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The Importance of the Operation of Small and Medium-sized Enterprises in Poland in the Context of the Economic Market Turbulence

INTRODUCTION

Small and medium-sized enterprises in Poland are a group of businesses, which plays a key role in the development of the national economy. With a broad spectrum of activities and a high level of employment sector of small and medium-sized enterprises has had a positive impact on the growth of gross national product, and deserves to be called „the driving force of the economy of the country.” However, despite the vital role they play, they are exposed to a lot of difficulties and the main barrier to their development is the lack of equity and the difficulty in obtaining external funding [Tokarski, 2005, pp. 12–15].

The method of financing companies largely determine the resulting capital requirements, the availability of external sources of financing and the effective use of funds raised. The sources of funding are the mechanism driving the development of each company and determine its competitiveness in the market [Odorzyńska, 2000, pp. 9–13]. Decisions on financial resources have a major impact on the operation of each company in every aspect of its business, so the search for the most convenient sources of financing for small and medium-sized enterprises is an important part of their financial policy [Wiśniewski, 2003, pp. 15–18].

The purpose of this paper is to present the possible sources of financing to acquire the business of micro, small and medium, as well as an indication of effective methods of raising capital for these companies [Łuczka, 2001, pp.10–11]. The role and importance of foreign capital as a source of financing for small and medium-sized enterprises is presented [Orechwa-Maliszewska, Kopczuk, 2007, pp. 133–135]. Thesis has been shown that, despite the difficult access of micro, small and medium-sized enterprises to finance, there is a real possibility of raising capital for these companies.

THE SMALL AND MEDIUM-SIZED ENTERPRISES
IN THE POLISH NATIONAL ECONOMY DEFINITIONS
AND BEING SMALL AND MEDIUM-SIZED ENTERPRISES

The concept of small and medium-sized enterprises (SMEs), has not yet been clearly defined. So in the literature, as well as in business practice, there are many terms and definitions to describe these entities. Examination of the individual to the small and medium-sized enterprises can be based on different criteria [Laksis, 2003, pp. 132]. The dynamic development of small and medium-sized enterprises, which were observed in the twentieth century, especially the past two decades is a phenomenon in the world economy, which drew the attention of researchers and research centers [Wach, 2004, pp. 33–34].

However, by the end of the sixties of the twentieth century economic development in most developed countries based on the operations of medium and large enterprises. Production is carried out in these entities was considered synonymous with modernity. However, market structures in which was dominated by small and medium-sized enterprises associated with backwardness [Mikołajczyk, 1998, pp. 10–11]. Revaluation of views on the role of small and medium-sized enterprises was the beginning of the 70s of the twentieth century as a result of technological progress and above all, the growth of global competition.

The political market for Margaret Thatcher in Great Britain and Ronald Reagan in the United States supported a liberal approach to the economy and its deregulation, the interest in monetarism and supply side economics and perceived again the importance of entrepreneurship in economic development and the role of the entrepreneur [Poznańska, Schulte-Zurhausen, 1994, pp. 23–28]. In large firms employment has decreased dramatically and the sector of small and medium-sized businesses created more jobs. According to Christine Poznańska, the greatest impact on the growth of small and medium-sized enterprises were factors associated with their innovation to facilitate them to respond more quickly to changes in demand and technological transformation [*Ibidem*, pp. 25–28]. With passive recipients of technical innovations have become the creator, and in most areas – in computer science (software and hardware design), biotechnology and telecommunications, acting behind the development of the economy and the aesthetic of the operators in the market [Kiziukiewicz, Sawicki, 2010, pp. 11].

All these trends have caused a shift in the structure of the business, changing the relationship between small and medium-sized and large enterprises. Currently, there is a belief that each category has a particular business task [Piasecki, 1998, pp. 57–58]. There are areas of the economy, in the structure of the business, changing the relationship between small and medium-sized and large companies. The increase in the importance of small and medium-sized businesses is the fact that the economies of the European Union enterprises in the sector are

99.9% of all enterprises, employ 75% of the active population and account for about 70.5% of gross domestic product and the largest are in trade and services. Distribution of companies to small, medium and large is presented in the economic literature inconsistently and ambiguously one can distinguish the differentiating characteristics of the sector of small and medium-sized enterprises from the large.

Table 1. The essential difference between small and medium-sized and large companies

Features of small and medium-sized enterprises	Features of large enterprises
Effects on the basis of intuition, the owner or manager hired	The use of modern management methods and techniques
Low level of education staff	A high level of education of managers
Advantage operational decisions	The advantage of strategic decisions
Being able to operate without legal personality	Legal personality
Combining ownership and manager	Management via leased managers
Making important decisions for the company by the owner or co-owners – loneliness owners	Making decisions based on the opinion of the panel of advisors
Doing business on a small scale and as a rule – of local	Large volume of sales and operating range – the use of economies of scale of production
Its dependence on other parties	A number of organizational and equity links
Bark access to external sources of funding specific to the capital market	Ability to use a variety of capital market instruments
Own limited resources and limited access to capital	Easy access to capital
A relatively small market share	A significant share of the market
Low capital-intensive development	Highly developed investments (volume)
Little attention to image the company resulting from the limited financial resources or a lack of knowledge of marketing	The use of modern techniques to create the image of the company
The minimum share of exports	Expanded export activity
The company's work is based on the willingness to make decisions	The company's activities based on its development strategy
No tendency to organize into local groups to defend their interests	Participation in numerous business organizations and business clubs
No impact on the environment – depend on any changes outside the company	Large impact on environment changes

Source: own work on the basis of [Tokarski, 2005, pp. 13–14].

In the literature on small and medium-sized enterprises dominate the thesis that small business is not a miniature of a large company, but an entity governed

by other rules of action, solving their problems in an original, unique, suitable way for companies of this size [Tokarski, 2005, pp. 19–23]. The theory and practice, have adopted a combination of small and medium-sized businesses in one group, as opposed to large enterprises. In most Western countries the concept of small and medium-sized enterprises operating together under such names mostly: small-medium-enterprises (SME), small enterprises development (SED), small business, and medium industry small Klein-und Mittelbetriebe. In Poland, the small and medium-sized enterprises is abbreviated as MSP [Łapiński, 2004, pp. 28–34].

Small and medium-sized enterprises are characterized by the following features:

- have relatively little capital and employ a small number of employees,
- have a small market share, and its owner is the manager (or group of people), which eliminates complex administrative and bureaucratic structures,
- are financially and legally independent of other entities, despite the limited ability to raise external capital market financing,
- flexibility to modify or change business profile, close proximity to the owner and staff allows for daily contact,
- inability to use the specialist services (accounting, marketing, legal advice, specialized service equipment) compared to companies with a global reach,
- large independent decision-making of the owner indicating,
- dominated by short-term strategy,
- relatively strong motivation for good work, because of the ease of identification of the product,
- strong motivation of the owner, because of the risk of loss of capital and the risks associated with their independence.

The concept of SMEs is consistent with the standards in the European Union contained in Commission Recommendation 96/280/EC of 3 April 1996, due to lack of legal provision forcing mandatory use this definition in different institutions and for different purposes, depending on the needs of developing reports and conducting statistical surveys defined differently [Orłowska, 2003, pp. 48–52]. The most commonly used definitions are based on quantitative criteria and quality. Among the most quantitative criteria taken into consideration in the formulation of SME dominate synthetic absolute economic measures that are based on the number of employees, turnover and value of its fixed assets or the value of assets (asset size) and relative (eg. market share). The quality criteria (unmetered) refer to the specific characteristics of the business, which often rely on subjective assessments which often results in limited utility of the classification based solely on qualitative criteria. An example of a set of commonly used qualitative criteria are shown in the table 2.

Table 2. Some quality criteria for small businesses

Criteria	The characteristic features
The management system	Managerial functions: the owner, the management of staff System information: limited Model management: centralized The role of intuition: high
organization	Structure: Functional Relationship information and decision-making: direct contact The formalization of tasks: small Delegation of authority: limited Flexible structure: high
Production	Type: labor-intensive Type of work: small Device Type: Universal The possibility of reducing costs: limited Willingness to innovate: high
Finance	Intellectual capital: one owner or several persons Access to the capital market: small
Personnel	Qualifications: – Unskilled workers: small share – Graduates: small share Relations between workers: general
Research and development	Research: focus on customer needs

Source: own work on the basis of [Kiziukiewicz, Sawicki, 1998, pp. 11; Poznańska, Schulte-Zurhausen, 1994, pp. 24–27].

According to the author of this article the most commonly used quality criteria allows us to formulate the following characteristics of small and medium-sized enterprises:

- owner has a significant share in the management of the company,
- management / owner includes a single person or a small group of a group of people,
- method of financing is not related to the capital market,
- enterprise is the basis of existence of the owner and his family,
- known personal relationship with the owner of the business associates,
- management of the company is independent of the will of third parties not connected with the company.

Inclusion criteria for quality extends considerably the scope of analysis and enables a more complete identification of the company. In the opinion of the author of this article quality criteria are not yet fully developed by the researchers. This view is also shared by T. Łuczka who believes that the main disadvantage of all the qualitative characteristics of small and medium-sized enterprises is not operational, i.e. there are no measurable or quantifiable characteristics that could form the basis for the classification of enterprises according to specific classes. According to National Labour Inspectorate small enterprises

employ up to 50 people, medium up to 250 people, a large over 500 employees [Skowronek-Mielczarek, 2003, pp. 18–21].

The Ministry of Finance and the criteria for mixed use, without formulating it is true definition of small and medium-sized enterprises, but has it indirectly in the criteria of adopted tax laws, decrees of the Minister of Finance, the Accounting Act [Zawadzki, 1999, p. 3]. On the basis of the criteria adopted by the Ministry, the smallest group of entities (micro-enterprises) may include the self-employed, who are entitled to pay a flat-rate income tax as a tax card and which are exempt from the obligation to keep books [Łuczka, 2001, pp. 31–32]. The criteria according to which the companies belong to this category are: type of business, number of employees, the number of equipment or cars, etc. (e.g. natural persons engaged in service activities, employing between 0 to 5 employees, the upper limit is dependent on employment type and location of services and up to 50 people) [Pierścioneek, 2007, pp. 8–12]. Companies in this category also include the company paying the flat-rate personal income tax, whose annual income does not exceed the designated regulation and conduct simplified records of revenues and expenditures.

The companies which were not provided with such opportunities are larger companies operating in the medium (leading's tax records of income and expenditure and employ up to 500 people) and large-scale (companies required to keep books of account and employing more than 500 people) [Safin, 2008, p. 126]. The tax office depending on the circumstances, use categories: small businesses, in accordance with article 54 law about business and small taxpayers in accordance with article 4.4, section 17a of the revised on October 1, the law on tax on goods and services and Excise [Jędrzejewska, 2002, p. 5]. If you want to debt reduction the company in accordance with the Act on the restructuring of certain public duties (OJ, No 1555 from 2002, poz. 1287) uses the concept of a small trader. But when he wants to grant us the right to a simplified settlement of VAT on a quarterly basis or right to a cash basis taxpayer uses the concept of a small, defined the VAT registration:

- whose value of sales of goods, within the meaning of art. 2 paragraphs 1 and 3, as well as the value of exports of goods and services does not exceed the previous fiscal year, the equivalent of 800 thousand. EURO (in terms of gross sales, not the market within the meaning of Article. 15 of the Act),
- providing services commission – if the value of sales of goods did not exceed the previous fiscal year, the equivalent of 800 thousand. EURO,
- leading paint company, a person who administers trusts, which is an agent, contractor or other person of a similar nature – if the amount of commission or other form of remuneration for services does not exceed the PLN equivalent amount of 30 thousand.

It is noteworthy that euro being given size must be converted at the average euro exchange rate announced by the National Bank of Poland on the first working day of October of the previous fiscal year, rounded up to 1000 PLN.

In Poland, the Accounting Act of 29 September 1994 although not explicitly referring to the classification of enterprises by size, but contains stipulate that entities operating on a small scale may prepare financial statements in a simplified form, if in the fiscal year for which the draw financial statements did not reach two of the following three values:

- average annual employment in full-time equivalents amounted to no more than 50 people,
- total assets at the end of the financial year in the Polish currency did not exceed the equivalent of two million,
- net revenues from sales of goods and services and financial operations in the Polish currency did not exceed the equivalent of 4 million.

Similar as to the types of criteria are contained in the Law on economic activity, which in Articles 54 and 55 defines small and medium-sized enterprises, by the:

- small enterprise is an enterprise that does not exceed the average annual employment of 50 people, the net proceeds from the sale of goods, products, services and financial transactions does not exceed the PLN equivalent of € 7 million, or a balance sheet total assets as at the end of the previous financial year does not exceed the equivalent of PLN 5 million,
- medium-sized enterprise employing less than 250 employees, net income is between 7–40 million, and total assets in the range 5–27 million.

The Act also includes qualitative criteria according to which from SME business are excluded entrepreneurs that have: more than 25% of deposits, shares, rights to more than 25% of the profits, more than 25% of the general meeting of shareholders [Strużycki, 2003, pp. 233–234]. For businesses operating for less than a year, to recognize businesses for small or medium represents only the value of average monthly employment for the last complete month of entrepreneurial action. The above in the Act are adapted to the size of the existing criteria in the European Union, which, according to the European Commission Recommendation 96/280/EC of 3 April 1996, since January 1998 are as follows:

- small enterprise is an enterprise whose maximum employment of 50 persons, the net proceeds from the sale of goods, products, services and financial transactions does not exceed 7 million, the balance sheet total does not exceed EUR 5 million and the maximum % ownership or voting rights, focused on one hand or joint does not exceed 25%;
- average of 51do company employs 250 employees, net income is between 7–40 million, total assets in the range 5–27 million, and the maximum percentage ownership or voting rights, centered in one hand and a joint does not exceed 25%.

As interpreted by the Commission, the undertakings included in the SME sector must meet three criteria: mandatory criterion of maximum employment

and independence criteria and optionally one of the other two. It is worth noting to notice that European Commission may raise the thresholds above criteria [Ickiewicz, 2004, p. 11].

RATE OF SELF-FINANCING ENTERPRISE FINANCIAL AND BUSINESS PRODUCTIVITY

In 2009, total revenues of the companies that were in 19 sector remained practically at the same level as the previous year (decreased to PLN 3,079.6 million from 3,088.6 million PLN in 2008, i.e. by 0.2%), and the SME sector decreased slightly – by 1.7% (from 1803.9 to 1773.3 billion PLN). The increase in revenue was recorded only in micro-entities (5.6%) and to a lesser extent, large companies (1.7%) [Ickiewicz, 2004, pp. 8–11]. While there has been a marked decline in small (7.1%) and medium-sized entities (5.1%). These results represent a deterioration of the situation of enterprises in comparison to the past few years – for comparison in 2003–2008 reported a significant increase in its revenues (average annual increase in output amounted to 9.6%, and Treasury – 8.1%). Despite the slowdown in 2009, since 2003, turnover in the sector rose by more than half (about 58% in SMEs by 45%) of 20, and since 1997 – more than three times (3.1 times) 21 in 2009, Polish companies have suffered similar charges than the year before (PLN 2,872.3 billion, a decrease of 0.8% in the SME sector: PLN 1,095.9 billion, a decrease of 1.7%). The sharp increase was recorded only expensive micro (6.4%) [Słoński, 2004, pp. 171–173].

A significant reduction in operating costs was while in the group of small and medium-sized enterprises (by 6.5% and 5.8%). In large enterprises costs remained virtually unchanged in comparison with 2008 (up 0.3%) [Czarnecki, 2007, pp. 36–38]. Importantly, a clear slowdown in the growth trend costly for companies took place after a period of steady growth with high levels – in the years 2003–2008, total expenses rose by 56.1% (average annual growth rate of 9.3%, and for SMEs – 7.7%). Even faster growing costs of large companies (74.2%, average 11.7%) [Pierścioneck, 2007, pp. 11–13]. Comparing the financial performance of Polish enterprises with entities other EU countries can be seen that companies in Poland are significantly less productive than most of their competitors in other countries of Europe. The average company in our country, was placed on one of the last places in the statement of 26 countries (with a score of 0.54 million in 2008), ahead of only Hungary, Romania, Lithuania, Portugal and Bulgaria.

The most productive in this regard appear to be the company of Luxembourg (EUR 4.1 million), Germany (2.6 million) and the Netherlands (2.3 million). It should be noted, however, that the performance of companies in Poland

relative to their competitors is gradually improving. In 2003–2008, we recorded the third highest growth in the EU - the turnover of companies in our country increased twice (2.0) [Zawadzki, 1999, pp. 20–24]. A little higher, because more than doubled the company recorded in the Czech Republic (2.6), Latvia (2.4) and Bulgaria (2.1). The growth of turnover was smallest in the most developed European countries [Skowronek-Mielczarek, 2003, pp. 20–22]. In terms of gross value added of the Polish recorded similar results when compared to revenues of enterprises in our country and other European countries.

The average company in Poland, took 19th place in the ranking of 26 European countries with a score (118.5 thousand EUR) much lower than most developed countries of the EU. The most productive countries in this category, in are Luxembourg and Norway (over 700 thousand Euros) and Germany (648.2 thousand EUR). Companies in Poland are, however, two times more productive than in Bulgaria and Romania (64.9 thousand respectively., and 56.7 thousand EUR), as well as companies from Portugal, Lithuania and Hungary (90.8 thousand respectively., 90.5 thousand., and 90.0 thousand. EUR) [Prus, 2004, pp. 12–15]. Again, the rate of improvement of our business is among the compared countries. In 2003–2008, out of the 12 countries analyzed companies in Poland took third place in the growth of value added per firm. Productivity of the average company in the field of 'income differs significantly between different categories of enterprises by size and section.

According to the CSO, the average company in Poland reached nearly PLN 2 million total revenue (1840.2 thousand. PLN in 2009), the best in this area – the industrial undertaking more than three times (6184.6 thousand PLN) and the weakest – the company running the other service activities – thirteen times less (138.7 thousand PLN). The least productive were small businesses [Safin, 2008, pp. 50–52]. It is said that the average revenue generated by a small entity (0–49 persons employed) amounted to PLN 674.8 thousand (and to PLN 435.7 thousand for a micro-company). The average medium-sized enterprise generated more than 60 times more than the small companies income (41,546.0 thousand. PLN), and large companies more than 620 times more (419,617.7 thousand PLN) [Alińska, Grzywacz, Latoszek, Proczek, Zawisliński, 2008, pp. 48–50]. Similar conclusions can be drawn from the analysis of revenues per employee – employees of smaller firms are on average less productive than larger businesses. The average working in a small company (0–49 employees) created nearly a quarter million PLN (243.4 thousand PLN), slightly less – working in the micro business (201.8 thousand PLN). Statistical medium-sized enterprise employee was two times more efficient than small (399.6 thousand PLN), and large – two and a half times (502.6 thousand PLN) [Jankiewicz, 2004, pp. 21–23]. The average working in the statistical company has developed more than one-third million (U.S. \$ 348.8 thousand PLN).

The most effective proved to be employees of companies carrying on a trade and repairs (512.6 thousand PLN) and real estate operating companies (415.7

thousand PLN). The pace of business revenue growth measured entity differs between groups of firms by size. Large companies have achieved the highest growth rate of income per person in 2003–2009 (an increase of 55%), the increase in costs in a similar, albeit to a lesser extent (52%) [Janiuk, 2004, pp. 18–20]. When comparing the financial results of Polish enterprises with entities from other EU countries one may note that enterprises in Poland are significantly less productive than a majority of their competitors in other European countries. The second highest score was recorded micro (revenue growth of 46%, and the corresponding cost by 41%) ahead of the 2009 medium-sized entities, which a year ago were in second place in this category.

Only a slightly lower growth rate reached Medium Business (an increase of 41%), with a slightly slower pace (up 39%). Medium-sized businesses despite the fact that the only ones at the turn of 2008 and 2009 recorded a decrease in revenue for one company (3.5%) were able to cut costs a bit more (down 4.2%) [Łapiński, 2004, pp. 42–45]. On the other hand, small firms in 2003–2009 increased the average cost per company of 17%, noting at the same time 18 percent increase in revenues (compared to 2008 their income has hardly changed).

THE NUMBER AND STRUCTURE OF ENTERPRISES

According to the CSO, out of 4.1 mln [Data refer to section B-U PKD 2007] companies registered in the company registration number, in Poland there are about 1.67 million businesses active [CSO data for 2009 refer to the section BJ, LS PKD 2007] (1.53 million, according to Eurostat) [Data refer to Section C-I, K of NACE rev. 2]. This gives Poland in this respect, the sixth position of the economy in the EU (in 2000, in terms of number of companies have found themselves in fifth place ahead of the United Kingdom), in which the total number of firms is almost 21 mln [Eurostat data for 2008]. According to Eurostat data, the most numerous in terms of the number of enterprises is Italy, where the number of firms (3.92 million) was more than two and a half times higher than in Poland. Related is number of enterprises is in Germany (1.8 million) and the UK (1.7 million) [Data refer to Section C-I, K of NACE rev. 2, the data for 2008].

Significantly fewer firms are characterized by economies of our region – the largest in this respect, Romania and the Czech Republic (respectively 216 thousand, And 214 thousand companies) are seven times less. It is worth noting that both data on the number of companies in Poland are published by the CSO. 4.1 million entities refers to the register registration number, which is periodically revised by the CSO through contact with the selected entities. The 1.67 million is the number of non-financial companies given in the publication „The activity of non-financial enterprises in 2009”, GUS, 2011. This publication (based on the

results of the CSO) includes: a sample survey of micro-enterprises as well as two full tests of other entities. The vast majority of EU enterprises are micro, small and medium-sized enterprises (99.8%).

The same situation is in Poland, where companies from the 1.67 million SME sector entities account for the vast majority (99.8%). In Poland this sector to a greater extent than in the EU is dominated by micro, whose share in the total number of enterprises (96%) higher than the European average (91.8%). The share of small firms in the number of SMEs in Poland (2.8%) is less than half the average for the EU-27 (6.9%). Although the medium-term trends show that the structure of companies in Poland, albeit slowly, moving in a similar direction to the EU – a declining proportion of micro and increasing the share of other groups.

The pace of these changes indicates that the biggest problems with growth and transformation in small entities are micro-enterprises. Looking at the long-term trends, the number of SMEs in Poland is steadily growing (according to Eurostat data, in 2003–2009 the number of SMEs in Poland increased by 7.4%), but the growth rate is much lower than in the EU-27 (11.6%). Despite the upward trend observed since 2005, and in 2009 there was a strong decline in the number of companies in the EU – by 6.4%, and to a lesser extent in Poland – by 5.6% (to 1.67 million from 1.79 million in 2008).

This strong decrease in the number of SMEs can be observed in our country and across the EU (about 115 thousand). Was caused by the financial crisis of the world economy. As a result, the number of companies in Poland have fallen to levels not seen since 2005. According to estimates by Cambridge Econometrics for the European Commission 7 number of companies in Poland has started to grow again in 2011, similar to the European Union as a whole, the total number of enterprises in Poland was subject to over the years to quite significant fluctuations, with a slight upward trend.

According to Eurostat, in 2003–2008 there was one clear visible growth period: 2005–2008, which coincides with the significant improvement of the economic situation in the Polish economy. During this period, the number of companies in Poland increased by 4.9%, while in the years 1997 to 2008 by 6.5%. For comparison, in 2003–2008 the number of companies in Spain, Italy, and Germany showed virtually the entire period more pronounced upward trend (respectively 10.4%, 5.7%, 5.3%).

INVESTMENTS IN THE DEVELOPMENT OF ENTERPRISES

In 2009, the investment activities conducted at the sixth company operating in Poland (16.4%), and investment outlays in the sector of enterprises decreased to PLN 143.8 billion from PLN 157.0 billion in 2008, i.e. by 8%. Despite the

decline of Polish entry into the EU expenditure on fixed assets of enterprises have more than doubled (2.3 times), as in the period from 1997 to 2009 (2.4 times) [Orłowska, 2003, pp. 39–42]. In 2009 there was the first such marked decline over the period 2003 to 2009 and was the result of the difficult economic situation in Poland and in the European Union and the worsening economic expectations for the coming period. To a lesser extent, capital expenditure decreased in the SME sector (down from PLN 71.3 billion to PLN 69.1 billion, ie. about 3%) [Janiuk, 2004, pp. 20–22].

The largest decreases were recorded large (about 13%), followed by small (about 9%) and medium-sized enterprises (about 7%) only in the group of micro enterprises was an increase (9%), partly as a result of small links of the group entities with foreign partners [Małysa-Kaletka, 2000, pp. 23–25]. Among the SME sector in Poland, firms invest most (37% of expenditures SMEs) and industrial (32%) – one-third. The remaining one-third of expenditures attributable to trade (19%) and construction (13%) together. In 2004–2008, together with a reduction in the importance of industry in the economy also reduced the share of this sector in SME investment expenditures (down from 35.2% in 2004 to 31.9% in 2008), increasing the share of construction (an increase of 5.8% to 10.4%) [Łuczka, 2001, pp. 18–21]. In the case of services and trade sectors, it is difficult to identify clear trends in 2004–2009. In terms of size of companies in 2009, large companies invest most – 52.0% of total expenditures. The second in the order, which is the largest extent decided by the number, were small firms (with micro), whose expenditures were 26.6% of the Mogul (micro-enterprises – 15%). Slightly less on investments allocated medium-sized companies – 21.4% of total investment outlays.

The share of the SME sector in the investment business sector ranged between 2003–2009 in the range of 44–50% with no clear trends of this magnitude [Jędrzejewska, 2002, p. 4]. Compared to other European countries, investment activity of companies in Poland is insufficient from the point of view of the continuing low productivity and business development needs. Investments in fixed assets of an average company in Poland (28.3 thousand EUR) are much lower than in more developed European countries – almost five times lower than the leaders: Norway (139.6 thousand EUR) and Denmark (135.9 thousand . EUR) and more than two times lower than in Slovenia (63.7 thousand EUR) and Estonia (62.3 thousand EUR). The weaker performance of companies in Poland reached only company in Hungary (22.7 thousand EUR) and Czech Republic (13.3 thousand EUR) [Górka, 1997, pp. 216–217].

The top 25 countries were even Cyprus, Latvia and Norway, where investments have more than doubled during this period. Capital expenditures of enterprises in 2009 compared to 2008 decreased both in total and per one company. The average company has reduced expenditures on investment of 2.2%, which,

to them it was more moderate decline in capital expenditure – the largest investment cuts made the average large company (decrease expenditures by 10.2%), followed by – the average (by 5,7%), and finally – a small business (2.1%).

Only the average micro-enterprise have increased their investments in comparison with 2008, what is more, this increase was very clear (about 17%). It should be noted that in 2003–2009 all group companies increased significantly expenditures on investment in terms of one company [Skowronek-Mielczarek, 2003, pp. 6–7]. In most micro-enterprises have done so, which more than doubled their R&D investment (2.2 times increase). Significant growth was recorded medium (1.7 times) and large companies (1.6), and the least – because only about one-third (31%) – investment activities developed during this period small businesses. In the period 2004–2008 the most dynamic investment in one company characterized by construction companies – two-fold increase (by 103%), followed by trade (63%), industry (53%) and services (47%). For investment companies spend 4.7% of total revenue (figures for 2009) [Kolarska-Bobińska, 2003, pp.121–122].

These expenditures in 2003–2009 showed an upward trend, despite the apparent volatility of the value. By far the fastest expenses in relation to net income grew at a micro (an increase of 54% in the small: 11%, 22% for medium and large 4%). The vast majority (4.2% of revenues) has been earmarked for new assets, and significantly lower (0.5%) to use [Orłowska, 2003, pp. 48–52]. The largest part of their income spent on investment companies active in the real estate services – 14.0% (including the new assets 11.5%), and the smallest companies in the trade and repair services – 1.8% (on a new – 1.5%). As in previous years, in 2009, two thirds of SME investment expenditures are financed from own funds (64.8%), and nearly one fifth of domestic loans (18.5%) and 4.6% of other sources of financing are of minor importance [Łapiński, 2004, pp. 52–56]. The larger the company, the involvement of its own resources to finance investment is greater (small companies – 61.7%, average – 66.3% and high – 70.1%), as determined by their economic potential. With the budget the greatest use medium-sized enterprises (3.5%), followed by large (2.9%) and small (2.8%), which suggests that public support for the development of enterprises do not sufficiently take into account the specificities of small businesses to which the greater should be directed [Wyżnikiewicz, 2007, pp. 105–112]. For this reason small businesses are leading the way in the use of investment loans (small: 19%, average: 18.2%, large: 10.0%) and funds from abroad (small: 12.7%, medium: 6,0%, and high: 8.9%). It should be noted that the structure of financing sources are gradually transformed. In the period 2006–2009 the financing of investments by SMEs growing importance of capital (increase in the share of this source of

funding from 63.4% to 64.8%), the budget (from 1.9% to 3.3%) and funds from abroad (from 7.5% to 8.2%) and other sources (from 2.8% to 3.8%), decreased while domestic loans decreased from 21.8% to 18.5% [Kolarska-Bobińska, 2003, pp. 126–135]. SMEs most, because half of the funds allocated for investment, invest in building and construction (51.6%), while the share of this category of spending increases for the years 2006 to 2009 (from 34.7% in 2006) [Geller, 2007, pp. 136–141]. On the other hand, about one third of the investment is spent on machinery and equipment (30.9%) with a tendency to decrease (down from 44.4% in 2006). In the case of other groups of assets, it is difficult to identify clear trends. The smaller the company, the greater the share of expenditure on buildings and structures (small: 57.1% micro: 52.6%, mean: 48.2%, large: 40.4%) and transport (micro: 26.6%, low: 13.9%, mean: 12.2%, high: 5.8%) [Skowronek-Mielczarek, 2003, pp. 3–5].

This is a result of lower economic potential of small-scale operators and the costs associated with investing in this investment category. For this reason, smaller companies are relatively fewer resources to spend on equipment in the form of machinery and equipment (20.7% of micro, small: 28.6%, mean: 38.8%, and large: 53%), which causes them to under-investment funds in this category. The small and medium-sized businesses deserve to be called the driving force of the Polish economy. Although usually have a small range of operation and low impact on the environment in which they operate, their large number (according to GUS 99.8% from 1.67 million businesses, or about 1.66 million entities) gives the importance of the SME sector in the development of economy. The contribution of SMEs to the creation of gross value added of around 50%, while the number of people working in the sector represents two thirds of total employment. In addition, the importance of micro, small and medium-sized businesses to the economy proves their high potential for adaptation, flexibility and mobility, which are very important factors for stable, steady and rapid economic development.

FINAL CONCLUSIONS

Development of small and medium-sized enterprises in the Polish economy at the beginning of the twenty-first century is a must. Weak growth in the economy and high unemployment make small entrepreneurship an opportunity to accelerate the development of the Polish economy. Micro, small and medium-sized enterprises (SMEs) are the engine of the European economy. They are a major source of jobs, create entrepreneurial spirit and innovation in the EU and are thus crucial for fostering competitiveness and employment. The availability of sources of financing, method of financing, cooperation with business institu-

tions in financial matters has a significant impact on the economic health of small and medium-sized enterprises.

The current legal and economic conditions allow companies to the SME sector to finance its operations from many sources, ranging from bank loans. Despite the diversity of the market for the ability to obtain capital for current operations and investment, small and medium-sized enterprises still frequently use self-financing. Keeping current operations and development of small and medium-sized enterprises depends on many factors, first of all, on access to capital. Presenting the scope of the use by SMEs of different sources of finance allows to eject a number of applications – the large majority of SMEs in the business of the current use of self-financing and investing activities. In turn foreign capital is still the most popular form because the access to traditional bank loan is expensive and difficult. Relations with banks, although they represent the largest group of financial institutions with which entrepreneurs have often contact are judged too favorable.

It should be noted that the sector of small and medium-sized enterprises play an important role in social and economic life. Social functions of the sector lie in alleviating social tensions arising from the ongoing transformation processes. This goal is achieved by absorbing the emerging labor surpluses, as well as through the creation of entrepreneurial attitudes and highlight opportunities and self-employment. Due to the rapid development of science truly in managing marketing and finance it is necessary to get business convinced of the need to appreciate the proposals offered by various training institutes under the „secondary education entrepreneurs”. The Committee welcomes the adoption by the government of the „Government Policy Guidelines for Small and Medium Enterprises to 2002”, but the degree of implementation of the program is, according to traders highly unsatisfactory. Tangible support for the process requires technical and technological advancement, which is an opportunity and a challenge for Polish companies at the time of incorporation of the Polish economy to the single European market. The process of adaptation and economic conditions after Poland full membership in the EU requires a fuller integration of representatives of Polish companies – as social partners and experts – to the work of the government negotiating components. It is advantageous to bring together entrepreneurs in voluntary organizations in the form of local associations which constitute a specific amount of pressure on the local authorities at different levels, help people to entrepreneurs in business, support the business processes of integration, the foreign customs could promote fairness of a registered dealer and ethics professional, contributing to the increase of knowledge and economic – legal and business ethics.

In times of growing demand, small and medium-sized enterprises demonstrate in a convincing way the willingness to take risks, flexibility and self-initiative. Small businesses thanks to its strong customer focus matched in many

areas of activity, more competitors. Many of the small and medium-sized businesses, the complexities of weaving, not always favorable regulations, functioning from day to day, remains on the market. However, this situation is more like vegetation, or wear all means of survival and consumption. Powerful – „salt of the economy,” a group of small and medium-sized enterprises is a necessity. Small and medium-sized companies are more flexible in their operation, often form large business environment, conducive to the development of the region.

They account for a significant role in the development of new technologies. In terms of employment opportunities and reduce unemployment, small businesses have beneficial properties. Starting new jobs in small firms is much less capital intensive than large firms. Workers in small business must demonstrate a relatively universal capabilities, easier to learn the rules of operation of the free market. SMEs are slowly becoming a breeding ground for human resources for the economy and it is from them largely recruited prospective heads of new small and medium-sized businesses.

The effects of economic activities of small and medium-sized enterprises are related to the living conditions and well-being of more than 60 percent. Polish businesses need and expect appropriate support from local government organizations. It is time, therefore, for Polish economic organizations by drawing on the experience of countries belonging to the European Union and other highly developed economies, to develop information systems and created a reliable database of potential partners, sources of financing, legislation available to all interested companies.

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Summary

There is no doubt in Poland, the activity of small and medium-sized enterprises play a key unprecedented and significant role in economic development. These companies are of fundamental importance not only for the sustainable functioning of the economy, but also allows you to take advantage of the effects of rapid development of future generations. Author of the study by testing advocates, among others, that more than 1.6 million SME operators in Poland, the dominant force of the Polish economy and the source of growth, innovation, employment and social inclusion. Small and medium-sized enterprises are characterized by flexibility and ease of adaptation to market conditions and to respond to market needs. Still the number of newly established enterprises in Poland is very high compared to that on the deaths of firms, as evidenced by the high-potential entrepreneurship Poles. According to data from the Central Statistical Office indicate that companies currently operating in Poland is a place of work for more than six and a half million people. This means that as many as 7 out of 10 workers are employees of the sector of small and medium-sized enterprises. The level of entrepreneurship Poland does not stand out from the rest of Europe. In terms of the number of active enterprises occupy sixth place in the European Union.

**Znaczenie działalności małych i średnich przedsiębiorstw w Polsce
w kontekście turbulencji rynkowych w gospodarce***Streszczenie*

Nie ulega wątpliwości, że w Polsce aktywność małych i średnich przedsiębiorstw odgrywa zasadniczą i znaczącą rolę w rozwoju gospodarczym. Wspomniane przedsiębiorstwa mają fundamentalne znaczenie nie tylko dla zrównoważonego funkcjonowania całej gospodarki, lecz pozwalają również na czerpanie korzyści z efektów dynamicznego rozwoju przez przyszłe pokolenia. Autor opracowania w wyniku przeprowadzenia badań postuluje m.in., że ponad 1,6 mln podmiotów sektora MSP w Polsce, to dominująca siła polskiej gospodarki oraz źródło wzrostu, innowacji, zatrudnienia i integracji społecznej. Małe i średnie przedsiębiorstwa cechują się elastycznością i łatwością dostosowania do sytuacji rynkowej oraz reagowania na potrzeby rynku. Liczba nowo powstałych przedsiębiorstw w Polsce jest wciąż bardzo duża w porównaniu do liczby zlikwidowanych podmiotów, co świadczy choćby o wysokim potencjale przedsiębiorczości Polaków. Według danych z GUS wynika, że firmy działające obecnie w Polsce są miejscem pracy dla ponad 6,5 mln osób. Oznacza to, że aż 7 na 10 pracujących to osoby zatrudnione w sektorze małych i średnich przedsiębiorstw. Pod względem poziomu przedsiębiorczości Polska nie odstaje od reszty Europy. Pod względem liczby aktywnych przedsiębiorstw zajmuje ona szóste miejsce w Unii Europejskiej.