

SME'S SEGMENT IN POLAND AGAINST UE'S ENTERPRICES

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Abstract:

The SME's segment plays a key role in the economic growth of capitalistic countries. This role results mainly from absorbing sources of huge labour force. It prevents raising of unemployment (there are two on three people employed in SME's in Poland). Additionally, they produce almost a half Polish GDP (Gross Domestic Product). It is worth to pay attention how those enterprises work. Especially, in globalization time it is important to compare national companies to the regional ones. While discussing the situation of Polish enterprises in the SME's segment on the background of its EU equivalent, it is worth to underline, how it functions in micro, small and medium firms. A little larger contribution of Small Enterprises in Poland can be explained by Pole's entrepreneurial, comparing to European's average. On the other hand it doesn't result in added value in Polish economy. It proclaims, that Polish SME's segment is less productive than European's average. Estimating productivity as the enterprises flows on the one employed, it occurs that Poland is on the endmost in Europe. This indicator, on the 100 000 euro per employed stage, causes that productivity of Polish' enterprises is seven times lesser than Switzerland's – the leader of this category. However, relatively big number of newly established enterprises in Poland and their annual increase can be found as a plus side. Only in 2012 yr. it was approximately 4000 founded enterprises in Poland. It can be considered as a success in comparison to countries like: Spain, Italy or Portugal. To sum up, while discussing about Polish' SME's situation, it has to be said, that it doesn't differ too significantly from its European equivalent. The only one, but the main Polish problem is its low productivity. On the contrary, its huge advantage is a superior resourcefulness.

Keywords: SME's segment in Poland, finances, economics

1. SME'S SEGMENT IN POLAND AGAINST UE'S ENTERPRICES

The SME's segment answers for many important social and economic functions in every capitalist economy. It is frequent to find a statement in literature, that SME's segment forms an economic growth of the world's greatest economics. Above claiming is unreservedly legitimate due to the fact that those enterprises comprise 99,8% of all registered enterprises in Poland. They generate about half an GDP - 47,6% (including micro-firms – about 30%). Over and above, they employ over 60% of people working in business' sector, which significantly contributes to prevent an unemployment.

Additionally, while talking about SME's segment it is worth to underline, that enterprises belonging to this group are not the smaller version of the big ones. They differ relevantly from the big enterprises by the character of operating and their qualities. We can qualify the flexibility of accommodation in variable surrounding as the most important quality of micro, small and medium enterprises. This feature results from possibility of changing its work without bearing significant costs. Owing to above, SME can fulfill consumer's expectations. It could be impossible for big enterprises because of the costliness of business' reordering and too narrow market. Adscititiously, some features can be found in literature allowing to create some advantage over big enterprises¹:

- Openness to innovativeness,
- Quick flow of information because of little amount of management ladder
- Effortlessness in coming into cooperative systems by quick organization of workplaces
- Extracting market's chances
- An activity mainly based on supplying needs of local market
- Higher competitiveness by the cost's reduction and strict control

The foregoing characteristic features to SME's segment in Poland make very important to analyse the financial situation of those enterprises.

2. DEFINITION AND STRUCTURE OF SME'S SEGMENT IN POLAND AND EU

The boundaries determined by micro, small, medium and big enterprises are not always clear. We find a problem in classifying each firm to the proper type while choosing SME's segment. In Poland those guidelines are determined by: European Commission's Directives, Accountancy Law, and guidelines of Central Statistical Office.

In this article the division of companies was made on the bases of European Commission direction's.

Table 1: SME's segment according European Commission's Directives

	micro	Smal	Medium
Employment	<10	<50	<250
Incomings	< 2 m euro	< 10 m euro	< 50 m euro
Balance sheet	< 2 m euro	< 10 m euro	< 43 m euro

Source: Michalski G., Płynność finansowa w MŚP, Warszawa 2005, p. 23

By European Commission recommendation while determining an extent of an enterprises, three factors are considered: an employment, a turnover and the sum of enterprise's balance. It is important to underline, that while determining the size of the firm, the employment parameter is necessary, instead of turnover parameter and the sum balance, which should be treated as an interchangeable and it is enough to achieve only one of them to make an enterprise ranked to the proper group.

It is not suffice to analyse the SME's segment enterprises situation to establish their condition. To determine this issue, it is worth to rise to UE's enterprises.

The structure of SME's segment in Poland is very similar to the average of UE's structure. In both cases it is 99,8%. The different is only between micro, small and medium enterprises.

¹ Raport o stanie Małych i Średnich przedsiębiorstw w Polsce w latach 2010-2011, Agencja Rozwoju Przedsiębiorczości, Warszawa, 2012r, p. 18

The European average shows lower interest of micro enterprises, than in Poland. Above difference can be explained by the high level of entrepreneurship of Poles. By European statistics, 17% of Poles is going to found his own business activity during next 3 years, while the European average is only 14%.

Table 2: Share of enterprises in Poland and EU

	Micro	Small	Medium	SME	Big
EU	91,8%	6,9%	1,1%	99,8%	0,2%
Poland	96%	2,8%	1%	99,8%	0,2%

Source: Małe i średnie przedsiębiorstwa w Polsce na tle świata, Unii Europejskiej i państw regionu, PARP, Warszawa 2011, p. 8

3. SITUATION AND COMPARISON OF SME'S ENTERPRISES IN POLAND AND EU LAST YEARS

It results from the table number 3, that France was a leader in 2011 yr. in newly founded enterprises (328 thousand new enterprises), in respect to the rest of the biggest, European countries (Poland, Germany, Italy, Spain, Great Britain), the number of newly uprosen firms is connected and is between 234 – 265 thou.) However, the number of defuncted enterprises in Italy and Spain is mainly the number of newly founded ones in 2011. Considering this issue and comparing the number of population, it turns out, that Poland is similar to Germany and a little bit lower than Britain. From remaining countries The Czech Republic is worth to be considered. In 2011, the number of enterprises increased there about 20 thou., which is the five times bigger result, than in much greater, in terms of population, Poland and Germany.

Table 3: New and defunct enterprises in Europe in 2011

	Germany	France	Italy	Poland	Spain	GB	Potugal	Czech	Slovakia	Hungary	Romania	Lithuania
New	259	328	265	247	244	234	105	104	61	56	44	31
Defunct	247	193	304	243	289	203	204	84	60	68	35	68
Difference	12	135	-39	4	-45	31	-99	20	1	-12	9	-37

Source: Małe i średnie przedsiębiorstwa w Polsce na tle świata, Unii Europejskiej i państw regionu, PARP, Warszawa 2014, p. 21

Another important issue is an involvement of SME's segment in Gross Added Value. It results, from the PARP's report from 2014 yr, that this participation in Poland is the same as UE's average (47,8%). However, to inquire into, how SME's sector influences on GAV's creation, it would be appropriate to understand its (GAV's) creation structure in this segment.

Table 4: The structure of generating gross value added in the business sector by size of enterprises

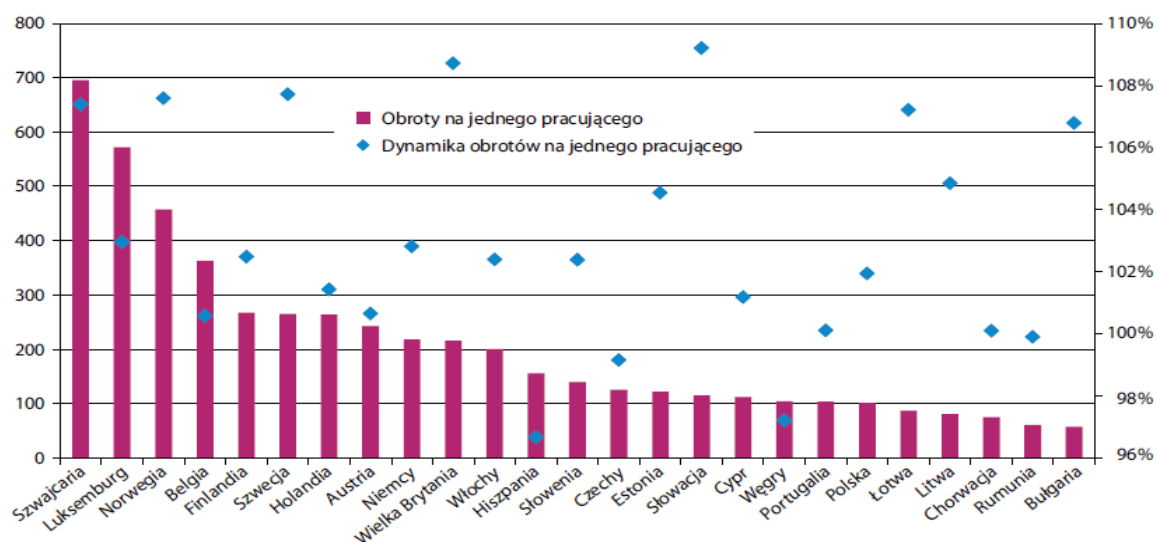
Employment	Poland	UE-27
0-9	16,5%	21,4%
10-49	14,5%	18%
50-249	20,9%	18,5%
>249	49,1%	42,1%

Source: Raport o stanie sektora MSP w Polsce w latach 2012-2013, PARP, Warszawa 2014, p. 16

As you can see from table 4, small enterprises are more significant factor in GAV's creation in Poland, than in different UE's countries. On the other hand, micro and small enterprises play much lesser role in this process. In the first case the difference, comparing to UE's micro firms amounts to 4,9 p.p. In case of the small ones -3,5 p.p. It leads to the conclusion, that if in both, Poland and UE, the SME

constitute by 99,8%, than small and medium enterprises are much less productive. To examine it more precisely, it is possible to use the cash turnover ratio and its dynamic.

Picture 1: The turnover per employee (in 2011 in thou euro) and growth in turnover per employee (2011-2012) in enterprises in Poland in selected European countries



Source: Raport o stanie sektora MSP w Polsce w latach 2012-2013, PARP, Warszawa 2014, p. 34

In the picture it is visible, that the turnover generated by the single worker in the Polish firm is much lower than in majority of European countries. Between 25 countries mentioned above, Poland is on the 21st place. Additionally, the efficiency of average Polish worker is seven times lower than in Switzerland. Relatively low dynamic of the turnover generated by an Polish employee also doesn't improve the situation of Polish enterprises. Comparing 2011 yr. to 2012 yr., this rate amounts only 101,9%.

To sum up deliberating above, while discussing the situation of Polish enterprises in the SME's segment on the background of its EU equivalent, it is worth to underline, how it functions in micro, small and medium firms. A little larger contribution of Small Enterprises in Poland can be explained by Pole's entrepreneurial, comparing to European's average. On the other hand it doesn't result in added value in Polish economy. It proclaims, that Polish SME's segment is less productive than European's average. Estimating productivity as the enterprises flows on the one employed, it occurs that Poland is on the endmost in Europe. This indicator, on the 100 000 euro per employed stage, causes that productivity of Polish' enterprises is seven times lesser than Switzerland's – the leader of this category. However, relatively big number of newly established enterprises in Poland and their annual increase can be found as a plus side. Only in 2012 yr. it was approximately 4000 founded enterprises in Poland. It can be considered as a success in comparison to countries like: Spain, Italy or Portugal.

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