

## WELL-BEING OF MICRO-ENTERPRISE ENTREPRENEURS FROM THE SILESIAN VOIVODESHIP DURING AN UNSTABLE ECONOMIC SITUATION

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**Purpose:** The aim of the paper is to analyze a selected issue from the problem of the adverse impact of external factors on the functioning of microenterprises, in order to develop forms of assistance. The article focuses on the subjective feelings of micro-entrepreneurs in relation to the difficulties of running a business during the pandemic and during the unstable economic situation.

**Design / methodology / approach:** The analysis included subjective feelings of 271 micro-entrepreneurs from the Silesian Voivodeship. Micro-entrepreneurs are people of different ages, with different experience in running a micro-enterprise. The research sample includes over 100 professions. The research method used was an interview and a survey, and the research tool was a form.

**Findings:** Micro-entrepreneurs, due to their age, experience, flexibility in changing industries, number of employees, family obligations, react differently to factors that are unfavourable for running a business. These factors mean that the condition of the micro-enterprises studied is not uniform. The conducted research is part of a larger analysis aimed at identifying the relationship between various external factors and the psycho-physical conditions of micro-entrepreneurs, in order to develop solutions that support the activities of micro-entrepreneurs.

**Research limitations/implications:** Identifying factors that may lead to discontinuation of business activity in an economically unstable situation may contribute to the development of forms of assistance for micro-entrepreneurs.

**Originality / value:** The negative impact of the 2019 global pandemic has greatly affected micro-enterprises. The military conflict in Ukraine in early 2022 has destabilised global economy. Rising inflation in Poland became even more pronounced after the outbreak of war. Many micro-enterprises faced a difficult situation. It is important to gain knowledge about the impact of constraints related to the economic situation on the operation of micro-enterprises in order to develop mechanisms to mitigate negative effects on entrepreneurship based on micro-enterprises.

**Keywords:** micro-enterprises, unstable economic situation, well-being.

**Category of the paper:** Research paper.

## 1. Introduction

In the years 2021-2024, 271 microenterprises operating in the Silesian Voivodeship were examined. The impact of external factors of the pandemic period on the functioning of these entities was analyzed (Michalski, 2022), and then examined the impact of the next two years with the global economy destabilized by the war in Ukraine (Michalski, 2023). Further research conducted among micro-entrepreneurs allowed for the collection of further data. The research also took into account internal aspects of micro-enterprises, such as experience, economic experience, methods of financing the activity, ability to use aid funds and individual feelings related to difficulties resulting from the economic situation. This paper focuses on the individual feelings of entrepreneurs related to the impact of the pandemic and the economic situation.

## 2. Functioning of micro-enterprises during an unstable economic situation

Micro-enterprises are entities conducting business activity and employing several (up to nine) people during the year, and their annual revenue does not exceed EUR 2 million during the tax year. The value of the euro in relation to the PLN is determined according to the NBP exchange rates. Micro-enterprises also include sole proprietorships. For them, the annual revenue threshold is set at 1.2 million EUR (Nawrocki, 2022; Smolarek, 2015). Micro-enterprises often base their functioning on cooperation with larger enterprises.

The period of the coronavirus pandemic in 2019-2022 and then the armed Russia attack against Ukraine affected many areas of human functioning, including running a business. The period of 2019-2022 was associated with strong restrictions, largely concerning the mobility of human and material resources, which adversely affected the condition of microenterprises. On the other hand, the war in Ukraine caused, among other things, an energy crisis, which manifested itself in high prices of energy media. This increased the operating costs of enterprises, including micro-entrepreneurs. In addition, the decline in real household income at that time resulted in an outflow of customers from enterprises (Senderowicz, 2023; Machniewski, 2023; Możdzanowska). The number of microenterprises in the Silesian Voivodeship at the end of 2022 decreased compared to the situation in the same period of 2021. At the end of 2022, 245 793 microenterprises were registered in the Silesian Voivodeship, employing a total of 507 266 people (GUS, 2023). A year earlier, the number of registered entities was 256,888, while the number of people employed in these companies was 501 693 (GUS, 2022).

Inflation, which affects the economy in both micro- and macroeconomic terms, means that at its high level, effective cost management by micro-entrepreneurs can become a very difficult task (Olszowy, 2024).

### **3. Characteristics of the selected research sample, research methods and tools used**

The analysis of the impact of specific external factors on the well-being of micro-entrepreneurs was based on two groups of data. The first one is data obtained in 2020-2022 from 132 micro-entrepreneurs. Part of this data was used for analyses described in two articles (Michalski, 2022, 2023), which discussed the condition of microenterprises during the pandemic period and then during the economic instability caused by the war in Ukraine.

The second set of data is information obtained from 139 micro-entrepreneurs in the period from 2023 to mid-2024. Among the 139 examined were 64 micro-enterprises, examined earlier, in the years 2020-2022. The repeated examination of these entities was aimed at conducting a random check of the state of these micro-enterprises, already operating in a much more stable economic situation.

In total, 271 micro-entrepreneurs were surveyed, representing over a hundred professions related to production or trade. Below is a list of professions and the number of micro-entrepreneurs practicing them: IT services (computer graphics, image and sound digitization, visual identification design, website design, ) – (10), advertising activities (advertising studio, design and production of advertising banners) – (2), photographic service and services – (3), spring winding – (1), gardening services and sale of plants, florist services – (8), sale of food and industrial products – (6), emptying of basements and attics – (3), production and sale of bakery and confectionery products – (5), carpentry services – (4), construction, renovation, masonry, painting and finishing services, paving, electrical, roofing, tiling – (37), car or motorcycle repair shop, bodywork and painting services – (28), cosmetic and hairdressing services, tattoo studio – (19), tailoring – (4), catering services – (11), repair of electronic equipment – (8), tire service – (8), architectural services and interior design – (4), antique and antiquarian book and music shop – (6), production and sale of ornamental and decorative products – (6), printing and large-format printing, printing and embroidery on clothing – (8), artistic painting and sculpture, engraving – (5), sale of car parts and batteries – (5), installation and cleaning of air conditioning – (2), production of water filters and filling of cartridges with compressed CO<sub>2</sub> – (2), installation of furnaces and underfloor heating – (3), water and sewage services – (4), sale of music records – (2), translation, accounting services, assistance in settlements – (4), upholstery, leatherwork, saddlery and shoemaking services – (5), carpet cleaning, apartment cleaning – (3), repair of cameras and repair of audio equipment – (2),

production of sheet metal garages and production of wooden elements, production of metal and wooden elements – (5), welding of ferrous and non-ferrous metals – (1), geodetic and cartographic services – (3), drilling deep wells – (1), demolition of buildings – (1), sale of locks, key duplication, programming of remote controls – (3), jewellery repair – (1), trade in metal goods – (1), framing workshop – (1), sale of articles for artists – (1), production of mosquito nets – (1), installation of roller blinds – (1), bookbinding workshop – (1), rental of carnival costumes – (1), artistic blacksmithing – (1), installation of fireplaces – (1), sale of herbal and medicinal articles – (1), furniture renovation – (1), car repair service – (1), sale of health and safety and fire protection equipment – (2), first aid training – (1), service of household appliances – (1), installation of gates and fences – (1), bicycle and snowboard service – (3), installation of cash registers – (1), scrapping of vehicles – (1), trade in second-hand clothing and textiles, sale of haberdashery – (3), photovoltaic installation – (2), production and sale of ecological preserves – (2), animation activities for children – (1), construction scaffolding rental – (2), height services – (1), watchmaking services and battery replacement – (1), production of packaging from various materials – (3), stonemason's workshop – (2), funeral services – (2), production and sale of office supplies (1) .

The research method used was an interview and a survey, and the research tool was a form.

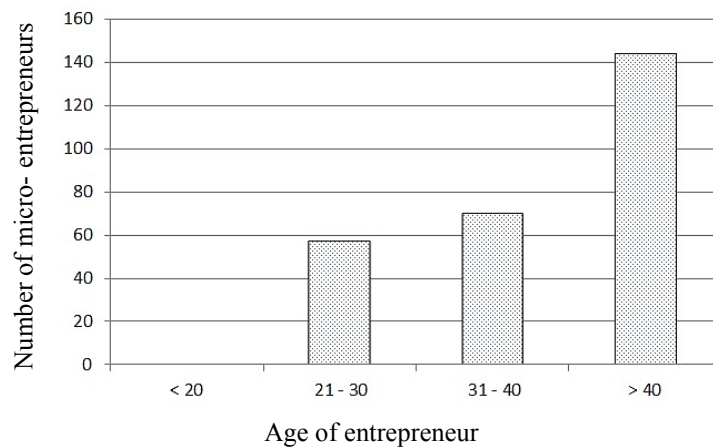
#### **4. Discussion**

Issues related to well-being included topics such as: a sense of uncertainty about one's own well-being and the well-being of one's closest relatives, concern for co-workers, the impact of isolation on well-being, family relationships, but also on the possibility of running a business.

The micro-entrepreneurs surveyed reacted in different ways to the unfavorable factors related to the pandemic and the unstable economic situation. These reactions were related to the personal psycho-physical predispositions of the business owners, age, experience, a sense of burdensome responsibility for family and colleagues, the possibility of obtaining alternative income, awareness of the possibilities of using external help, etc.

Figure 1 shows age structure of microenterprise owners.

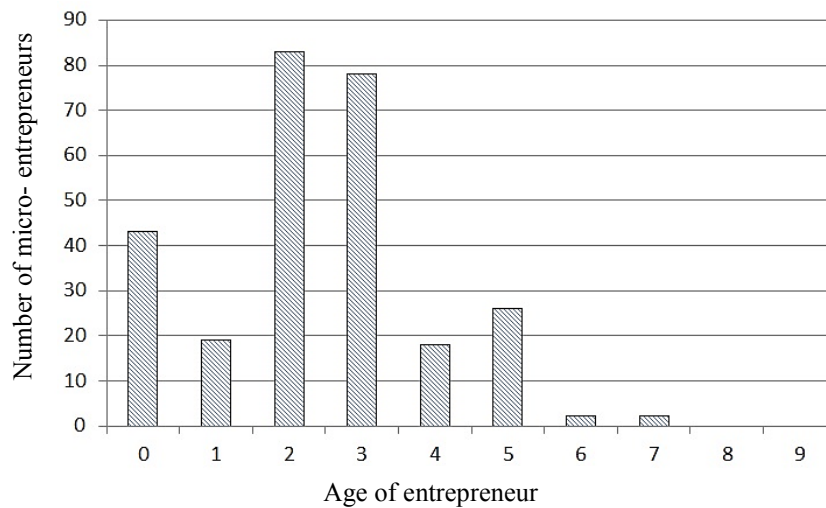
There were no entrepreneurs under 20 among the entities surveyed. In terms of numbers, people over 40 dominated (144 people). There were 70 entrepreneurs between 31 and 40 among the surveyed. The last group consists of people aged 21 to 30. There were 57 of these entrepreneurs among the surveyed.



**Figure 1.** Age structure of microenterprise owners.

Source: Own elaboration.

An important factor that determines the well-being of the owner of a microenterprise, in a difficult period for functioning, is the responsibility for the well-being of the employed employees. Microenterprises, apart from the owner, employ up to 9 employees. The respondents are the only employees of a one-person microenterprise, or they employ from 1 to 7 people. There were no entrepreneurs who employed 8 or 9 employees in the study group. The number of employees is presented in Figure 2.

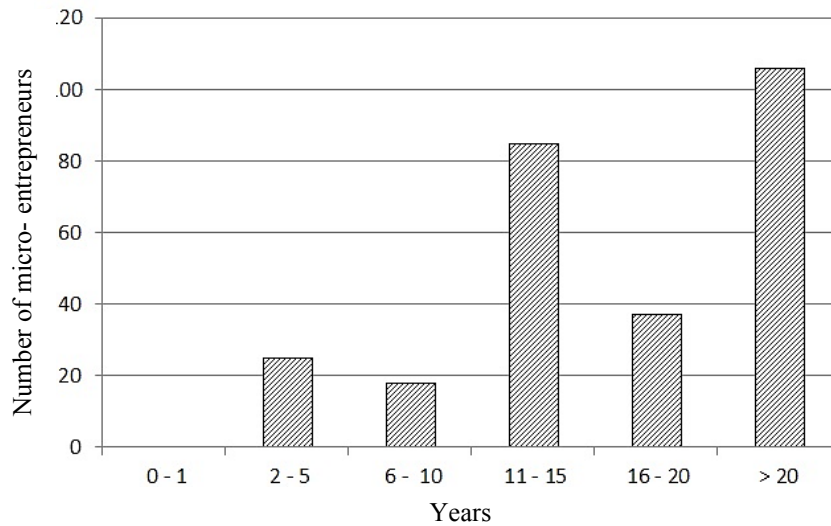


**Figure 2.** Number of employees employed by entrepreneurs.

Source: Own elaboration.

Among the 271 entrepreneurs surveyed, 41 are micro-entrepreneurs running one-person businesses. 19 owners employ one employee. The majority were owners employing 2 and 3 employees. And so, respectively – 2 employees are employed by 83 micro-entrepreneurs, while 3 – 78. 4 employees are employed by 18 of the surveyed, 5 – 26, while 2 owners employ 6 and 7 co-workers.

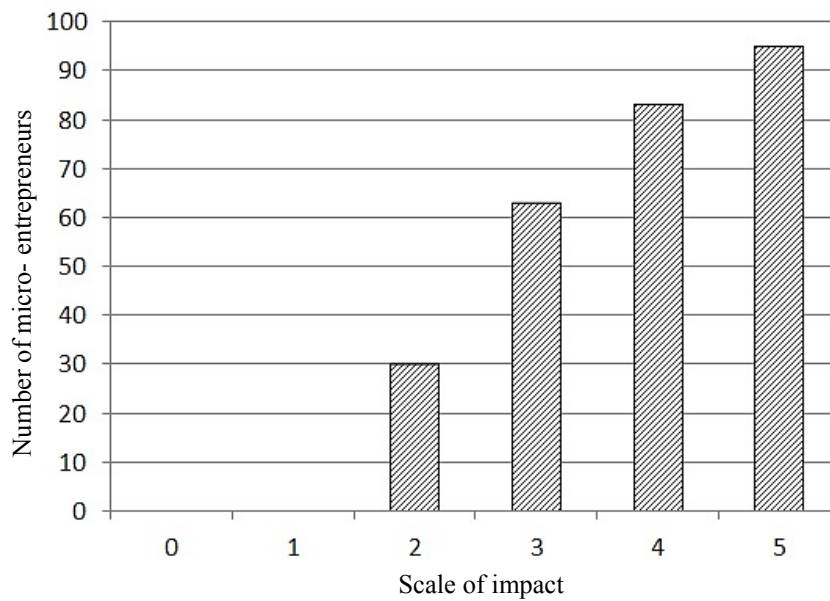
The experience of the surveyed entrepreneurs also varies. It shows Figure 3.



**Figure 3.** Length of operation in the market of the surveyed entities.

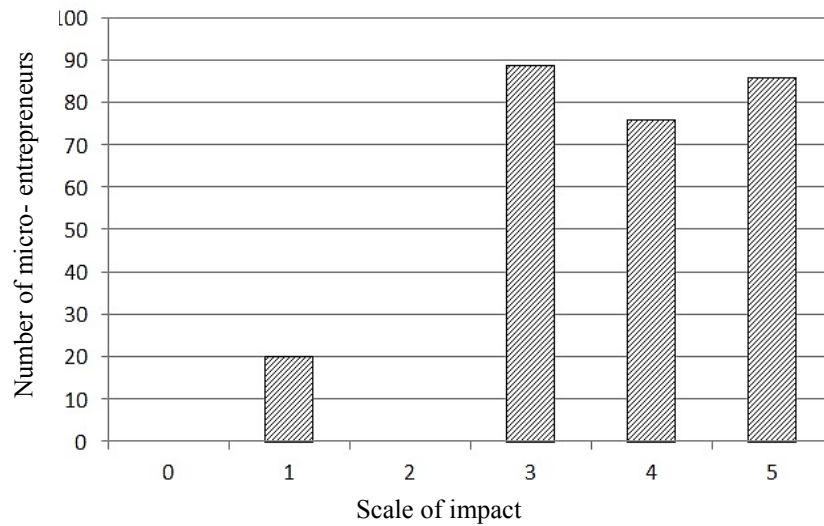
Source: Own elaboration.

Figure 4 to Figure 11 shows the subjective impression was regarding the impact of the pandemic on the microenterprise and on the quality of life of employees.



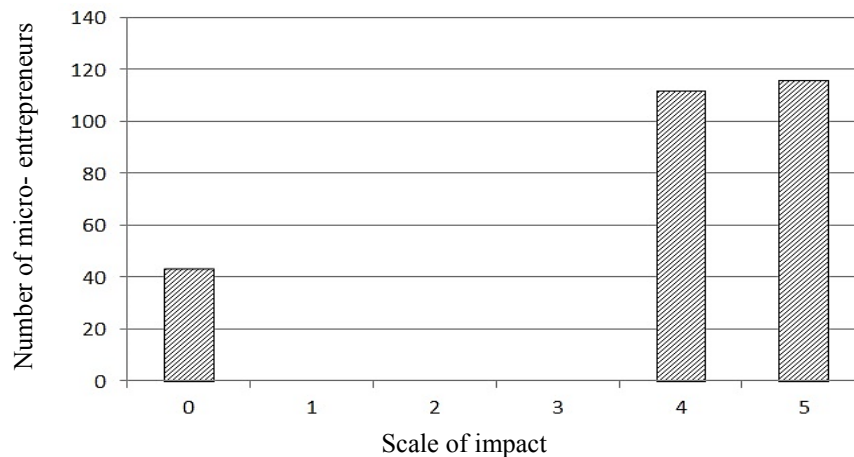
**Figure 4.** Feeling uncertain about one's own existence (0–5 scale of impact: 0 no impact, 5 major adverse impact).

Source: Own elaboration.



**Figure 5.** Feeling uncertain about the family's existence (0–5 scale of impact: 0 no impact, 5 major adverse impact).

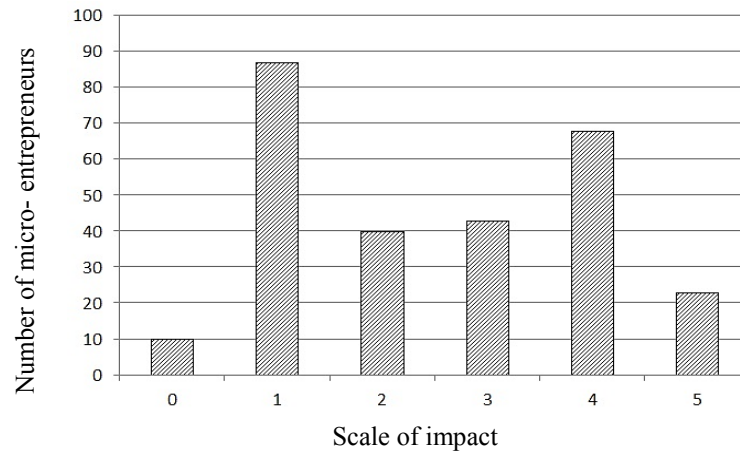
Source: Own elaboration.



**Figure 6.** Concern for the fate of employees (0-5 scale of impact: 0 no impact, 5 major adverse impact).

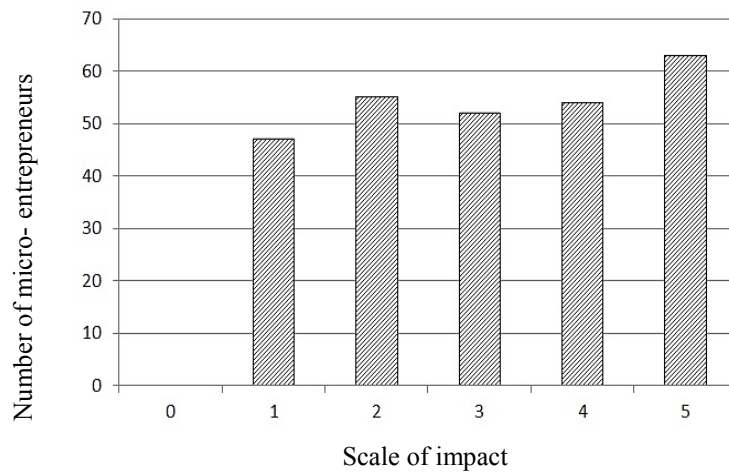
Source: Own elaboration.

The negative feelings resulting from uncertainty about one's own existence and that of one's loved ones were shown by answers on a scale from 2 to 5. The issue related to concern for the fate of employees is slightly different. 43 of the surveyed entrepreneurs run a sole proprietorship, and the problem of concern for other employees did not concern them.



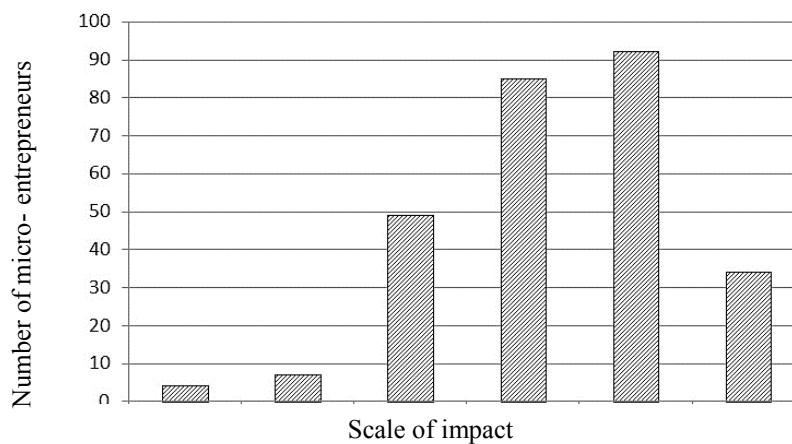
**Figure 7.** Feeling of lack of a government plan to counter the pandemic (0-5 scale of impact: 0 no impact, 5 major adverse impact).

Source: Own elaboration.



**Figure 8.** Inability of moving around the area (0-5 scale of impact: 0 no impact, 5 major adverse impact).

Source: Own elaboration.

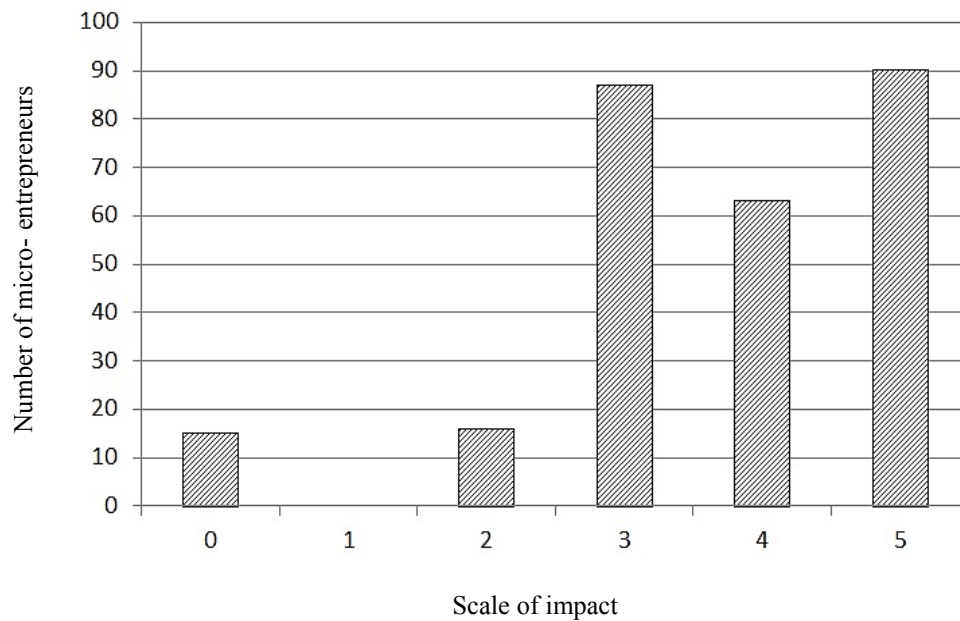


**Figure 9.** The impact of isolation on family relationships (0-5 scale of impact: 0 no impact, 5 major adverse impact).

Source: Own elaboration.

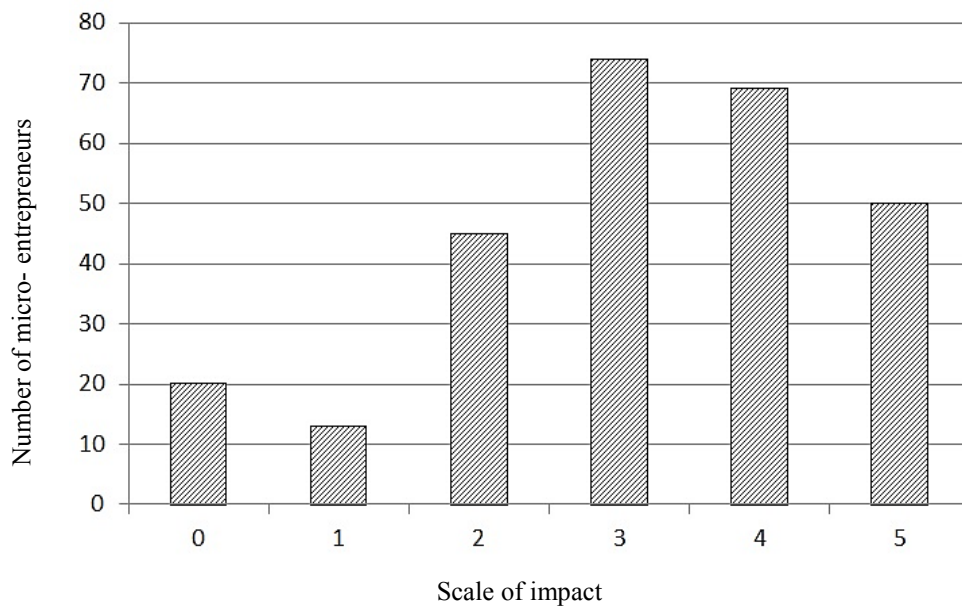


Figure 10 and Figure 11 shows the structure of answers to questions related to the fear of losing existing customers and even inability to continue running a micro-enterprise and the need to terminate the business.



**Figure 10.** Fear of losing customers (0-5 scale of impact: 0 no impact, 5 major adverse impact).

Source: Own elaboration.



**Figure 10.** Fear of having to close down a business (0–5 scale of impact: 0 no impact, 5 major adverse impact).

Source: Own elaboration.

The impact of an unstable economy in 2022-23 on the well-being of microentrepreneurs is presented in Table 1.

**Table 1.**

*The structure of responses to questions regarding the degree of impact of the unstable economy in 2022-23 on the well-being of microentrepreneurs*

Analyzed aspect	The surveyed entrepreneur's answers (responses are expressed on a 0-5 scale, where 0 - no impact, 5 - large, negative impact)					
	Scale of impact					
	0	1	2	3	4	5
Feeling uncertain about the future of the microenterprise	0	7	18	77	80	89
Fear of having to change profession	5	14	0	0	112	140
Employees' expectations for salary increase	41	0	0	78	80	72
Fear of having to use promotions	18	58	82	55	18	40
Feeling uncertain due to the need to find new distribution channels	4	7	0	0	140	120
Feeling uncertain about having to lower prices to be competitive	4	7	49	85	92	34
Feeling uncertain due to the need to implement innovative technologies in order to become more competitive	30	25	46	73	67	30
Feeling uncertain due to fewer customers	15	0	16	87	63	90

Source: Own elaboration.

246 entrepreneurs expressed medium, high or very high concern about the fate of their company. Among the entrepreneurs, over 140 owners are over 40 years old, and about 100 micro-enterprises have been operating for over 20 years. People in this age group, who have been in the same type of business for many years, are less likely to change the industry. This is due to habits and experience gained in a profession they have been in for a long time. This group of micro-entrepreneurs is also reluctant to use solutions that are new to them, such as searching for new methods of distribution. 41 entrepreneurs work in sole proprietorships. Therefore, the issue of increasing the salaries of their employees does not concern them.

## 5. Summary

Due to the relatively small research sample, the obtained study results cannot be generalised and treated as a picture of the condition of all micro-enterprises in the Silesian Voivodeship. Further studies, based on a larger research sample, would provide a more comprehensive picture. However, the data collected so far allows us to conclude that entrepreneurs respond in different ways to the difficult situation their micro-enterprises faced after the pandemic and during the following months of 2022. This depends on a number of factors, such as the number of years the company has existed in the market, the degree of specialisation in the area served, flexibility in re-branding (which also depends on the number of employees in the company and their individual predisposition to accept change), or the ability to acquire external financial and non-financial support. These factors make the condition of the micro-enterprises studied not homogeneous. Researching the relationships between various factors related to the company's activities will be the next stage of work on this topic.

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