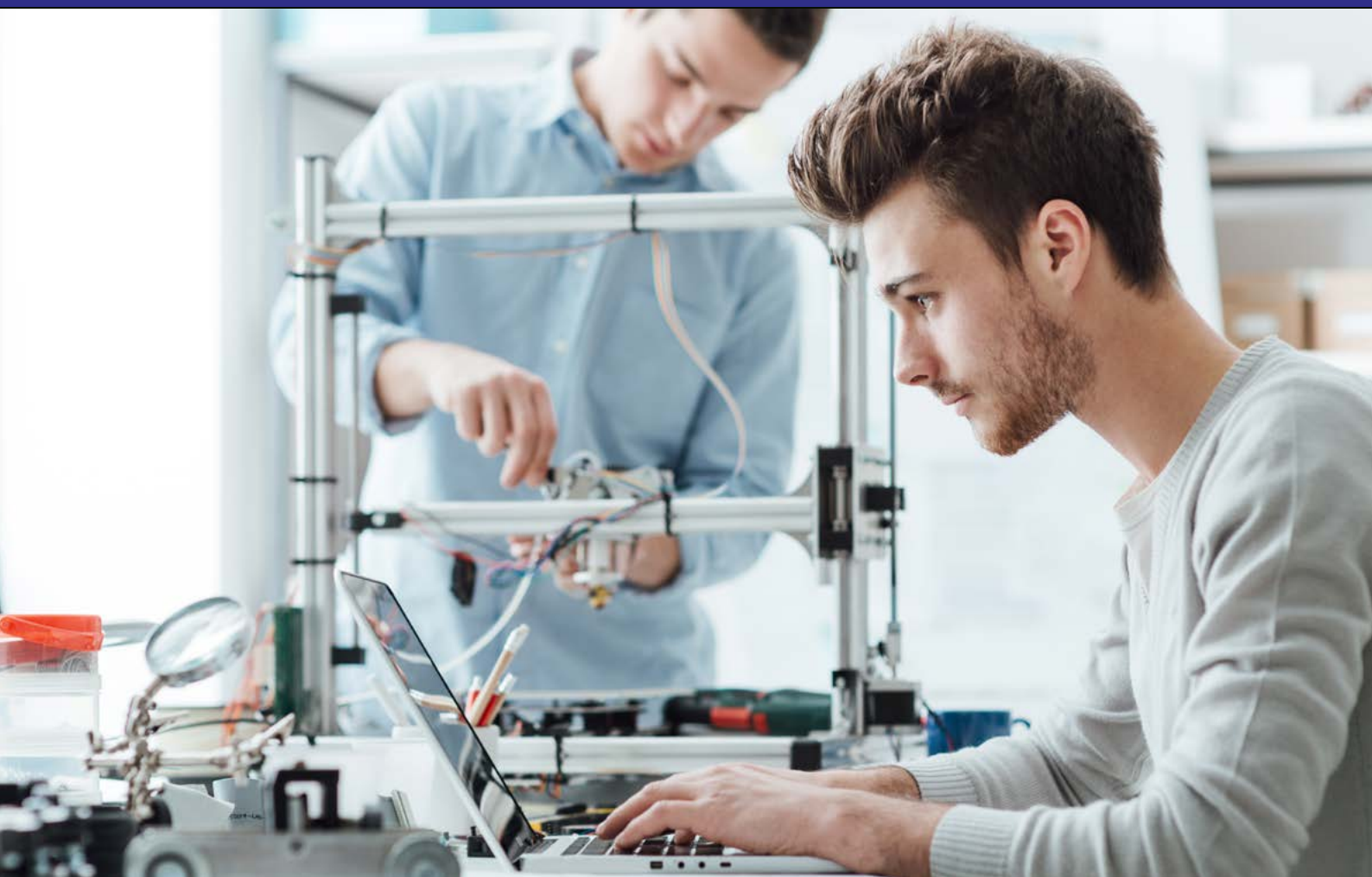


# Report on entrepreneurship



**Global Entrepreneurship Monitor**  
**Poland 2024**



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## Global Entrepreneurship Monitor

Poland 2024



Warsaw 2024

## **Survey Report: Global Entrepreneurship Monitor Poland 2024**

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Dear Sir/Madam,

we present you with the 13th edition of the *Entrepreneurship Survey Report - GEM Poland 2024* report, in which we take a look at this phenomenon in Poland, track the developments over time, and compare it with both European and global trends. This year's study presents data that includes the societal perception of entrepreneurs, the willingness and motivation to start a business, the fear of failure as a barrier, the level of business activity, and the scale and reasons behind business closures. The topic of women's entrepreneurship holds a permanent position in our report. Dedicated chapters cover startups and findings from an expert assessment of the business environment, addressing aspects such as access to financing, regulatory and tax conditions, and the effectiveness of education in fostering entrepreneurial attitudes and skills. We also explore new topics, including the digitalisation of businesses and the inclination to engage in sustainability and social responsibility initiatives.

The most recent data, from a survey conducted between late March and early July 2023, warrants a slightly more optimistic outlook for the future versus the situation presented in previous editions of the report, which referred to data from between 2020 and 2022. The negative trend of a systematic decline in indicators related to the societal perception of entrepreneurship, the intention to start a business, as well as business activity has slowed down (particularly in early-stage ventures), and the proportion of early stage and established business owners within the adult population, as well as the rate of individuals planning to start a business, has seen a slight increase compared to 2022. Additionally, Poles' self-assessment of their capacity to run a business remains stable, with one in two people confident in their skills to take on an entrepreneurial role. The vast majority of Poles still believe that starting a business in Poland is easy, and that favourable conditions are present in their environment.

Despite this, it is clear that the exceptionally challenging period of 2020-2022 (marked by the pandemic, war, uncertainty about the future brought on by rising living and business costs, and significant tax changes introduced by the Polish government) altered Poles' perspectives on entrepreneurship. Although most of us still believe that credit should be given to those who successfully establish a new business, it is now far less common for Poles to view entrepreneurship as a desirable way to make a living. During this period, there was also a rise in individuals who, despite recognising business opportunities,

chose not to start a business due to the fear of failure, although this very period also saw positive changes, with an increase in the number of entrepreneurs who recognise that it is necessary to employ digital technologies, those aware of the UN Sustainable Development Goals, and entrepreneurs actively taking steps in these areas. More than half of enterprises also continue to declare activities in the area of social responsibility.

To conclude, I would like to extend my sincere gratitude to the Experts who agreed to participate in our survey on the determinants influencing entrepreneurial development, the results of which are presented in this report.

I wish you a pleasant read.

Katarzyna Duber-Stachurska

President of the Polish Agency for Enterprise Development

# Key findings

Entrepreneurial activity of people across the globe, and the conditions of its development, are a major area of interest for researchers from more than 50 countries worldwide, who annually voluntarily participate in the GEM - Global Entrepreneurship Monitor research project initiative. For 25 years, GEM has been providing data to enable the identification of differences between countries with regard to entrepreneurial attitudes, activities and aspirations, and identify factors that shape the level of entrepreneurial activity and its nature. Below are the key findings of the report, focusing on Poland's situation in 2023 compared to European countries (for further international comparisons, see the later chapters).

## **Poles are respectful of entrepreneurs, but cautious about embracing entrepreneurship as a career**

**While the majority of Poles (63%) still believe that successful entrepreneurs deserve recognition, significantly fewer (43%) consider running a business as a good way to make a living.** The results are similar to those obtained in the exceptionally difficult year of 2022, and remain significantly lower than the highest levels recorded in GEM's 13-year history of systematic surveys, particularly between 2018 and 2019 (when they stood at around 80%). Poles' perceptions of entrepreneurship are currently less positive compared to the average for Europe, where 69% appreciate successful entrepreneurs, and 60% view self-employment as a good career option.

At the same time, **only 38% of Poles notice content dedicated to successful entrepreneurs in public media and on the Internet.** This result has remained at an extremely low level since 2021, and currently places Poland at the bottom of the rankings (not only in Europe, but among all the 49 countries-participants of the 2023 GEM survey).



## **Although the assessment of the conditions to start a business has improved, Poles still fear failure and remain cautious about starting their own ventures**

**Poles are less likely than Europeans to know someone who has been in business for at least two years.** In 2023, 46% of Poles reported they knew at least one such entrepreneur, compared to the European average of 52%, which shows a decline for Poland, where, in 2019, the rate was 50%. Nevertheless, **based on the latest data, as many as 83% of Poles believed it was easy to set up a business in Poland** (up by 4 pp year-on-year, but still much below the 90% achieved in 2019), which is higher than the European average (52%). **Poles' expectations regarding the conditions for starting a business in their local area, within the next six months, are also optimistic** (currently, 74% of Poles are positive about this, up from 72% a year earlier).

**The conditions for starting a business, which were assessed positively, do not markedly increase entrepreneurial intentions.** Those have been steadily declining since 2017. **In 2023, only 2.6% of persons not currently running a business answered affirmatively to the question whether they planned to start one within the next three years.** Although the rate increased slightly last year, by 1 pp (following several years of gradual decline), it remains well below the European average of 12%.

A slightly positive change is visible for the indicator measuring the fear of business failure. **In 2023, the percentage of those who feared they would not succeed, even though they saw business opportunities, was 52%** (versus 53% in 2022). It is worth noting that, apart from the last two measurements, the indicator exceeded 50% only once in the past 13 years of systematic research, namely, in 2014. The latest result is higher than the European average of 45%.

**In 2023, Poles' assessment of their capacity to run a business (those who believe they have the necessary skills and knowledge) remained at 48%, same level as the previous year** (with the European average of 52%). It should be noted that the current result is lower than the 50 to 60% recorded for 2011-2021.

## The long-awaited improvement in entrepreneurial activity has finally materialised, but the reasons behind the ongoing disengagement should be monitored

In 2023, compared to the previous year, both the proportion of adults running young enterprises (defined as those active and paying salaries for no more than 3.5 years) and the proportion of those running established enterprises (active for more than 3.5 years) increased. Meanwhile, the rate of business withdrawals remained stable. In terms of the figures, 2.6% of Poles aged 18-64 ran young enterprises, and 11.6% ran established enterprises (in 2022, it was 1.6% and 9.8%, respectively). Considering the absolute number of adults, this is approximately 570 900<sup>1</sup> individuals running young enterprises, and 2.5 million running established enterprises. At the same time, it is worth noting that of the 571 000 of individuals running young enterprises, 242 000 are those running nascent enterprises (paying salaries for up to 3 months), and that one person can run more than one business with different periods of market presence.

In Poland, established enterprises are predominant, with 4 times fewer people running young enterprises, while in Europe, the proportions are reversed, with those running young businesses averaging 9% of the European adult population, and those running established businesses accounting for 7.5%.

In the latest survey, 3.4% of Poles admitted that they had discontinued business in the past 12 months (3.7% in 2022). The reasons for such decisions were as follows: the pandemic (36%), non-profitability of the business (18%), retirement (12%) and government policy/taxes/bureaucracy (11%). Compared to previous editions of the GEM survey, a decrease in the impact of the pandemic is evident. On the other hand, an increase was observed in the significance of business non-profitability (mentioned five times more often than in 2022) and the political-regulatory-tax factor (it was the second consecutive measurement that recorded such an increase in the frequency of this reason).

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<sup>1</sup> Number of adults aged 18-59/64, as of 31 December 2023 – 21 958k, source: *Population size and structure and vital statistics in Poland by territorial division in 2023. As of 31 December*, Statistics Poland, 2024.

## **Although the structure of motivations is still largely dominated by the scarcity of job offers, positive changes are evident**

**In 2023, the most important reason for Poles to start a business was the desire to secure a livelihood, given the scarcity of job offers on the labour market (63% of responses from those running young enterprises), followed by the desire to build wealth/earn a high income (40%). One in five people running young enterprises went into business because they wanted to make a difference in the world, and one in ten wanted to continue a family tradition.** The hierarchy of motivations mirrors that of Europe, with the absence of paid labour being a less important factor (57% – securing a livelihood, 52% – financial factor, 42% – making a difference in the world, 25% – family tradition).

The latest measurement brought positive changes in terms of the impact of the particular factors. The biggest decrease, by 10 pp from 2022, was observed in the percentage of respondents citing the need to secure a livelihood in a situation of job offers' scarcity as the most important reason, while the financial factor and the desire to continue family traditions were less frequent. At the same time, more enterprises (versus the previous edition) were established because of the desire to make a difference in the world (by 3 pp).

## **The attitudes and entrepreneurial activity of men and women – women are more likely to see business opportunities, but less likely to believe in their abilities**

Analysis of the situation in terms of women and men's entrepreneurial attitudes and activities leads to the conclusion that, in 2023 Poland, for the first time since 2017, **the proportion of Polish women who see business opportunities in their environment was higher than that of Polish men (75% vs. 73%).** However, compared to the previous edition, the gap in favour of women has narrowed by 2 pp following greater improvement among men.

**Women, however, tend to be more afraid of failure than men (57% vs. 54%), and are also less likely to believe they have the qualifications and skills needed to start a business (45% vs. 51%).**

Compared to other Europeans, significantly more Polish women and men felt that their environment offered good conditions for starting a business (approx. 3 in 4 Poles, versus around 1 in 2 Europeans). At the same time, compared to their European peers, the share of those who felt adequately prepared to run a business was equal for women and lower for men. On average, Poles were more likely than Europeans to fear failure, the difference being greater for men (8 pp) than for women (5 pp).

**Among women aged 18-64 y.o., 2.4% are involved in running young enterprises, and 10.9% are involved in running established enterprises, while for men the values are 2.8% and 12.4% respectively.** Therefore, the 2023 gender gap was in favour of men, but it was rather small (0.4% for young enterprises and 1.5% for established enterprises).

## **Sustainability and social responsibility – wishful thinking or reality?**

**Awareness of corporate social and environmental responsibility appears to be high among Polish entrepreneurs.** On average, over 90% of businesses operating on the market for at least 3.5 years (established enterprises) and approx. 87% of enterprises operating for not more than 3.5 years (young enterprises) declare that they always consider the social and/or environmental impact when making business decisions. Changes taking place over time are also evident, with the increasing (since 2021) percentage of young enterprises that consider environmental issues in their decisions. In established enterprises, the trend is reversed: social impacts are considered slightly more often than environmental impacts.

**Unfortunately, awareness does not always lead to action.** In 2023, 52% of young enterprises and 77% of established enterprises declared they were taking pro-social measures, while 56% of young enterprises and 70% of established enterprises declared they were taking pro-environmental measures. **This shows that established entrepreneurs tend to prioritise pro-social activities over pro-environmental, and are also more active in both areas compared to young enterprises.** Despite the promising observations regarding established enterprises that came from the previous edition of the survey, 2023 did not bring spectacular improvement in their actual activity. What is more, the proportion of young enterprises seeking to act for the society decreased (from 60% in 2022).

Market maturity brings increased understanding of social/environmental needs and enterprises' willingness to give up a proportion of their profits. In Poland, **24% of young entrepreneurs and 40% of established entrepreneurs declared they were willing to prioritise social and/or environmental goals over the growth or profitability of their business**, which represents a year-on-year decline of 4 pp for young entrepreneurs and 7 pp for established entrepreneurs.

Poland also scores relatively high when it comes to **recognising the 17 UN Sustainable Development Goals**, with 47% of young enterprises (down by 4 pp y/y) and 67% of established enterprises (up by 7 pp y/y) aware of them (compared to the European average of 32% and 30%, respectively).

## Polish businesses' openness to digitalisation

**Fifty-seven percent of young business owners and 42% of established business owners believe that it is necessary to use digital technologies in their operations.** Moreover, **the proportion of young business owners who believe digital technologies are unnecessary** because their business successfully operates through traditional channels **is decreasing year by year** (43% in 2023, compared to 52% in 2022 and 65% in 2021). For representatives of established enterprises, there was no significant change from the previous year, but a shift did occur compared to the earlier years (58% vs. 57% in 2022 and 64% in 2021).

**Following the technological changes initiated during the pandemic, 50% of young Polish enterprises started using or increased the use of digital technologies** (versus the European average of 40%), 7% had planned taking such measures earlier (28% in Europe), while 43% believe that such technologies are not necessary for the business to function successfully (versus 32% in Europe).

Business owners in Poland, regardless of their experience level, are increasingly inclined to incorporate more digital solutions into their six-month plans. **Some 44% of young enterprises made such declarations (vs. 29% in 2022 and 20% in 2021), compared to 20% of established enterprises (vs. 15% in 2022 and 4% in 2021).**

## Conditions for the development of young enterprises are still average

An analysis of expert opinions obtained from the NES shows that, **in 2023, compared to the previous edition of the survey, the conditions for entrepreneurship development in Poland improved**, with a vast majority of areas that contribute to the conditions of entrepreneurial development scoring higher than the year before. However, the Polish conditions for business formation and growth remained average versus the European countries surveyed by GEM. In 2023, the National Entrepreneurship Context Index (NECI) slightly increased compared to the previous year, to 4.2 points out of the possible 10 (3.8 points in 2022; it reached the level from 2020-2021 and 4.1 points in 2019).

As was the case in 2019-2022, in 2023, only one area, i.e. **the ease of entry to the external market, was rated by Polish experts significantly higher than the European average**. Access to technical infrastructure and access to commercial and professional infrastructure were also rated high. However, areas that **require improvement include entrepreneurship education (at primary, secondary, university, and vocational training levels), policies supporting entrepreneurship and policies related to bureaucracy and taxation, access to financing, and the area related to R&D and knowledge transfer**.

**In 2023, experts re-evaluated statements relating to progress on the United Nations Sustainable Development Goals**. The overall rating was slightly higher than in 2022, with two of the five evaluated categories (social responsibility priorities and sustainability priorities) scoring on par with European countries. The area of government support for sustainability-oriented enterprises requires improvement, as – according to experts – the government does not provide special regulations to support sustainability-oriented startups, nor does it support such enterprises through grants, special laws or tax reductions.

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

## **Social understanding of the concept of a startup, characteristics of those identifying their enterprises as startups and conditions for their growth, according to experts**

The results of the GEM survey of a representative sample of adult Poles show **that a startup is an enterprise that** (in order of frequency of responses): **operates in the IT sector (72%), is technological (68%), is young (60%), focuses on innovation (56%), uses external financing (48%)**. According to respondents, an enterprise is young if it has been operating on the market for up to 3 (57%) or up to 5 years (39%).

**Among adults involved in startups in 2022, the majority were women (52%), while it was slightly less common for men (48%)** to run such entities, and sixty-eight percent of startup representatives were over the age of 35. **The primary reasons for founding a startup were to leverage one's talent/knowledge, and to respond to the observations of one's environment**. Those operating in the startup model seek to revolutionise their industry, with their products often demonstrating a greater degree of innovation on the national level compared to those of other companies.

These are individuals with a master's degree coming from 3-4-person households that are most likely to be involved in startups. Enterprises that identify themselves as startups often have team members with previous business experience or startup experience. They leverage the connections and knowledge transfer between various entities, which certainly contributes to their development.

**Factors perceived as most hindering to the growth of startups include tax burdens, bureaucracy and paperwork**. Respondents also mention changes in the law, including labour laws, which are unfavourable to the growth of enterprises, particularly where the availability of employees with appropriate skills is already limited.

**Over the past four editions of the survey, expert assessments of the startup ecosystem in Poland have consistently highlighted startups' significant importance for the development of the Polish economy. The need was identified to implement training and consulting activities to develop skills that will enable building cooperation between large and medium-sized companies and startups.**

2023 saw an increase in the average ratings for all the dimensions assessed. This could be a positive sign that startups will enjoy increased interest and support, partly thanks to new support programmes. Additionally, the period of economic turbulence (triggered by the COVID-19 pandemic, and later exacerbated by the effects of the war in Ukraine) may be easing.



# 1. About the GEM study

**GEM is the largest international entrepreneurship-related research project focusing on early-stage entrepreneurship**, and has three objectives: 1) to measure the differences in entrepreneurial attitudes, activity and aspirations across countries; 2) to identify factors that determine the nature and level of entrepreneurial activity; 3) to formulate conclusions that are relevant for socio-economic policy, including support for entrepreneurship.

This year, GEM is celebrating its 25th anniversary. The project was conceived by academics from Babson College (USA) and London Business School (UK), who saw the need for a global entrepreneurship index similar to the competitiveness index developed by the World Economic Forum. The first edition of the survey was conducted in 1999, with 10 countries participating, to expand to 49 participants in 2023.

GEM is based on uniform data acquisition methodology, which is shared with the National Teams comprising mostly representatives of universities from the particular countries. Every year, each country conducts a quantitative survey on a representative sample of adult population, and a qualitative survey involving entrepreneurship experts<sup>2</sup>. Only in 2023, 136 000 interviews were conducted with working-age adults (18-64 y.o.) and 2 000 interviews were conducted with experts. The national teams are in charge of the data collection process. Additionally, data collection and data processing are closely monitored by the central methodology team. GEM publishes an annual report with data on all the countries covered – GEM Global Report, as well as thematic reports on topics such as female or youth entrepreneurship in the particular regions of Europe, young people, or public policies<sup>3</sup>.

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

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<sup>2</sup> See more in Chapter 1.2.

<sup>3</sup> <https://gemconsortium.org/>

## 1.1. Theoretical assumptions of GEM

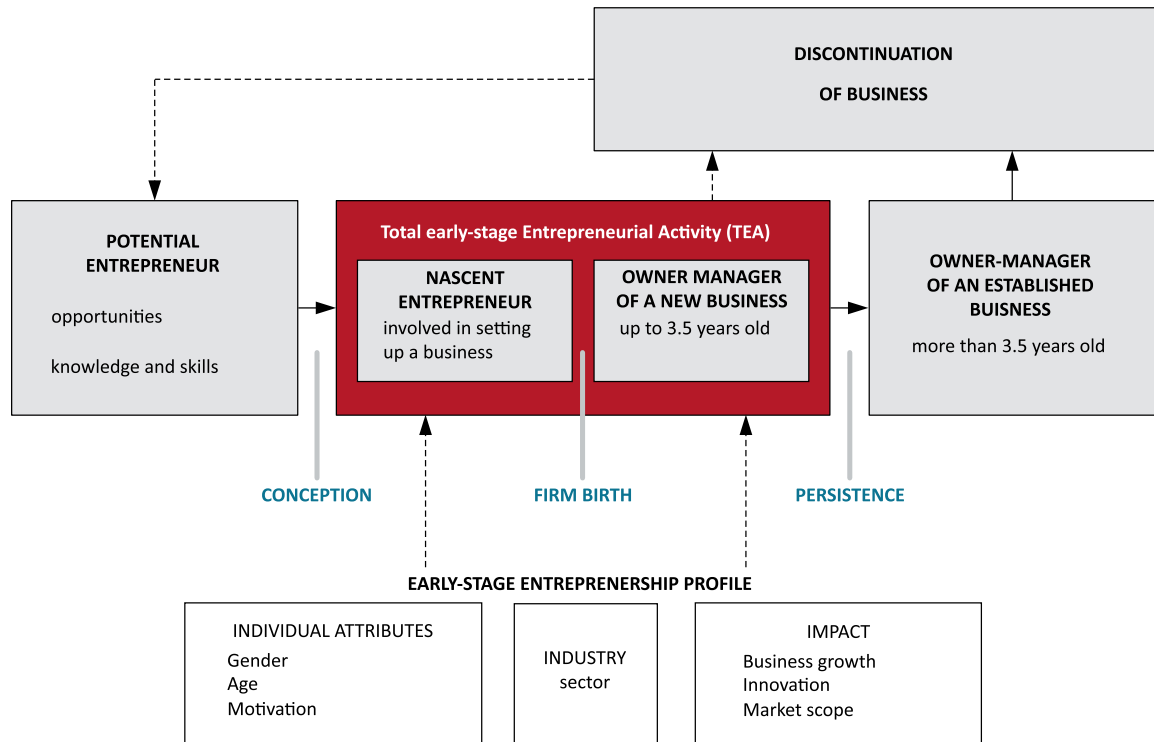
GEM research is based on theoretical models developed on the basis of years of scientific accomplishments in the area of entrepreneurship science. The two most important studies are the **entrepreneurial process model** and the **conceptual model**.

### Entrepreneurial process model

**Entrepreneurship** is a broad term, with a wide variety of meanings. GEM operationalises the term as **“any attempt at new business or new venture creation, such as self-employment, a new business organisation, or the expansion of an existing business by an individual, a team of individuals, or an established business”**<sup>4</sup>. While the definition of entrepreneurship as new economic activity is rather narrow, the concept of business activity itself is quite broad, which has implications for measuring the level of entrepreneurship in GEM, which, in turn, is not limited to registration of a new business activity. It is approached in behavioural rather than institutional terms, and includes both entrepreneurial activities leading to the registration of new business entities and entrepreneurial activities within existing organisations. The approach to the entrepreneurial process adopted by GEM involves identifying the various stages of a business venture (Figure 1.1). At the time of measurement, an individual may be evaluating their entrepreneurial skills and identifying business opportunities, actively running a business, or considering withdrawing from business. At the same time, the focus in the model is on the early stages of the business. It is one of the important elements that distinguish GEM from other entrepreneurship research projects, where registered economic entities are often surveyed using data provided by national statistical offices, which does not provide in-depth insights into the nature of new ventures.

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<sup>4</sup> P.D. Reynolds, M. Hay, S.M. Camp, *Global Entrepreneurship Monitor 1999 Executive Report*, Paul D. Reynolds, Michael Hay and Kauffman Center for Entrepreneurial Leadership at the Ewing Marion Kauffman Foundation, 1999.

**Figure 1.1.** GEM entrepreneurial process model

Source: N. Bosma, D. Kelley, *Global Entrepreneurship Monitor 2018/2019 Global Report*, GERA 2019, p. 16.

The adopted approach provides indicators relating to people at different stages of the entrepreneurial process, i.e.:

- **Nascent businesses** are measured as the percentage of working-age adults (18-64 y.o.) who are in the process of establishing and organising new businesses, with the period of paying remuneration to owners not exceeding three months.
- **New businesses** are measured as the percentage of the adult population (18-64 y.o.) who own and manage businesses, where remunerations have been paid for more than 3, but no more than 42 months. A period of 3.5 years is considered critical in entrepreneurial activity, and moving beyond it may be construed as the first stage of success, i.e. a business having been set up and about to make the transition to the next stage, i.e. being an established business.

- **TEA (Total early-stage Entrepreneurial Activity), or total early-stage entrepreneurship, represents the percentage of the working-age adult population (18-64 y.o.) that is involved in setting up businesses or running new enterprises (which have been remunerating owners for up to 3.5 years).** The GEM entrepreneurial process model, TEA (total early-stage entrepreneurial activity) includes nascent enterprises and new enterprises, but excludes established enterprises<sup>5</sup>. It should be emphasised that **the TEA indicator does not measure the share of businesses, but rather the share of individuals setting up and running early-stage businesses in the adult population.** In this context, it is a leading indicator, since it enables forecasts of the intensity of business activity in the society.
- **Established businesses**, the percentage of the adult population (18-64 y.o.) who have been running companies for more than 42 months (i.e. paying remuneration for more than 3.5 years).
- **Entrepreneurs discontinuing their business activities**, i.e. those who during the 12 months preceding the survey discontinued their business and sold/transferred their enterprise to another entity/person thus leaving it in the market, or liquidated it.

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

It is worth noting that GEM's approach, which involves surveying individuals rather than businesses, provides much deeper insights into the nature of the entrepreneurial process. This produces results of two kinds. On the one hand, it enables the analysis of the entrepreneurial process across various systems, including identification of individuals with similar attitudes and characteristics. At the same time, it provides an opportunity to discover more differences between the countries, because we obtain information not only about the number of entrepreneurs in a given country, but also about the differences in their attitudes and characteristics during the particular stages of running a business.

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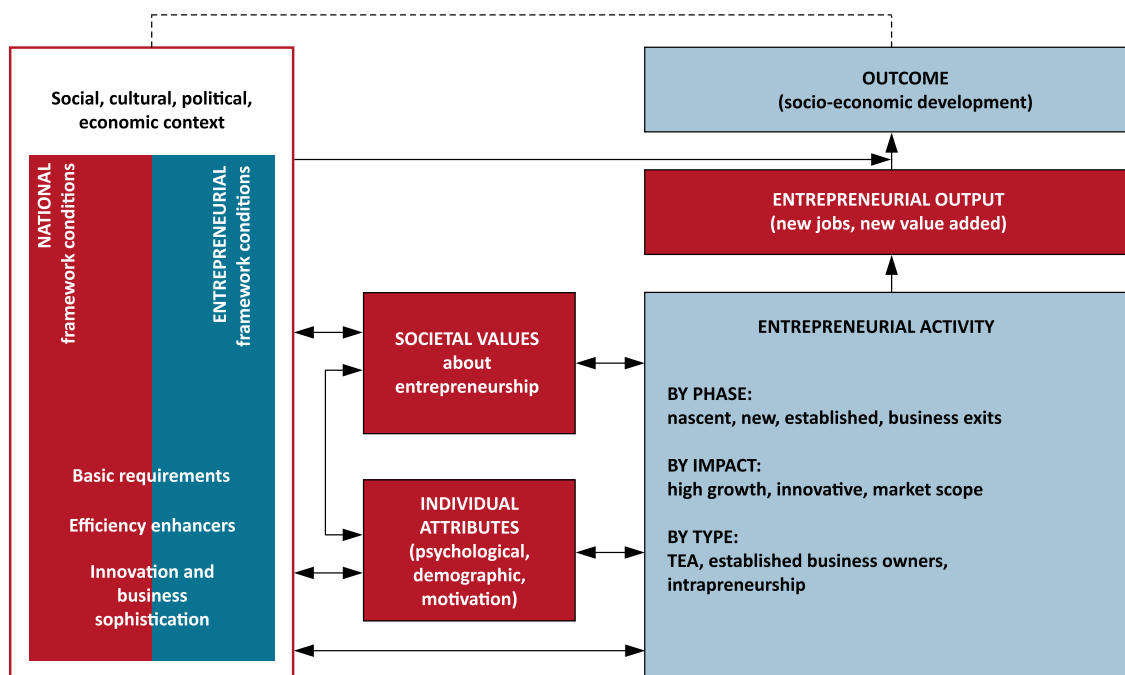
<sup>5</sup> The methodology for calculating the TEA index is rather complex, and is based on responses to several questions from the GEM survey questionnaire regarding intentions and actions taken with regard to establishing and running a business.

## **GEM conceptual model**

The GEM conceptual model perceives entrepreneurship as a key element of economic growth, and is based on several important assumptions.

First, the condition of the economy is heavily dependent on individuals involved in economic activity, and although this is true across all stages of economic development, it can vary in intensity and nature. Necessity-driven entrepreneurship, especially in less economically developed regions, or in regions experiencing a temporary rise in unemployment, can support the economy in times of limited employment options. On the other hand, more developed economies, as a result of their wealth, innovative and technological potential, and the maturity of their institutional systems, create more business opportunities, offering more jobs to those that might otherwise become entrepreneurs.

Second, entrepreneurial potential of the economy is based on individuals with entrepreneurial talent and motivation to start a business. This can be potentially enhanced by a positive public perception of entrepreneurship. Entrepreneurship with high growth potential is also a key contributor to creating new jobs, while competitiveness is stimulated by businesses that innovate and venture with their activity abroad.

**Figure 1.2.** GEM conceptual model

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

## Classification of countries

For the purposes of data analysis, each edition of the GEM Report Poland, and each edition of the GEM Global Report, categorises countries by income. That was initially based on the World Economic Forum's classification of economies. When the said classification was replaced by the classification of the World Bank, a new system was adopted, resulting in three groups of countries, with low, medium and high development levels. However, as economies have grown, an increasing number of countries, including Poland, have moved into the wealthiest group, with recent GEM surveys showing that approximately two-thirds of the participating countries are high-income, while middle- and low-income countries are less represented. Consequently, comparing GEM results by WB-designated groups has become less relevant.

As a result, GEM has updated its approach. Using World Bank data<sup>6</sup> on GDP per capita (PPP, Int\$), GEM has established its own income ranges, which provide a more even distribution of countries and enable more relevant comparisons. Income ranges are revised annually based on the participating countries' GDP distribution.

Table 1.1 shows 49 countries (including 21 from Europe) that participated in the 2023 GEM survey, classified into three groups according to the applicable GDP per capita ranges. Level A includes 10 countries from Europe, two from North America and three from the Persian Gulf, as well as the Republic of Korea. Level B comprises 11 countries from Europe, including Poland, five from Central America and three from Asia. Level C is more geographically diversified, with six countries from Central or South America, five from Asia, two from Africa, and Ukraine. **Quantitative surveys were conducted in 46 countries. Ukraine's sample was smaller than required, which excluded it from analysis in this report. Forty-nine countries conducted qualitative surveys.**

**Table 1.1.** Classification of countries covered by GEM in 2023 according to the GDP per capita

Level A > 50 000 Int\$	Level B 25 000–50 000 Int\$	Level C < 25 000 Int\$
Canada	Argentina*	Brazil
France	Chile	China
Germany	Croatia	Colombia
Italy	Cyprus	Ecuador
Luxembourg	Estonia	Guatemala
Netherlands	Greece	India
Norway	Hungary	Iran
Qatar	Israel	Jordan
Republic of Korea	Japan*	Mexico
Saudi Arabia	Latvia	Morocco
Slovenia	Lithuania	South Africa
Sweden	Oman	Thailand
Switzerland	Panama	Ukraine**
United Kingdom	Poland	Venezuela
United Arab Emirates*	Puerto Rico	
United States	Romania	
	Slovakia	
	Spain	
	Uruguay	

\*Argentina, Japan and the United Arab Emirates completed the qualitative study only – the 2023 Expert Assessment of National Framework Conditions (NES).

\*\*Selected data for Ukraine is available in the GEM Global 2024/2023 Report.

<sup>6</sup> [https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?most\\_recent\\_value\\_desc=true](https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?most_recent_value_desc=true)

## 1.2. Research under GEM

Each research cycle under the GEM project involves a quantitative Adult Population Survey (APS) conducted on a representative sample of the working-age population, and a qualitative survey that collects national experts' opinions on the conditions for setting up and running new businesses in a given country (National Experts Survey – NES).

### APS

In each participating country, an annual survey is conducted with a sample of at least 2 000 adults aged 18-64. This is typically done using CATI, although, depending on the country, the PAPI or CAWI methods may also be used. Among other things, the APS survey measures a given society's perception of entrepreneurship, entrepreneurial intentions, level of entrepreneurship, and provides information on motivations for starting a business, the reasons for discontinuing, women entrepreneurship, and, from 2021 – sustainability and digitalisation. More information on this topic, and on the NES study (referred to below), is available on the GEM website<sup>7</sup>.

In Poland, the quantitative survey has been conducted annually since 2011, on a representative random nationwide sample of adults aged 18-64, with 2 000 interviews per year conducted until 2016. In 2017, the sample was increased to 8 000, to better capture the picture of and gain insights into the startup category. Also in 2017, the survey that used to be applied across all the countries was extended for Poland to include a block of questions dedicated to startups<sup>8</sup>. The 2023 survey was conducted between 27 March and 14 July.

### NES

The NES (National Experts Survey), an Expert Assessment of National Framework Conditions, is a qualitative study in which at least 36 professionals from various fields directly or indirectly related to entrepreneurship assess the performance of 13 areas

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<sup>7</sup> <http://gem-consortium.ns-client.xyz/about/wiki>

<sup>8</sup> Each year, interviews are conducted using the CATI technique. The entire data acquisition process undergoes multiple reviews by PARP and GEM's team of methodologists.



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that make up a given country's business environment. The areas include business financing, government policies and public programmes, education, R&D transfer, access to legal and accounting services, the market, social and cultural norms, and, since 2021, sustainability, digitalisation and women entrepreneurship (except for 2022). In each country, the group of experts is selected based on the same criteria, the main ones being specialisation (corresponding to the above-mentioned areas), type of activity (scientist, entrepreneur, government employee, politician, journalist, etc.), and experience in entrepreneurial activity (entrepreneur or non-entrepreneur).

In Poland, the qualitative survey is conducted every year and involves at least 36 selected experts<sup>9</sup>. As of 2017, the interview scenario used in the Polish NES survey has contained an additional block of questions devoted to the conditions of startup development. The 2023 survey was conducted between 12 May and 15 July and involved 39 experts.

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<sup>9</sup> Since 2011, the survey has been conducted using the CAWI technique, coordinated by the PARP team, and the result base is verified by the GEM methodology team.

## 2. Entrepreneurship in Poland in 2023

After three particularly challenging years for Poles, namely between 2020 and 2022, marked by the pandemic, the war in Ukraine, and their aftermath (including the energy crisis, high inflation, and uncertainty), 2023 brought hope for a return to stability. An improvement in the mood of the Polish society is reflected in the systematic surveys conducted by CBOS Public Opinion Research Centre [CBOS]<sup>10</sup>. Between March and July last year, when the population survey was conducted, the assessment of both the general situation and the economic situation in the country improved (compared to the corresponding period in 2022)<sup>11</sup>, and expectations for improvement on these indicators over the next year showed an even more significant positive shift<sup>12</sup>. The assessment of financial conditions at household level is somewhat different because, while the perception of the current situation did not change significantly, there was the expectation the living conditions would improve in the future<sup>13</sup>.

The events of 2020-2022 negatively affected the inclination of Polish women and men to start businesses. In 2022, both the rate of individuals declaring they were willing to start a business and the rate of those at the early stages of running a business dropped to levels unseen in the GEM survey for 12 years<sup>14</sup>, the values being lowest among nearly 50 countries. Therefore, as a team involved in the research, we approached the 2023 edition of the study with great hope. We describe its results in this Chapter.

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<sup>10</sup> Public Sentiment in July 2023, CBOS, July 2023 and previous editions.

<sup>11</sup> *Ibid* - increase in the percentage of positive ratings, decrease in the percentage of negative ratings (by several pp)

<sup>12</sup> *Ibid* - an increase of about 10 pp for the percentage of people expecting the overall/economic situation in Poland to improve, and a decrease of about 20 pp for those expecting it to worsen.

<sup>13</sup> *Ibid* - the proportion of persons expecting conditions to worsen within a year decreased by more than 10 pp from 31%. It increased for those who believe conditions will remain unchanged. A significant factor in this result was the inflation which had been picking up since the second half of 2021. In February 2023, it reached 18.4% y/y and it weakened slightly in subsequent months (down to 10.8% y/y in July 2023).

<sup>14</sup> For more on this topic, see GEM Poland 2022 Report, PARP 2023.

Let us move on to the discussion of key indicators depicting the attitude of the Polish society towards entrepreneurship, and the entrepreneurial activity of Poles against the background of the European countries<sup>15</sup> and countries of the world<sup>16</sup> that participated in the 2023 survey. Also discussed are the results regarding public awareness in the area of the UN Sustainable Development Goals and their application to business, and the changes these indicators have undergone over the past 13 years.

## 2.1. Poles' perceptions of entrepreneurship

**As the GEM data for 2023 shows, Poles hold entrepreneurs in high regard, but joining their ranks is not seen as a viable career option. Less than a half (43%) agree that running a business is a good career path,** which is on par with the lowest result in the 12-year history of systematic surveys conducted under GEM (2022 – 42%). We are still far below the level of optimism that characterised Poles before the pandemic (78% in 2019 and 86% in 2018; see Figure 2.1.).

The same applies to the **image of an entrepreneur**. In 2020, the percentage of Poles who believed that successful entrepreneurs deserve recognition dropped considerably from the pre-pandemic levels (77% in 2019) to 60%. Even though it then increased by 6 pp the following year, the value remained lower in the two recent editions, standing at 63% in 2023.

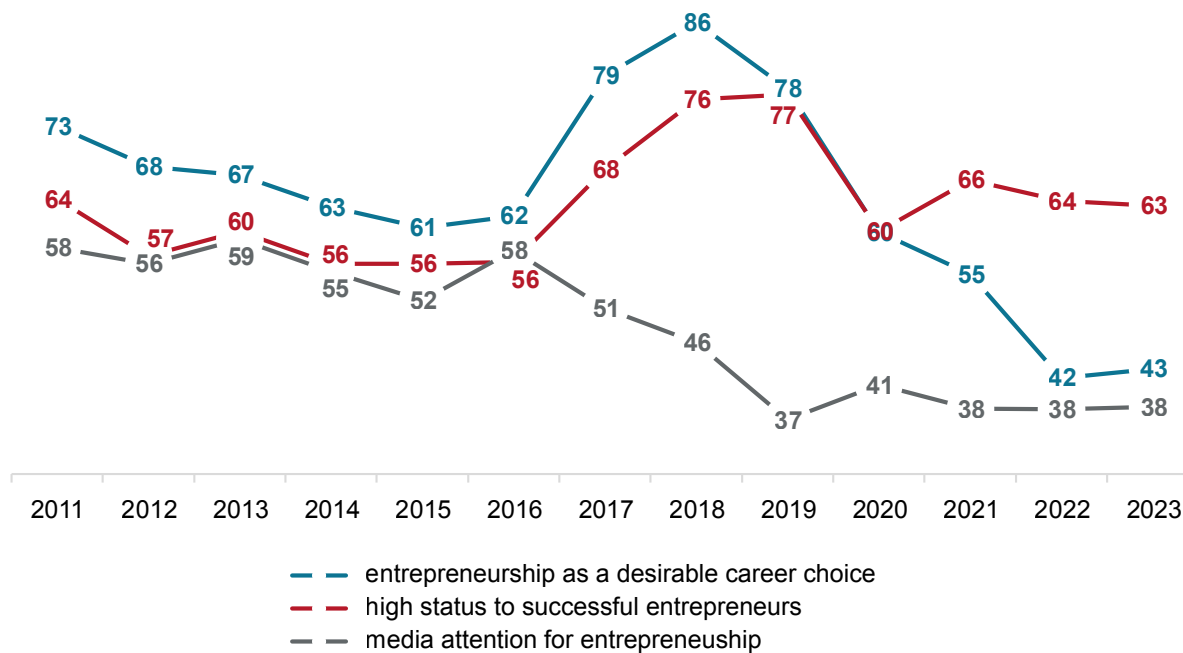
The situation is unlikely to improve, given that the media, both traditional public channels and online channels, devote too little attention to entrepreneurship. **Last year, only 38% of Poles reported they had seen content promoting successful entrepreneurs, a figure consistent with those from the two previous editions.** This is not much, considering that between 2011 and 2016 the rate was around 58%.

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<sup>15</sup> The European countries that carried out the 2023 quantitative survey of adults are: Croatia, Cyprus, Estonia, France, Greece, Spain, the Netherlands, Lithuania, Luxembourg, Latvia, Germany, Norway, Poland, Romania, Slovakia, Slovenia, Switzerland, Sweden, Hungary, United Kingdom, Italy.

<sup>16</sup> A detailed list of all countries that participated in the 2023 GEM quantitative and qualitative surveys, broken down by income level, is provided in Table 1.1.

**Figure 2.1.** Polish society's perception of entrepreneurship from 2011 to 2023 (% of people aged 18-64)



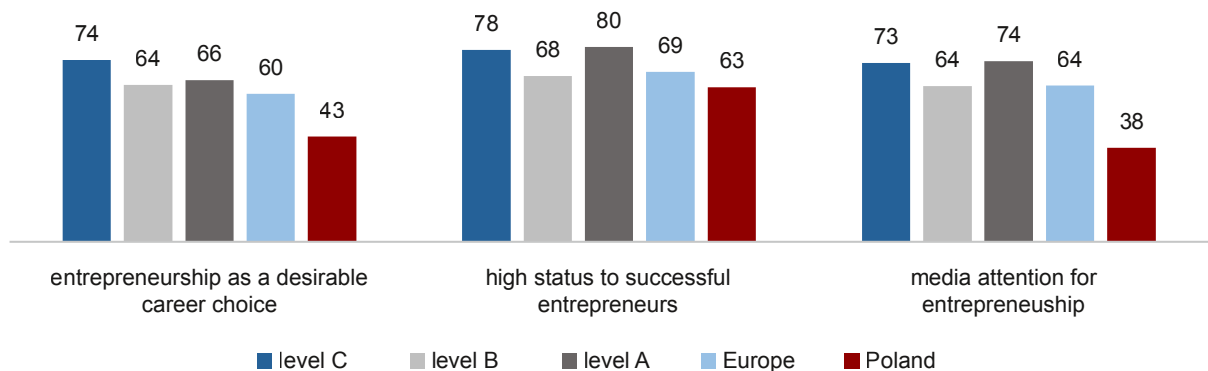
Source: own study based on GEM data.

An analysis of data from the 41 countries – grouped by income level – that included this set of questions in their 2023 surveys<sup>17</sup> shows that, on average, residents of the poorest countries (Level C) are more likely than residents of middle-income (Level B) or richest (Level A) countries to believe that running a business is a good life choice. In Level C countries, entrepreneurs are also almost universally esteemed, but their efforts are even more likely to be appreciated in the richest countries (Level A – 80% on average). In both groups, over 70% of respondents saw content – in the traditional and online media – that showed entrepreneurs in a favourable light. The average results for Level B group, to which Poland belongs, and for Europe, are lower.

<sup>17</sup> The block of questions on public perceptions of entrepreneurship is optional and was completed by 41 of the 45 countries that conducted APS surveys in 2023. No data is available for the Netherlands, Brazil, Luxembourg and Venezuela.

It should be noted that the values of indicators related to the society's perception of entrepreneurship vary significantly between the countries<sup>18</sup>. Saudi Arabia stands out as the undisputed leader on all three indicators: 96% of its residents consider running a business a good way to earn money, 95% value entrepreneurs, and 94% see pro-entrepreneurial content on the media. At the bottom of the ranking for the first indicator (running a business as a good way to earn money) are Switzerland (with only 38% of the population agreeing with the view) and Poland (43%). In the case of the second indicator (appreciation for entrepreneurs), France ranks lowest, with 52%, while in the case of the third indicator (seeing pro-entrepreneurial content on the media), Poland ranks last, with 38%.

**Figure 2.2.** Society's perception of entrepreneurship in Poland against the average for the surveyed European countries and groups of economies by income level in 2023 (% of people aged 18-64)



Source: own study based on GEM data; \*for fewer countries, see footnote 15.

Table 2.1 shows indicators of the society's attitudes towards entrepreneurship in 19 European countries. **In general, it can be said that Europeans appreciate the efforts of those who set up their own businesses (on average, 69% of respondents share the opinion that those who succeeded in business should be given credit), and a relatively large number of respondents (60%) also believe that running one's own business can be a good career path. The same applies to seeing positive content about entrepreneurship on the media and on the Internet (64%).** At the same time, there are significant national-

<sup>18</sup> For more on this topic, see the GEM Global reports and the National Reports developed by individual National Teams, all available on the GEM website: <https://www.gemconsortium.org/report>

level differences for each of these indicators. In Slovenia, Norway and the United Kingdom, as many as 84 to 86% of residents believe efforts of entrepreneurs should be appreciated, a view shared relatively least often by the residents of France and Spain (52-53%).

When it comes to positive attitudes towards the idea of self-employment as a way of life, Lithuania (79%) and Romania (78%) score highest, while Switzerland (38%) scores lowest. However, biggest differences among the 19 European societies can be seen with reference to the role of the media in shaping a positive image of entrepreneurs. 2023 data suggests that the media in Slovenia (83% responses), Sweden and the United Kingdom are doing the best job, while Poland and Spain score lowest.

**Table 2.1.** Society's perception of entrepreneurship in European countries in 2023  
(% of people aged 18-64)

Country	Entrepreneurship as a desirable career choice	High status of entrepreneurs	Media attention on entrepreneurship
Croatia	62.7	56.9	67.2
Cyprus	76.6	71.7	69.1
Estonia	55.7	71.3	61.5
France	65.4	51.8	74.6
Germany	51.1	77.5	54.4
Greece	72.9	69.8	58.2
Hungary	64.0	65.6	65.7
Italy	67.3	64.3	58.3
Latvia	54.1	61.0	58.3
Lithuania	78.5	64.8	73.1
Norway	57.4	84.7	68.9
<b>Poland</b>	<b>43.0</b>	<b>63.2</b>	<b>38.3</b>
Romania	77.5	80.4	67.1
Slovakia	43.6	60.5	51.4
Slovenia	66.9	86.2	83.0
Spain	44.3	53.0	46.3
Sweden	61.3	77.2	78.9
Switzerland	38.4	74.9	61.7
United Kingdom	67.3	84.3	78.0
Europe (average; 19 countries)	60.4	69.4	63.9

Source: own study based on GEM data.

In conclusion, it should be stated that while 2023 did not see deterioration in the Polish society's attitude towards entrepreneurship, it does not inspire optimism either. We are still a long way from the pre-pandemic era, when nearly all Poles viewed entrepreneurship as a good life choice and valued the efforts of entrepreneurs highly. In the new reality, the image of entrepreneurs is still positive, although self-employment is definitely no longer a viable choice.

## 2.2. Poles on their environment, skills and plans for setting up a business

Over 300 000 businesses<sup>19</sup> are registered in Poland every year, which is not little. Many of them operate in industries closely related to everyday life, such as construction and automobile trade and repair, which creates numerous opportunities to interact with individuals who recently started a business. GEM research shows that **roughly one in two Polish respondents know at least one person who started a business in the past two years. In 2023, the percentage of such respondents stood at precisely 46%**, while the year before it was 47%, and in 2019 i.e. before the pandemic – 50%. However, it turns out that in other countries, interaction with young entrepreneurs can be more frequent. According to the latest data (2023), with a score of 46%, Poland ranks 34th overall and 15th among European countries in the survey. European countries with lower values than Poland include Luxembourg, Romania, Estonia, Latvia, Germany and Greece, with scores ranging from 46% to 33%.

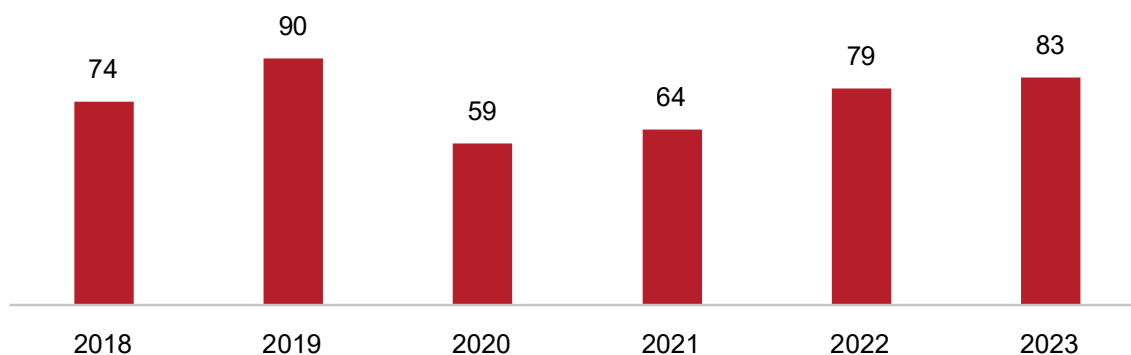
**The particular countries' results regarding the percentage of people who know someone who started a business in the past two years ranged from 22% for Thailand to 88% for Saudi Arabia.** In the overall ranking of countries that participated in the 2023 GEM survey, apart from the above-mentioned Saudi Arabia, the highest value for this indicator was recorded by South American countries: Guatemala (73%), Chile (73%) and Colombia (72%), while the lowest values, apart from the above-mentioned Thailand, were recorded by Greece (33%), Germany (37%) and South Korea (38%). **For the analysed groups of countries,**

<sup>19</sup> Source: Structural changes in groups of national economy entities in the REGON register, 2024 edition and earlier, Statistics Poland.

**the averaged data on the said indicator regarding people who know young entrepreneurs did not differ significantly and were 56% for Levels C and B, 53% for Level A, and 52% for Europe.**

**The conditions for starting a business in Poland have been rated relatively high for years.** In 2019, the proportion of respondents who believed that starting a business was not that difficult was 90%, putting Poland at the top of the ranking! It dropped to 59% in 2020, the first year of the pandemic, but has been rising steadily since 2021. This shows that this indicator's rating is highly correlated with the economic situation and public sentiment.

**Figure 2.3.** Proportion of adults (18-64 y.o.) who believe that starting a business in Poland is easy



Source: own study based on GEM data.

**In 2023, more than 83% of Polish respondents expressed the opinion that starting a business in Poland is easy**, which put Poland on the second position, behind Saudi Arabia (92%) and ahead of India and the Netherlands, where approximately 81% of respondents held similar views. Poland's score is incomparably higher than the average for Europe (52%), and almost twice as high as the average for Level B countries, which include Poland. In contrast, among the countries with the lowest percentage of respondents believing that starting a business in their countries was easy, Iran was once again at the bottom of the ranking with a score of 14% (vs. 24% the year before), along with Israel (16% vs. 13% the year before) and Italy (18%).



**Table 2.2.** Percentage of people who believed it was easy to start a business in 2023

Year	Level C	Level B	Level A	Europe	Poland
2023	49	44	61	52	<b>83</b>

Source: own study based on GEM data.

**In mid-2023, Polish respondents rated the prospects for establishing a business in their immediate environment in the next six months as high as the year or two years before (74% vs. 72% in 2022 vs. 73% in 2021), although this indicator did not return to its 2019 level (87%).**

In the overall ranking comprising all the countries that took part in the survey, Poland came 4th (1st among European countries). Among the 45 countries surveyed, the highest scores were again recorded in Saudi Arabia (93 vs. 90% in 2022), India (83%) and Thailand (79%), while the lowest were observed in Iran (27%), Hungary (28%) and Spain (31%).

Judging by the aggregate data, residents of C-Level countries were most likely to be optimistic about the near future, with 63% expressing positive expectations. In the other groups, the percentage of positive responses was as follows: 51% (Level B), 56% (Level A) and 50% (Europe).

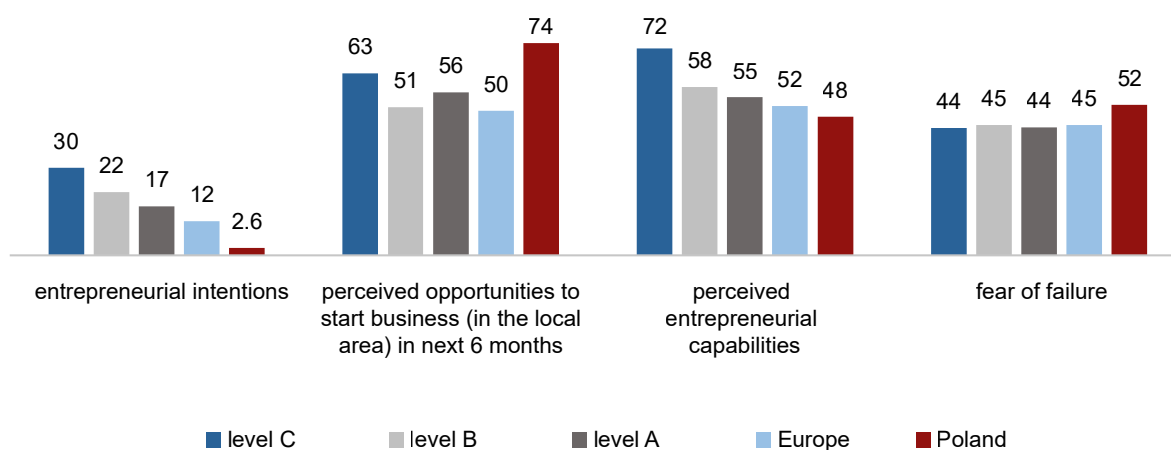
**Poles' very high rating of the conditions for starting a business did not translate into their strong desire to actually start one. In 2023, only 2.6% of those who were not running a business at the time of the survey confirmed they were planning to start one within the next three years (an increase of 0.1 pp against the previous year), which was the lowest score among all the countries surveyed by GEM in 2023.**

Overall, European countries demonstrated relatively low levels of pro-entrepreneurial intentions. Among the top 20 countries in the ranking, only two were from Europe: Croatia, which came 18th (22%) and Cyprus, which came 19th (21%). Once again, Poland ranked last, ahead of China (6%), Romania (6%) and South Africa (7%), which is both reason for concern and requires consideration.

The data for the particular country groups (17% for Level A, 22% for Level B, and 30% for Level C) suggests that the desire to start a business is inversely proportional to income.

At the same time, the top three countries with the highest percentage of people planning to start a business were Oman (66%) and Chile (53%), both classified as Poland to Level B. This suggests that the state of the Polish economy alone may not fully explain Poles' significant reluctance to start businesses and the underlying reasons require further exploration.

**Figure 2.4.** Entrepreneurial attitudes in Poland versus the average for the surveyed European countries and groups of economies by income level in 2023 (% of people aged 18-64)



Source: own study based on GEM data.

The average Pole, although unlikely to plan to set up a business, feels relatively well prepared to run one. In 2023, **48% of Poles (flat y/y) felt confident that they had sufficient knowledge and skills to run a business.** However, this result puts Poland on the low 38th position, with lower percentages recorded only for Sweden (47%), Estonia, the Netherlands, Switzerland, Germany, Hungary and Israel (which ranked last with 37%).

Overall, European respondents rated their entrepreneurial ability lower compared to respondents from the other countries. Given the European countries' relatively high economic and educational standards, this may reflect respondents' realistic approach to assessing their skills rather than actual shortage of skills. Especially in a situation where among the countries that occupied the last twenty positions in the ranking there were only three non-European representatives: Israel (Level B), the United States (Level A) and South Korea (Level A) – all demonstrating very high levels of innovation. The best European result belongs to Croatia (74%, 9th position). Overall, highest percentages of individuals rating their

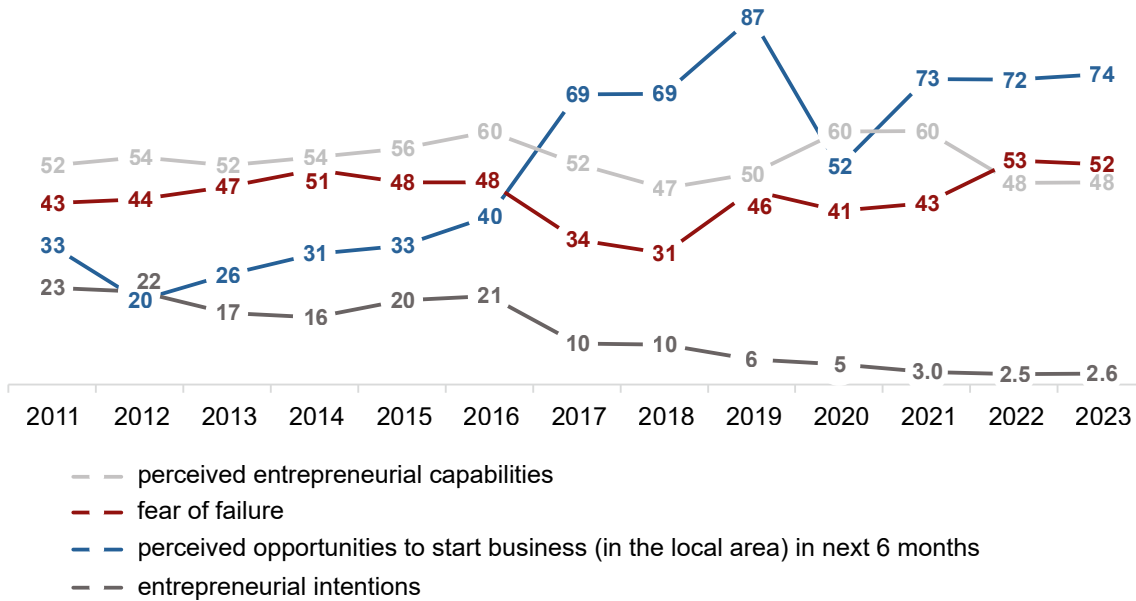
knowledge and skills needed to start a business as sufficient were recorded in Saudi Arabia (91%), Venezuela (84%), and India (82%).

When comparing categories of countries with different income levels, it can be seen that, like in the previous years, the lower the income, the higher the rating of one's entrepreneurial skills (72% for Level C vs. 58% for Level B and vs. 55% for Level A). This raises the question of whether respondents from Level C countries are genuinely better-prepared for business, or simply more confident in their determination to succeed.

In 2023, following a sharp increase of 10 pp recorded the year before, the percentage of Poles who despite seeing business opportunities fear failure decreased by 1 pp only. **In 2023, more than 52% of Polish adults admitted that the risk of failure discouraged them from starting a business, a figure much higher than the averages for the country groups analysed, which ranged from 44 to 45% (Figure 2.4), and 10th position in the overall ranking.** The countries whose residents feared defeat more than the Poles were China (65%), India (63%), Saudi Arabia (61%), South Africa, Romania, Canada, Cyprus, the UK and Greece (53%). Respondents from Iran (24%), South Korea (27%) and Venezuela (30%) were least likely to say they feared failure.

A comparison of the 2011-2023 GEM survey results regarding the assessment of one's immediate environment and one's entrepreneurial inclinations revealed that, in 2023, **Poles rated the conditions for starting a business in their immediate environment significantly higher than 12 years before, an increase of 31 pp. The results for the other indicators are less encouraging. During the said period, the percentage of people who rated their entrepreneurial abilities positively declined by 4 pp, while the Polish society's fear of failure increased by 9 pp. Even more disturbing was the fact that the percentage of those willing to start and run a business dropped from 23% to less than 3%.**

**Figure 2.5.** Entrepreneurial attitudes in Poland from 2011 to 2023 (% of people aged 18-64)



Source: own study based on GEM data.

The persisting low level of entrepreneurial intentions among Poles after 2019 can be attributed to various factors related to Poles’ circumstances, such as the Polish economy being significantly impacted by the pandemic and the war, which not only caused considerable damage, but also resulted in the growing sense of insecurity and uncertainty about the future. Additionally, factors such as the widely criticised legislative chaos and the lack of funds from the National Recovery and Resilience Plan also played a notable role. The reform known as the Polish Deal, introduced in January 2022, was regarded as a failure by entrepreneurs, and it certainly did not encourage the creation of new startups. A month later, in February 2022, Poland became a frontline state, which further diminished its attractiveness as a place where to invest and start a business. In a country whose economy relies on coal, numerous, increasingly stringent environmental regulations from the EU may also have discouraged potential young entrepreneurs. Nevertheless, Poland was not the only country that faced challenges, so these difficulties alone do not fully explain Poles’ tremendous reluctance to start their own businesses.

Neither do they account for the decline in entrepreneurial intentions of Polish respondents in 2017-2018. One possible reason behind their reluctance to start businesses, both before and after 2019, is the low unemployment rate, which has remained single-digit since January

2016. For a long time now, Poland has had one of Europe's lowest unemployment rates, effectively competing with the Czech Republic and Malta in this area. Unfortunately, neither of these countries participated in the most recent editions of the GEM survey, which made comparisons (that would otherwise certainly be interesting) impossible.

It is difficult to determine the exact effect of the situation on the labour market on Poles' pro-entrepreneurial attitudes, although low unemployment and the minimum wage increasing annually have not encouraged the taking of business risk. It is all the more significant as the economic rationale (the need to provide for oneself in a situation where job offers are scarce) is the most common reason for starting a business<sup>20</sup>. Other factors that may have discouraged entrepreneurship, both before and after the pandemic, include frequent, rapid, and flawed legislative changes, which active entrepreneurs have, for years, perceived as a major barrier to their operations.

## 2.3. Level of entrepreneurial activity

In line with the entrepreneurial process model (Chapter 1), GEM enables determination of the level of entrepreneurial activity through identification of individuals at different stages of a business venture, up to business discontinuation. This approach suggests that the entrepreneurial process begins before an enterprise formally becomes operational, with those at the initial stage of the process considered to be involved in entrepreneurship<sup>21</sup>.

### Nascent and established entrepreneurs

**In 2023, 2.6% of individuals aged 18-64 were running young enterprises (up to 3.5 years on the market), while 11.6% were running established enterprises (over 3.5 years on the market).** Additionally, 1.5% of adults were in the process of setting up a business (having paid remunerations for up to 3 months), and 1.1% were running new businesses (having paid remunerations for 3 to 42 months). Considering the absolute number of adults,

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<sup>20</sup> See Chapter 2.4. Motivation for starting a business

<sup>21</sup> Definitions of key indicators on entrepreneurial activity are available on page 19-20.

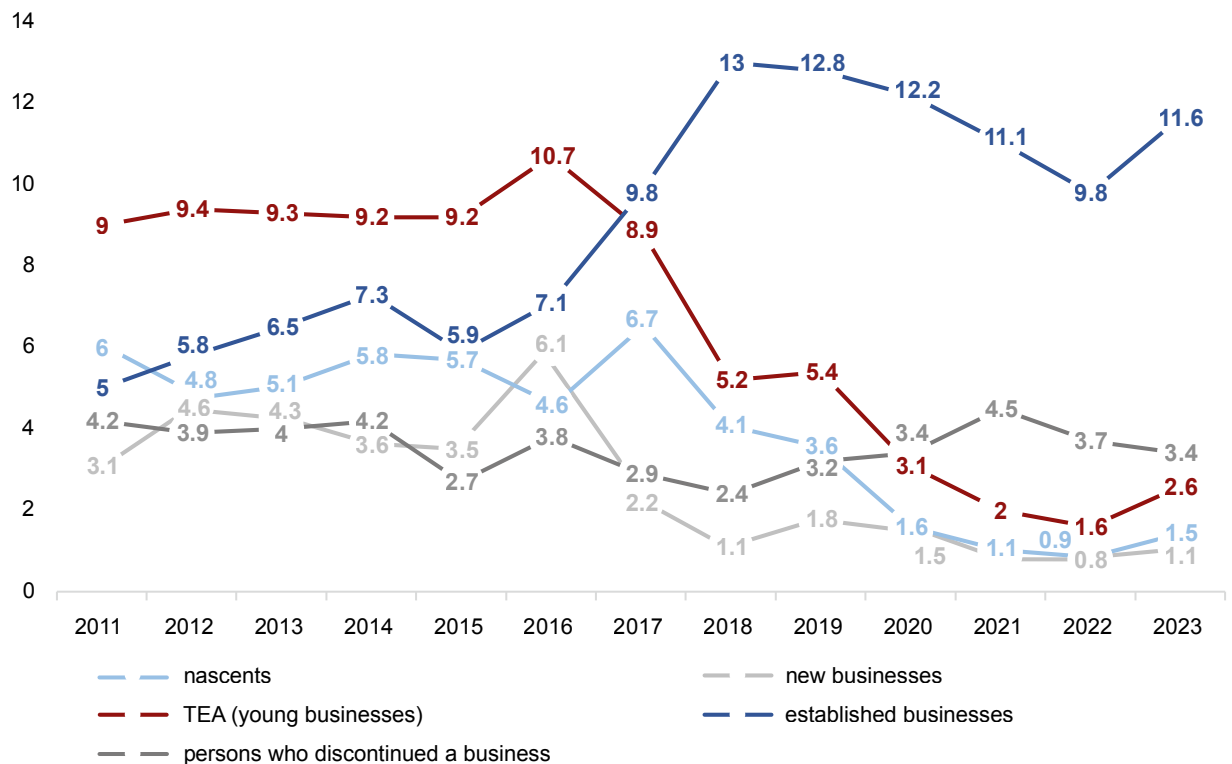
this is around 570,900<sup>22</sup> individuals running young enterprises, and 2.5 million individuals running established enterprises. At the same time, it is worth bearing in mind that among the 571 000 individuals who were running young enterprises, 242 000 were running nascent enterprises (paying remunerations for up to 3 months), and that one person can run more than one business with different periods of market presence.

Since 2017, established enterprises in Poland have consistently outnumbered young enterprises, reversing the trend that was observed earlier (Figure 2.6). The most recent data shows that for every 1 person running a young enterprise, there are 4 people running established enterprises. The difference was even more pronounced (1/6) in 2022, the weakest year in the history of systematic GEM surveys in Poland. In contrast, in early 2011, the ratio was nearly 2 young enterprises to 1 established enterprise. **For the last 13 years, the proportion of individuals running young enterprises has decreased over three times, from 9% to 2.6%, while the rate of those running established enterprises almost doubled (from 5% to 11.6%).**

It should also be noted that 2023 saw an improvement in the entrepreneurial activity of Poles, reversing the strong downward trend in the indicator for both young and established enterprises that was observed from 2020 to 2022, and returning to values observed in 2021. However, it remains to be seen whether the trend will last.

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<sup>22</sup> Number of adults aged 18-59/64, as of 31 December 2023 – 21,958 thousand, source: *Ludność. Stan i struktura oraz ruch naturalny w przekroju terytorialnym w 2023 r. Stan w dniu 31 grudnia*, GUS, 2024.

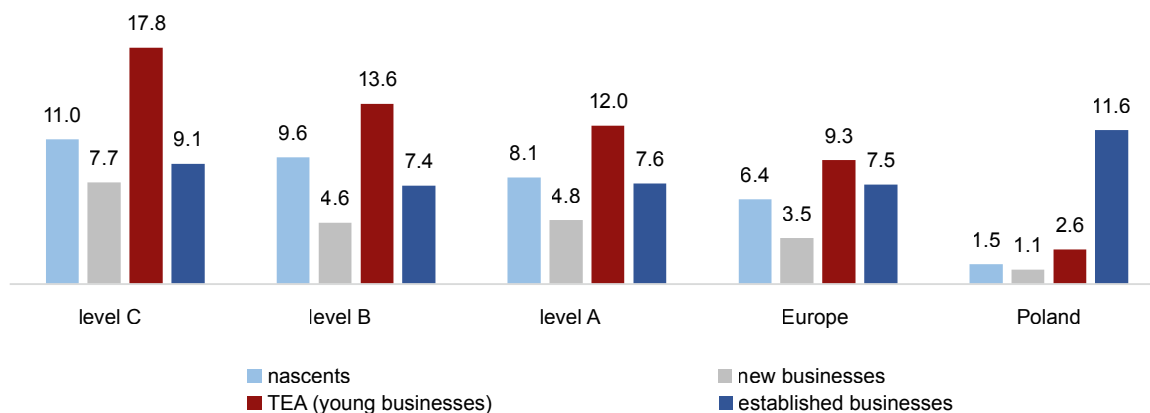
**Figure 2.6.** Level of entrepreneurship in Poland from 2011 to 2023 (% of people aged 18-64)

Source: own study based on GEM data.

In Europe and in the other categories of countries, there are on average more young enterprises than established enterprises, with the largest difference (slightly bigger than 3-fold) in favour of young enterprises observed in low-income (Level C) and middle-income (Level B) countries (Figure 2.7). Furthermore, **as regards the percentage of individuals running young enterprises** (i.e. those that have been present in the market, paying remunerations/turning business profit for up to 3.5 years), **Poland found itself at the bottom of the list of 45 countries of the world surveyed by GEM in 2023**. Poland is immediately preceded by Romania (5.9%) and Morocco (6.3%), while Ecuador (33% of the population) and Guatemala (32%) have the highest proportions of young enterprises.

The indicators for the share of those running established enterprises (more than 3.5 years on the market) fall within a much narrower range of values than those for young enterprises. According to 2023 data, the countries with the highest number of established enterprises are Ecuador (24%) and South Korea (20%). At the other end of the list are Oman, Mexico and Colombia (3% each).

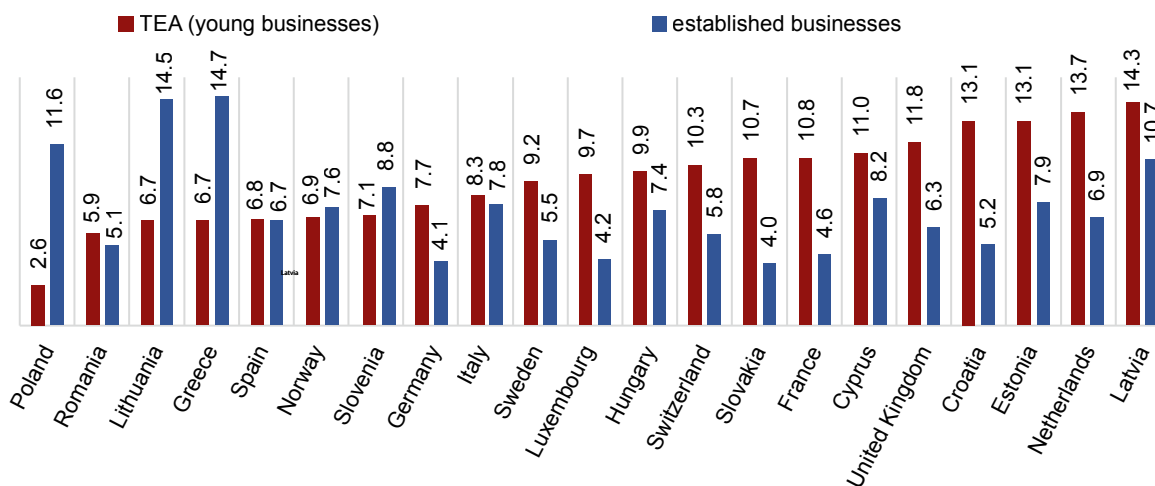
**Figure 2.7.** Level of entrepreneurial activity in Poland compared to the average for the surveyed European countries and categories of economies by income level in 2023 (% of people aged 18-64)



Source: own study based on GEM data.

Among the 21 European countries for which data is available, only Greece and Lithuania (along with Poland) recorded a significant advantage in the number of those running established enterprises over those running young enterprises. Five countries, i.e. Norway, Spain, Romania, Slovenia and Italy have a much more balanced situation. In the remaining 13 countries, the situation is reversed – those running young enterprises are predominant (Figure 2.8).

**Figure 2.8.** Level of entrepreneurial activity in Europe in 2023 – individuals running young and established businesses (% of people aged 18-64)



Source: own study based on GEM data.



## How many people discontinue their business activities, and why?

**In 2023, 3.4% of adults aged 18-64 discontinued their business activities within the 12 months preceding the survey,** only a slight change compared to the previous measurement conducted in 2022 (3.7%). However, it should be noted that this has been the most stable indicator among those analysed in the consecutive editions of this Report over the past 13 years. In 2011, it stood at 4.2% in Poland, to decline in the subsequent years and drop to 2.4% in 2018, before beginning to rise again, especially during the pandemic (to 4.5%).

**GEM seeks to monitor the reasons for business discontinuance.** Given the international nature of the survey, the spectrum of potential reasons is reviewed and updated no later than six months before the launch of each survey cycle, which is why, in 2023, the COVID-19 pandemic was still among the possible reasons. **As it turns out, in Poland, the pandemic was cited as the most common reason for withdrawing from business in the 12 months preceding the survey, and accounted for 36% of responses, with the second most frequently cited reason being the non-profitability of business (a significant 18% of responses).** Other common reasons for withdrawal included retirement (12%) and issues related to government policies, taxes or bureaucracy (11%).

Compared to the previous editions of the GEM, a decrease in the impact of the pandemic is evident. **On the other hand, it is unsettling that, in 2023, lack of business profitability was five times more likely to be cited as a reason for withdrawal than the year before. It was also the second consecutive survey when the number of responses referring to political, regulatory and taxation factors doubled.**

**Table 2.3.** Reasons for discontinuing business in Poland (2019-2023) (% of those who discontinued business in the 12 months preceding the survey)

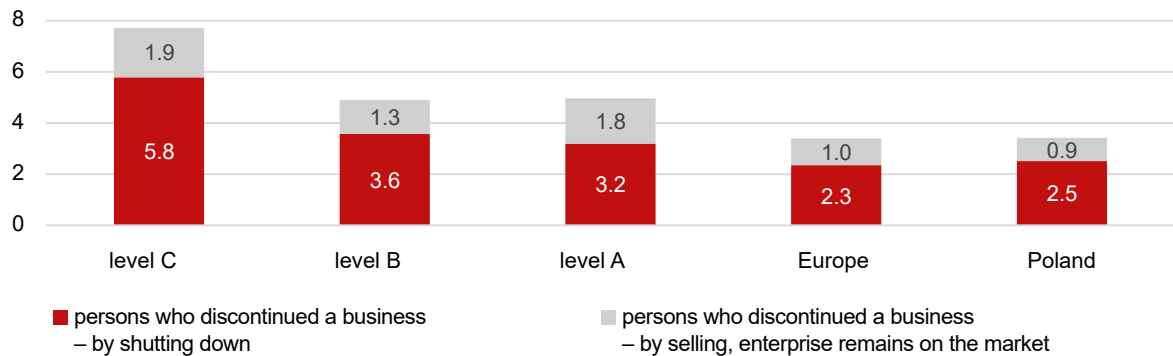
Year	Opportunity to sell the business	Non-profitability of the business	Problems with obtaining financing	Other work or business opportunities	Discontinuing was planned in advance	Retirement	Family-related or personal reasons	Contingency other than the COVID-19 pandemic	Government policy/taxes/bureaucracy	COVID-19 pandemic	Problems with supply
2019	5.6	21.1	9.6	10.0	3.2	6.8	13.6	17.1	13.2	n/d	n/d
2020	0.8	9.9	4.5	8.8	2.3	6.3	4.6	4.9	5.7	52.4	n/d
2021	1.7	4.7	2.0	6.4	3.4	14.9	11.2	2.0	2.8	51.1	n/d
2022	0.4	3.3	2.0	7.8	3.2	11.4	7.9	0.9	5.0	58.1	n/d
2023	1.8	17.9	5.9	7.3	n/d	11.7	8.1	n/d	10.6	36.3	0.4

Source: own study based on GEM data.

Interestingly, in 2023, Poles were significantly more likely than other Europeans to identify the pandemic (European average: 7%, Poland's average: 36%) and retirement (average: 7%, 5 pp less) as the reasons for discontinuing their business. However, despite the y/y increase, they were less likely to bring up non-profitability (European average: 22%, 4 pp higher than in Poland) and taking another job/business opportunity (16% vs. 7% for Poland) or personal family-related reasons (14% vs. 8% for Poland).

Business discontinuation rate in Poland during the 12 months leading up to the 2023 GEM survey was comparable to the European average (3.3% vs. 3.4% for Poland), but lower than among the richest, Level A, countries (5.0%), middle-income countries – Level B (4.9%) and least wealthy countries – Level C (7.7%).

**Figure 2.9.** Discontinuation of business activity – people who declared in the 2023 survey that they had discontinued a business in the past 12 months (% of people aged 18-64)



Source: own study based on GEM data.

Regardless of the level of wealth generated by the economy, for most enterprises, discontinuation of business means liquidation, with only some remaining on the market. **In 2023 Poland, for every 100 people who liquidated the company by withdrawing from business, there were 36 who left the company on the market**, a figure close to that recorded in 2022 (37/100), but lower than in 2021 (61/100)<sup>23</sup>. The relationship between country groups is as follows: 43/100 for Europe, 56/100 Level A, 36/100 Level B, and 32/100 Level C.

Two conclusions arise from the above analysis: symptoms of an upturn in entrepreneurial activity are evident, both among those starting new businesses, and among those running established businesses. The scale of disengagement is stable, of more concern are its reasons i.e. lack of profitability and the impact of policy/regulation/taxes.

## 2.4. Motivation for starting a business

Starting a business is a bold move that significantly alters the life of the individual who takes this challenge. Sometimes, a venture is said to be destined to succeed, still, there a greater or lesser risk of failure exists. Despite this, each year many people worldwide choose to start

<sup>23</sup> For comparison: 2020 (21/100) and 2019 (29/100).

businesses, often without ideal resources or under favourable conditions, viewing it as an opportunity to satisfy their needs, both financial and non-financial. The driving force behind their actions is primarily motivation, whether positive or negative.

In the context of starting a business, there are two types of entrepreneurship: positively motivated entrepreneurship, driven by the desire for personal growth or the pursuit of an opportunity, and necessity-driven entrepreneurship, which arises from the absence of alternatives. Such a division seems intuitive and clear. This was also the approach to motivation used in the GEM study until 2018.

However, over time, it was recognised that this dichotomous approach to motivation offered a somewhat limited understanding of the reasons behind starting a business. Considering the emerging publications advocating for a more nuanced typology of motivations<sup>24</sup> and the results of pilot studies conducted in various countries, the stance on this topic was revised in 2019. When asked what motivated them to start a business, respondents can now choose from among the following four factors:

1. “to make a difference in the world”, which means pursuing a dream to create something that is worthwhile and important;
2. “to build wealth or very high income”, in other words, to make relatively large amounts of money;
3. “to continue a family tradition”;
4. “to earn a living, because jobs are scarce”.

Respondents rate each of the aforementioned factors on a 5-point scale. The question does not take into account the desire for independence or autonomy, as it is important to the vast majority of entrepreneurs and is therefore not a differentiating factor.

Analysis of the 2023 GEM survey results shows that prioritisation of the motivators surveyed remained the same as before, with **the main reason for engaging in entrepreneurial activity, across all country categories<sup>25</sup> and regardless of income level, being the desire to earn**

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

<sup>25</sup> The analysis comprises only those European countries that participated in all editions of the surveys conducted under the new methodology.

**a living in a situation where jobs are scarce** (Figure 2.10). The importance of this factor decreases as the wealth of the population grows (81% for C-level countries vs. 50% for A-level countries and 57% for Europe). Surprisingly, the group of countries with the highest percentage of respondents motivated by the desire to earn a living included Saudi Arabia, categorised in the survey as Level A (highest income), with 91%. Levels above 90% were also recorded in Jordan (95%), Venezuela (91%) and Ecuador (91%) – all Level C countries.

Among European countries, Hungary (90%), Romania (88%) and Lithuania (84%) recorded highest percentages of people declaring that their main reason for starting a business was the absence of suitable job opportunities on the market. Lowest levels of negative entrepreneurship were observed in Norway (25%), South Korea (29%), Sweden (29%) and the Netherlands (38%).

**The second most frequently mentioned reason for starting and running a business was the desire to build wealth and earn a high income.** Also in this case, compared to Level A and Level B, in Level C countries, this reason is of greatest importance (64% of responses). However, the differences between the groups are now less distinct and more nuanced. Lowest proportion of responses was recorded for Europe (52%). At the same time, it was higher in Level A countries than in Level B countries (59 vs. 56%). Highest percentages of young enterprises established to build wealth or increase income were reported in Iran (95%), Saudi Arabia (91%), Cyprus (85%) and Guatemala (85%). South Korea (83%) and Hungary (80%) also scored close to 80%. Among European countries, apart from the above-mentioned Cyprus and Hungary, Romania was in the lead (78%). In contrast, the motivation to accumulate wealth was least likely to be cited by respondents from Norway (34%), Spain (37%), and Slovakia (38%). Among the ten countries with fewest young enterprises founded to accumulate wealth are eight European countries, along with China and Ecuador. At the other end of the ranking, only three European countries are among the ten countries where accumulating wealth is among the strongest motivations, while four European countries are in the top fifteen countries where starting a business is motivated by the intention to grow wealth (the fourth being the UK, with a score of 67%).

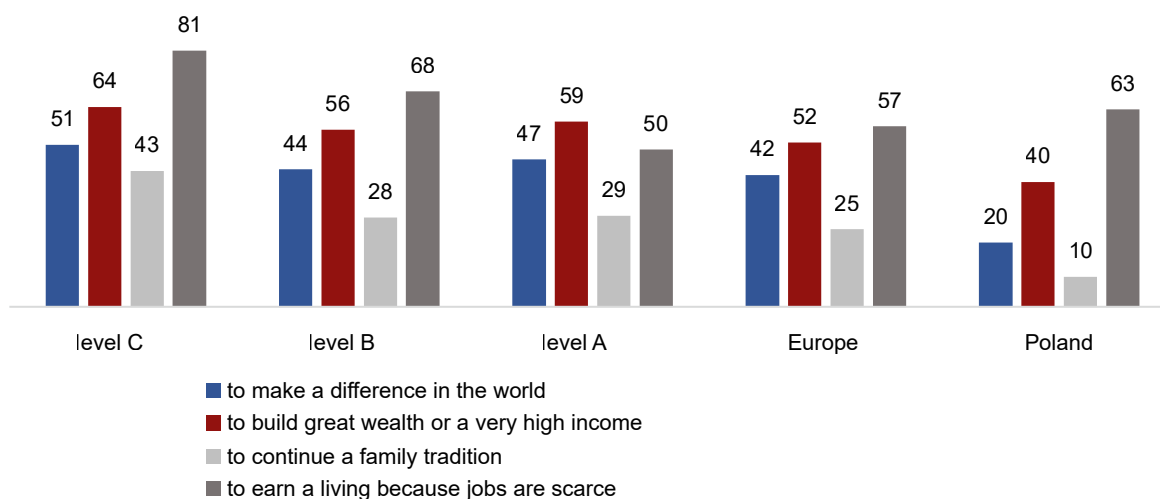
**The third most frequently cited motivation is the desire to make a difference in the world.** In 2023, it was cited by an average of 51% of young business owners from Level C countries, 44% of those from Level B countries, and 47% of those from Level A countries, which shows that the differences between these groups are relatively small, suggesting that the drive

for change is characteristic of young entrepreneurs, whatever their country's economic situation. In this comparison, European countries recorded lowest scores (42% on average).

Out of the 45 countries that participated in the survey, these were young entrepreneurs from India that were most likely to cite the desire to make a difference in the world as their motivation (84%). The top position was once again held by Guatemala (81%), followed by Brazil (77%) and Saudi Arabia (71%), both of which also scored above 70%.

Of the European countries, Romania, ranking 8th, occupied the highest position, with 67% (down from 82% and first place the year before), followed by the UK, which came 13th with 59%, and Slovenia, which came 15th with 56%. Once again, the final five were South Korea (4 vs. 8% the year before) along with China (18 vs. 15% in 2022), Morocco (18 vs. 14% the year before), France (19%) and Poland (just under 20.5% vs. 17%). Five European countries ranked among the ten whose residents were least likely to be motivated by making a difference, whereas only one appeared as one of the top ten countries for whose residents making a difference was the strongest motivation.

**Figure 2.10.** Motivations for starting and running a business in Poland, the European countries surveyed, and categories of countries by income level in 2023 (% of young business owners – TEA)



Source: own study based on GEM data.

**Family tradition seems to have the least influence on the decision to start and run a business.** This has been the case for years, its role being by far largest in Level C countries (43%).

For Levels B, A and for Europe, the results are similar and are 28%, 29% and 25% respectively. In the ranking of individual countries, entrepreneurs from India once again showed greatest commitment to tradition (75% vs. 69% the year before), along with entrepreneurs from Israel (72% vs. 62%) and Thailand (67%), while among the European participants of the survey, it was again Romania (36% vs. 41%), Greece (35% vs. 40%) and Luxembourg (33% vs. 38%) that scored highest. Again, family tradition was found to be of little importance to respondents from South Korea (5%, flat y/y), Switzerland (9% vs. 11%) and Poland (10% vs. 14%), as well as Estonia (17%) and France (18%). Among the top 10 most tradition-driven countries, there is not a single European country, and only Romania is in the top 15. Eight European countries are among the top 10 least committed to tradition, and 11 are in the top 15.

**Table 2.4.** Motivation for starting and running a business in Europe in 2023 (% Total Early-Stage Entrepreneurial Activity – TEA)\*

Country	To make a difference in the world	To build wealth or earn a high income	To continue a family tradition	To earn a living because jobs are scarce
Croatia	35.5	54.3	24.7	59.1
Cyprus	39.7	85.4	27.1	65.5
Estonia	33.4	39.9	17.4	54.6
France	19.9	43.7	17.5	43.2
Germany	50.4	56.3	31.4	46.7
Greece	26.1	55.6	34.6	72.3
Hungary	45.8	80.1	30.3	89.8
Italy	35.3	56.1	31.5	58.2
Latvia	43.5	43.5	29.6	64
Lithuania	42.4	52	22.4	83.7
Luxembourg	50.6	46.6	32.7	47.2
Netherlands	47.7	45.4	25.9	38.2
Norway	37.4	34.3	19.4	25.3
<b>Poland</b>	<b>20.5</b>	<b>39.6</b>	<b>9.7</b>	<b>62.8</b>
Romania	66.6	77.8	35.7	87.5
Slovakia	37.1	37.6	24.3	70.4
Slovenia	56.1	53.6	29	49.1
Spain	37.6	37.2	21.7	57.1
Sweden	43.1	53.7	26.4	29.1
Switzerland	53.6	39.2	8.8	40.6
United Kingdom	58.8	66.6	20.5	61.4

\*The responses do not add up to 100%; each motivation was rated on a five-point scale.

**Poles' prioritisation of reasons for starting a business is the same as that for the overall ranking. In 2023, the most frequent reason for starting a business among the surveyed Poles was to secure a livelihood in a situation where job opportunities are scarce on the labour market** (mentioned by 63% of those running young enterprises). At the same time, this motivator has shown significant fluctuations, decreasing by 10 pp year-on-year after having risen by 20 pp two editions earlier. The percentage of responses referring to this motivation places young Polish entrepreneurs on the 28th position in the ranking of 45 countries, and on the 8th position among the 21 European countries that participated in the survey.

The second most common motivation i.e. **the desire to get rich and earn a high income, was cited by only 40% of the surveyed Poles, a notable decline from 48% in 2022.**

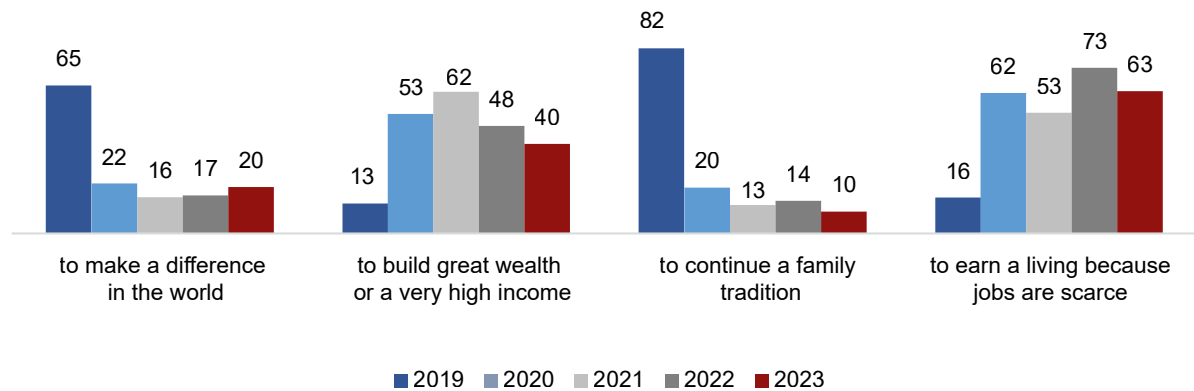
The result is also lower than in any of the analysed income level groups, though it is closest to the average for European countries, which stands at 52%. The level of determination to earn a high income is relatively low among young Polish entrepreneurs (41st place in the ranking). This could be interpreted in several ways: as a reflection of a shift in focus towards other things, such as climate issues (“to be” valued over “to have”), or, more likely, a sign of the lack of confidence in one’s ability to achieve spectacular business success. It could also result from young entrepreneurs’ reluctance to step outside their comfort zone, or their inclination towards saving money in challenging times.

For the fourth year in a row, **Poland significantly differs from the other analysed countries with respect to the desire to make a difference in the world as a motivation for starting and running a business. Although the percentage of positive responses increased by over 3 pp y/y (from 17 to 20.5%), it is again second from last among the European countries surveyed, and fifth from last in the entire ranking,** with only respondents from South Korea, China, Morocco and France showing less enthusiasm for changing the world. In 2023, the gap between Poland and the leader (India) was a significant 63 pp, which is difficult to interpret. Perhaps Poles need an incentive to believe that change is possible. And perhaps the change of government, which took place at the end of 2023 will provide that incentive.

The desire **to continue a family tradition was demonstrated by only one in ten young Polish business owners** (10% vs. 14%), placing Poland 3rd from the bottom in the overall ranking, ahead of South Korea (5% vs. 5%) and Switzerland (8.8% vs. 11%) only. Poland scored 65 pp lower than the ranking’s leader, India, and 26 pp lower than the European leader (Romania).



**Figure 2.11.** Changes in motivation for starting and running a business in Poland between 2019 and 2023 (% Total Early-Stage Entrepreneurial Activity – TEA)



Source: own study based on GEM data.

The picture of young entrepreneurship that emerges from the above study is rather depressing. Due to the 2018 changes in motivation criteria, there is no comparable data from before 2019. However, a comparison of the 2019 data for Poland with the 2020-2023 results reveals a dramatic shift in attitudes, underscoring the significant influence of external factors, such as the pandemic, armed conflicts, and uncertainty about the future due to the growing costs of running a business. In 2019, young Polish entrepreneurs demonstrated above-average idealism compared to the other countries, as they primarily started businesses to change the world and continue family traditions (65% and 82% of responses, respectively), while concerns about making a living and earning a high income were almost marginal (16% and 13%, respectively). However, since 2020 onwards, the average young entrepreneur was gradually losing the desire to become rich (53% of responses in 2020 vs. 40% in 2023), but that was not accompanied by a growing desire to make a difference in the world (22% in 2020 vs. 20% in 2023). Young entrepreneurs were not interested in continuing family traditions either. This can, however, be explained, on the one hand, by family businesses' need for successors ("why start a business in the spirit of tradition when you can take one over") and, on the other, by years of neglect in the area of crafts and vocational education. The final issue is not unique to Poland. The European Commission has already taken steps to improve the situation, and there is hope that it will improve in the coming years, including in Poland.

## 2.5. Male and female entrepreneurship

**According to 2023 data, the belief that the conditions were favourable for businesses became more common compared to the previous year.** For women, the change was less than 1 pp, while for men it was up by nearly 3 pp. **At the same time, for the second consecutive year<sup>26</sup>, a higher proportion of Polish women saw business opportunities in their environment compared to Polish men (75% of women vs. 73% of men).**

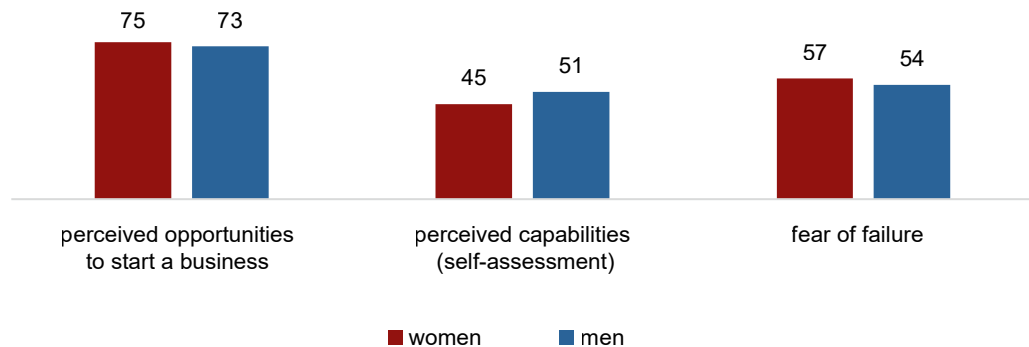
Although the share of women who saw business opportunities in their environment has remained significant, the proportion of those who believed they had the necessary competencies, knowledge, skills, and experience for running a business decreased again. However, the decline is much smaller compared to the previous measurement (45% in 2023 vs. 46% in 2022 and 59% in 2021). For Polish men, the negative trend in this area, which had been observed since 2020 was reversed, though not significantly. Currently, 51% of Polish men positively assess their entrepreneurial abilities (compared to 50% in 2022 that stopped the downward trend). Due to this direction of change, the gap between men and women has widened.

Interestingly, compared to the previous year, **the percentage of Polish women and men who fear starting a business, taking risks, and failing has slightly decreased (to 57% for women and 54% for men, i.e. by 2 pp each).**

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<sup>26</sup> In 2022, for the first time since 2017, the proportion of women who could see business opportunities in their environments was higher than that of men. However, it is worth noting that the gap between the groups has narrowed, the difference now reduced to 2 pp from 4 pp in 2022.

**Figure 2.12.** Entrepreneurial attitudes among women and men in Poland in 2023 (% of adult women/men)<sup>27</sup>



Source: own study based on GEM data.

Compared to European countries, **significantly more Polish women and men felt that their environments offered good conditions for starting a business (approx. 3 in 4 Poles, versus about 1 in 2 Europeans)**<sup>28</sup>. However, compared to their counterparts from other European countries, the proportion of those who felt they had adequate knowledge, skills and/or competencies to run a business was equal for women and lower for men<sup>29</sup>. On average, Polish women and men were more likely than other Europeans to experience the fear of failure, which prevented them from starting a business – the difference being greater for men (8 pp) than for women (5 pp)<sup>30</sup>.

<sup>27</sup> In this Chapter, the value of the “fear of failure” indicator, which is an expression of the fear of taking the risk of failure, refers to the entire population of men and women aged 18-64, and not, like in Chapter 2.2., people aged 18-64 who can see opportunities for starting a business in their environment.

<sup>28</sup> Compared to other European countries that participated in this year’s project, Poland stands out as the most optimistic regarding the perception of business opportunities in the environment. On the other end of the spectrum is Italy, where only 37% of Italian men and 30% of Italian women can see such opportunities. It is also worth noting that in Latvia, Greece, Romania and Poland, the proportion of women who can see business opportunities in their environment is higher than that of men. The opposite is true in the other countries.

<sup>29</sup> Noteworthy among the European countries analysed is Croatia, where 70% of women and 78% of men believe they have entrepreneurial abilities. In almost all European countries that participated in the GEM project, except Romania, a higher proportion of men than women can see their entrepreneurial potential. In 13 out of 21 countries, the difference ranges from 10 to 20 pp, while in 3 countries, it exceeds 20 pp (Norway, Germany, Slovenia).

<sup>30</sup> The European countries with the lowest proportions of individuals reluctant to start a business, for any reason, are Lithuania and the Netherlands (men: 35% and 39% respectively, women: 42% each). In every European country, the proportion of women with entrepreneurial concerns exceeds that of men.

Although, as regards one's assessment of their entrepreneurial ability, the trend shows that the percentage of people who believe they have the ability and experience to run a business decreases as the income level of the surveyed countries grows, a similarly clear pattern is not evident when it comes to seeing business opportunities. Actually, the fear of failure is relatively consistent across the countries, regardless of their income levels. According to the 2023 survey, globally, approximately one in two women and 45% of men expressed this concern.

**Table 2.5.** Entrepreneurial attitudes of women and men in Poland compared to the average for the surveyed European countries and groups of economies by income level in 2023 (% of adult women/men)

Attitude	Level C	Level B	Level A	Europe	Poland
<b>Perceived opportunities to start a business</b> – women	63	50	53	48	75
– men	63	52	60	52	73
<b>Perceived capabilities (self-assessment)</b> – women	67	54	47	45	45
– men	76	63	62	58	51
<b>Fear of failure</b> – women	48	51	50	52	57
– men	44	45	45	46	54

Source: own study based on GEM data.

This year's results regarding the entrepreneurial activity of Polish women and men reveal some changes. However, when examining the changes, one has to keep in mind the starting levels of the percentages. For younger enterprises (operating on the market for up to 3.5 years), the percentages were much lower than for established enterprises (over 3.5 years on the market) (approx. 2.5-3% and approx. 11-12% respectively). **Compared to 2022, in 2023 an increase in both the proportion of individuals running young enterprises, and the proportion of those representing established enterprises was noted – that trend is particularly positive for young enterprises.** That is because, for several years, irrespective

of the gender of their owners, young enterprises had been recording a declining trend, which has now stopped. As regards established enterprises, it is highly unlikely to find any regularity in this respect. In addition, **both types of enterprises saw significantly faster growth in the proportion of business-active men than women.**

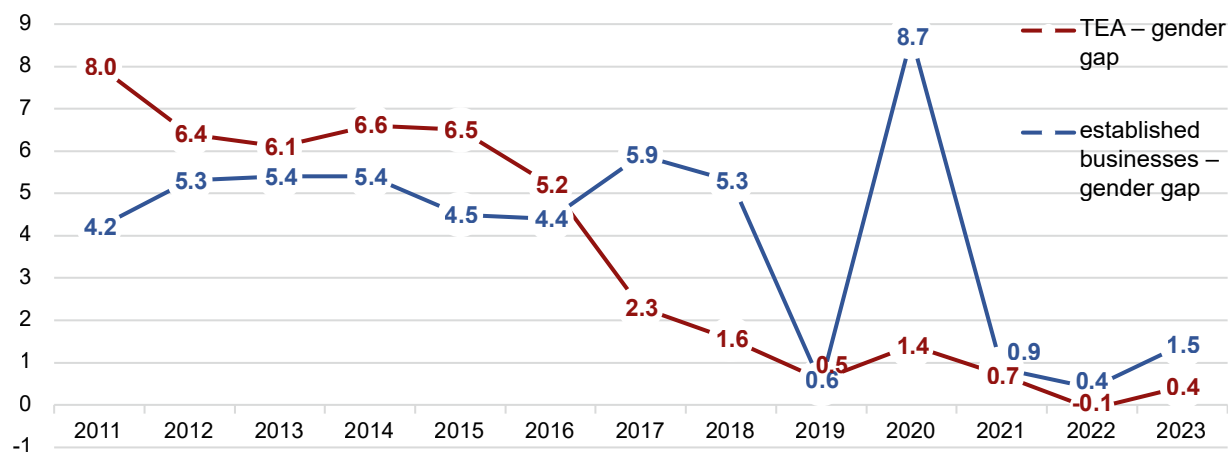
**Table 2.6.** Level of entrepreneurial activity among women and men between 2011 and 2023 (% of those running young/established enterprises among women/men aged 18-64)

Share of individuals running young and established businesses	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Young enterprises (TEA) – women	5.1	6.2	6.2	5.9	6.0	8.1	7.7	4.5	5.1	2.4	1.7	1.6	2.4
– men	13.1	12.6	12.3	12.5	12.5	13.3	10.0	6.0	5.7	3.8	2.4	1.5	2.8
Established businesses – women	2.9	3.2	3.8	4.6	3.7	4.9	6.8	10.4	12.5	7.9	10.6	9.6	10.9
– men	7.1	8.5	9.2	10.0	8.2	9.3	12.7	15.7	13.0	16.6	11.5	10	12.4

Source: own study based on GEM data.

The observed **changes led to the widening of the gender gap in Poland i.e. the difference between the percentages of men and women running enterprises within their respective gender groups.** The previous year (2022) was rather unique in that more young enterprises were founded by women than men, while in 2023, 2.8% of Polish women and 2.4% of Polish men were owners of young enterprises. **Thus, in 2023, gender gap in favour of men is again visible among young enterprises in Poland, though it remains relatively small as this year's figure has not dropped to the level of the lowest positive value recorded so far (0.6 in 2019)<sup>31</sup>.** In Poland, the proportion of women running young enterprises corresponds to 85% of the proportion of men running young enterprises.

<sup>31</sup> Furthermore, it is the smallest gap in favour of men observed among the European countries studied, followed by that of Switzerland (1.1), Spain (1.4) and Greece (1.6).

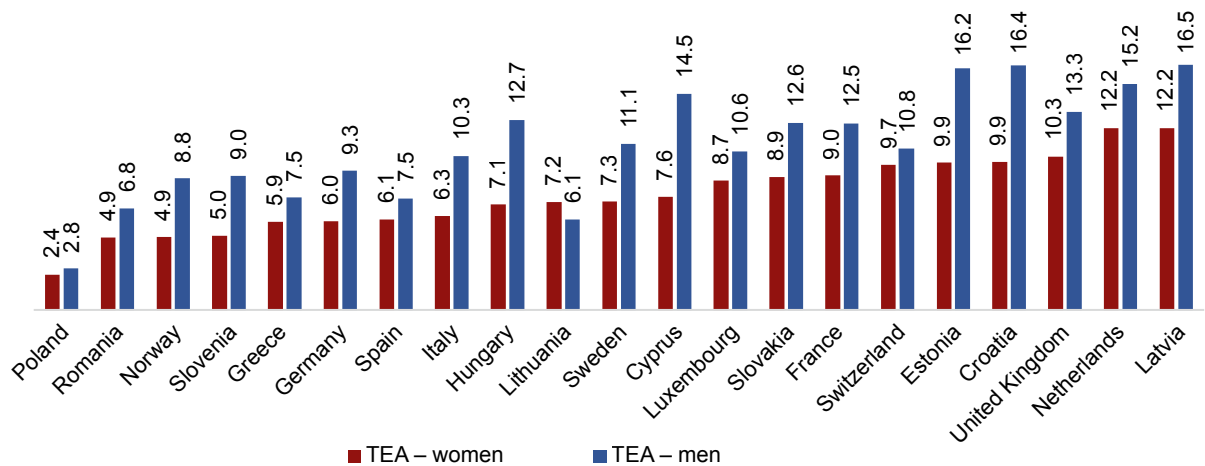
**Figure 2.13.** Gender gap for young and established enterprises in Poland from 2011 to 2023 (pp)

Source: own study based on GEM data.

Among the European countries that participated in this year's project, the share is higher only in Switzerland, although a gap in favour of men is still present (women running businesses for up to 3.5 years correspond to 90% of the respective male group). In contrast, Lithuania was the only country where the 2023 proportion of women operating as young entrepreneurs (up to 3.5 years on the market) was higher than that of men<sup>32</sup>, with gender gap of -1.1, which translated into a roughly 20% higher proportion of women running young enterprises compared to the corresponding population of men.

<sup>32</sup> Analysis of all the countries that participated in the discussed edition of the project shows that the same applied to China, Colombia, Ecuador and Thailand. Cf. GEM (Global Entrepreneurship Monitor) (2023). Global Entrepreneurship Monitor 2023/2024 Global Report: 25 Years and Growing. London: GEM, pp. 64–65.

**Figure 2.14.** Proportion of people running **young businesses** in Europe in 2023 by gender (% of adults; 18-64 y.o.)



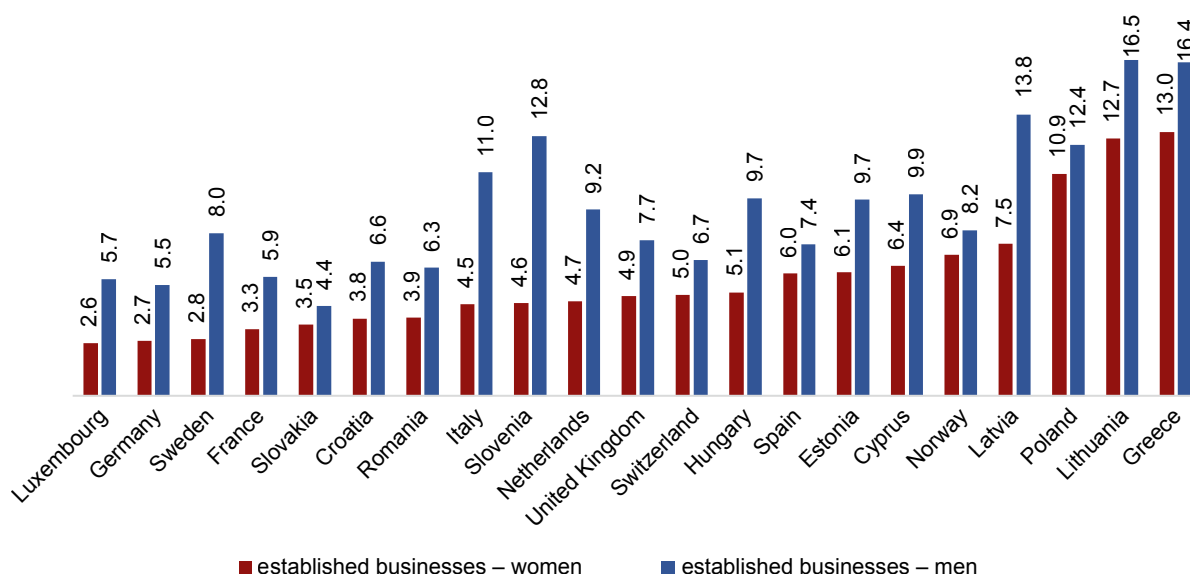
Source: own study based on GEM data.

In 2023, globally, it was only five countries, namely Ecuador, Thailand, China, Colombia and Lithuania that had gender gaps in favour of women among young business owners, while the rest of the world had gender gaps in favour of men. Compared to other countries, in Poland, the gender gap is relatively small. Apart from countries with “negative” gender gaps, it is smaller only in Venezuela, Mexico, Chile, Saudi Arabia, Switzerland and Qatar. Largest gender gaps among young business owners are observed in Jordan, Morocco, Slovenia, Norway, Cyprus and Hungary. In these countries, only 30-35% of young business owners are women.

**In 2023, Poland not only ranks among the European countries with the highest percentage of established business owners in the population, but can also pride itself on having one of the lowest gender gaps in this category.** In Europe, no other country matches the level of gender equality among established business owners seen in Poland, Norway being closest. Outside of Europe, only Israel, Chile, and Saudi Arabia have proportions of women and men running established businesses similar to those recorded in Poland. It is worth noting that in most countries gender gap increases with businesses’ age. An extreme situation is observed in countries like Morocco, Iran, China and Colombia, where the gender gap more than doubles. Poland is among the countries where the relative gender gap shrinks with businesses’ age, which is also the case in Estonia, Oman, Israel, Greece, Norway, Korea, Canada, Saudi Arabia, Cyprus and Slovakia.

**For established enterprises, all European countries participating in the GEM project reported a higher proportion of men running businesses compared to women<sup>33</sup>.** Although the gender gap in Poland is relatively small, Slovakia, Norway and Spain reported even smaller or similar differences (0.9; 1.2 and 1.4, respectively). At the same time, these countries also have highest ratios of women running established enterprises relative to men, ranging from 79% to 88%, with Poland scoring 88%. Although the absolute difference in Greece shows a significant advantage of men over women (with a score of 3.4), Greece keeps up with the leaders with a ratio of 79%. Among established entrepreneurs, the largest gender gap in favour of men was recorded in Slovenia and Italy (8.2 and 6.5, respectively). These countries also have some of the lowest ratios of women running established businesses compared to men (36% and 41%, respectively)<sup>34</sup>.

**Figure 2.15.** Proportion of people running **established businesses** in Europe in 2023 by gender (% of adults 18-64 y.o.)



Source: own study based on GEM data.

In most of the European countries analysed this year (16 out of 21), the ratio of women to men running young businesses is higher than the corresponding ratio for established

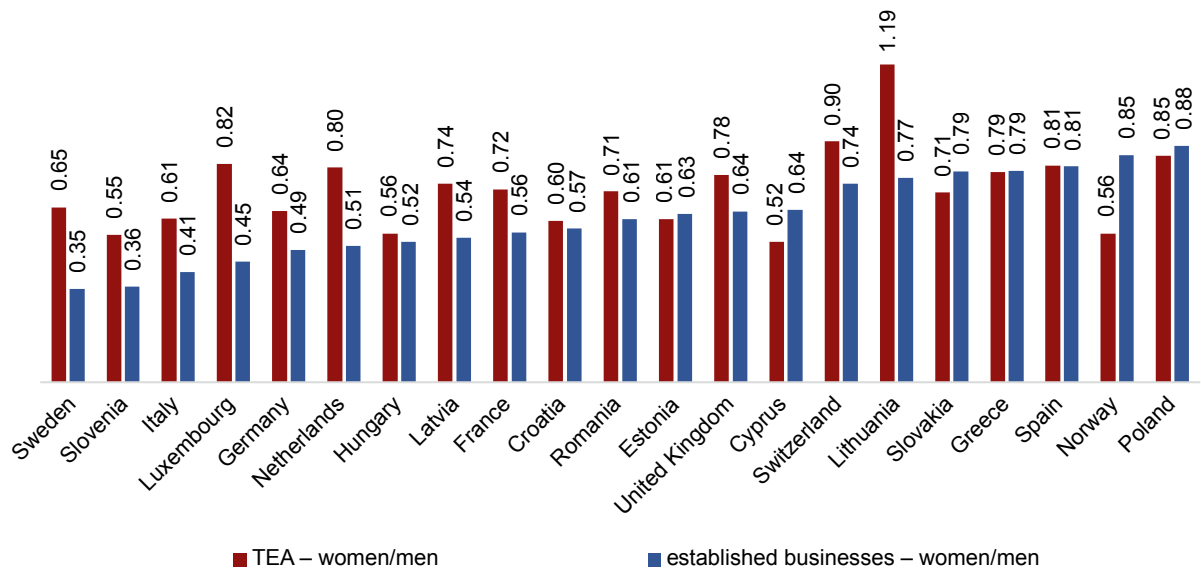
<sup>33</sup> Among all the countries that participated in the project's current edition, only Israel had an equal proportion of men and women running established enterprises, resulting in no gender gap.

<sup>34</sup> Lowest value was observed in Sweden, where the share of women corresponds to 35% of that of men, resulting in a gender gap of 5.2.



enterprises, with the opposite applying only to Norway<sup>35</sup>, Cyprus, Slovakia, Poland and Estonia. Among all the European countries covered, it is worth noting that Greece and Spain have identical patterns for both young and established enterprises. Also Estonia, Hungary, Croatia, and Poland show very similar indicators for both groups.

**Figure 2.16.** Share of percentage of female business owners in the corresponding percentage of men among **young and established business** owners in Europe in 2023



Source: own study based on GEM data.

Compared to the previous year, the gender gap has widened among both young and established business owners, although compared to the previous decade, it is relatively small. The situation appears to have stabilised after the extreme pandemic year of 2020, which saw highest gender gap among young business owners.

## Men and women’s motivations to start a business

In 2023, Polish entrepreneurs (regardless of gender) who had been running companies for up to 3.5 years **were most likely to identify the need to secure their livelihoods**

<sup>35</sup> In this country, the difference is most pronounced. Among young entrepreneurs, the share of female business owners is 56% of the corresponding percentage of male owners, whereas for established entrepreneurs it is 85%.

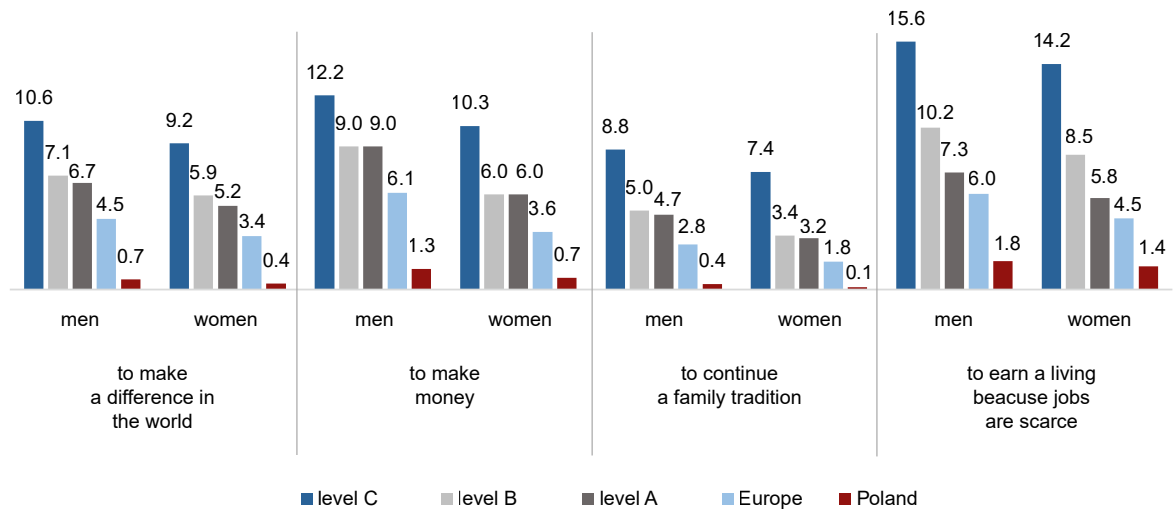
**in a situation where attractive job opportunities were limited, and the desire to earn a high income or significantly increase their wealth as primary motivations for starting a business.** Both motivations were mentioned more frequently by men than by women, with the difference particularly pronounced for the latter motivation. Thus, it can be concluded that pragmatic impulse is more pronounced in men, driven by the need to secure a livelihood in a situation where job opportunities are limited. Also regardless of gender, making a difference in the world and following a family tradition were less likely to be indicated<sup>36</sup>.

The analysis of motivations becomes more intriguing when all the European countries that participated in this edition of the project are considered. For men running young enterprises in Europe, the primary motivation is the pursuit of significant profits, followed by the need to secure a livelihood in a situation where job opportunities on the market are unsatisfactory, the two being mentioned almost equally frequently. On the other hand, the desire to make a difference in the world, and family traditions, are definitely aspects of secondary importance. European women primarily choose to start a business when they need to make a living in a situation where job opportunities are scarce. The desire to make a difference in the world, and financial considerations, are slightly less likely to be mentioned than the need to make a living, although they are nearly as important as the first reason.

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<sup>36</sup> Looking at the data, it is worth noting that the motivations adopted for the GEM survey do not exhaust the list of possible reasons that drive people to start a business, but concern the aspects that GEM methodologists find crucial. More on the approach to the motivations for starting a business in Chapter 2.4.

**Figure 2.17.** Men and women's motivations for setting up enterprises in 2023 (% of women/men running young businesses in the population of women/men)



Source: own study based on GEM data.

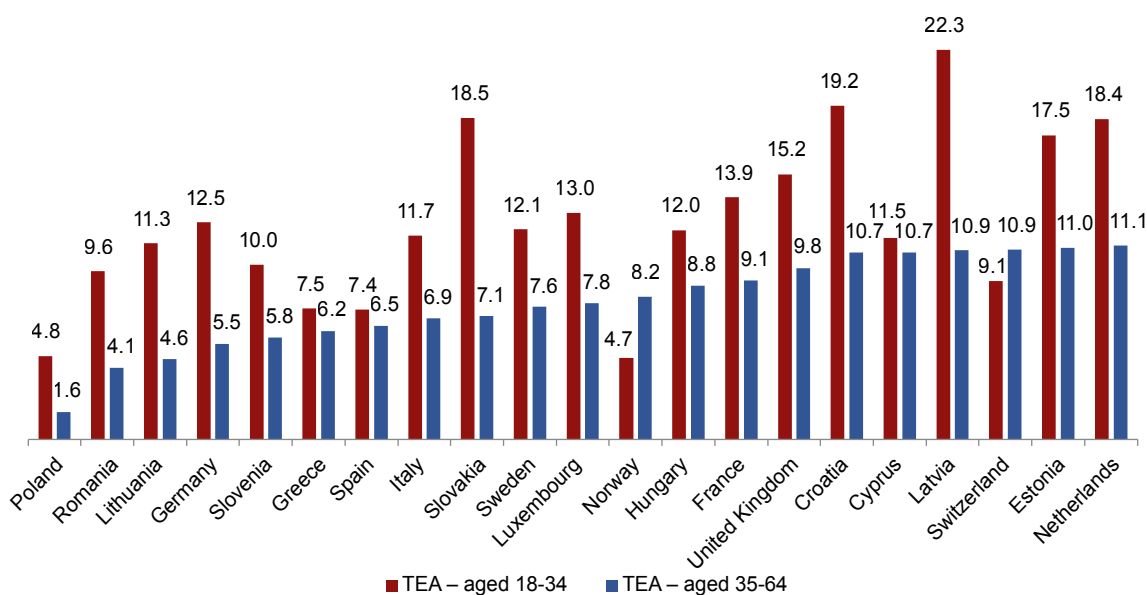
Considering that the European countries that participated in the survey are diversified in terms of income, it is evident that the popularity of each the analysed motivations decreases as income rises. However, the difference between the lowest income group (Level C) and the middle income group (Level B) is much more pronounced than the difference between the middle (Level B) and the highest income group (Level A). Nonetheless, it can be said that the primary motivation is the same for Level B and Level C countries, but different from Level A. Specifically, in countries with lower to middle income (C and B), regardless of gender, the most important reason for pursuing economic activity is the need to secure a livelihood in a situation where job opportunities are scarce. In contrast, in countries with higher average income levels (A), the primary motivation is the desire to generate high income.

The multifaceted nature of the GEM project means that it only provides an overview of aspects related to female and male entrepreneurship, but it can also serve as basis for further analyses to explore gender differences, particularly taking account of social and cultural conditions.

## 2.6. Entrepreneurship in age groups

Poland's entrepreneurial landscape continues to be unfavourable for individuals over 35. In 2022, only 0.9% of such individuals owned young businesses, compared to 3% among individuals under 35. This year, the situation has slightly improved, with 1.6% of Poles over the age of 35 owning young enterprises, compared to 4.8% among individuals under 35. Although the figure increased against the previous year, Poland's proportion of young enterprise owners over 35 remains lowest (compared to other European countries). A rate higher than in Poland is observed in Romania (4.1%), while the European average is 7.9%. There are countries like Croatia, Cyprus, Latvia, Switzerland, Estonia, and the Netherlands, where more than 10% of individuals over 35 run young enterprises. Although the proportion of young people running young businesses in Poland (4.8%) is three times higher than the proportion of older young business owners, it still remains among the lowest in Europe, surpassing only Norway's rate of 4.7%. Such low values are linked to the overall low level of TEA in Poland.

**Figure 2.18.** Owners of young businesses in age groups in Europe (% of adults)

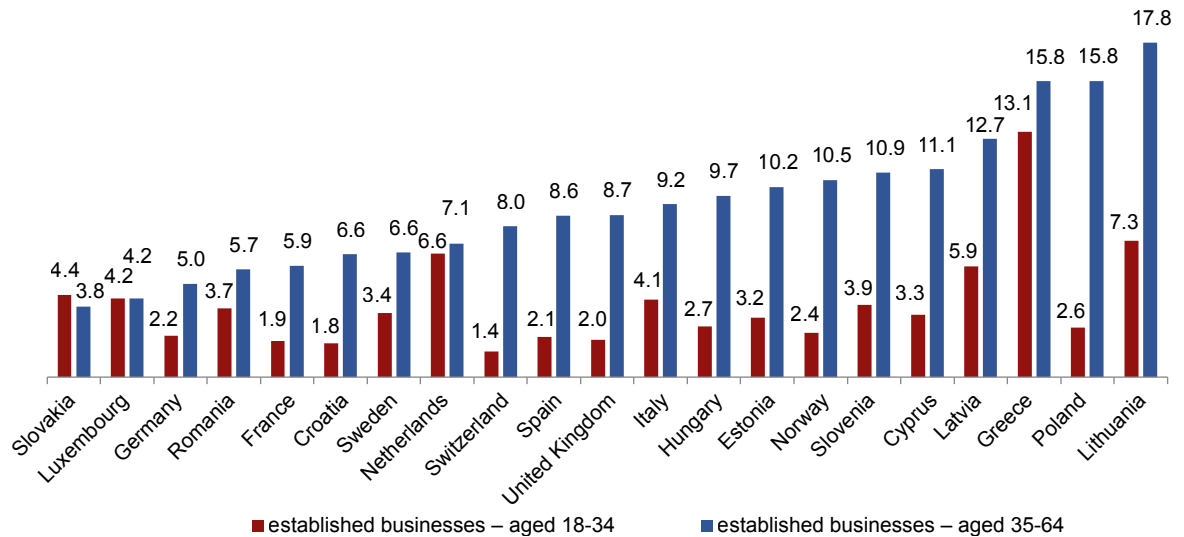


Source: own study based on GEM data.

It is important to examine the reasons behind the low rate of individuals over 35 running young businesses in Poland. In last year's report, we described entrepreneurial attitudes across different age groups and observed the percentage of private investors was

significantly higher among older individuals. However, this year, it is important to focus primarily on the proportion of individuals managing established businesses as it is high in Poland and significantly differs from the proportion of owners of young enterprises.

**Figure 2.19.** Owners of established businesses in age groups in Europe (% of adults)



Source: own study based on GEM data.

It turns out that the proportion of people over 35 running established businesses is very high (15.8%), in Europe second only to that of Lithuania (17.8%), while the proportion of young people running established businesses is low (2.6%). Thus, there is an extreme disproportion in Poland between the number of young and established enterprises run by individuals under 35 and over 35. One explanation for the low number of people over 35 running young enterprises may be that many representatives of this age group are already managing established enterprises. Once again, this highlights the stabilisation in the Polish SME sector, which, however, may be excessive and may limit the natural turnover of business ventures.

Although many people over 35 are already running businesses, activation measures targeting this group should be considered, including measures targeting those already in business and capable of running another one. Such people are extremely valuable due to their experience and skills.

## 2.7. Enterprises' attitudes to sustainability and social responsibility

**Polish entrepreneurs' declarations regarding whether they take social and environmental impacts of business activities<sup>37</sup> into consideration consistently reflect high awareness of these issues' importance.** On average, slightly over 90% of representatives of established enterprises (operating for at least 3.5 years) and around 87% of representatives of young enterprises (on the market for up to 3.5 years) still declare such a commitment. **Worth noting is the significantly higher than in the previous years percentage of young entrepreneurs who, when engaging in business activities, take strictly environmental issues into consideration (89% vs. 84% in 2022 and 85% in 2021)<sup>38</sup>.** Thus, in 2023, a larger proportion of representatives of young enterprises expressed concern for environmental aspects than for social aspects (89% and 86%, respectively)<sup>39</sup>.

Among the European participants, Poland has remained the leader as regards these declarations, with its averages still significantly exceeding those of Europe<sup>40</sup>. Representatives of Romania are almost as likely as representatives of Polish young companies (operating for up to 3.5 years) to declare they take environmental and social issues into consideration (83 and 84%, respectively). In the case of established enterprises (over 3.5 years on the market), Poland is at the top along with Slovenia (90% each).

When the classification of countries by income level is considered, it can be seen that as a country's wealth increases, the proportion of entrepreneurs who take social

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<sup>37</sup> Social impact should be understood, among others, as the impact on health, safety, quality of working conditions, an open and non-exclusionary working environment, and access to education, housing and transportation, while environmental impact includes the impact on preserving green areas, reducing greenhouse and toxic gases, selective garbage collection, and rational use of water, electricity and fuels.

<sup>38</sup> A change of 4 or 5 pp (depending on the year) is all the more conspicuous since the changes observed in the earlier years were 2 pp at the most.

<sup>39</sup> In the group of established enterprises, the trend has consistently been the opposite since the measurement started (2021) – social impacts are taken into consideration slightly (but still) more often than environmental impacts.

<sup>40</sup> At the other end, Cyprus has the lowest scores in Europe. Whatever the aspect (environmental versus social measures) or the length of time on the market (young versus established enterprises), Cyprus recorded results ranging from 12% to 16%.

or environmental impacts of their business activities into consideration tends to decrease. This trend holds however long a company has operated on the market.

**While Polish entrepreneurs' declarations regarding their consideration to business impacts are rather universal, actual social or environmental actions are observed less frequently.**

Specifically, pro-social actions are seen in 52% of young enterprises and 77% of established enterprises, while pro-environmental actions are observed in 56% of young enterprises and 70% of established ones. Despite the promising observations from 2022, regarding established enterprises<sup>41</sup>, **this year<sup>42</sup> did not bring spectacular improvement in actual activities aiming to maximise positive social impact or minimise negative environmental impact.** Moreover, the proportion of enterprises in operation for less than 3.5 years that venture to prioritise social impact decreased over the years (52% vs. 60% in 2022 and 58% in 2021). Thus, environmental issues also turned out to be more likely to be considered than social issues in the activities of young businesses' representatives, and, as in the previous years, entrepreneurs with more than 3.5 years in the market are more likely to focus on social rather than environmental activities. However, they are more active in both areas compared to those running young enterprises.

In terms of the European countries surveyed undertaking **pro-social measures**, Croatian entrepreneurs are the leaders among young enterprises (58%), and Polish entrepreneurs rank highest among established enterprises (77%). Among enterprises operating for up to 3.5 years, Romania, Luxembourg and Germany are more active than their counterparts in the rest of Europe (53 to 56%), while in the case of companies operating longer than 3.5 years, these are Croatia and Lithuania, with rates of 65% and 62%, respectively. Regarding **pro-environmental measures**, entrepreneurs from Croatia, Greece, Luxembourg and Switzerland are the leaders among young companies (up to 3.5 years on the market), with response percentages ranging from 64% to 66%. Among established enterprises from Luxembourg, Croatia and Switzerland, the percentages of responses asserting they implemented environmental measures in the past year were at the level of Poland's result (70%).

<sup>41</sup> Cf. Global Entrepreneurship Monitor Poland Survey Report 2023, PARP 2023, p. 60.

<sup>42</sup> Sustainability and social responsibility considerations were introduced to the GEM survey in 2021, hence longer-term observations have yet to be made. Given its importance in the public discourse and the introduction of new regulations that require more enterprise categories to report ESG measures over time, this topic will remain a focus in future editions.

An analysis of income groups shows a clear trend regarding pro-social measures: as countries' wealth increases, the proportion of entrepreneurs declaring they implemented projects aimed at maximising their enterprises' social impact in the past year drops, regardless of how long the company has been operating. For environmental activities, such a relationship does not exist.

A more radical indicator showing the consideration given to social responsibility and sustainability is prioritisation of social or environmental impacts over the enterprise's profitability and growth. This is because the indicator presupposes that some of the profits or growth will be given up for something that can be abstract and, potentially, a benefit only in the future, not necessarily benefiting the entrepreneur themselves. **Based on the declarations of Polish entrepreneurs, the tendency to prioritise social and/or environmental goals over business growth or profitability was observed in one in four young enterprises (operating for up to 3.5 years), and two in five established enterprises (operating for at least 3.5 years).** This shows that the willingness to forego part of their profits for social or environmental needs declined among young entrepreneurs (down by 4 pp from 2022)<sup>43</sup>, while it grew among established entrepreneurs (up by 7 pp), which resulted in widening the gap between the two groups.

Among the indicators analysed in this chapter, this is the only one where the performance of Polish enterprises scores significantly lower than the average for the European enterprises surveyed. On average, approximately every second market player in Europe is able to incorporate social and/or environmental considerations in the cost of doing business (young businesses: 50%, established businesses: 48%). Entrepreneurs from Italy and Croatia, regardless of how long they have been in business, significantly stand out as European countries declaring they prioritise environmental and/or social issues over profits, with the percentages ranging between 66% and 73%<sup>44</sup>. At the opposite end of the spectrum is Cyprus, with a score of around 20%.

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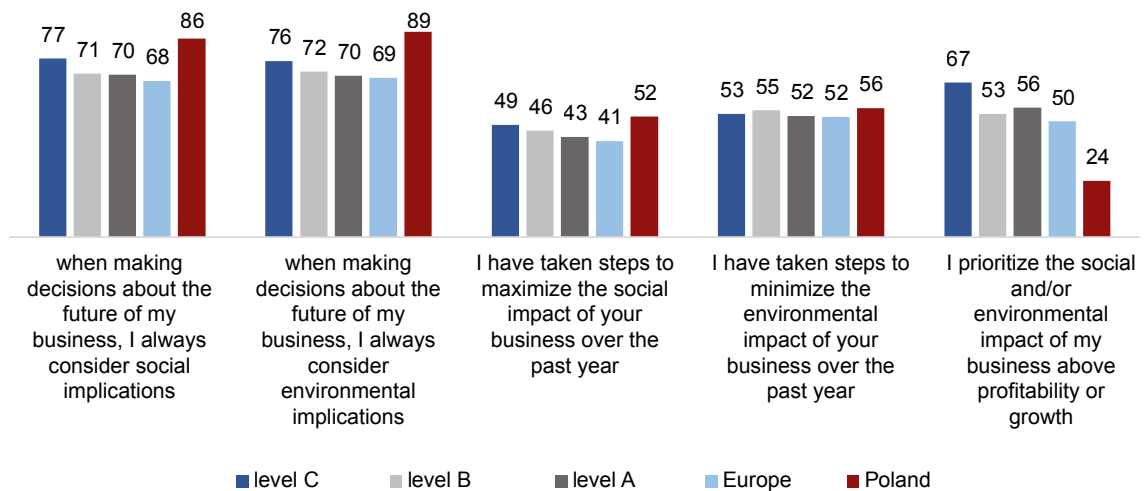
<sup>43</sup> The trend is puzzling and worth tracking. It can be assumed that, for entrepreneurs less established on the market (particularly in their initial years), ensuring a strong start and maintaining business viability takes precedence over social and environmental concerns.

<sup>44</sup> The situation in Romania is also noteworthy, as the country has the highest proportion of entrepreneurs with businesses operating for a maximum of 3.5 years who prioritise social and environmental impacts of their enterprises over their growth and profitability, with 3 in 4 young entrepreneurs demonstrating this attitude in 2023.



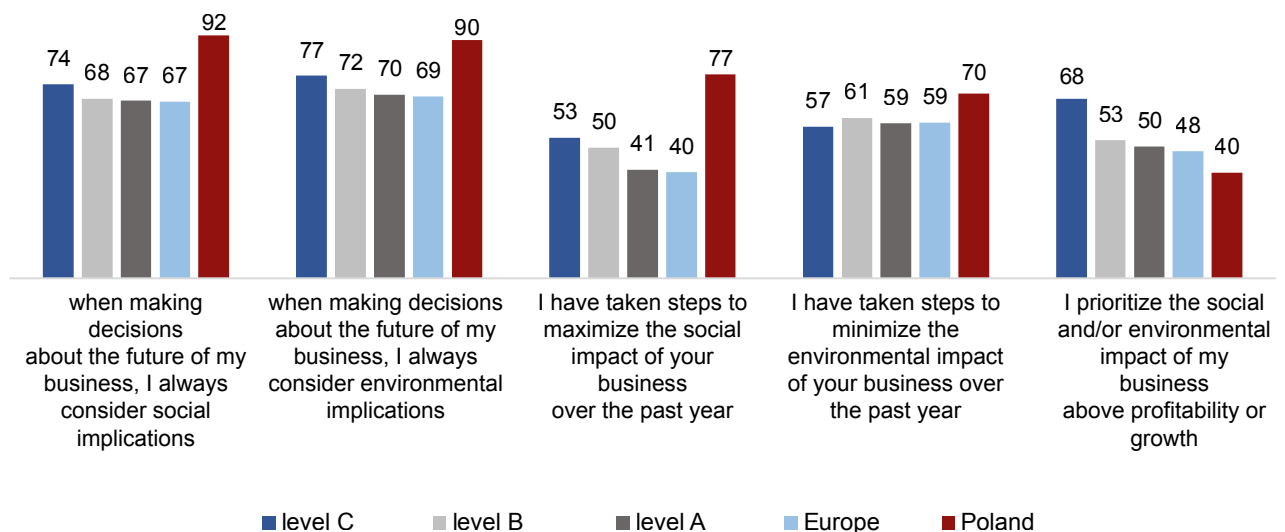
Interestingly, both young and established enterprises from Level C countries (lowest income group) prioritise environmental and social considerations over business profits and development at an average rate that is several percentage points higher than those of Level A and Level B countries.

**Figure 2.20.** Social and environmental responsibility in the actions and beliefs of persons running **young businesses** (% of young businesses)



Source: own study based on GEM data.

**Figure 2.21.** Social and environmental responsibility in the actions and beliefs of persons running **established businesses** (% of established businesses)



Source: own study based on GEM data.

In this year's main report, titled "Global Entrepreneurship Monitor 2023/2024 Global Report: 25 Years and Growing" (synthesising information from all countries that participated in the 2023 survey), the 17 UN Sustainable Development Goals (so-called SDGs), which fit into the broader global socio-environmental context, occupied a prominent position<sup>45</sup>. In the GEM survey, entrepreneurs are directly asked about their familiarity<sup>46</sup> with the SDGs. Additionally, in this year's main report, the authors tried to compare the results from the specific thematic areas against the relevant SDGs, wherever appropriate. Currently, **47% of Poles operating young enterprises, and 67% of those operating established enterprises declare they are familiar with the 2030 Agenda for Sustainable Development goals adopted by the UN**, which represents an increase in awareness against the previous year, for young and established businesses alike (by 4 and 7 pp, respectively). The average for Poland is still markedly higher than the average for the European countries under study, with nearly one in three entrepreneurs in Europe reporting they are familiar with the SDGs – 32% of those running young businesses and 30% of those running established businesses. Of the 18 European countries where this question was asked, it was only in five where established entrepreneurs were more likely to be familiar with the SDGs than young entrepreneurs (Lithuania, Poland, Estonia, Croatia and Cyprus).

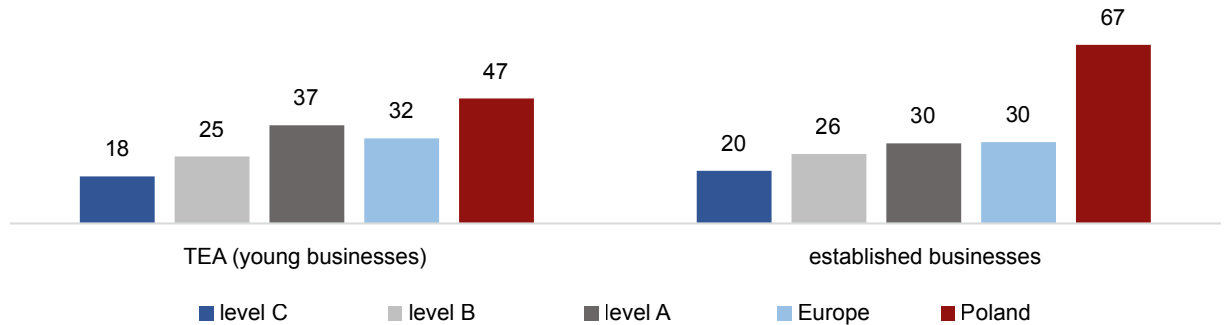
It is also clear that the proportion of entrepreneurs claiming to be familiar with the SDGs increases with average income and it doesn't depend on the time the enterprise has been operating on the market.

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<sup>45</sup> Cf. GEM (Global Entrepreneurship Monitor) (2023). Global Entrepreneurship Monitor 2023/2024 Global Report: 25 Years and Growing. London: GEM, pp. 26–27.

<sup>46</sup> An optional question that indicates the declared general familiarity with the Agenda, without assessing the knowledge of its specific provisions. In 2023, the question was included in the survey by the following countries: Chile, China, Croatia, Cyprus, Ecuador, Estonia, France, Greece, Spain, the Netherlands, India, Israel, Jordan, Canada, Qatar, Colombia, South Korea, Lithuania, Luxembourg, Latvia, Morocco, Mexico, Norway, Poland, South Africa, Romania, Slovakia, Slovenia, Switzerland, Thailand, Uruguay, Hungary and Italy.

**Figure 2.22.** Knowledge of the 17 UN Sustainable Development Goals – 2030 Agenda for Sustainable Development (% of young businesses and % of established businesses)



Source: own study based on GEM data.

In the European context, the outcomes of the GEM survey show a relatively positive picture of the Polish entrepreneur as aware of the importance of businesses' social and environmental impacts and striving to engage in pro-social and/or pro-environmental measures. The social and environmental measures taken by businesses support the implementation of the Goals formulated by the UN<sup>47</sup> (especially Goals 9, 11 and 12)<sup>48</sup>. However, when analysing the data, it is important to remember that they are based on declarations and that entrepreneurs' assessment of their actions and levels of engagement may be subjective.

## 2.8. Digitalisation of enterprises

In the context of technological acceleration driven by the COVID-19 pandemic, the GEM survey asks entrepreneurs to reflect on their use of digital technologies when selling products or services. Changes in this respect, observed in some enterprises, can be attributed to both direct and indirect effects of the pandemic. The pandemic prompted the adoption of solutions to manage lockdowns and adhere to the later sanitary restrictions. On the other hand, the commonly observed development of digital technologies, which gained momentum during the pandemic, may have accelerated companies' consideration

<sup>47</sup> <https://www.gov.pl/web/rozwoj-technologie/cele-zrownowazonego-rozwoju> (access: 19/06/2024)

<sup>48</sup> GEM (Global Entrepreneurship Monitor) (2023). Global Entrepreneurship Monitor 2023/2024 Global Report: 25 Years and Growing. London: GEM, p. 83.

and implementation of these technologies, driven by the emergence of new, easily-available possibilities, or the necessity to adopt certain solutions where staying on the market was at stake. Such changes may not have taken place at all<sup>49</sup>.

**In most of the European countries** that participated in the survey this year (13 out of 21), **entrepreneurs with less than 3.5 years market presence were more likely than their more established counterparts (over 3.5 years on the market) to recognise the importance of employing digital technologies in business. Poland is among this majority**, with 57% of young entrepreneurs versus 42% of established enterprises holding this view. Moreover, **the proportion of Polish young enterprises whose representatives believed that introducing digital technologies to sell products and services was unnecessary** (because the enterprises were thriving using the traditional channels) **has been decreasing annually** (43% vs. 52% in 2022 and 65% in 2021). For representatives of established enterprises, no significant change was observed against the previous year, but compared to the earlier years, a shift did occur (58% vs. 57% in 2022 and 64% in 2021). At the same time, **Polish young business owners are more likely than their established counterparts to notice positive aspects of the pandemic**, with 38% compared to 33% believing the pandemic created new opportunities which they now plan to leverage in their business activities.

It would be worthwhile to give some thought to entrepreneurs who started using digital technologies to sell goods and services as a result of the changes brought about by the pandemic. **In 2022, both young and established businesses recorded a notable rise in the declarations regarding digital technologies being used for sales (38% and 21%, respectively)<sup>50</sup>. The current proportion of young businesses using digital technologies for sales shows a slight decrease, to 33%, but at the same time, the proportion of enterprises expanding their plans to include digital technologies to sell goods and services significantly increased (from 4% in 2022 to 17%).** At the same time, it is difficult to determine whether this shift in scope was driven by the general acceleration in technology or, conversely, contributed to it<sup>51</sup>. For established entrepreneurs (at least 3.5 years on the market),

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<sup>49</sup> In general, changes may have occurred because entrepreneurs a) started to use these technologies or b) expanded the scope of their use, or changes may not have occurred because entrepreneurs c) were already using these technologies or d) given the profile or scale of their business, saw no need to use them at all.

<sup>50</sup> This represented a 25 pp increase for young entrepreneurs, and a 15 pp increase for established ones.

<sup>51</sup> Young enterprises are still those that started business operations during the COVID-19 pandemic or not long before its outbreak.

the situation is somewhat different. **In their case, the proportion of entrepreneurs who embraced technological changes driven by the pandemic and implemented them to sell products and services continues to rise (currently standing at 25%). Meanwhile, the share of those who expanded their planned use of digital technologies shows only a slight decrease (from 9% in 2022 to 7%).**

**Following the pandemic-driven technology transition, on average, 40% of young businesses in Europe either began using or increased their use of digital technologies (in Poland: 50% of young enterprises), 28% had been planning to do so earlier – even before the pandemic (in Poland: 7%)<sup>52</sup>, while 32% of respondents believed digital technologies were not necessary for their companies to function well (in Poland: 43%).** In almost every European country covered by the survey (excluding Switzerland, where the difference is just 1 pp), the proportion of young enterprises to have embraced digital business solutions due to the pandemic is higher than the proportion of established enterprises. Most notable differences are observed for Greece (33% of young businesses and 14% of established businesses), Spain (29% and 11%, respectively), the UK (21% and 5%) and Croatia (26% and 14%). Examination of declarations stating that decisions in favour of technological development were made independently of the pandemic (i.e. before) reveals that several European countries clearly stand out. The highest proportion of young entrepreneurs who planned to implement digital solutions even before the pandemic is found in Switzerland (50%), the Netherlands (42%), Slovenia (42%) and Latvia (40%)<sup>53</sup>. Among established entrepreneurs, the leading countries are Slovenia and the Netherlands (47% each), followed by Sweden and Estonia (45% each), Switzerland (44%) and Latvia (41%).

When average income level differences between the countries that participated in the survey are considered, one trend becomes evident i.e. however long the enterprise has been operating on the market, as the average income level decreases, the percentage of entrepreneurs declaring they do not need digital technologies to sell grows. At the same

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<sup>52</sup> As in 2022, for European established enterprises, the percentage of entrepreneurs who incorporated digital technologies into sales is 7 pp lower compared to young enterprises, due to the slightly higher percentage in this group of people who believe that a company can operate without digital technologies, and those who had begun to develop in this direction already before the pandemic.

<sup>53</sup> As regards the criterion of companies' market presence, it can be said with a high degree of probability that the use of technology in business was within the original operating strategies of young companies.

time, as the average income level increases, there is a growing share of entrepreneurs who had been planning digital development already before the pandemic.

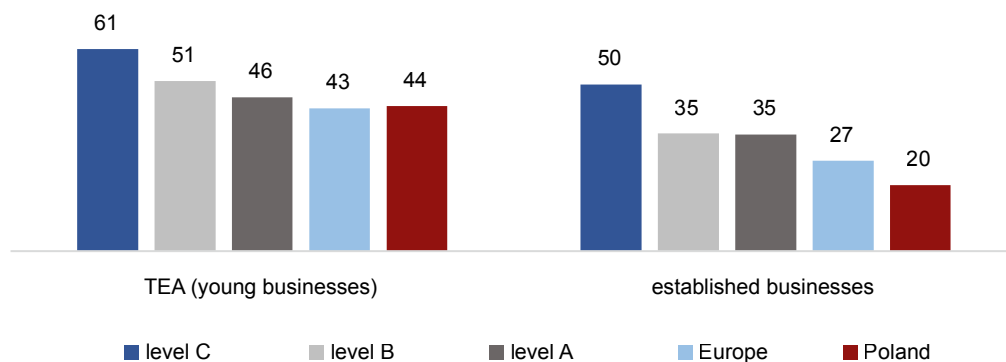
**Table 2.7.** Entrepreneurs who, in response to the technology transition driven by COVID-19, adopted or did not adopt digital technologies (DT) to sell products or services (% of young (TEA) and % of established businesses (EB))

Income level/ country	% TEA Yes, they started using DT	% TEA Yes, they enhanced their initial plans	% TEA No, they planned DT implementation before the pandemic	% TEA No need, the business may function without DT	% EB Yes, they started using DT	% EB Yes, they enhanced their initial plans	% EB No, they planned DT implementation before the pandemic	% EB No need, the business may function without DT
Level C	23	18	15	44	22	16	15	47
Level B	25	21	20	33	17	22	23	38
Level A	24	21	31	25	20	21	30	29
Europe	19	21	28	32	12	21	30	37
Croatia	26	15	33	26	14	20	19	47
Cyprus	36	11	12	41	31	11	16	43
Estonia	10	15	35	39	3	17	45	35
France	13	18	31	38	9	20	33	38
Germany	21	18	31	31	16	14	27	43
Greece	33	21	15	31	14	22	29	35
Hungary	11	27	29	33	6	19	39	36
Italy	28	18	33	21	32	14	30	24
Latvia	14	31	40	16	11	23	41	26
Lithuania	9	34	9	48	2	50	5	44
Luxembourg	23	28	26	23	20	40	17	22
Netherlands	13	22	42	24	5	24	47	24
Norway	16	14	29	41	11	18	33	38
<b>Poland</b>	<b>33</b>	<b>17</b>	<b>7</b>	<b>43</b>	<b>25</b>	<b>7</b>	<b>10</b>	<b>58</b>
Romania	15	14	18	53	9	11	21	59
Slovakia	13	19	21	47	4	18	12	66
Slovenia	11	22	42	25	3	25	47	25
Spain	29	23	27	21	11	24	37	28
Sweden	11	22	37	29	4	19	45	31
Switzerland	7	21	50	23	8	27	44	21
United Kingdom	21	36	21	22	5	27	32	36

Source: own study based on GEM data.

When analysing Polish entrepreneurs' openness to process digitalisation, it is important to highlight the anticipated increase in the use of digital technologies for sales purposes in the six months following the survey. Regardless of how long an enterprise has been on the market, **the proportion of Polish entrepreneurs open to digitalisation (regardless of their motivation) increased compared to the previous survey. For young businesses, it grew to 44% (vs. 29% in 2022 and 20% in 2021), and for the established – to 20% (vs. 15% in 2022 and 4% in 2021).** Such substantial increase in the proportion of Polish businesses planning to expand their use of digital technologies to sell goods and/or services, coupled with the trend's slower dynamics, stagnation or decline in the other surveyed countries, led to significant improvement in Poland's standing compared to other European nations. Currently, 10 out of 20 European countries (excl. Poland) that participated in this edition of the project, have a lower rate than Poland in the category of young businesses, and four countries have a lower rate in the category of established businesses.

**Figure 2.23.** Entrepreneurs who expect increased use of digital technologies to sell the company's products or services in the next 6 months (% of young businesses and % of established businesses)



Source: own study based on GEM data.

Primarily thanks to its young enterprises, Poland has made significant strides in using digital technologies to sell products and/or services. However, there is still room for improvement in this area, and several European countries can be seen as providing inspiring examples.

# 3. Conditions for entrepreneurial development

An important element of the GEM project is the assessment of particular countries' operating environment of newly-established and developing enterprises, i.e. the National Expert Survey. The survey consists in at least 36 experts from each country participating in the GEM assessing the performance of 13 areas<sup>54</sup> important for entrepreneurship<sup>55</sup>.

This chapter presents the conclusions from the analysis of a mid-year 2023 survey conducted across 49 countries, with contributions from 39 experts representing Poland. The areas under study were grouped into four blocks representing broader categories describing the conditions for entrepreneurial development, i.e.:

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

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<sup>54</sup> Each area consisted of 3-8 statements on subjects on which the experts were asked to express their opinion, using a scale from 0 to 10, where 0 stood for “completely false” and 10 for “completely true”. All statements had a positive tone, i.e. said that a given aspect has a positive impact on entrepreneurship in Poland, so the more points a particular area received, the better the situation was assessed. Averages were then calculated for the particular statements based on the responses of all experts. The higher the average, the better the rating of a given aspect. The particular statements were then aggregated into areas for which averages were also calculated. The analysis used both average results for the particular statements and averages for the particular groups – depending on the context and the potential for presenting the problem in an interesting way. The 2023 results for Poland were compared with those for high-income economies and the European countries participating in the survey (2023 – Croatia, Cyprus, Estonia, France, Greece, Spain, the Netherlands, Lithuania, Luxembourg, Latvia, Germany, Norway, Poland, Romania, Slovakia, Slovenia, Switzerland, Sweden, Ukraine, Hungary, the United Kingdom, Italy).

<sup>55</sup> A list of countries that participated in the GEM survey is presented in Table 1.1 of this Report.



In 2022, questions were added pertaining to the implementation of the United Nations Sustainable Development Goals and women's entrepreneurship (discussed at the end of this Chapter).

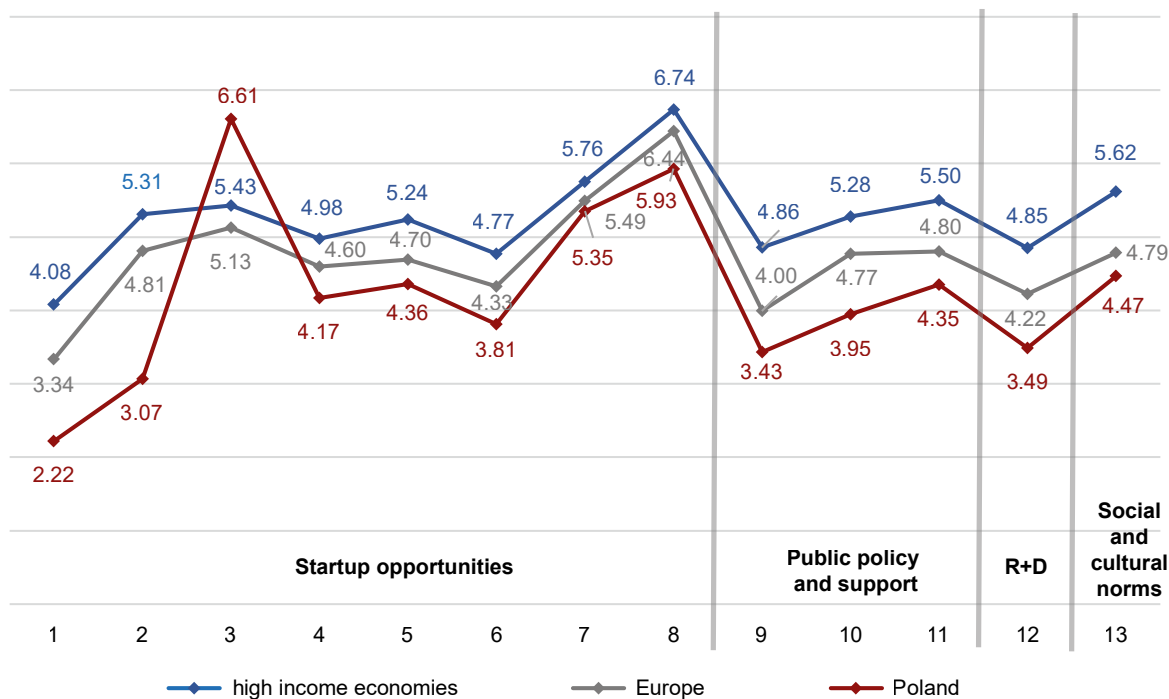
**Conditions for establishing and developing companies in Poland have improved since the previous edition of the survey, although they still lag behind the European average and the average of the wealthiest countries.**

**In 2023, a vast majority of areas contributing to the conditions of entrepreneurial development in Poland scored higher than the year before.** There was only one area, namely Entrepreneurship education at university and vocational level, and in lifelong learning, that remained at its 2022 level. None of the studied areas scored lower than in 2022. However, compared to the 2020 ratings<sup>56</sup>, four areas saw a decline in 2023: Government policy on entrepreneurship, Technical infrastructure, Entrepreneurship education at university and vocational level, and in lifelong learning, and Internal market dynamics. In other areas, experts' ratings were higher or remained at the same level.

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<sup>56</sup> In 2020, experts did not assess the area of Finance – ease of access. The area was added to the NES survey in 2021.

**Figure 3.1.** Assessment of national framework conditions for entrepreneurship development (2023): Poland compared to high-income economies (Level A) and European countries (average ratings given to different areas)



1 – Entrepreneurship education – primary and secondary level; 2 – Entrepreneurship education – vocational schools, colleges and universities; 3 – Market openness – dynamics; 4 – Market openness – obstacles to entry and functioning; 5 – Access to financing (sufficiency); 6 – Ease of obtaining financing; 7 – Access to commercial and professional infrastructure; 8 – Access to technical infrastructure; 9 – Government policy – priorities and support with respect to entrepreneurship; 10 – Government policy – predictability and consistency in the application of taxes, regulations, licences, bureaucracy; 11 – Government programmes for growing business; 12 – Research and development, transfer of knowledge; 13 – Social and cultural norms.

Source: own study based on GEM data.

**An analysis of the opinions provided by the experts involved in the 2023 NES survey by country leads to the conclusion that the conditions for establishing and developing enterprises in Poland were less favourable compared to those existing in high-income economies<sup>57</sup> and European countries (Figure 3.1). Compared to experts from those two groups, Polish experts gave a higher rating to only one factor – Market dynamics (market’s openness to new enterprises). Access to technical infrastructure and Access to commercial and professional infrastructure were also highly rated, still, slightly lower than in the reference groups. As such, the three groups of factors that received the highest rating from Polish experts may be considered as driving forces for the development of new enterprises in Poland. It is worth noting that this assessment is similar to that of 2020-2022, as also at that time experts gave highest rating to these determinants of business development. Other areas scored lower than the average in the groups of countries used for comparisons, and some of them can be considered as directly hindering entrepreneurship development. These are first and foremost: entrepreneurship education (both at primary, secondary, and higher level) and training, public policy priorities in the area of entrepreneurship, determinants in the area of research, development and knowledge transfer, ease of obtaining financing, as well as bureaucracy and taxes.**

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

## 3.1. Startup opportunities

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

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<sup>57</sup> According to the GEM classification – Level A – economies with GDP per capita levels exceeding USD 50 000. In 2023, these were: Saudi Arabia, France, Netherlands, Canada, Qatar, Luxembourg, Germany, Norway, Republic of South Korea, Slovenia, United States, Switzerland, Sweden, United Kingdom, United Arab Emirates. Poland was classified as a middle-income country (Level B – economies with GDP per capita levels in the USD 25 000-50 000 range).

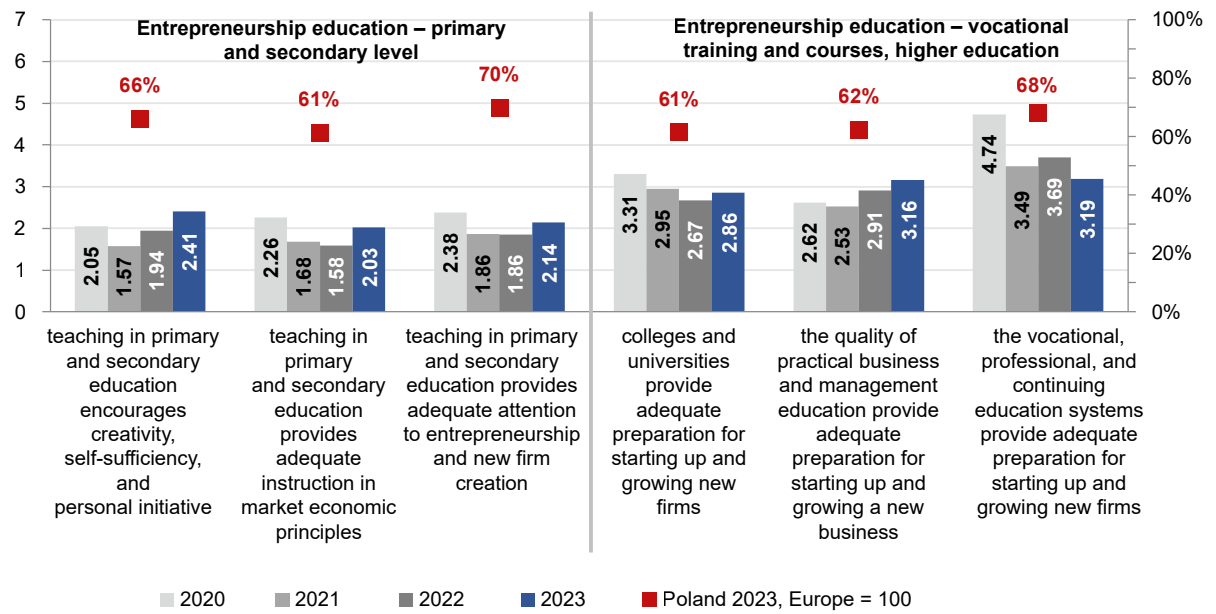
and technical infrastructure. These factors determine enterprises' market entry opportunities and the related costs.

### 3.1.1 Entrepreneurship education and training

**Overall, the area of Education and training at primary level was rated at 2.2 points in 2023** – similar to 2020, and slightly better than in 2021 and 2022 (2021: 1.7 points, 2022: 1.8 points). **However, this rating was lower than the average in European countries (67% of European countries' ratings) or high-income economies (54%).** It is important to note that the low rating for education and training in Poland is not an isolated phenomenon. In Europe and among the wealthiest countries, this aspect is also relatively low-rated compared to other factors that drive entrepreneurial development (Figure 3.1).

**Polish experts rated all aspects of this area very low, including the provision of knowledge about the functioning of the economy, focus on entrepreneurship and creating its new forms, and encouragement of creativity, self-reliance and self-initiative.** The rating of these determinants is also markedly lower than the average for European countries (Figure 3.2), which is not optimistic. Education is among the most important factors that influence entrepreneurship, shaping the attitudes and skills of potential entrepreneurs, and the effects of their economic activity.

**Figure 3.2.** Assessment of NFCs for entrepreneurship development in Poland – **Entrepreneurial education and training.** Changes from 2020 to 2023, and Poland vs. European countries in 2023



Source: own study based on GEM data.

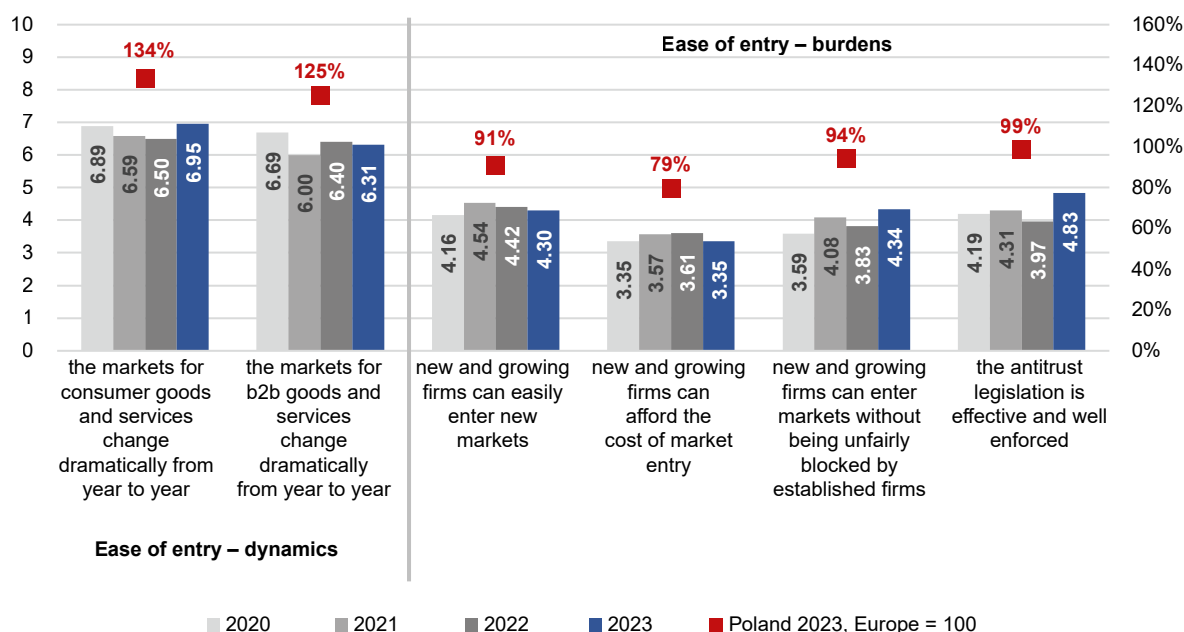
**In 2023, experts' perceptions of entrepreneurial education at higher level and in lifelong learning remained unchanged against the previous year, with the area scoring 3.1 points, which represents 64% of the average rating of the surveyed European countries and 58% of the rating of high-income economies (Figure 3.1), and is slightly lower than in 2020 (3.5 points).**

Although all the statements comprising this area are rated low by experts and represent a constraint on entrepreneurial development, 2023 saw a slight improvement in the rating of the statement that the quality of practical entrepreneurship and management education provides adequate preparation for starting and growing one's own business. The statement received a score of 3.2 points, compared to 2.9 points in 2022, 2.4 in 2021, and 2.6 in 2020. In contrast, effectiveness of preparation for starting and growing a business through vocational education, professional courses and lifelong learning was rated slightly lower than in the previous years, at 3.2 points (in 2022 – 3.7; in 2020 – 4.7), while the statement that universities prepare students well for starting and growing a business was rated slightly higher than in the previous year (2.9 points vs. 2.7 in 2022). However, this rating is still lower than in 2020 (3.3).

### 3.1.2 Ease of entry – dynamics and burdens

Among the areas influencing the conditions of entrepreneurial development analysed in GEM, ease of entry is one of those that the experts rated highest. Poland’s average rating for ease of entry stands at 6.6 points, a much better result compared to both the European countries surveyed (129% of their rating) and high-income economies<sup>58</sup> (122%) (Figure 3.1), and is at a level similar to those achieved in the previous years. It is worth noting that one of the statements from this area, i.e. the Polish market for consumer goods and services is changing significantly year by year, and its assessment, slightly improved from the 2021-2022 period (Figure 3.3).

**Figure 3.3.** Assessment of NFCs for entrepreneurial development in Poland – Ease of entry. Changes from 2020 to 2023, and Poland vs. European countries in 2023



Source: own study based on GEM data.

**As for the possible burdens determining ease of entry (i.e. entry costs, barriers from competitors, antitrust laws), the experts believe that they may pose a problem for newly-**

<sup>58</sup> Poland's assessment in this area was the highest among the European countries surveyed, and one of the highest when compared to high-income economies. Only the United Arab Emirates (8.0), South Korea (7.5) and Saudi Arabia (7.2) scored higher.

**established and developing enterprises.** In 2023, this area scored 4.2 points on average, slightly higher than in the previous years (4.0 points in 2022, and 3.9 points between 2020 and 2021). The score is also lower than the average score for the European countries surveyed (91% of the European average) and high-income economies (84%) (Figure 3.1).

In 2023, it was rather difficult for experts from Poland and Europe to assess the statement that antitrust laws are effective and well-enforced (4.8 points, a rating close to “neither true nor false”; 99% of European countries’ rating). On the other hand, **the cost of market entry may be an obstacle for new enterprises**, with a score of 3.4 points, representing 79% of the average score of European countries (Figure 3.3).

### 3.1.3 Financing

This area consists of two blocks of statements, the first concerning the sufficiency of funds for newly-established and developing enterprises, and the second – the ease of access to funds<sup>59</sup>.

**The block regarding the sufficiency of funds was rated at an average of 4.2 points**, slightly lower than in high-income economies and European countries (83% of the rating of the wealthiest economies, and 93% of that of European economies) (Figure 3.1), at the same level as in 2020, higher than in 2022, but lower than in 2021 (2022 – 3.9 points, 2021 – 4.7 points, 2020 – 4.2 points).

**Polish experts’ assessment of access to debt financing** (5.1 points, 107% of the average European rating) **and microfinance** (4.7 points, 105%) **is slightly above the European average.** However, it is important to note that these ratings fall within the “neither true nor false” range, suggesting that experts from both Poland and Europe may not have a well-established opinion on this point.

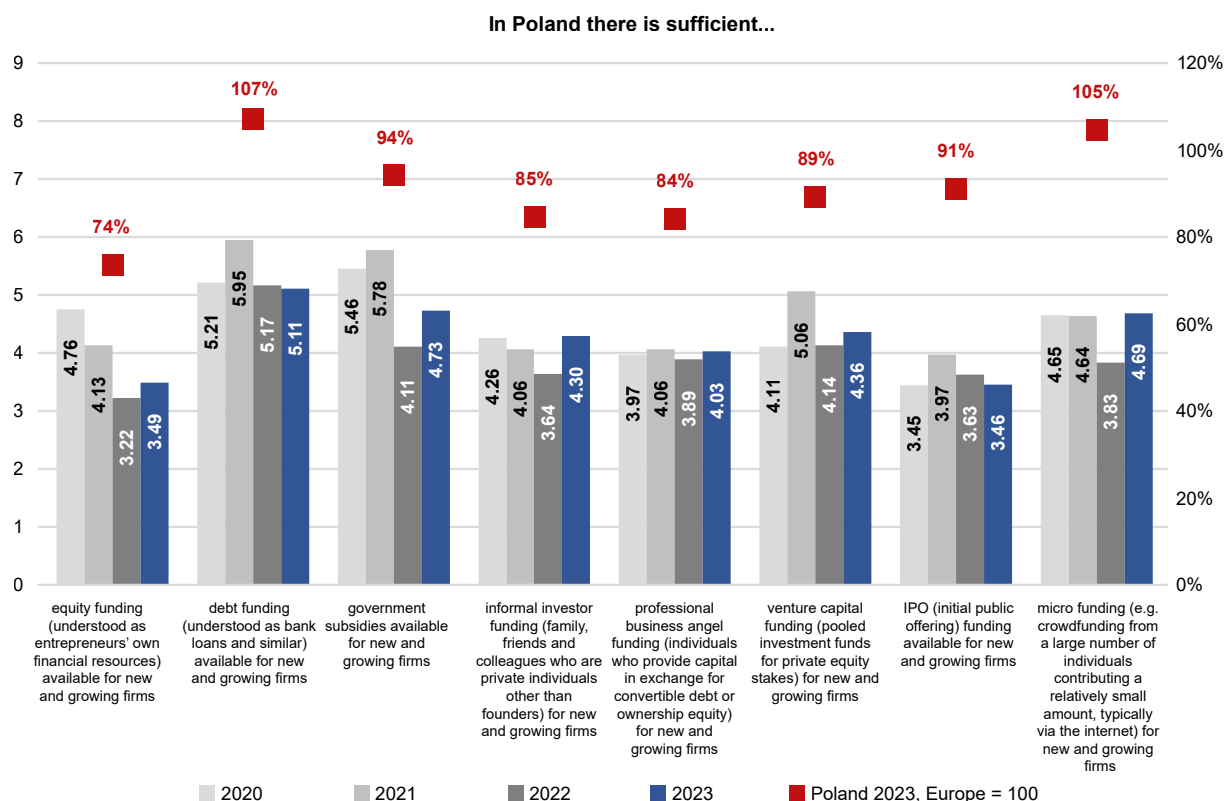
**Experts were less confident that new and developing businesses in Poland have sufficient own funds, rating this aspect at 3.5 points** (74% of the average score for European countries), **which means this could be a potential barrier.** Availability of state aid (such

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<sup>59</sup> The block was added to the GEM survey in 2021.

as grants and loans) was rated slightly higher, at 4.7 points (94% of the average rating for European countries), an improvement compared to 2022, but still slightly lower than in the two editions before 2022. Ratings for the other categories are slightly lower, and include: sufficient venture capital funding (4.4 points, 89% of the average rating for European countries), funds provided by individuals (4.3 points, 85%), business angel funding (4.0 points, 84%), and funds from initial public offerings (3.5 points, 91%) (Figure 3.4).

**Figure 3.4.** Assessment of NFCs for entrepreneurial development in Poland – **Access to financing (sufficiency)**. Changes from 2020 to 2023, and Poland vs. European countries in 2023



Source: own study based on GEM data.

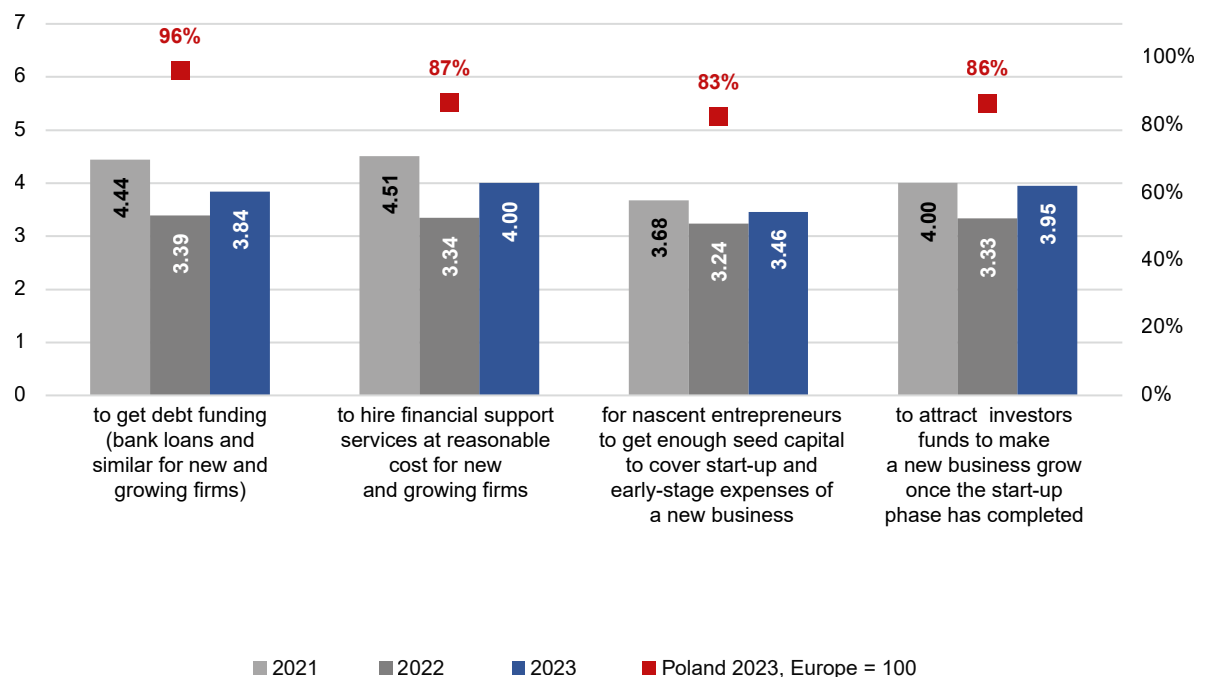
**It appears that as regards access to funds, a bigger barrier to business development is not the amount of available funds, but the difficulty obtaining them. In 2023, the block of statements relating to newly-established and developing enterprises' ease of obtaining funding was rated at 3.8 points (80% of the rating of high-income economies and 88%**



of European economies) (Figure 3.1), which is higher than in 2022 (3.4 points), but lower than in 2021 (4.1 points).

It is relatively more difficult for new and developing companies to obtain startup funding from seed capital (3.5 points, 83% of the average for European countries) or debt funding (3.8 points, 96%). Besides, enterprise founders may find it difficult to reach investors to enable growth beyond the startup phase. Also difficult may be the access to reasonably-priced financial services (4.0 points, 86%) (Figure 3.5).

**Figure 3.5.** Assessment of NFCs for entrepreneurial development in Poland – **Access to financing (ease)**. Changes from 2021 to 2023, and Poland vs. European countries in 2023



Source: own study based on GEM data.

### 3.1.4. Infrastructure

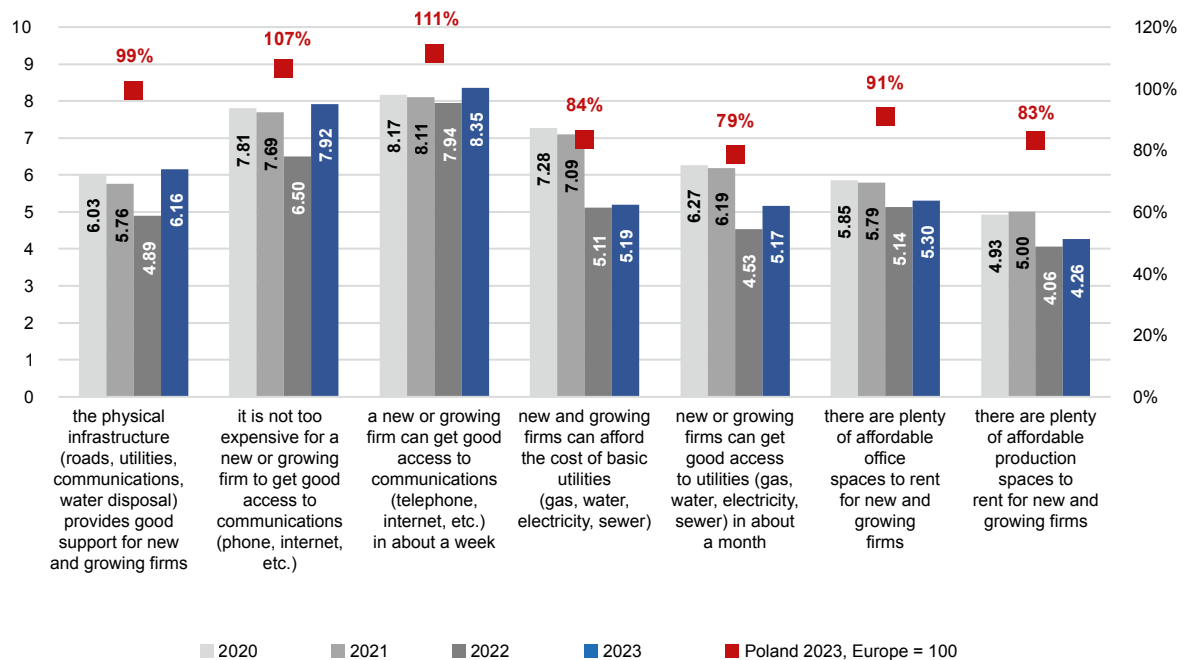
**Technical infrastructure is an area that experts rated at an average of 5.9 points in 2023.** This is higher than in 2022 (5.5 points), but lower than in 2020 and 2021 (2021 – 6.8 points, 2020 – 6.5 points). The rating was also slightly lower compared to those of experts from

the benchmark countries (88% of the rating for high-income economies, 92% of the rating for European countries) (Figure 3.1).

Figure 3.6 shows experts' opinion on the statements covered by this block. **Polish experts gave a high rating to the availability of telecommunications services for newly-established and developing enterprises** (8.4 points – 111% of the surveyed European countries' rating) **and to their price** (7.9 points – 107% of the rating of the surveyed European countries). In 2023, the rating for access to basic utilities (gas, water, electricity, sewerage) slightly improved, to 5.2 points (79% the rating of European countries), up from 4.5 points in 2022, but still fell within the “neither true nor false” range, remaining lower than in 2020 and 2021, when it stood at 6.3 and 6.2 points, respectively. Experts gave a similar rating, i.e., 5.2 points, to the cost of accessing utilities (84% of the average for European countries; 5.1 points in 2022, 7.1 points in 2021, and 7.3 points in 2020). This aspect was influenced by the war in Ukraine and rising energy prices. On the other hand, **the rating for the quality of technical infrastructure** (including roads, utilities, communications, and waste management) **improved** to 6.2 points (99% of the average rating for European countries; 4.9 points in 2022, 5.8 points in 2021, and 6.0 points in 2020).

In 2020, two new statements were added to the area comprising questions about technical infrastructure, regarding newly-established and developing enterprises' access to affordable office space and affordable manufacturing space. In 2023, experts rated the first statement (access to office space) at 5.3 points (91% of the European countries' average). In contrast, they gave a slightly lower rating to access to affordable manufacturing space i.e. 4.3 points (83%). Both statements were also rated lower than in 2020 and 2021.

**Figure 3.6.** Assessment of NFCs for entrepreneurial development in Poland – **Technical infrastructure.** Changes from 2020 to 2023 and Poland vs. European countries in 2023



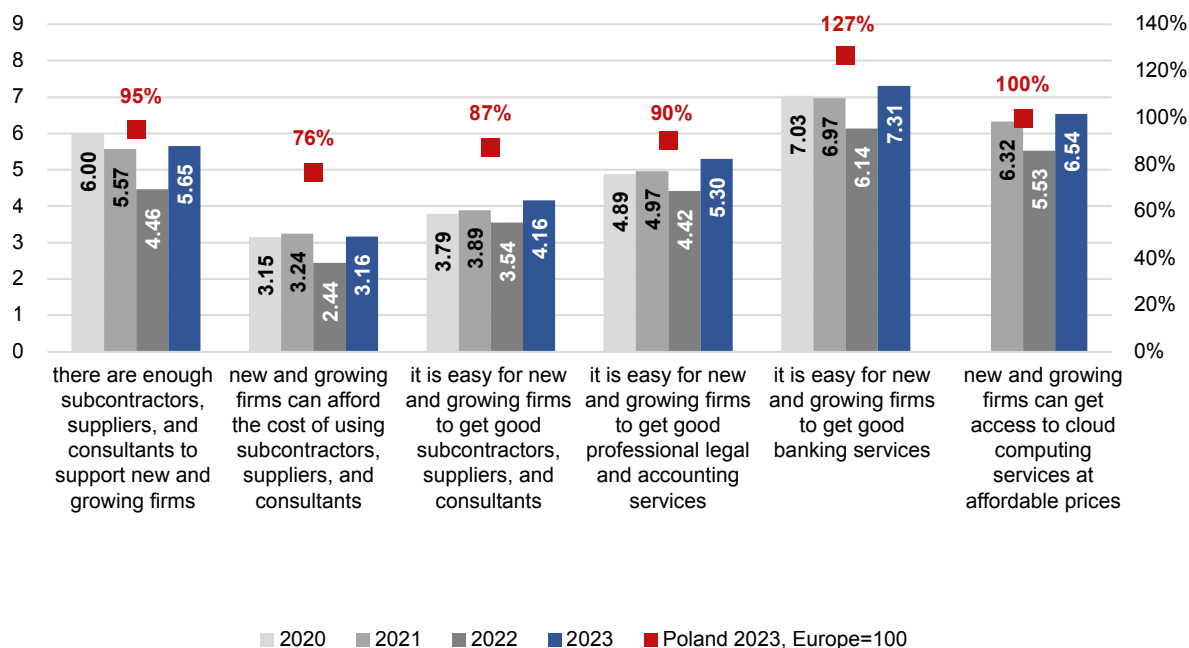
Source: own study based on GEM data.

As regards **commercial and professional infrastructure**, when assessing it, experts usually answered “neither true nor false”, which made it challenging to evaluate the area’s impact on Polish entrepreneurship. The average rating given in 2023 is 5.4 points (93% of the rating of high-income economies and 97% of European countries’ rating) (Figure 3.1), although it should be added that **Polish experts rated statements from this area slightly higher than between 2020 and 2022.**

When analysing the results for the particular categories (Figure 3.7), it becomes evident that Polish experts believe that **the costs associated with hiring subcontractors, suppliers and consultants** (3.2 points, 76% of the European countries’ rating), as well as the difficulty in attracting good subcontractors, suppliers and consultants (4.2 points, 87% of the European countries’ rating) **constitute barriers for newly-established and developing enterprises.** A slightly higher, but still average rating is given to the ease of obtaining good, professional lawyers and accountants (5.3 points, 90% of European countries’ ratings). Such rating is also given to the available number of subcontractors, suppliers and consultants in Poland that would enable the development of newly-established and developing enterprises

(5.7 points, 95%). **Experts gave highest rating (7.3 points, 127% of European countries' rating) to newly established and developing enterprises' access to good banking services (access to accounts, current accounts, foreign currency transactions, letters of credit, etc.) and to the cost of access to cloud computing (6.5 points, 100%).**

**Figure 3.7.** Assessment of NFCs for entrepreneurial development in Poland – **Commercial and professional infrastructure.** Changes from 2020 to 2021; and Poland vs. European countries in 2023



Source: own study based on GEM data.

## 3.2. Public policy and support

This block comprises three areas, where the experts rated statements regarding government policies and measures targeting newly-established and developing enterprises. The first (I) deals with the authorities' general approach to entrepreneurial development, at both national and regional levels. In practice, this verifies whether newly-established and developing enterprises occupy a prominent place in the country's policy at various levels of governance (central, regional). The second area (II) deals with fiscal and administrative

burdens related to doing business, and the third (III) assesses the availability and effectiveness of public programmes to support business development.

**Public policy on entrepreneurship (Area I)**, including its priorities, is a block of statements which Polish experts rated on average at 3.4 points (lower than the average rating for the European countries surveyed – 86%, and high-income economies – 71%) (Figure 3.1). The rating was higher than in 2022 (2.7 points), but lower than in 2020 (4.3 points).

As for the individual statements that make up this area (Figure 3.8), each was rated higher compared to the previous year. **Lowest rating was given to the statement that government policies (e.g. public procurement) consistently favour new entrepreneurs** (2.4 points, or 68% of the average rating of European countries). **The statement: support for new and developing firms is an important priority for policy at the government level also scored low:** 3.5 points, which is 83% of the average rating for European countries. The statement that support for newly-established and developing enterprises is an important priority for regional-level policies was rated relatively highest, at 4.4 points (105% of the rating of European countries).

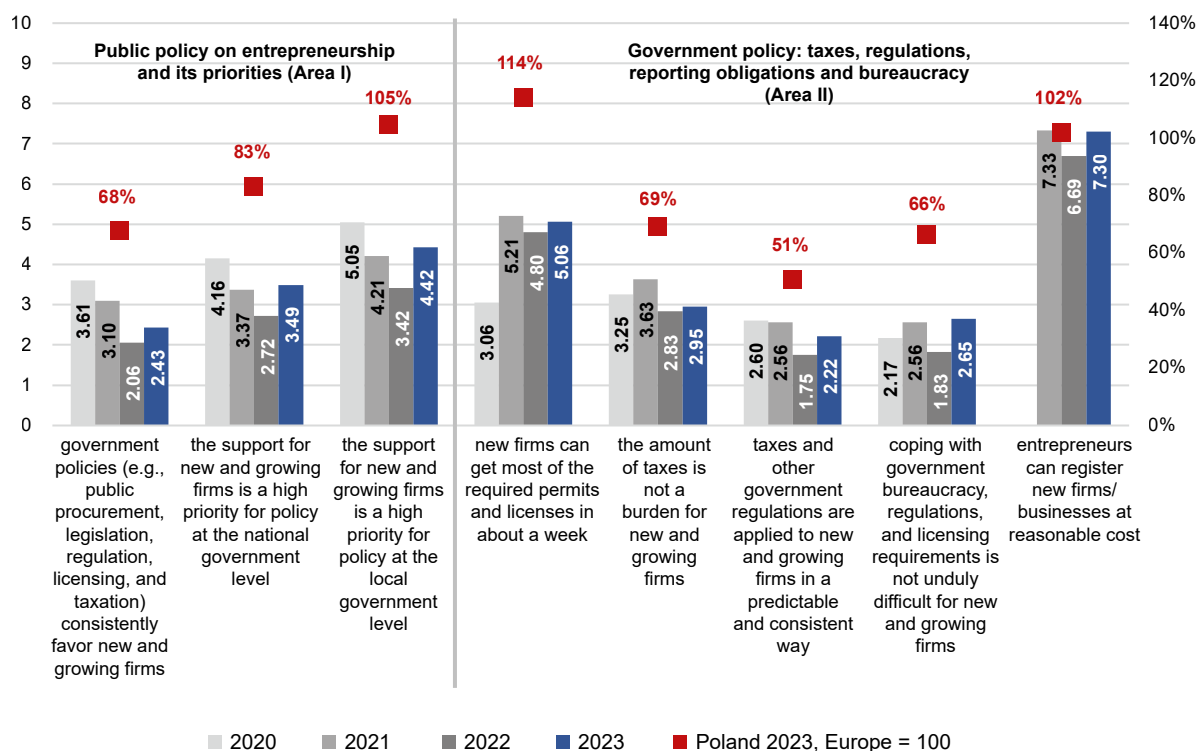
Experts rated **the area related to bureaucracy and taxes (Area II)** slightly higher than in 2022, at 4.0 points, which represents 83% of the average rating of the European countries surveyed and 75% of that of high-income economies (2022: 3.5 points).

**An analysis of the particular categories comprising Area II (Figure 3.8) reveals three spheres that experts see as barriers for newly-established and developing enterprises.** The first pertains to **predictable and consistent application of taxes and other administrative regulations** (2.2 points, 51% of European countries' rating), while the second concerns **the ease of newly-established and developing enterprises coping with public bureaucracy, regulations and licensing requirements** (2.7 points, 66%), and the third pertains to **tax rates** (3.0 points, 69%).

**The statement that newly-established enterprises can obtain most of the required permits and licenses within approximately a week** (5.1 points, 114% of the European countries' rating) **was rated slightly higher than the European average** (though close to the “neither true nor false” level).

Polish experts believe that the **costs of founding (registering) a new firm are unlikely to be high** (7.3%, 102% of the rating of European countries). This statement is relatively new as it was added in 2021, at which time the rating was the same as in 2023, while in 2022 it was 6.7 points.

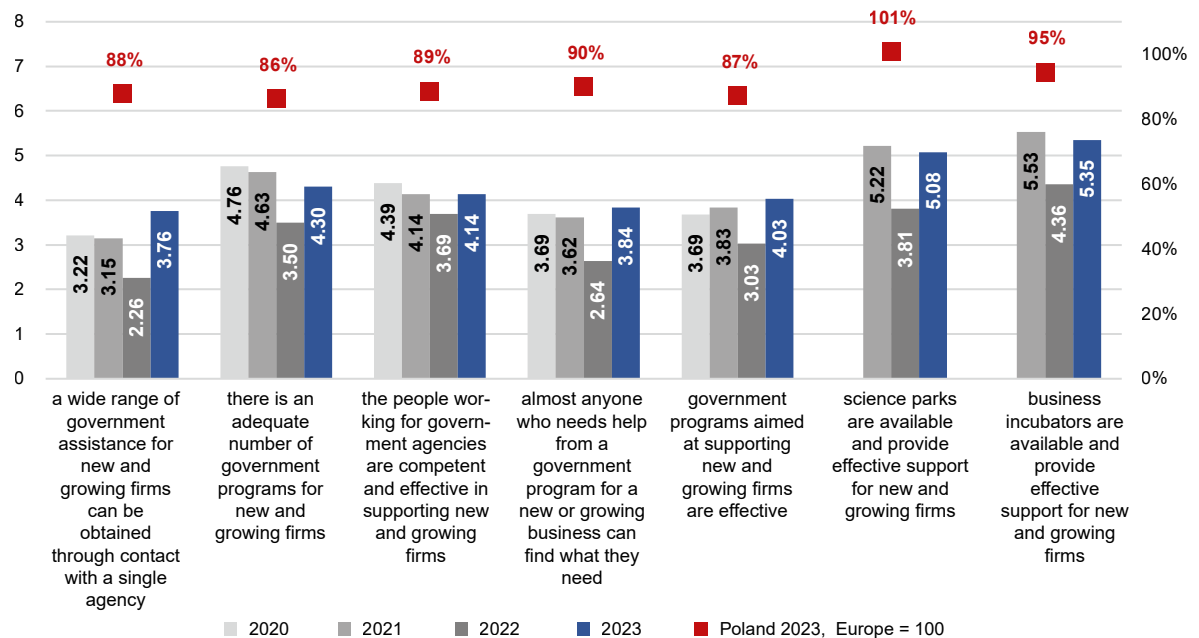
**Figure 3.8.** Assessment of NFCs for entrepreneurial development in Poland – **Government policy (Area I and II)**. Changes from 2020 to 2023, and Poland vs. European countries in 2023



Source: own study based on GEM data.

In 2023, the rating of the **Public Support (Area III)**, covering the availability and effectiveness of public programmes targeted at entrepreneurship development, bounced back to 2020-2021 levels and was higher than the year before (2023: 4.4 points, 2022: 3.4 points, 2021: 4.3 points, 2020: 4.1 points). Compared to the benchmark countries, it accounted for 79% of the average rating of high-income economies and 91% of the European average. Experts’ opinions on the particular statements assessed as part of this block are presented in Figure 3.9. In 2023, all the statements were rated higher than in the previous year.

**Figure 3.9.** Assessment of NFCs for entrepreneurial development in Poland – **Public Support (Area III)**. Changes from 2020 to 2023, and Poland vs. European countries in 2023



Source: own study based on GEM data.

**According to Polish experts, it can be a problem for newly-established and developing enterprises that support is dispersed across numerous public entities.** This was reflected in the rating of the statement regarding the possibility of obtaining a wide range of assistance and support by contacting a single public institution, which scored only 3.7 points (88% of the average rating of European countries). **Relatively low ratings were also given to the statements saying that almost anyone who needs support from a public programme for newly-established and developing enterprises can find what they need** (3.8 points, 90% of European countries' rating) and that public programmes to support newly-established and developing enterprises are effective (4.0 points, 87%). The statement regarding the competence and effectiveness of the staff of public institutions supporting new and developing companies scored slightly higher, but still relatively low: 4.1 points (89% of the European average), as did the statement regarding the adequacy of public programmes for young and developing companies, which scored 4.3 points (86% of the European average). Experts gave **relatively highest rating** (albeit at the

“neither true nor false” level) **to a new statements about availability of science parks** (5.1 points, 101% of the European average) **and business incubators that provide effective support to newly-established and developing enterprises** (5.4 points, 95%)<sup>60</sup>.

### 3.3. Research and development, knowledge and technology transfer

This block addresses topics related to effective transfer of technology and knowledge from universities and public research centres to newly-established and developing enterprises, as well as obtaining new technologies, access to research and technologies, and the offer of relevant support programmes. **In 2023, experts’ average rating of this area was still low (3.5 points), although the good news is that, after a decline in 2022, it returned to the 2020-2021 levels** (2022 – 2.8 points, 2021 and 2020 – 3.3 points). It is also below the average for high-income economies, representing 72% of their average rating, and the average for the European countries surveyed, at 83% (Figure 3.1)<sup>61</sup>.

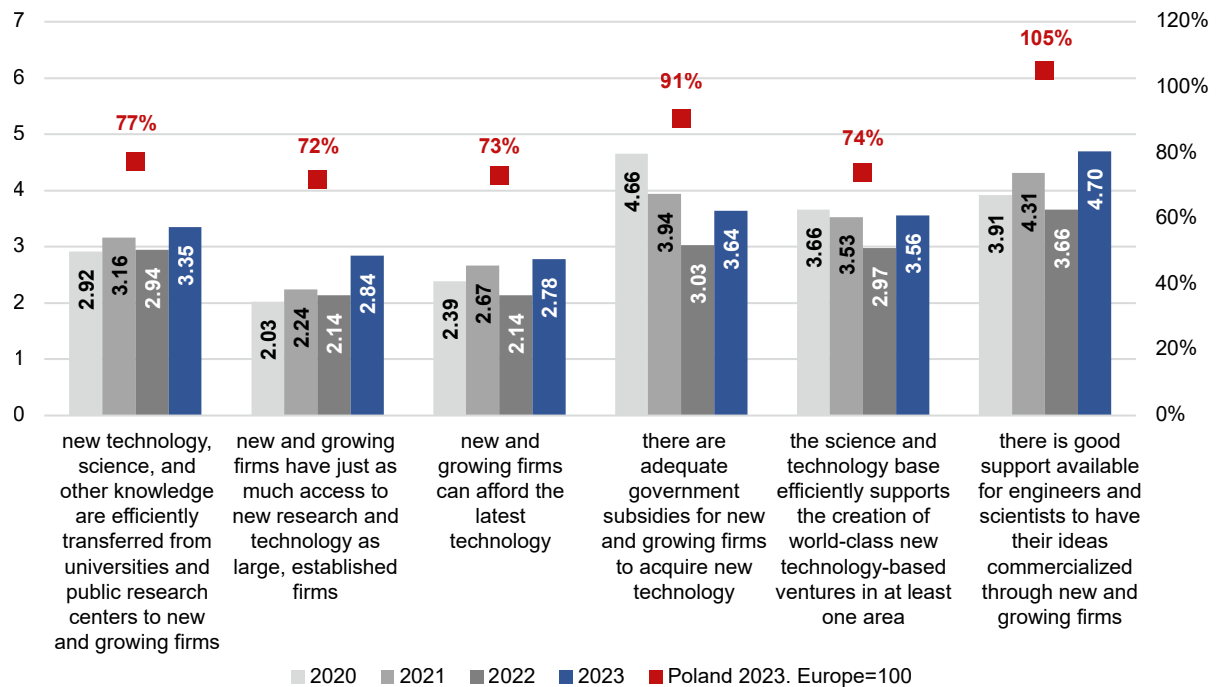
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<sup>60</sup> These statements were added in 2021. In previous years, the experts assessed one statement for both science parks and business incubators: “In Poland, science parks and business incubators provide effective support to newly established and developing enterprises.”

<sup>61</sup> These statements were added in 2021. In the previous years, experts assessed only one statement for both science parks and business incubators: “In Poland, science parks and business incubators provide effective support to newly-established and developing enterprises”.



**Figure 3.10.** Assessment of NFCs for entrepreneurial development in Poland – **Research and development, knowledge and technology transfer.** Changes from 2020 to 2023, and Poland vs. European countries in 2023



Source: own study based on GEM data.

In 2023, statements regarding the described area were rated slightly better than the year before (Figure 3.10), although expert ratings of the particular statements are still relatively low, which shows there exist barriers for newly-established and developing enterprises undertaking R&D. **Relatively highest rating** (albeit at the “neither true nor false” level) **was given to support programmes that enable engineers and scientists to commercialise their ideas through newly-established and developing enterprises** (4.7 points, 105% of the European average). **What hinders the process are the disparities in access to new research between small companies and large companies with longer market presence** (2.8%, 72%). Experts believe that, in Poland, **newly-established and developing companies cannot afford to acquire latest technologies** (2.8 points, 73%). The problem of knowledge and technology transfer from universities and research centres to companies persists (3.4 points, 77%). Low scores were also given to the statements that the science and technology base efficiently supports the creation of world-class new ventures based on technology in at least one area of science (3.6 points, 74%), and that there are adequate programmes for new and growing firms to acquire new technology (3.6 points, 91%).

Although in recent years a lot of attention was devoted to cooperation between science and business, with a number of initiatives emerging to promote such activities (e.g. grants from European funds), and internal R&D expenditure increasing (according to Statistics Poland, internal R&D expenditure in 2022 amounted to PLN 44.7 billion, up by 18.7% compared to 2020<sup>62</sup>), experts' opinions suggest that the efforts are not yet sufficient, and creating appropriate conditions for fast development of the R&D sector remains one of the greatest challenges in Poland.

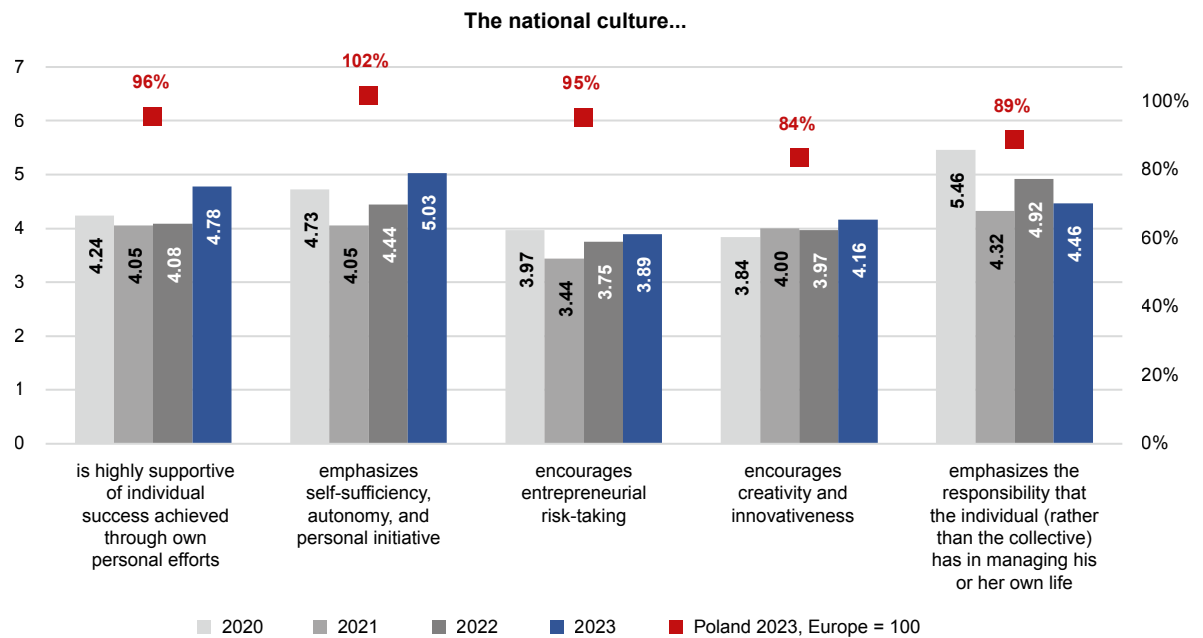
## 3.4. Cultural and social norms

The last of the analysed blocks, concerning social and cultural norms, presents experts' opinions on conditions that favour individual success, creativity, initiative and risk-taking. **Experts' average rating for cultural and social determinants of entrepreneurship is 4.5 points**, slightly lower than that of high-income economies, representing 80% of their average rating, and slightly lower than for the European countries surveyed, representing 93% of their average rating (Figure 3.1). At the same time, 2023 saw a slight increase in experts' ratings compared to 2020-2022, when the figures ranged from 4.0 to 4.4 points. The European countries that scored highest in the area of cultural conditions for starting and developing entrepreneurial activities were Estonia (7.8 points), Lithuania (6.6 points) and the Netherlands (6.4 points).

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<sup>62</sup> Research and experimental development in Poland in 2022, Statistics Poland 2023.

**Figure 3.11.** Assessment of NFCs for entrepreneurial development in Poland – **Social and cultural norms**. Changes from 2020 to 2023, and Poland vs. European countries in 2023



Source: own study based on GEM data.

**The highest-rated statements** in this block (Figure 3.11) **concern cultural and social norms in the context of emphasis on self-sufficiency and personal initiative** (5.0 points, 102% of the average score of the European countries surveyed), **the importance of cultural norms in supporting individual success achieved through one's efforts** (4.8 points, 96%), and **emphasis on personal responsibility for managing one's life** (4.5 points, 89%). Slightly lower ratings were given to the statement that cultural norms encourage creativity and innovation (4.2 points, 84% of the average rating of European countries), and that cultural and social norms in Poland favour entrepreneurs' risk-taking (3.9 points, 95%). The rather low rating of those two statements can suggest that, according to experts, these determinants may discourage Polish entrepreneurs from engaging in riskier ventures, such as innovative projects.

## 3.5. National Entrepreneurship Context Index (NECI)

A comparison of different economies in terms of external conditions that may affect entrepreneurship is made possible through **the National Entrepreneurship Context Index (NECI)** introduced in the 2019 GEM survey<sup>63</sup>. The index is calculated using data from the National Expert Survey (NES) of the entrepreneurship context and was designed to help measure and assess how easy or how difficult it is to start and develop a business in the countries participating in the survey. The higher a given country scores on the index, the better its environment for enterprise development.

**With 4.2 points, Poland ranked 19th among the 22 European countries surveyed in 2023 (Figure 3.12), which means Poland's NECI index slightly increased in 2023 (from 3.8 points in 2022) and returned to levels observed in 2020 and 2021.** Among the 49 economies covered by the 2023 NES survey, Poland ranked 33rd, proving that efforts to improve the environment for entrepreneurship in Poland are still required.

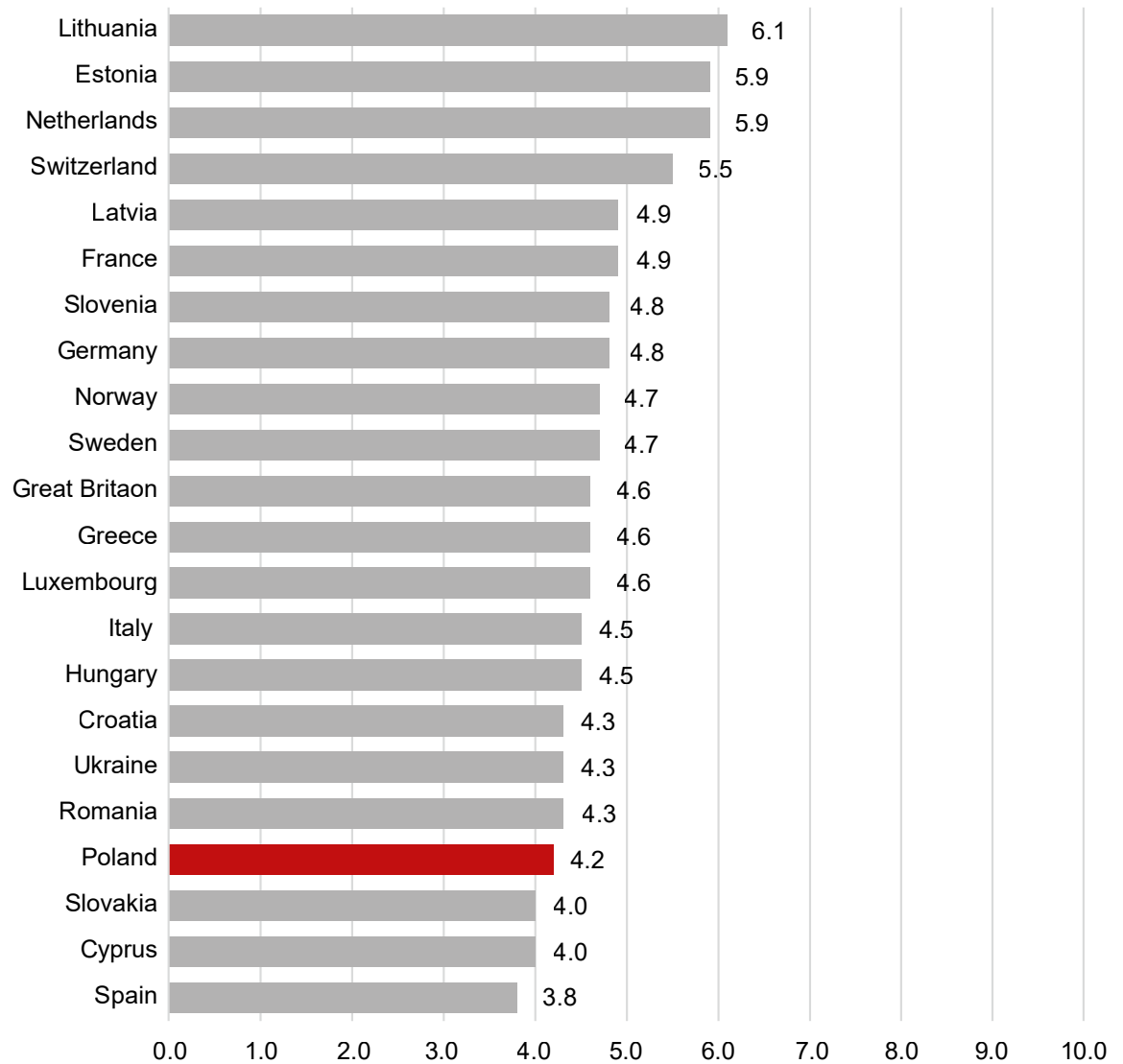
In 2023, among European countries, the highest NECI value was recorded by Lithuania, which scored 6.1 points, with Estonia and the Netherlands (5.9 points each), and Switzerland (5.5 points) also ranking high. Among European countries, Romania (4.3 points), Slovakia and Cyprus (4.0 points) saw similar values to Poland.

However, when considering all the countries included in the GEM survey in 2023, highest NECI values were recorded by the United Arab Emirates (7.6 points), India (6.5 points) and Saudi Arabia (6.3 points).

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<sup>63</sup> *NECI – the National Entrepreneurship Context Index.* The data pertaining to the index was first published in the Global Entrepreneurship Monitor - Global Report 2018/2019. In 2019, the methodological approach to calculating the index was changed by introducing a 0-10 scale, with 0 standing for “completely false” and 10 standing for “completely true” (in the previous year, a 1-9 scale was used).

**Figure 3.12.** The National Entrepreneurship Context Index in Poland and the European countries surveyed by the NES in 2023



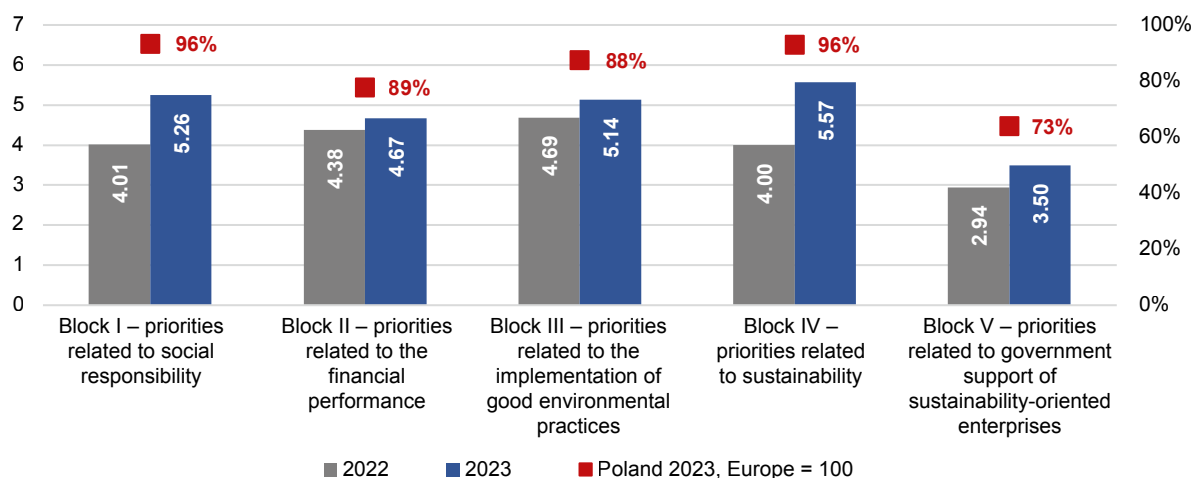
Source: own study based on GEM data.

## 3.6. UN Sustainable Development Goals

In 2022, the NES survey added new questions regarding experts' perceptions of progress towards the United Nations Sustainable Development Goals<sup>64</sup>. Experts assess thirteen statements grouped into 5 thematic blocks. Four blocks concern perceptions of new and developing enterprises' priorities related to: social responsibility (I), economic performance (II), implementation of good environmental practices (III) and sustainability (IV). The fifth block addresses perceptions of government support for sustainability-oriented companies (V).

**In 2023, experts' average ratings for all blocks of questions were higher than in the previous year (Figure 3.13), with the first four blocks, focusing on the priorities of new and developing enterprises, rated relatively higher on average (albeit at the "neither true nor false" level) than the fifth block regarding the support for companies in the analysed area.**

**Figure 3.13.** Assessment of the conditions of entrepreneurship development in Poland – implementation of the UN Sustainable Development Goals – average scores for the particular blocks of questions. Changes in 2022-2023 and Poland vs. European countries in 2023

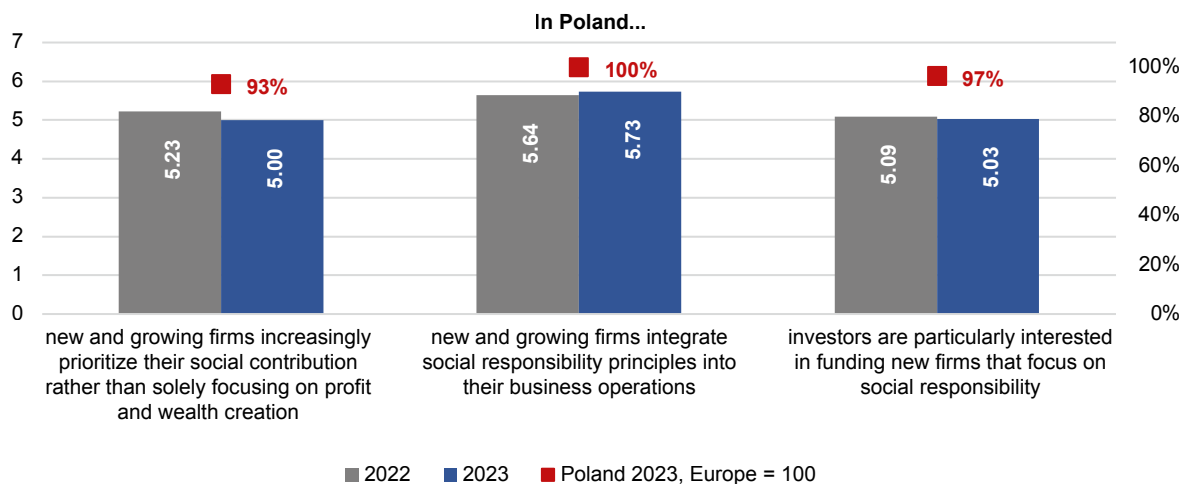


Source: own study based on GEM data.

<sup>64</sup> 17 Goals for Reducing Poverty, Protecting the Environment and Ensuring the General Welfare of All the World's People adopted by the UN General Assembly on 25/09/2015. Agenda for Sustainable Development 2030).

**Experts rated Block I – priorities related to social responsibility – at an average of 5.3 points** (96% of the average rating of the European countries surveyed), **which is higher than in 2022** (4.0 points) (Figure 3.13). **Polish experts are relatively most likely to agree that new and growing companies are increasingly integrating social responsibility principles into their business operations**, the statement scoring 5.7 points, which represents 100% of the average rating across the European countries surveyed. Slightly lower ratings were given to the statements that new and growing companies are increasingly prioritising social engagement over profit generation (5.0 points, 93%) and that investors are particularly interested in financing socially responsible new companies (5.0 points, 97%) (see Figure 3.14). It should be noted that Polish experts’ assessments are similar to those of the reference groups, and that experts found it challenging to assess individual statements, which is reflected in the average response of “neither true nor false”.

**Figure 3.14.** Assessment of NFCs for entrepreneurial development in Poland – **Implementation of the UN Sustainable Development Goals: Block I – priorities related to social responsibility.** Changes in 2022-2023 and Poland vs. European countries in 2023

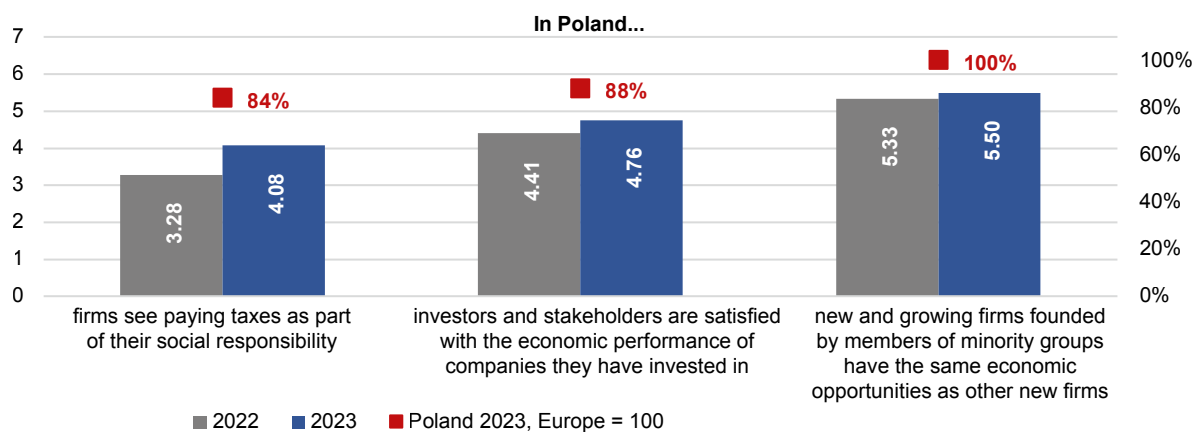


Source: own study based on GEM data.

**Block II, which addresses priorities related to the financial performance of new and developing enterprises, received an average rating of 4.7 points** (89% of the average rating for European countries) (Figure 3.13). Polish experts are unlikely to believe that enterprises view paying taxes as part of their social responsibility (4.1 points, 84% of the average rating for European countries). At the same time, they are slightly more optimistic about investors and stakeholders being satisfied with the economic performance

of the businesses in which they invested (4.8 points, 88%). **The statement that firms founded by members of minority groups have the same economic opportunities as other new enterprises was rated similarly as in the European countries studied (5.5 points, 101% and 100%) (Figure 3.15).**

**Figure 3.15.** Assessment of NFCs for entrepreneurial development in Poland – implementation of the UN Sustainable Development Goals: Block II – priorities related to the financial performance of companies. Changes in 2022-2023 and Poland vs. European countries in 2023

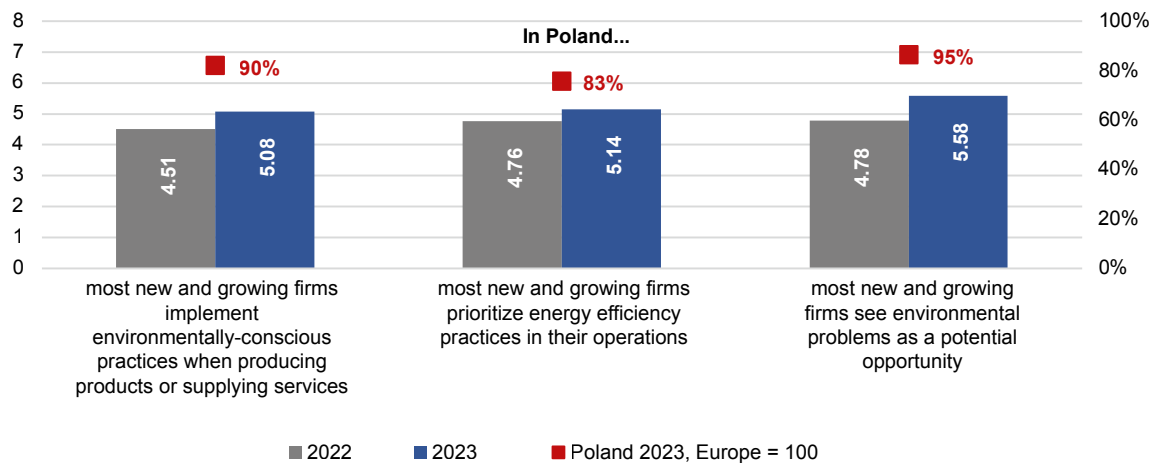


Source: own study based on GEM data.

**Block III, which addresses the priorities of new and developing enterprises related to the implementation of good environmental practices, was rated at an average of 5.1 points in Poland,** which may mean that experts do not have a well-established opinion in this area (the rating is at the level of “neither true nor false”). The score is also slightly lower than in the European countries surveyed, accounting for 88% of their average rating (Figure 3.13). The three statements comprising this area received similar ratings. The statement regarding new and developing enterprises’ conscious implementation of pro-environmental solutions in the manufacture of products or provision of services was rated at 5.1 points (90% of the average rating for the European countries surveyed), prioritisation of energy efficiency solutions was rated at 5.1 points (83%), and the perception of environmental problems as a potential opportunity was rated at 5.6 points (95%) (Figure 3.16).



**Figure 3.16.** Assessment of NFCs for entrepreneurial development in Poland – implementation of the UN Sustainable Development Goals: Block III – priorities related to the implementation of good environmental practices. Changes in 2022-2023 and Poland vs. European countries in 2023

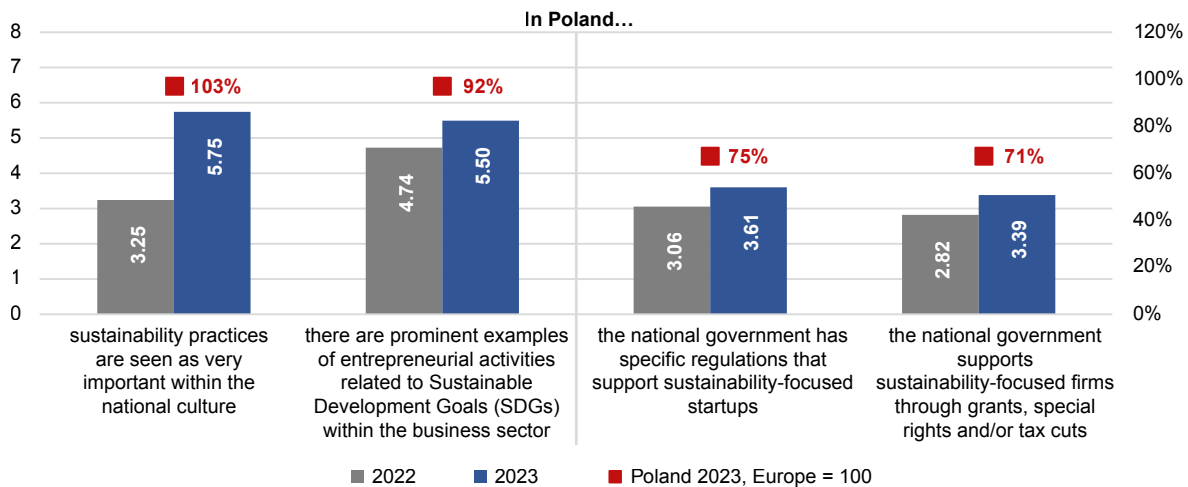


Source: own study based on GEM data.

**Block IV** comprised two statements regarding new and developing enterprises' perceived priorities related to sustainability, which Polish experts rated at 5.6 points on average (98% of the average rating for European countries) (Figure 3.13). Both statements comprising this section were rated at the "neither true nor false" level, with the statement regarding the perception of sustainable development practices as highly important in our national culture being rated at 5.8 points. It is worth noting that this represents 103% of the average rating across the surveyed European countries. The other statement, regarding the existence of significant examples of entrepreneurial activities related to the Sustainable Development Goals in the business sector, scored 5.5 points, or 92% (Figure 3.17).

**Block V**, on priorities related to government support of sustainability-oriented enterprises, was rated low – experts' average rating for the two statements that comprised it was 3.5 points, which is lower than for the European countries (73% of the average) (Figure 3.13), although the result was slightly higher than in 2022 (2.9 points). In experts' opinion, the government does not provide special regulations to support sustainability-oriented startups (3.6 points, 75%), nor does it support sustainability-oriented companies through subsidies, special laws or tax cuts (3.4 points, 71%) (Figure 3.17).

**Figure 3.17.** Assessment of NFCs for entrepreneurial development in Poland – implementation of the UN Sustainable Development Goals: Block IV – priorities related to sustainable development, Block V – priorities related to government support of sustainability-oriented companies. Changes in 2022-2023 and Poland vs. European countries in 2023



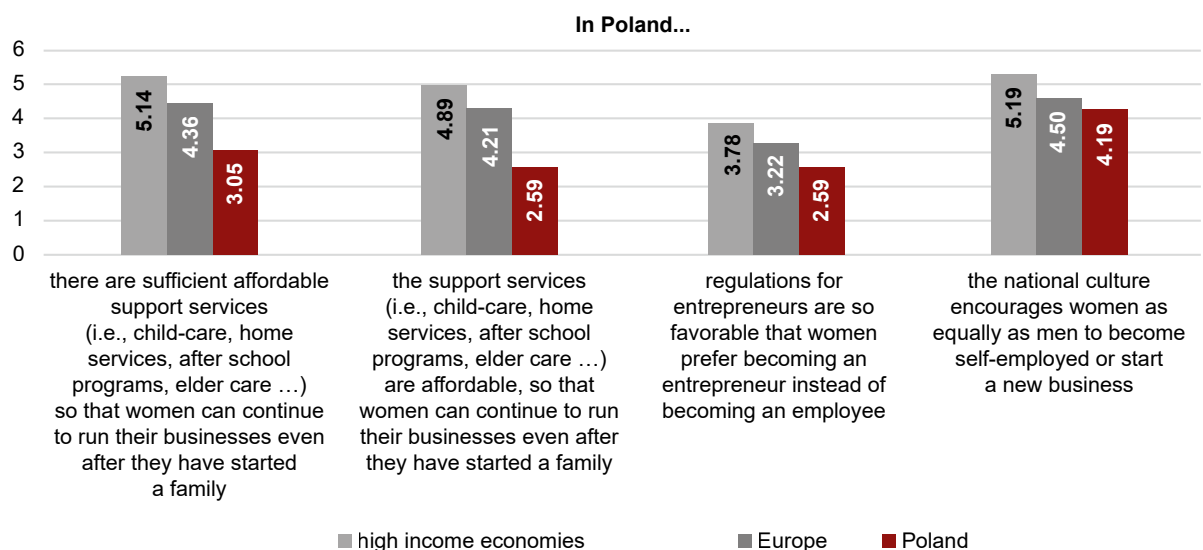
Source: own study based on GEM data.

## 3.7. Women's entrepreneurship

This year's NES survey also focused on women's entrepreneurship, with experts assessing eight statements comprising two areas. The first relates to the perception of the conditions for the development of support for women's entrepreneurship in terms of care and education services, regulations and cultural norms, while the other relates to the availability of resources (funding and market) for women vs. men to develop entrepreneurial activities. Polish experts rated both areas lower than experts from high-income economies (Level A) and European countries. Women's entrepreneurship was also included in the NES survey in 2021 where experts assessed six statements, of which only two were included in the 2023 survey: "legal regulations for businesses are so favourable that women prefer to start their own businesses rather than work as employees" and "cultural and social norms equally support women and men to start businesses".

The area concerning perceptions of the level of support for women’s entrepreneurship in terms of services, regulations and cultural norms was assessed at an average of 3.08 points in Poland, compared to 4.7 points in high-income economies and 4.07 points in the European countries surveyed. Of the four statements comprising this area, Polish experts rated the one concerning cultural and social norms equally supporting both women and men in starting businesses highest, at 4.2 points (Figure 3.18), slightly better than in 2021 (3.8 points). However, assessment of the other statements comprising this area shows that they may be limiting women’s entrepreneurship in Poland. Statements regarding the availability and affordability of services such as nurseries, kindergartens, daycare centres, after-school care for children, i.e. services that make it possible for women who became mothers to return to managing their businesses, and the availability and affordability of elderly care, scored low. Also, the score for those statements was lower than in the benchmark countries, although it should be noted that experts from those countries rated them as “neither true nor false”. According to experts from Poland and the benchmark countries, barriers to women establishing and developing businesses derive from legal regulations for business. Experts disagree with the statement that regulations are so favourable that women prefer to start their own businesses rather than work as employees, which scored 2.6 points (2.4 points in 2021).

**Figure 3.18.** Assessment of the conditions of entrepreneurship development in Poland – women’s entrepreneurship – **perception of the level of support for women’s entrepreneurship in terms of services, regulations and cultural norms.** Poland vs. high-income economies (Level A) and European countries in 2023

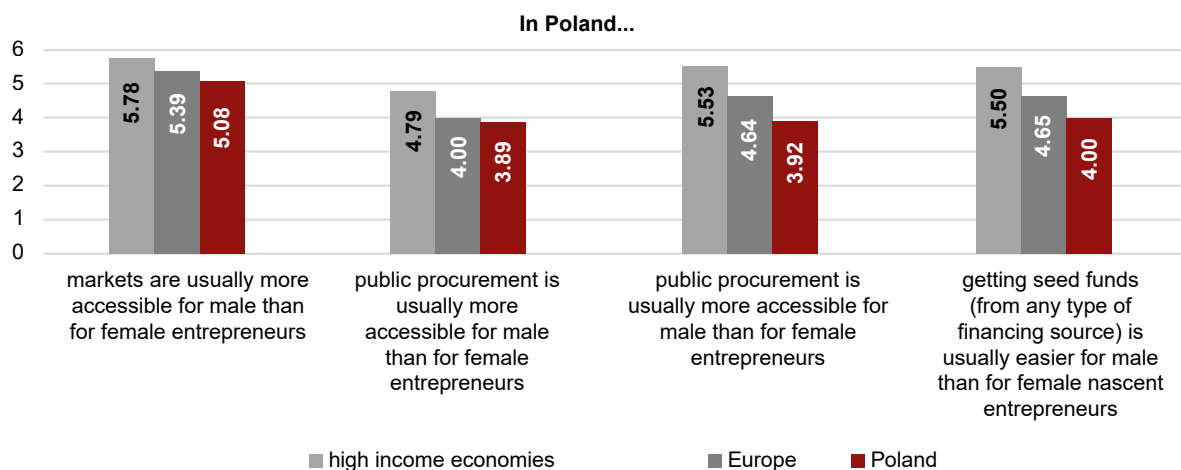


Source: own study based on GEM data.

Polish experts rated the second area, concerning the availability of resources (financing and market) for women vs. men to develop entrepreneurial activities, at an average of 4.2 points, slightly below the ratings of high-income economies (5.4 points) and European countries (4.66 points).

Polish experts did not have a strong opinion regarding the statement that the market is normally more open to male entrepreneurs than female business owners, which they rated at 5.1 point (Figure 3.19). In contrast, they tended to disagree with the following three statements: male entrepreneurs normally have better access to the public procurement market than female entrepreneurs (3.9 points), male entrepreneurs normally have easier access to financing (of any kind) vs. female entrepreneurs (3.9 points), and that at early stage of business development, men normally have easier access to seed financing (of any kind) vs. women at the same stage of business development (4.0 points). However, given how experts from the benchmark countries rated these statements, they may have found it difficult to assess them. Consequently, the results are not conclusive and do not necessarily mean that, in Poland, women have better access to public procurement or financing.

**Figure 3.19.** Assessment of the conditions of entrepreneurial development in Poland – women’s entrepreneurship – **perceptions of the availability of resources (such as access to financing and the market) for women vs. men to develop entrepreneurial activities.** Poland vs. high-income economies (Level A) and European countries in 2023



Source: own study based on GEM data.

## 3.8. Conclusions

An analysis of expert opinions obtained in the NES survey shows that, **in 2023 (compared to the previous three years), the conditions for entrepreneurship development in Poland did not markedly improve. It should be noted, however, that the 2023 assessment was an improvement over 2022**, which is reflected in the National Entrepreneurial Condition Index (NECI), which was 3.8 points in 2022 for Poland, but rose to 4.2 points in 2023, thus returning to the levels seen in 2020-2021. However, the indicator remains relatively low, which means that Poland still has significant work to do to improve the conditions for establishing and developing businesses.

**In 2023, there was only one area, i.e. ease of entry to the external market, which Polish experts rated significantly higher than the European average. Access to technical infrastructure and commercial and professional infrastructure were also rated relatively high**, though slightly below the average for the European countries surveyed. **However, what requires improvement is entrepreneurship education** (at primary and secondary levels, as well as at the university and vocational training levels), **policies supporting entrepreneurship, the area related to R&D and knowledge transfer, as well as bureaucracy and taxes.**

**Experts gave slightly better rating to the statements relating to progress on the implementation of the United Nations Sustainable Development Goals.** Two of the five evaluated blocks (social responsibility priorities and sustainability priorities) were rated on par with European countries, while the area of government support for sustainability-oriented enterprises requires improvement.

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

## 4. Special topic – startups in Poland

Startups frequently attract media attention and are often showcased in government reports. Events that evoke startup-related associations are the Wolves Summit<sup>65</sup>, Impact<sup>66</sup>, or even the side events of the European Economic Congress in Katowice<sup>67</sup>. For those interested in startups and entrepreneurship, several global hubs are household names<sup>68</sup>: Silicon Valley, renowned for its advanced startup ecosystem; Tel Aviv, often nicknamed the “startup capital”; and London, a city known for its innovative businesses, particularly in fintech, edtech and e-commerce sectors.

An important element for the success of new and developing companies is support from the startup ecosystem, as they often operate at the intersection of innovation and risk, with limited internal resources and facing uncertain demand for their products or services. Hence, creating a favourable business environment that offers access to financing, mentors, incubators and co-working spaces is crucial to startup development.

Despite the growing interest in startups, and their importance to the economy, comprehensive studies that accurately quantify the number of such entities and describe their situation are scarce. This is partly due to the fact that identifying the population of startups, giving them a consistent definition, and reaching out to them can be challenging. For the past seven years, PARP has been trying to fill this gap at least to some extent, by identifying startups in the GEM survey.

The startup survey consists of a quantitative survey of a representative sample of 8 000 Poles aged 18-64 (APS), which is based on a block of additional questions in the questionnaire. It should be emphasised that the questions regarding startup operations are asked

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<sup>65</sup> <https://wroclaw.wolvessummit.com/>

<sup>66</sup> <https://impactcee.com/pl/start/>

<sup>67</sup> <https://www.eecpoland.eu/pl/>

<sup>68</sup> The latest startup ecosystem ranking is available in the report <https://startupgenome.com/article/global-startup-ecosystem-ranking-2023-top-30-plus-runners-up>

of individuals who are already owners/co-owners of an existing business, as well as of those at the stage of starting a business and undertaking activities that lead up to this. This broad approach increases the likelihood of reaching such entities.

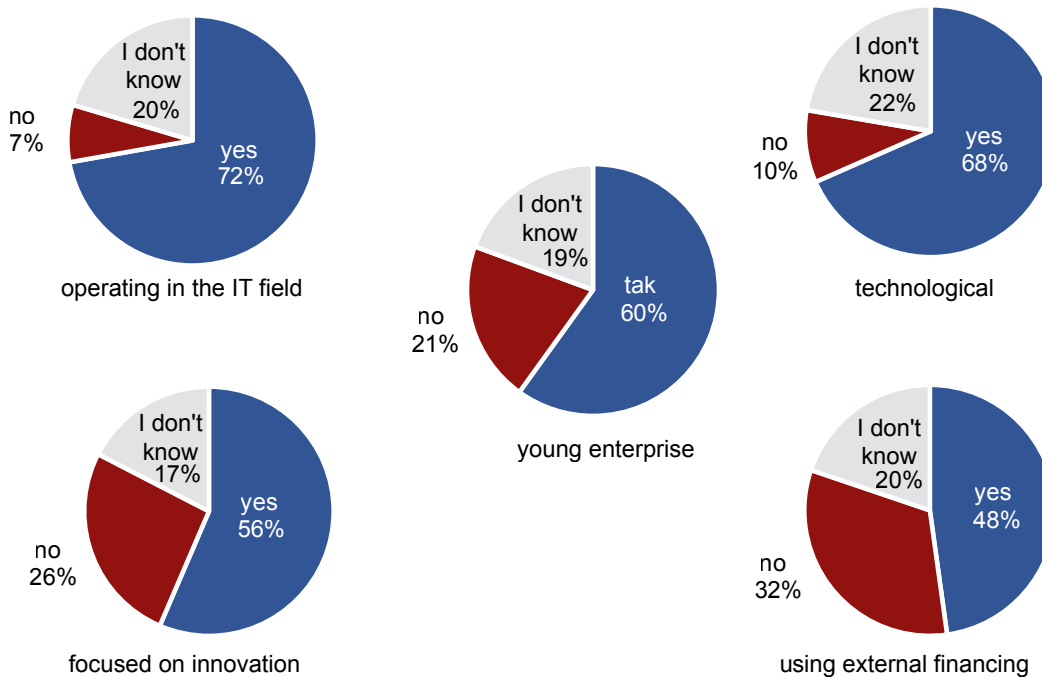
Additionally, an assessment of the factors that influence startup development is carried out. In this case, the qualitative survey tool for evaluating the key pillars of the entrepreneurial ecosystem in Poland was also expanded to include a block of questions about startup operations. The questions are assessed by 36 experts from various fields related to entrepreneurship, and the assessment's results complement the provided description.

This study consists of three principal parts:

1. Social understanding of the concept of a startup,
2. Characteristics of declared startups vs. other business forms defined as traditional, including econometric analysis,
3. Conditions of startup development, in a qualitative study.

## 4.1. Social understanding of the concept of a startup – Poles' definition of startups

In order to explore the society's understanding of the concept of a startup, the questionnaire offered a choice of 5 characteristics, selected based on an analysis of recurring descriptions from various definitions. Respondents could refer to the particular characteristics and say whether, in their opinion, the description characterises a startup.

**Figure 4.1.** Characteristics of startups according to adult Poles, *a startup is a firm...*

Source: own study based on GEM data, N=8000.

What is important and comes to the fore when analysing social understanding of a startup are the “I don’t know” answers. The proportion of **individuals for whom it is unclear what characteristics a startup has, i.e. those who answered “I don’t know” 5 times, is 17%**. This means that those respondents did not associate any of the listed characteristics (young, technological, operating in the IT/ICT sector, not yet profitable, focused on innovation) with startups.

Most objectionable was the statement defining a startup as a company that is not financially self-sufficient and relies on external financing. According to 1/3 of respondents, this is not a feature of a startup. A fairly high percentage of respondents (26%) objected to the statement that a startup is a company that is focused on innovation, which means that one in four respondents does not associate startups with innovation.

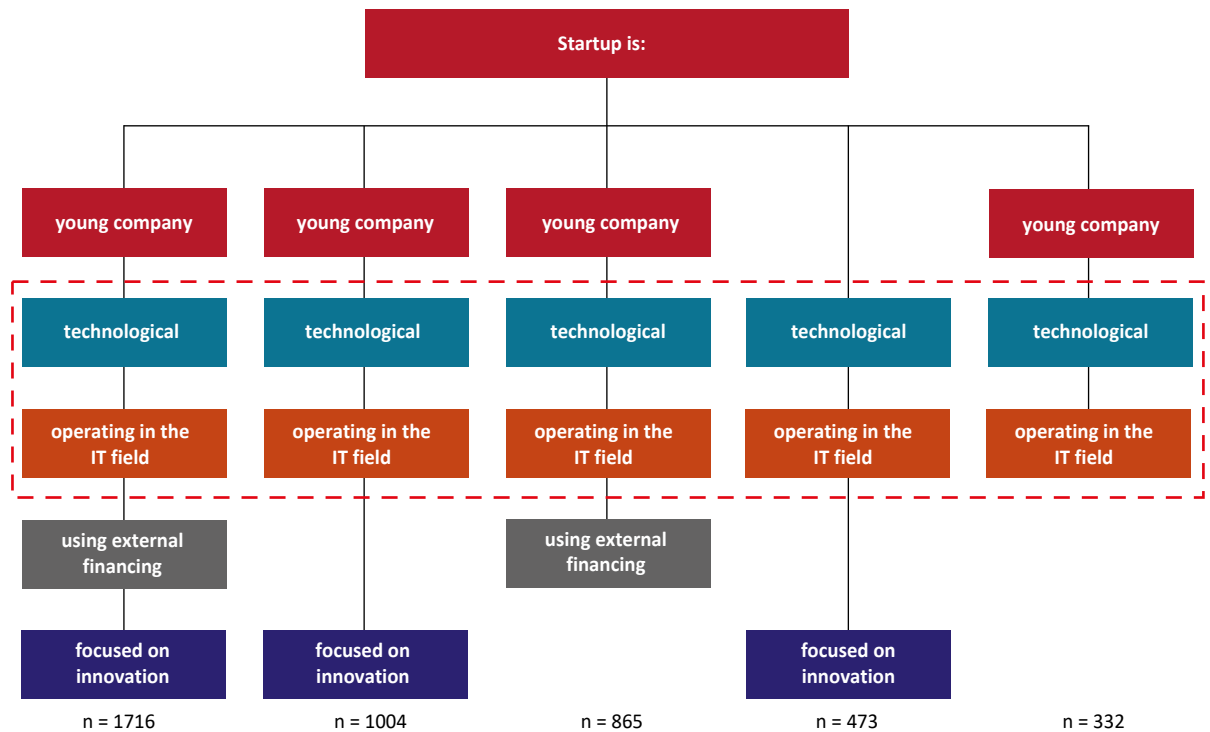
On the other hand, **the characteristics that are quite likely to be attributed to startups are: operating in the IT sector, a technological company, and a “young” company.**



It is also worth noting the strong correlation between responses identifying a startup as a technology company and those identifying it as operating in the IT/ICT sector<sup>69</sup>. This result confirms the results of the 2022 survey.

During the survey, respondents referred to each characteristics separately, but as we are intuitively aware that an entity like that is a set of attributes, in further analysis, individual responses were grouped into sets<sup>70</sup>, the total of possible combinations being 32<sup>71</sup>. The question *what is a startup?* was answered by 8 000<sup>72</sup> adult respondents. The most frequently selected (from the left) sets of answers are presented in Chart 4.1.

**Chart 4.1.** Most common sets of answers – general public



Source: own study based on GEM data, N=6589.

<sup>69</sup>  $R^2 = 0.7$

<sup>70</sup> In the following analysis, possible sets of answers were prepared. To simplify, it was assumed: 1 when the respondent answered – “yes”, and the other responses got 0, i.e. when the respondent did not select a characteristic because they believed that the characteristic did not define a startup, or they did not know whether the characteristic fell within the definition of a startup or refused to answer.

<sup>71</sup>  $\binom{5}{0}\binom{5}{1} + \binom{5}{2} + \binom{5}{3} + \binom{5}{4} + \binom{5}{5} = 32$

<sup>72</sup> The question was asked to 8 000 respondents, but 1 411 people answered “I don’t know” five times. As follows, 6 589 persons responded “yes” or “no” to at least one characteristic.

According to Poles, a startup is most commonly defined by the field where it operates. The characteristics “a company operating in the IT/ICT sector” is most frequently cited, especially when combined with the attribute “a technological company”. Attributes such as time on the market: “young”, or “innovation” were not considered crucial in defining a startup. The 2023 results are slightly different from those of 2022, where “young” and “focus on innovation” came to the fore. Respondents who define startups as young entities make it clear that those are entities which have been operating on the market for up to 3 (57%), while another 39% mention a slightly longer period – up to 5 years.

**Figure 4.2.** What does it mean for a company to be “young”? – according to Poles who mentioned this feature



Source: own study based on GEM data, N=4797.

In the remainder of the chapter, the concept of a startup will be presented from the perspective of respondents who believe that they themselves represent this type of entity, and from the perspective of other respondents who are involved in a business, albeit not a startup. The selected characteristics will be presented for two groups – entities identifying themselves as startups, and other entities.

## 4.2. The concept of a startup in the opinion of business owners

### Methodological assumptions

In the sample of adult Poles covered by the survey (N = 8000), 1160 respondents who own businesses (both young and established) were identified<sup>73</sup>. Then, using a filtering question whether they perceive their businesses as startups, respondents were categorised into two groups: those who consider their businesses as startups (Ns = 251) and those who do not (No = 909). For the purposes of this chapter, the latter group is referred to as traditional/other businesses<sup>74</sup>.

### Definition of a startup in the opinion of declared startups and others involved in business

People involved in business, regardless of what stage of entrepreneurial process development they are at, have startups' definitions similar to those of the general public, although they are more likely to emphasize the companies' age and focus on innovation.

**Respondents who consider their businesses as startups will clearly and consistently identify a startup as a young company (94%) focused on innovation (91%).**

<sup>73</sup> Base extracted for analysis (N = 1160) of declared startups vs. other companies, based on questions q21 = 1 | q23 = 1 | q62 = 1 | q63 = 1, 1 = yes.

q21 – On your own or with others, are you trying to start a new business, including self-employment or a business selling products or services?

q23 – In the past 12 months, have you taken any steps to start this business, such as looking for equipment, finding premises, building a team, developing a business plan, and raising funds to help start the business?

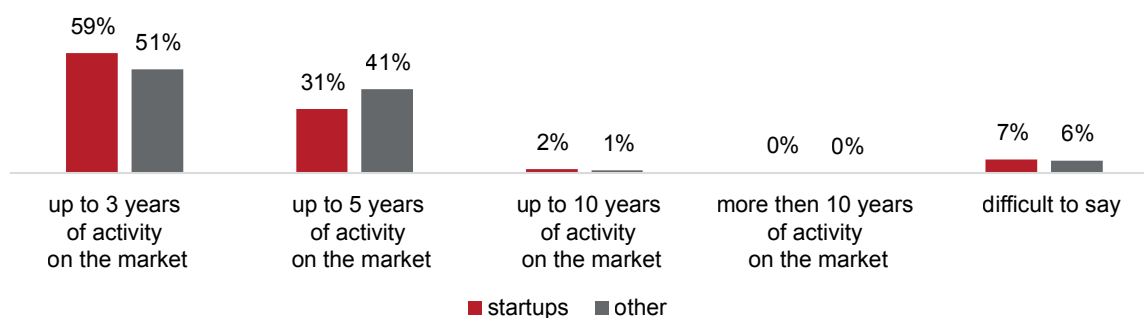
q62 – Are you currently – independently or with others – an owner of a business that you help manage, self-employed, or offering goods or services to others?

q63 – Are you currently – independently or with others – an owner of a business that you help manage as part of your primary employment for your current employer?

<sup>74</sup> In the lists presented, the numbers of answers to the particular questions may slightly vary – unless indicated otherwise, this is due to refusals to answer, in which case the “n” figure given refers only to those who answered the question.

Like with the general public, **declared startups, as well as those representing other enterprises, consider a young enterprise to be one that has been operating for up to 3 years (59% for startups and 51% for other enterprises) or up to 5 years (31%; 41%).** It is important to note that, among both declared startups and other enterprises, there was a relatively high proportion of respondents who could not specify the age of a young enterprise and answered “difficult to say” (6-7%).

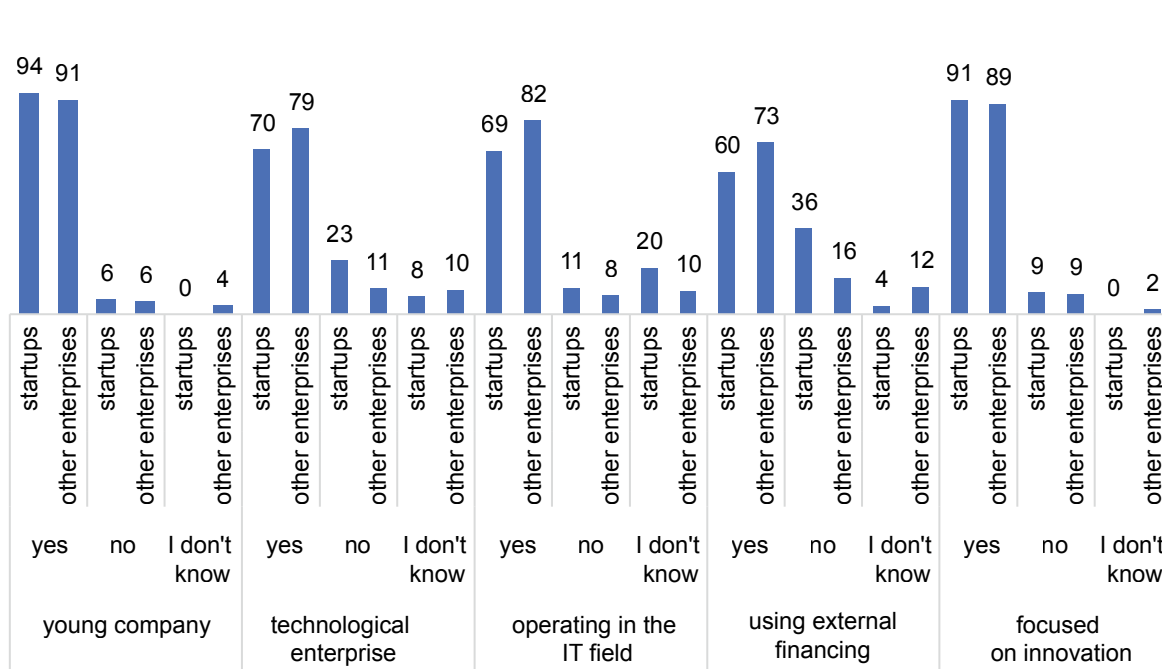
**Figure 4.3.** What does it mean for a company to be “young”? – according to representatives of startups and other companies



Source: own study based on GEM data, Ns = 235, No = 824.

As regards attributing the following characteristics to startups: a technological company, a company operating in the IT/ICT sector, a company that does not earn its own living but uses external financing, the opinions of startup owners and owners of other companies were divided. It seems reasonable that the need to use external financing may depend on the stage of a given entity’s development, as well as the character of the venture. Some entities will need support at the early stages of development, while for others, financial assistance may be crucial as they scale up their operations.

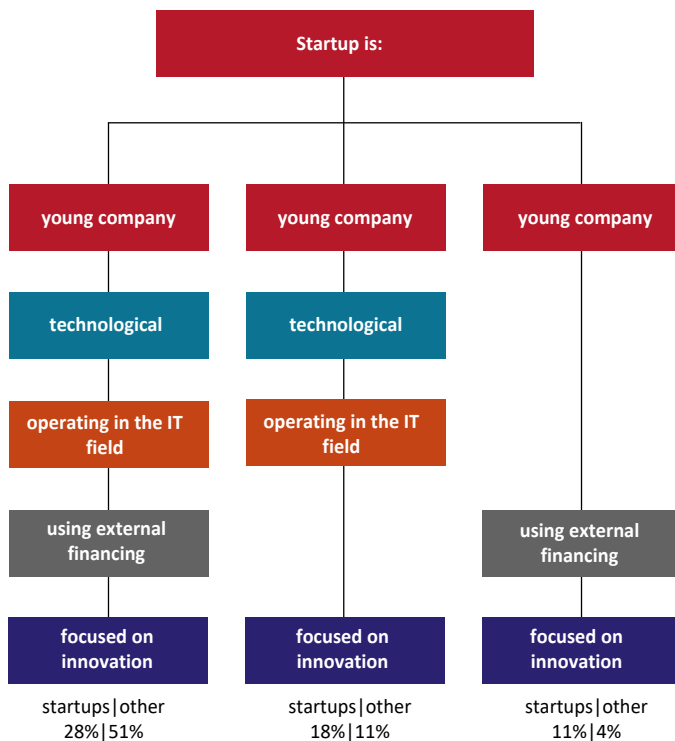
**Figure 4.4.** What is a startup? – according to representatives of startups and other companies (in %)



Source: own study based on GEM data, Ns = 251, No = 909.

The most popular sets of startup characteristics proposed by owners of startups vs. other firms are shown in Chart 4.2.

**Chart 4.2.** Lists of startup characteristics – according to representatives of startups and other companies



Source: own study based on GEM data,  $N_s = 251$ ,  $N_o = 909$ .

**Both owners of declared startups and owners of other enterprises were most likely to select the set of characteristics that included all the possible options (28% and 51%, respectively).** As second, startups were most likely to select the set in which they were defined as young enterprises operating in the IT/ICT sector, focused on innovation and using external financing (18%). The set that declared startups were most likely to select as third (11%), while other entities were most likely to select it as sixth (4%) comprised three characteristics: time on the market, use of external financing, and focus on innovation.

## Characteristics of people and their ventures

### Who are the people operating in the startup formula? Who sets up startups in Poland?

Among adults involved in startups in 2023, the majority were women (52%), while running such entities was slightly less common for men (48%).

Respondents representing startups are more likely to be younger (25-34 years old) than respondents representing other companies, this is true for both men and women (30% vs. 12% overall). Among startup owners, the average age of women is higher than the average age of men, while in the case of other companies the situation is reversed. The average age of men in startups is just under 40.

**Table 4.1.** Age of startup owners vs. other companies by gender

Type of company	Gender	18–24	25–34	35–44	45–54	55–64
Startups	women, Nsw = 130	2%	28%	34%	25%	12%
	men, Nsm = 121	2%	32%	31%	28%	7%
Other companies	women, Now = 411	1%	12%	41%	33%	13%
	men, Nom = 498	1%	11%	39%	30%	19%

Source: own study based on GEM data.

**Age is not a limiting criterion for startup activity. The average owner of a startup is approximately 40 years old, i.e. slightly younger than the average owner of other types of companies.**

**Table 4.2.** Average, min. and max. age of startup owners vs. other companies by gender

	Startups Nsm = 121, Nsw = 130			Other companies Nom = 498, Now = 411		
	average	max.	min.	average	max.	min.
<b>Total</b>	40.6	64	18	44.6	64	18
<b>Men</b>	39.8	64	18	45.1	64	18
<b>Women</b>	41.4	64	18	44.0	63	21

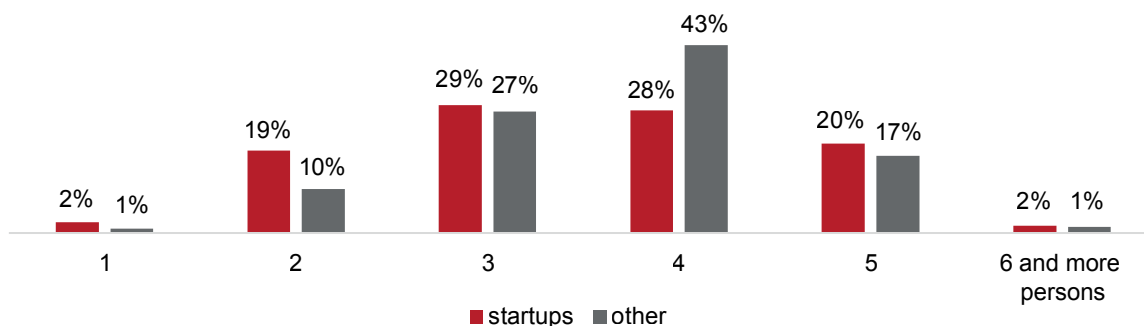
Source: own study based on GEM data.

## Household size of startup owners vs. owners of other enterprises

Results of the analysis of the household size of startup owners vs. owners of other companies show that, overall, there are no major differences between the two groups.

**The largest percentage of people engaged in entrepreneurship live in four-person households.** The most significant differences between startups and other companies are observed in two-person and four-person households. In the case of two-person households, this can be easily explained by the greater optimism typically associated with individuals who have fewer family responsibilities (although this may also apply to the common 1+1 (parent and child) households). In the case of four-person households, typically a 2+2 setup, the partner's regular income or, sometimes, a family business may be involved.

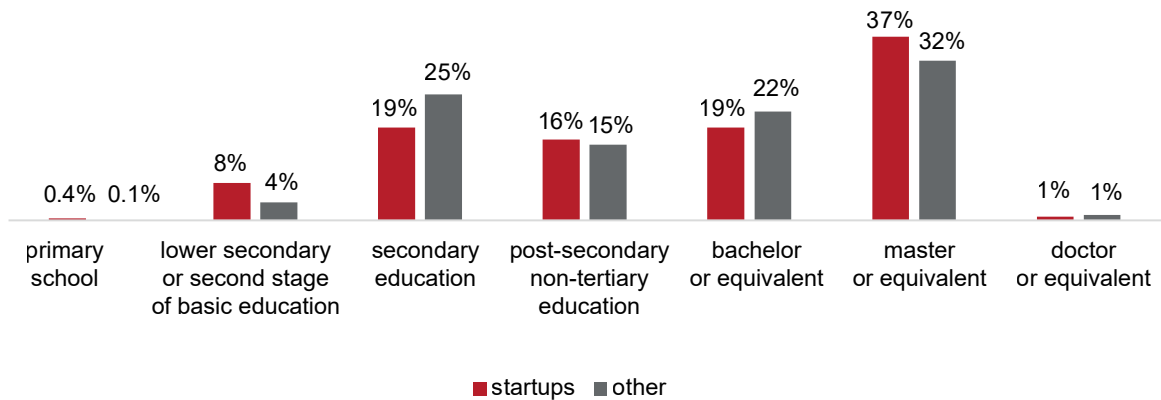
**Figure 4.5.** Household size of startup owners vs. owners of other companies by number of people in the household



Source: own study based on GEM data, Ns = 251, No = 908.

Compared to the age category, the level of education is significantly more likely to differentiate the groups in question, though it would be hard to identify a regularity among people running startups or those running other businesses. However, among startup representatives, the share of those with a university degree or lower secondary education is higher.



**Figure 4.6.** Educational background of startup owners vs. other companies

Source: own study based on GEM data, Ns = 250, No = 909.

### Occupational status of people engaged in business

The surveyed groups are homogeneous in terms of occupation. Almost all those involved in business activity of some kind have the self-employed status (startups – 96.8%, others – 97.0%), with some simultaneously working either full-time or part-time (startups – 2.4%, others – 1.7%). Other options (part-time only, housewife, student, not working) are only marginal.

### Approaches to trust – differences between traditional business owners and startup owners

The results show differences in attitudes toward trust between traditional business owners and startup owners. The majority of individuals running traditional businesses (64%) believe it is important to be cautious in dealings with others, likely due to their extensive business experience and potential risks that may affect trust. Only 36% believe that most people can be trusted. Startup owners are more trusting, although they are also aware of the risks and the need for caution in business dealings. Half of them believe most people can be trusted, while the other half believe that there is no such thing as too much caution.

## Analysis of characteristics favouring startups vs. other types of business

### General assumptions

The multiplicity of definitions, which makes it difficult to define the characteristics of a model startup, leads to the application of more advanced statistical methods than just the frequency analysis. In the further section of the study, a logistic model was used to examine the characteristics of declared startups vs. other enterprises, with logistic regression making it possible to assess the influence of various characteristics on the chances of an event occurring. The model assumed a dichotomous variable, where 1 means a declared startup, and 0 means other businesses.

To build the model, variables from the questionnaire were used, to present general business characteristics, some of which (in theory) should particularly characterise startups.

Areas addressed by the variables:

- gender,
- motivations/reasons/inspirations for setting up a business,
- distinctive aspects of the enterprise's competitive edge,
- source of funding,
- target market – domestic, foreign, global customers,
- stages of development of a business venture,
- type of activity,
- enterprise advantages,
- how new the introduced products and services are,
- how new the technologies and working methods used are,
- use of digital technologies,
- measures to reduce negative impact on the environment<sup>75</sup>.

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<sup>75</sup> At the initial stage of the model's development, it turned out that the model comprised many statistically insignificant variables. They were therefore removed, in steps, i.e. in the consecutive steps, the variable with the lowest significance (highest p-value) was removed, and the model was recalculated. These steps were repeated until a model with significant variables only was obtained. This approach is known as the backward selection method.

### Model's results<sup>76</sup>

Analysis of the model shows that out of the 55 variables, 17 had a statistically significant impact on whether we are dealing with a startup or a traditional business. The direction of influence of the variables favouring the classification of companies as startups vs. traditional companies was as predicted.

Table 4.3 presents estimation results (using only statistically significant variables), while Table 4.4 presents the conclusions of this analysis.

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<sup>76</sup> Test results and the value of the logarithm of reliability and pseudo-R2 for the model:

- The model has fairly high R2 coefficients – 0.16 for Cox Snell's R2 and 0.246 for Nagelkerke's R2, which means that it fits the data fairly well.
- The Hosmer-Lemeshow test was used to verify if the model fitted the entire dataset equally well; the P-value of the test was greater than 0.05, so there were no grounds to reject H0. This is a positive conclusion, indicating that the model is correct.
- Hosmer-Lemeshow test results: Chi-square = 13.57; df =8; Significance =0.094.
- Based on the classification table, the model correctly classified 80.2% of the observations.

Table 4.3. Estimation results

No.	Description of variables	B	Exp(B)	Higher likelihood of a particular event in startups/other enterprises
1.	Where did the idea for your enterprise/business venture come from? – Inspiration from a conference, training, article, Internet, etc.	0.356	1.428	startups
2.	Where did the idea for your enterprise/business venture come from? – Talking with family/friends	-0.586	0.557	other
3.	Where did the idea for your enterprise/business venture come from? – Inspiration from a similar idea implemented in another country	0.32	1.377	startups
4.	Where did the idea for your enterprise/business venture come from? – Inspiration from cooperation with a university/research centre	-1.376	0.253	other
5.	Initial product/service concept and creation of business model assumptions	1	2.718	startups
6.	Stage of business venture – work on product/service – prototyping	0.815	2.259	startups
7.	Stage of business venture – strengthening market position	-1.055	0.348	other
8.	Stage of business venture – stabilisation of the business and the adopted business model	-1.14	0.32	other
9.	Stage of business venture – further development and market expansion	-0.745	0.475	other
10.	What distinguishes your company from its competitors (%) – It has unique competitive advantages	-0.395	0.674	other
11.	What distinguishes your company from its competitors (%) – It revolutionises existing rules in the industry	0.269	1.308	startups
12.	Type – a business that does not plan rapid growth, whose income enables ongoing operations of the company	-0.505	0.604	other
13.	Advantages – we leverage the connections and knowledge transfer between various market players	0.416	1.516	startups
14.	Advantages – we have people in the company with previous business/startup experience	0.463	1.589	startups
15.	Advantages – extensive expertise and skills of the company's founders/owners	-0.57	0.565	other
16.	TEC2 – the technologies or procedures used in the business have been on the market for more than 5 years	-0.81	0.445	other
17.	The products offered are new (on a national scale)	1.872	6.503	startups
	non-variable	0.464	1.59	

Source: own study using the SPSS package, following GEM data.

**Table 4.4.** Conclusions

1.	People who draw inspiration from conferences, training, articles or the Internet are 43% more likely to launch a startup.
2.	The impact of the variable on the launching of a startup is negative. People inspired by talking with family and friends are 43.2% less likely to launch a startup.
3.	People inspired by similar ideas implemented abroad are 40% more likely to launch a startup.
4.	People who are inspired by collaboration with university(s) are 75% less likely to launch a startup.
5.	It is 2.7 times more likely that enterprises at the initial stages of developing a product/service concept or a business model will include startups.
6.	It is 2.3 times more likely that enterprises at the stage of prototyping will include startups.
7.	Is is 35% more likely that other enterprises will respond that they are now strengthening their market position.
8.	It is 32% more likely that other enterprises will respond that they are now stabilising their business and the adopted business model.
9.	It is 47% more likely that other enterprises will respond that they are now at the stage of development and market expansion.
10.	Is is 67% more likely that other enterprises will respond that they have unique competitive advantages.
11.	It is 1.3 times more likely that startups will stand out among the competition by aiming to revolutionise existing industry norms.
12.	Is it 60% more likely the description “does not plan rapid growth, its income enables ongoing operations of the company” will apply to other enterprises.
13.	It is 1.5 times more likely that the statement “startups leverage connections and knowledge transfer between various market players” will apply to startups.
14.	It is 1.6 times more likely that a startup’s advantage will be having people with previous business-startup experience in the company.
15.	It is 56% more likely that the advantage of other enterprises will be the knowledge and skills of the enterprise’s founders/owners.
16.	It is 45% more likely that the technologies or procedures in place that have been on the market for more than 5 years are implemented by other enterprises.
17.	It is 6.5 times more likely that products new to the country are offered by startups.

If  $\text{Exp}(B) > 1$ , the event is more likely to occur in the first group. If  $\text{Exp}(B) < 1$ , the event is more likely to occur in the second group. If  $\text{Exp}(B) = 1$ , the event is equally likely in both classes of observations.

Source: own study using the SPSS package, following GEM data.

## Detailed analysis of factors significantly differentiating declared startups vs. other enterprises

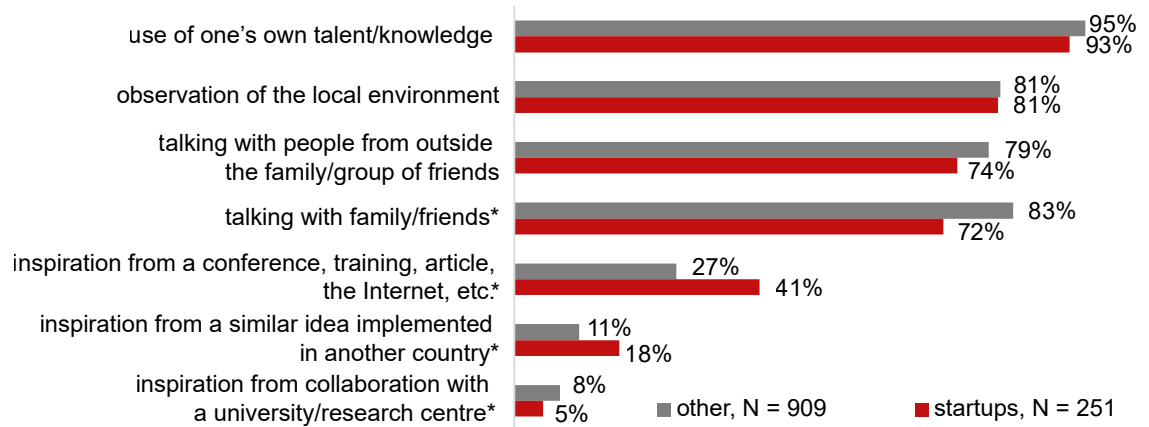
### Sources of inspiration for a business venture

When identifying the factors that differentiate startups from other companies, the inspiration or concept behind the business venture seems to be key. The tool provided the following options for sources of business ideas: (1) inspiration from a conference, training, article, Internet, etc., (2) observation of the local environment, (3) using one's own talent/knowledge, (4) talking with people outside the family/group of friends, (5) talking with family/friends, (6) inspiration from a similar idea implemented in another country, (7) inspiration from collaboration with a university/research centre. The model that has been presented above shows four (marked with \* in the graph) of the seven ideas, two of which had a stimulating effect on the occurrence of the phenomenon under study, while the other ones had a limiting effect. **The model's results demonstrated that inspiration from conferences, training, the Internet, or from similar ideas implemented in other countries is 1.4 times more likely to contribute to the creation of a startup. On the other hand, those who draw inspiration from talking with the family or friends, or from collaborations with universities or research centres, are more likely to start a traditional business.**

These two pairs of the cited inspiration sources clearly show that startup ideas often come from unlimited knowledge, i.e. from the Internet, innovative concepts from abroad, and latest insights shared at trainings and conferences. At the same time, other types of businesses are inspired by their closer surroundings (family, friends or universities).

The remaining categories of business ideas did not have a statistically significant differentiating influence on the groups in question. At the same time, the chart clearly shows that **the most common sources of business inspiration, equally likely to be cited by owners of startups and owners of other businesses, include leveraging personal talent, observing the local environment, and engaging in conversations with people other than family and friends.**

**Figure 4.7.** Sources of business idea inspirations – according to owners of startups vs. owners of other companies



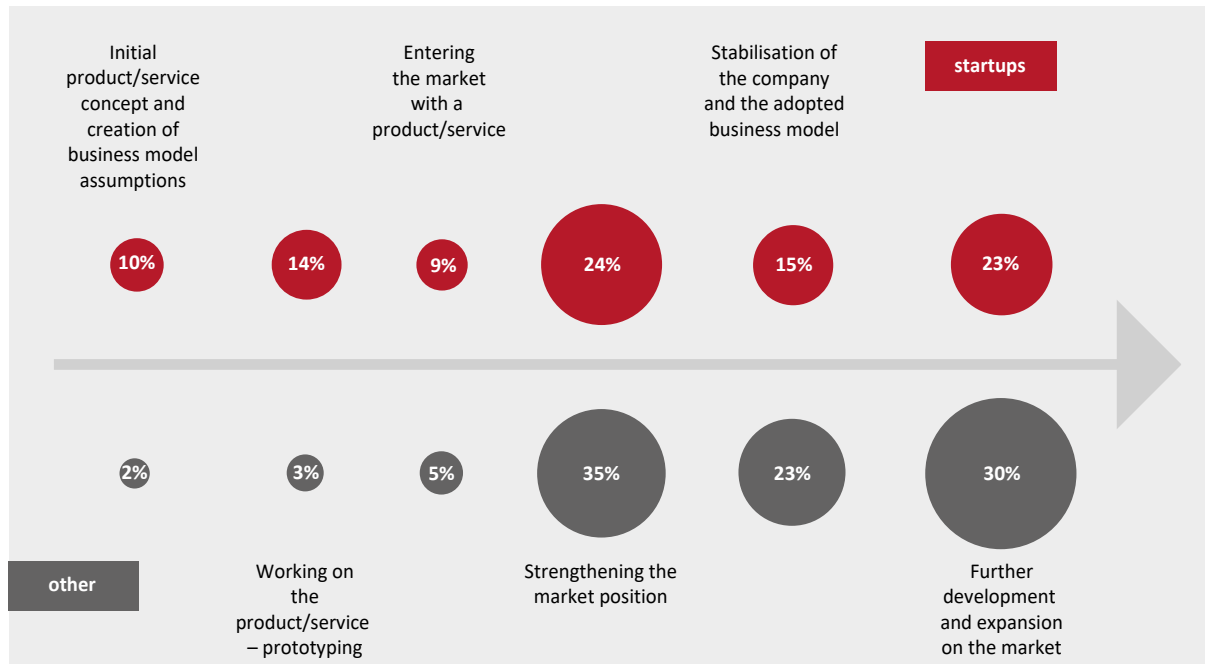
\*statistically significant variable.

Source: own study based on GEM data, Ns = 251, No = 909.

### Stages of developing a business venture

The distribution of companies based on the stage of business development is quite similar between startups and other enterprises, though at the first three stages there is a slightly higher concentration of startups, while at the latter three stages there is a slightly higher concentration of traditional enterprises. **In both groups, highest percentages of entities are at the stage of strengthening their market position (24% and 35%).** At the later stages, both startups and other enterprises show highest levels of focus on stabilising the enterprise and its adopted business model, and on further development and market expansion. Fewest enterprises are at the early stages of product/service concept, business model development, or market entry. However, as noted earlier, compared to other enterprises, startups are more prevalent at these initial stages. This shows a certain level of maturity of the analysed companies that have been functioning on the market for several years. On the other hand, it demonstrates that the percentage of new entrants working on a new product or trying to enter the market is small. Considering the results of the 2022 survey, the startup category recorded a slight increase in the share of companies at the first three stages of development (while for traditional companies the level remained almost unchanged), which can be indicative of a recovery from the turbulence which was first caused by the pandemic, and then by the war in Ukraine.

**Chart 4.3.** Stages of business venture development – according to owners of startups vs. owners of other companies



\*statistically significant variable.

Source: own study based on GEM data, Ns = 251, No = 909.

### Features that differentiate a business from the competitors

Responses regarding the stage of enterprises' development suggest that both startups and other enterprises are mostly familiar with the features that distinguish them from their competitors. The entities' owners are most likely to mention their companies' potential for growth (78%; 79%), which, especially in the case of other businesses, can undoubtedly be linked to having unique competitive advantage (63%; 74%). It is worth noting that this feature ("it has unique competitive advantage") is less likely to be mentioned by startups than by other firms. On the other hand, **startups believe they significantly differ from their competitors in that their activities revolutionise the existing industry rules.** National-scale innovation is more commonly associated with startups, while global-scale innovation is less common for either group and does not significantly differentiate them.



**Table 4.5.** What distinguishes a company from its competitors? – according to owners of startups vs. owners of other companies

Distinctive element	Startups	Other companies
growth potential	78%; n = 251	79%; n = 906
unique competitive advantage*	63%; n = 251	74%; n = 906
leading position in its industry	18%; n = 251	18%; n = 906
revolutionizing the rules existing in the industry*	24%; n = 251	15%; n = 906
innovative on a national scale	30%; n = 251	1%; n = 906
innovative on a global scale	2%; n = 251	1%; n = 906

\*statistically significant variable.

Source: own study based on GEM data.

### Statement that best describes the activities of declared startups and activities of other enterprises

Other enterprises are significantly more likely than startups (74% vs. 53%) to operate based on revenues that enable their day-to-day functioning, while not enabling fast growth. This statement is most common also for startups, but, as the logistics model describes, the differences are sufficiently significant to differentiate between startups and traditional enterprises, making it 60% more likely for this characteristics to apply to other enterprises.

**Table 4.6.** Statement that best describes the business – according to owners of startups vs. owners of other companies

The business...	Startups	Other companies	Difference (p.p.)
plans to grow fast	12%	10%	2
develops new products and services under conditions of extreme uncertainty	13%	7%	6
is looking for a way to revolutionize the market/industry	9%	2%	7
doesn't plan to grow fast, with an income enabling ongoing operations*	53%	74%	21
none of the above/I don't know/no answer	13%	7%	6

\*statistically significant variable.

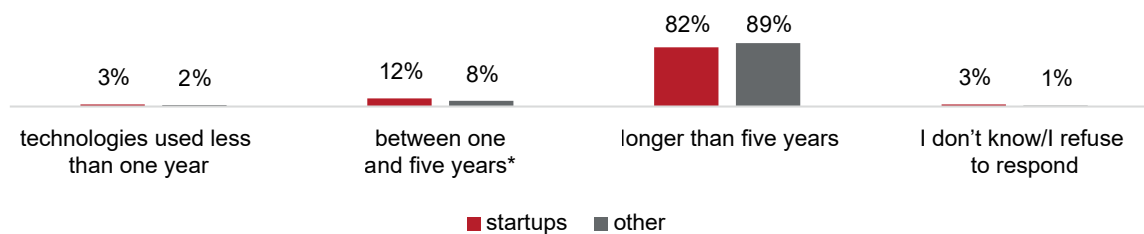
Source: own study based on GEM data.

Similar percentages of startup owners and owners of other enterprises say that their business models are designed for fast growth, although startup representatives are slightly more likely (a difference of 6 pp) to say that they develop products and services under conditions of extreme uncertainty, and that they are looking for a way to revolutionise the industry through their business.

### New technologies used in business operations

Results regarding the technologies used by startups and other enterprises show that startups are slightly more active in adopting new technologies, whereas other enterprises tend to rely on more established solutions. However, the high proportion of startups (82%) which use technologies that have been on the market for more than 5 years suggests that they, too, reach for proven solutions.

**Figure 4.8.** Market availability of technology or procedures used by enterprises – according to owners of startups vs. owners of other companies



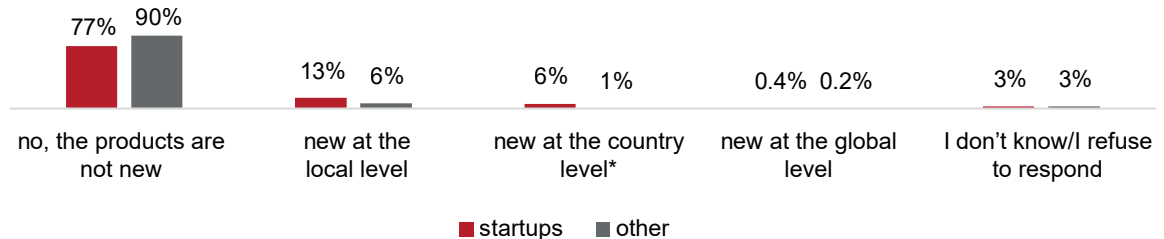
\*statistically significant variable.

Source: own study based on GEM data, Ns = 251, No = 909.

The technologies used to manufacture products or services affect the products/services offered by the enterprise. It is worth noting that using technologies that have been on the market for over five years implies that the offered products are “not new” (77% of startups and 90% of other enterprises acknowledge that their products/services are not new to the market). Only 13% of startup owners and 6% of other businesses’ owners believe that their products/services are new on the local scale. At the same time, companies are far less likely (though the advantage of startups remains visible) to offer products or services that are new on the national scale (6% for startups and 1% for others).

Therefore, we can summarise that, as regards how innovative their products and services are, the performance of both startups and other enterprises presents a rather bleak picture.

**Figure 4.9.** Offer of innovative products/services – according to owners of startups vs. owners of other companies



\*statistically significant variable.

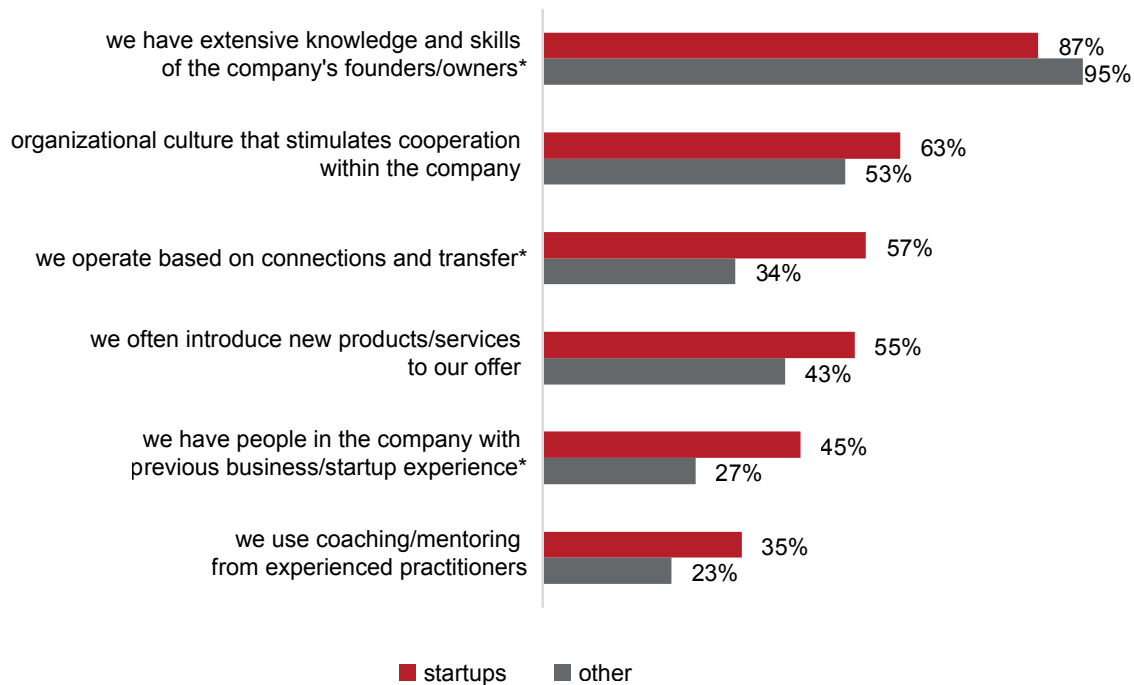
Source: own study based on GEM data, Ns = 251, No = 909.

### Advantages of startups vs. other enterprises

The analysis of responses regarding enterprises' strengths shows the advantage of startups over other enterprises, in almost all areas. **Based on the strengths presented, startups come out as dynamic entities, with a collaborative culture, with contacts, using mentoring, and characterised by employing people with previous business or startup experience.**

Other companies seem to have an advantage over startups regarding the knowledge and skills of their founders or owners (95% of other enterprises' owners mentioned this characteristics, compared to 87% of startup owners). The result is not surprising, especially as it is not uncommon for respondents representing other enterprises to have longer and more extensive experience than those representing startups.

**Figure 4.10.** Advantages of owners of startups vs. owners of other companies – self-assessment



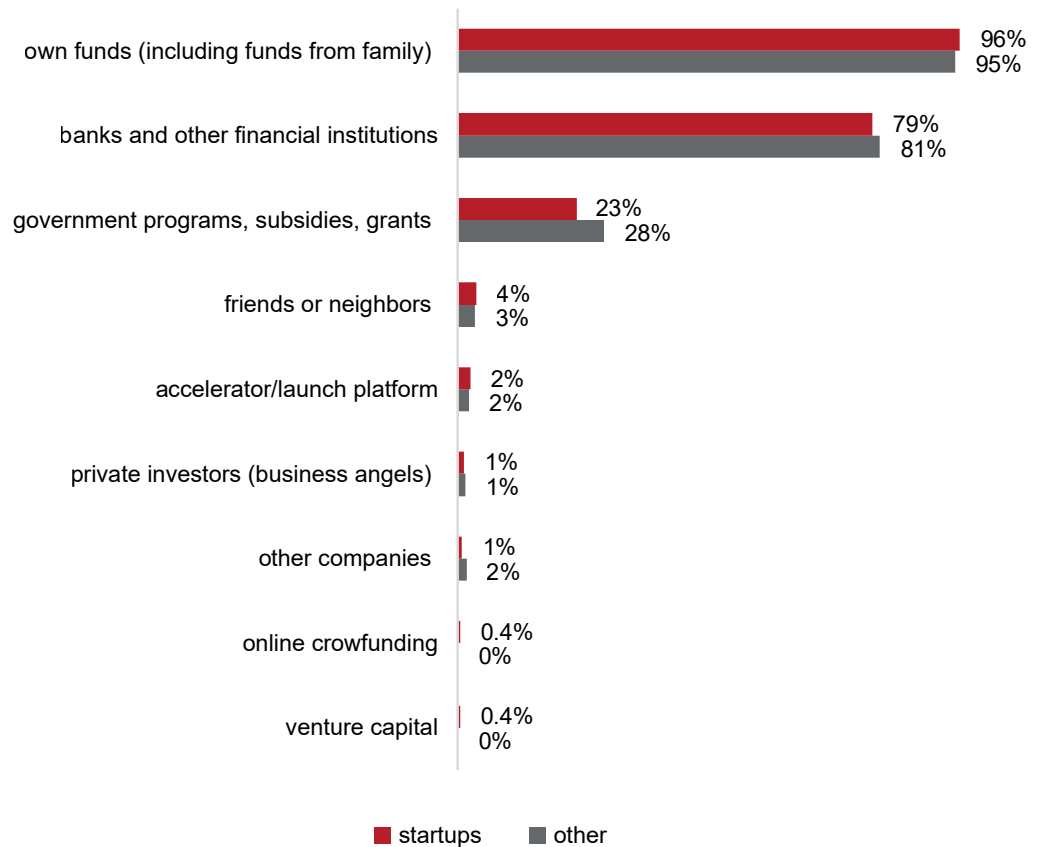
\*statistically significant variable.

Source: own study based on GEM data, Ns = 251, No = 909.

### Sources of business financing

The results of the survey show that both startups and other enterprises financed their activities (both starting the business, and its operation) primarily with their own funds (96% and 95% of responses, respectively), while securing bank funds ranked second for both groups, with no significant differences observed (79% vs. 81%). At the same time, **23% of declared startups and 28% of other firms used government programmes or grants.** These results align with the general perception of what defines a startup. Both the general public and business representatives agree that “use of external funds” is not a critical feature of startups, and therefore does not set them apart from other businesses.

**Figure 4.11.** Sources of funding when starting/running a company – according to owners of startups vs. owners of other companies

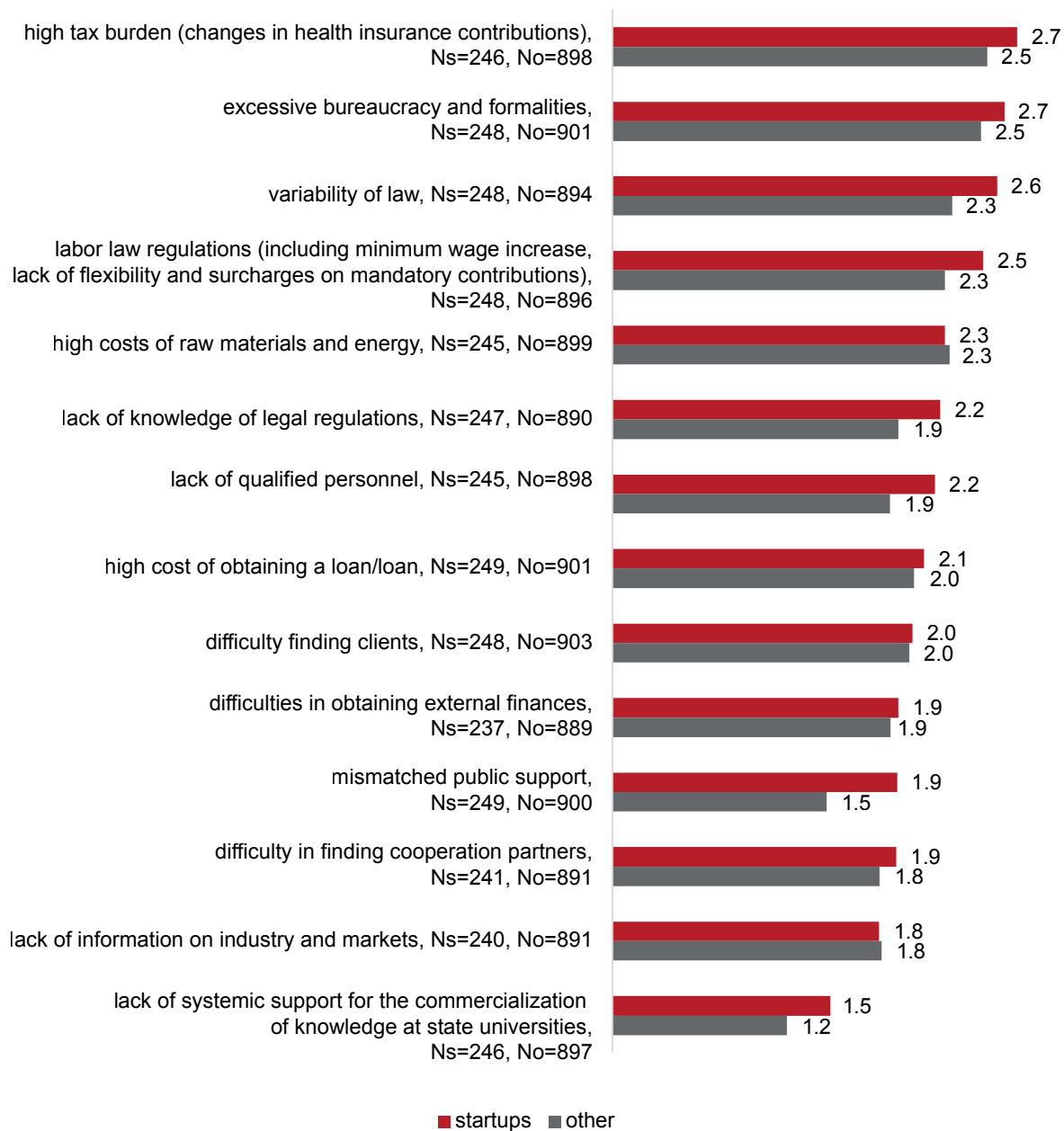


Source: own study based on GEM data, Ns = 251, No = 908.

### Factors and barriers to startup development

In 2023, both declared startups and other firms singled out two key **factors as hindering the growth of their enterprises: high taxes, and excessive bureaucracy and paperwork**, with volatility of the law cited as the third barrier to business development.

**Figure 4.12.** Factors hindering business growth – average ratings of owners of startups vs. owners of other companies



Possible answers: 1 – do not hinder, 2 – moderately hinder, 3 – significantly hinder.

Source: own study based on GEM data.

## 4.3. Expert assessment of the conditions for startup development

As part of the GEM project, the National Experts Survey (NES) involved obtaining opinions of at least 36 Polish experts from various fields directly or indirectly related to entrepreneurship<sup>77</sup>, who provided insights into the conditions affecting the emergence and development of startups. Respondents rated each statement on an 11-point scale, with 0 standing for “completely false” and 10 standing for “completely true”.

Below, we present the results of the NES regarding startup development over the last four years, from 2020 to 2023. A broader study of the 2023 conditions for startup development in Poland is provided in Chapter 3.

**According to Polish experts, startups generally play a critical role in the economy**, which is illustrated by the average rating for this statement, ranging from 6.43 to 6.62 points over the past four years, though the statement was rated highest in 2023. Experts believe that **training and consulting for large and medium companies on building and developing cooperation with startups are of primary importance** (the average rating for this statement rose from 7.00 points in 2020 to 7.68 points in 2023).

**Experts positively assessed the availability of co-working space as infrastructure for startups**, with the average rating for this area growing from 5.68 points in 2022 to 6.42 points in 2023.

**In terms of access to networking and mentoring platforms**, there has been an improvement compared to the 2022 assessment. **In 2023, the average score was nearly 6 points**, which suggests that new forms of support may have been introduced.

The startup fund market in Poland continues to grow, but **experts still tend to disagree with the statement that “startups secure funding from seed capital/venture capital funds”**. Despite the persisting negative reception, there has been slight improvement against

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<sup>77</sup> The fields are as follows: funding, government policies, government programmes, openness and dynamics of the domestic market, cultural and social norms, education, R&D, professional infrastructure, technical infrastructure.

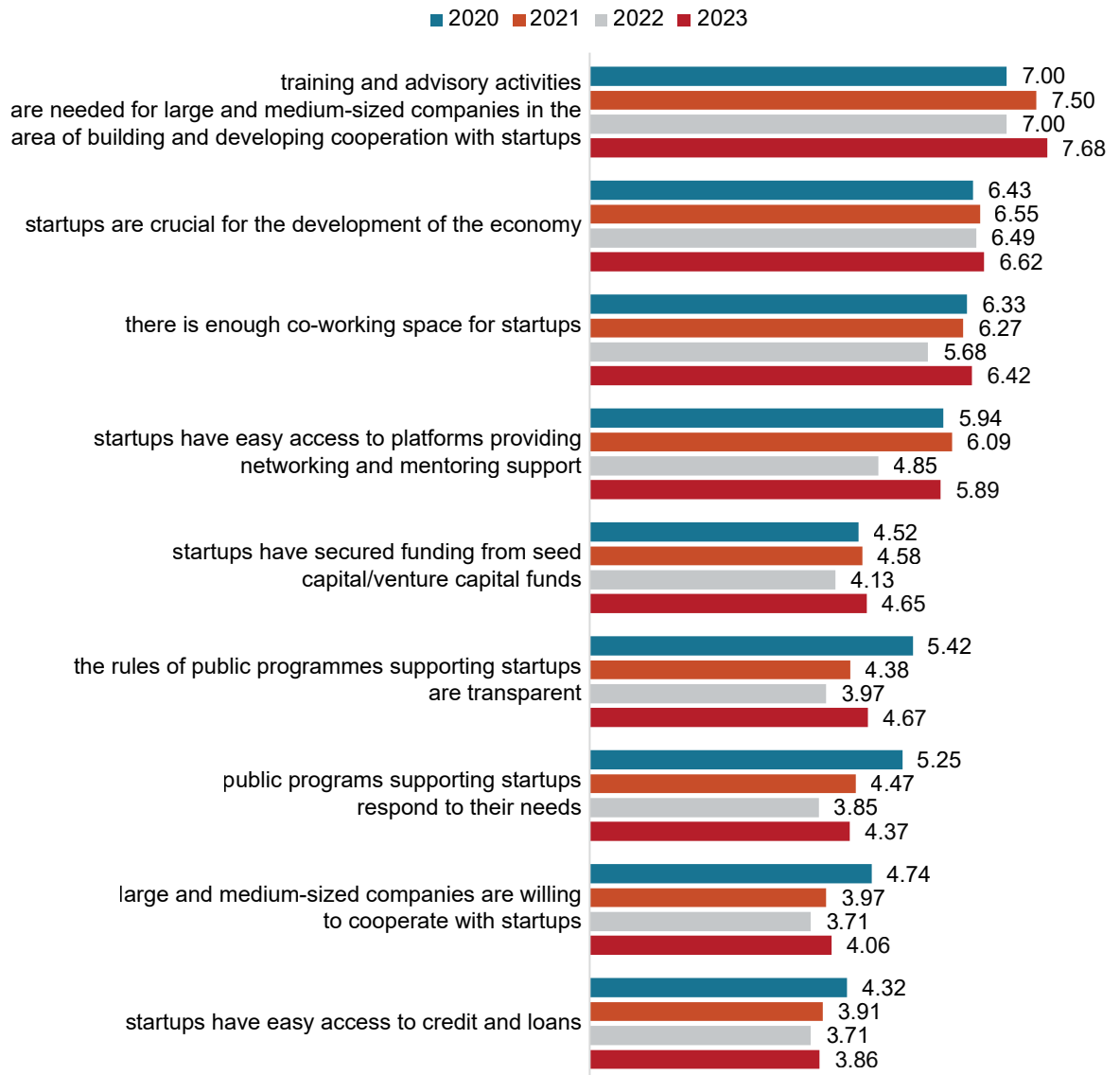
the lowest rating of 4.13 points recorded in 2022. In 2023, experts assessed seed capital and venture capital funding for startups at 4.65 points.

**The experts surveyed over the past four years gave average rating to the transparency of the rules of public programmes supporting start-ups, and the degree of these offers' adaptation to young enterprises' needs.** In 2023, the average rating for these aspects recorded slight increase, from 3.97 points (2022) to 4.67 points, and **startups' access to (bank) loans was also rated relatively low**, with an average rating of 3.86 points.

It is worth noting that, in general, from 2020 to 2023, expert assessments of the various aspects describing the startup ecosystem in Poland were consistent, and startups were invariably considered very important for the development of the Polish economy. Experts believed that training and consulting need to be implemented to develop the skills necessary for building cooperation between large and medium-sized companies and startups.



**Figure 4.13.** Average expert ratings for statements describing the startup ecosystem, from 2020 to 2023



Source: own study based on GEM data, N2020min = 31, N2021min = 32, N2022min = 31, N2023min = 34.

2023 saw an improvement in the average ratings for all the dimensions assessed, which may be a positive sign that startups will receive increased interest and support, partly thanks to new support programmes. Additionally, the period of economic turbulence (initially triggered by the COVID-19 pandemic and later exacerbated by the effects of the war in Ukraine) may be easing.

## 4.4. Conclusions

The results of the survey of a representative sample of adult Poles' understanding of startups show that around 17% cannot clearly define the characteristics of a startup. Those who had an opinion stated, without much difficulty, that a startup is an IT/ICT enterprise, a technological enterprise, and a young enterprise, and the majority of the public (56.4%) also view startups as entities focused on innovation. According to a fairly large group of respondents (32.4%), startups are not entities that do not earn their own living and need to use external financing. When defining a startup, business owners saw its key characteristics somewhat differently than the general public. According to owners of both startups and other firms, the critical characteristics of a startup are innovation and youth, meaning short time on the market.

The analysis allows us to conclude that startups are companies run by middle-aged entrepreneurs (the average is 41 y.o.), with 68% of startups represented by people over the age of 35.

The primary sources of ideas for such entities include leveraging one's talents and knowledge, observing the the local environment, and talking with individuals other than one's family and friends. Unlike other businesses, startups draw inspiration not only from personal aptitude, but also from conferences, training, the Internet, and international business practices. Those operating in the startup model are more likely than other companies to seek to revolutionise their industry. Besides, their products often demonstrate greater innovation (be it on the national level) compared to other companies. Usually, these are individuals from 3-4-person households with at least a master's degree that are involved in startups. Declared startups often have team members with previous business or startup experience, who leverage their connections and knowledge transfer between various entities, which significantly contributes to the company's development.

The factors perceived as most hindering the growth of startups are taxes, bureaucracy and paperwork, and changes in the law.

Expert assessments of the startup ecosystem in Poland over the last four years of the survey's implementation were generally consistent, with startups being invariably considered very important for the development of the Polish economy. It is believed training and consulting

need to be implemented to develop the skills necessary for building cooperation between large and medium-sized companies and startups. 2023 brought an improvement in the ratings for all the dimensions assessed. Access to co-working space, financing from seed/venture capital funds, and public programmes dedicated to startups were rated much higher.

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