

NEW OPPORTUNITIES IN THE POLISH MARKET: UKRAINIAN MIGRANT ENTREPRENEURSHIP

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Purpose: The paper aims to analyse the entrepreneurial activity of Ukrainian migrants in Poland, exploring their challenges, and adaptation strategies within the local business environment. It seeks to understand how migrant entrepreneurship contributes to economic integration and what barriers hinder their success.

Design/methodology/approach: The research is based on a qualitative study employing focused group interviews (FGI) with ten Ukrainian entrepreneurs operating in Poland. The interviews explored key issues such as legal, financial, product, and linguistic challenges in establishing and running businesses. The data were analyzed using thematic analysis, providing deep insights into migrant experiences and strategies.

Findings: The study identified several significant barriers, including language difficulties, high operational costs, complex legal frameworks, and cultural differences in consumer preferences. These challenges often limit the expansion of migrant enterprises, particularly in the early stages of business development. However, the respondents demonstrated resilience and adaptability through self-learning, community support, and niche market strategies.

Research limitations/implications: The research is limited by its qualitative nature and sample size, which restricts the generalizability of the findings. Future studies could expand the sample size or employ quantitative methods to assess the impact of these barriers on a larger population of migrant entrepreneurs.

Practical implications: The findings suggest a need for policy interventions, such as language training programs, simplified administrative procedures, and support for cross-cultural business education, to enhance migrant entrepreneurs' integration into the formal economy and foster their business growth.

Social implications: By highlighting the challenges faced by migrant entrepreneurs, the study contributes to a broader understanding of economic integration and the social dynamics of migration. Supporting migrant entrepreneurship could lead to more inclusive economic policies and improve the quality of life for migrants.

Originality/value: This paper adds to the limited body of research on migrant entrepreneurship in Poland, providing original insights into the specific challenges faced by Ukrainian migrants. It is valuable for policymakers, scholars, and practitioners interested in migration, entrepreneurship, and economic integration.

Keywords: Migrant entrepreneurship, Ukrainian migrants, economic integration, Poland, business challenges.

Category of the paper: Research paper.

1. Introduction

For decades, Poland had a negative migration balance. According to data published by Eurostat¹, between 2009 and 2017, an average of 250,000 Poles emigrated each year. Only in 2018 did the migration balance become positive, with around 214,000 people immigrating to Poland from abroad and 190,000 Poles emigrating. As shown in figure 1, the positive migration balance has been maintained in Poland since 2018.

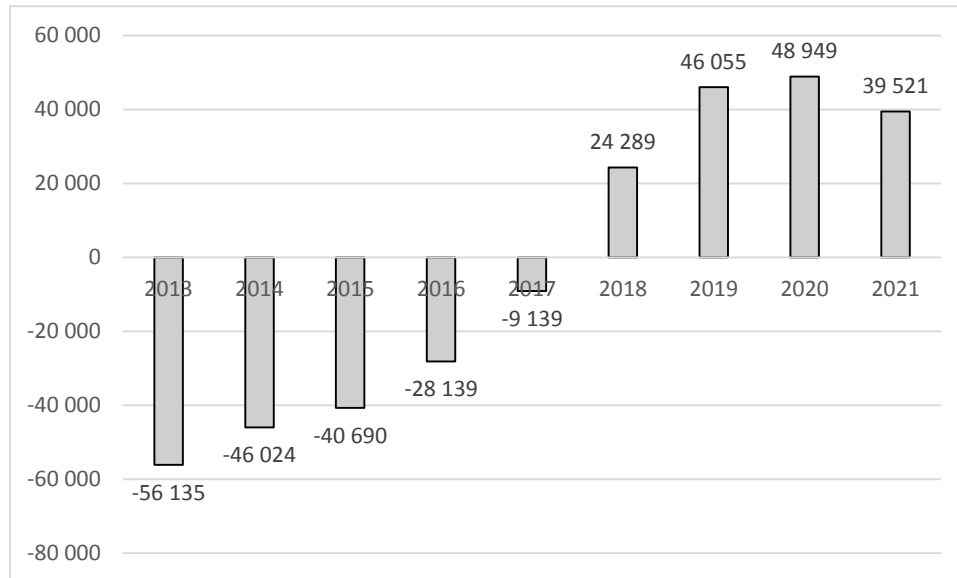


Figure 1. Migration Balance in Poland (number of people).

Source: own study based on Eurostat database: https://ec.europa.eu/eurostat/databrowser/view/migr_netmigr/default/table?lang=en&category=migr.migr_cit.migr_ind, 8.05.2024.

The positive migration balance is a relatively new phenomenon linked to the sustained migration to Poland. According to Eurostat data presented in figure 2, between 2013 and 2021, more than 218,000 migrants arrived in Poland annually. In 2021, more than 240,000 migrants came to Poland, accounting for around 64% of all immigration to European Union countries, placing Poland fifth in terms of numbers, behind Germany, Spain, France, and Italy.

¹ Eurostat database: https://ec.europa.eu/eurostat/databrowser/view/MIGR_EMI2__custom_10109402/default/table?lang=en, 8.05.2024.

Eurostat database: https://ec.europa.eu/eurostat/databrowser/view/MIGR_IMM8__custom_10109408/default/table?lang=en, 8.05.2024.

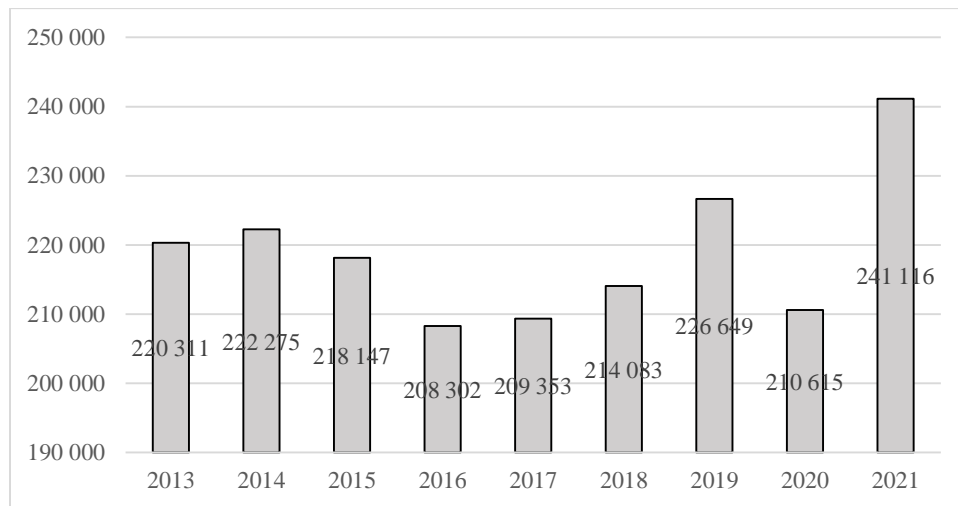


Figure 2. Number of Migrants Coming to Poland (number of people).

Source: own study based on Eurostat database: https://ec.europa.eu/eurostat/databrowser/view/MIGR_IMM8__custom_10109408/default/table?lang=en, 8.05.2024.

Ukraine is a country that has experienced significant emigration and population outflow to other countries for many years (Vasylytsiv et al., 2022), and Poland has become one of the main host countries for Ukrainian migrants (White, 2022). A particularly large influx of migrants occurred from 2022 onwards due to the arrival of refugees from Ukraine. Between February and December 2022, more than 950,000 Ukrainian refugees received international protection in Poland².

The relatively new situation of Poland's growing popularity as a migration destination presents challenges for the country in terms of accepting and integrating incoming migrants. One important element of migrant integration is their economic integration, which can take the form of entrepreneurship, understood as the establishment and operation of one's own business.

2. Migrant Entrepreneurship

Entrepreneurship, understood as the establishment and operation of one's own business, is considered a form of economic integration for migrants, often more accessible than regular employment (Arshad, Berndt, 2023; Vandor, 2021). Running a business can be a way for migrants to avoid unemployment or work below their qualifications (Munkejord, 2017).

However, migrant entrepreneurship comes with a series of challenges. Migrants must familiarise themselves with the institutional environment, overcome cultural differences between their country of origin and the host country (Walsh, Cooney, 2022), and establish new business networks (Bizri, 2017).

² Eurostat database: https://ec.europa.eu/eurostat/databrowser/view/MIGR_ASYTPSM/default/table?lang=en, 6.03.2024.

An important aspect of migrant entrepreneurship is the formalisation of their activities. Globally, many migrant entrepreneurs operate within the informal economy (Hamid, 2020; Zehra, Usmani, 2021). The informal economy refers to legal activities conducted outside the legal and tax regulations of the host country (Yang, Pisani, 2018). Such activities are unregistered and unregulated, although they provide goods and services within the legal market.

Entry into the formal economy is sometimes a step in the journey of migrants, who may begin their businesses in the informal sector and, as they become more established in the host country, legalise their activities (Homel, 2022). It is also worth noting that operating in the informal economy can result from the lack of access to the formal economy, often due to legal restrictions on migrants' ability to conduct business (Ojo et al., 2013).

3. Migrant Entrepreneurship in Poland

According to data from Eurostat, the statistical office of the European Union, several thousand migrants run their own businesses in Poland (see figures 1 and 2). However, the share of entrepreneurs among employed migrants remained relatively stable between 2010 and 2015 at around 25-30%, depending on the year and the criterion of the migrant's country of origin or nationality. From 2016 onwards, a marked decline in the share of entrepreneurs among working migrants can be observed. In 2022, this percentage was 12% of foreign citizens and 13% of people born abroad who were working.

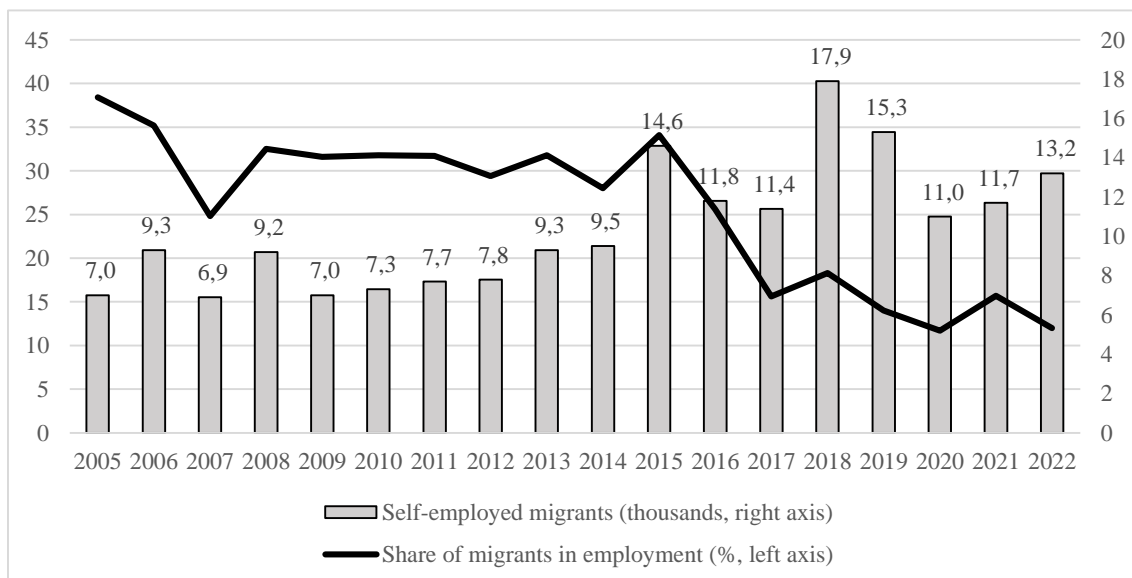


Figure 3. Self-employed migrants (by foreign nationality) in Poland.

Source: own study based on Eurostat database: [https://ec.europa.eu/eurostat/databrowser/view/lfsa_esign\\$defaultview/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/lfsa_esign$defaultview/default/table?lang=en), 28.03.2024.

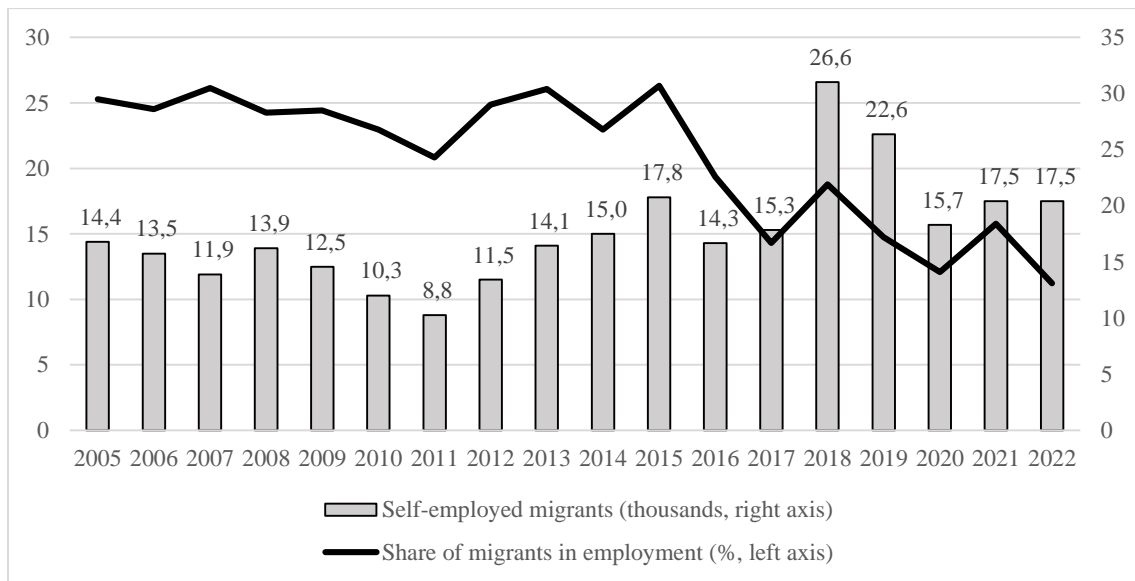


Figure 4. Self-employed migrants (by birth in another country) in Poland.

Source: own study based on Eurostat database: https://ec.europa.eu/eurostat/databrowser/view/lfsa_esgacob_custom_10137486/default/table, 28.03.2024.

The decrease in the share of entrepreneurs among working migrants invites reflection on its causes and the possibilities of greater activation of migrant entrepreneurship.

4. Methods

The study was conducted using the method of focused group interviews (FGI), an exploratory technique that allows for an in-depth understanding of respondents' opinions, motivations, and experiences. FGI involves conducting group discussions moderated by an experienced facilitator, who guides the conversation based on a prepared scenario aimed at obtaining detailed answers to the research questions.

The paper aims to analyse the entrepreneurial activity of Ukrainian migrants in Poland, exploring their challenges, and adaptation strategies within the local business environment. It seeks to understand how migrant entrepreneurship contributes to economic integration and what barriers hinder their success.

A detailed FGI scenario was developed for the study, consisting of four thematic segments. These included an introduction, establishing the meeting rules, a discussion block, and a conclusion.

Two FGIs were conducted, involving 10 respondents—Ukrainian nationals running businesses in Poland. Recruitment for the interviews was based on a recruitment questionnaire aimed at obtaining full information about potential participants, which helped in selecting an appropriate sample. The study involved only Ukrainian nationals who run businesses in Poland and derive financial benefits from them. Respondents were engaged in business

activities mainly related to the provision of services (barber services, a café, a cleaning company, assistance with formalities related to staying in Poland and taking up employment). Some respondents manufactured products (i.e. perfumes, wrist bracelets). The activities they undertake are mainly offered on the local market.

The interviews were conducted online using professional software for remote research. The meetings were recorded in audio-video format. The study was conducted in July 2024. The course of the research was as follows:

1. Introduction: Familiarising participants with the study's purpose and the moderator.
2. Discussion of the meeting rules: Explaining the form of communication and how the collected information would be used.
3. Discussion: Focusing on barriers, problems, and strategies for dealing with challenges in running a business in the Polish market.
4. Summary: Conclusions and closing the discussion.

Each session followed a strictly defined scenario, aimed at exploring various aspects of respondents' business activities and their experiences in the Polish market. The collected data were then analysed qualitatively, taking into account the context and specific conditions that affected the respondents' businesses.

It is important to note that the study was qualitative in nature, meaning the results cannot be generalised to the entire population of Ukrainian entrepreneurs in Poland. The aim was to understand experiences and challenges rather than quantitatively estimate the prevalence of certain phenomena in the studied group.

5. Results

The study results indicate several significant barriers, problems, and challenges that have a considerable impact on the development of businesses run by Ukrainian migrants in Poland. The respondents identified difficulties related to formal barriers, as well as those arising from cultural differences, financial constraints, and the specific nature of the products they offer.

Language Barrier

Most respondents cited the lack or insufficient knowledge of the Polish language as one of the greatest challenges, particularly in the early stages of running a business. This barrier affects their ability to establish business relationships, understand local regulations, and communicate with customers. In response to this issue, many respondents made efforts to learn the language, demonstrating their awareness and determination to overcome this obstacle.

Financial Barrier

The costs of running a business in Poland, including high taxes and administrative fees, were highlighted as a key challenge for Ukrainian entrepreneurs. Some, especially those starting their businesses, admitted that due to these costs, their businesses often remain unregistered, which in turn limits their access to formal markets and development opportunities. Additionally, the high level of operational costs (e.g., renting premises, marketing, purchasing equipment) negatively affected the profitability of their companies, forcing them to cut back on promotional or investment spending.

Product Barrier

Cultural differences and the lack of trust from Polish customers towards certain products and services offered by the respondents were another challenge. Respondents indicated that some of the products they offered, although of high quality and popular in Ukraine, were not well-received in Poland. For example, some respondents mentioned that products such as bottled perfumes faced a lack of interest or were perceived as lower quality in Poland. Another example involved bracelets made from high-quality materials, which were seen as niche products by Polish consumers. Differences in consumer preferences and lifestyle between Polish and Ukrainian customers forced entrepreneurs to adjust their strategies, educate customers more, or limit their offerings to more familiar and accepted products.

Legal and Administrative Barriers

Respondents emphasised that Polish legal regulations and administrative requirements are highly complex and difficult to understand, especially for foreigners. Problems related to business registration, obtaining permits, and reporting income significantly hampered smooth operations. In particular, administrative barriers related to obtaining residency and work permits influenced the decision to take on additional jobs outside their own businesses in many cases.

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The impact of language, financial, product, and legal barriers significantly limited the respondents' ability to expand their businesses in the Polish market. Respondents noted that these barriers negatively affected the growth dynamics of their companies, hindering the establishment of new business relationships and entry into more competitive markets. The greatest difficulties arose in the initial stages of running a business, often leading to a longer adaptation period and limited scale of operations. As a result, many respondents described their businesses as being in a "start-up" or "trial" phase in the new market.

Despite the challenges, the respondents showed great determination in overcoming difficulties by using various strategies. They took initiatives to self-educate (e.g., Polish language courses), sought help from local Ukrainian communities, or collaborated with other entrepreneurs to share costs (e.g., jointly ordering materials). Regarding the financial barrier, some entrepreneurs decided to reduce marketing efforts and scale back product development,

focusing on maintaining current operations. High flexibility and a willingness to make changes were the main ways respondents dealt with the problems they faced.

The study indicated that despite numerous challenges, Ukrainian entrepreneurs exhibit a high degree of flexibility and adaptability to Polish market conditions. The main barriers they face affect the development of their businesses, but the actions they take show a strong commitment to overcoming these difficulties. Despite the present obstacles, respondents view the Polish market as attractive and see the development of their businesses in Poland as an opportunity for stability and long-term professional success.

6. Discussion and conclusions

The results of this study highlight the complex challenges faced by Ukrainian migrants running businesses in Poland, shedding light on several significant barriers that hinder their effective integration and business development. The findings suggest that despite high levels of motivation and adaptability, these entrepreneurs often encounter multifaceted obstacles that require strategic management and continuous adjustments.

One of the most important barriers is the language barrier, which affects not only communication with customers and business partners but also understanding local regulations and legal frameworks. This finding aligns with existing literature, which indicates that language proficiency is key for migrants to navigate institutional environments and build trust-based relationships with local stakeholders (Walsh, Cooney, 2022). Respondents reported that their limited Polish language skills created significant difficulties, particularly in the initial phases of their business ventures, which could prolong the adaptation period and delay business stabilisation.

Financial barriers, such as the high cost of running a business, a complex tax system, and administrative fees, also play a key role in limiting the growth potential of migrant enterprises. High operational costs, combined with the need to navigate an unfamiliar fiscal environment, discourage many entrepreneurs from formalising their businesses, leading to a higher likelihood of remaining in the informal sector. These findings are consistent with the studies of Hamid (2020) and Yang & Pisani (2018), which suggest that the economic pressures faced by migrants often lead to engagement in the informal economy as a survival strategy. As Gawel and Marcinkowski (2024) emphasise, the process of transforming informal ventures into formal enterprises is often shaped by the institutional frameworks of the host country. Ukrainian migrants in Poland must navigate a complex legal environment, which significantly affects the formalisation of their businesses. Local authorities and communities play a crucial role in this process by supporting migrants in building a new identity as formal entrepreneurs.

The product-related barriers identified in the study further illustrate the difficulties migrants face in establishing market relevance for their products. For example, some high-quality products offered by respondents, such as handmade jewellery or niche cosmetics, were perceived as inferior by Polish consumers. This discrepancy between perceived quality and reality complicates marketing efforts and often forces entrepreneurs to shift their offerings to more niche markets. These findings support Vandor's (2021) observations that migrants often face challenges in communicating the value of their products, especially in target markets that exhibit scepticism towards unfamiliar brands.

Finally, the legal and administrative barriers were highlighted as particularly challenging. The complexity and lack of transparency of Polish regulations concerning business operations, especially regarding registration, taxation, and obtaining licences, were frequently cited as obstacles that hinder business development. Respondents noted that navigating these regulations without proper support or guidance posed significant challenges, which could lead to unintentional compliance issues. This is consistent with broader literature on migrant entrepreneurship, which identifies bureaucratic inefficiencies and regulatory burdens as key factors that hinder the formalisation and growth of migrant businesses (Ojo et al., 2013).

Implications for Policy and Practice

The identified barriers suggest several implications for policy and practice. Firstly, language training programmes and business mentoring, specifically tailored to the needs of migrants, could significantly ease the adaptation process and enhance their ability to engage effectively in local markets. Secondly, simplifying administrative procedures and offering tax breaks for newly established migrant businesses could reduce economic burdens and encourage formalisation. Additionally, promoting educational initiatives in cross-cultural business awareness could help migrants better understand local consumer preferences and adapt their products accordingly.

From a practical perspective, migrant entrepreneurs should consider leveraging their unique cultural and business insights to find niche markets that cater to the needs of both Polish and Ukrainian communities. Building strong networks within local entrepreneurship ecosystems could also provide access to resources and support that facilitate integration into the formal economy. As Gawel et al. (2024) point out, such networks play a crucial role in mitigating the challenges faced by Ukrainian migrants in Poland.

Limitations and Directions for Future Research

While the study provides valuable insights into the barriers faced by Ukrainian entrepreneurs in Poland, its qualitative nature limits the generalisability of the results to the wider migrant population. Future research could benefit from a larger and more diverse sample to explore whether the identified barriers persist across different migrant groups and economic sectors. Quantitative studies could also be conducted to assess the relative impact of each barrier

on business outcomes, providing a more comprehensive understanding of the factors influencing the success or failure of migrant entrepreneurship.

In conclusion, the study highlights the resilience and strategic adaptability of Ukrainian migrants who run businesses in a challenging environment. Despite numerous obstacles, these entrepreneurs demonstrate a willingness to learn, adapt, and innovate, viewing the Polish market not only as a place of business opportunities but also as a context for long-term personal and professional growth. Continued support through targeted policy interventions and entrepreneurial resources could unlock the full potential of this dynamic and entrepreneurial community, positively contributing to the host country's economy.

Acknowledgements

Supported by funds granted by the Minister of Science of the Republic of Poland under the „Regional Initiative for Excellence” Programme for the implementation of the project “The Poznań University of Economics and Business for Economy 5.0: Regional Initiative – Global Effects (RIGE)”.

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