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The Significance of the COVID-19 Pandemic for Business Management – the Perspective of Małopolska Entrepreneurs Participating in International Trade¹

Introduction

The appearance of random events that are difficult to predict should always be taken into account in the operation of enterprises. COVID-19 pandemic, which began in November 2019 in the Chinese city of Wuhan², is certainly such an event. In Poland, the first case of infection with the virus is dated 4 March 2020. The fact that not only business, but also the whole world was not prepared for such a threat, can be seen in the report on the main risks and major threats in the world

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² China officially announced that it had identified a new strain of coronavirus on its territory as late as January 7, 2020. Soon the first cases of the disease occurred outside of China. On January 30, 2020, the World Health Organization declared a state of emergency related to the threat of epidemic SARS-CoV-2.

The Global Risk Report 2020³, which identified ten risks with the highest probability of occurrence in 2020.⁴ The study did not indicate that any epidemic was such a threat. The virus, initially often downplayed, has become an 'invisible' enemy that is destroying health and killing people around the world.⁵ According to the OECD, the COVID-19 crisis represents the greatest threat to the global economy since the financial crisis (2008–2011).⁶ The pandemic has proven to be a hostile environment for doing business. Its outbreak resulted in the introduction of significant restrictions on business, leading in many cases not only to disruptions in the functioning, but often to the termination of operations. The uncertainty associated with the effects of the epidemic also affected the process of business management. In many enterprises, the pandemic revealed significant weaknesses and posed new challenges for entrepreneurs.

The aim of the article is to point out the significance of the pandemic for the process of enterprise management. The research hypothesis is formulated as follows: volatility, uncertainty and ambiguity of the environment, which appeared in connection with the COVID-19 pandemic, forced many enterprises to adapt to functioning in completely different conditions – this was certainly not an easy task to achieve but, as the example of entrepreneurs participating in international trade from the Małopolska area shows, not impossible. The article comprises two parts and a summary. The first discusses the significance of the COVID-19 pandemic for the process of company management, the second refers to the activities of entrepreneurs from the Małopolskie Voivodship, with particular emphasis on participants in international trade. The summary presents the conclusions drawn from the considerations of the article. The research was based on the descriptive analysis, preceded by a review of literature sources, the method of induction and analysis of data provided by the Małopolska Customs and Tax Control Office in Krakow. The subject area of the article is topical and relevant. Currently, there are more and more studies on the impact of the COVID-19 pandemic on the functioning of enterprises, however, this issue has not yet been comprehensively examined. The conclusions presented here are substantive and are of a cognitive nature, thus, constitute a significant added value and an attempt to address the existing research gap.

³ World Economic Forum, *Global Risks 2020: An Unsettled World*, <http://reports.weforum.org/global-risks-report-2020/chapter-one-risks-landscape> [accessed: 1.05.2021].

⁴ The greatest identified risks included: environmental risks; extreme heat waves; destruction of ecosystems; health impacts of pollution; uncontrolled wildfires; water crisis; geopolitical risks; economic confrontations; social risks; loss of trust in media information; internal political polarization; technological risks; loss of privacy.

⁵ On 18 October 2021, the number of people confirmed to be infected with the virus worldwide exceeded 241,5 million, more than 4.9 million people died; Koronawirus na świecie [AKTUALNA MAPA ZAKAŻEŃ], Forsal.pl, <https://forsal.pl/artykuly/1460364,koronawirus-na-swiecie-mapa-liczba-zakazonych-bilans-mapa.html> [accessed: 18.10.2021].

⁶ OECD, *Coronavirus: The World Economy at Risk*, 2 March 2020, <https://www.oecd.org/berlin/publikationen/Interim-Economic-Assessment-2-March-2020.pdf> [accessed: 1.05.2021].

The impact of the COVID-19 pandemic on management of enterprises

Risk and uncertainty are inherent in business. They concern every area of business activity. This is due to the fact that companies constantly make decisions that affect different aspects of their operations and have different timelines, which, in practice means that their effects cannot be known with certainty. Therefore, it is natural that risk or uncertainty arises. There is no unanimity in the literature on defining the limits of uncertainty and risk. There are also claims that these terms are identical.⁷ The prevalence of risk, and its various forms, means that there is no single consistent definition of it. Rowe states that 'risk is the possibility that something undesirable will materialize, a negative consequence of some event'.⁸ In relation to the management process, risk is defined as the probability that an entity will suffer a loss as a result of a particular economic decision.⁹ In management, the concept of risk usually occurs in the context of decision making, most of which takes place under incomplete information, time pressure, limited resources, and random conditions.¹⁰ Hans Buschgen notes that risk describes the possibility that the actual outcome of a decision will deviate from the planned outcome.¹¹ According to Paul Hopkin, risk includes all events that may affect the fulfillment of the company's objectives.¹²

Because the reaction to significant risk is usually active rather than passive, such responses should be managed appropriately.¹³ Systematic identification of risk and introduction of measures necessary to reduce the possibility of its occurrence is the essence of risk management. Mirosław Zdanowski defines the concept of risk management as 'a decision-making process supporting the achievement of a planned economic, social or political goal at an optimum cost with the aid of procedures enabling the complete elimination or reduction to an acceptable level of all risks that threaten its achievement'.¹⁴ Risk management consists of maximizing the area of activity in which you can influence the final result, while minimizing those activities where the result is impossible to predict and the relationship between effect and

⁷ A. Adamska, 'Ryzyko w działalności przedsiębiorstw – podstawowe zagadnienia'. In: *Ryzyko w działalności przedsiębiorstw. Wybrane zagadnienia*, ed. A. Fierla, Oficyna Wydawnicza SGH, Warszawa 2009, p. 12.

⁸ A. Rowe, *An Anatomy of risk*, Krieger Publishing Company, New York 1997, p. 24.

⁹ B. Olzacka, R. Pałczyńska-Gościński, *Leksykon zarządzania finansami*, ODIDK, Gdańsk 1998, p. 259.

¹⁰ M. Bartnicki, *Kompetencje przedsiębiorstwa: od określenia kompetencji do zbudowania strategii*, Placet, Warszawa 2000, p. 83.

¹¹ H. Buschgen, *Przedsiębiorstwo bankowe*, vol. II, edit and verification of the transl. R. Koko-szczyński, transl. A.J. Drozdowski [et al.], Poltext, Warszawa 1997, p. 189.

¹² P. Hopkin, *Fundamentals of risk management: understanding, evaluating and implementing effective risk management*, Kogan Page Limited, London – New York – New Delhi 2010, p. 12.

¹³ J. Świerczyńska, 'Ograniczanie zagrożeń i ryzyka celnego w łańcuchach dostaw – wybrane działania na poziomie Unii Europejskiej', *Studia i Materiały Instytutu Transportu i Handlu Morskiego* 2017, no. 14, p. 276, DOI: 10.26881/sim.2017.4.18.

¹⁴ M. Zdanowski, 'Zarządzanie ryzykiem. Próba opisanie procedur i określenia obszarów działalności badawczej', *Zarządzanie ryzykiem* 2000, no. 1, p. 8 [transl. – J.Ś].

cause is unknown.¹⁵ Risk and uncertainty arise both from the environment in which the company operates and from the processes occurring within the company itself. Enterprises should take risk into account in their business activities, as attempting to eliminate it completely would mean having to give up any business venture.¹⁶ Arkadiusz Manikowski believes that risk management must not only lead to the reduction of risk but also to the achievement of 'a certain level of acceptability', which will enable the achievement of the company's goal.¹⁷ The basic element in the approach to the risk management process should be the awareness of the existence of threats, i.e. factors that can disrupt the company's operations. As rightly pointed out by Krzysztof Ficoń, threats are events caused by random (natural) or non-random (intentional) reasons, which have a negative impact on the functioning of the system or cause adverse (dangerous) changes in its internal or external environment.¹⁸

While theory and practice point to a variety of sources and examples of threats, which might suggest that businesses should be prepared for their occurrence, the coronavirus outbreak has shown that this was not the case. The outbreak of the COVID-19 pandemic was a completely unexpected event, the scale and impact of which no one or almost no one at the beginning of 2020 foresaw. According to Ewa Kuklińska, in the process of management, there will always be risk, which is caused by events that have the hallmarks of randomness, impossible to completely predict.¹⁹ Pandemic, as an unforeseen event, characterized by high variability of threats, with far-reaching consequences is classified as a 'black swan events'.²⁰ According to Nicholas Taleb, such an event is characterized, among others, by the fact that it is unusual, unexpected, unpredictable, and very unlikely. In addition, it is outside the realm of regular expectations, i.e. nothing in the past indicated the possibility of its occurrence. Moreover, when such an event does occur, it has a huge impact on the economy and social life, and, after its occurrence, many people claim that such an event could have been predicted.²¹ According to Piotr Banaszyk and Marian Gorynia, a pandemic is more akin to a natural disaster, an element such as an earthquake, tsunami, flood, large-scale volcanic eruption or cloud of volcanic ash. At the same time, the authors of this argument indicate one major and fundamental difference – COVID-19 is global in scope, while the listed natural disasters are rather

¹⁵ P.L. Bernstein, *Against the goods. The remarkable story of risk*, John Wiley&Sons Inc., New York 1998, p. 197.

¹⁶ A. Maj, 'Zarządzanie ryzykiem w przedsiębiorstwie – studium przypadku', *Organizacja i Zarządzanie* 2017, no. 1(37), p. 108.

¹⁷ A. Manikowski, *Ryzyko w ocenie projektów gospodarczych – modele i metody analizy*, Difin, Warszawa 2013, p. 31.

¹⁸ K. Ficoń, *Inżynieria zarządzania kryzysowego. Podejście systemowe*, BEL Studio, Warszawa 2007, p. 76.

¹⁹ E. Kuklińska, 'Zarządzanie ryzykiem w łańcuchu dostaw', *Logistyka* 2007, no. 1, p. 18.

²⁰ The source of this term is found in the book: N.N. Taleb, *The Black Swan. The Impact of Highly Improbable*, revised edition, Penguin Books, New York 2008. The author wrote, among other things, that for centuries people thought that only the white variety of swan existed, but after the discovery of the continent of Australia, it turned out that there was also a black swan. This is a sort of analogy for the public's thinking about unlikely events. However, the fact that no one has seen them so far does not mean that they do not exist.

²¹ Cf. *ibidem*.

local in nature. Furthermore, they state that the COVID-19 pandemic is characterized by some sort of momentousness, uniqueness and extraordinariness – as it affects essentially the entire global economy, its force is unprecedented, or at the very least rare, is characterized by an unusual distribution in time and a not very large variation in the predicted duration, a significant variation in the strength of the impact and epidemiological, economic and social distress. What is more, there is a possibility of a creeping scenario and the likelihood of recurrence.²² The new, pandemic reality has forced a whole new approach to doing business. Businesses were not prepared for the restrictions imposed by the COVID-19 pandemic. They experienced not only supply shocks – some faced delays or disruptions in raw material/material deliveries or order fulfillment, but also demand shocks, including changes in consumer demand (lockdowns and lower human mobility, changing preferences). Companies were forced to take short-term actions to reduce spending at the expense of other factors of a systemic nature (e.g., employee remuneration). Undeniably, it is not insignificant that constraints on economic activity during a pandemic vary strongly across industries.

The pandemic has revealed that it has become necessary to reinforce risk management instruments. Many entrepreneurs were forced to rethink their company's situation, re-identify strengths and weaknesses, opportunities and threats. Entrepreneurs, therefore, had to analyze their existing strategies – many companies were forced to change them in order to survive the most difficult time. Flexibility in business management became a priority. Flexibility is necessary in an increasingly turbulent environment, because high variability, accompanied by difficulties in predicting the direction of changes, requires the organization to adapt efficiently and make key decisions quickly.²³ First and foremost, the area that requires this sort of approach is the way work is organized. Many employees began to perform their duties remotely, which, in turn, required the provision of an adequate and secure technical infrastructure – appropriate technology and guidance on how to properly perform their duties in these 'unusual' conditions. For many companies, at least in the early stages of the pandemic, this may have been problematic. Prior to the pandemic, many businesses did not believe in the effectiveness of remote working, believing that employees performing their tasks in this manner could not do as well as when they were physically present in the company. Driven by an internal belief that face-to-face control is most effective, many managers had 'mixed' feelings about the effects of remote work. As practice has shown, many concerns about the effectiveness of remote working were unfounded. Of course, much depends on the organizational culture, approach to work, certain rules of cooperation and communication. It has become necessary to efficiently manage remote work, which, first of all, necessitated the provision of tools and implementation of procedures that would allow the set goals to be achieved.

However, in the case of employees performing their duties in a 'traditional' way, it was required to ensure sanitary safety, which, in turn, meant introducing appropriate

²² P. Banszyk, M. Gorynia, 'Pandemia COVID-19 a konkurencyjność przedsiębiorstwa', *ICAN Management Review Polska* 2020, no. 4, p. 70.

²³ A. Kwiecień, 'Elastyczność funkcjonowania podmiotów gospodarczych a sukces i kreacja wartości przedsiębiorstwa', *Studia Ekonomiczne. Zeszyty Naukowe Uniwersytetu Ekonomicznego w Katowicach* 2018, no. 377, pp. 52–53.

hygiene procedures for safety (e.g. disinfection, face coverings, proper distance between workstations). Additionally, companies were forced to verify their organizational structures and, in many cases, introduce the possibility of interchangeability of organizational roles in case of exclusion of employees from the organization even for a longer period of time (e.g. due to illness or quarantine). It became necessary to accelerate decision-making processes and shorten the time of their implementation. In terms of relations with business partners, unpredictability resulting from decisions of administrative authorities concerning e.g. reduction of operations (e.g. risk of not timely deliveries) became a priority. In practical terms, greater care was taken to carefully analyze risks at the time of selecting a supplier and take into account the location of supply sources.

Many businesses have faced the need to hasten their digital transformation, not only with regard to introducing advanced digital solutions, but also in terms of taking advantage of the possibility of signing documents and concluding contracts electronically as well as implementing electronic document management systems and workflow. Certainly, there are also companies in which the restrictions introduced to combat the pandemic had practically no impact on the use of new technologies, because they had already been part of the company's standard operating procedures.

A year of business activity under a pandemic regime has caused many companies to become accustomed to the new reality. According to the results of a survey involving 79 companies operating in Poland, presented at the end of 2020 by KPMG²⁴, 48% of businesses participating in the survey rated their situation as very good or good, while 52% of businesses classified their situation as medium or bad. For 83% of the companies that assessed their situation as medium or bad, the major reported problem was decreased sales. 27% of organizations said they were struggling with loss of liquidity. 25% of organizations considered higher prices of materials or services as a problem, and 20% of companies pointed to high competition in the industry. 78% of surveyed companies affected by economic difficulties said their situation was impacted by the outbreak of COVID-19. Nearly 25% of businesses said they were considering restructuring their operations. Entrepreneurs intending to restructure most often indicated a planned merger with another company and its liquidation.²⁵

However, according to the EY report²⁶ *Rok z COVID-19 oczami polskich przedsiębiorców* [A year with COVID-19 through the eyes of Polish entrepreneurs], out of 500 entrepreneurs surveyed²⁷, the overall situation of companies was positively assessed

²⁴ KPMG is a global organization of independent audit and advisory firms with over 219,000 employees in 147 countries worldwide. The survey was conducted in the period of August–October 2020 using the CAWI internet survey method on the sample of 79 companies operating in Poland.

²⁵ KPMG, *Perspektywy i nastroje przedsiębiorców. Analiza KPMG w Polsce*, December 2020, <https://assets.kpmg/content/dam/kpmg/pl/pdf/2020/12/pl-Analiza-KPMG-Perspektywy-i-nastroje-przedsiębiorcow.pdf> [accessed: 20.04.2021].

²⁶ EY is a global leader in audit and advisory services, with over 700 offices in 150 countries worldwide, employing nearly 300,000 professionals.

²⁷ The survey was conducted in January 2021, with a sample of 500 companies: 200 micro enterprises, 150 small enterprises, 100 medium enterprises and 50 large enterprises. The survey was carried out by means of standardized telephone questionnaire interviews.

by 33% of respondents, neutrally by 30%, the remaining part – negatively. Medium and large enterprises rated their situation best. To adapt to the pandemic situation, 59% of companies used savings. Some of the companies after the pandemic year declared cash-flow problems (29%) or an increase in the company's debt (27%). Among the reasons for liquidity problems, respondents cited payment bottlenecks, lack of revenue due to lockdowns, customer attrition, and extended invoice payment times. The most frequently indicated impediment to doing business due to the pandemic was a decrease in the number of customers and high costs of current operations. The most expected forms of support by entrepreneurs in the period of the pandemic are the removal of restrictions related to the pandemic, change in tax regulations in such a way that the tax would be due only on paid invoices, as well as subsidies and compensation.²⁸

According to the Polish Economic Society, the Monthly Economic Outlook²⁹ improved (in April 2021 it reached 97.1 points, an increase of 6.8 points compared to March 2021), but this is still a result below the neutral level. Nevertheless, ratings for changes in the value of sales improved compared to the survey conducted in April 2020, with the share of companies experiencing an increase in sales rising from 6% in 2020 to 22% in 2021. There was also a marked improvement in the number of orders, with the proportion of firms experiencing an increase in orders increasing from 6% (2020) to 19% (2021). In addition, the share of companies planning to increase employment went up from 2% in 2020 to 14%. Also noteworthy is the decrease in the percentage of companies planning to reduce salaries from 56% in 2020 to 4% in 2021. The assessment of financial liquidity also changed favorably – in 2020 only 27% of companies declared liquidity allowing them to survive more than three months, while in April 2021 such liquidity was reported by 53% of respondents.³⁰

As the data on the value of Poland's foreign trade shows, the pandemic had no negative impact here: in 2020 the value of exports was €237,505.8 million, the value of imports €225,530.3 million, which means a surplus of €11,975.5 million (by comparison, in 2019 the export surplus was €1,171.5 million.³¹

²⁸ More than half of companies have abandoned investments due to the pandemic. EY, 'Ponad połowa firm zrezygnowała z inwestycji z uwagi na pandemię. Raport EY: Rok z COVID-19 oczami polskich przedsiębiorców', 3 March 2021, https://www.ey.com/pl_pl/news/2021/03/badanie-ey-rok-z-covid [accessed: 3.05.2021].

²⁹ The Monthly Economic Outlook Index (Polish: *Miesięczny Indeks Koniunktury*) is a tool used by the Polish Economic Institute and the National Economy Bank (Polish: *Bank Gospodarstwa Krajowego*) to gauge the economic outlook of businesses in Poland. The index is compiled monthly on the basis of measurements taken in seven key areas of business activity: sales value, new orders, employment, wages and salaries, production capacity, investment expenditure and financial standing. It is calculated based on the results of surveys conducted on a representative sample of 500 companies in four size categories and five industry categories. MEOL levels take values in the range [0;200], and the index reference point is a reading of 100, which is the neutral level.

³⁰ Polski Instytut Ekonomiczny, 'Sytuacja firm jest trudna, ale lepsza niż prognozowano na początku pandemii', 12 April 2021, <https://pie.net.pl/sytuacja-firm-jest-trudna-ale-lepsza-niz-prognozowano-na-poczatku-pandemii/> [accessed: 28.04.2021].

³¹ Ministerstwo Rozwoju, Pracy i Technologii, *Syntetyczna informacja o eksporcie i imporcie polski styczeń – grudzień 2020 rok w mln eur 1 (dane wstępne)*, Warszawa 2021, p. 6, <https://www.gov.pl/attachment/d38e0997-2788-4271-a4f7-67067c04d6eb> [accessed: 4.05.2021].

The new pandemic reality has led to a stronger expectation for managers to identify needs. For many, this is a time to experiment within the company and test new ideas. Among the managers there are also those who treat the COVID-19 pandemic as an opportunity – in their actions we may see is a strong orientation towards the future, building intentions and plans that go beyond the time of the pandemic. According to Banaszyk and Gorynia, the crisis caused by the COVID-19 pandemic is an extremely peculiar crisis, and reduced to the level of an individual company, on the one hand can pose a mortal threat to it, and on the other, generate unique opportunities.³² The SARS-Cov-2 pandemic has reinforced the notion that nothing is certain in market realities. Managing a business during a pandemic is a difficult ordeal for any manager. Overcoming it certainly translates into valuable experience for management.

Activity of Małopolska entrepreneurs during the COVID-19 pandemic

As of 31 December 2020, 426.3 thousand national economy entities were registered in the REGON register in Małopolskie Voivodeship, which constituted 9.1% of their total number in the country. Individuals conducting business activity were the leaders of the ranking, accounting for 73.4% of the total number of entities entered in the register in Lesser Poland. Entities in the private sector accounted for 97.1%. In 2020, there were 125 national economy entities per 1000 residents in Małopolska Region (122 in Poland). In 2020, 30.8 thousand new entities were entered in the REGON register, i.e. 16% less than in 2019, and 14.1 thousand legal entities were deleted, i.e. 22.1% less than in 2019. At the end of 2020, 46.3 thousand national economy entities in the REGON register had their activity suspended (15.2% more than in 2019). The COVID-19 pandemic contributed to the suspension of activities of more entities – entrepreneurs more frequently decided to suspend their activities than to liquidate.³³

The pandemic crisis is affecting the operations of many businesses. The Marshal's Office of the Małopolska Region conducted a survey over the period of 9 October – 12 November 2020 among Małopolska entrepreneurs (1200 effective interviews). The aim of the study was, among others, to present a broadly understood change in the condition of national economy entities operating in Lesser Poland during the pandemic. It is worth pointing out the following results³⁴:

³² P. Banaszyk, M. Gorynia, *op. cit.*, p. 70.

³³ *Zmiany strukturalne grup podmiotów gospodarki narodowej w rejestrze REGON w województwie małopolskim, 2020 r.* / Statistical Office in Kraków, *Structural changes of groups of the national economy entities recorded in the REGON register in Małopolskie Voivodeship, 2020*, team supervised by A. Szlubowska, Statistical Office in Kraków, Kraków 2021, pp. 10–16 https://krakow.stat.gov.pl/download/gfx/krakow/en/defaultaktualnosci/1067/1/19/1/2021_zmiany_strukturalne_grup_podmiotow_w_rejestrze_regon_2020.pdf [accessed: 3.05.2021].

³⁴ A. Binda, M. Węgrzyn, *Małopolskie podmioty gospodarki narodowej wobec epidemii COVID-19*, Małopolskie Obserwatorium Rozwoju Regionalnego. Departament Zrównoważonego Rozwoju, Urząd Marszałkowski Województwa Małopolskiego, Kraków 2020, https://www.obserwatorium.malopolska.pl/wp-content/uploads/2020/12/Podmioty_gosp_wobec_COVID_press.pdf [accessed: 4.05.2021].

- over the period of October–November 2020 financial distress affected 51% of respondents, the percentage of businesses indicating financial problems increased 7-fold compared to 2019;
- the percentage of companies indicating development decreased: from 34% at the end of 2019 to 5% in 2020;
- financial condition allowing for development was indicated mainly by large and medium-sized entities (in 2019, we could observe greater stability in the category of small entities);
- at the end of 2019, the staff situation was indicated as ‘difficult’ or ‘experiencing temporary difficulties’ by 10% of respondents; for 16%, this period was associated with staff team development; in 2020, 22% already encountered difficulties, and only 3% of respondents perceived development in staffing;
- nearly half of the surveyed entities limited their operations, e.g. by reducing the number of customers, limiting the volume of production and services provided, and almost one in five entities faced the need to stop operations altogether.

Changeability, uncertainty and ambiguity of the environment, which emerged due to the COVID-19 pandemic, forced many enterprises to adapt to functioning in completely different conditions – it was certainly not an easy task to accomplish, but it was possible, as evidenced by entrepreneurs from the region of Małopolska, who are also active participants in international trade.

According to the report *Handel zagraniczny w Polsce i Małopolsce 2019* [Foreign Trade in Poland and Małopolska 2019], the value of goods and services that were exported from Lesser Poland in 2019 was €10.4 billion, while the value of goods and services that were imported to Małopolska in 2019 was €10.5 billion. Małopolska's share in domestic exports was 4.4% and in imports was 4.6%. Lesser Poland ranked 6th in the country in 2019 in terms of export and import volume. In 2019, the number of export companies in Małopolska was 4138 (46,440 in Poland) and the number of import companies was 4848 (55,682 in Poland). In Lesser Poland, companies from Kraków were the ones who were most frequently involved in foreign trade: they generated 24.8% of exports and 42.9% of imports.³⁵

When analyzing the activity of traders involved in foreign trade in goods, one should first take into account the number of customs declarations. A customs declaration is an act by which a person expresses, in the prescribed form and manner, an intention to place goods under a specific customs procedure.³⁶ Having analyzed the customs declarations for exports lodged by Małopolska entrepreneurs, it can be safely concluded that the coronavirus epidemic did not adversely affect activity in this area (Table 1). The number of declarations for export procedures in 2020 was 0.96% higher than in 2019 and 13% higher than in 2018. The largest number of declarations were, as in 2018–2019, for the procedure of final export outside the European Union – they accounted for about 96% of the export declarations made.

³⁵ M. Danek, *Handel zagraniczny w Polsce i Małopolsce 2019*, Małopolskie Obserwatorium Rozwoju Regionalnego, Departament Zrównoważonego Rozwoju, Urząd Marszałkowski Województwa Małopolskiego, Kraków 2020, pp. 7–8, https://www.obserwatorium.malopolska.pl/wp-content/uploads/2020/12/handel_zagr_2019_press.pdf [accessed: 4.05.2021].

³⁶ E. Gwardzińska, M. Laszuk, M. Masłowska, R. Michalski, *Prawo celne*, Wolter Kluwer Polska, Warszawa 2017, p. 450.

Table 1. Export customs declarations in 2018–2020

Name of procedure	Number of submissions		
	2018	2019	2020
Final export to a third country (non-EU)	79 493	89 528	90 784
Export of compensating products obtained from equivalent goods under the inward processing arrangements before entry of import goods under those arrangements	29	19	-
Temporary exports under outward processing arrangements	897	776	663
Temporary export of goods that will be returned unaltered	59	65	275
Re-export of non-Union goods following special procedures	2799	2822	2385
TOTAL NUMBER OF SUBMISSIONS	83 277	93 210	94 107

Source: prepared on the basis of data provided by the Małopolska Customs and Tax Control Office in Krakow.

Table 2. Import customs declarations in 2018–2020

Name of procedure	Number of submissions		
	2018	2019	2020
Release with simultaneous entry into the domestic market of goods that are not subject to VAT exemption for further intra-EU supply	36 948	36 098	35 697
Simultaneous release for free circulation and home use of goods which are the subject of a VAT-exempt supply to another Member State and, where applicable, under an excise duty suspension arrangement	21	21	11
Release and placing on the domestic market of goods the carriage of which involves the payment of VAT or excise duty and placing them under the tax warehouse procedure	351	383	501
Placing on the domestic market and simultaneous release on the market of replacement goods under the outward processing procedure, prior to exportation of goods which are subject to temporary exportation	49	28	9
The entry of Union goods in trade between parts of the customs territory of the Union to which the provisions of Directive 2006/112/EC apply and parts of that territory to which those provisions do not apply, or in trade between parts of the customs territory of the Union to which those provisions do not apply	17	21	24
Inward processing procedure	1735	2069	2095
Import under temporary admission procedure	177	112	58
Re-importation with simultaneous release and entry into the domestic market of goods not subject to VAT exemption for further intra-EU supply	4171	3559	4618
Placing goods under the customs warehousing procedure	69	468	426
TOTAL NUMBER OF SUBMISSIONS	43 538	42 759	43 439

Source: *ibidem*.

The situation is similar for companies operating in the import area. The total number of customs declarations for individual procedures was even higher in imports by 1.9% than in 2019. The largest number of declarations were for the procedure for the release of goods that are not subject to VAT exemption for further intra-EU supply. They account for about 82% of declarations in imports (Table 2).

When analyzing the results of controls of customs declarations carried out by the Małopolska Customs and Tax Control Office, it is in the case of imports that we can see a decline in the number of performed controls compared to the years 2019–2018, nevertheless, the percentage of positive controls is at a higher level as in the period of 2018–2019 – it concerns about 24% of the controls carried out on customs declarations in imports (in 2019 – 13.7%, in 2018 – 1.1%). Whereas, for export declarations, the number of checks has increased compared to previous years; nevertheless, the level of positive controls is at a similar level – essentially no irregularities are found in customs declarations (Table 3).

Table 3. Inspections of customs declarations in 2018–2020

Specification/year		2018	2019	2020
Number of accepted notifications for which inspections were carried out	Export	898	969	1390
	Import	9667	3117	1713
Number of checks on the number of customs declarations found with irregularities	Export	0	1	1
	Import	110	426	410

Source: *ibidem*.

In terms of compliance with the customs law, a total of 20 customs and tax control checks were carried out in 2020. As a result of the conducted controls, 16 irregularities were detected, including 7 controls after the release of goods with fiscal effect – the total estimated revenue loss amounted to approximately PLN 1,350,000. A year before, 20 such controls were carried out – 14 irregularities were found and the amount of revenue loss reached PLN 2,104,000.³⁷

Fewer permits were granted for special procedures, in comparison to previous years, with a total of 14 permits (2019 – 38 permits; 2018 – 30 permits), which may reflect less interest among entities in involvement in new special procedures during the pandemic (Table 4).

Table 4. Special procedure authorisations

Year	Inward Processing	Outward Processing	Temporary clearance	Operating a customs warehouse	Final Destination
2018	6	3	1	18	2
2019	10	3	1	19	5
2020	6	2	0	3	3

Source: *ibidem*.

³⁷ Data provided by the Małopolska Customs and Tax Control Office in Krakow.

On the basis of the analysis of the available data, it can be safely concluded that despite the volatility, uncertainty, and ambiguity of the environment that emerged in connection with the COVID-19 pandemic, enterprises from Małopolska participating in international trade were active and able to cope efficiently with various constraints, which allowed them to conduct their operations and achieve their objectives. For exporters, the pandemic may have been an opportunity to diversify sales, better utilize production capacity, and improve competitiveness. For importers, the fragility of cross-border supply chains, which emerged more clearly during the pandemic, made it necessary in many cases to diversify sources of supply and alter preferences by opting for shorter or closer links. As far as the negative impact is concerned, a reduction in foreign activity needs to be mentioned, however, it was of a moderate nature. Certainly, there are companies that have been more cautious about participating in international supply chains. Naturally, there will also be entities that, in the perspective of dwindling profits and the imposed restrictions, as well as the implemented anti-crisis measures, have suspended or postponed their decisions on the expansion of foreign operations.

Conclusion

Risk management is an integral part of effective enterprise management. A company's success and, in many cases its survival, depends on the choice of methods and tools for assessing and mitigating risks, as was evidenced by the COVID-19 pandemic. When the pandemic broke out, few entrepreneurs took into account that it could last so long. In the initial phase, on the one hand, there was some chaos, on the other – an inclination to wait it all out. The pandemic revealed that not all enterprises were able to protect themselves from a crisis situation due to COVID-19. Those enterprises that did experience such a situation could, through appropriate changes in their management process, reduce the likelihood of impact or transform their operations in such a way as to minimize market losses. Moving their business online, remote work or computerization of internal processes was, for many companies, the only way to sustain operations. In the period marked by the pandemic, the company's flexibility, quick decision-making and ability to effectively implement changes became key. In many cases, enterprises were forced to react swiftly and make maximum use of their resources. A proactive approach to the threat of a coronavirus outbreak became important in improving decision-making processes. Numerous companies affected by the pandemic situation decided to look for the positive aspects and treated it as an opportunity to introduce new, innovative solutions and gain a competitive advantage. Certainly, the time after the pandemic will be the new normal for business, where the fact that nothing is given once and for all will become more important. Business managers must bear in mind that in the new, post-pandemic normality there may also be completely new factors that are unknown today and their effects may both, positively and negatively, impact operations of enterprises. Therefore, it is worth drawing conclusions from past experience and strengthen the resilience of the company to unforeseen external factors.

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Znaczenie pandemii COVID-19 dla zarządzania biznesem – perspektywa małopolskich przedsiębiorców uczestniczących w obrocie międzynarodowym

Streszczenie

Pandemia COVID-19 niemal z dnia na dzień zmieniła rzeczywistość. Niepewność związana z jej skutkami w różnym stopniu wpłynęła na działalność przedsiębiorstw. Celem artykułu jest wskazanie na znaczenie pandemii dla procesu zarządzania przedsiębiorstwem. Hipoteza badawcza została sformułowana następująco: zmienność, niepewność oraz niejednoznaczność otoczenia, które pojawiły się w związku z pandemią COVID-19, wymusiły na wielu przedsiębiorstwach przystosowanie się do funkcjonowania w zupełnie odmiennych warunkach – nie było to z pewnością łatwe zadanie, ale – jak pokazuje przykład przedsiębiorców uczestniczących w obrocie międzynarodowym z obszaru Małopolski – nie niemożliwe. Struktura artykułu obejmuje dwie części oraz podsumowanie. W pierwszej omówiono znaczenie pandemii COVID-19 dla procesu zarządzania biznesem, druga odnosi się do działalności przedsiębiorstw z Małopolski. W badaniach wykorzystano

analizę opisową, poprzedzoną przeglądem źródeł literaturowych, metodę indukcji oraz analizę danych udostępnionych przez Małopolski Urząd Celno-Skarbowy w Krakowie.

Słowa kluczowe: zarządzanie, przedsiębiorstwo, ryzyko, pandemia COVID-19, sytuacja kryzysowa

The Significance of the COVID-19 Pandemic for Business Management – the Perspective of Małopolska Entrepreneurs Engaged in International Trade
Abstract

The COVID-19 pandemic changed reality almost overnight. The uncertainty associated with its impact has affected the activities of enterprises to varying degrees. The aim of the article is to indicate the importance of the pandemic for the process of enterprise management. The research hypothesis is formulated as follows: volatility, uncertainty and ambiguity of the environment, which appeared in connection with the COVID-19 pandemic, forced many enterprises to adapt to functioning in completely different conditions – it was, unquestionably, not an easy task. However, as shown by entrepreneurs from the region of Małopolska (Lesser Poland) engaged in international trade – not impossible. This article is structured in two parts and a summary. The first part discusses the significance of the COVID-19 pandemic for the process of business management, the second describes the activities of enterprises from Małopolska. The research was based on the descriptive analysis, preceded by a review of the subject literature, the inductive method and the analysis of data provided by the Małopolska Customs and Tax Office in Krakow.

Key words: management, enterprise, risk, COVID-19 pandemic, crisis situation

Die Bedeutung der COVID-19-Pandemie für die Unternehmensführung – die Perspektive der Kleinpolener Unternehmer, die am internationalen Handel teilnehmen
Zusammenfassung

Die COVID-19-Pandemie hat die Realität fast über Nacht verändert. Die mit ihren Auswirkungen verbundene Unsicherheit hat die Aktivitäten der Unternehmen in unterschiedlichem Maße beeinflusst. Ziel des Artikels ist es, die Bedeutung der Pandemie für den Prozess der Unternehmensführung aufzuzeigen. Die Forschungshypothese lautet: Die Volatilität, Ungewissheit und Mehrdeutigkeit des Umfelds, die im Zusammenhang mit der COVID-19-Pandemie auftraten, zwangen viele Unternehmen dazu, sich an völlig neue Bedingungen anzupassen – zweifellos keine leichte Aufgabe. Doch wie die Unternehmer aus der Region Kleinpolen zeigen, ist die Teilnahme am internationalen Handel nicht unmöglich. Dieser Artikel gliedert sich in zwei Teile, gefolgt von einer Zusammenfassung. Im ersten Teil wird die Bedeutung der COVID-19-Pandemie für den Prozess der Unternehmensführung erörtert, im zweiten Teil werden die Aktivitäten der Unternehmen aus Kleinpolen beschrieben. Die Untersuchung basiert auf einer deskriptiven Analyse, der eine Durchsicht der Fachliteratur, die induktive Methode und die Analyse der vom Zoll- und Steueramt von Kleinpolen in Krakau bereitgestellten Daten vorausgingen.

Schlüsselwörter: Management, Unternehmen, Risiko, COVID-19-Pandemie, Krisensituation

*Значение пандемии COVID-19 для управления бизнесом –
перспектива малопольских предпринимателей – участников
международной торговли*

Резюме

Пандемия COVID-19 мгновенно изменила нашу действительность. Неопределенность, связанная с ее последствиями, в той или иной степени повлияла на деятельность предприятий. Целью статьи было указание значения пандемии для процесса управления предприятием. Гипотеза исследования была сформулирована следующим образом: нестабильность, неопределенность и неоднозначность окружающей среды, которые появились в связи с пандемией COVID-19, вынудили многие предприятия адаптироваться к работе в совершенно новых условиях. Безусловно, это была непростая задача, но, как показывает пример малопольских предпринимателей, участвующих в международной торговле, вполне выполнимая. Статья состоит из двух частей и резюме. В первой части обсуждается значение пандемии COVID-19 для процесса управления бизнесом, а во второй – рассматривается деятельность малопольских предприятий. В исследовании использовался описательный анализ, обзор научной литературы, метод индукции и анализ данных, полученных от Малопольской таможенно-налоговой службы в Кракове.

Ключевые слова: управление, предприятие, риск, пандемия COVID-19, кризисная ситуация