

PRESS RELEASE

Polish micro-entrepreneurs – passionate individuals with a sense of mission. They are satisfied with their jobs, although the earnings are not too high. They save money, take short holidays and do not take sick leave. They value independence.

The Union of Entrepreneurs and Employers presented the results of the original and one of a kind Polish survey entitled “**Material situation, private income and assets of Polish entrepreneurs**”, portraying the owners of Polish micro-businesses. The main objective of the project was to draw a portrait of the socio-demographic and material situation of small Polish entrepreneurs and to find out their attitudes and opinions on the conditions and prospects for doing business in Poland. The survey was commissioned by the the Union of Entrepreneurs and Employers to the research company Maison & Partners. The survey – as emphasised by experts during the presentation of the report - is unique in the country and shows a profile of the Polish micro-entrepreneur that differs from many prevailing stereotypes.

Passionate individuals with a sense of mission and a need for independence...

For the majority of Polish micro-entrepreneurs, the most frequently mentioned motive for setting up a business was the need for independence (37%) and the desire to pursue one's passion (31%). The need for independence as a motive for setting up own business dominated among sole proprietors (43%). Among company owners, the more frequently indicated motive for setting up a company was reluctance to work full-time for someone else, as well as economic necessity. In turn, individuals combining a full-time job with running a business were more likely to explain their decision to start a business by coincidence.

Confident in their decision to set up a business

The majority of entrepreneurs (75%) positively assessed their decision to set up a business and would continue to run it if faced with a choice between this and other forms of employment (in this case, there were also more entrepreneurs who were not simultaneously working full-

time and were mainly running a business). However, some entrepreneurs, mainly less educated and younger people, would be more willing to work full-time for someone else.

Highly educated

Polish micro-entrepreneurs are mainly educated individuals – there are more people with higher education in this group (69%) than in the population as a whole, and fewer with primary and vocational education (6%). In addition, there are also fewer residents of rural areas among entrepreneurs (19%) than among Poles in general (38%).

Parents of children in state schools and kindergartens

The majority of entrepreneurs have children (68%), 60% of whom have more than one child. The majority of children of small entrepreneurs benefit from public education (88%), attending state nurseries and kindergartens, state schools and universities. **Polish entrepreneurs do not spend high amounts on their children - 39% do not spend more than PLN 1,000 per child per month.**

No spectacular earnings

Around a third of Polish micro-entrepreneurs, after paying the necessary levies, earn no more than the national average. **Only 10% of the respondents declared earnings of more than PLN 15,000 per month, while only 4% – above PLN 30,000.** Larger monthly earnings were observed in the case entrepreneurs running larger companies, with higher turnover and number of employees.

No spectacular property or luxurious cars

The majority of Polish micro-entrepreneurs own their own flat or year-round house (86%) and private car (83%). This also means that 14% of respondents do not own their home and 17% do not own a private car. In addition, around a third of them own a house or flat for rent (30%), while fewer own a holiday cottage or apartment (27%).

The dominant car makes owned by the entrepreneurs included Audi (10%, with significantly more cars of this make among this group than among Poles in general), as well as Opel, Skoda

and Toyota – makes also popular among Poles who are not entrepreneurs. Only 14% of the respondents declared the value of their car to be over PLN 100,000

But with savings

Most micro-entrepreneurs are frugal. Polish entrepreneurs have more savings than the average Pole. However, it must be stressed that these savings are not always used for private purposes - as many as 47% of micro-entrepreneurs had to finance the operations of their business with private money at some point; quite obviously, this applies more often to sole proprietors than to companies. At the same time, the opposite also happens - small entrepreneurs borrow money from the company for private purposes.

Content with life despite difficulties

Interestingly, despite their material situation that is not much different from from that of Poles in general, it is entrepreneurs who seem more satisfied with their situation (56% of entrepreneurs vs. 36% of Poles in general). Of course, there are also people in financial difficulties among entrepreneurs who do not have enough money for their basic needs. Most of them come from the Łódzkie and Podlaskie provinces, have been in business for less than a year and mainly do physical work.

On average, Polish micro-entrepreneurs show a similar level of satisfaction with their lives as the general Polish population. Interestingly, satisfaction with life is not really related to the type of business run, but to universal demographic characteristics (i.e. similar to other Poles) - entrepreneurs who are better educated, have children and are older tend to be more satisfied with life. This may show that family, education and experience acquired with age constitute assets that translate into a better life.

Expert comments

Cezary Kaźmierczak, President of the Union of Entrepreneurs and Employers

The Union of Entrepreneurs and Employers is the only employers' organisation dealing with the micro- and small-business segment. Poles are an exceptionally entrepreneurial nation and this spirit of entrepreneurship and courage to take matters into one's own hands is one of the

very important factors driving Poland's development. Keeping the micro and small business segment in good shape ensures the stabilisation of the middle class and the development of small towns. It is often the case that 100 companies employing 10 people each contribute more to the stable development of a region than one company with 1,000 employees. We should take care of their development because, as our survey shows, micro-entrepreneurs are extremely hard-working, thrifty people who do not succumb to conspicuous consumption and who do not want to live off state benefits.

Prof. Dominika Maison, Maison & Partners.

Our survey has shown that the typical Polish micro-entrepreneur is not a rogue who just wants to make as much money as possible. Many micro-entrepreneurs are highly-educated people who set up their own business in order to be independent and pursue their passions. They work more than the average full-time employee, do not take sick leave and do not complain that they are not earning a fortune.

Mariusz Filipek - Plenipotentiary of the Minister for Deregulation and Economic Dialogue, Ministry of Development and Technology

The Union of Entrepreneurs and Employers has prepared a very valuable report for the economy and the business sector. It contains a range of data showing the largest segment of companies in Poland. From the perspective of the Ministry of Development, the key part was information on the development prospects of micro-enterprises. Taking into account the expectations of entrepreneurs, we are preparing a deregulation law to make it easier to do business in Poland.

Ignacy Morawski, Chief Economist, Puls Biznesu

Entrepreneurs play a very important role in the economy, creating companies and jobs, and at the same time providing the economy with flexibility to adapt to technological changes. Small companies tend to be quick to adopt new technologies, trends and products, playing a huge role in the growth of economy and productivity. At the same time, we must take into account that they are less efficient than large organisations. What surprised me most about the report of Union of Entrepreneurs and Employers was that almost half of those surveyed would be willing to change their current business for a full-time job, which shows how hard it is to run a business.

About the survey

The survey was conducted using the CAWI (*Computer Assisted Web Interviews*) method based on online surveys on the Ariadna survey panel. The persons invited to take part in the survey were representatives of the micro sector (companies with up to nine employees, regardless of employment form) and sole proprietors. The total sample size was N=658 respondents. The survey was conducted from 8-14 February 2024.

Lifestyle and related expenses

- **Restaurants.** Half of the entrepreneurs do not eat in restaurants at all, eat there rarely (21%) or once every few months (29%). The other half eat in restaurants at least once a month. Only 3% go to restaurants at least once a week.
- **Takeaway food delivery.** Ordering takeaway food with home delivery is slightly less popular, with 31% of entrepreneurs not using this type of service at all. However, those who regularly order takeaway food (at least once a week) are slightly more numerous than those who frequently eat in restaurants (5%).
- **Eating-out expenses.** Among those eating in restaurants and ordering takeaway food with home delivery, half spend on these services less than PLN 200 monthly.
- **Cultural events.** 41% of the entrepreneurs surveyed declared that they participate in cultural events at least once a month. Half of them declared an average expenditure of up to PLN 200 per month for that purpose.
- **Travel.** The dominant pattern of private travel is relatively frequent but short (2-3 days) domestic trips, which 78% of respondents declared in 2023. The most popular international destinations among Polish micro-entrepreneurs were Italy, Spain and Greece.

Assessment of the material situation

- **Enough to survive.** The vast majority of entrepreneurs surveyed described their material situation as sufficient to survive, but insufficient to afford additional major expenses (42%). 11% described their situation as bad to the point of not having enough to live, of which 8% had to significantly cut back on the spendings to “make ends meet”,

while 3% did not have enough for even their immediate needs.

- **No changes.** Two-thirds (63%) of the micro-entrepreneurs surveyed declared that there had been no change in their material situation over the past year. One in five respondents (20%) declared their material situation got worse, while 16% replied that it improved. Interestingly, the perception of a change in one's situation compared to the previous year was less negative among entrepreneurs than among Poles in general.
- **Who was worse off and why?** Deterioration of one's material situation was declared more frequently by respondents from the Podlaskie, Łódzkie, Dolnośląskie and Kujawsko-Pomorskie provinces, by entrepreneurs performing both physical and white-collar work, not employing people, over 45 years of age. The most important reasons for the deterioration of one's material situation were: inflation (25%), price increases / higher costs (25%), reduced income / turnover (17%), fewer customers (12%), government policies (8%), employment costs, social security contributions (6%) and the general economic situation in the country and around the world.
- **Who was better off and why?** The improvement in one's situation was more often felt by entrepreneurs from the Mazowieckie and Podlaskie provinces and by people with higher (post-secondary and tertiary) education. This was due to: an increase in own or partner's earnings (35%), an increase in the number of orders/customers (19%), change of own or partner's job (6%).
- **Satisfaction with life.** Regardless of the assessment of one's own material situation, the vast majority of entrepreneurs are satisfied with their lives and that level of satisfaction is not substantially different from that of Poles in general. As with Poles in general, also among entrepreneurs, those who are more satisfied with life tend to be older (over 55), better educated and have children.

Reasons for setting up own company and retrospective assessment of this decision

- **Independence, passion and challenges.** A very strong motive for starting own business was the desire to be independent and to have a sense of freedom (37% of answers to the open question), as well as reluctance to work full-time for someone else (22%). For 59% of the entrepreneurs surveyed, these were two key factors that had influenced their decision to set up own business. The desire to pursue one's passions was mentioned as a motivating factor for setting up own business by 31% of the respondents. 16% decided

to set up their own business because they had discovered a niche in the market, while 7% wanted to implement an interesting project they had come up with. For 12%, setting up own business was a form of investment or a way to raise money.

- **Coercion or coincidence.** 19% of the respondents set up their own business due to economic necessity or unemployment, while 11% did so at the suggestion of their former employer. It is interesting to note that 22% of the respondents declared that they had set up their own business as a result of a coincidence. Probably this factor, as well as the sense of compulsion to open own business felt by some contributed to some extent to the fact that a significant proportion of respondents, in retrospect, viewed their decision to start their own business negatively (12%), while a very high proportion (47%) of them would be more willing to work for someone else if they had the choice. What is particularly interesting is that one-third of young and uneducated respondents, working physically in production, would be more willing to work for a multinational corporation, possibly a private company, than to continue running their own businesses. This suggests that the group in question fares worst at running their own business.
- **Assessment of the decision to set up own business.** In retrospect, 75% of those surveyed assessed their decision to set up own business positively and, given a choice, just over half (53%) would continue to run it. Particularly for those aged 55 and over (70%), with more than 10 years of experience in the market (59%), operating in the service sector (57%), combining manual and white-collar work (59%), not hiring employees (57%), with a university or post-secondary education (56%), continuing running own business remains the best option.

Obstacles and desire to continue running own business - summary

- Labour costs and taxes. Entrepreneurs identified a great deal of barriers to running own business. These were linked to high costs, both due to rising fixed overheads (51%), high taxes (49%) or high labour costs (43%).
- Law and bureaucracy. The second group of barriers was linked to the legal system and bureaucracy. Entrepreneurs frequently mentioned instability of the legal system (29%) and intricacies of the business law (20%), as well as excessive bureaucratic requirements (26%) and EU-imposed restrictions on the activity/development of companies and

industries (13%).

- The future of business. When thinking about the coming 12 months, only one-third of the respondents did not consider ending or suspending their business. The majority of the entrepreneurs surveyed (60%) did not think about the issue, while 11% admitted that it was likely that they would terminate or suspend their business. This proportion is significantly higher among entrepreneurs from medium-sized cities (20-99,000 inhabitants), those who have been on the market for 6-10 years and those with primary and basic education (it is worth noting that the latter are the group generally least satisfied with running their own business).
- Reasons for continuing own business. The most frequently mentioned reason for continuing own business was its good condition. However, there were also less optimistic reasons, including lack of other alternatives (6%) or long-term commitments (4%). These answers indicate a certain bitterness about the situation, and may indicate that although running own business may not fulfil the expectations or aspirations of the entrepreneurs, at the moment some of them are bound by their choices and act in a sense 'out of habit', struggling to stay in the market.
- Reasons for closing down business. Among the reasons forcing entrepreneurs to close or suspend their business the most frequently mentioned ones included the excessive cost of running a business, the amount of contributions and taxes paid (26%), as well as insufficient revenue to continue operations (13%). Other reasons mentioned included age (6%), lack of orders, customers (6%) and growth opportunities (4%).