

An analysis of external finance availability on SMEs' decision making

Steinerowska-Streb, Izabella; Steiner, Artur

Published in:
Thunderbird International Business Review

DOI:
[10.1002/tie.21627](https://doi.org/10.1002/tie.21627)

Publication date:
2014

Document Version
Early version, also known as pre-print

[Link to publication in ResearchOnline](#)

Citation for published version (Harvard):
Steinerowska-Streb, I & Steiner, A 2014, 'An analysis of external finance availability on SMEs' decision making: a case study of the emerging market of Poland.', *Thunderbird International Business Review*, vol. 56, no. 4, pp. 373-386. <https://doi.org/10.1002/tie.21627>

General rights

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

Take down policy

If you believe that this document breaches copyright please view our takedown policy at <https://edshare.gcu.ac.uk/id/eprint/5179> for details of how to contact us.

1 An Analysis
 2
 3
 4
 5
 6 of External Finance
 7
 8
 9
 10
 11 Availability on SMEs'
 12
 13
 14
 15 Decision Making:
 16
 17
 18
 19
 20
 21 A Case Study
 22
 23
 24
 25
 26 of the Emerging
 27
 28
 29
 30
 31 Market of Poland
 32
 33
 34
 35
 36
 37
 38
 39
 40
 41
 42
 43
 44
 45
 46
 47
 48
 49
 50
 51
 52
 53
 54
 55



56
 57
 58
 59
 60
 61
 62
 63
 64
 65
 66
 67
 68
 69
 70
 71
 72
 73
 74
 75
 76
 77
 78
 79
 80
 81
 82
 83
 84
 85
 86
 87
 88
 89
 90
 91
 92
 93
 94
 95
 96
 97
 98
 99
 100
 101
 102
 103
 104
 105
 106
 107
 108
 109
 110

By
Izabella Steinerowska-Streb
Artur Steiner

This article explores an understanding of the entrepreneurial behavior of small and medium enterprises (SMEs) in Poland, one of the emerging markets of the European Union, during the recent period of economic slowdown. It considers the role of accessibility to external financial resources in shaping decisions undertaken by such enterprises. The hypothesis is that, in a period of economic slowdown, SMEs that have difficulty in accessing external sources of financing adopt different strategies than those that have free access to those resources. The findings indicate that access to the external sources of financing is a statistically significant factor determining decisions of SMEs

54 Correspondence to: Dr. Izabella Steinerowska-Streb, Department of Transformation Policy and Economics, Faculty of Management, University of Economics in
 55 Katowice, ul. 1-go Maja 50, 40-287, Katowice, Poland, +48 32 257 70 00 (phone), streb@ue.katowice.pl.

Published online in Wiley Online Library (wileyonlinelibrary.com)
 © 2014 Wiley Periodicals, Inc. • DOI: 10.1002/tie.21627

	TIE	TIE_21627		Dispatch: 28/2/14	Journal: TIE	CE:
	Journal Name	Manuscript No.		Author Received:	No. of pages: 8	TS: Mohan

1 in relation to employment reduction, price reductions on goods/services, suspension of previously 56
 2 planned investments, and an increase in the level of salaries. Consequently, the study is important as 57
 3 it considers factors that impact the success and survival of SMEs in the emerging market; it is also 58
 4 unique, as it investigates these aspects in the recent period of the global economic downturn. © 2014 59
 5 Wiley Periodicals, Inc. 60
 6 61
 7 62
 8 63
 9 64
 10 65

11 Introduction

12 **S**ince the beginning of the transformation of the 66
 13 Polish economy, barriers to accessing financial 67
 14 capital have been indicated by Polish small and 68
 15 medium enterprises (SMEs) as the major obstacles to 69
 16 their development (Gęsicka, 1997). During the first years 70
 17 of transformation, government policies did not support 71
 18 SMEs and there were no institutions encouraging busi- 72
 19 ness development. Consequently, in this period, Polish 73
 20 SME access to financial capital was particularly limited. 74
 21 Moreover, after almost ten years of transformation, the 75
 22 financial barrier was still significant for Polish SMEs. In 76
 23 1998, only 4% of microenterprises that used external 77
 24 sources of financial support satisfied their needs for 78
 25 credits or loans. Among small enterprises, this rate was 79
 26 20%, and in the group of medium-sized enterprises 27% 80
 27 (Dzierżanowski, 1999). 81

30 More recently, after 2004, when Poland joined the 82
 31 European Union (EU), access to external sources of 83
 32 finance for Polish SMEs improved in a similar way to 84
 33 other new EU countries. For instance, in 2005, almost 85
 34 one third of Polish SME entrepreneurs reported that 86
 35 as a result of the accession of Poland to the European 87
 36 Union, availability of external sources of financing for 88
 37 SMEs increased (Tokaj-Krzewska & Pyciński, 2006). Fur- 89
 38 ther improvements in SMEs' ability to access financial 90
 39 capital were noted in 2007 when 81.4% of Polish SMEs 91
 40 had a chance to gain or extend their long-term loan. 92
 41 The remaining 18.6% of SMEs did not have, in their 93
 42 view, the possibility to get long-term loans. The main 94
 43 difficulties in accessing long-term finance were caused 95
 44 by the lack of guarantees, complexities of banking pro- 96
 45 cedures, and the unwillingness of banks to grant loans 97
 46 to SMEs (Starczewska-Krzyszczoszek, 2007). Similar find- 98
 47 ings emerged from a survey undertaken in 2005 among 99
 48 the new EU member states including Poland, Estonia, 100
 49 Cyprus, Latvia, Lithuania, Malta, Slovenia, Slovakia, 101
 50 Czech Republic, and Hungary. The study indicated that 102
 51 the majority (70%) of SMEs from these countries met 103
 52 their financial management needs. However, the survey 104
 53 also revealed large differences across the countries. For 105
 54 106
 55 107
 108
 109
 110

instance, the financial situation of SMEs was least favor- 66
 able in Slovakia, where less than half of the managers 67
 reported that the level of finances was sufficient. SMEs 68
 in Hungary, however, were the most satisfied with their 69
 level of finances: almost nine out of ten managers in 70
 this country claimed that their financial situation was 71
 adequate (European Commission, 2006). 72

In Poland, easier access to capital influenced ways 73
 of financing SME investments. For instance, a range of 74
 financial services offered in the Polish market expanded, 75
 new institutions facilitating access of SMEs to exter- 76
 nal financial capital were established, the government 77
 started supporting SMEs, and, finally, Polish enterprises 78
 became entitled to receive aid for SMEs from the Euro- 79
 pean Union (Starczewska-Krzyszczoszek, 2008). As a con- 80
 sequence, banks changed their approach to granting 81
 loans to SMEs, and currently banks in Poland no longer 82
 disregard this group of businesses as potential clients. 83
 Despite this, according to Polish Agency of Entrepre- 84
 neurial Development, in 2007 the majority (77%) of new 85
 investments of Polish SMEs were financed from their 86
 own resources. Smaller enterprises rarely used external 87
 sources of financing (such as loans or public resources), 88
 gaining resources most frequently from friends and 89
 family. Larger enterprises more often financed their 90
 activities through loans, gaining public grants/support 91
 or using high-risk funds such as venture capital/business 92
 angels (Żoźniewski & Zadura-Lichota, 2008). 93
 94
 95
 96
 97
 98
 99
 100
 101
 102
 103
 104
 105
 106
 107
 108
 109
 110

*In Poland, easier access
 to capital influenced
 ways of financing SME
 investments.*

1 After the financial crisis that began in the United
2 States in 2007, Polish SMEs' access to finance got worse.
3 In December 2008, over 70% of SMEs indicated a lack
4 of financial aid resources or difficulties in accessing
5 bank loans as being a barrier to developing their busi-
6 ness activities (Favore, 2008). Access to finance became
7 particularly problematic for female entrepreneurs and
8 those who had previously been unemployed (Brussa &
9 Tarnawa, 2011).

10 However, it should be noticed that since the begin-
11 ning of financial crisis, access to finance got worse not
12 only in Poland but also in other countries, both in emerg-
13 ing and developed markets. For instance, in 2009 the
14 worldwide volume of deposits and loans shrank, with a
15 median decrease of 12% in the ratio of deposit value to
16 gross domestic product (GDP) and a median decrease
17 of 15% in the ratio of value of loans to GDP (World
18 Bank, 2010). As a consequence, SMEs from both emerg-
19 ing and developed markets started to perceive limited
20 access to capital as a bigger obstacle to the development
21 than previously. Economic downturn negatively affected
22 businesses' competitiveness all over the world. As such,
23 although international growth has become a matter of
24 high importance even for SMEs (Rowden, 2001; Zain
25 & Ng, 2006), the Global Enterprise Survey Report 2010
26 revealed that access to finance became a main barrier to
27 internationalization and export for 23% of Asia-Pacific
28 SMEs, 28% of Gulf SMEs, 16% of UK globally engaged
29 SMEs, 30% of SMEs from other EU countries, and 19%
30 of SMEs from the United States (Institute of Chartered
31 Accountants in England and Wales [ICAEW], 2010; Ojala
32 & Tyrväinen, 2007).

33 It needs to be emphasized that although some of
34 the financial constraints met by SMEs can be reduced
35 by cooperation and/or being part of a business cluster
36 (Reid, DeMartino, & Zyglidopoulos, 2005), this limited
37 access to funding opportunities represents a significant
38 obstacle to the firm's growth (Beck & Demirgüç-Kunt,
39 2006; Beck, Demirgüç-Kunt, & Martinez-Peria, 2008;
40 Howorth, 2001; Ojala & Tyrväinen, 2007; Zain & Ng,
41 2006). Moreover, due to their higher dependence on
42 bank financing, the latter applies especially to SMEs
43 (European Central Bank, 2012). Consequently, in a
44 prolonged economic crisis, it is important to find out
45 what impact access to finance has on SME decisions and
46 activities. It is essential to better understand complexi-
47 ties of SMEs' decision making, as it can facilitate future
48 monetary policies that aim to address current economic
49 challenges.

50 The aim of this article is to develop our understand-
51 ing of and address knowledge gaps in relation to the

52 entrepreneurial behavior of Polish SMEs in a period of
53 an economic slowdown. The study compares SMEs that
54 had no access to external sources of financing and those
55 that did. The primary hypothesis is that in a period of
56 economic slowdown, activities undertaken by these two
57 groups of SMEs are significantly different. To verify the
58 hypothesis, primary data were used.

59 The article begins with a description of the role of
60 SMEs in emerging markets, followed by an explanation of
61 the importance of accessibility to finance and its impact
62 on decision making of the SMEs in the emerging market
63 of Poland. Research methods are then presented and
64 explained with the accompanying results. Finally, verifica-
65 tion of hypotheses and conclusions are described; these
66 present important issues characterizing entrepreneurial
67 behavior of SMEs that might influence their success and
68 even survival. Implications for policymakers, researchers,
69 and entrepreneurs are presented.

70 The Role of SMEs and Emerging 71 Markets

72 The importance of SMEs in emerging economies is two-
73 fold: an increasing number of SMEs and their positive
74 influence on developing national economies (Dobbs &
75 Hamilton, 2007; McIntyre, 2001; Organization for Eco-
76 nomic Cooperation and Development [OECD], 2006;
77 Stel, Carree, & Thurik, 2005). SMEs play an important
78 role in all contemporary market economies around the
79 world, and this is due to their contribution to national
80 GDPs and an ability to create employment (Andersson
81 & Tell, 2009; Audretsch, Carree, Stel, & Thurik, 2002;
82 Curran, 2000; Gebremariam, Gebremedhin, & Jack-
83 son, 2004; Halabi, Barrett, & Dyt, 2010; Hamilton &
84 Dana, 2003; Jamali, Zanhour, & Keshihian, 2009; Reid
85 & Harris, 2004; Smallbone & Wyer, 2000). SMEs have
86 a positive influence on economic growth. For instance,
87 they identify and satisfy market niches; produce essen-
88 tial goods and services; allocate resources in a sensible
89 way; and implement innovation, new techniques, and
90 technologies efficiently and, as such, are important for
91 regional development (Andersson & Tell, 2009; Berger
92 & Udell, 1998, 2006; Eyre & Smallman, 1998; Freel,
93 2000; Halabi et al., 2010; Jamali et al., 2009; Rosenbusch,
94 Brinckmann, & Bausch, 2011; Todorov, 2008).

95 SMEs use market shortages and economic oppor-
96 tunities, which are often more evident in emerging
97 markets, and their activities are firmly grounded on the
98 principles of rational management. Due to a close rela-
99 tionship with their clients, nonbureaucratized structures
100
101
102
103
104
105
106
107
108
109
110

SMEs use market shortages and economic opportunities, which are often more evident in emerging markets, and their activities are firmly grounded on the principles of rational management.

of management, unity of given commands, and simplified methods of decision making, these enterprises know the market and customers' needs well and, therefore, are able to quickly adapt (through being reactive and sometimes even proactive) to changing market conditions (Dobbs & Hamilton, 2007; Holmes & Gibson, 2001). For instance, SMEs easily adjust their production of goods and services in order to satisfy evolving market demands. Because of this, SMEs influence the development of competition and contribute to demonopolization of some sectors, while shaping the market and influencing occurring market processes (Steinerowska-Streb, 2011).

Activities of SMEs, similarly to other entities operating in a market, are determined by many factors both internal and external to the organization (Pansiri & Temtime, 2010). For instance, a national policy toward SMEs, the economic situation of the state, the level of a national GDP, investments, consumption, the level of unemployment, export and import, currency, and interest rates are among the factors that have an impact on SMEs (OECD, 2006). High economic growth, low interest rates, and high demand create greater opportunities for survival and development of enterprises. However, economic slowdown (defined as the phase of business cycle during which there is little or no growth or even decline of output; Sloman, 2006) does not favor, in general, development of enterprises. Economic downturn/slowdown, however, provides development opportunities for those entrepreneurs (and SMEs) who are able to find a gap on the market that will allow them to survive and grow.

Access to Financial Resources and Decision Making of the SMEs

Regardless of the stage of the economic cycle, all decisions made by SMEs depend on the available resources that the enterprises have. Access to external finance, in particular, constitutes a significant obstacle to SMEs' growth (Beck & Demirgüç-Kunt, 2006; Beck et al., 2008; World Bank, 2010). Interestingly, some 80 to 90% of all trade transactions are said to be financed externally; this would suggest that without "financial freedom" and the ability to access external sources of financing, businesses would be extremely limited in the activities they would be able to undertake (Chauffour & Farole, 2009).

Financial issues determine activities of SMEs throughout the different stages of their development. As such, if at the stage of commencing a business activity an enterprise does not have sufficient financial resources, it is more difficult for the enterprise to enter a selected market. Moreover, in these circumstances, gaining a competitive position and reaching a selected group of customers may take more time than for an enterprise with available financial capital. In the post-commencement stage of a company life cycle, during its growth and expansion, having access to sufficient financial resources determines further development of the enterprise. Thus, the limited financial capital of SME founders and limited access to external sources of financing are usually a major entrepreneurial challenge influencing the future of SMEs (Beck & Demirgüç-Kunt, 2006; Beck et al., 2008). Interestingly, it is more difficult for SMEs than for large enterprises to obtain external financial support. The main reason for this is that banks, as well as other financial institutions, require from newly established entities large guarantees that SMEs often cannot give. In addition, those SMEs that do pass credibility verification/credit check face high commission charges because they are perceived by the banks as high risk (Beck et al., 2008).

Access to adequate capital to grow and develop is problematic to many SMEs worldwide (European Commission, 2005, 2006; OECD, 2006). New businesses typically use founders' own resources and the additional financial support of informal investors. Based on research evidence from 29 countries, a major part of such additional resources comes from family members (40%), followed by friends and neighbors (29%), work colleagues (11%), other relatives (8%), strangers (8%), and from other informal sources (4%) (Bygrave, Hay, Ng, & Reynolds, 2003). Similar findings have also been presented in other studies (Harrison, Mason, & Girling, 2004; Maula, Autio, & Arenius, 2005; Szerb, Rappai, Makra, & Terjesen, 2007).

1 Although financial constraints determine activities of
 2 SMEs all over the world, there are some differences in how
 3 SMEs are financed across different economies (Beck et al.,
 4 2008). For instance, banks in developing countries are less
 5 exposed to SMEs than banks in developed countries.

6 In Poland, which is a developing country, SME
 7 access to external financial resources is limited. First,
 8 SMEs usually do not have sufficient knowledge regard-
 9 ing available financial options that could be harnessed.
 10 Second, complicated, formalized, and bureaucratic pro-
 11 cedures discourage entrepreneurs of newly created
 12 SMEs to make use of external sources of financing. Due
 13 to difficulties in meeting all necessary business loan
 14 requirements, the majority of SME entrepreneurs use
 15 their own financial resources to set up an enterprise.
 16 Other SME owners who do not employ highly qualified
 17 staff that may help them to find the most advantageous
 18 sources of finance frequently use bank loans with high
 19 interest rates and try to reduce the amount they wish to
 20 borrow to a necessary minimum (Frasukiewicz, 2003).

21 Restricted access to external sources of financing
 22 and financial barriers that are experienced by SMEs
 23 influence not only their growth and development but
 24 also other operational aspects of their day-to-day activi-
 25 ties. For instance, it could be that the enterprises are
 26 forced to keep permanent and strict financial discipline,
 27 analyze expenditures and costs regularly, and manage
 28 their resources efficiently and effectively. This means
 29 that actions undertaken by SMEs that have no access
 30 to external sources of financing and activities of SMEs
 31 that have free access to financial capital are different.
 32 The differences between these two groups of enterprises
 33 can be accentuated particularly in a period of economic
 34 slowdown. This issue is investigated in this study.
 35
 36
 37

38
 39 **Methodology**
 40

41 The purpose of the study reported here was to identify
 42 patterns that occur in a period of economic slowdown
 43 in activities performed by SMEs in the emerging market
 44 of Poland.
 45

46 **Study Context**
 47

48 The study focused on Polish SMEs as it is the biggest
 49 emerging market and one of the biggest markets of
 50 the European Union. Poland presents an interesting
 51 environment in which free elections in 1989 and 1990
 52 brought the Communist era to an end and a “shock
 53 therapy” program during the early 1990s. These events
 54 enabled Poland to transform its economy into one
 55 of the most robust in Central Europe (Central Intel-

ligence Agency [CIA], 2012). Since 2004, EU member- 56
 ship and access to EU structural funds have provided 57
 a major boost to the economy. With its transformation 58
 to a democratic, market-oriented country Poland has 59
 pursued a policy of economic liberalization and today is 60
 perceived as a success story among transition economies. 61
 For instance, despite economic slowdown in 2008–2009, 62
 Poland was the only country in the EU (including its new 63
 emerging markets) that avoided recession (Reichardt, 64
 2011; see Table 1). In 2009, the GDP of Poland grew by 65
 1.7%; compared to its European neighbors (the EU27) 66
 whose aggregate loss of GDP fell to 4.2% (Reichardt, 67
 2011). It is claimed, however, that Poland’s economic 68
 performance could improve over the longer term if the 69
 country addresses some of the remaining deficiencies in, 70
 for example, its business environment (CIA, 2012). 71
 72

73
 74 **Study Hypotheses**
 75

76 This study compared two groups of Polish SMEs: those that
 77 did not have access to external sources of financing; and
 78 those that did not experience such constraints (this was
 79 determined by asking each respondent to classify them-
 80 selves into one of the two groups). The primary hypothesis
 81 was that *in a period of decreased economic activity, actions under-*
 82 *taken by SMEs that have problems with accessing external sources*
 83 *of financing are significantly different from actions implemented*
 84

85
 86
 87
 88
 89
 90
 91
 92
 93
 94
 95
 96
 97
 98
 99
 100
 101
 102
 103
 104
 105
 106
 107
 108
 109
 110

This study compared two groups of Polish SMEs: those that did not have access to external sources of financing; and those that did not experience such constraints (this was determined by asking each respondent to classify themselves into one of the two groups).

TABLE 1 Five Supporting Hypotheses

Hypothesis No.	Hypothesis
1	In a period of decreased economic activity, SMEs that do not have access to external sources of financing, dismiss more employees compared to those SMEs that do not have problems with access to external sources of financing.
2	In a period of economic slowdown, SMEs that have free access to external sources of financing, prices of offered products are reduced less often than those of SMEs that do not have such access.
3	In a period of decreased economic activity, planned investments are limited more in SMEs that do not have access to external sources of financing than is observed in SMEs that have free access to external sources of financing.
4	In a period of economic slowdown, SMEs that have free access to external sources of financing increase salary levels more often than SMEs that do not have such access.
5	Cost analysis and cost modifications are executed more often in SMEs that do not have access to external sources of financing in a period of economic slowdown than those that do have it.

TABLE 2 GDP in EU27 and in Poland between 2005 and 2012

	2005	2006	2007	2008	2009	2010	2011	2012
EU27	2.1	3.3	3.2	0.3	-4.3	2.1	1.6	-0.3
Poland	3.6	6.2	6.8	5.1	1.6	3.9	4.5	1.9

Source: Eurostat (2013)

by SMEs that have free access to external sources of financing. In order to verify/reject the hypothesis and discover association between access to external sources of financing and its impact on SMEs' decision making, five supporting hypotheses were developed (Table 1). To verify these hypotheses, primary data collection was conducted.

Data Collection

The data used in this article were part of a larger study that surveyed and explored characteristics and behavior of Polish enterprises. The survey was conducted at the end of 2010; all data presented here relate to 2009—the year of the economic slowdown and the lowest level of GDP across Europe in recent years (see Table 2 and Appendix).

This research relates only to the group of SMEs operating in the Polish market. Enterprises employing up to 50 employees were classified as small enterprises (within this group a subgroup of microenterprises employing up to five people was identified) and those employing between 51 and 250 people as medium-sized. This classification of SMEs is based on the employment criteria suggested by the European Commission. The study, however, did not consider other criteria such as turnover, an annual balance sheet, and/or the type of relationship between an enterprise and another firm (European Commission, 2003).

A structured questionnaire was developed to gather information from a high number of respondents (Bryman & Bell, 2007). The questionnaire consisted of dichotomous

and fixed-alternative questions that ensured consistency and reliability of the selected research method (Saunders, Lewis, & Thornhill, 2009). The questions identified organizational changes, management methods, and other business practices relating to development obstacles, firms' investments, financing problems, cost management, aspects of firms' innovativeness, employment issues, and human resource management. The questions were based on previously developed and tested surveys conducted by the authors (see Steinerowska-Streb, 2005). In order to further increase the validity of responses, a number of additional questions verifying given answers were included (Bryman & Bell, 2007). The final version of the questionnaire was pretested in a pilot study. For the purpose of this paper, six questions were selected; these are presented in Table 3.

The data were collected using an online questionnaire survey. The questionnaire was available on a website, and access to it was granted to firms invited to the survey by e-mail. This method of conducting the study was selected for a number of reasons: (1) an online survey offered access to SMEs from all Polish regions, ensuring good geographical data coverage, and it enabled obtaining information from those who might not wish to be questioned face-to-face; (2) respondents (i.e., SME entrepreneurs) could complete the questionnaire at a convenient time, which was extremely useful considering the busy life and work commitments of the target group; (3) respondents could take as much time as they needed

TABLE 3 Selected Questions from the Research Questionnaire

No.	Questions
1	What kind of changes took place in the level of your firm's employment?
2	What kind of changes took place in the level of prices for the products offered by your firm?
3	Were there any changes in the level of planned investments made by your firm?
4	What kind of changes took place in the level of wages offered by your firm to your employees?
5	How often was the cost analysis conducted in your firm?
6	Did your firm have access to external sources of financing?

to fully understand and complete the survey, which promoted optimum quality of gathered data; (4) an e-mail survey often stimulates higher response levels than ordinary "snail mail" surveys; and, finally, (5) it is argued that participants of an online survey are willing to give more honest answers than to a person or on a paper questionnaire (Bryman & Bell, 2007; Saunders et al., 2009; Seale, 2004).

In order to identify Polish SMEs, researchers used a database of the Foreign Trade Promotion Group NETEX-STERLING, Edition 2010. The database consists of e-mail addresses of 290,000 Polish firms, and it is considered to provide a representative sample of Polish enterprises (i.e., according to research evidence, 96% of Polish enterprises that employ more than ten people have access to the Internet, and 65% of them have their own website [Eurostat, 2010]). Microenterprises' access to the Internet is also considered to be high and exceeds 90% (Juchniewicz & Grzybowska, 2010).

Only commercial SMEs that produced services and/or products were included in the analysis. A total of 202,000 SMEs were identified after all large firms and primary-sector industries (defined as agriculture, forestry, and fishing) were removed from the database. These were excluded for the purpose of this study due to specific characteristics and a limited ability to adapt to changes in the level of national economic activity. Questionnaires were e-mailed to the chief executive of all identified enterprises. In total, 1,238 firms responded, and 987 questionnaires were completed correctly and analyzed.

To identify activities undertaken by Polish SMEs in the period of economic slowdown, the respondents were asked to indicate changes introduced by them in 2009. In order to verify the hypotheses, the chi-squared (χ^2) test was adopted; this enabled identification of differences in the activities undertaken by SMEs with free access to the external sources of financing and those with no access to the external sources of financing. Differences were accepted as significant at $p < 0.05$ for all statistical analyses.

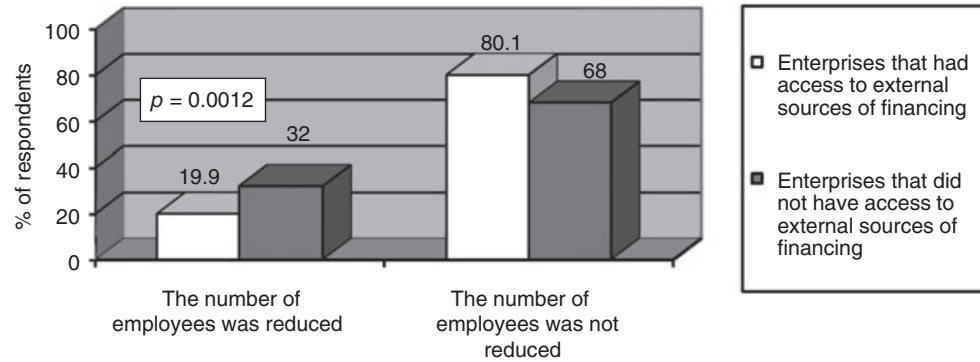
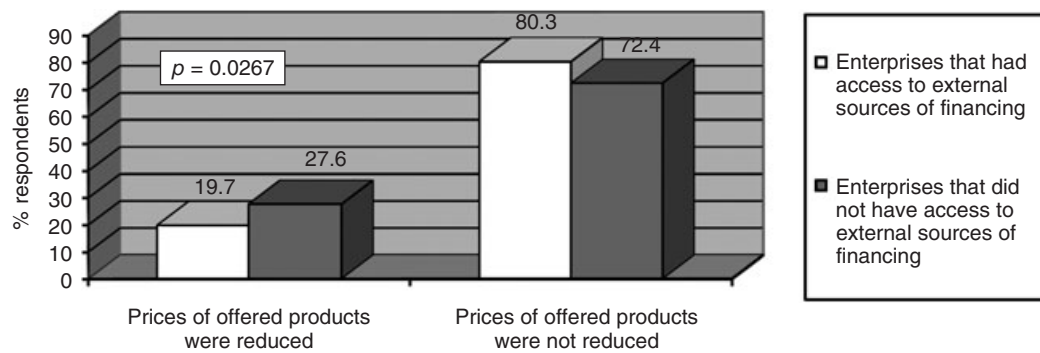
Findings

The data presented in this section come from different types of SMEs. As such, microenterprises comprised the majority of respondents (61.6%), 29.1% of respondents were small enterprises, and the remaining 9.3% were medium-sized enterprises; 37.8% of respondents specialized in service activity, 22.4% in commercial activity, and 23.5% in production activity. The remaining 16.3% of enterprises combined more than one activity. A total of 66.4% of studied enterprises had access to external sources of financing, and the other 33.6% did not have access to external financial resources. This characteristic corresponds with a wide diversity (and it helps to explore a broad spectrum) of SMEs on the Polish market.

Hypothesis 1: Employment Reduction

Respondents were asked about redundancies made in 2009. The findings show that in 80.1% of enterprises that had free access to external sources of financing, there was no reduction in the employment rate. However, among enterprises that did not have access to external sources of

The findings show that in 80.1% of enterprises that had free access to external sources of financing, there was no reduction in the employment rate.

1 **FIGURE 1** Reduction in Employment in 2009 in SMEs According to Their Access to External Sources of Financing (%)17 **FIGURE 2** Reduction of Prices in 2009 in SMEs According to Their Access to External Sources of Financing (%)

32 financing the employment rate was lower, with only 68%
33 dismissing employees, as shown in Figure 1.

34 Access to external sources of financing proved to be a
35 statistically significant factor determining entrepreneurs'
36 decisions in the area of employment reduction in the
37 period of economic slowdown ($\chi^2 = 10.5$; $p = 0.0012$).

38 The findings suggest that SMEs that do not feel
39 financial pressure are more likely to keep their human
40 resources, which frequently are essential to continue,
41 maintain, and/or grow business activities. However, SMEs
42 that have problems with accessing financial resources are
43 forced to reduce their costs, and they do that by reducing
44 a number of their employees. The latter (although it presents
45 a short-term solution) can have negative long-term
46 consequences, especially if SMEs have to terminate experienced
47 and skilled staff. Hence, lack of access to financial
48 resources can reduce the level of other resources.

51 Hypothesis 2: Price Reductions on Goods Offered 52 by an Enterprise

53 Respondents were also asked about changes in the area
54 of service/product price delivery. The study reveals that

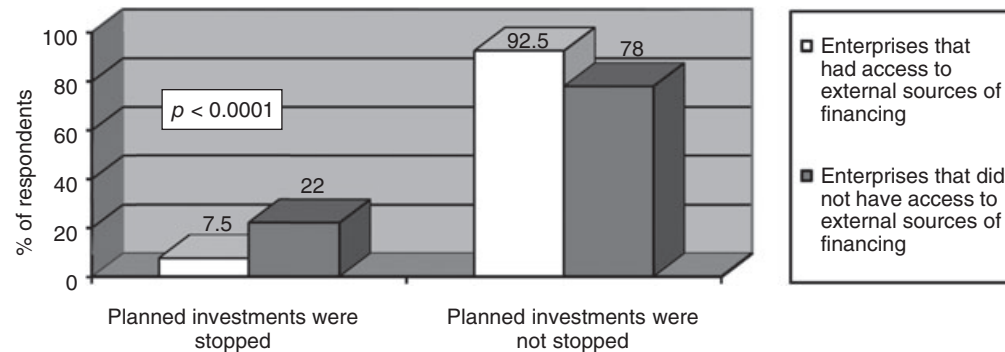
56 in 2009, prices were reduced in 19.7% of SMEs that
57 had free access to external sources of financing and in
58 27.6% of other enterprises (Figure 2). Access to external
59 sources of financing proved to be a statistically significant
60 factor determining decisions relating to price reductions
61 in the period of economic slowdown ($\chi^2 = 4.9$; $p =$
62 0.0267).

63 Our findings suggest that SMEs without access to
64 external sources of financing try to attract more customers
65 by offering cheaper products/services. If successful, this
66 approach can lead to expanding a customer base, increasing
67 financial turnover, and, finally, bringing higher profits.
68 Alternatively, if customers do not respond to introduced
69 changes, reducing prices can lead to declining profits and,
70 in extremes, to business failure.

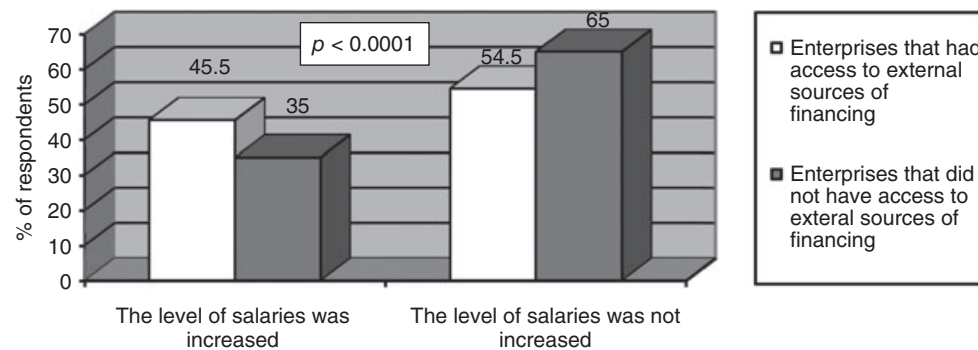
105 Hypothesis 3: Suspension of Previously Planned 106 Investments

107 To verify Hypothesis 3, respondents were asked if in 2009
108 they had suspended any previously planned investments.
109 The findings indicate that planned investments were

1 **FIGURE 3** SMEs that Suspended Investments in 2009, According to Their Access to External Sources of Financing (%)



17 **FIGURE 4** SMEs that Increased Salaries in 2009, According to Their Access to External Sources of Financing (%)



32 stopped in only 7.5% of enterprises that had access to
 33 external sources of financing and in 22% of companies
 34 that did not have access to them (Figure 3). Thus, access
 35 to external sources of financing proved to be a statistically
 36 significant factor influencing investments implemented
 37 in studied enterprises in the period of decreased business
 38 activity ($\chi^2 = 31.97$; $p < 0.0001$).

40 Presented data reveal that a level of investments is
 41 linked to ability to access financial resources. Lack of
 42 finance leads to potential investments being postponed
 43 or even canceled. Although it reduces current expendi-
 44 tures of a business, it stops SMEs from introducing (some-
 45 times essential) changes, innovations, and improvements.
 46 These, in turn, can have an impact on their competitiv-
 47 eness and, in the long term, their survival.

49 **Hypothesis 4: Increase in the Level of Salaries**

51 Results concerning the increase in the level of salaries
 52 showed that in 2009, 45.5% of SMEs that had free access
 53 to external sources of financing increased the level of
 54 salaries. At the same time, only 35% of SMEs without
 55 external sources of financing reported the increase in

87 salaries (Figure 4). This means that access to external
 88 sources of financing proved to be a statistically significant
 89 factor influencing the increase in salaries in the period of
 90 decreased business activity ($\chi^2 = 11.9$; $p < 0.01$).

92 Our findings suggest that through accessing addi-
 93 tional financial resources, SMEs are more likely to finan-
 94 cially reward to their employees. SMEs want to retain
 95 their best staff, possibly by offering pay raises, and show
 96 them appreciation and encouragement to contribute to
 97 business development. SMEs that are unable to do that
 98 might lose their employees or decrease their willingness to
 99 perform well. The latter can have a negative impact on the
 100 overall performance of the business. Hence, being able
 101 to increase salary levels could be seen as important in the
 102 long-term sustainability of businesses.

104 **Hypothesis 5: Execution of Cost Analysis and Cost
 105 Modifications**

107 To verify Hypothesis 5, respondents were asked to state
 108 whether cost analysis in their SME was carried out fre-
 109 quently, rarely, or not conducted at all. The findings
 110 show that in both groups of SMEs, the percentage of

1 **TABLE 4** Management Practices Carried Out by Polish SMEs in 2009 in Relation to Their Access to External Sources
 2 of Financing
 3

Hypothesis No.	Enterprises with Access to External Sources of Financing	Enterprises without Access to External Sources of Financing	p Level	Correctness of Hypothesis
4 1: Reduction in employment	19.9%	32.0%	$p = 0.0012$	Verified
5 2: Reduction of prices	19.7%	27.6%	$p = 0.0267$	Verified
6 3: Investments	7.5%	22.0%	$p < 0.0001$	Verified
7 4: Enterprises that increased the level of salaries	45.5%	35.0%	$p < 0.01$	Verified
8 5: Cost analysis carried out frequently	28.6%	25.5%	$p = 0.44$	Rejected

15 enterprises that carried out cost analysis regularly is similar (see Table 4), and there was no statistically significant difference between the studied groups ($\chi^2 = 0.6$; $p = 0.44$). This suggests that the cost analysis and cost modifications are equally important to SMEs with and those without access to external sources of financing. It needs to be highlighted, however, that based on their cost analysis and cost modification, the two groups of businesses make significantly different decisions; this was presented by testing Hypotheses 1 through 4.

16 Table 4 summarizes findings of the study and indicates which of the five supporting hypothesis have been accepted and which rejected.

31 Discussion

32 The results show that in the period of economic slowdown, activities performed by Polish SMEs that did not have access to external financial resources and those that had free access to capital were significantly different in the areas of employment reduction (Hypothesis 1), price reductions on goods offered by an enterprise (Hypothesis 2), suspension of previously planned investments (Hypothesis 3), and, finally, increase in the level of salaries (Hypothesis 4).

33 The strongest statistically significant relationship occurred between the Polish SMEs' access to external sources of financing and realization of previously planned investments. The data suggest that in a period of economic slowdown, SMEs that do not have access to external sources of financing are more likely to reduce planned investments than SMEs that have free access to external financial resources, thus verifying Hypothesis 3. Due to additional financial resources, SMEs that had free access to external sources of financing did not have to abandon planned investments as frequently as other SMEs with no access to financial capital. Interestingly, risk associated with

unfavorable market situations discouraged SMEs from using their own financial resources. This left the enterprises with limited financial resources for investment and therefore had a negative impact on potential development.

34 It could be argued that enterprises with access to the external financial resources, due to their assumed better financial condition, were also more likely to increase salaries of their employees than those without access to financial resources. This was statistically proven, and the study verified Hypothesis 4, indicating that in the period of economic slowdown more SMEs that had free access to external sources of financing were more likely to increase the level of salaries in comparison to SMEs that did not have such access.

35 The findings indicate another statistically significant relationship between the ability to access external sources

Due to additional financial resources, SMEs that had free access to external sources of financing did not have to abandon planned investments as frequently as other SMEs with no access to financial capital.

1 of financing and a reduction of prices of products/
 2 services provided by SMEs. In the period of economic
 3 slowdown, SMEs that had free access to external sources
 4 of financing were less likely to reduce their prices than
 5 SMEs that did not have it. This relationship verifies
 6 Hypothesis 2. A possible interpretation of this is that
 7 SMEs that are economically weaker/have no access to
 8 additional financial resources are forced to maintain
 9 their liquidity. To do that, they reduce prices in order
 10 to sell/deliver more than competitors despite surplus of
 11 supply over demand that occurs in the market character-
 12 ized by the economic slowdown.

14 Further, access to external sources of financing
 15 proved also to be a statistically significant factor determin-
 16 ing decisions of enterprises in the area of employment
 17 reduction in the period of economic slowdown. In SMEs
 18 that did not have access to external sources of financing,
 19 in the period of economic slowdown, more employees
 20 were likely to lose their jobs than in SMEs that did not
 21 have problems with access to external sources of financ-
 22 ing. This relationship accepts Hypothesis 1 as true. Maybe
 23 not surprisingly, in a period of economic slowdown, when
 24 turnover of companies decreases, those who manage
 25 companies, while looking for ways to maintain profits at
 26 the highest possible level, make attempts to reduce costs.
 27 Labor costs have been considered for a long time as the
 28 most important financial barrier to the development of
 29 SMEs in Poland and make up a large part of overall costs.
 30 Therefore, while reducing the number of employees,
 31 entrepreneurs significantly lower the overall running
 32 costs associated with their ventures. As such, enterprises
 33 that are in a more difficult economic condition dismiss
 34 employees more often than companies that are finan-
 35 cially secure.

38 The study did not reveal a statistically significant dif-
 39 ference between two analyzed groups of SMEs and their
 40 attitudes toward cost analysis: SMEs that had free access
 41 to external sources of financing and those without such
 42 access showed a similar pattern of regular cost analyses.
 43 Thus, Hypothesis 5 is rejected.

44 Despite the fact that Hypothesis 5 was not accepted,
 45 the overall null hypothesis suggesting that in the period
 46 of economic slowdown, activities undertaken by SMEs
 47 that have problems with access to external sources of
 48 financing are different from activities performed by
 49 enterprises that have free access to external financial
 50 resources is true. Therefore, it can be concluded that in
 51 emerging economies, such as Poland, access to external
 52 sources of financing can be considered a determinant
 53 of actions undertaken by SMEs in a period of decreased
 54 economic activity.
 55

Conclusions

56 Due to the current economic climate, businesses (and in
 57 particular SMEs) face a number of challenges, including
 58 decreases in demand, increases in late payments, and
 59 reduced access to affordable finance. Currently, lack of
 60 access to finance is often the main obstacle to growth.
 61 Insufficient supply of lending remains a critical issue
 62 mainly because it limits firms' abilities to invest and
 63 grow (i.e., two essential elements influencing economic
 64 recovery). Therefore, access to finance is often used as a
 65 motive and rationale for more government intervention
 66 (e.g., see Wymenga, Spanikova, Derbyshire, & Barker,
 67 2012), and it is a subject of increasing research inter-
 68 est. Despite this, an understanding of the relationship
 69 between SMEs' access to external sources of financing
 70 and activities undertaken by those SMEs in the emerging
 71 markets during the period of economic slowdown is lim-
 72 ited. This research helps to fill this knowledge gap. Also,
 73 this study is timely in that the economic slowdown affects
 74 entrepreneurship in many countries, including those
 75 with emerging and developed economies.

76 The study has shown that there is a clear relationship
 77 between the ability to access financial resources and stra-
 78 tegic decisions of SMEs. Consequently, this study raises
 79 interesting issues for policymakers, researchers, and
 80 entrepreneurs. First, in emerging markets, policymakers
 81 have to understand that their decisions relating to acces-
 82 sibility of SMEs to financial resources have a direct impact
 83 on activities undertaken by, and the development of, the
 84 enterprises. Those factors have to be better understood in
 85 order to further enhance and strengthen emerging econ-
 86 omies. Moreover, and as highlighted in the introduction,
 87 access to sufficient capital is essential in fostering entre-
 88 preneurship, competition, innovation, and growth—all
 89 needed in order to address challenges of the world eco-
 90 nomic crisis. The study showed, for example, that lack of
 91 accessibility to financial resources can lead to a reduction
 92 in the employment level and decreased SME investments
 93 in innovations and business improvements; these factors
 94 can have an impact on a prolonged economic crisis.

95 Second, for SME entrepreneurs, the study presents
 96 the assessment of the financing needs of SMEs in the
 97 emerging market of Poland, particularly during the time
 98 of economic slowdown. In addition, the study indicates
 99 potential consequences of accessibility (or otherwise)
 100 to financial resources on their decision making. These
 101 practical findings can influence future policies relating
 102 to finance accessibility and, thereafter, activities of SMEs.

103 Finally, for researchers interested in entrepreneur-
 104 ship and business, this study identifies important patterns
 105
 106
 107
 108
 109
 110

1 relating to activities undertaken by SMEs during the
 2 period of economic slowdown. The study showed that
 3 access to external financial resources (or lack of it) has
 4 a significant impact on decisions undertaken by SME
 5 entrepreneurs. Therefore, as an important theme, this
 6 topic should be a subject of further empirical testing.
 7 A comparative study in other emerging and developed
 8 markets during times of both economic slowdown and
 9 high economic growth would help to verify and build bet-
 10 ter understanding of the results described in this study.
 11 Further exploration of trends and patterns relating to the

behavior of SMEs and their ability to access finance would
 provide important information that could help in under-
 pinning the evidence base for future policy that aims to
 achieve economic growth and supports innovation.

Acknowledgments

The authors would like to thank all the respondents who
 participated in the presented study. We would also like
 to thank Sian Ringrose for being an invaluable proof-
 reader.



Dr. Izabella Steinerowska-Streb is a lecturer at the University of Economics in Katowice, Poland. She is the author of over 60 individually published papers, both in Polish and foreign scientific periodicals. Her research refers to the problems associated with small and medium enterprises and franchising chains.

Dr. Artur Steiner is a researcher with the Rural Society Research Team at SRUC, Scotland. His research interests focus on operational aspects of innovative forms of businesses/entrepreneurship that bring social outcomes and contribute to societal development. Artur has participated in a number of international projects that aimed at exploring social enterprises and their role in improving the quality of life of communities.

References

- 33 Andersson, S., & Tell, J. (2009). The relationship between the manager
 34 and growth in small firms. *Journal of Small Business and Enterprise*
 35 *Management*, 16, 586–598.
- 36 Audretsch, D. B., Carree, M. A., Stel, A. J., & Thurik, A. R. (2002).
 37 Impeded industrial restructuring: The growth penalty. *International*
 38 *Review for Social Sciences*, 55(1), 81–97.
- 39 Beck, T., & Demirgüç-Kunt, A. (2006). Small and medium-size enter-
 40 prises: Access to finance as a growth constraint. *Journal of Banking and*
 41 *Finance*, 30, 2931–2943.
- 42 Beck, T., Demirgüç-Kunt, A., & Martinez-Peria, M. S. (2008). Bank
 43 financing for SMEs around the world: Drivers, obstacles, business mod-
 44 els, and lending practices. Policy Research Working Paper No. 4785.
 45 Washington, DC: World Bank.
- 46 Berger, A., & Udell, G. (1998). The economics of small business finance:
 47 The roles of private equity and debt markets in the financial growth
 48 cycle. *Journal of Banking and Finance*, 22, 613–673.
- 49 Berger, A., & Udell, G. (2006). A more complete conceptual framework
 50 for SME finance. *Journal of Banking and Finance*, 30, 2945–2966.
- 51 Brussa, A., & Tarnawa, A. (2011). Raport o stanie sektora małych i
 52 średnich przedsiębiorstw w Polsce. Warsaw, Poland: PARP.
- 53 Bryman, A., & Bell, E. (2007). *Business research methods*. Oxford, UK:
 54 Oxford University Press.
- 55 Bygrave, W., Hay, B. M., Ng, E., & Reynolds, P. (2003). Executive forum:
 A study of informal investing in 29 nations composing the Global Entre-
 preneurship Monitor. *Venture Capital*, 5(2), 101–116.
- Central Intelligence Agency (CIA). (2012). The work of a nation.
 The world factbook: Europe-Poland. Retrieved April 15, 2012, from

- [https://www.cia.gov/library/publications/the-world-factbook/geos/
 pl.html](https://www.cia.gov/library/publications/the-world-factbook/geos/pl.html)
- Chauffour, J. P., & Farole, T. (2009). Trade finance in crisis: Market
 adjustments or market failure? In S. J. Bernard, M. Hoekman, and O.
 Cattaneo (Eds.), *Effective crisis response and openness: Implication for*
 the trading system (pp. 119–142). Washington, DC: World Bank.
- Curran, J. (2000). What is small business policy in the UK for? Evalua-
 tion and assessing small business policies. *International Small Business*
Journal, 18(3), 36–50.
- Dobbs, M., & Hamilton, R. T. (2007). Small business growth: Recent
 evidence and new directions. *International Journal of Business Behavior*
 & Research, 13(5), 296–322.
- Dzierżanowski, W. (1999). Raport o stanie sektora małych i średnich
 przedsiębiorstw w Polsce w latach 1997–1998 [Report on condition of
 the sector of small and medium-sized enterprises in Poland between
 the years 1997 and 1998]. Warsaw, Poland: Polska Fundacja Promocji
 i Rozwoju Małych i Średnich Przedsiębiorstw [Polish Foundation
 for Promotion and Development of Small and Medium-Sized Enter-
 prises].
- European Central Bank. (2012). Survey on the access to finance of
 SMEs in the euro area (SAFE). Retrieved January 3, 2013, from [http://
 www.ecb.int/stats/money/surveys](http://www.ecb.int/stats/money/surveys)
- European Commission. (2003). European Commission recommendation
 of 6 May 2003 concerning the definition of micro, small and medium-
 sized enterprises. Document No. C (2003) 1422, Text with EEA relevance,
 2003/361/EC, Official Journal of the European Union 124, 36.
- European Commission. (2005). SME access to finance. Executive sum-
 mary. Flash Eurobarometer 174. The Gallup Organization, 3–4.
- European Commission. (2006). SME access to finance in the new
 member states analytical report. Flash Eurobarometer 184. The Gallup
 Organization, 4.

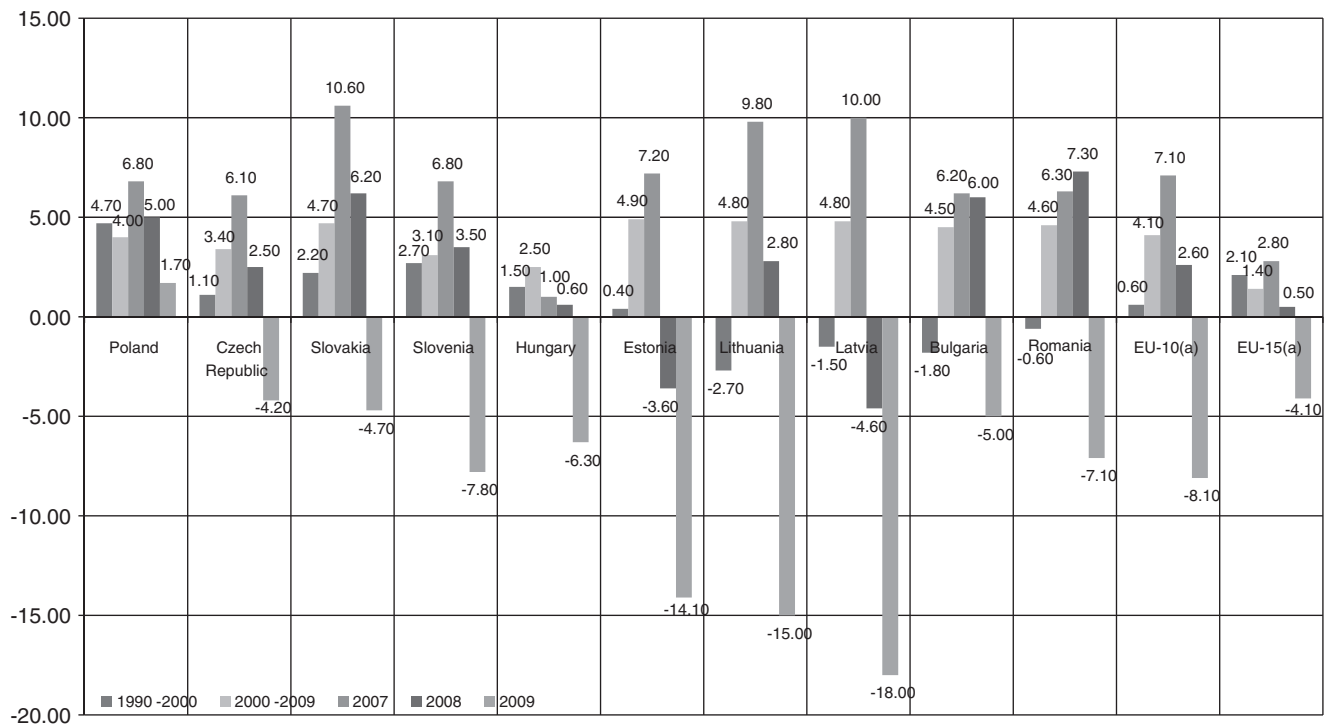
- 1 Eurostat. (2010). Dane statystyczne dotyczące społeczeństwa informacyjnego. Retrieved January 7, 2013, from <http://epp.eurostat.ec.europa.eu>
- 2 Eurostat. (2013). GDP and main components—volumes. Retrieved May 28, 2013, from http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nama_gdp_k
- 3 Eyre, P., & Smallman, C. (1998). Euromanagement competences in small- and medium-sized enterprises: A development path for the new millennium? *Management Decision*, 36, 34–42.
- 4 Favore. (2008). Bariery rozwoju sektora MSP [Barriers for SME sector development]. Retrieved September 15, 2008, from http://file.favore.pl/store/ctx/docs/reports/Bariery_rozwoju_sektora_MSP.pdf
- 5 Frasukiewicz, D. (2003). Psychologiczne uwarunkowania decyzji finansowych właścicieli małych i średnich przedsiębiorstw, a kultura wysokiej tolerancji niepewności [Psychological Conditioning of Financial Decisions of Owners of Small and Medium-Sized Enterprises and the Culture of High Tolerance of Indecision]. In E. Orachwa-Maliszewska & A. Kpoczuk (Eds.), *Finansowe aspekty funkcjonowania małych i średnich przedsiębiorstw* [Financial aspects of functioning of small and medium-sized enterprises]. Białystok, Poland: Publishing House of University of Finance and Management.
- 6 Freel, M. S. (2000). Barriers to product innovation in small manufacturing firms. *International Small Business Journal*, 18(2), 60–80.
- 7 Gebremariam, G. H., Gebremedhin, T. G., & Jackson, R. W. (2004). The role of small business in economic growth and poverty alleviation in West Virginia: An empirical analysis. Working Paper No. 10, Regional Research Institute, WVU.
- 8 Gęsicka, G. (1997). Stan sektora małych i średnich przedsiębiorstw w Polsce. Raport za lata 1995–1996, Polska Fundacja Promocji i Rozwoju Małych i Średnich Przedsiębiorstw USAID GEMINI PEDS PROJECT, Warszawa, Poland.
- 9 Halabi, A. K., Barrett, R., & Dyt, R. (2010). Understanding financial information used to assess small firm performance: An Australian qualitative study. *Qualitative Research in Accounting & Management*, 7(2), 163–179.
- 10 Hamilton, R. T., & Dana, L. P. (2003). An increasing role for small business in New Zealand. *Journal of Small Business Management*, 41, 402–408.
- 11 Harrison, R. T., Mason, C. M., & Girling, P. (2004). Financial bootstrapping and venture development in the software industry. *Entrepreneurship and Regional Development*, 16, 307–333.
- 12 Holmes, S., & Gibson, B. (2001). Definition of small business. Final report. Newcastle, Australia: University of Newcastle.
- 13 Howorth, C. A. (2001). Small firms' demand for finance: A research note. *International Small Business Journal*, 19(4), 78–86.
- 14 Institute of Chartered Accountants in England and Wales (ICAEW). (2010). Global enterprise survey report 2010. A unique annual insight into business competitiveness and globalisation in major economic regions. Retrieved January 1, 2012, from <http://www.insme.org/files/4346>
- 15 Jamali, D., Zanhour, M., & Keshihian, T. (2009). Peculiar strengths and relational attributes of SMEs in the context of CRS. *Journal of Business Ethics*, 87, 355–377.
- 16 Juchniewicz, A., & Grzybowska B. (2010). *Innowacyjność mikroprzedsiębiorstw w Polsce*, Warsaw, Poland: PARP.
- 17 Matkowski, Z. (2010). Perspektywy wzrostu gospodarczego Polski w latach 2010–2020 i docelowy poziom PKB per capita [Prospects of economic growth of Poland between the years 2010 and 2020 and target level of GDP per capita]. Retrieved September 15, 2011, from <http://akson.sgh.waw.pl/~zme2/konw15.pdf>
- 18 Maula, M., Autio, E., & Arenius, P. (2005). What drives micro-angel investments? *Small Business Economics*, 25, 459–475.
- 19 McIntyre, R. (2001). The role of small and medium enterprises in transition: Growth and entrepreneurship. Research for Action 49. UNU World Institute for Development Economics Research (UNU/WIDER), Hakaipaino Oy, Helsinki, Finland.
- 20 Ojala, A., & Tyrväinen, P. (2007). Entry barriers of small and medium-sized software firms in the Japanese market. *Thunderbird International Business Review*, 49, 689–705.
- 21 Organization for Economic Cooperation and Development (OECD). (2006). *The SME financing gap: Theory and evidence* (Vol. 1). Retrieved June 3, 2011, from <http://www.ec.europa.eu/>
- 22 Pansiri, J., & Temtime, Z. T. (2010). Linking firm and managers' characteristics to perceived critical success factors for innovative entrepreneurial support. *Journal of Small Business and Enterprise Development*, 17(1), 45–59.
- 23 Reichardt, A. (2011). Poland and the global economic crisis: Observations and reflections in the public sector. *Journal of Finance and Management in Public Services*, 10(1), 38–48.
- 24 Reid, D. M., DeMartino, R., & Zyglidopoulos, S. C. (2005). The internationalization journey of a high-tech cluster. *Thunderbird International Business Review*, 47, 529–554.
- 25 Reid, R., & Harris, R. I. D. (2004). Family-owned SME growth in Scotland: A comparison with the UK. Report to Scotcon.
- 26 Rosenbusch, N., Brinckmann, J., & Bausch, A. (2011). Is innovation always beneficial? A meta-analysis of the relationship between innovation and performance in SMEs. *Journal of Business Venturing*, 4, 441–457.
- 27 Rowden, R. (2001). Research note: How a small business enters the international market. *Thunderbird International Business Review*, 43, 257–268.
- 28 Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research methods for business students* (3rd ed.). London, UK: Financial Times/Prentice Hall.
- 29 Seale, C. (2004). *Researching society and culture*. London, UK: Sage.
- 30 Sloman, J. (2006). *Economics*. Bilbao, Spain: Prentice Hall.
- 31 Smallbone, D., & Wyer, P. (2000). Growth and development in the small firm. In S. Carter & D. James-Evans (eds.), *Enterprise and small business*. Harlow, UK: Prentice Hall.
- 32 Starczewska-Krzysztożek, M. (2007). Raport z badań: Monitoring kondycji sektora MSP 2007 - Część 1, Konkurencyjność małych i średnich przedsiębiorstw 2007. [Report on research: Monitoring of SME Sector Condition 2007. Part 1. Competitiveness of small and medium-sized enterprises 2007]. Warsaw, Poland: PKPP Lewiatan [Polish Confederation of Private Employers Lewiatan].
- 33 Starczewska-Krzysztożek, M. (2008). Raport z badań: Monitoring kondycji sektora MSP 2008, Konkurencyjność małych i średnich przedsiębiorstw 2008. [Report on Research: Monitoring of SME sector condition 2008. Competitiveness of small and medium-sized enterprises 2008]. Warsaw, Poland: PKPP Lewiatan [Polish Confederation of Private Employers Lewiatan].
- 34 Steinerowska-Streb, I. (2005). The influence of accession to the European Union on the investments in the sector of small and medium enterprises (SME) in Poland. The results of a study carried out among Silesian entrepreneurs. *Transformations in Business & Economics*, 4, 77–87.
- 35 Steinerowska-Streb, I. (2011). Small and medium enterprises as a moderator of the market mechanism in transitional economies. In T. Bernat (Ed.), *Selected Issues of decision-making by economic entities*. Szczecin, Poland: University of Szczecin.
- 36 Stel, A., Carree, M., & Thurik, R. (2005). The effect of entrepreneurial activity on national economic growth. *Small Business Economics*, 24(3), 311–321.
- 37 Szerb, L., Rappai, G., Makra, Z., & Terjesen, S. (2007). Informal investment in transition economies: Individual characteristics and clusters. *Small Business Economics*, 28, 257–271.
- 38 Todorov, O. (2008). The role of small and medium enterprises in world economies—some aspects. *Economic Thought*, 4, 69–79.
- 39 Tokaj-Krzewska, A., & Pyciński, S. (2006). Raport o stanie sektora małych i średnich przedsiębiorstw w Polsce w latach 2004–2005 [Report on condition of small and medium-sized enterprises in Poland between the years 2004 and 2005]. Warsaw, Poland: PARP [Polish Agency for Enterprise Development].
- 40 World Bank. (2010). *Financial access 2010: The state of financial inclusion through the crisis*. Washington, DC: Author.
- 41 Wymenga, P., Spanikova, V., Derbyshire, J., & Barker, A. (2011). Are EU SMEs recovering from the crisis? *Annual Report on EU SMEs 2010/2011*, Rotterdam, Cambridge.

14 FEATURE ARTICLE

1 Zain, M., & Ng, S. I. (2006). The impacts of network relationships on
 2 SMEs internationalization process. *Thunderbird International Business
 Review*, 48(2), 183–205.
 3 Żołnierski, A., & Zadura-Lichota, P. (2008). Raport o stanie sektora
 4 małych i średnich przedsiębiorstw w Polsce w latach 2006–2007 [Report
 5
 6
 7
 8

on condition of small and medium-sized enterprises in Poland between 56
 the years 2006 and 2007]. Warsaw, Poland: PARP [Polish Agency for 57
 Enterprise Development]. 58
 59
 60
 61
 62
 63

9 APPENDIX: Growth in GDP between the Years 1990 and 2009 in 10 Emerging Markets of the EU Members 64
 10 65
 11 66
 12 67
 13 68
 14 69
 15 70
 16 71
 17 72
 18 73
 19 74
 20 75
 21 76
 22 77
 23 78
 24 79
 25 80
 26 81
 27 82
 28 83
 29 84
 30 85
 31 86
 32 87
 33 88
 34 89
 35 90
 36 91
 37 92
 38 93
 39 94
 40 95
 41 96
 42 97
 43 98
 44 99
 45 100
 46 101
 47 102
 48 103
 49 104
 50 105
 51 106
 52 107
 53 108
 54 109
 55 110



(a) - Arithmetic mean.
 Source: Matkowski (2010)