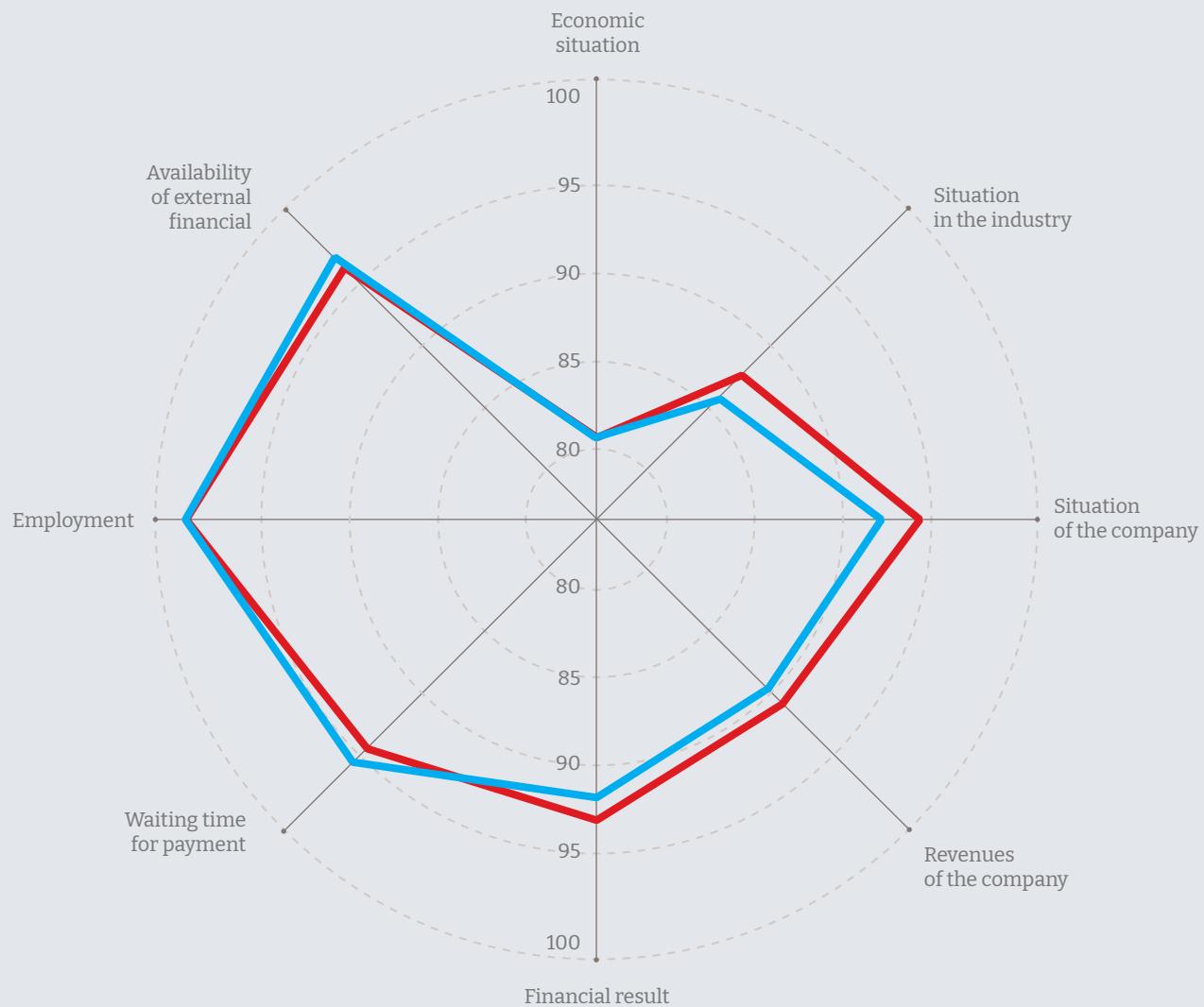
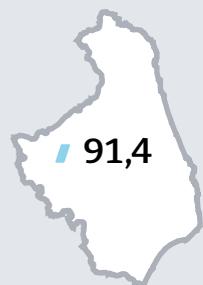
The General Business Climate Index for SMEs



■ Poland ■ Podlaskie Voivodeship

## Białostocki Region

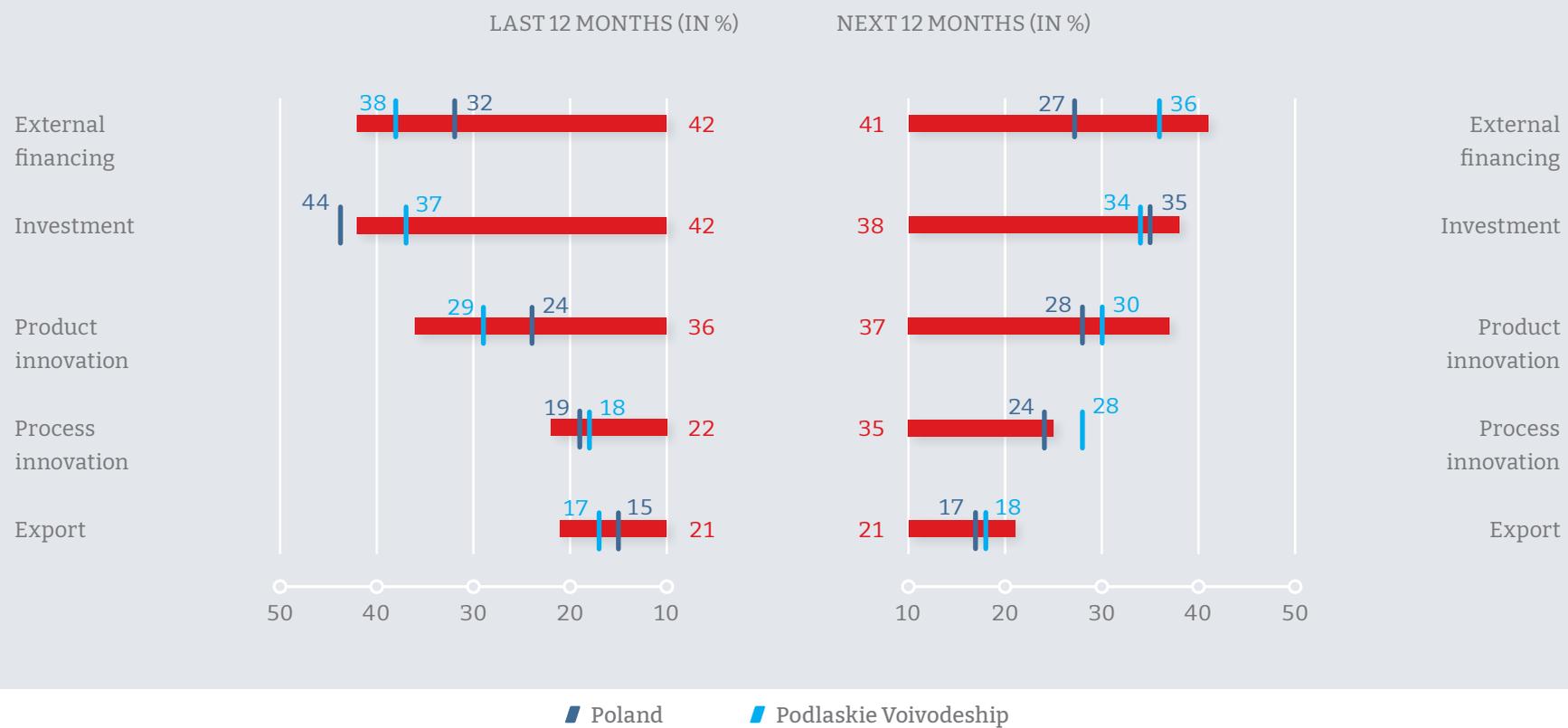
The General Business  
Climate Index for SMEs



Podlaskie Voivodeship

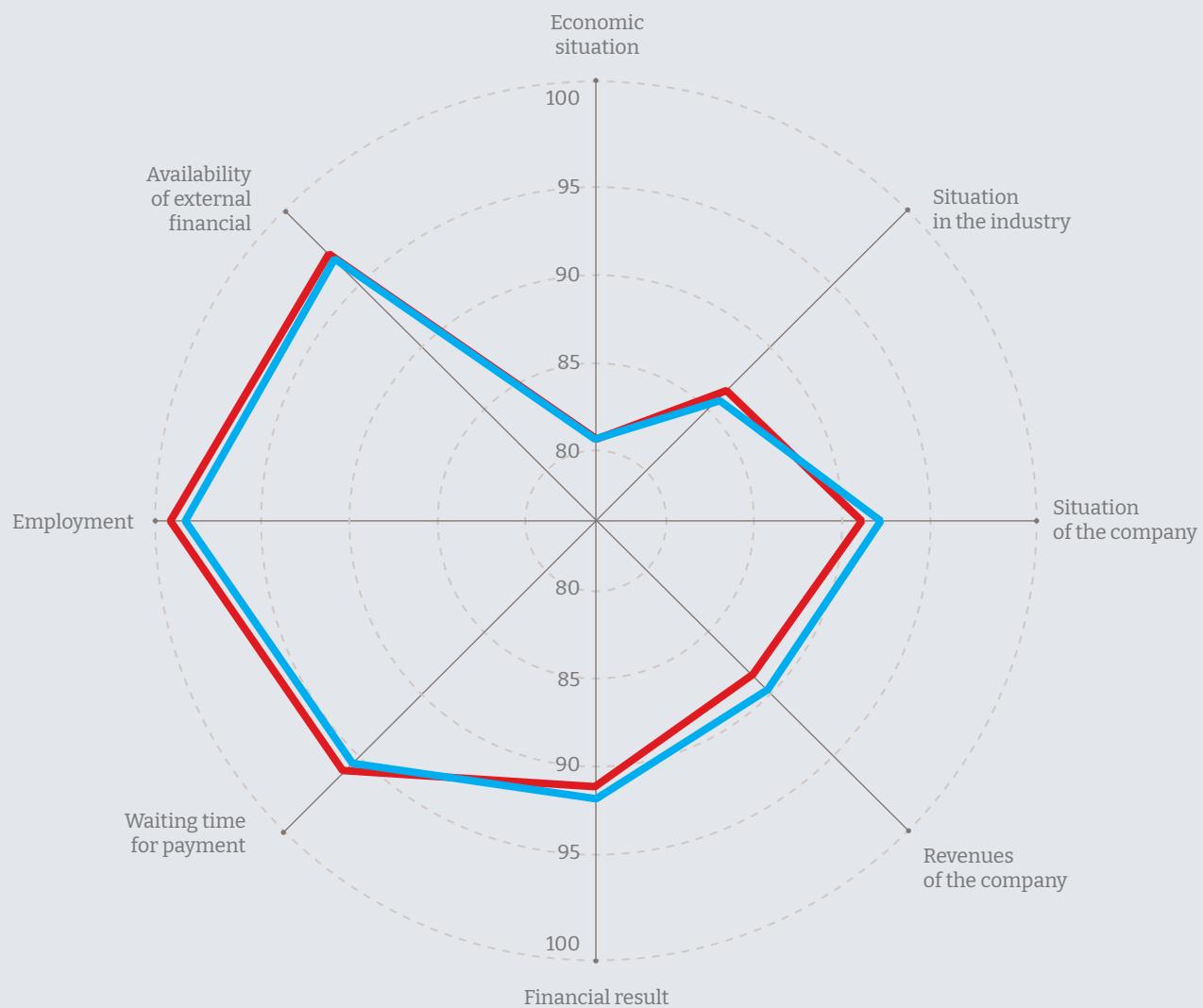
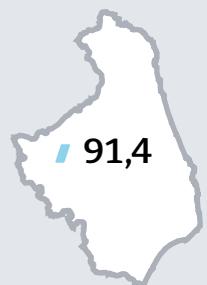
Białostocki Region

## Białostocki Region



## Łomżyński Region

The General Business  
Climate Index for SMEs



Podlaskie Voivodeship

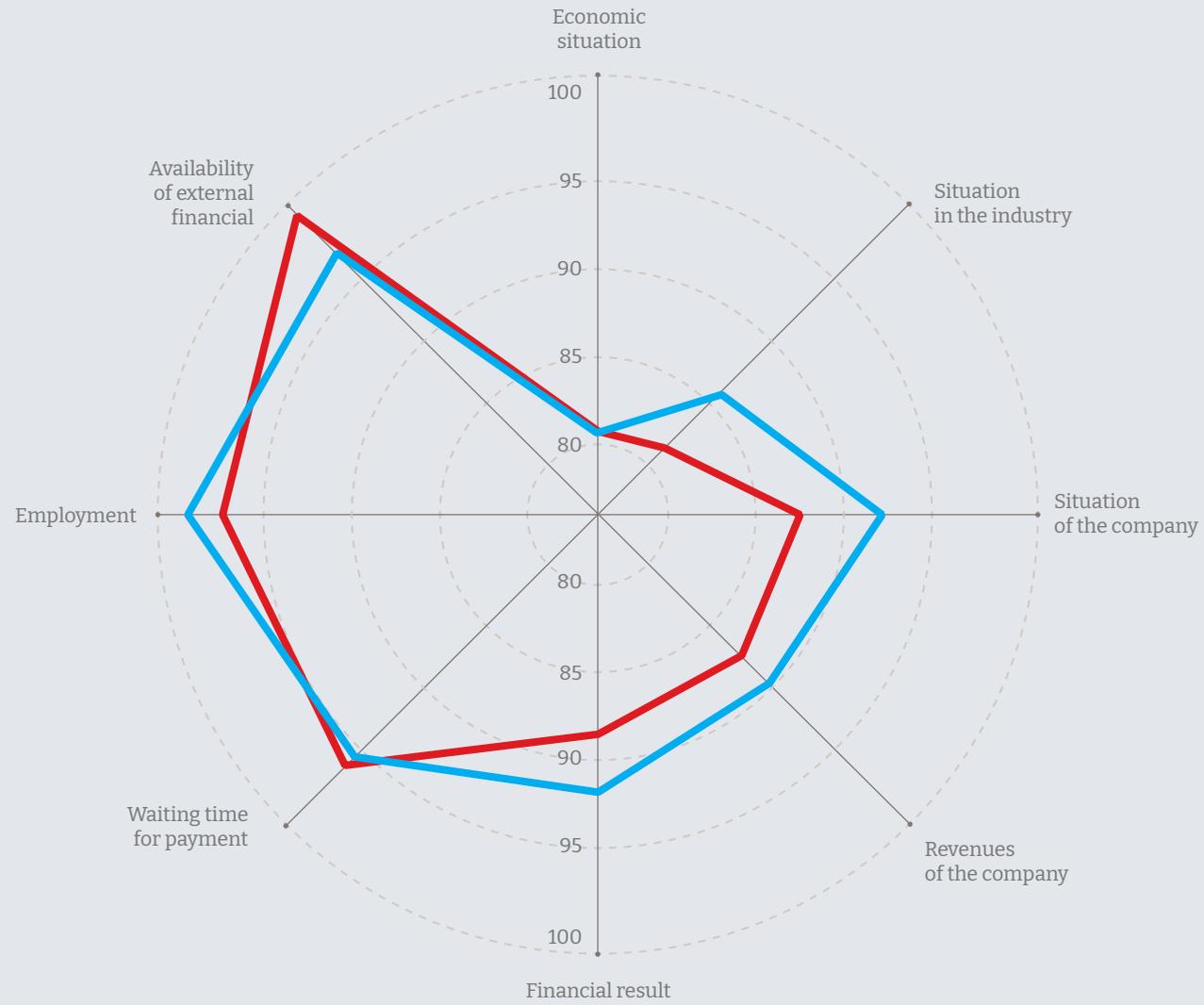
Łomżyński Region

## Łomżyński Region



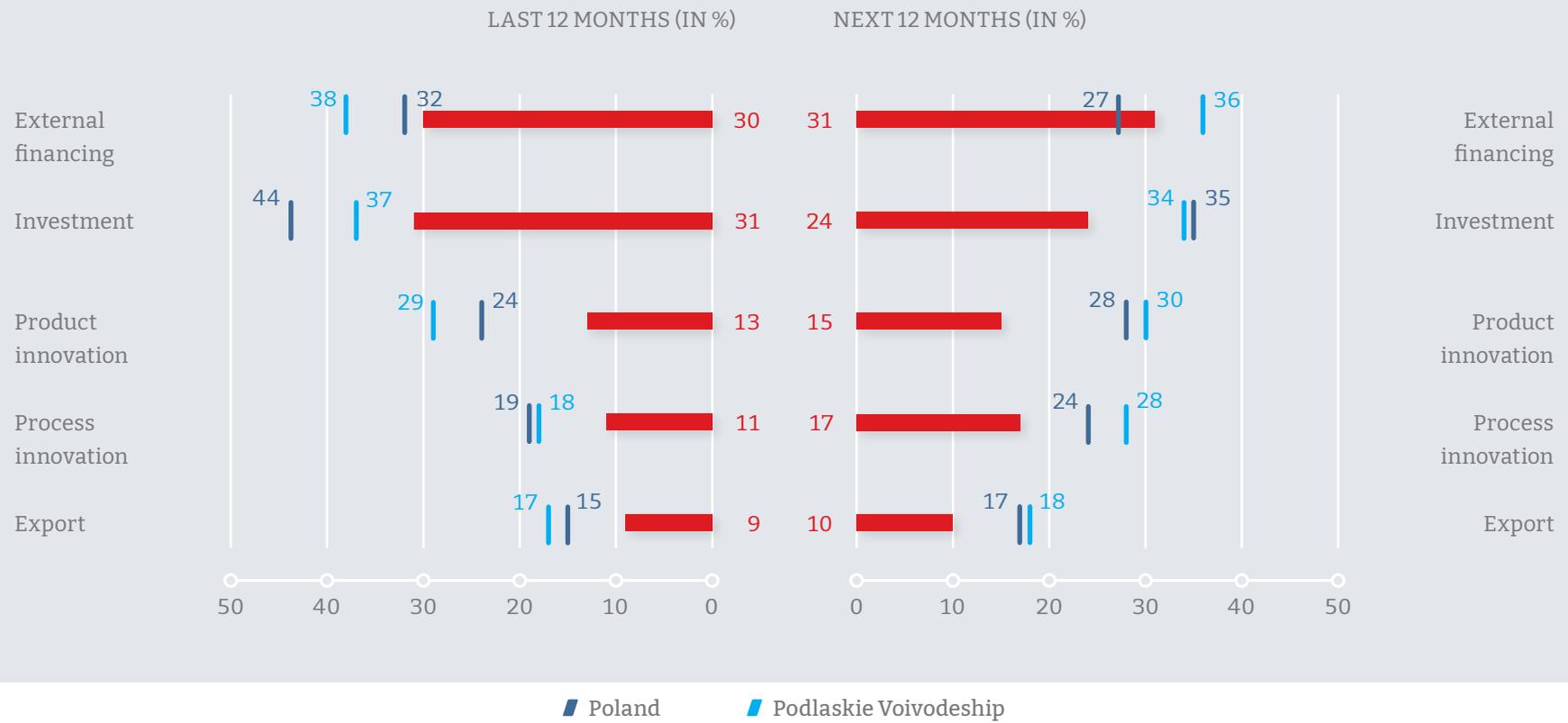
## Suwalski Region

The General Business  
Climate Index for SMEs



Podlaskie Voivodeship Suwalski Region

## Suwalski Region

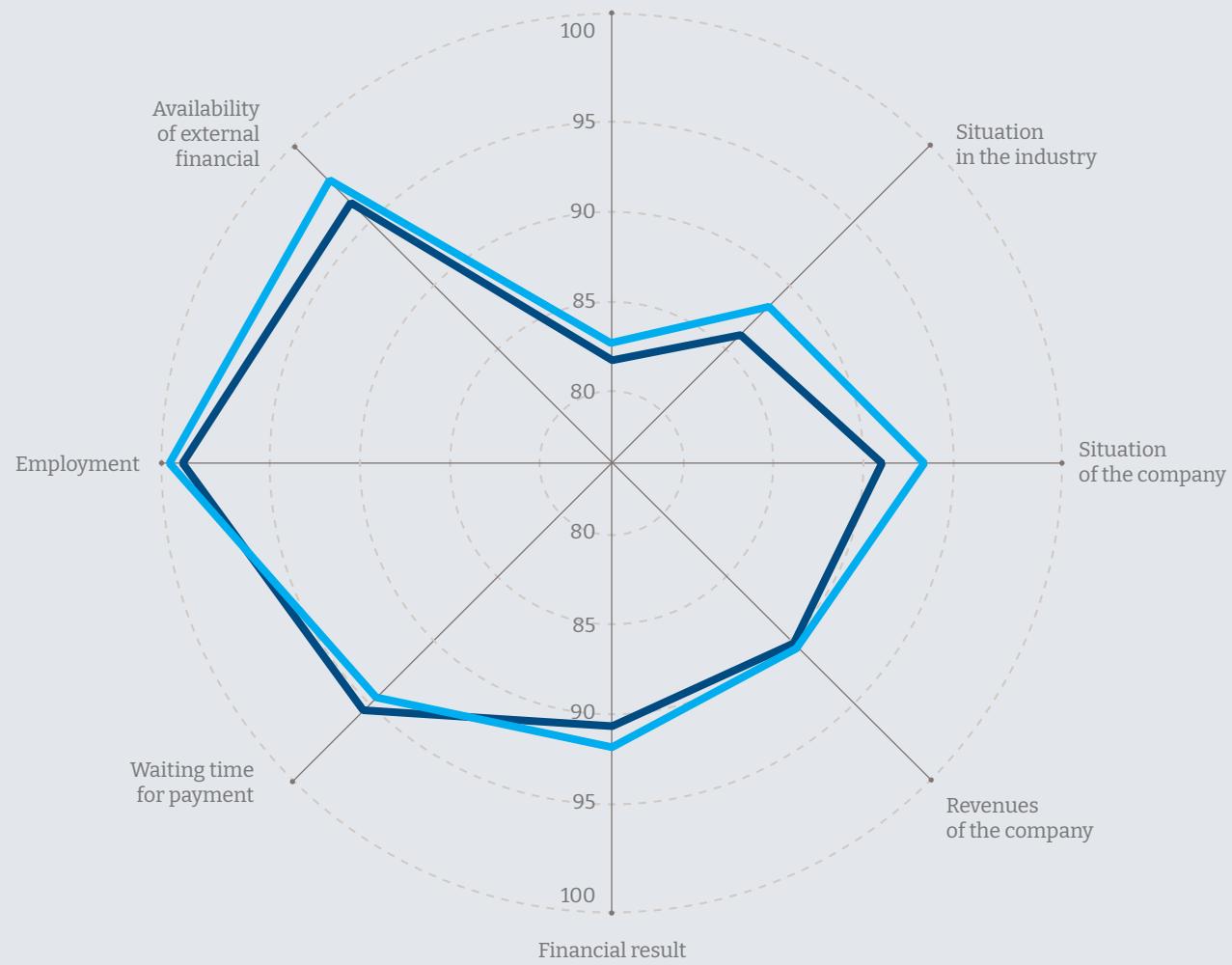


# Pomorskie Voivodeship



## Pomorskie Voivodeship

The General Business  
Climate Index for SMEs



■ Poland ■ Pomorskie Voivodeship

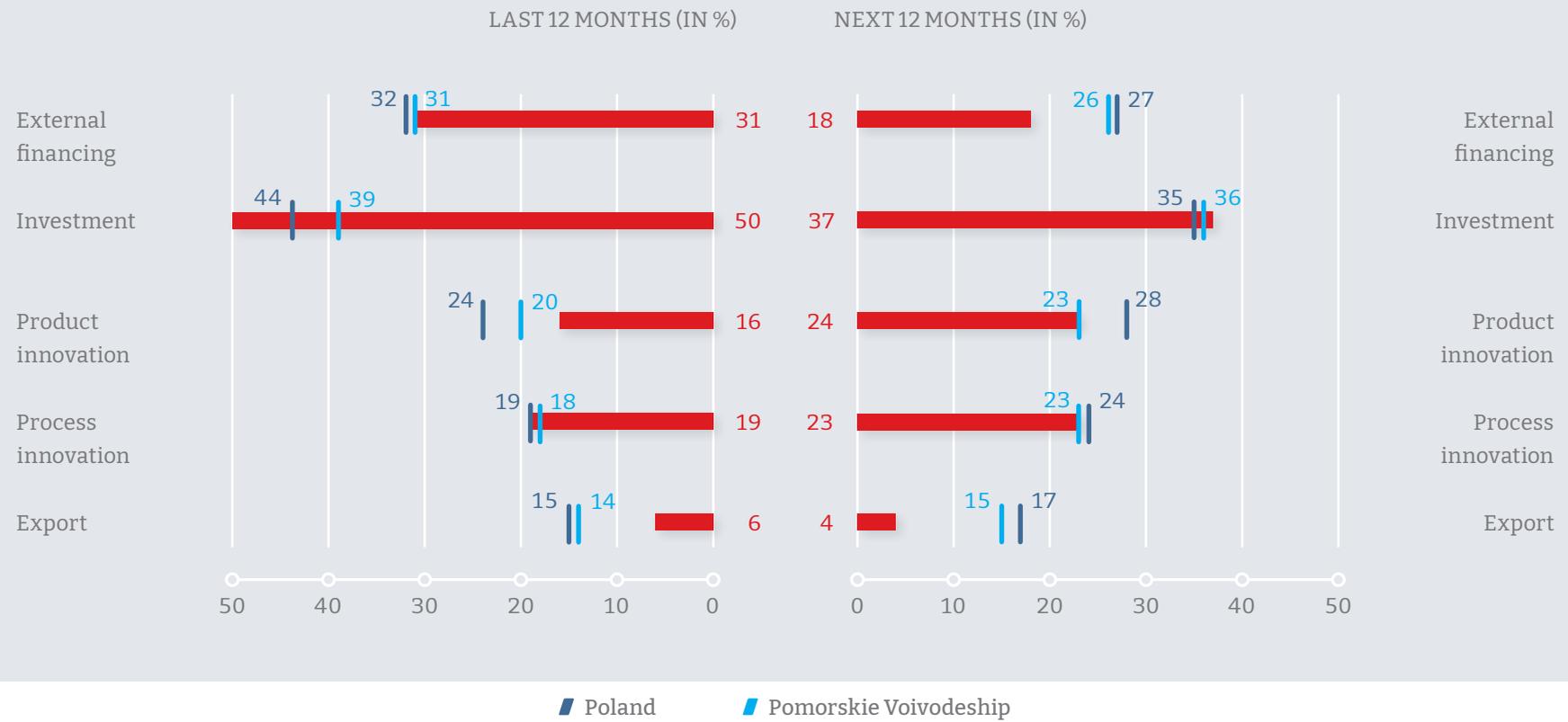
## Chojnicki Region

The General Business  
Climate Index for SMEs



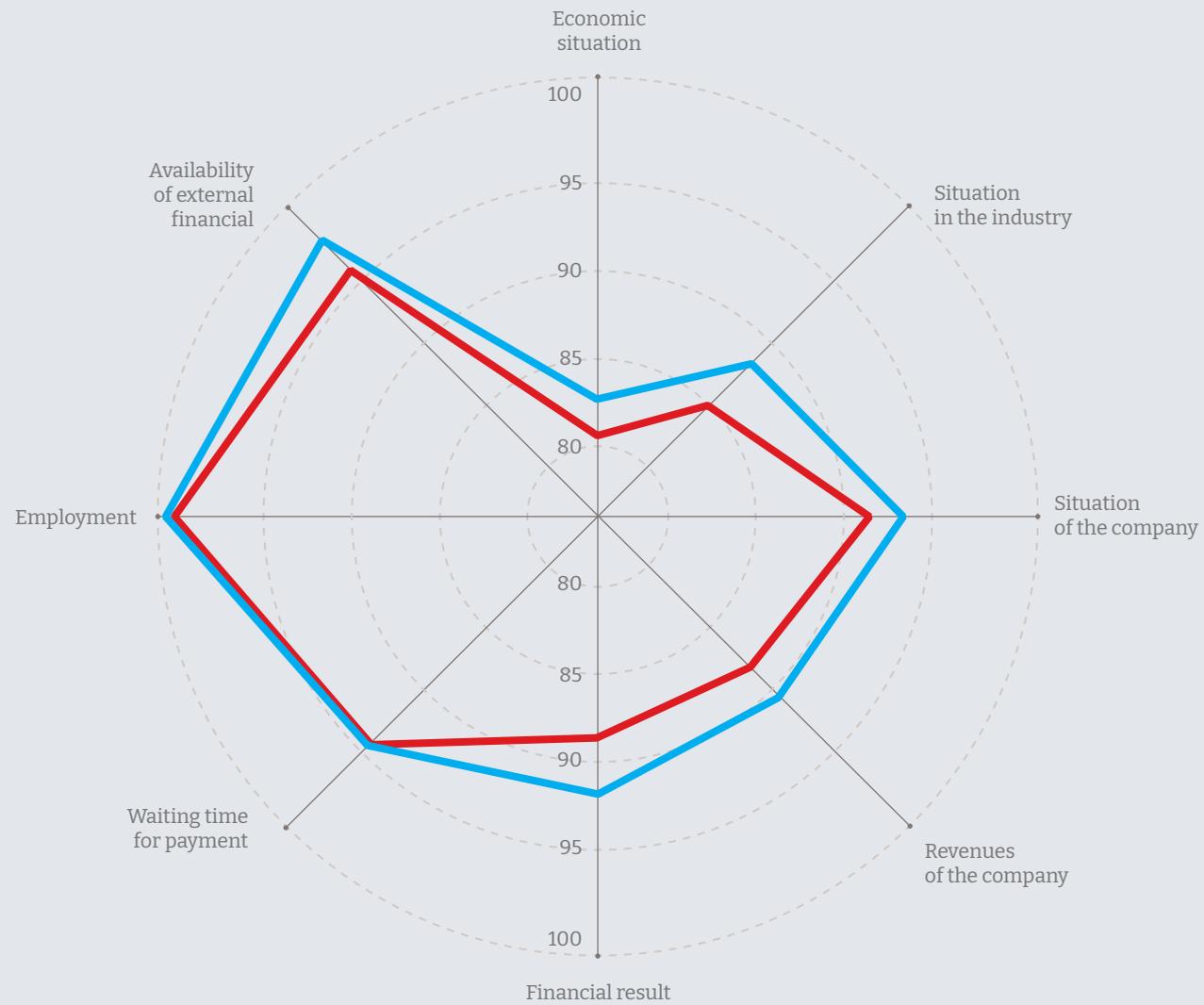
■ Pomorskie Voivodeship ■ Chojnicki Region

## Chojnicki Region



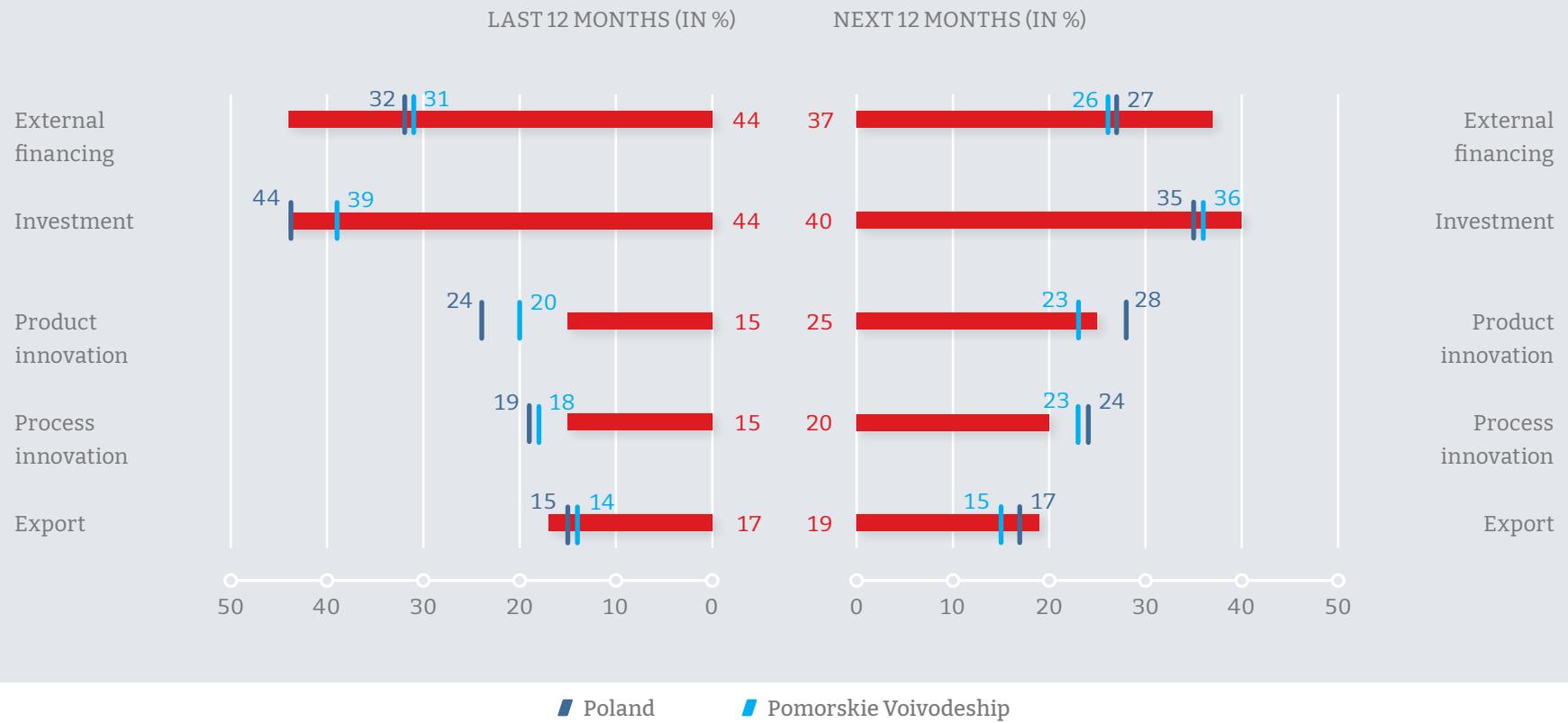
## Słupski Region

The General Business  
Climate Index for SMEs



■ Pomorskie Voivodeship ■ Słupski Region

## Słupski Region



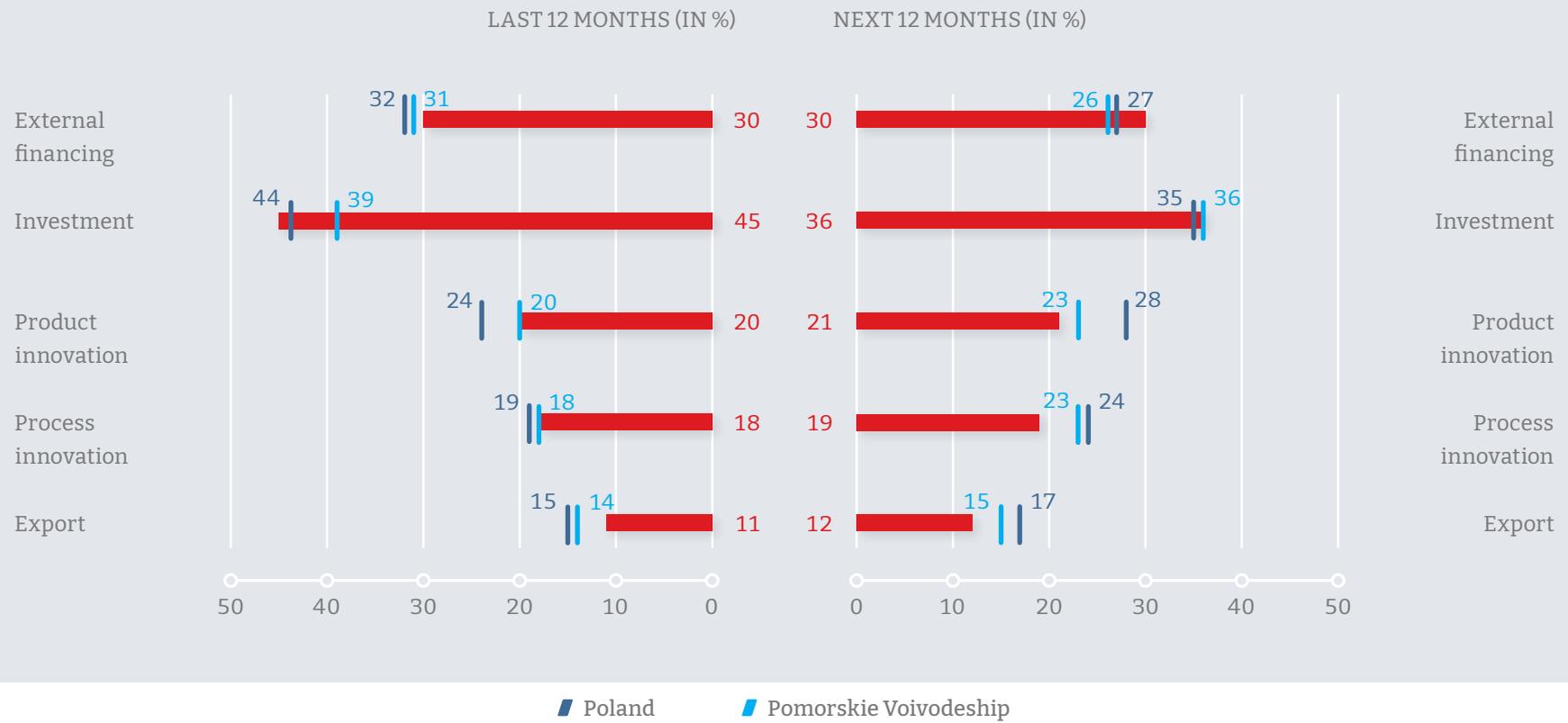
## Gdański Region

The General Business  
Climate Index for SMEs



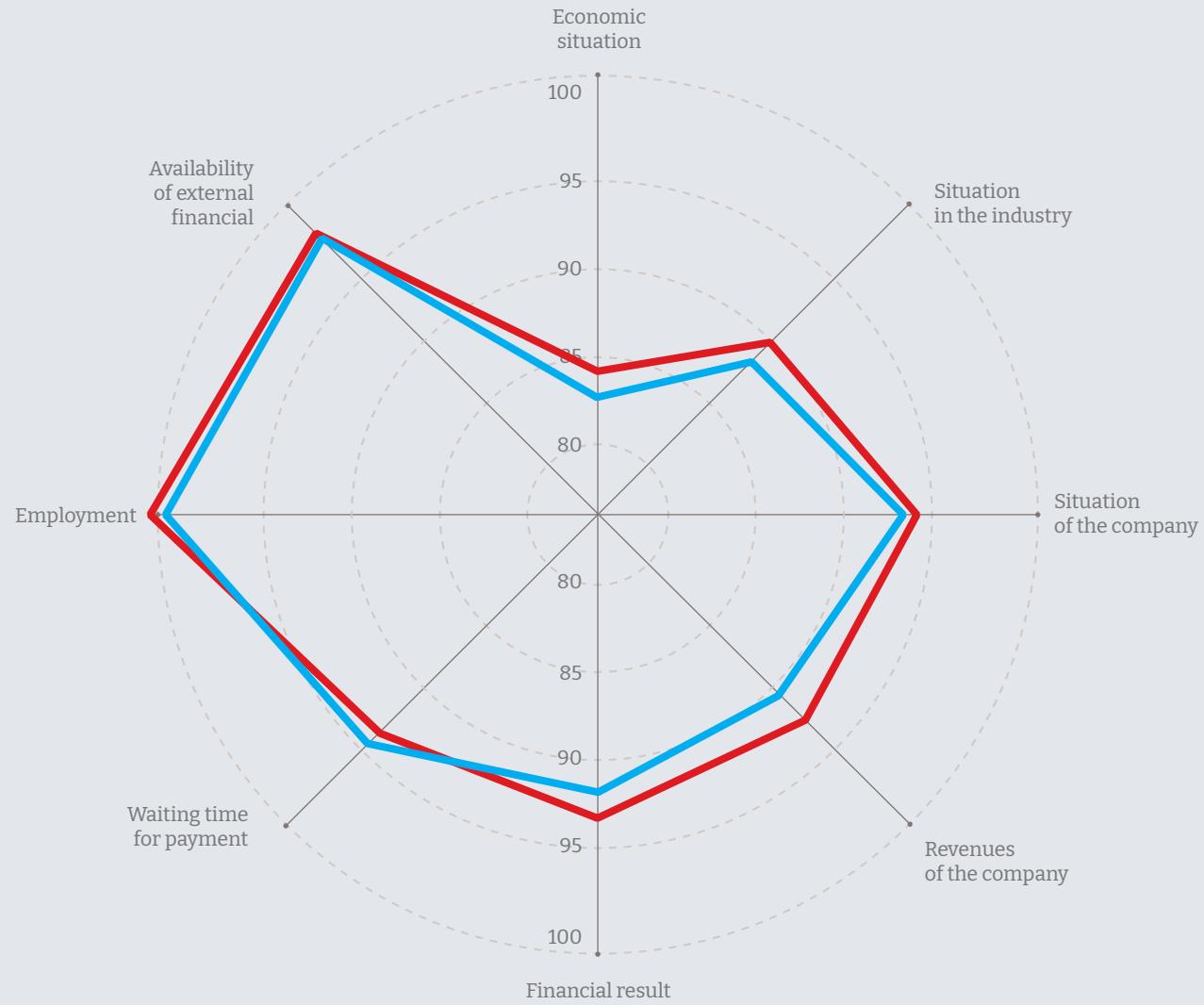
■ Pomorskie Voivodeship ■ Gdański Region

## Gdański Region



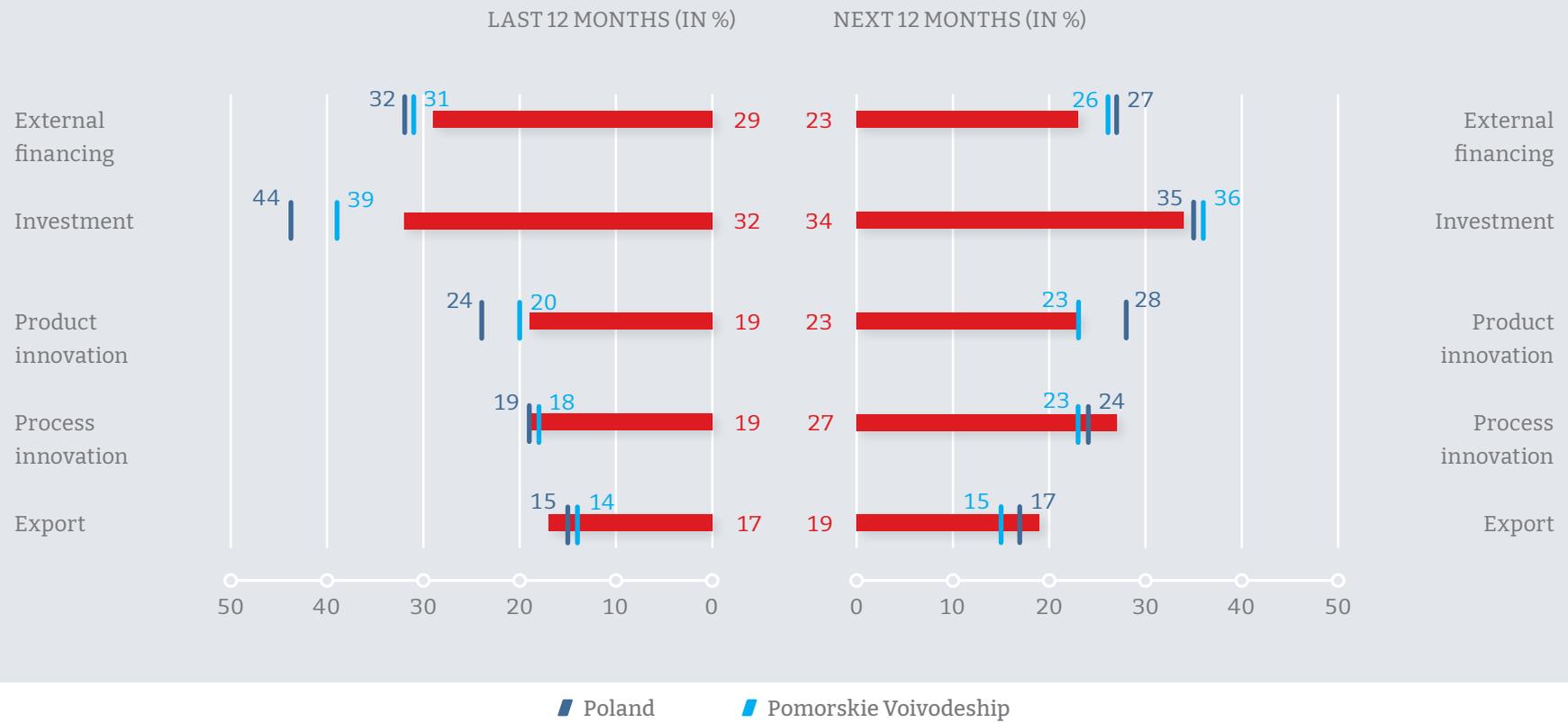
## Trójmiejski Region

The General Business  
Climate Index for SMEs



■ Pomorskie Voivodeship ■ Trójmiejski Region

## Trójmiejski Region



## Starogardzki Region

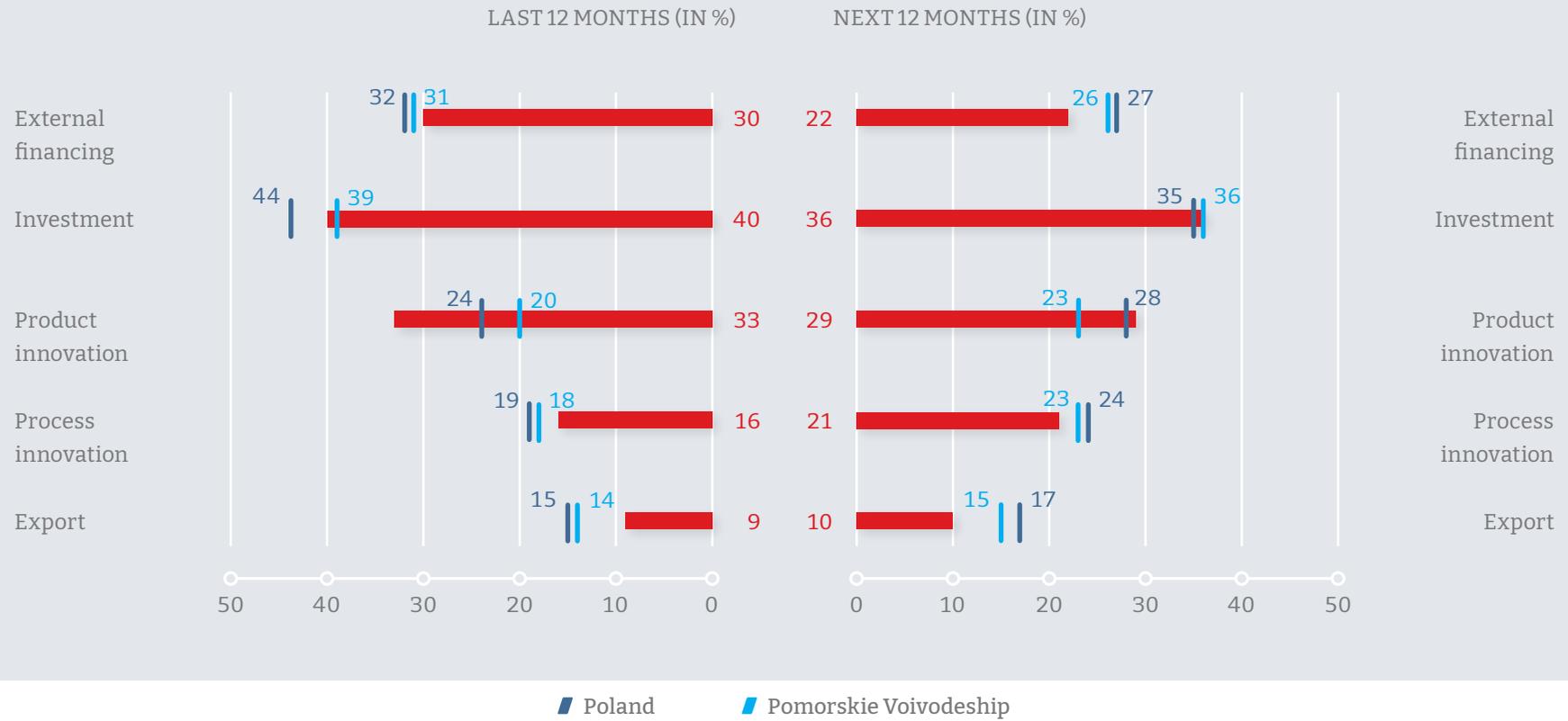
The General Business  
Climate Index for SMEs



Pomorskie Voivodeship

Starogardzki Region

## Starogardzki Region



# Śląskie Voivodeship



## Śląskie Voivodeship

The General Business  
Climate Index for SMEs



■ Poland ■ Śląskie Voivodeship

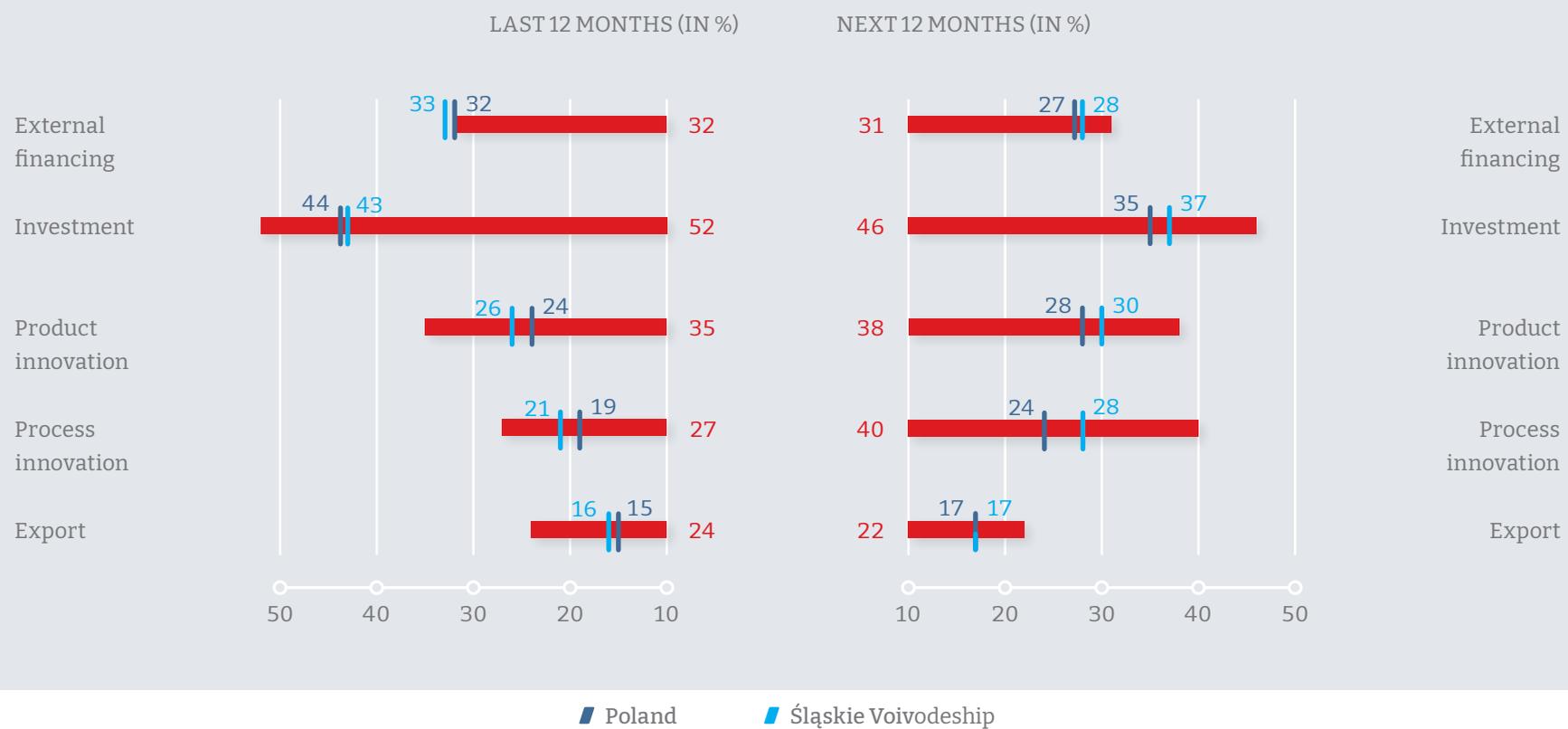
## Bielski Region

The General Business  
Climate Index for SMEs



■ Śląskie Voivodeship ■ Bielski Region

## Bielski Region



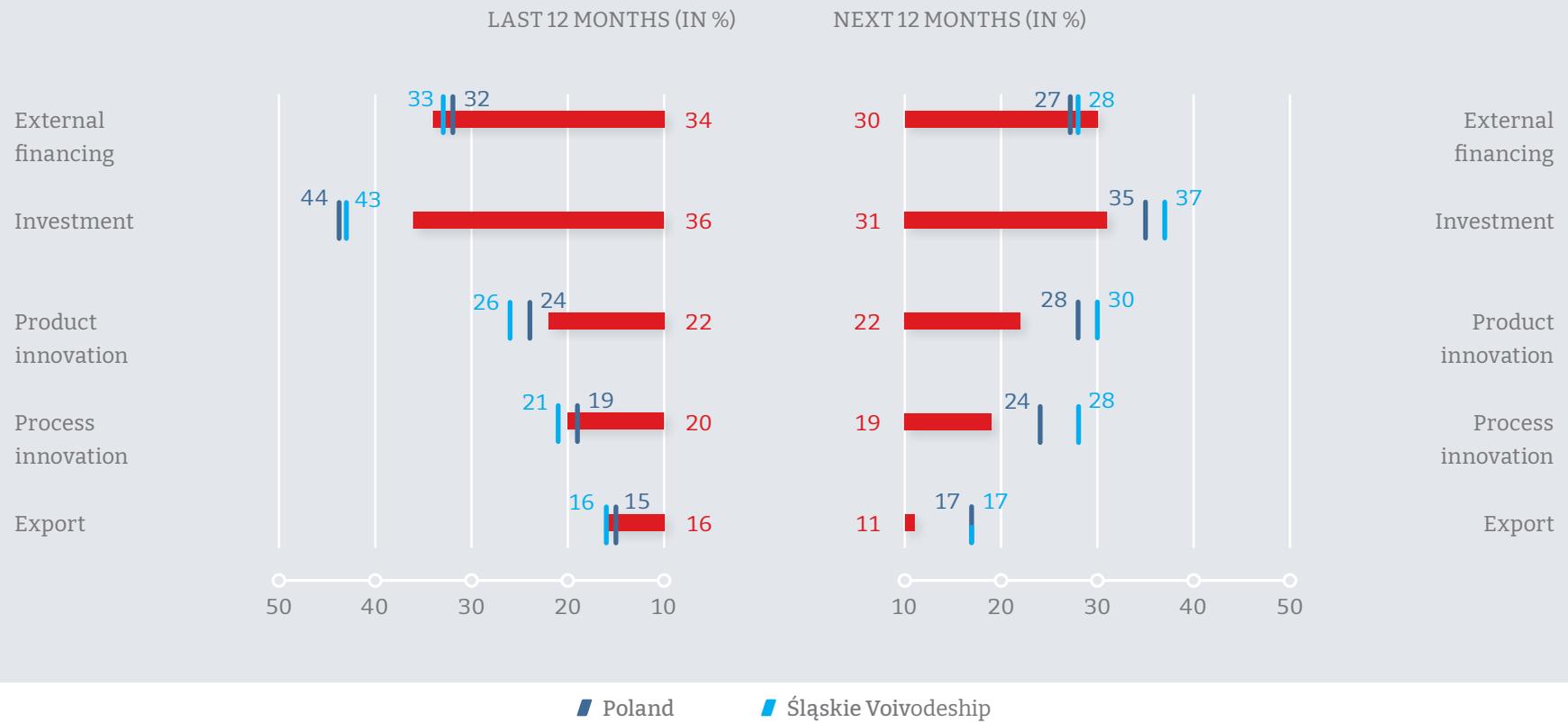
## Bytomski Region

The General Business  
Climate Index for SMEs



■ Śląskie Voivodeship ■ Bytomski Region

## Bytomski Region



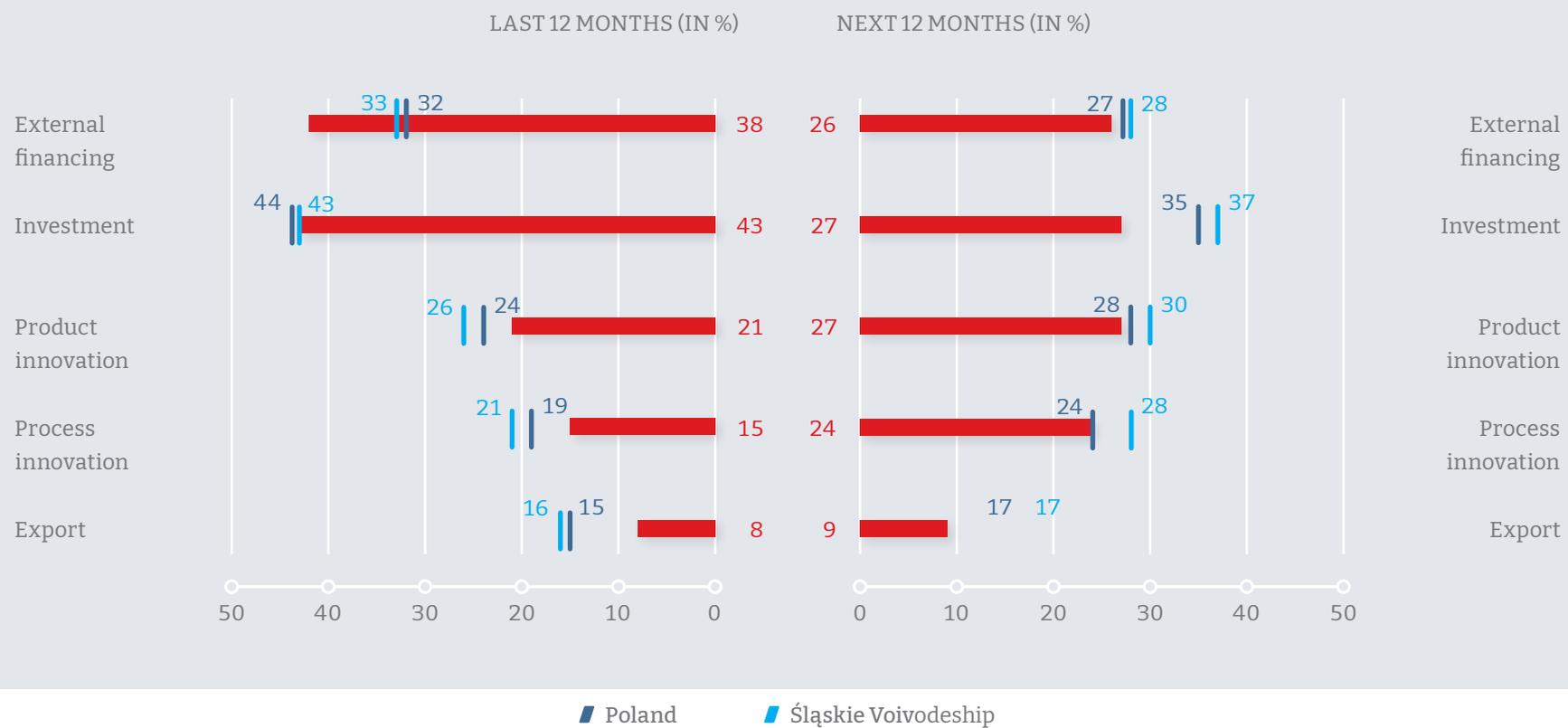
## Częstochoowski Region

The General Business  
Climate Index for SMEs



■ Śląskie Voivodeship ■ Częstochoowski Region

## Częstochowski Region



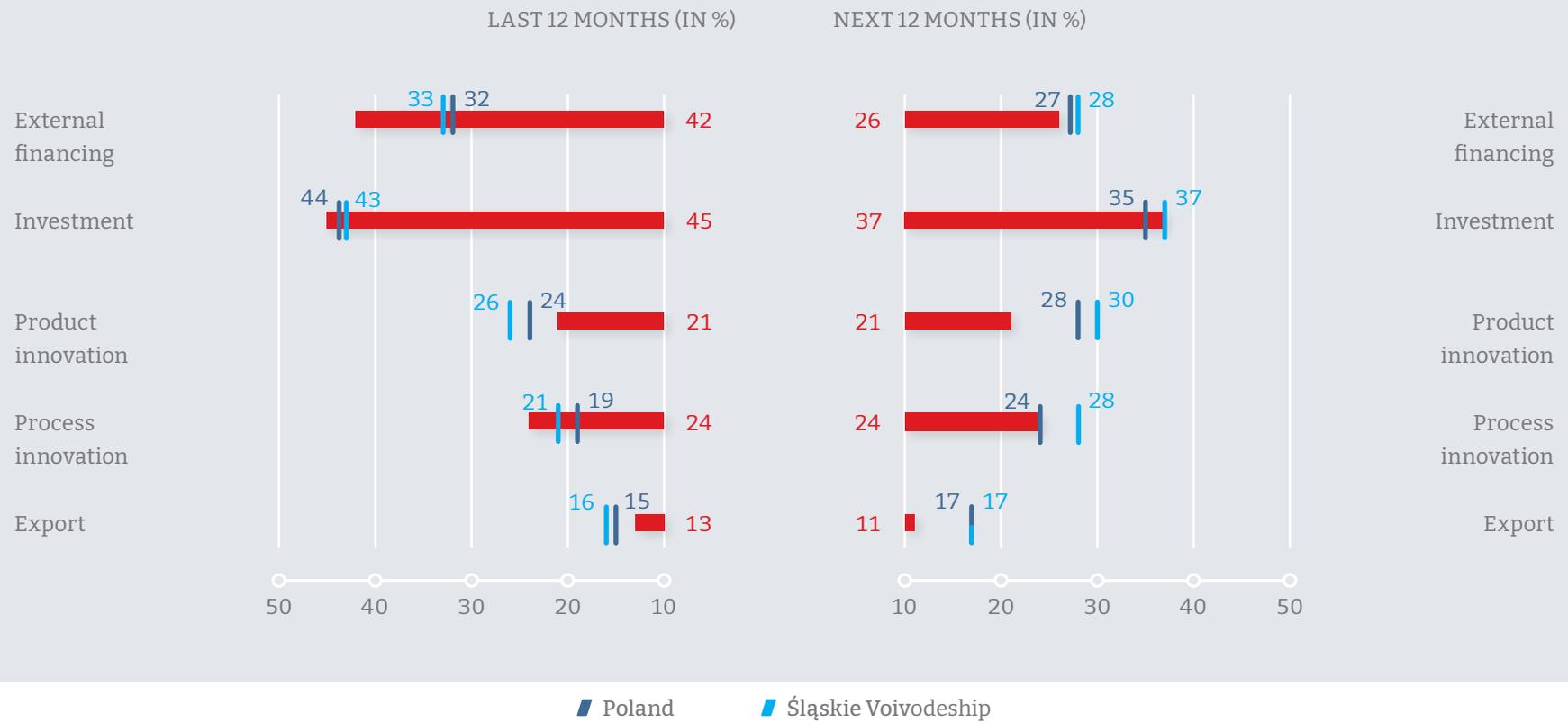
## Gliwicki Region

The General Business  
Climate Index for SMEs



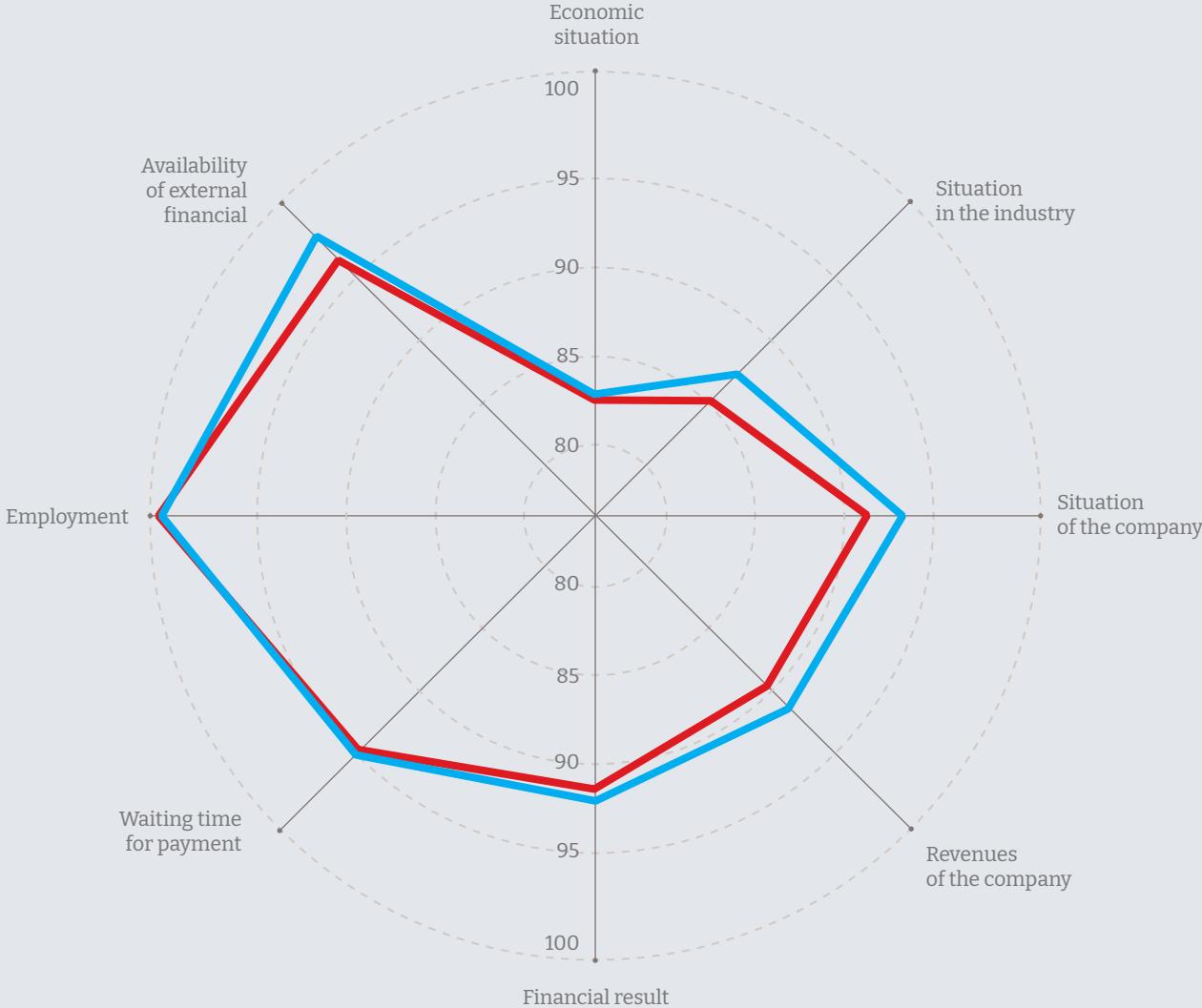
■ Śląskie Voivodeship ■ Gliwicki Region

## Gliwicki Region



# Katowicki Region

The General Business Climate Index for SMEs



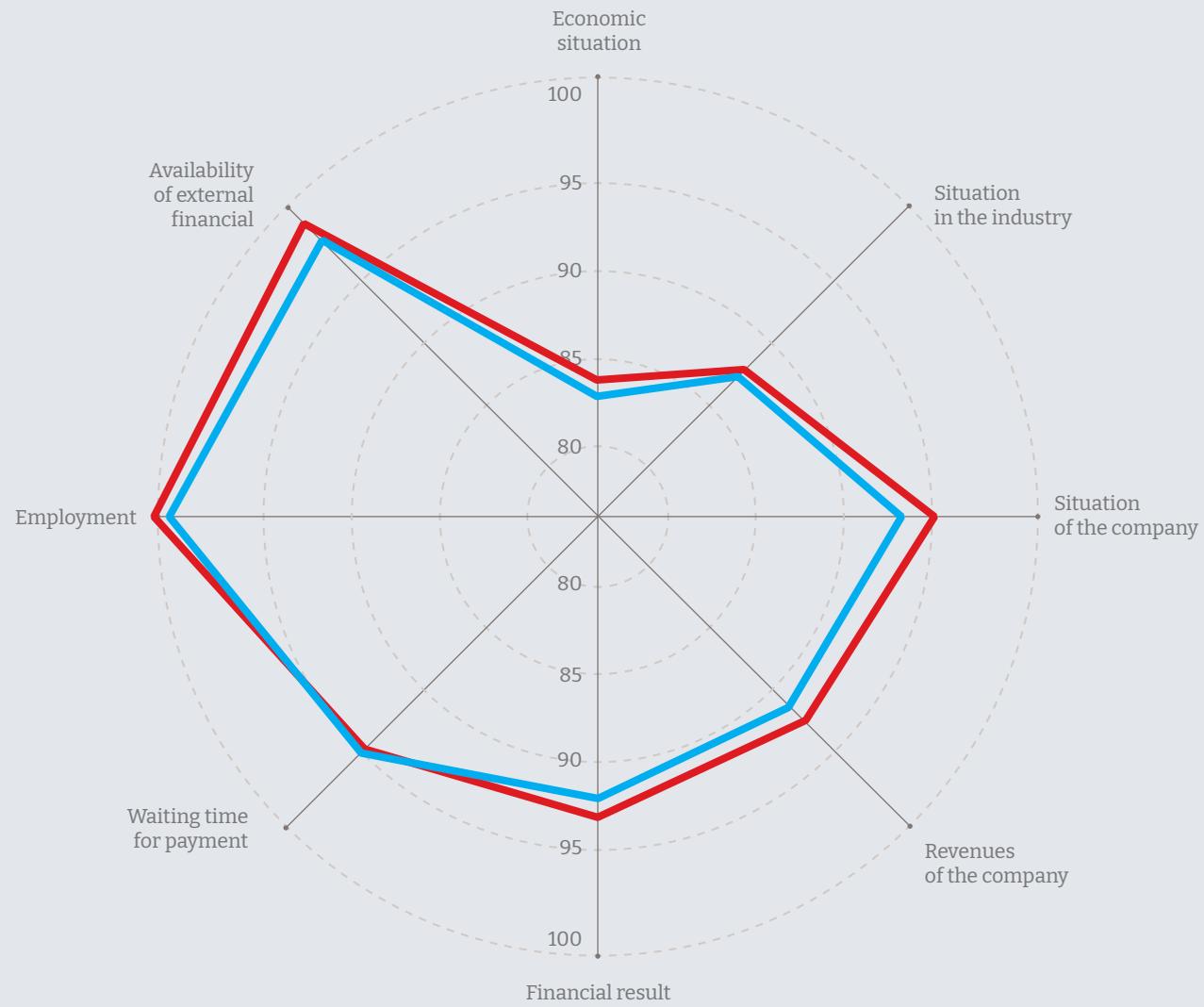
■ Śląskie Voivodeship   ■ Katowicki Region

# Katowicki Region



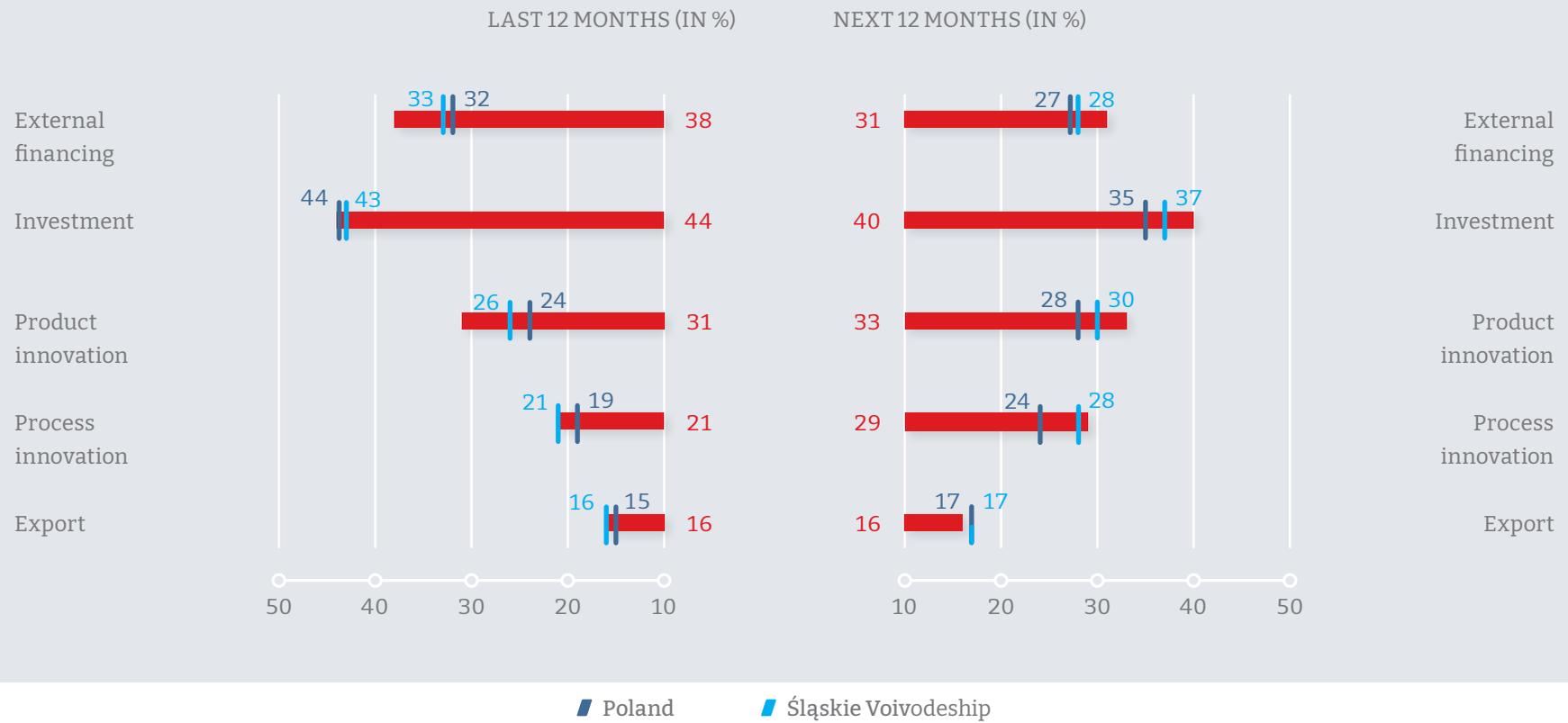
## Rybnicki Region

The General Business  
Climate Index for SMEs



■ Śląskie Voivodeship ■ Rybnicki Region

## Rybnicki Region



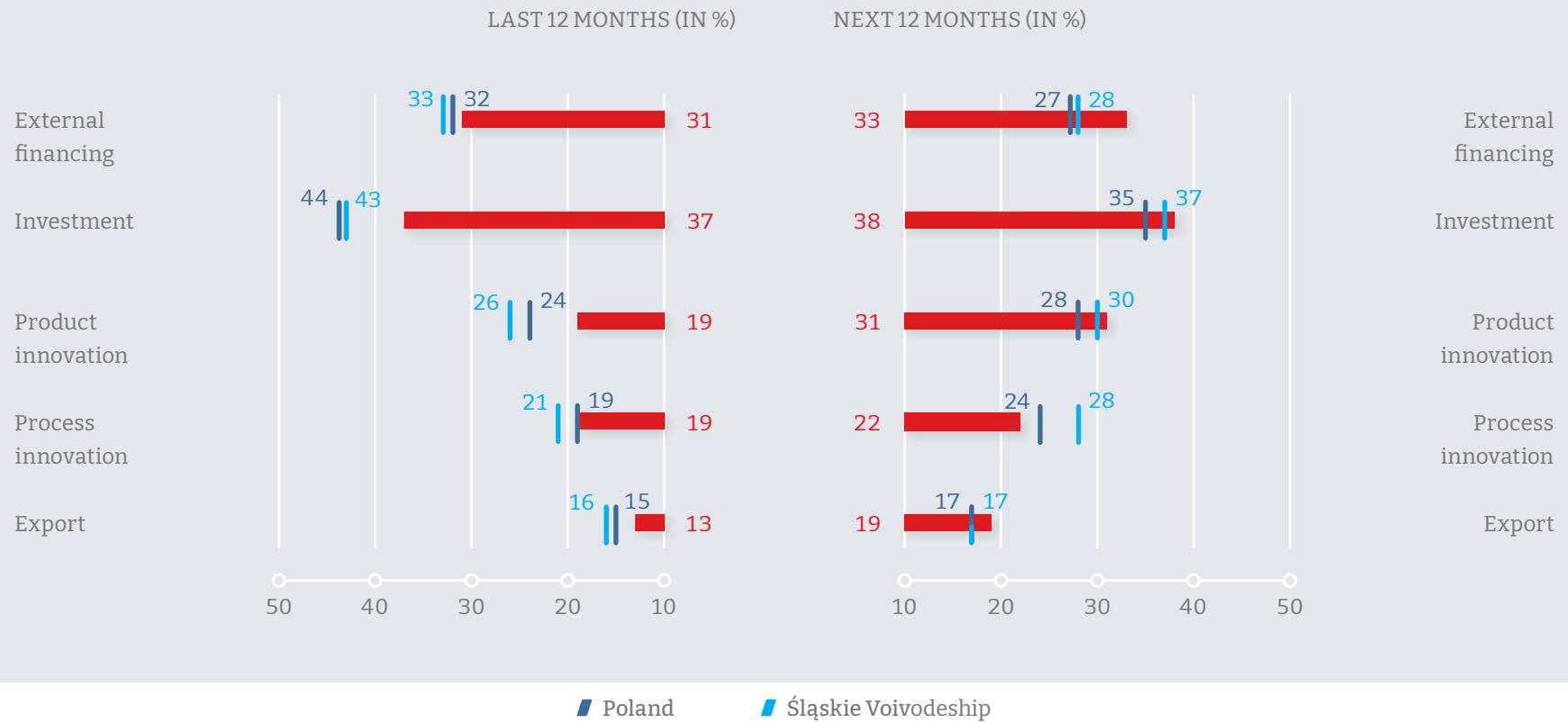
## Sosnowiecki Region

The General Business  
Climate Index for SMEs



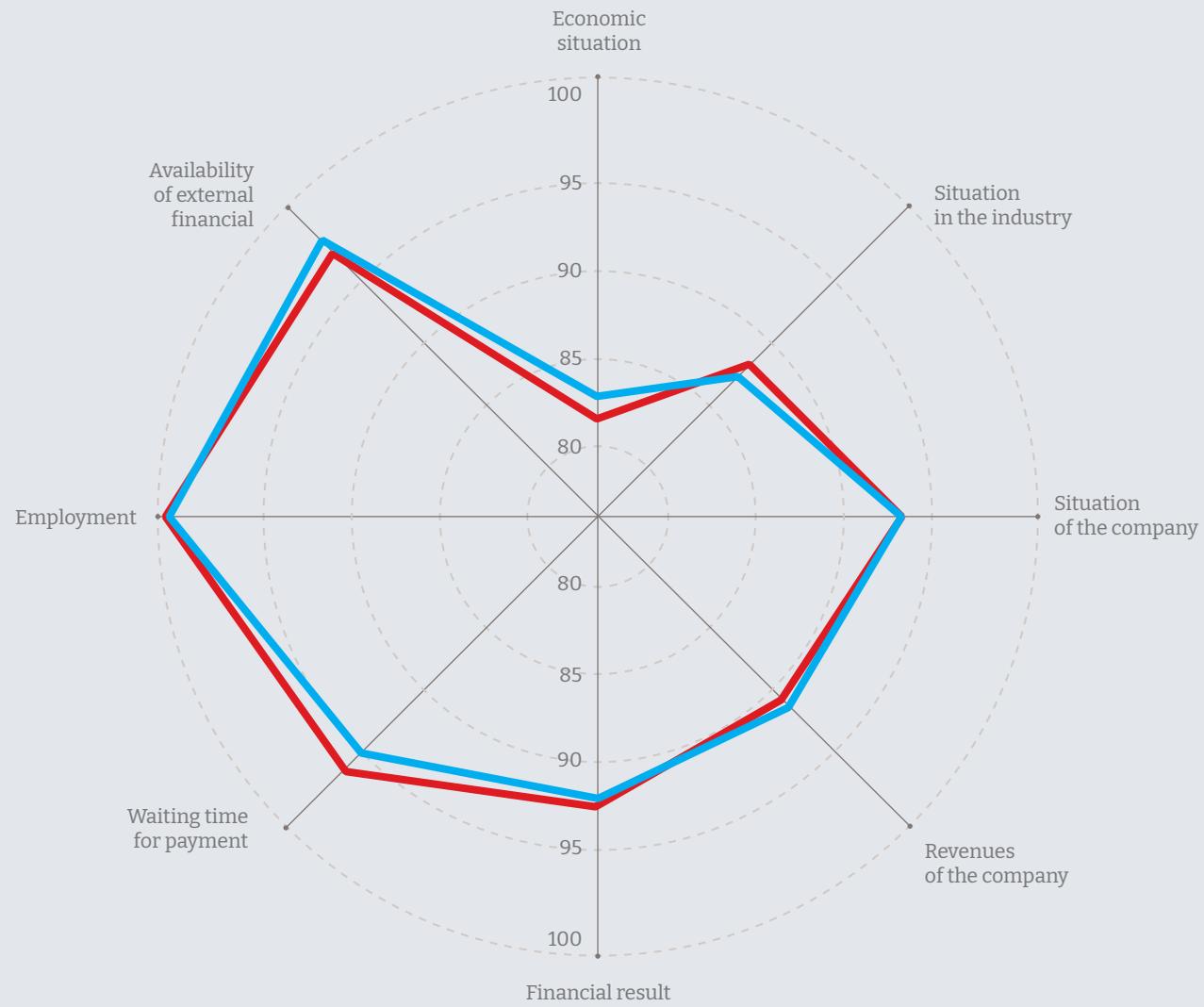
■ Śląskie Voivodeship ■ Sosnowiecki Region

## Sosnowiecki Region



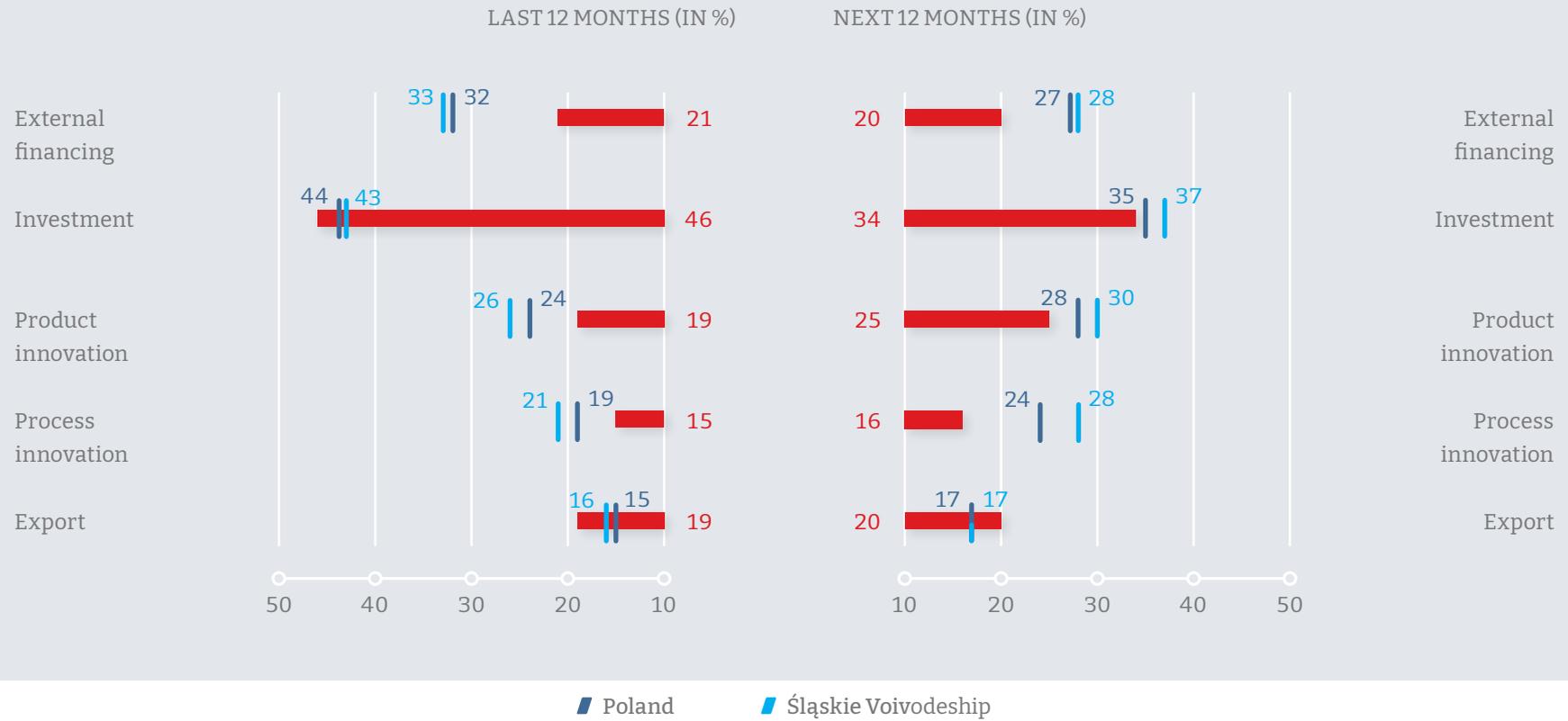
## Tyski Region

The General Business  
Climate Index for SMEs



■ Śląskie Voivodeship ■ Tyski Region

## Tyski Region

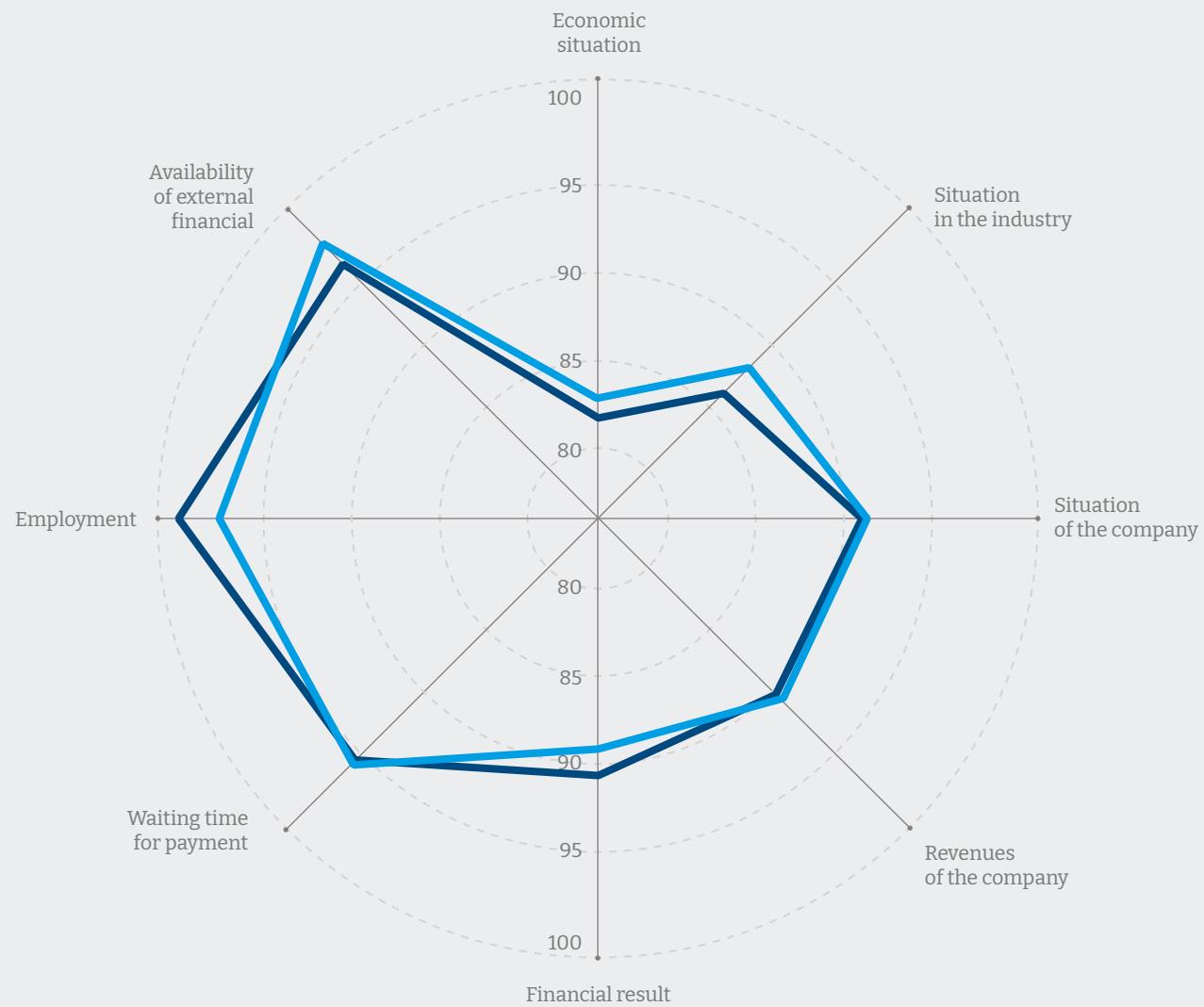


# Świętokrzyskie Voivodeship



## Świętokrzyskie Voivodeship

The General Business  
Climate Index for SMEs

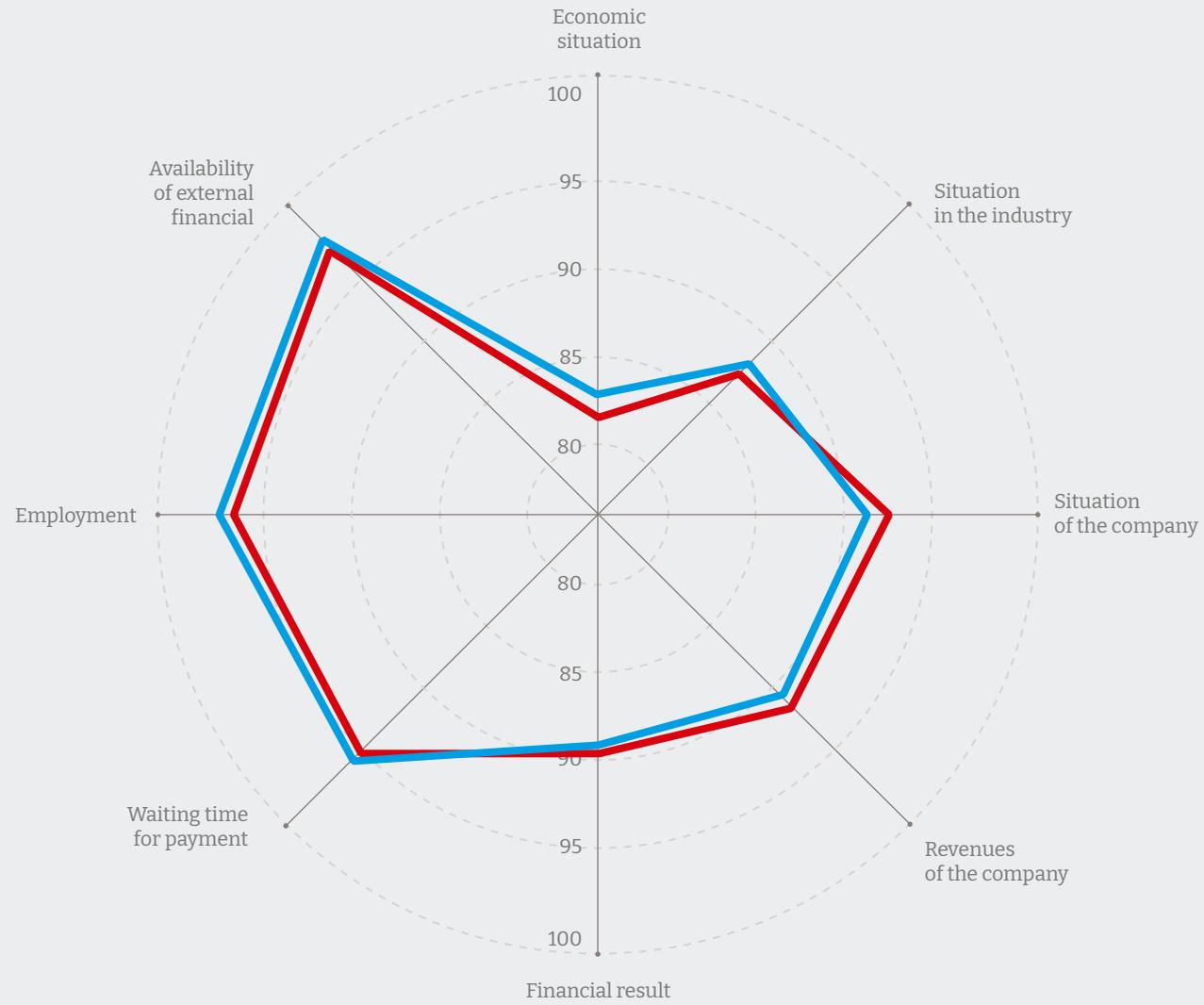


Poland

Świętokrzyskie Voivodeship

## Kielecki Region

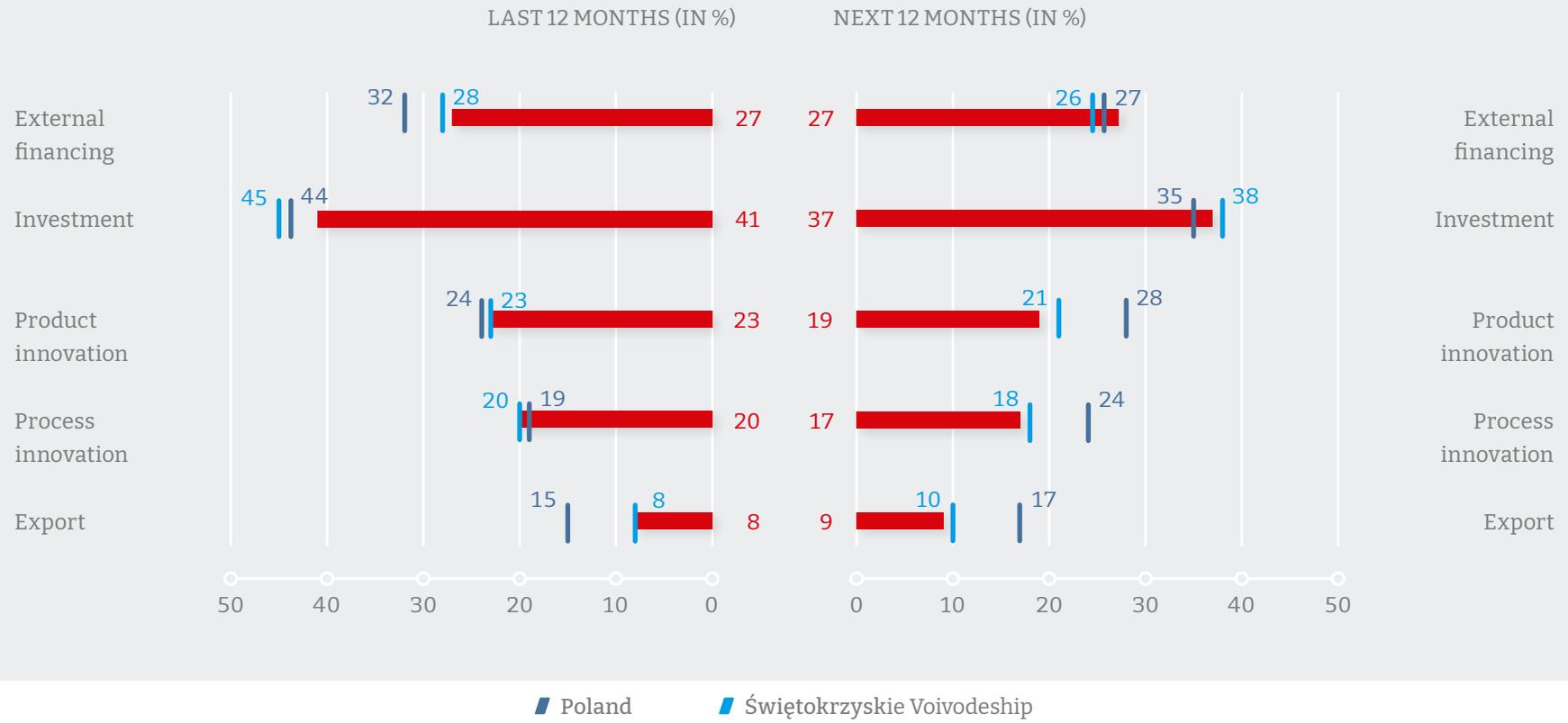
The General Business  
Climate Index for SMEs



Świętokrzyskie Voivodeship

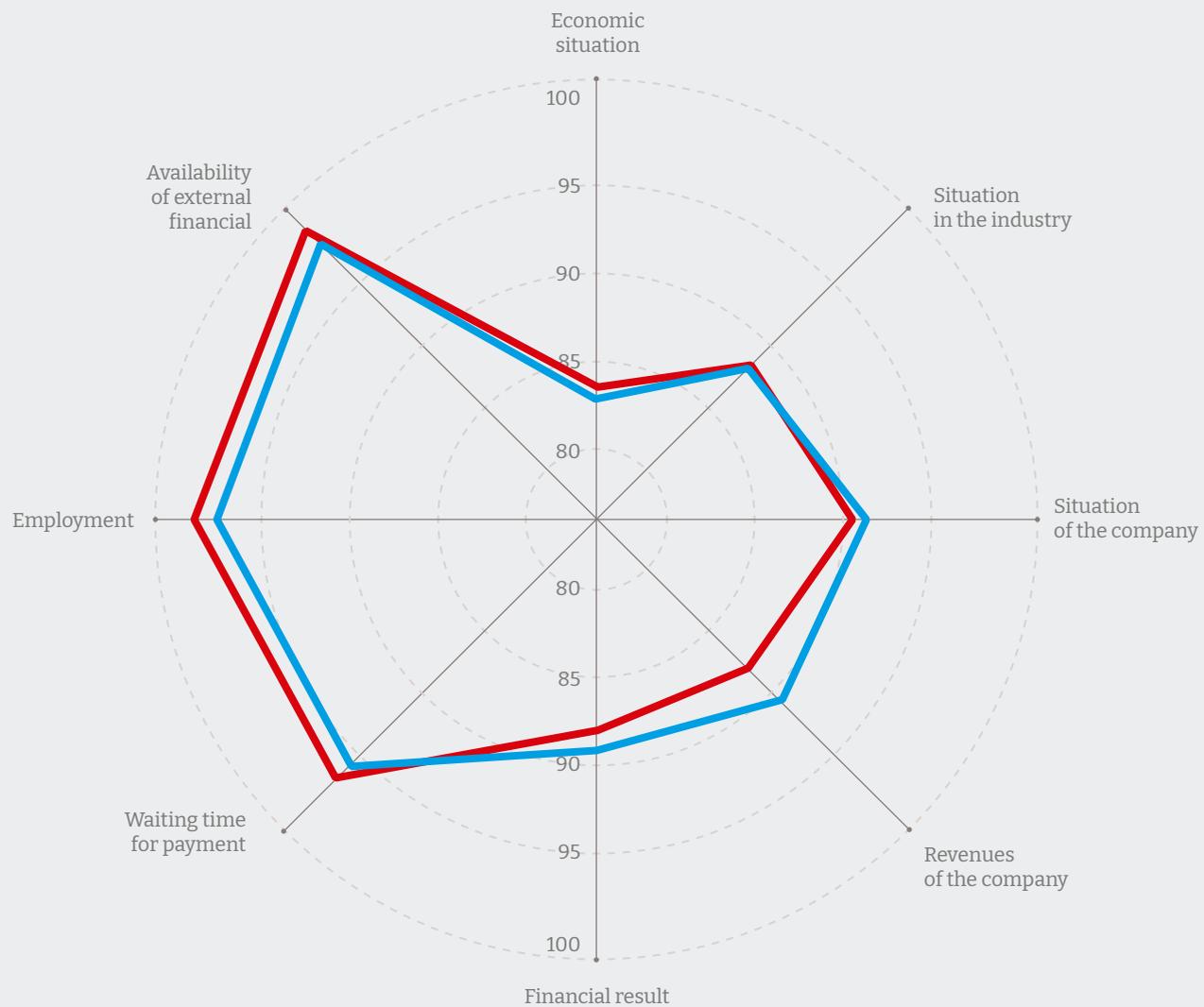
Kielecki Region

## Kielecki Region



## Sandomiersko-jędrzejowski Region

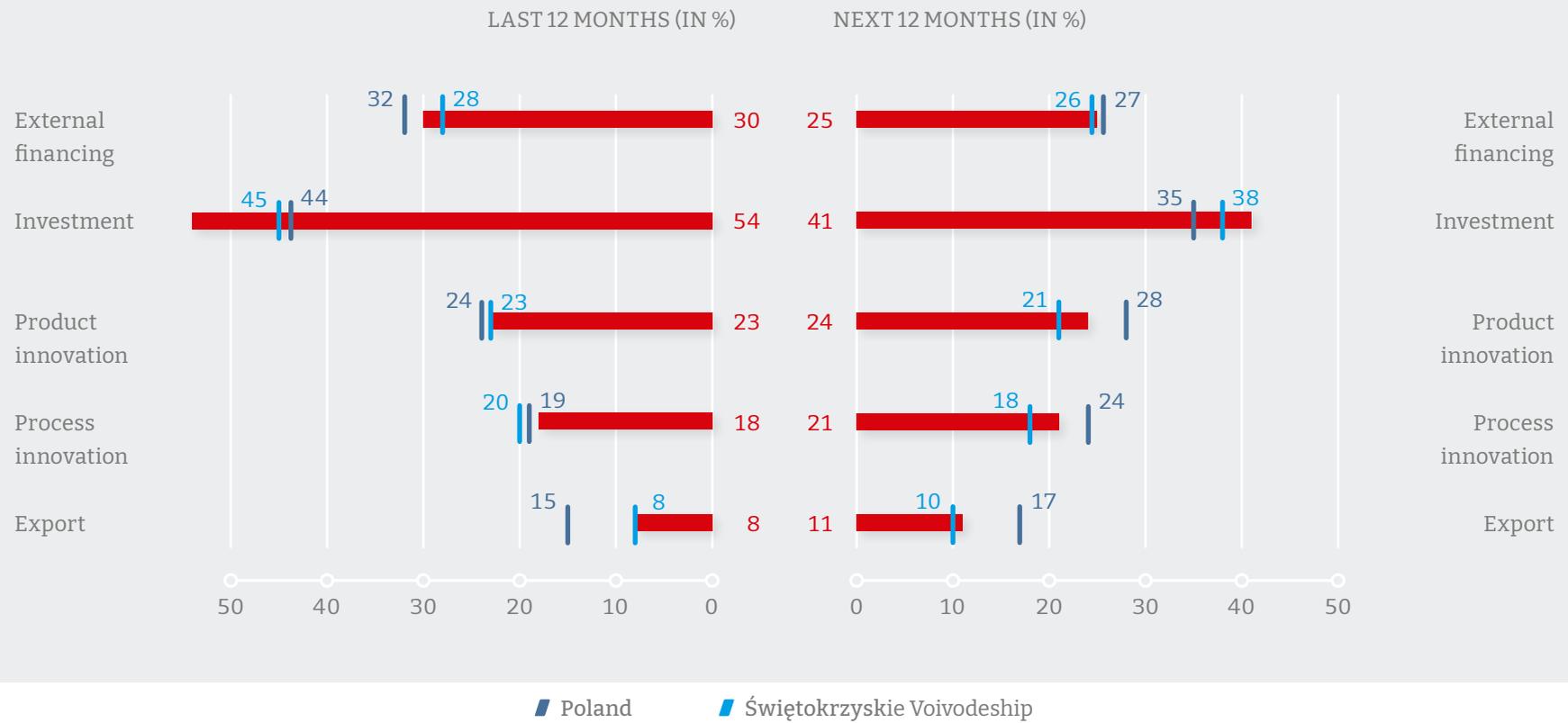
The General Business  
Climate Index for SMEs



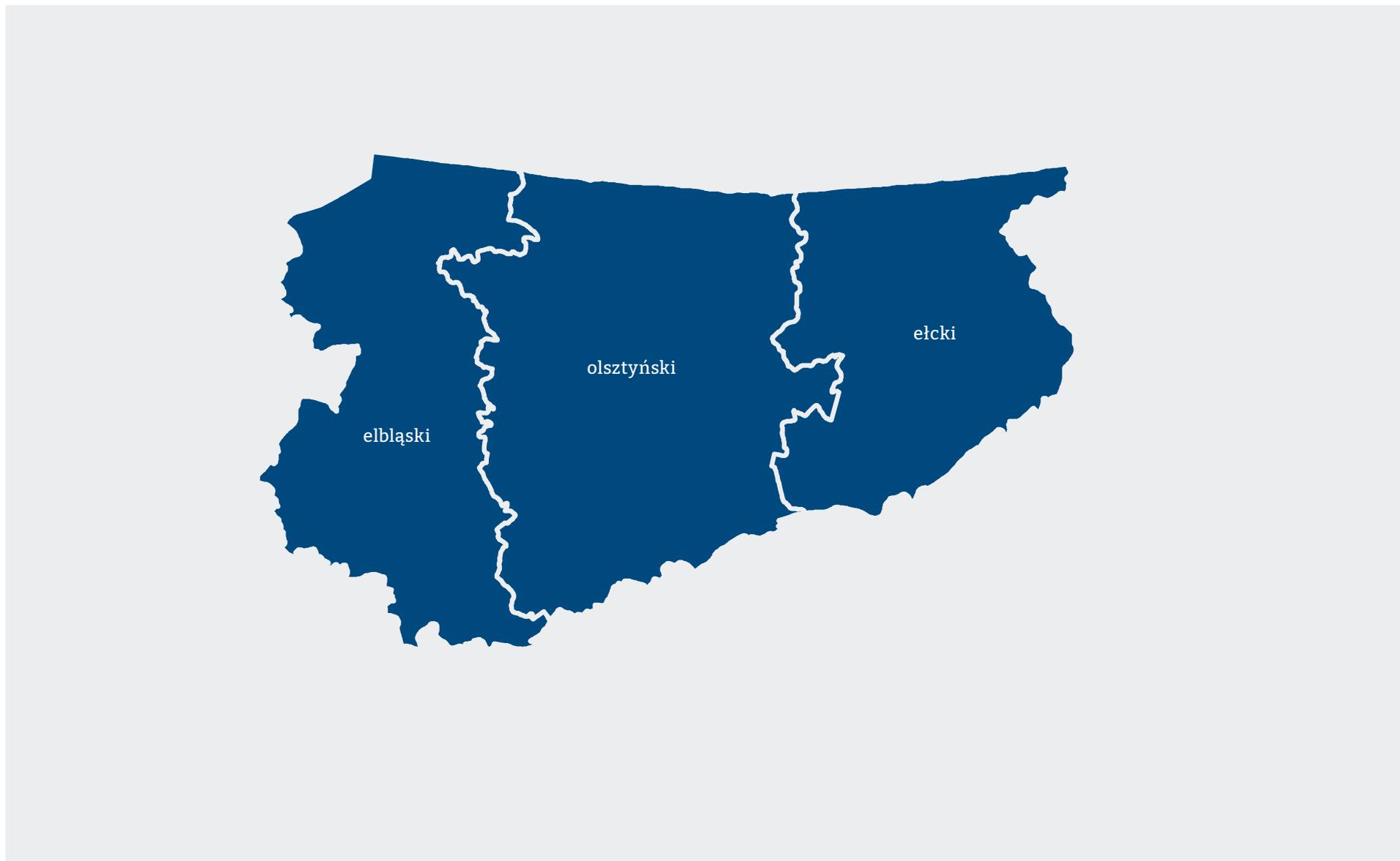
Świętokrzyskie Voivodeship

Sandomiersko-jędrzejowski Region

## Sandomiersko-jędrzejowski Region

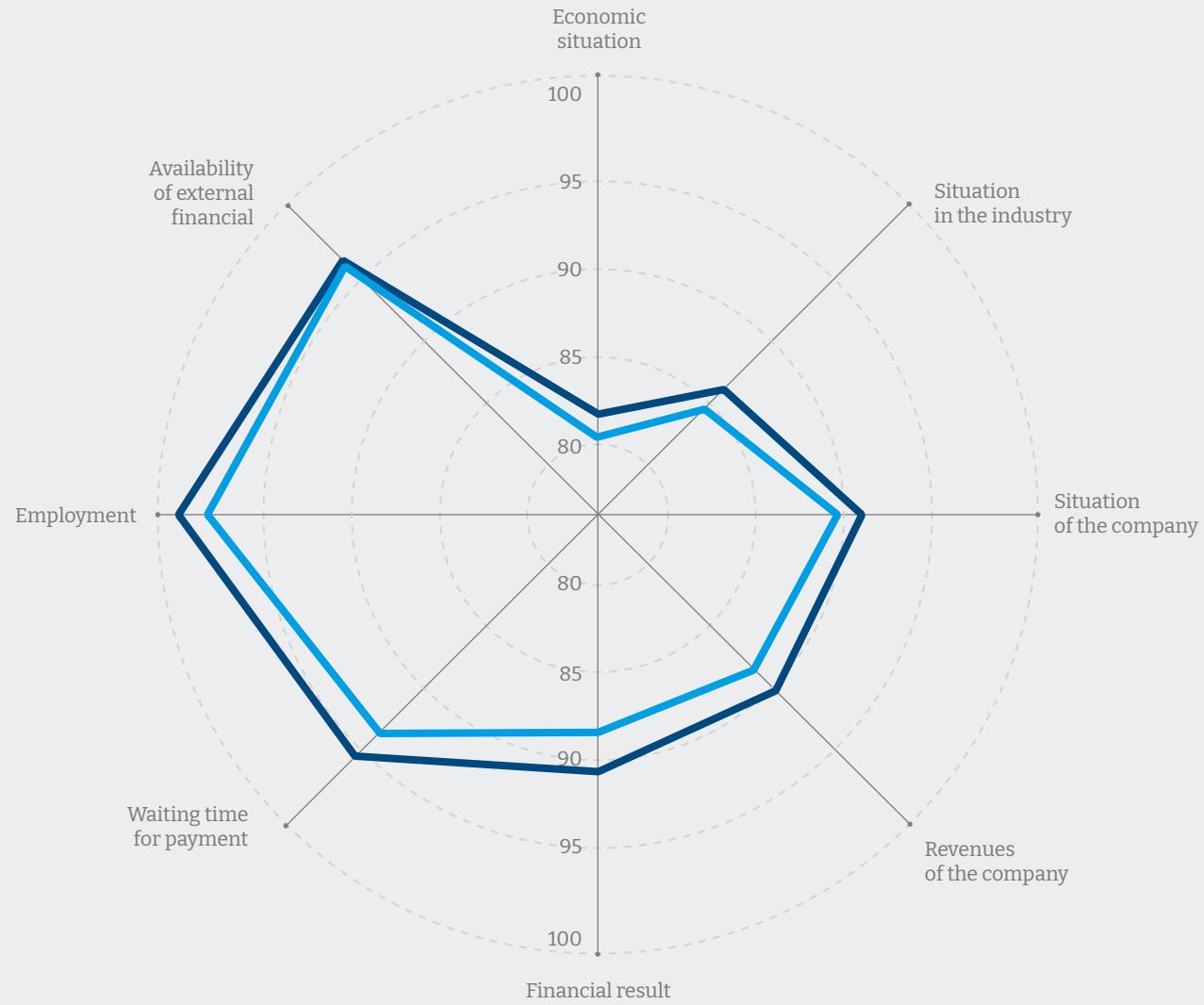
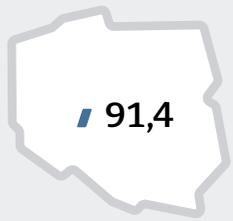


# Warmińsko-mazurskie Voivodeship



## Warmińsko-mazurskie Voivodeship

The General Business  
Climate Index for SMEs



■ Poland ■ Warmińsko-mazurskie Voivodeship

## Elbląski Region

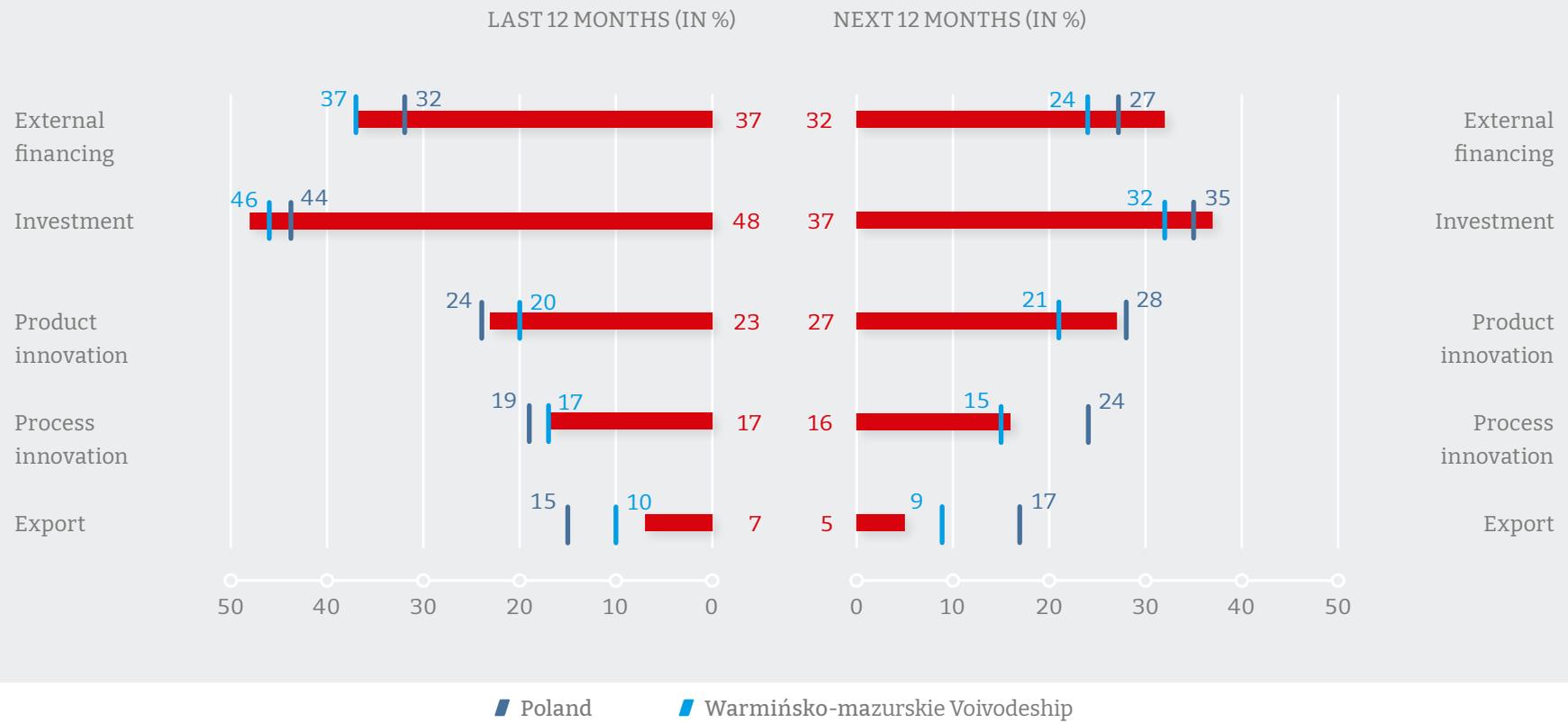
The General Business  
Climate Index for SMEs



■ Warmińsko-mazurskie Voivodeship

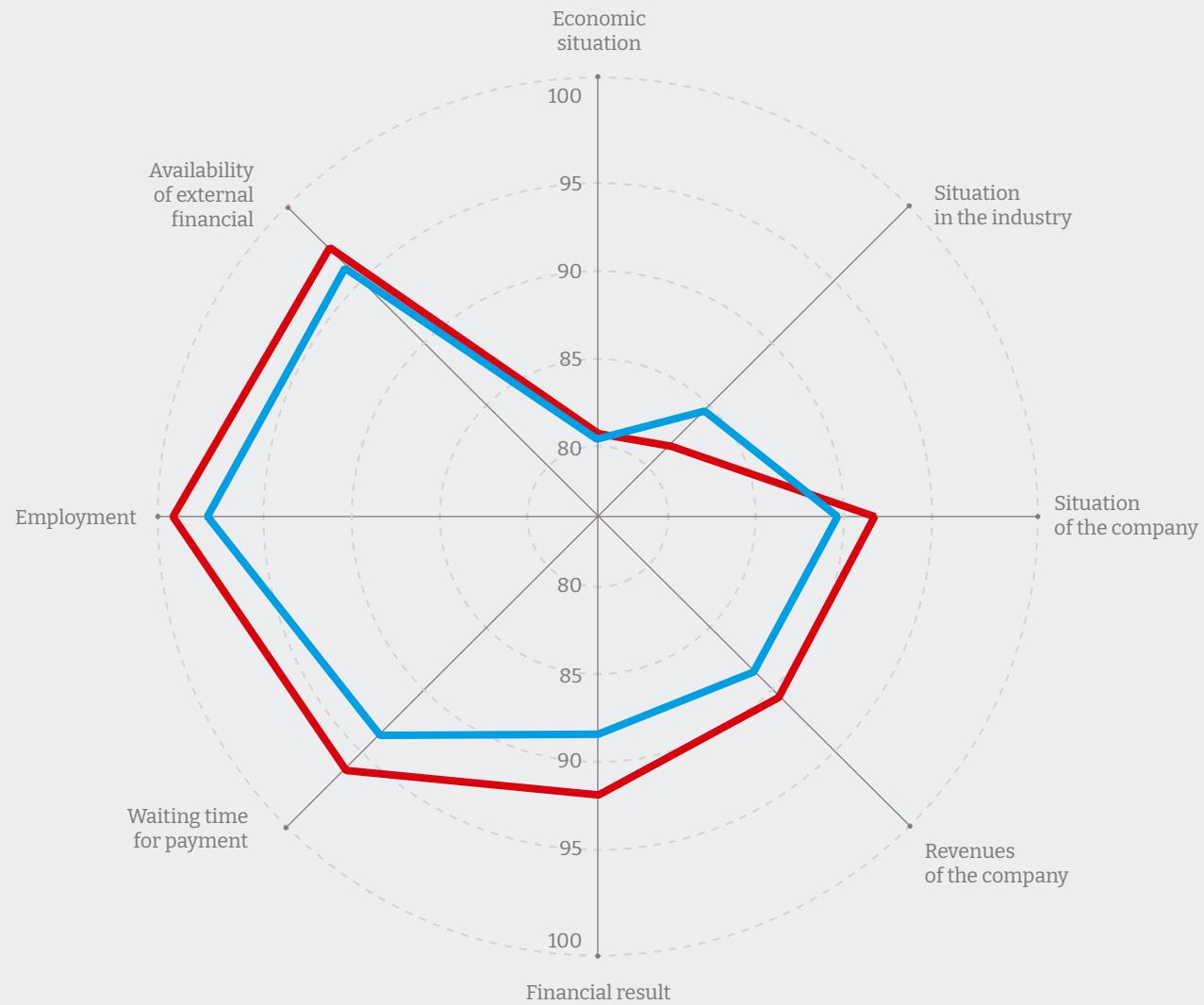
■ Elbląski Region

## Elbląski Region



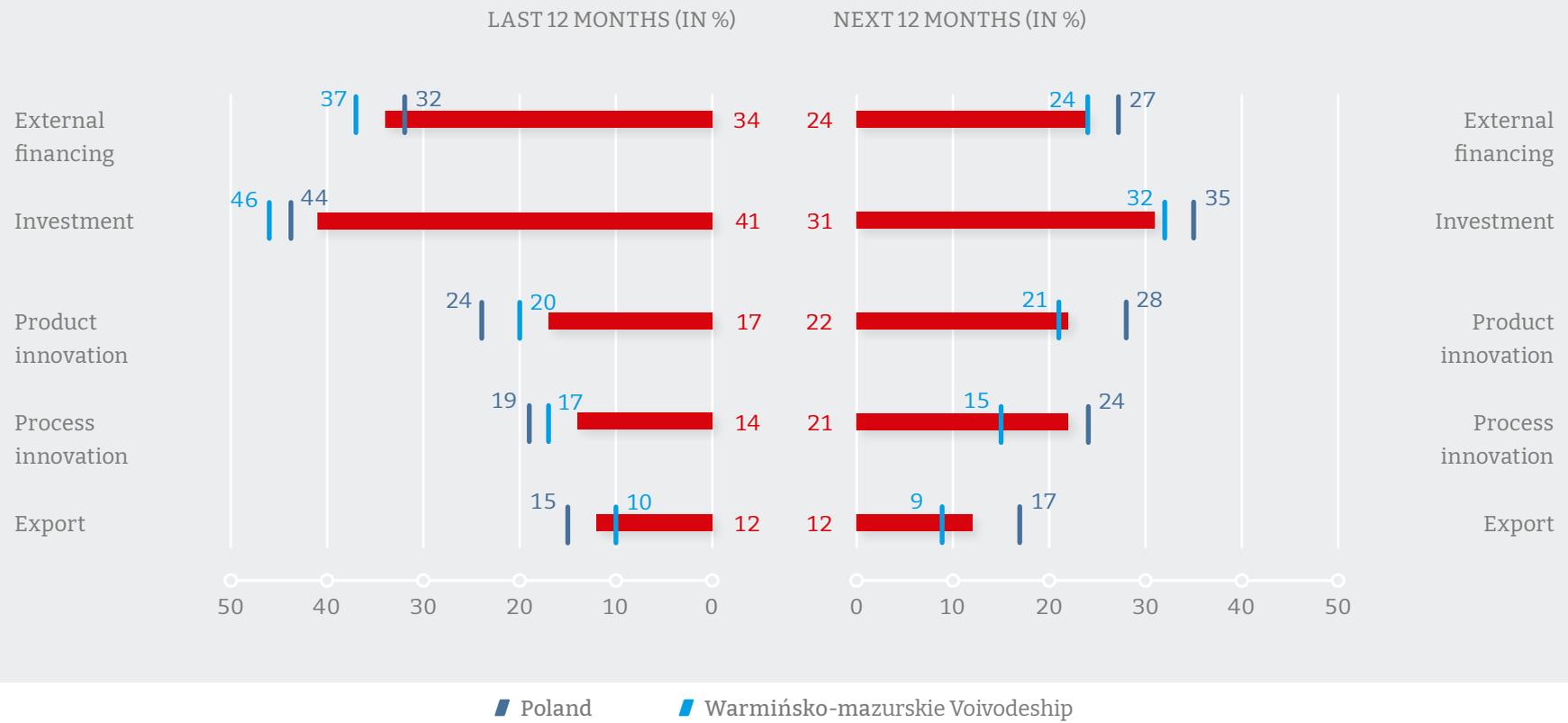
## Łódzki Region

The General Business  
Climate Index for SMEs



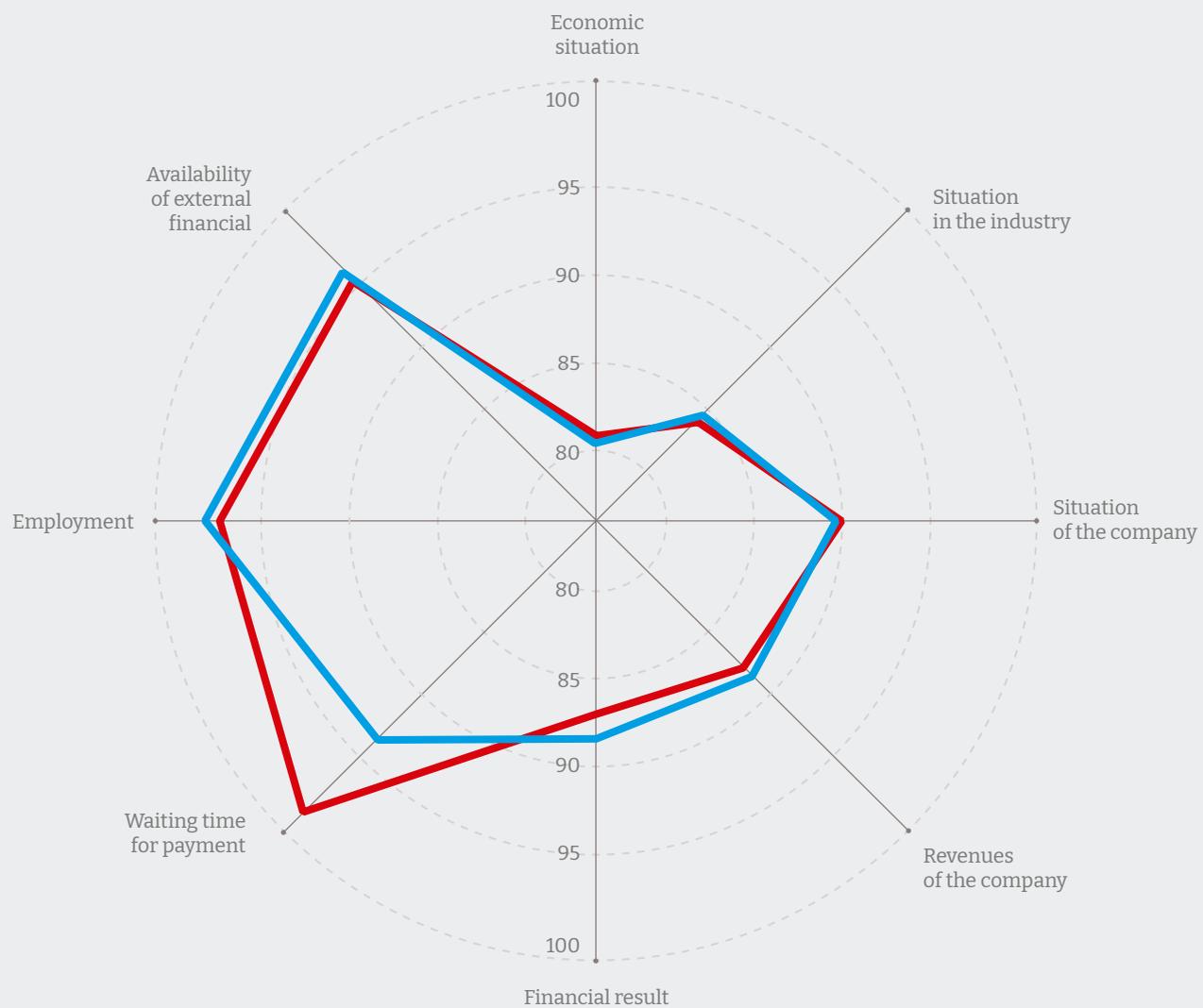
Warminsko-mazurskie Voivodeship Łódzki Region

## Łódzki Region



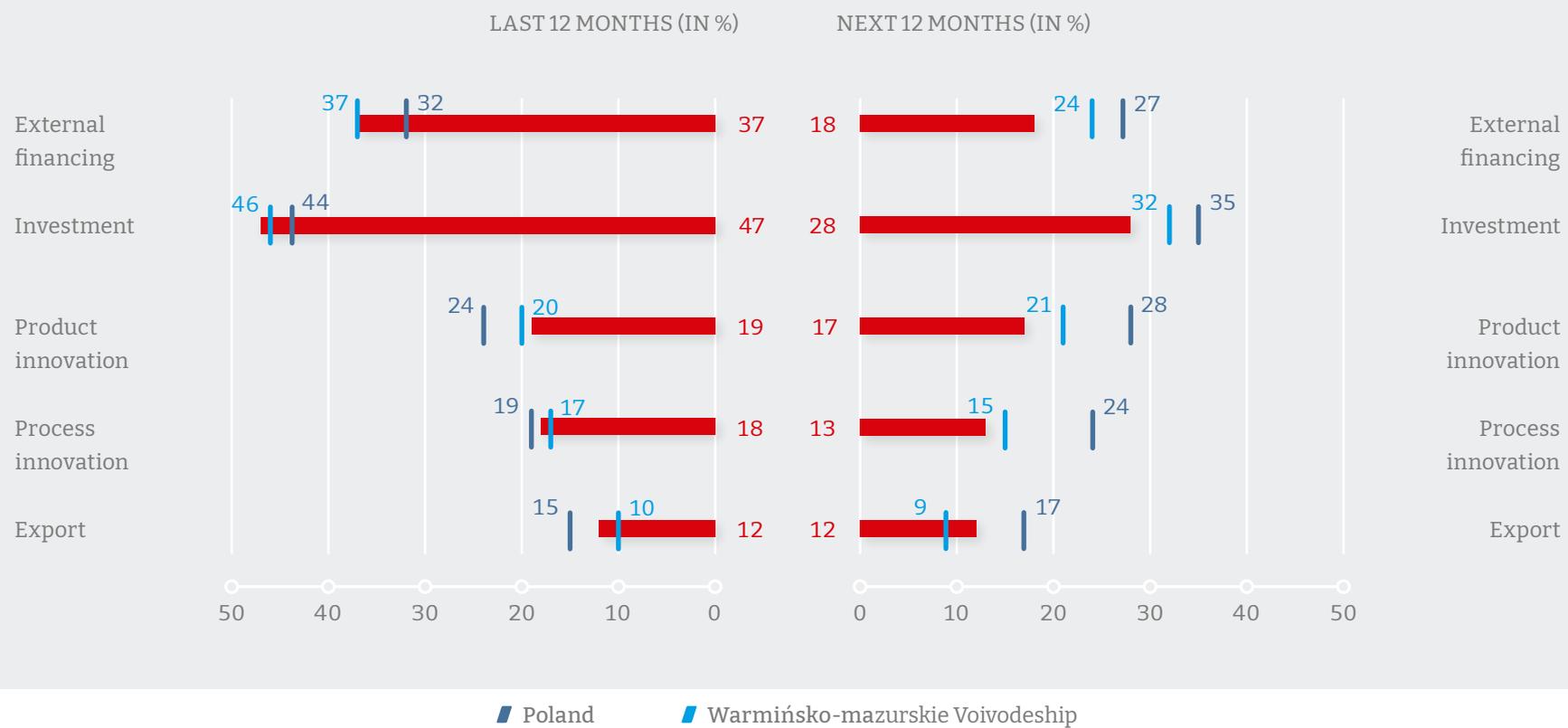
## Olsztyński Region

The General Business  
Climate Index for SMEs

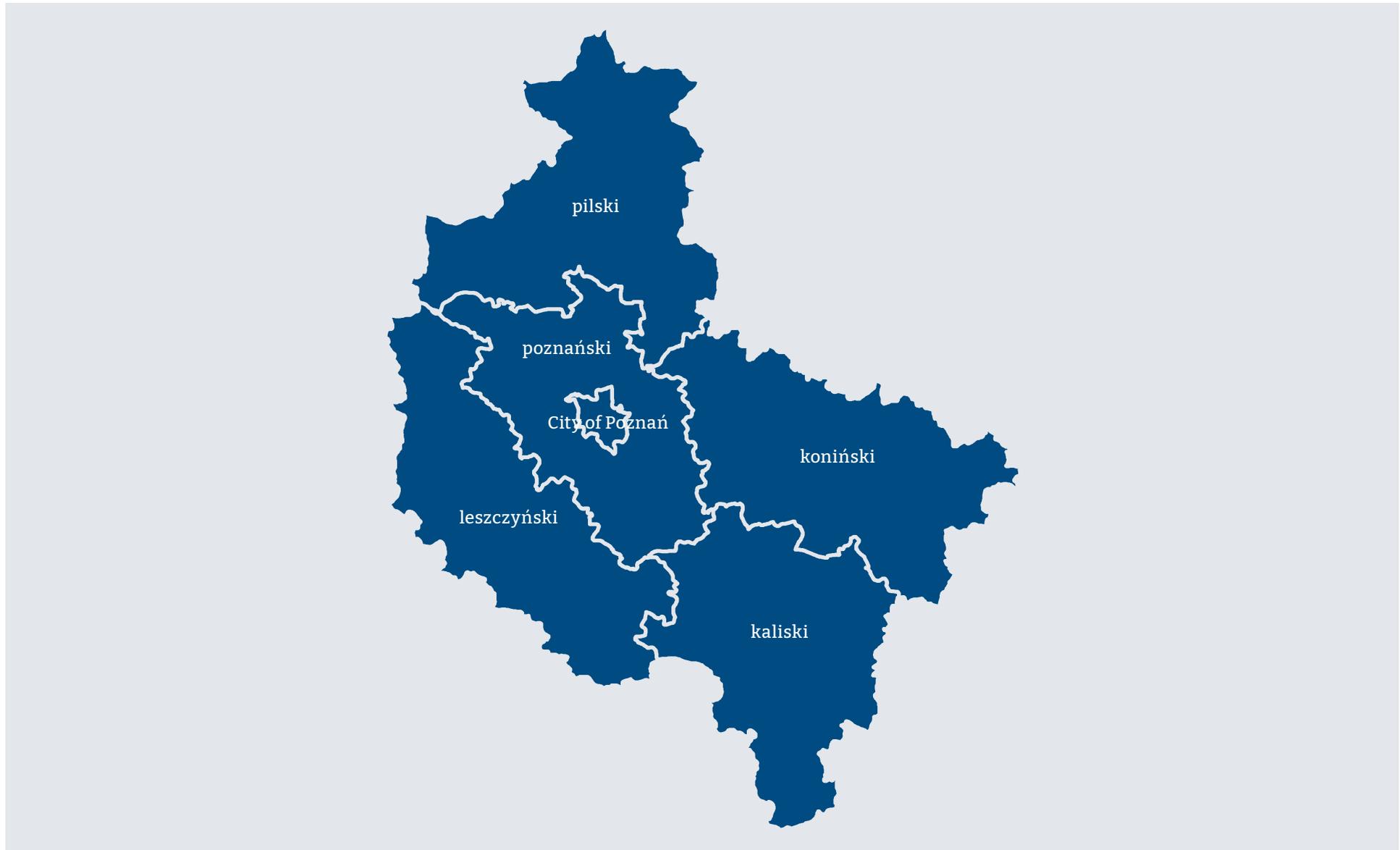


■ Warmińsko-mazurskie Voivodeship ■ Olsztyński Region

## Olsztyński Region

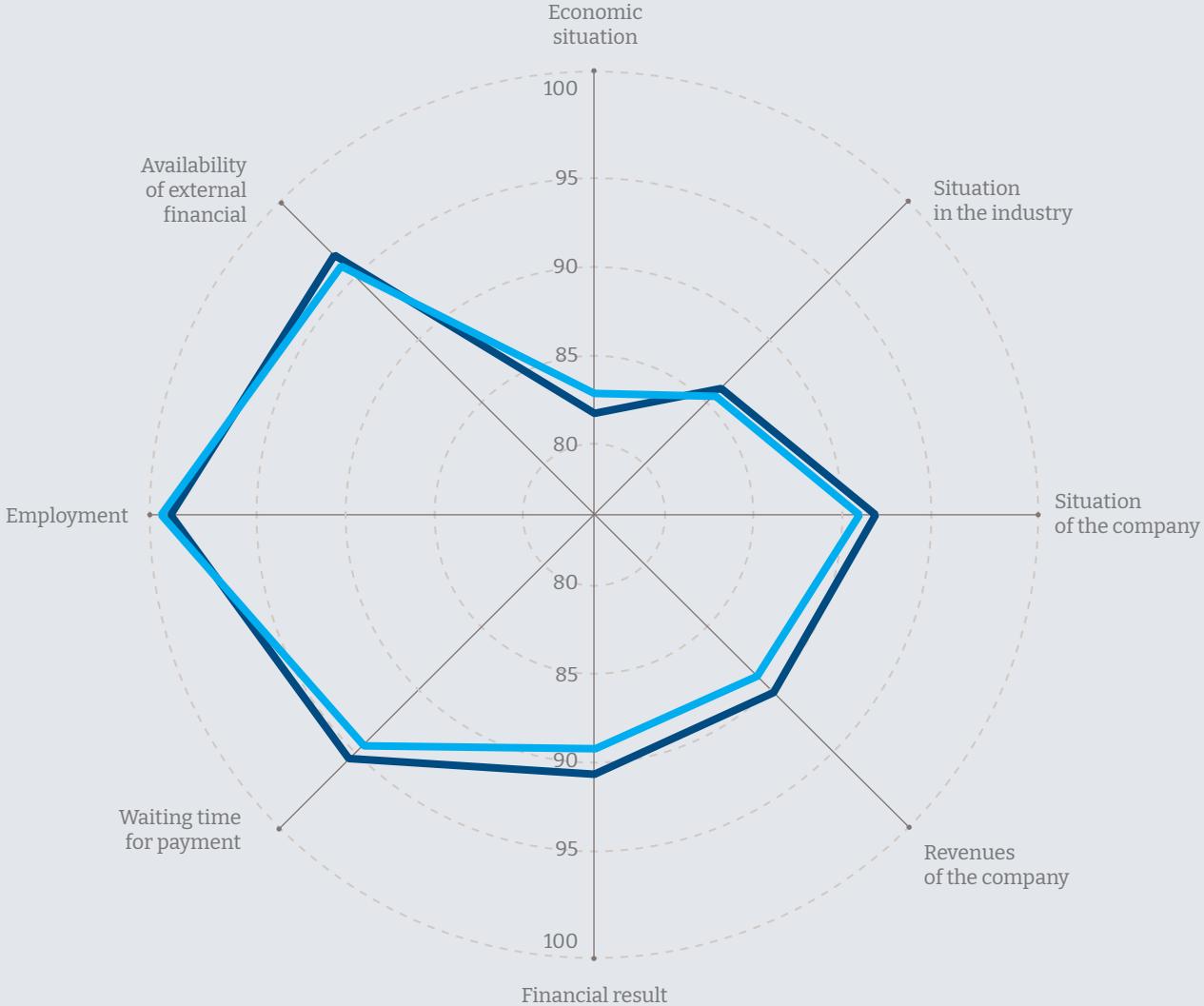


# Wielkopolskie Voivodeship



# Wielkopolskie Voivodeship

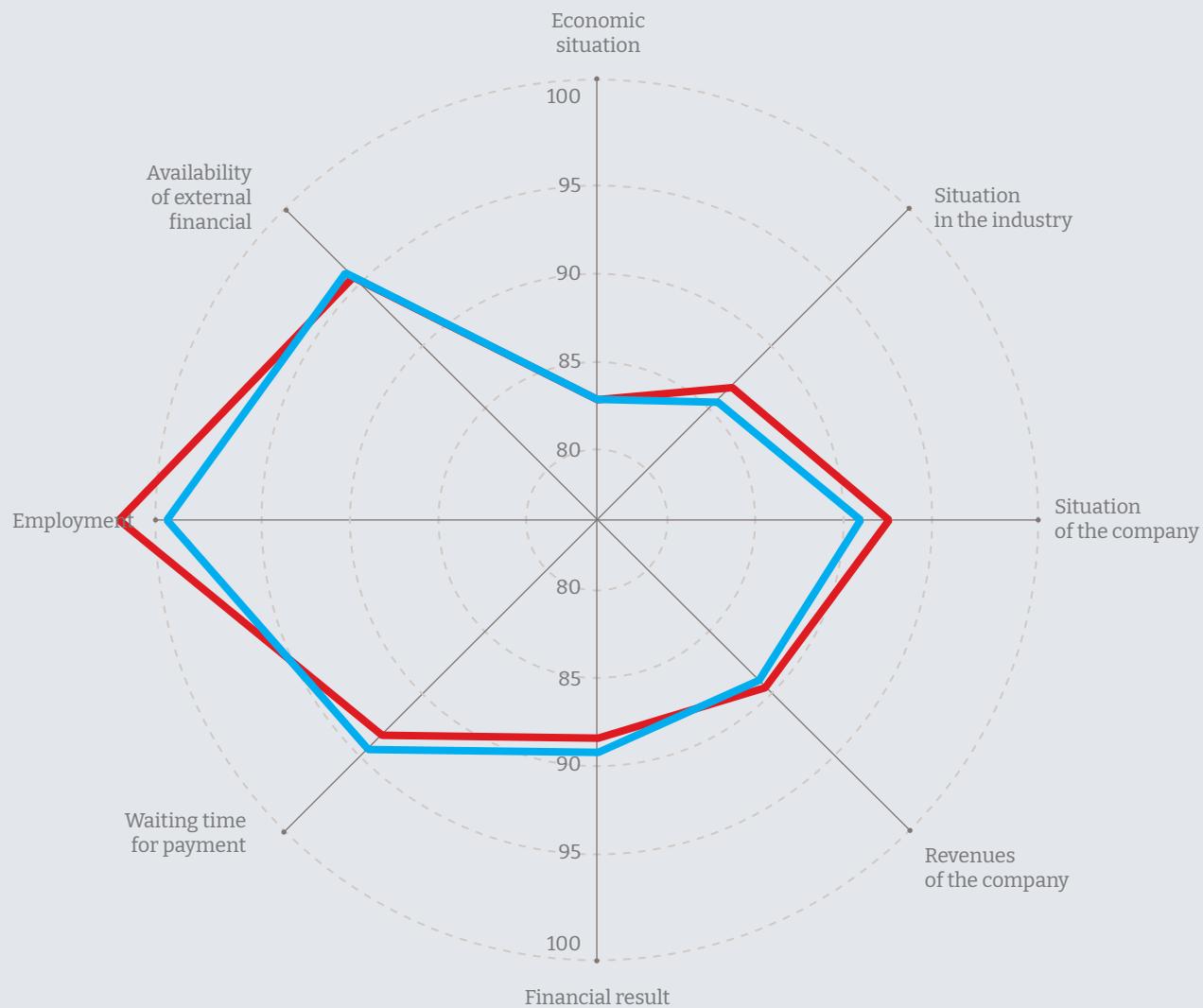
The General Business Climate Index for SMEs



Poland Wielkopolskie Voivodeship

## Kaliski Region

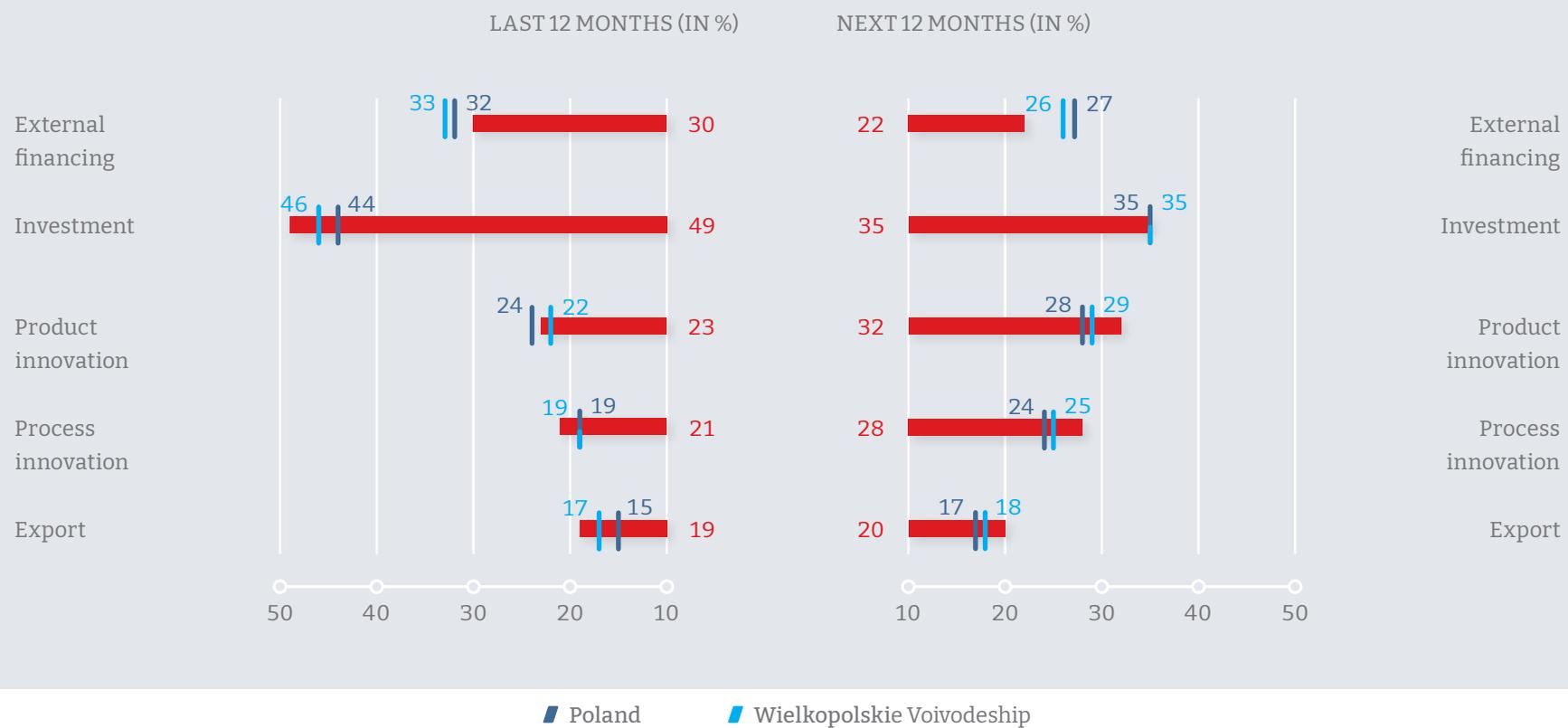
The General Business  
Climate Index for SMEs



Wielkopolskie Voivodeship

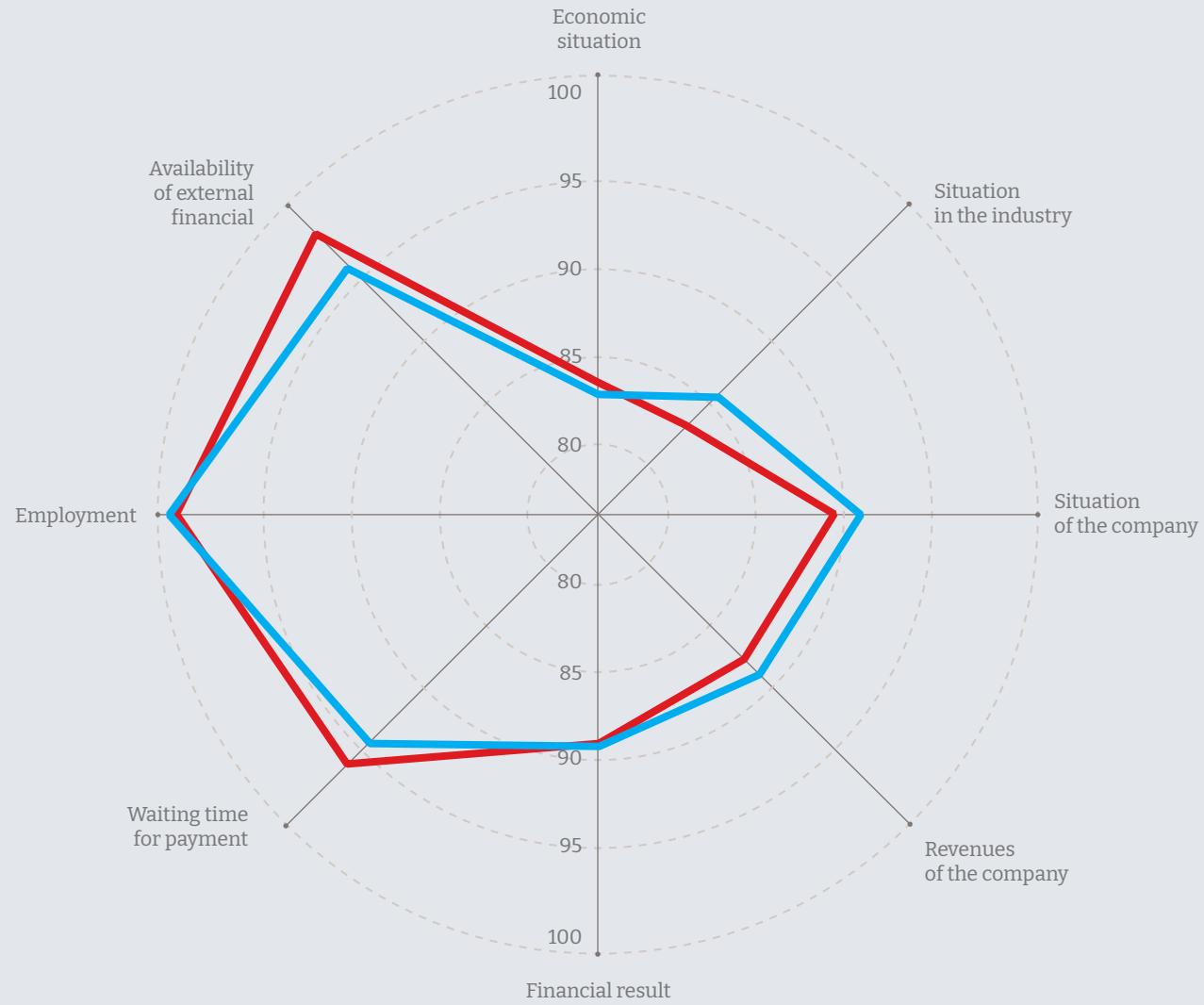
Kaliski Region

## Kaliski Region



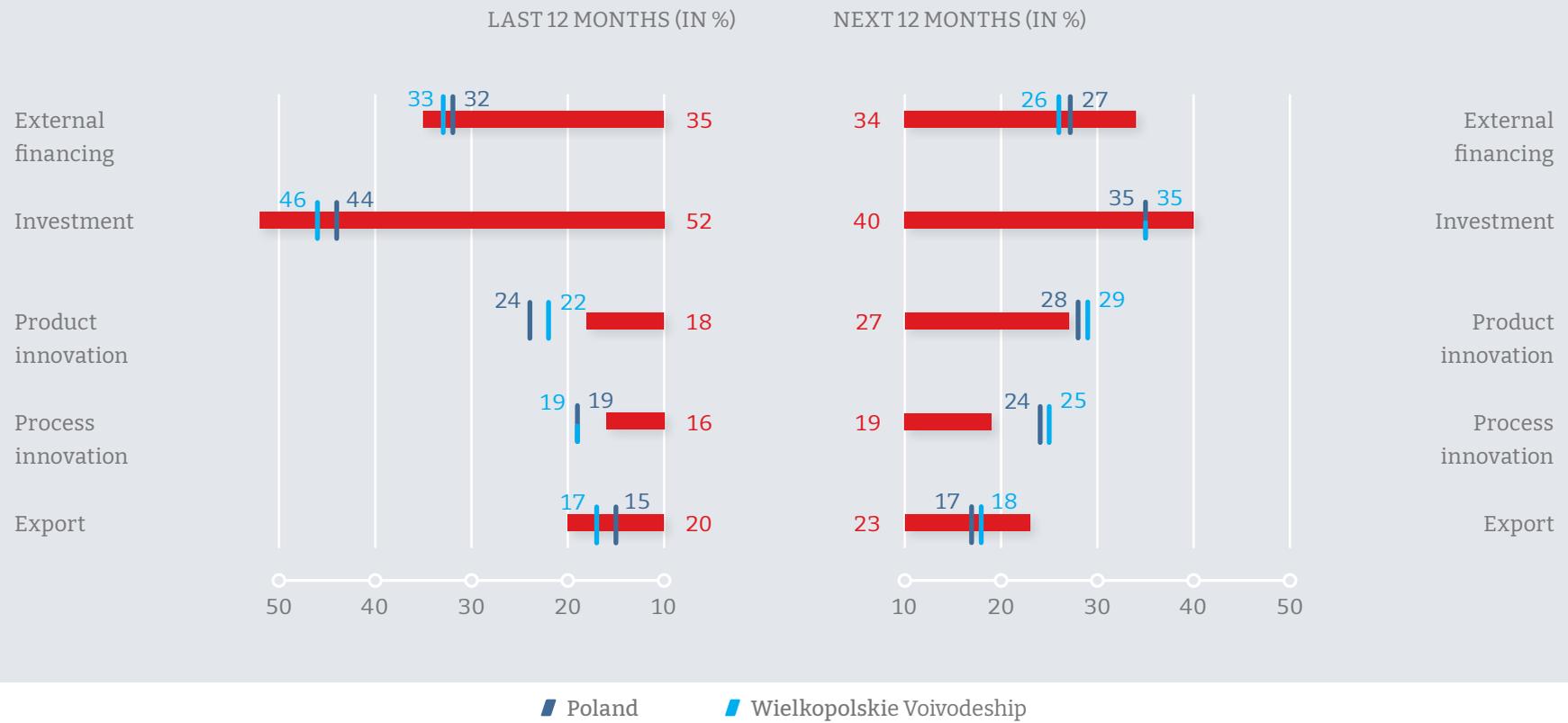
## Koniński Region

The General Business  
Climate Index for SMEs



Wielkopolskie Voivodeship Koniński Region

## Koniński Region



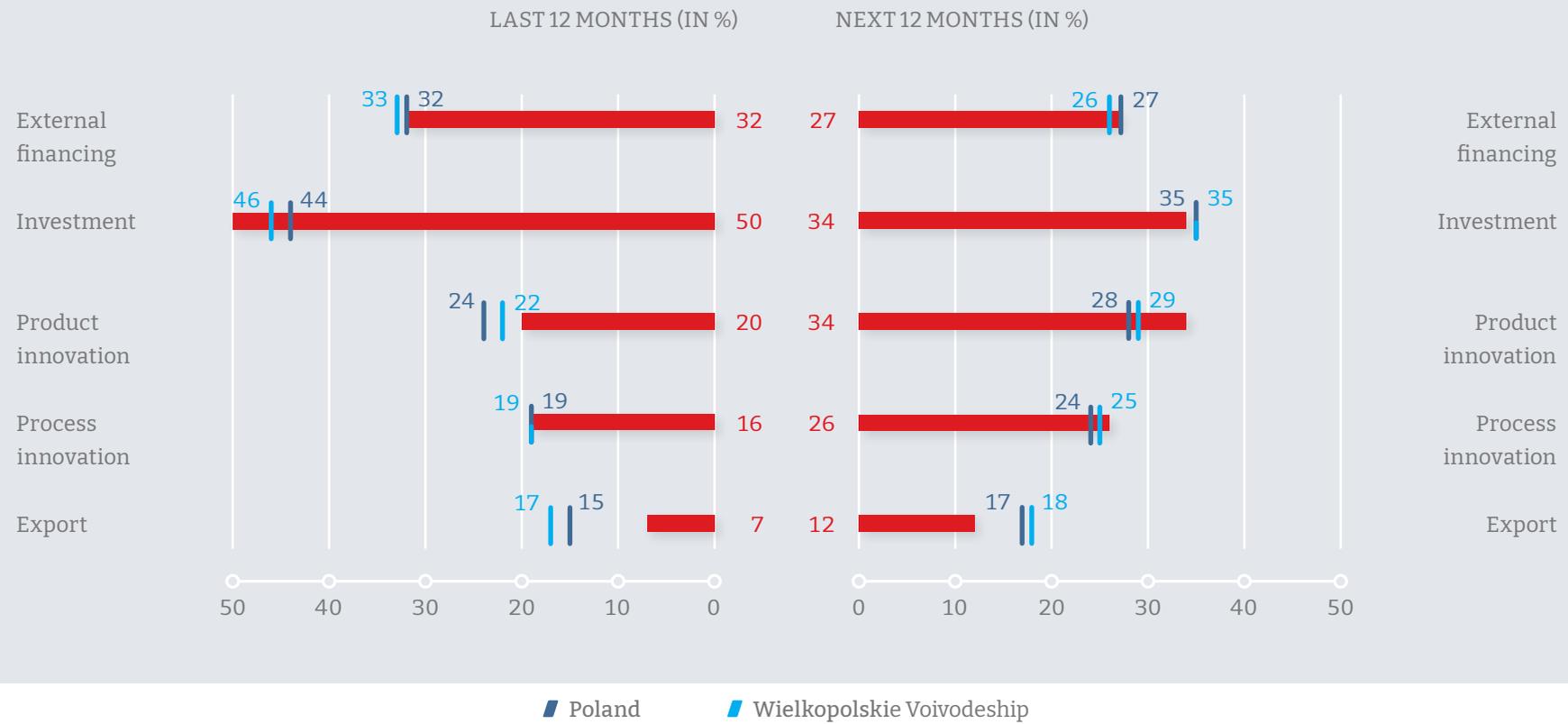
## Leszczyński Region

The General Business  
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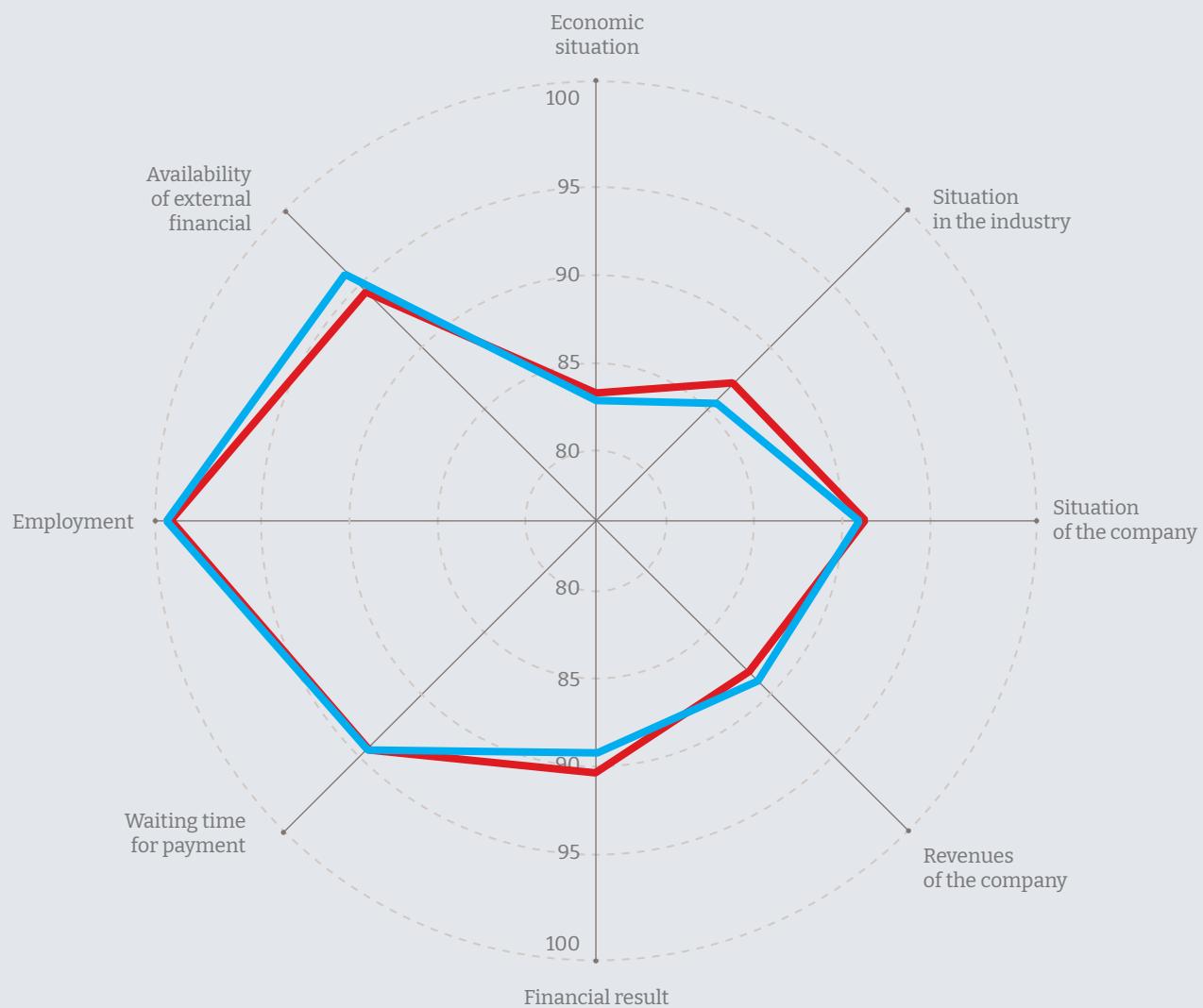
■ Wielkopolskie Voivodeship ■ Leszczyński Region

## Leszczyński Region



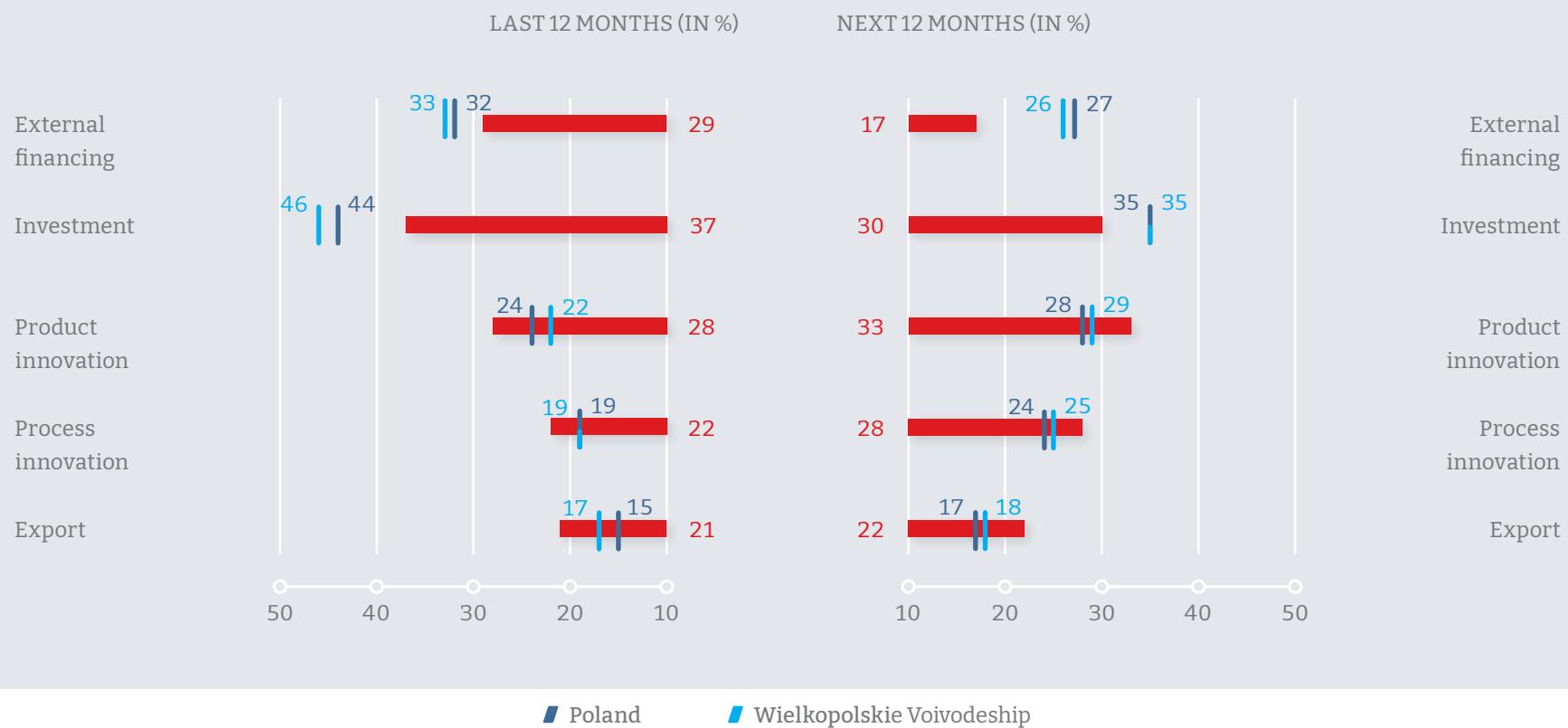
## City of Poznań

The General Business  
Climate Index for SMEs



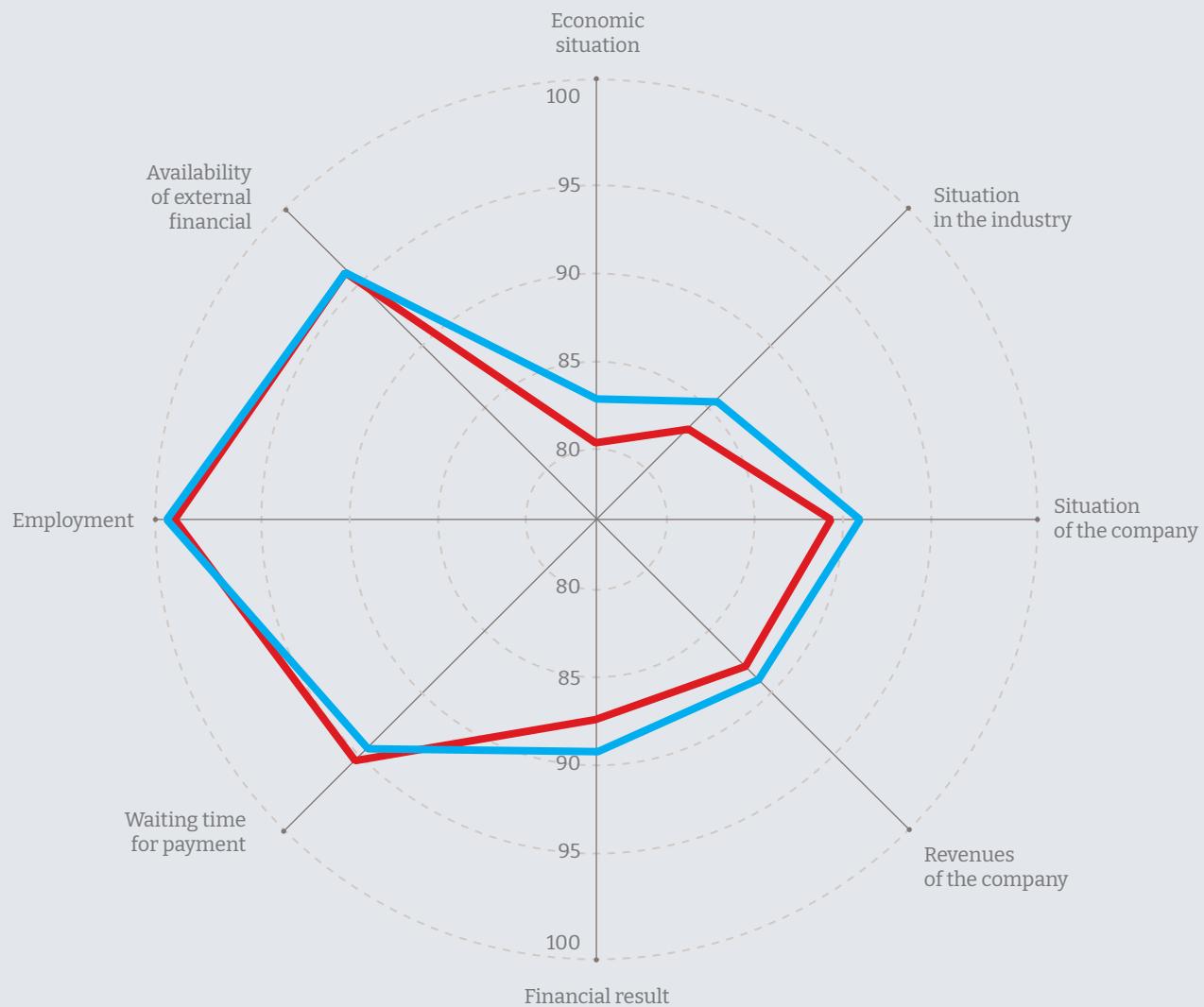
■ Wielkopolskie Voivodeship ■ City of Poznań

## City of Poznań



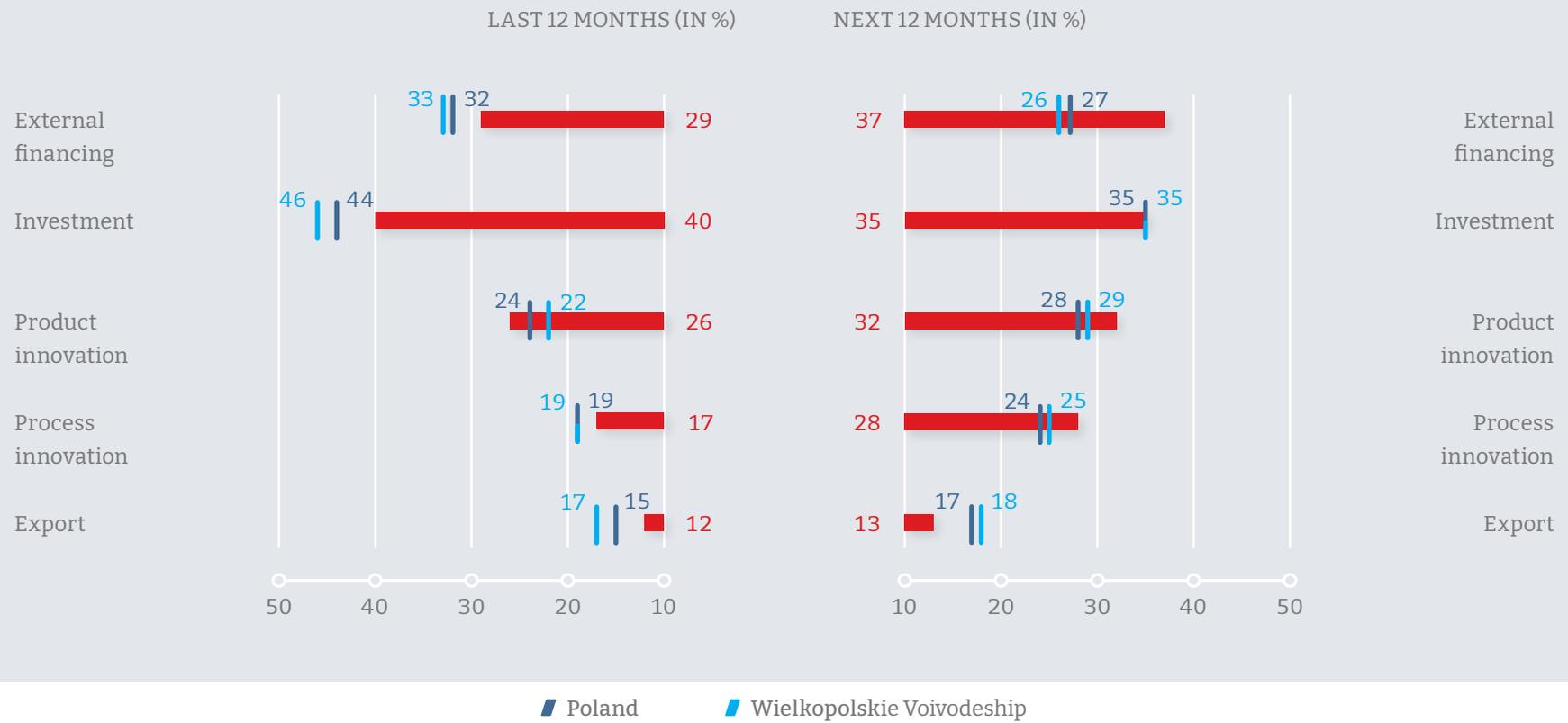
## Pilski Region

The General Business  
Climate Index for SMEs



Wielkopolskie Voivodeship Pilski Region

## Pilski Region



## Poznański Region

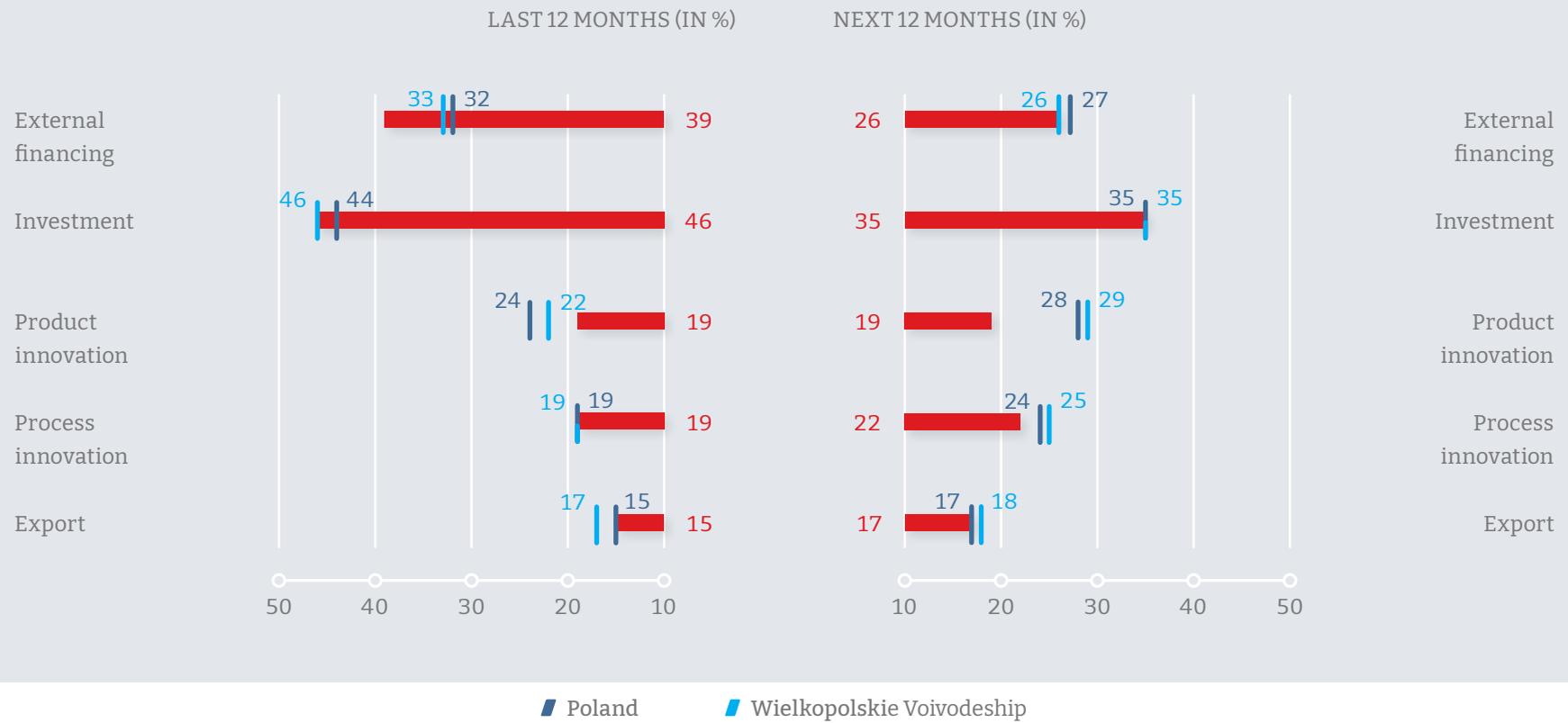
The General Business  
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Wielkopolskie Voivodeship

Poznański Region

## Poznański Region



# Zachodniopomorskie Voivodeship



## Zachodniopomorskie Voivodeship

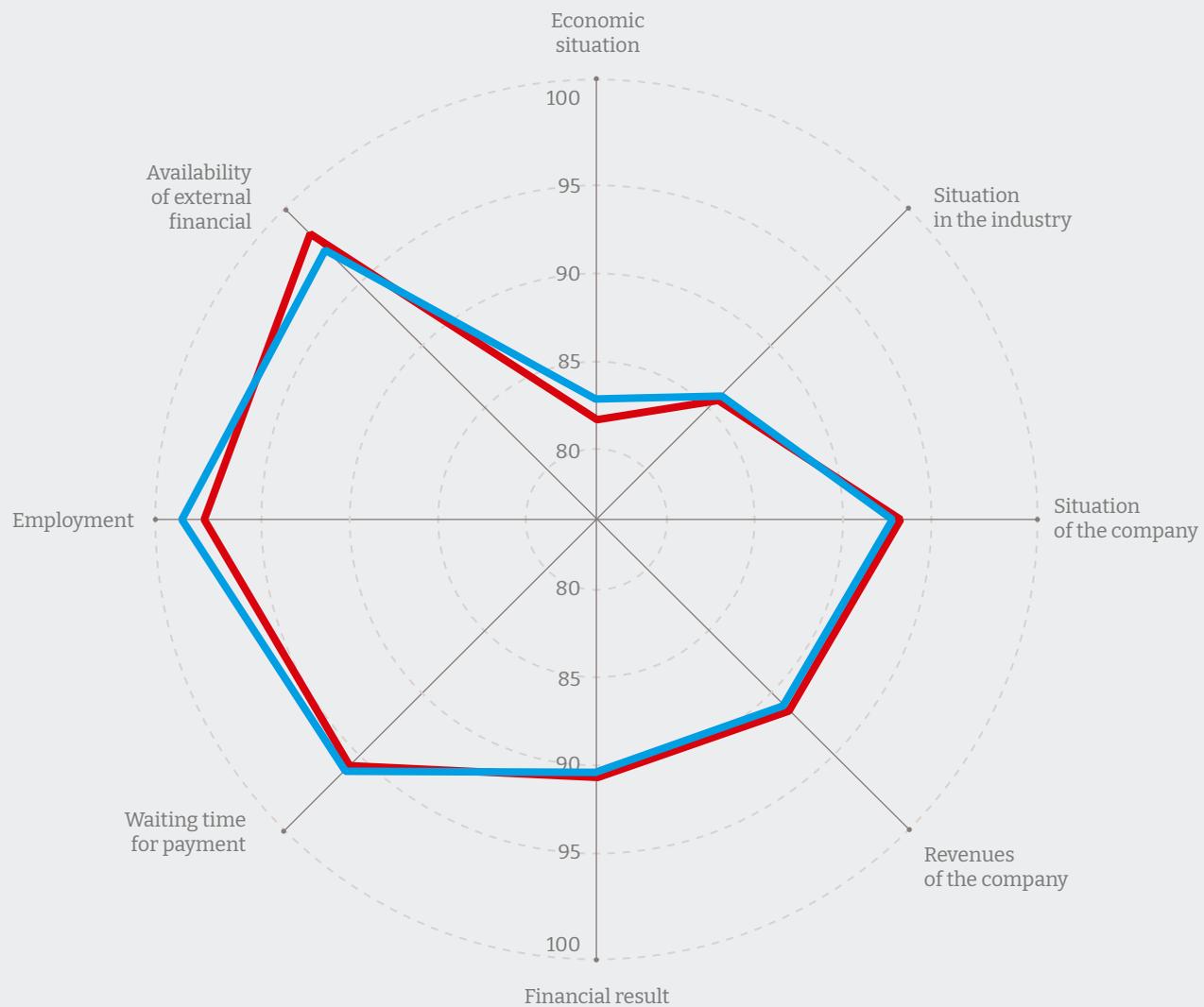
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Poland Zachodniopomorskie Voivodeship

## Koszaliński Region

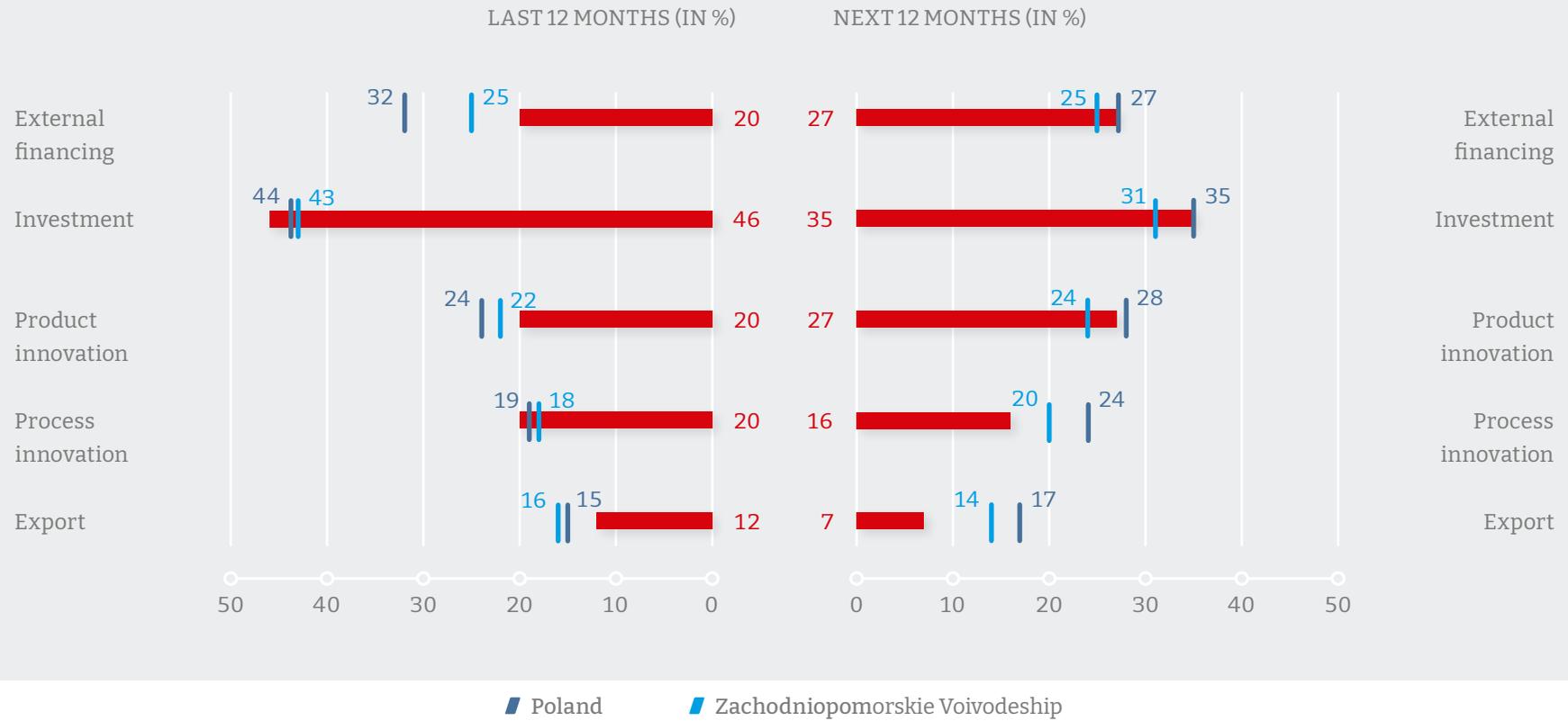
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Zachodniopomorskie Voivodeship

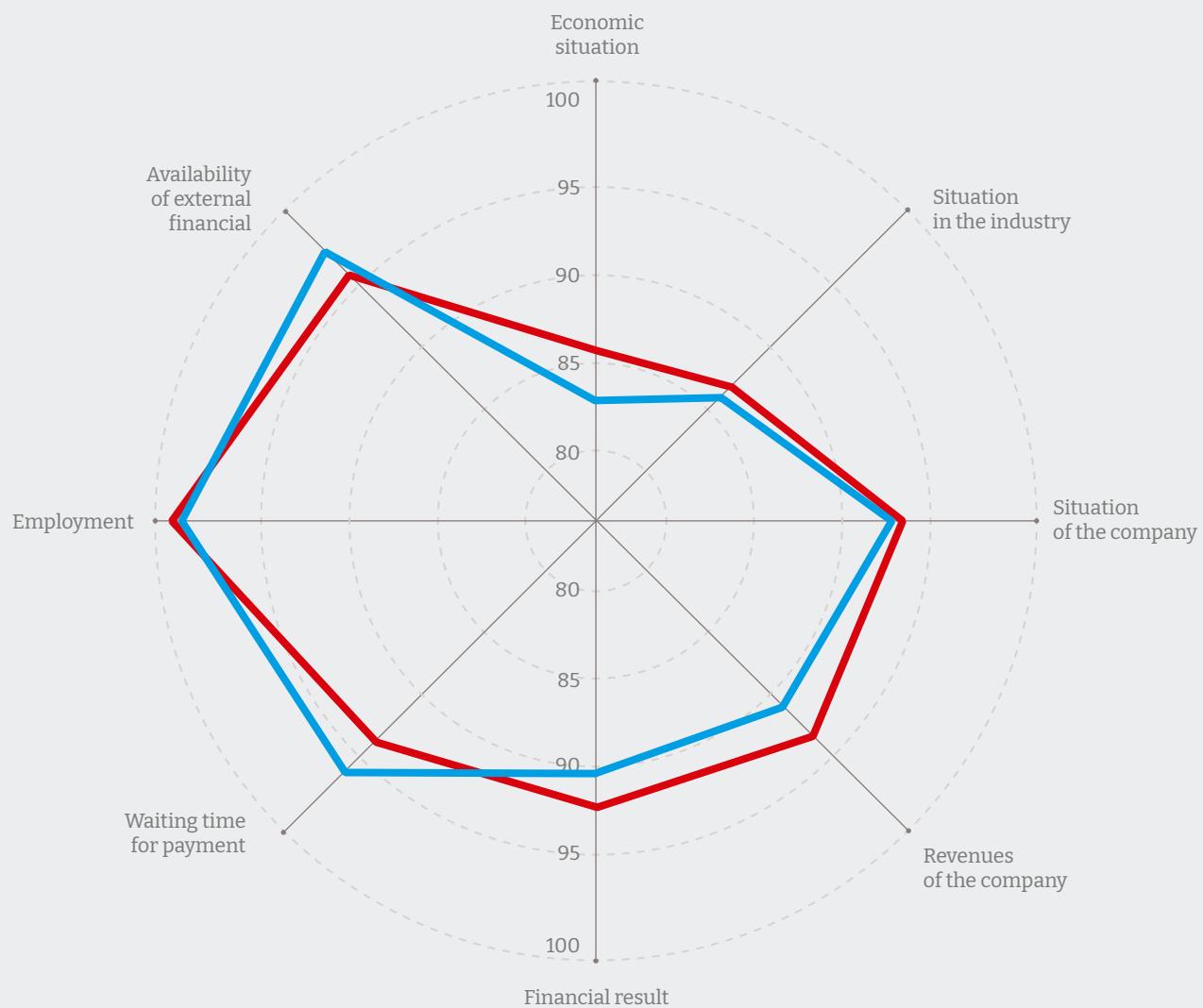
Koszaliński Region

## Koszaliński Region



## City of Szczecin

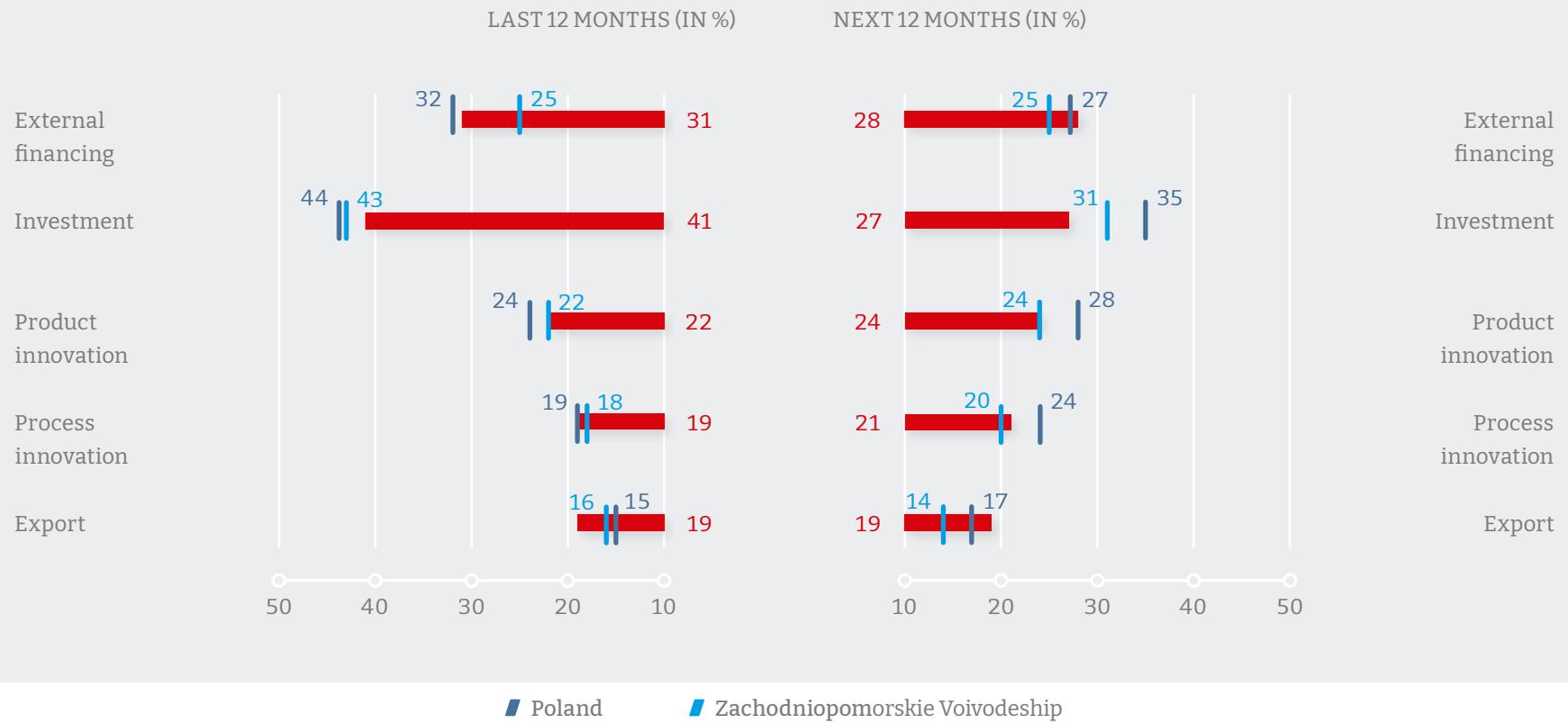
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Zachodniopomorskie Voivodeship

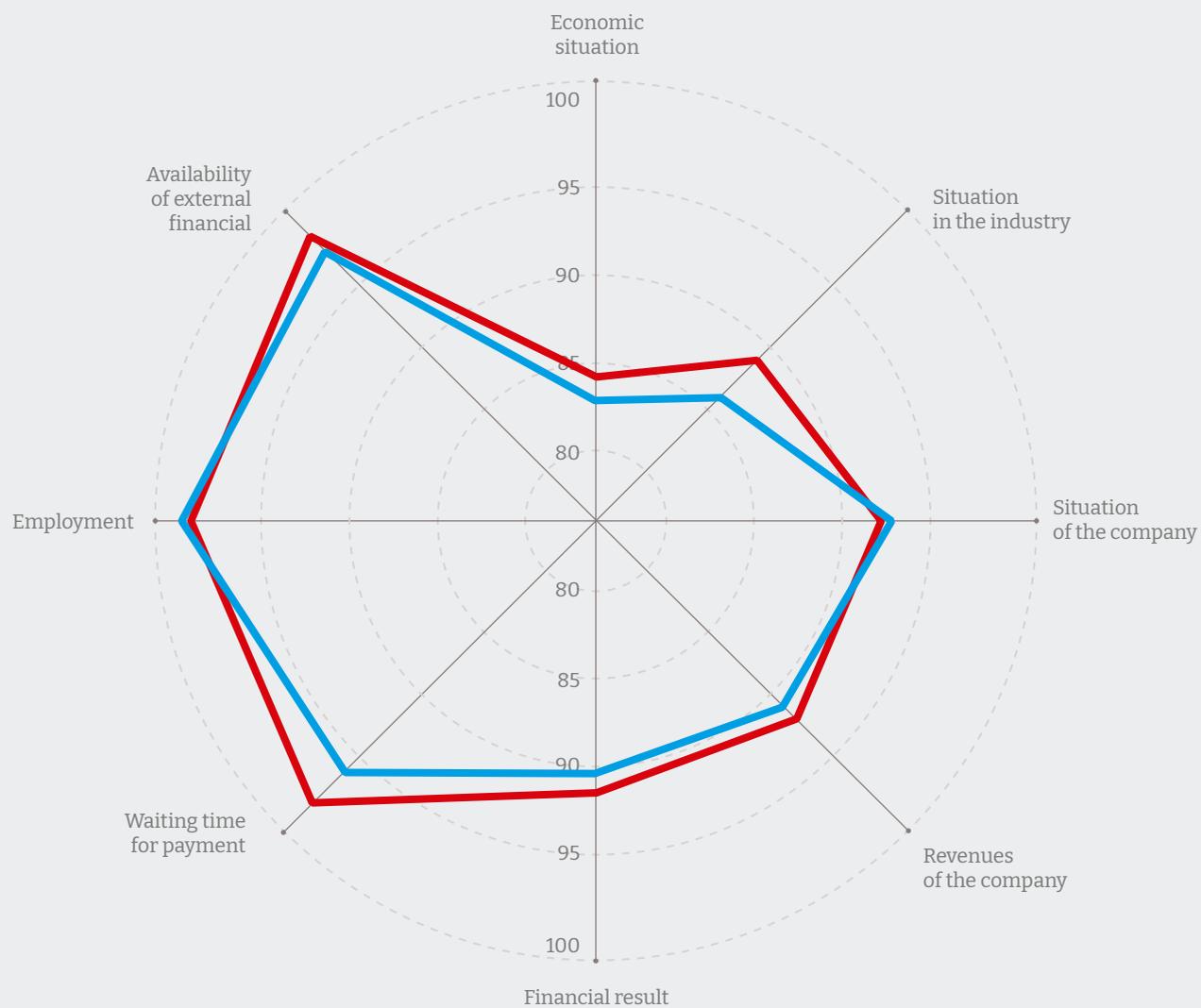
City of Szczecin

## City of Szczecin



## Szczecinecko-pyrzycki Region

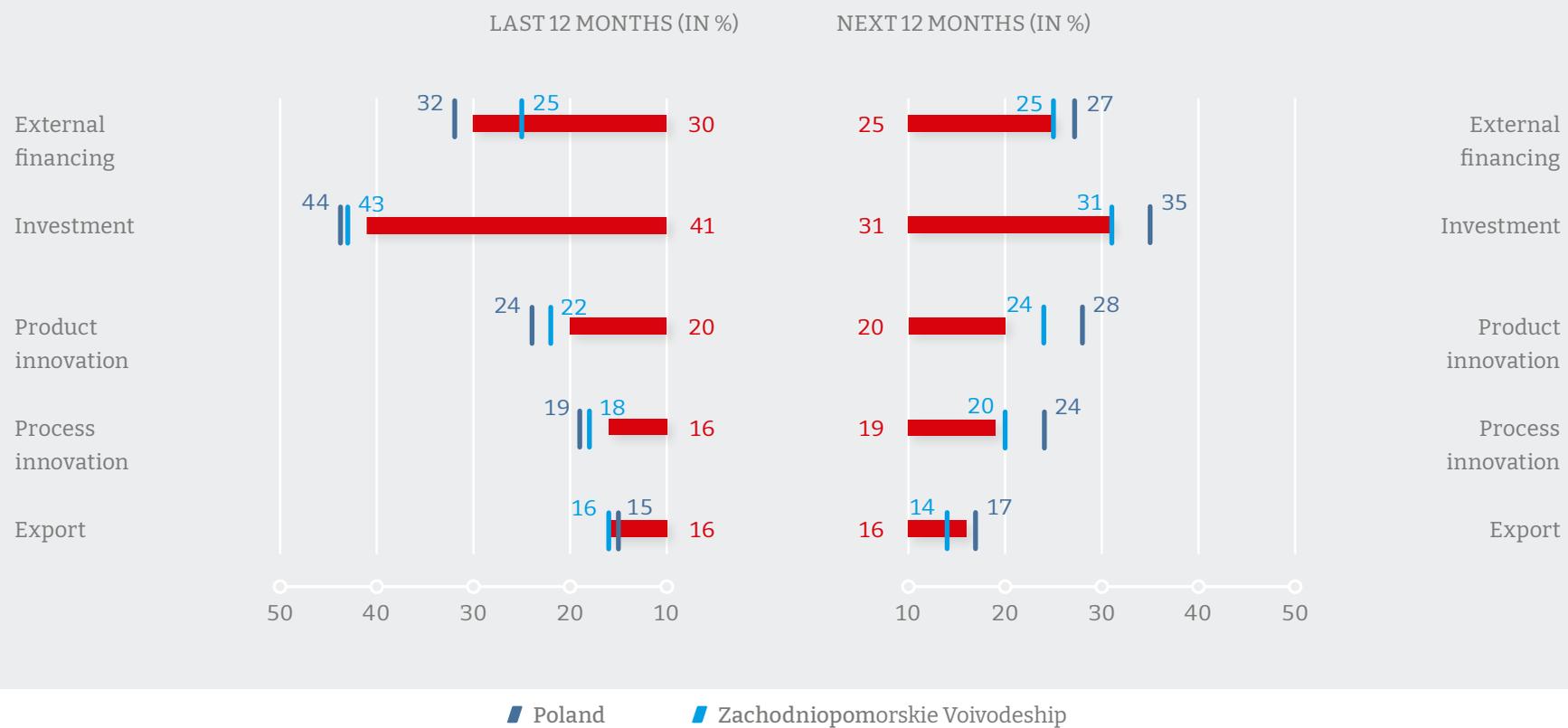
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Zachodniopomorskie Voivodeship

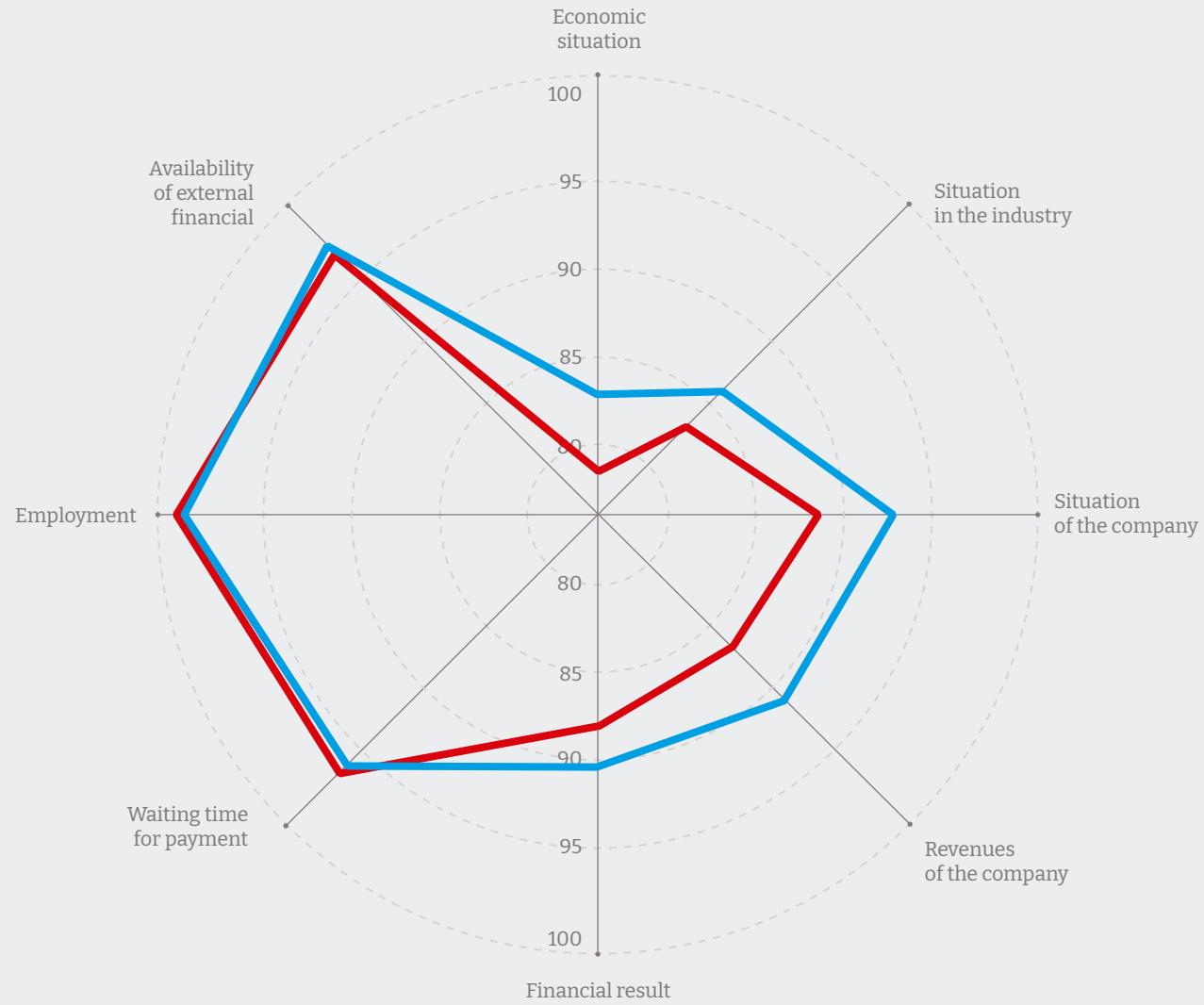
Szczecinecko-pyrzycki Region

## Szczecinecko-pyrzycki Region



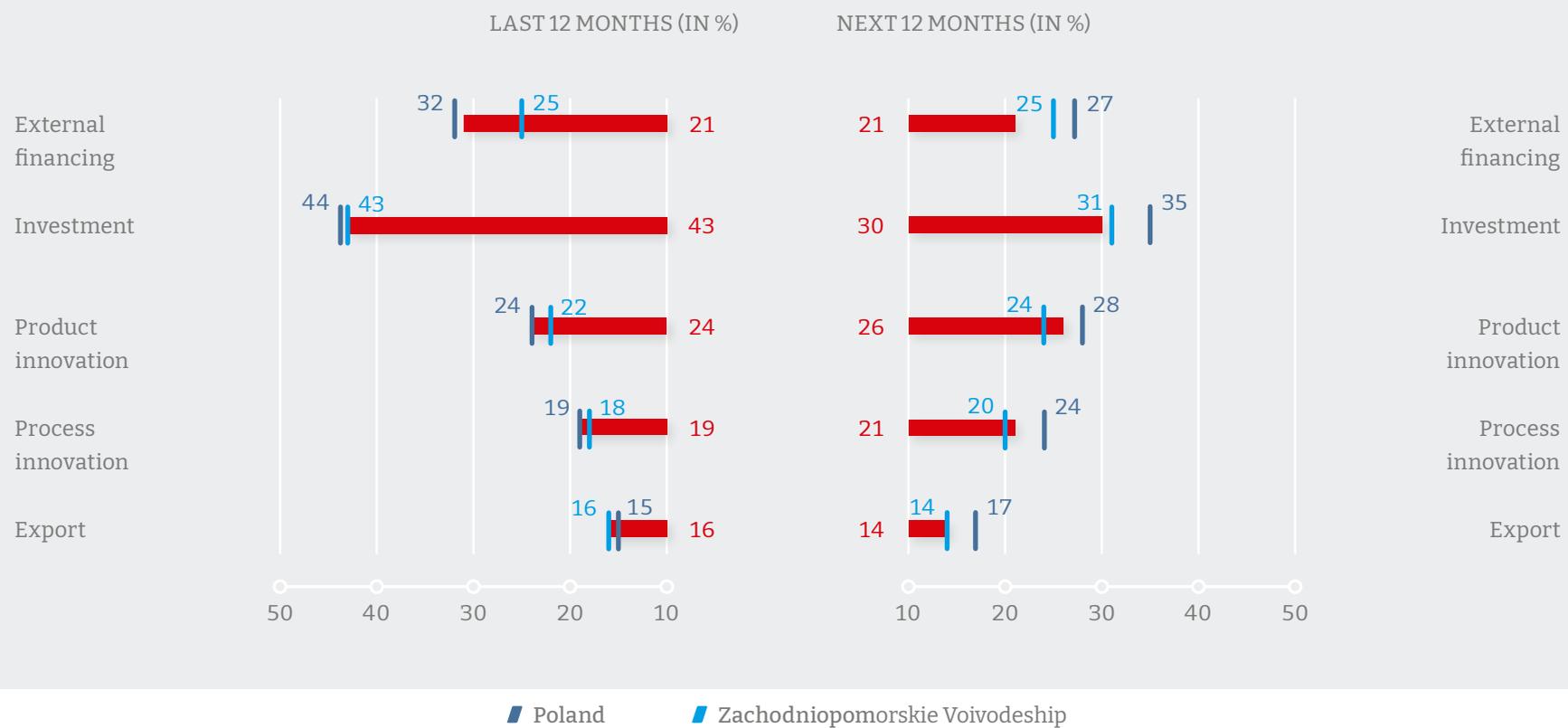
## Szczeciński Region

The General Business  
Climate Index for SMEs



Zachodniopomorskie Voivodeship    Szczeciński Region

## Szczeciński Region



# Research methodology

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The survey of opinions of the owners of micro, small and medium-sized enterprises were carried out in the form of phone interviews.

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The purpose of the research was to learn the opinions of the owners of micro, small and medium-sized enterprises on the essential areas of business operations. The survey contractor, as in the previous ten years, was the research agency **PBS sp. z o.o.**

A **structured interview** was used as the research tool. It contained standardized questions about the specific issue or topic, arranged in the appropriate order and grouped into thematic blocks. The questionnaire was prepared by Bank Pekao SA and consisted of **49 questions**.

Every year the respondents express their opinion on:

- assessment of the economic situation,
- the financial situation,
- employment,
- the availability of external financing,
- investments,
- exports,
- innovation,
- the business environment.

Every year, an **additional topic** is also touched upon. This year it is a block of questions about **the impact of the COVID-19 pandemic on the company's situation**.

In most cases, the respondents were asked to **assess the last 12 months** (e.g. "the situation of your company is now much better/better/the same/worse/much worse than a year ago") and to **assess the development prospects over the next 12 months** (e.g. "the situation of your company over the next 12 months will be much better/better/the same/worse/much worse than it is now").

Enterprises participating in the study were divided into:

- microenterprises – businesses employing up to 9 people,
- small enterprises – businesses employing between 10 and 49 employees,
- medium-sized enterprises – businesses employing between 50 and 249 employees.

The survey of opinions of the owners of micro, small and medium-sized enterprises were carried out in the form of phone interviews conducted from the telephone office of PBS in Sopot. **A total of 7,412 interviews** were conducted, including 6,006 interviews with micro-business owners, 903 interviews with small business owners and 503 interviews with people who represented medium-sized companies. The study was conducted **from 1 September to 2 October 2020**.

Table 1 shows the number of interviews conducted in each week of the survey.

Table 1 Course of the study

Week	Number of interviews	Not weighted
01.09 – 05.09	768	10,4%
07.09 – 12.09	1779	24,0%
14.09 – 19.09	2328	31,4%
21.09 – 26.09	2242	30,2%
28.09 – 02.10	295	4,0%

A **disproportionate stratified sampling regimen**<sup>1</sup> was used in the study. The selected research methodology helped to obtain representative study results for enterprises employing no more than 249 people. The regimen made it possible to compare the results at the level of county groups (Statistics Poland's subregions).

The strata are defined by the following stratifying variables:

- geographical variable: subregion (72 NUTS 3 subregions);
- employment size category (0–9, 10–49, 50–249 – micro, small and medium-sized enterprises);
- industry (GDP groups: construction, production, services, trade).

<sup>1</sup> In each geographical stratum, the number of interviews was disproportionately divided between the strata defined by the employment size and industry.

For each of the elements of the geographical variable, a minimum of 96 units per subregion were sampled (in total n = 7,412).

At a confidence level of 0.95<sup>2</sup>, the maximum statistical error for percentages is:

- for the whole country – not more than ±1.8 percentage points,
- at the voivodeship level – approximately ±5 percentage points,
- in a sub-region – approximately ±10 percentage points.

The maximum statistical error at a confidence level of 0.95 for the index values is:

- for the whole country – not more than ±0.5 points,
- at the voivodeship level – approximately ±2 points,
- in a sub-region – approximately ±4 points.

In each geographical stratum, the number of interviews was disproportionately divided between the strata defined by the employment size and industry. In each geographical stratum, the number of interviews was disproportionately divided between the strata defined by the employment size and industry. The use of a disproportionate regimen was aimed at constructing the sample in such a way that, aside from drawing conclusions at the level of the geographical variable (voivodeship or subregion), it would be also possible to compare the results at the level of the four major industries:

- production,
- services,
- trade,
- construction.

<sup>2</sup> This means a probability of 95% that the result of the measurement shall be ± within the statistical error margin.

The units were randomly selected in each of the strata independently, with the use of a simple regimen<sup>3</sup> with equal probability of selection.

The selection frame was constituted by a commercial database, containing geographical, administrative, and contact information, as well as information about industry and employment size.

Due to the disproportionate selection regimen, before the analysis, the structure of the sample data was adjusted to the structure of the population. An analytical weight was applied, taking into account:

- Statistics Poland's subregion,
- employment size,
- business industry.

In the first stage of weighing on the basis of data from the REGON register, the structure of the population was defined in terms of the variables mentioned above. In the next step, the structure of the sample was adjusted to reflect the structure of the population. After applying the weight, it is possible to draw conclusions at the level of the entire country.

Table 2 presents the number of interviews conducted in particular voivodeships, among micro, small and medium enterprises and among companies from particular industries.

<sup>3</sup> Each item from the sampling frame has an equal chance of being in the sample.

Table 2 Sample structure

		Number of interviews	Weighted	Not weighted
Company	micro	6006	93,1%	81,0%
	small	903	5,9%	12,2%
	medium-sized	503	1,1%	6,8%
	<b>TOTAL</b>	<b>7412</b>	<b>100,0%</b>	<b>100,0%</b>
industry in which the company operates	Production	849	12,6%	11,5%
	Services	4518	48,0%	61,0%
	Trade	1177	24,7%	15,9%
	Construction	868	14,7%	11,7%
	<b>TOTAL</b>	<b>7412</b>	<b>100,0%</b>	<b>100,0%</b>

Voivodeship	Number of interviews	Weighted	Not weighted
Dolnośląskie	515	7,8%	6,9%
Kujawsko-pomorskie	452	4,5%	6,1%
Lubelskie	395	4,0%	5,3%
Lubuskie	197	2,6%	2,7%
Łódzkie	519	7,0%	7,0%
Małopolskie	583	9,9%	7,9%
Mazowieckie	891	17,2%	12,0%
Opolskie	187	2,1%	2,5%
Podkarpackie	398	4,1%	5,4%
Podlaskie	344	2,4%	4,6%
Pomorskie	535	6,8%	7,2%
Śląskie	838	10,8%	11,3%
Świętokrzyskie	203	2,7%	2,7%
Warmińsko-mazurskie	309	3,0%	4,2%
Wielkopolskie	612	10,3%	8,3%
Zachodniopomorskie	434	4,7%	5,9%
<b>TOTAL</b>	<b>7412</b>	<b>100,0%</b>	<b>100,0%</b>

For the purposes of the Report, an index (response rate) has been created. The reference value is 100, which means that 100 is a neutral result. The following scale of weights for individual answers to questions was applied:

- 50 – much worse,
- 75 – worse,
- 100 – neither worse nor better,
- 125 – better,
- 150 – much better.

An index of 50 means the minimum (worst possible) rating. An index of 150 means the maximum (best possible) rating.

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