

THE IMPORTANCE OF ANTI-CRISIS SHIELDS IN ENTERPRISE MANAGEMENT IN THE ERA OF COVID-19

Jacek Stasiak¹

¹ Ph.D., Associate Profesor, „Herbrand” Centrum Medyczne NZOZ w Aleksandrowie Łódzkim
e-mail: jacek_stasiak@interia.pl

Abstract: The purpose of the research conducted within the framework of this article is to analyze the effectiveness of the so-called "Anti-Crisis Shields" introduced by the government administration, aimed at counteracting the negative effects of the COVID-19 pandemic on the operation of the enterprise.

Keywords: enterprise management, COVID-19, risk, crisis shields.

1. Introduction

The impact of the COVID-19 pandemic was noticeable in all areas of the functioning of the country and its people during the period in question. It affected the standard of living of citizens and the state budget. The threat of the COVID-19 pandemic irreversibly transformed the previous world order, and this was in the area of things that were everyday life for members of society. Restaurants, pubs, fitness clubs, libraries, cinemas, museums, shopping malls were closed, classes at universities and schools were suspended, work on a massive scale was transferred from offices to homes. A sure symbol of the , "frenzy" associated with the pandemic became the closure of parks and forests for a time. The high level of stress and emotional tension, and even fear resulting from the consequences of COVID-19, increased risk aversion among investors. From an economic point of view, price declines were noted on stock exchanges around the world. The COVID-19 pandemic, bearing the hallmarks of a , "black swan," is thus an example of a phenomenon that in its consequences can generate both an

environmental, economic and social crisis. This crisis resulted from the fact that individual entrepreneurs, operating primarily in industries that could not operate for months, were deprived of their source of income overnight. State intervention and assistance was necessary in this regard.

2. Objectives and effects of the introduction of anti-crisis shields

The first priority of government action during the first wave of the pandemic was to ensure the health security of citizens. Quickly, however, due to the pandemic restrictions introduced, not without reference to the economy, in addition to the protection of the pandemic strictures, not without reference to the economy, new challenges have emerged in addition to health care, aimed at:

- job protection and worker safety,
- financing entrepreneurs; - strengthening the financial system.

The rationale for taking such measures was the crisis caused by the more or less direct contact of industries in the economy with the situation caused by the pandemic. The changes caused by the pandemic were noticeable in every country, hence the need for immediate action. Indeed, the problems associated with COVID-19 affected the social, legal or political sphere, but perhaps most of all - the economic [Błaszczuk, 2020, p. 15-27].

The situation in which the Polish economy and entrepreneurship has been placed as a result of the COVID-19 pandemic justifies the activity of both Polish and EU legislators in counteracting its negative effects. The following should be mentioned as the primary objectives of the implemented packages of measures aimed at entrepreneurs, the so-called anti-crisis shields: - preservation of jobs during the economic downtime introduced by the employer; - more efficient organization of work during the pandemic; - compensation for loss of income for self-employed persons and those employed on the basis of civil law contracts, the so-called "commissioning"; - support for the development of the business sector. "assignment"; - support for employers and the self-employed in the form of providing subsidies for employment or business costs incurred; - reduction of burdens aimed at preserving liquidity in companies. A preliminary analysis of the content of the anti-crisis shields indicates that they primarily include:

- subsidies for companies and employment flexibilization,
- facilitation of taxes and fees,
- extending the time for fulfilling obligations [11, p. 2-3].

The Anti-Crisis Shield can be defined as a package of shielding measures using business support instruments. In order to maintain the financial continuity of companies, the Polish authorities also introduced an additional package under the Polish Development Fund's assistance in the form of the so-called PFR Financial Shield. This was a business assistance package, which was offered both in the form of repayable loans and grants, as well as partially non-repayable subsidies for micro, small, medium and large companies [10, p.12]. These elements were intended to reduce the negative impact of the coronavirus on the economy and, above all, on society [18].

The Anti-Crisis Shield solutions were designed to enable companies to survive in the market during a severe pandemic and protect existing jobs. This was to be done by lowering labor costs and allowing business to continue despite the difficulties caused by the circumstances of the , "freezing of the economy. Support under the Shields, could be counted on by both small and larger entrepreneurs, running one-person businesses and those employed under civil law contracts [9, p.7-8].

Subsequent versions of the Anti-Crisis Shield were improved and expanded to include solutions that were indicated by entrepreneurs as not included in previous versions. Over time, new industries were included in the scope of assistance, which could benefit, for example: the activities of tourist guides, foreign language learning, or other catering activities, which had previously been omitted [Kawczyński, Kkieszkowski, 2020, p. 3]. It was also recognized in the following months that the various industries are interrelated, and extending restrictions to some, also negatively affects others. For example, the closure of ski lifts during the winter affected not only the railroads themselves, but also the financial situation of ski instructors, owners of sports equipment rentals, restaurants located on the slopes or people operating parking lots at the lower stations of the lifts. All of these businesses, were incurring losses, and therefore required assistance just like the owners of ski lifts [12, p.31]. Most forms of assistance provided bore the hallmarks of state aid. Although state aid is one form of state intervention in economic and social activities, it can violate the conditions of market competition. For this reason, the European Union specifies fairly clear rules for such state influence in the economy of member countries. Excessive economic interventionism, understood as state activity in the economy stimulating its development, is not advisable, due to the damage it can cause to the free market [Kosikowski, 2008].

However, it is believed that the forms of aid provided for in the package of legislative changes that made up the anti-crisis shield with regard primarily to micro-entrepreneurs did not violate the principles of state aid in question. This is because they did not threaten

competitiveness in the common market, as there was a pandemic in each country. The aim was to provide short-term assistance to the smallest entrepreneurs facing difficult economic circumstances. Similar instruments on a smaller or larger scale were used by other European countries. The goals of the Anti-Crisis Shield are considered to have been met, if only in terms of job retention. If the unemployment rate in Poland in December 2020 reached the level put forward by the European Commission during the first wave of the pandemic (7.5 percent), the number of unemployed would be 1,250,000 people, while, according to Eurostat, there were actually 520,000 unemployed people in the 15-64 age group at the time. The actual number of unemployed thus turned out to be 730 thousand lower than the number forecast by the European institutions.

It is also worth presenting data on deregistered economic activities. In the initial period of the pandemic (Q1), when companies, especially small ones, had many concerns about continuing to operate, the number of de-registered businesses was at three times the level of the other two quarters (Q2 and Q3), when companies already had support from the Crisis Shield, which improved sentiment about continuing to operate. The next wave of the pandemic (in Q4) brought a slight increase in the number of deregistered companies. The data indicates that the Crisis Shield has thus worked adequately to maintain businesses. An analysis of the number of company bankruptcies shows that in the sensitive period of the pandemic (2020) it was comparable to 2019, and even slightly lower compared to 2017-2018. It can be assumed that the Shield helped to stem the tide of bankruptcies [8].

The total amount of funds that were allocated for the establishment of the Shields at the end of 2020 amounted to 162.9 billion zlotys. Aid directed to businesses and costs resulting from the fight against pandemics affected the increases in the budget deficit and public debt. Aid solutions under the Anti-Crisis Shield have significantly offset the economic impact of the pandemic crisis in both 2020 and 2021. However, there are claims that not all forms of support for companies were justified, because the assistance in many cases was not necessary. An example is the non-refundable loans (in the amount of PLN 5,000) for micro businesses, which cost the state budget PLN 9.37 billion. Experts point out that the requirements were very lenient in this case, so the funds also went largely to companies that were unlikely to need support [17].

3. The individual instruments applied within the crisis shields

The elements applied within the individual Anti-Crisis Shields were addressed primarily in the following legislation:

- Covid Law - Law of March 2, 2020 on special solutions related to the prevention, prevention and control of COVID-19, other infectious diseases and emergencies caused by them (Journal of Laws of 2020, item 374),
- Shield 1.0 - Law of March 31, 2020 on amending the Law on special solutions related to prevention, counteraction and suppression of COVID19, other infectious diseases and emergencies caused by them, and certain other laws (Journal of Laws 2020 item 568),
- Shield 2.0 - the Law of April 16, 2020 on special support instruments in connection with the spread of the SARS-CoV-2 virus (Journal of Laws 2020 item 695),
- Shield 3.0 - the Law of May 14, 2020 on amending certain laws on protective measures in connection with the spread of the SARS-CoV-2 virus (Journal of Laws 2020 item 875).

On the basis of the analysis of the above legal acts, it is necessary to present the most relevant solutions that Polish entrepreneurs and the workers employed by them could benefit from. As the first solution, indicated as one of the most relevant, it is necessary to mention the subsidization of salaries of employees affected by economic downtime or reduced working hours. Entrepreneurs who recorded a decline in economic turnover following the occurrence of COVID-19 were entitled to implement an economic shutdown or reduced working hours following the occurrence of COVID-19 for their employees. Consequently, they were able to apply for a subsidy for the salaries of these individuals and for funds to pay the social security contributions owed by the employer on these benefits. Such an arrangement was available to applicants for three months from the date of application. This was an extremely beneficial initiative for a company in a situation where it wanted to significantly reduce employment costs (even by about 80 percent), while not wanting to lay off an employee [8]. After all, layoffs entailed certain costs and the fact that an employee qualified according to the employer's needs could not be available to the company when it returned to normal operating conditions.

Another solution that was introduced was that non-agricultural business people and those employed under civil law contracts could receive support in the form of a so-called "standstill benefit" if the standstill was due to the COVID-19 pandemic. The only condition was that they

were not subject to social security for any other reason. The standstill benefit was paid as a one-time payment of 80% of the minimum wage effective in 2020. Entrepreneurs - individuals who did not have employees - could also count on assistance in the event of high declines in turnover (at least 30% - understood as a reduction in sales of goods and services in volume or value terms) following COVID-19. Such individuals could count on the award of a three-month subsidy of part of the costs of doing business by the starost. In order to receive support, it was necessary to show a decrease in turnover in any two consecutive calendar months of 2020, relating it to the corresponding two consecutive months of 2019. In addition, each micro-entrepreneur, conducting business before March 1, 2020, could take out a loan from the Labor Fund to cover the ongoing costs of doing business. The loan was granted by the starost on the basis of a contract up to the amount of PLN 5 thousand for a period of no more than 12 months. As shown in the previous subsection, this was considered to be one whose requirements were too low and led to unjustified collection [9, p.11-12]. There was also the possibility for entrepreneurs to exempt themselves from paying premiums paid to the Social Security Administration. This solution was the most common, and it was also not necessary to show a decrease in turnover or orders to take advantage of it. This universality stems from the conviction that the smallest companies should be covered by universal assistance, because in their case the risk of bankruptcy or cessation of business is most noticeable. This is because they can hardly be expected to be in possession of significant financial resources or savings. Additional solutions were also introduced, such as the possibility of suspending the obligation to perform periodic examinations of employees and medical and psychological examinations of drivers and drivers.

A very important element of the Shield, was support for parents who, instead of working, took care of their children due to the fact that the children did not attend closed schools. Those caring for children were entitled to a longer supplementary care allowance. It was due for up to fourteen days to a person who was excused from work due to the need to personally care for a child. A number of other ad hoc measures were introduced: - the deadline for payment of building income tax for the months of March through May 2020 was extended; - in the event of negative economic consequences resulting from the pandemic, taxpayers could postpone the transfer of advance payments collected in March and April 2020 to income tax; - the deadline for payment of the fee for converting perpetual usufruct rights to ownership was also extended; - PIT and CIT taxpayers could deduct donations made between January 1, 2020. to September 30, 2020 to counter COVID-19. Any donations (in cash or in kind) made to certain entities performing medical activities, as well as those made to institutions such as the Material Reserve

Agency and the Central Sanitary and Anti-Epidemic Reserve Base, were deductible; - banks were allowed, regardless of regulations under the Banking Law, to change the terms of financing provided to entrepreneurs. Accordingly, the bank, in the event of the declaration of an epidemic emergency or a state of epidemics, could make changes to the terms or terms of repayment of credit granted to entrepreneurs, as specified in the contract. - The employer could grant an employee, at a date designated by him, without obtaining his consent and bypassing the leave plan, an outstanding leave of up to 30 days, during an epidemic emergency or state of epidemics [9].

As key relief measures aimed at protecting jobs and the safety of workers, the state mainly applied subsidies to workers' salaries and coverage of social security contributions owed by the employer. To help the self-employed, those working under contracts of mandate or contract, the government provided for a one-time Social Security benefit of 80 percent of Poland's minimum wage. It also pledged to pay child care benefits to parents of children who, due to the suspension of nurseries, kindergartens and schools, faced the need to provide care for their children on their own. In addition, the government also provided a number of other solutions of a varied nature, such as the ability to suspend loan repayments for individuals and businesses who justified the need to defer loan repayments with the financial situation resulting from the pandemic.

4. Conclusion

The outbreak of the Covid-19 pandemic illustrated in a very tangible way how globalized the world is in the 21st century. Despite the measures implemented by individual countries, it was not possible to completely stop the spread of the SARSCoV-2 virus, which appeared on all continents. The pandemic has greatly affected the economy, labor market and household budgets. Poland's economy has been going through a difficult period since the onset of the COVID-19 pandemic, although according to many analysts, compared to the world it is not that significant. Despite the apparent recovery of the economy in 2021, new variants of Covid-19 have not allowed the crisis to be permanently forgotten. The Covid-19 pandemic is an example of a threat that, in its consequences, can lead to both environmental, economic and social crisis. Countering the effects of the epidemic should therefore take place on many levels. The situation in which the domestic economy and business found itself as a result of the COVID-19 pandemic justifies the increased activity of both Polish and EU legislators in countering its negative effects. On the Polish ground, the Anti-Crisis Shield was created, which is a package of protective measures using business support instruments. The solutions of the Anti-Crisis Shield

were aimed at enabling companies to survive on the market in the hard times of the pandemic and protect existing jobs. They were intended to allow labor costs to be lowered and allow business to continue despite the difficulties caused by the circumstances of preventing, countering and combating COVID-19. It seems that the goals of the Anti-Crisis Shields have been met, if only in terms of job retention.

Bibliography

1. Błaszczuk A., *Wpływ koronawirusa na politykę handlową Chińskiej Republiki Ludowej i Rzeczypospolitej Polskiej*, W: J. Kawa (red.), *Wyzwania współczesnego świata*, t.7, 2020.
2. Czech K., Karpio A., Wielechowski M., Woźniakowski T., Żebrowska-Suchodolska D., *Polska gospodarka w początkowym okresie pandemii COVID19*, Wydawnictwo SGGW, Warszawa 2020.
3. Gołębiowska M., *Gospodarki Europy Środkowej: różne oblicza pandemii COVID-19*, Instytut Europy Środkowej, Nr 383/80, 2021.
4. Goodell J.W., *COVID-19 and finance*, Agendas for future research. Finance Research Letters, 2020.
5. Jędrzejowska K., Wróbel A., *Wielki lockdown i deglobalizacja: wpływ pandemii COVID-19 na gospodarkę światową*, Rocznik Strategiczny 2020.
6. Kawczyński A., Kieszkowski M., *Omówienie wsparcia dla przedsiębiorców*, grudzień 2020.
7. Kosikowski C., *Współczesny interwencjonizm*, Wolters Kluwer, Warszawa 2008.
8. Monitoring przedsiębiorstw PIE.
9. Polski Fundusz Rozwoju, *Przewodnik Antykryzysowy dla Przedsiębiorców*, Warszawa 2020.
10. Polski Instytut Ekonomiczny, *Tarcza antykryzysowa – koło ratunkowe dla firm i gospodarki?*, Warszawa, sierpień 2021.
11. Portal PFR, *Pakiet rozwiązań antykryzysowych w skrócie*, maj 2020.
12. *Przedsiębiorca odporny – Jak przetrwał pandemię?*, Polityka Insight 2011.
13. Skrabacz A., *Wpływ pandemii koronawirusa na stan bezpieczeństwa społecznoekonomicznego Polaków*, *Bezpieczeństwo teoria i praktyka*, Security theory and practice, 2021, nr 2. 14.
14. Soroka P., Golczak K., Skrabacz A., Kołodziejczyk R., Wilczyński P.L., Mitreğa A., Pająk K., *Raport zawierający diagnozę i prognozę globalnego kryzysu finansowo-*

gospodarczego zdeterminowanego przez pandemię koronawirusa w obszarze gospodarczym, społecznym, politycznym i geopolitycznym, Elipsa Warszawa 2021.

15. Szajner P., *Wpływ pandemii COVID-19 na sytuację na rynkach rolnych w Polsce*, Ubezpieczenia w Rolnictwie – Materiały i Studia, 1 (73)/2020.
16. Zelek A., *Covid – czarny łabędź koniunktury w perspektywie najbliższych 2 lat (rozważania słuchaczy Programu MBA)*, Zeszyty Naukowe ZPSB FIRMA i RYNEK 2021/1(59).
17. <https://www.gazetaprawna.pl/firma-i-prawo/artykuly/8280755,tarcza-antykryzysowa-pomocbezzwrotne-pozyczki-doplata-do-pensji-zasadnosc.html>
18. <https://www.gov.pl/web/tarczaantykryzysowa/materialy>