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Perception of Financial Security in Assessing Business Continuity by SMEs in Poland

Abstract

The aim of this study is to diagnose how small and medium-sized enterprises (SMEs) in Poland perceive financial security, and to examine whether there is a significant relationship between this perception and the companies' market experience.

The motivation for undertaking this topic is the limited number of studies on how SMEs, which form the foundation of the economy and are highly exposed to financial risks, define and operationalize financial security in practice.

This study was based on a CAWI survey conducted among 500 SMEs from the manufacturing, trade and services sectors, and the data was analyzed using the chi-square test, Fisher's exact test and a Monte Carlo simulation.

The results indicate that financial security is primarily associated with a stable customer base, available funds in bank accounts, and maintaining financial liquidity, with older companies attaching greater importance to these indicators. The study also reveals that most SMEs rely on trust and informal methods when verifying their contractors, rarely using financial statements.

The contribution of this article is threefold: it enriches the theoretical debate on SME financial security by linking it to the going-concern principle; it provides empirical evidence from Poland that fills an identified research gap; and it offers practical implications for SME managers, auditors and policy makers.

Keywords

financial security | small and medium sized enterprises | going concern

JEL Codes

G33, G32, M41

1. Introduction

Every business entity is exposed to economic risk. While conducting business activities, it is impossible to eliminate the impact of risk completely — especially those originating from the external environment. However, certain threats may be mitigated through appropriate contractor selection, receivables management, or prudent financing decisions (Crockford, 1982; Karbownik, 2011). Financial stability threats particularly affect small and medium-sized enterprises (SMEs), which dominate the global business landscape and play a crucial role in economic growth (Mbatha & Ngibe, 2017; Vos & Roulston, 2008).

In SMEs, relationships with contractors are often a determinant of success, especially when firms depend on a narrow group of customers or suppliers. As such, the analysis of financial information becomes critical for making informed managerial decisions (Szulc, 2012). Examining trends in key financial indicators helps businesses identify risks associated with potential future defaults (Altman & Narayanan, 1997) and establish a framework for limiting cooperation with financially unstable entities (Platt & Platt, 2002). Static financial analysis, which includes evaluating relationships between assets, liabilities, and results in a single period, often provides risk-relevant insights and supports preventive actions (Grzelak et al., 2024).

The current economic landscape highlights the growing importance of financial security as a pillar of business continuity for SMEs (Franc-Dąbrowska, 2006; Zarova & Tursunov, 2022). In times of market volatility, limited access to external funding, and rising uncertainty, SME managers must increasingly base their decisions not on intuition, but on robust financial analysis. Although financial security is defined in various ways—ranging from the ability to settle liabilities to long-term solvency and growth capacity (Raczkowski, 2014; Yepifanov et al., 2009)—it remains unclear how this concept is perceived in practice by entrepreneurs and business managers.

This article seeks to address that gap by answering the following research questions:

1. What elements do entrepreneurs in the SME sector in Poland consider to be key indicators of financial security?
2. Does the length of time a company has been operating on the market (i.e., the company's tenure) affect the way its financial security is perceived?
3. What methods of verifying the financial security of business partners do SMEs use in business practice?
4. Is there a gap between the declarative understanding of financial security and actual management actions in the area of counterparty risk assessment?

The answers to these questions provide a deeper understanding of how Polish SMEs approach financial security and evaluate the financial soundness of their business partners. Moreover, they offer insights into the financial maturity of the SME sector and highlight areas where institutional or educational support may be needed (Zwolak, 2022; Kordela & Pettersen-Sobczyk, 2021).

In light of these considerations, the aim of the paper is to examine how small and medium-sized enterprises in Poland perceive financial security, and to determine whether there is a significant relationship between their perceptions and their companies' market experience (i.e., the companies' tenure of operation). Given the importance of cooperative relationships among SMEs, this aim is further supported by the exploration of verification methods used by companies to assess the financial security of their business partners (Delas et al., 2015).

This paper's starting point for these considerations is a literature-based review of how financial security

is defined and linked to the going-concern assumption in financial reporting (Gos & Hońko, 2013; ISA 570, 2020). Subsequently, the paper presents findings from a large-scale survey conducted among 500 Polish SMEs. The study is guided by the hypothesis that the perception of financial security varies depending on the firm's longevity in the market. The article includes a theoretical framework describing factors that influence SMEs' financial security, a section detailing the study's methodology, and a discussion of the key results supported by statistical analysis, including chi-square tests, Fisher's test, and Monte Carlo simulations.

2. Literature Review

2.1. Definitions and Approaches to Financial Security

Financial security is a multidimensional category encompassing an organisation's ability to maintain business continuity while effectively managing financial risk. The literature on the subject most often points to three perspectives on understanding financial security: operational stability, risk-management capacity, and strategic resilience (Raczkowski, 2014; Karbownik, 2011). Contemporary research is moving away from reducing financial security to merely describe the ability to regulate current liabilities, instead emphasising its role as a broader analytical framework that ensures both the survival and long-term development of a company.

The evolution of this definition reflects the changing business environment and risk landscape. Early approaches focused mainly on liquidity management and debt servicing capacity (Franc-Dąbrowska, 2006), while more recent approaches also include strategic factors such as market positioning, operational efficiency and adaptability (Zarova & Tursunov, 2022). This broader understanding indicates that financial security goes beyond traditional financial indicators and also includes organisational resilience and strategic flexibility.

At the same time, definitions remain ambiguous, and their measurement inconsistent. Studies often conflate financial security with related concepts like financial stability, financial condition or going-concern assessment, leading to theoretical ambiguities (Yepifanov et al., 2009). Furthermore, the literature, dominated by a Western perspective, does

not sufficiently take into account the specificities of emerging markets, where institutional frameworks and business practices differ significantly from those of more developed economies.

2.2. Financial Security in Small and Medium-Sized Enterprises

SMEs face specific financial security challenges that distinguish them from large corporations. Limited resources, difficult access to capital markets and fewer opportunities for diversification make them more vulnerable to financial disruptions (Kordela & Pettersen-Sobczyk, 2021). Empirical research shows that SMEs are more sensitive to external shocks; during the COVID-19 pandemic, for example, there were significant declines in profitability and revenue, while liquidity ratios remained relatively stable.

The relationship between ownership structure and financial security in SMEs is complex. Vos and Roulston (2008) pointed out that greater owner involvement improves the security and profitability of a company, but does not always translate into growth. This may mean that owner-managers prioritise stability over expansion, potentially limiting their long-term competitiveness. However, it should be noted that this particular study concerned SMEs in New Zealand, raising questions about its generalisability in different regulatory and market conditions.

Operational efficiency appears to be an important factor in the financial security of SMEs. Grzelak et al. (2024) showed that even seemingly minor operational parameters have a significant impact on the profitability of Polish SMEs in the FMCG sector. For example, a 1% increase in delivery speed reduced the likelihood of profitability by 3%. These results highlight the importance of advanced operations management under conditions with limited resources, while also pointing to a gap between the analytical needs and real capabilities of SMEs.

External support mechanisms are also important for financial security. Zwolak's (2022) analysis of EU funds showed their positive impact — a 10% increase in the number of enterprises translated into a 10.17% increase in financial security. This study was, however, limited by its use of aggregated regional data, which does not allow for capturing mechanisms at the level of individual companies or eliminating the selection effect in the allocation of funds.

2.3. Contractor Verification and Risk Assessment Practices

Risk assessment practices in SMEs are much less developed than in large enterprises. Traditionally, they are based mainly on ratio analysis and credit scoring, with Polish auditors most often using ratio analysis (85%), and the Altman (38%) and Holda (26%) models, to assess going concern (Szulc, 2012). However, these methods prove insufficient for SMEs due to limited reporting requirements and lack of data.

Digital tools and econometric models are becoming increasingly important. Zarova and Tursunov (2022) point to the need for approaches based on real-time data and predictive analysis. Their proposal, although innovative, has not yet been empirically verified in various industries and does not take into account implementation problems in the context of limited SME resources.

Counterparty verification practices also have serious methodological limitations. Approaches focusing on historical financial performance dominate, which can lead to early warning signs being overlooked. Furthermore, an excessive focus on quantitative indicators overlooks important qualitative factors — such as management competence, market position and adaptability — that have a significant impact on the financial security of SMEs.

2.4. The Polish Regulatory Context

Polish SMEs operate in a specific institutional environment that significantly shapes financial security assessment and reporting practices. Unlike larger entities, SMEs are not required to apply International Financial Reporting Standards (IFRS). Their reporting is based on national regulations, which are less extensive in terms of the scope of information disclosed. This limits the comparability of financial data and makes risk assessment more difficult.

Polish accounting, based on the historical cost principle and conservative valuations, does not always adequately reflect the financial situation of companies in a dynamic market environment. Limited financial-statement audit requirements for smaller entities further reduces opportunities for external verification of information, which may reduce its reliability. These institutional conditions require financial security assessment methods to adapt to the realities of limited

information while still maintaining their analytical rigour.

2.5. Research Gaps

Despite growing academic interest in the financial security of SMEs, several significant research gaps remain. First, the literature has not developed a coherent theoretical framework that fully reflects the multidimensional nature of financial security in the context of SMEs. Research approaches are scattered and fragmented, limiting their potential for practical application.

Second, empirical studies often face methodological limitations — they involve small samples, are cross-sectional in nature, and rarely take industry diversity into account. They focus mainly on developed economies and tend to neglect emerging market contexts, where institutional frameworks and business practices differ significantly.

Third, the relationship between operational efficiency and financial security requires further analysis. Although recent studies show the significant impact of operational parameters on profitability, the mechanisms linking operational decisions to long-term financial security remain insufficiently explored.

Fourth, the integration of digital technologies in financial security assessment creates both opportunities and challenges that have not been systematically analysed in the existing literature. Although digital tools offer new analytical possibilities, their practical effectiveness and conditions for real-world in SMEs are not yet well understood.

This study addresses these gaps by proposing a framework for assessing the financial security of Polish SMEs that combines quantitative financial indicators with qualitative factors, and takes into account the specific characteristics of the national regulatory environment. This approach aims to provide practical tools for managers and external stakeholders while contributing to the development of a theoretical understanding of the dynamics of financial security in emerging economies.

3. Data and Research Methodology

The empirical research was conducted in order to verify our hypothesis that financial security is perceived differently depending on the size and market

experience of the enterprise. Data were collected through a Computer-Assisted Web Interview (CAWI) survey conducted over the course of one month. The study covered a total of 500 respondents ($N = 500$), representing micro, small, and medium-sized enterprises across Poland. Each respondent was the owner or manager of the enterprise, with decision-making responsibility in financial or operational areas. Data collection was implemented by the Kerala Research Institute in cooperation with the Wrocław University of Economics and Business.

3.1. Conceptual Background

The selection of variables was guided by established approaches to financial security in SMEs, including definitions emphasizing solvency, liquidity, and resilience toward financial risks (Franc-Dąbrowska, 2006; Raczkowski, 2014; Zarova & Tursunov, 2022). Dependent variables captured perceptions of financial security and contractor verification practices, while independent variables included firm size, tenure, legal form, sector, annual turnover, and geographical location. These variables reflect both internal characteristics of enterprises and contextual determinants of their financial stability, thereby ensuring theoretical grounding for our empirical analysis.

3.2 Sample Structure

The survey sample consisted of 500 SMEs with a varied distribution of sizes, industries, legal forms, tenure lengths, revenue levels, and geographical locations. The structure of these enterprises is described in Tables 1-4.

3.3 Variables and Measurement

Most variables were measured on nominal or ordinal scales, reflecting categorical data such as company size, tenure, legal form, and industry. Dependent variables, including indicators of financial security and methods of contractor verification, were also categorical. Given the measurement level, the analytical strategy relied on non-parametric techniques. The respondents who represented the surveyed entities had various levels of experience, work tenure, and knowledge of financial and accounting issues. One of the research topics

Table 1. Employment and Industry (N = 500)

Employment (size)	%	Industry	%
1-9 employees	36.0	Services	46.8
10-49 employees	44.0	Manufacturing	29.2
50-249 employees	20.0	Trade	24.0

Source: Authors' own elaboration

Table 2. Legal Form of Enterprise (N=500)

Legal form	%
Sole proprietorship	42.0
Limited liability company (Sp. z o.o.)	32.4
Registered partnership	10.6
Civil law partnership	5.4
Joint-stock company	4.4
Other forms (cooperatives, associations, etc.)	5.2

Source: Authors' own elaboration

Table 3. Company Tenure (N = 500)

Years on the market	%
1-5 years	3.0
6-10 years	10.0
11-20 years	25.0
>21 years	61.4

Source: Authors' own elaboration

Table 4. Annual Turnover and Region (N = 500)

Annual turnover (PLN)	%	Voivodeships (selected)	%
< 1 million	26.6	Mazowieckie	12.4
1.1-5 million	18.4	Śląskie	15.0
5.1-10 million	10.6	Wielkopolskie	12.8
>10.1 million	21.2	Dolnośląskie	8.4
Not disclosed	23.2	Other regions combined	31.2

Source: Authors' own elaboration

was the perception of financial security and related methods of verifying contractors' financial credibility. Participants were asked many questions, from which two concerning trade credit risk management were selected for this study, as presented in Table 5.

As a result of the conducted research, a wide range of responses was obtained, indicating varying levels of knowledge, experience, and intuition among managers and owners of small and medium-sized enterprises in Poland, and thus different approaches to trade credit risk management. To achieve the main research objective, three partial objectives were defined, all specifically addressing Polish enterprises:

1. Diagnosis of the perception of enterprises' financial security
2. Examination of whether there is a significant relationship between the understanding of financial security and a company's market experience (tenure of operation)
3. Identification of methods used by companies to verify contractors' financial security

3.4 Analytical Methods

Data analysis combined descriptive and inferential statistics. Frequency distributions were used to characterize the samples and responses. Relationships between categorical variables were tested using:

1. Chi-square independence test;
2. Fisher's exact test (in cases of low expected frequencies);
3. Monte Carlo simulations (to validate probability estimations); and
4. Cramér's V coefficient (to measure the strength of associations).

These methods were deliberately selected because they are appropriate for categorical data and ensure robust analysis without imposing assumptions of normality or linearity. While more advanced methods, such as structural equation modelling (SEM) or cluster analysis, can provide deeper insights, they typically require continuous variables, latent constructs, or interval-level data, which were not available in this dataset. The chosen methodology was thus best suited to the nature of the data, ensuring valid results without overstressing analytical assumptions.

Table 5. Research Questions

Question	Possible answers
What in your opinion is an indicator of your company's financial security?	– Stable customer base – Available funds in bank account – Monthly income exceeding expenses – No overdue receivables – Low company debt – No public-legal arrears – No bank loans – No legal proceedings – Maintained financial liquidity – Active credit – Legal stability – Long-term, profitable contracts – Positive market opinions about my company – High quality of services provided – Don't know, hard to say (<i>not read</i>) – Other
How do you verify the credibility of your customers (contractors)?	– Ask friendly companies in the industry – Check data in National Court Register/CEIDG – Check online (own research — forums, opinions, etc.) – Do not verify contractors at all – Check if the contractor is on the White List of VAT taxpayers – Check in business information bureaus (BIG, KRD, ERIF, mBIG, etc.) – Analyse company financial statements – Order reports from business intelligence agencies – Check company registration documents – Don't know, hard to say (<i>not read</i>) – Query Tax Office about VAT/tax arrears – Query Social Insurance Institution about public law arrears – Check on transport companies' exchange – Local/environmental survey by salespeople – Check verification by insurer – Other

Source: Authors' own elaboration

3.5 Reliability and Validity

Tests of internal consistency, such as Cronbach's alpha, were not applicable, as the survey employed independent categorical indicators rather than multi-item Likert scales. Similarly, tests of normality were unnecessary, since the data set did not include interval-scale variables. Validity was ensured by grounding the variables in established literature on financial security in SMEs, and by applying robust non-parametric techniques to mitigate the risks associated with categorical data.

In summary, the methodology of this research involved conducting empirical studies through telephone interviews with a sample of 500 micro, small, and medium-sized enterprises in Poland. The study aimed to examine the perception of financial security among business owners and managers and the methods used to verify the financial credibility

of contractors. The sample consisted of businesses from various sectors, with a majority in services, and included entities with diverse market experience. The research focused on understanding how financial security is perceived across different company sizes and industries. Statistical tools, including descriptive statistics, chi-square independence tests, Fisher's test, Monte Carlo simulations, and Cramer's V coefficient, were applied to analyse the data and draw conclusions about the relationship between perceptions of financial security and company characteristics.

4. Research Results

This section presents two sets of results. First, we examine how SMEs in Poland conceptualise *financial security*, and whether this perception varies with firm tenure. Second, we document the *verification practices*

Table 6. Perception of Financial Security

Company's tenure >>>>>>	1-5 years		6-10 years		11-20 years		from 21 years		Declined to answer		Total	
Response Variants	Number of answers	Percent-age (%)	Number of answers	Percent-age (%)	Number of answers	Percent-age (%)	Number of answers	Percent-age (%)	Number of answers	Percent-age (%)	Number of answers	Percent-age (%)
Stable customer base	8	53.30	22	44.00	45	36.00	159	51.80	1	33.30	235	47.00
Available funds in bank account	11	73.30	27	54.00	46	36.80	110	35.80	0	0.00	194	38.80
Monthly income exceeding expenses	8	53.30	17	34.00	42	33.60	114	37.10	1	33.30	182	36.40
No overdue receivables	7	46.70	18	36.00	41	32.80	103	33.60	0	0.00	169	33.80
Low company debt	1	6.70	10	20.00	16	12.80	68	22.10	0	0.00	95	19.00
No public-legal arrears	1	6.70	6	12.00	31	24.80	57	18.60	0	0.00	95	19.00
No bank loans	2	13.30	6	12.00	25	20.00	61	19.90	0	0.00	94	18.80
No legal proceedings	3	20.00	5	10.00	18	14.40	50	16.30	0	0.00	76	15.20
Maintained financial liquidity	0	0.00	0	0.00	4	3.20	1	0.30	0	0.00	5	1.00
Active credit	0	0.00	0	0.00	1	0.80	2	0.70	0	0.00	3	0.60
Legal stability	0	0.00	0	0.00	2	1.60	1	0.30	0	0.00	3	0.60
Long-term, profitable contracts	0	0.00	0	0.00	1	0.80	1	0.30	0	0.00	2	0.40
Good market reputation	0	0.00	0	0.00	2	1.60	0	0.00	0	0.00	2	0.40
High quality of services provided	0	0.00	0	0.00	1	0.80	1	0.30	0	0.00	2	0.40
Don't know, hard to say	0	0.00	1	2.00	5	4.00	12	3.90	2	66.70	20	4.00
Other	0	0.00	0	0.00	4	3.20	2	0.70	0	0.00	6	1.20
Total	15	100.00	50	100.00	125	100.00	307	100.00	3	100.00	500	100.00

Source: Authors' own elaboration

used to assess contractors' financial credibility. In the interest of transparency, all frequency distributions are reported in Tables 6, 10-12, while the text focuses on statistically meaningful patterns and their interpretation.

4.1. Perception of Financial Security

Across the full sample ($N = 500$), three indicators dominate the perception of financial security: a stable customer base (47.0%), available funds in bank accounts (38.8%), and monthly income exceeding expenses (36.4%). Less frequently mentioned were the absence of overdue receivables (33.8%) and low leverage (19.0%). These patterns suggest that managers prioritize *liquidity* and *relationship stability* over purely capital-structure metrics. The diagnosis regarding the perception of financial security is presented in Table 6. This compilation shows the frequency of responses for 16 response variants to the question of how respondents perceive financial security. In the questionnaire metrics, respondents were asked to declare their company's tenure (meaning its period of operation), and four categories were distinguished. A small number of respondents declined to provide information on their tenure. The tenure distribution of companies participating in the study was as follows:

- 1-5 years: 15
- 6-10 years: 50
- 11-20 years: 125
- 21+ years: 307
- Declined to answer: 3

To test whether perceptions depended on tenure, we first used the chi-square test across the four tenure categories and, where needed, validated p -values with Monte Carlo simulations. We then collapsed tenure into two groups (≤ 10 years vs. > 10 years) and re-tested with Fisher's exact test. Three robust patterns emerge:

- The salience of a stable customer base as a security indicator varies by tenure ($\chi^2 p = 0.025$; Cramér's $V = 0.137 \rightarrow$ small effect).
- The importance of available funds in bank accounts varies by tenure ($\chi^2 p = 0.003$; Fisher $p < 0.001$; Cramér's $V = 0.166 \rightarrow$ small-to-moderate effect).
- Maintained liquidity shows a weaker but non-negligible association with tenure ($\chi^2 p = 0.044$; Cramér's $V = 0.128 \rightarrow$ small effect).

Figure 1 visualizes the clearest gradient: older firms more often point to cash-on-account as a key security indicator. Pairwise tests with Yates's continuity correction and Fisher's exact test confirm that differences are significant between the youngest firms (1-5 years) and the oldest group (> 21 years), but not between the two youngest categories (1-5 vs. 6-10 years) (Tables 8-9). Substantively, experience appears to shift attention from income-flow statements toward immediately available liquidity and the durability of customer relationships.

These results indicate that organizational maturation is associated with a more *defensive* liquidity stance and with greater emphasis on relational stability. This is consistent with work showing that experience and owner engagement influence financial choices in SMEs (Vos & Roulston, 2008) and aligns with research highlighting the centrality of liquidity for continuity in smaller firms (e.g., Franc-Dąbrowska, 2006). It also complements studies on subjective, experience-driven performance criteria in SMEs (Reijonen & Komppula, 2007).

This analysis uses formal statistical methodology to examine the relationships between company experience and perceptions of financial security. The approach of using both chi-square and Fisher's tests provides robust validation of the findings, with a significance level of 0.05 representing the standard threshold for statistical significance in business research.

The chi-square independence test reveals that:

- The perception of a stable customer base as an indicator of financial security significantly depends on a company's tenure
- The perception of available funds in bank accounts as an indicator of financial security significantly depends on a company's tenure
- The perception of maintaining financial liquidity as an indicator of financial security significantly depends on a company's tenure

Fisher's test for the two company tenure categories aligned with the chi-square test in only one response variant: maintaining available funds in current accounts as an indicator of financial security. It is worth emphasizing that the Cramér's V coefficient indicated the strongest relationship for this dependency. The figure 1 presents a histogram showing the perception

Table 7. Statistical Analysis

Response Variant	Chi-square test	Was Monte Carlo simulation used for p-value?	Strength of relationship – Cramér's coefficient	Fisher's test
Stable customer base	0.02532	No	0.137	0.8947
Available funds in bank account	0.003332	No	0.166	0.0009428
Monthly income exceeding expenses	0.4796	No	0.071	0.7824
No overdue receivables	0.7364	No	0.051	0.4827
Low company debt	0.08846	Yes	0.115	0.7362
No public-legal arrears	0.1284	Yes	0.108	0.08902
No bank loans	0.5617	Yes	0.066	0.1747
No legal proceedings	0.6522	Yes	0.058	0.5808
Maintained financial liquidity	0.04448	Yes	0.128	1
Active credit	1	Yes	0.031	1
Legal stability	0.2639	Yes	0.076	1
Long-term, profitable contracts	1	Yes	0.04	1
Good market reputation	0.1309	Yes	0.11	1
High quality of services provided	1	Yes	0.04	1
Other	0.1024	Yes	0.108	1
Don't know, hard to say	0.8231	Yes	0.046	0.4907

Source: Authors' own elaboration

of financial security in terms of available funds in bank accounts.

The histogram clearly demonstrates that the older the company, the more it recognizes this variant as an indicator of financial security. To seek additional confirmation of this analysed relationship, new data sets were created, each containing exactly two categories. Independence tests were then conducted on these new sets. The tables 5 and 6 indicate significant relationships in both the chi-square test with Yates' continuity correction and Fisher's test.

The results of the chi-square test with Yates's continuity correction closely align with the results of the Fisher's test, leading to the following conclusions:

- If the dataset contained only company tenure data from the categories of 1-5 years and above 20 years, there would be a significant relationship between tenure and the perception of financial security as available funds in bank accounts.
- If the dataset contained only company tenure data from the categories of 1-5 years and 6-10 years, there would be no significant relationship

between tenure and the perception of financial security as available funds in bank accounts.

These results are consistent with the data presented in the histogram and confirm the conclusion that a company's tenure of market operation significantly influences its respondents' perception of available funds in bank accounts as an indicator of financial security.

3.2. Verification of Business Partners' Financial Security

Table 10 summarizes respondents' verification methods. The most common approach is to ask peer firms (34.8%), followed by checking public registers (KRS/CEIDG) (31.2%) and online screening (23.4%). Notably, one in five SMEs (20.0%) did not verify contractors at all. Formal information channels are less commonly used, including business information bureaus (16.2%), the whitelist of VAT taxpayers (17.8%), and, critically, financial statement analyses (3.4%). These figures point to an *informality gap*

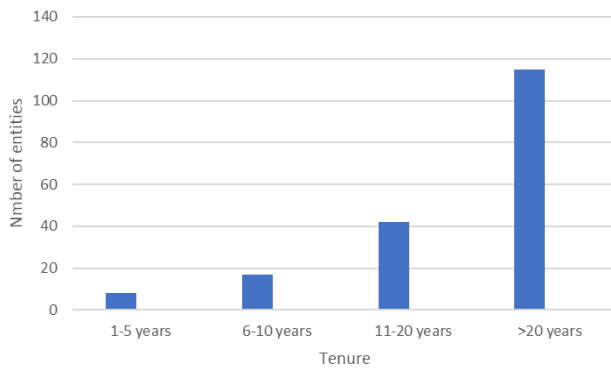


Figure 1. Histogram of responses for the variant “financial security as available funds in current account”
Source: Authors’ own elaboration

Table 8. Chi-square Test with Yates’ Continuity Correction

	1-5 years	6-10 years	11-20 years	> 21 years
1-5 years		0.3012	0.01456	0.007924
6-10 years	0,3012		0.0555	0.02184
11-20 years	0.01456	0,0555		0.9364
> 21	0.00792	0.02184	0.9364	

Source: Authors’ own elaboration

Table 9. Fisher’s test

	1-5 years	6-10 years	11-20 years	> 21 years
1-5 years		0.2388	0.01053	0.00517
6-10 years	0.2388		0.04273	0.01831
11-20 years	0.01053	0.04273		0.9121
> 21	0.00517	0.01831	0.9121	

Source: Authors’ own elaboration

between recognized security indicators (liquidity, customer stability) and the tools actually used to verify counterparties.

The results are also presented in a histogram showing the distribution of responses for individual variants. It clearly demonstrates that the highest number of companies (174 enterprises) indicated that they ask friendly companies in the industry. Check data in the National Court Register/CEIDG, was the preferred method for 156 companies, while 117 verify contractors online. A particularly noteworthy finding is that 100 surveyed companies, representing 20% of

Table 10. Methods of Verifying Business Partners’ Financial Security

Response Variants	Number of answers	Percentage (%)
Ask friendly companies in the industry	174	34,80
Check data in National Court Register/CEIDG	156	31,20
Check online (own research - forums, opinions, etc.)	117	23,40
Do not verify contractors at all	100	20,00
Check if the contractor is on the VAT Taxpayers White List	89	17,80
Check in business information bureaus (BIG, KRD, ERIF, mBIG etc.)	81	16,20
Analyse company financial statements	17	3,40
Order reports from business intelligence agencies	16	3,20
Check company registration documents	15	3,00
Query Tax Office about contractor’s VAT or tax arrears	8	1,60
Query Social Insurance Institution about contractor’s public law liabilities	6	1,20
Check on transport companies exchange	4	0,80
Conduct local/environmental survey through sales representatives	4	0,80
Company is verified by our insurer	3	0,60
Other	5	1,00
Don’t know, hard to say (not read)	9	1,80
Total	500	100,00

Source: Authors’ own elaboration

the entities participating in the study, do not verify contractors at all.

Regarding the “Other” variant, the following responses were provided:

- Using an initially small scope of order
- Through their bank
- In the Central Statistical Office

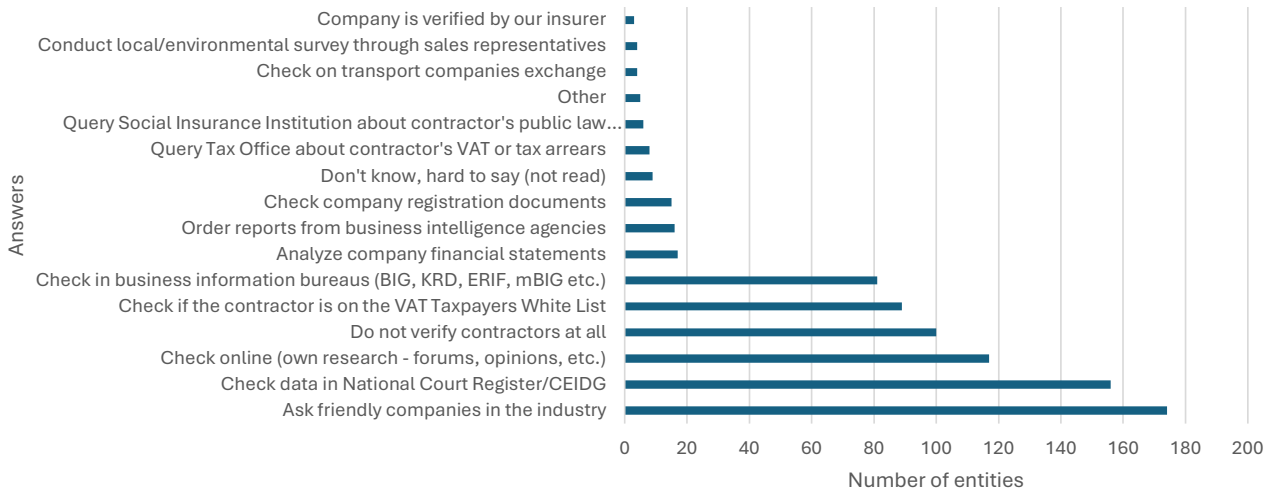


Figure 2. Distribution of responses regarding the perception of contractors' financial security
Source: Authors' own elaboration

- Purchased service from a company
- Commission freight verification

Disaggregation by firm tenure (Table 11) shows that older firms use a wider mix of formal checks (e.g., VAT whitelist, BIG/KRD/ERIF), while non-verification is comparatively more common in younger businesses. However, financial statements remain underused, even among older firms.

Only 17 respondents (3.4%) reported analysing counterparties' financial statements. Those who do focus is on liquidity sections (52%), followed by indebtedness (21%) and profitability (7%) (Table 12). This selective attention reinforces the central role of cash and liquidity observed in Section 3.1, but it also exposes a capability gap: most SMEs prefer informal signals (peer opinions, online cues) to formal financial diagnostics.

The reliance on informal verification is consistent with evidence on limited financial literacy and resource constraints in SMEs (Mbatha & Ngibe, 2017). At the same time, auditors traditionally use ratio analysis and established scoring models for going-concern assessment (Szulc, 2012; see also Altman-type models), which suggests that institutional tools exist but are not diffusing into SME practice. The mismatch indicates scope for targeted managerial training and light-touch decision-support tools better aligned with SME constraints (cf. Grzelak et al., 2024).

The obtained results can be explained by the specific characteristics of the studied sector. The small and medium-sized enterprise sector is characterized

by distinctive qualitative features. For these entrepreneurs, direct contact with their contractors is particularly important. The most popular method of contractor verification in the studied group was obtaining information about potential contractors through friendly companies in the industry. A notably common response was that they do not verify their contractors at all, or only do so at the beginning of cooperation. We believe that such an approach to cooperation is characteristic of smaller enterprises, which tend to be based more on personal relationships. The studied group of enterprises overall did not extensively utilize the analysis of their contractors' financial statement information.

5. Discussion

The research findings provide valuable insights into how small and medium-sized enterprises (SMEs) in Poland perceive and manage their financial security. The results confirm that financial security is primarily associated with maintaining financial liquidity, a stable customer base, and available funds in bank accounts. These findings align with previous studies, such as those by Franc-Dąbrowska (2006), that emphasize the critical role of financial stability in ensuring business continuity. The observed emphasis on trust and intuition in contractor verification reflects the qualitative nature of SME operations, as highlighted by Reijonen and Komppula (2007), who noted the importance of subjective measures in small-business performance.

Table 11. Methods of Verifying Business Partners' Financial Security by Company Tenure

Response Variant	1-5 years	6-10 years	11-20 years	> 20 years
Ask friendly companies in the industry	5	19	40	109
Check data in National Court Register/CEIDG	4	13	24	113
Check online (own research — forums, opinions, etc.)	2	13	29	71
Do not verify contractors at all	6	13	35	46
Check if the contractor is on the VAT Taxpayers White List	1	2	15	71
Check in business information bureaus (BIG, KRD, ERIF, mBIG etc.)	1	7	23	49
Analyse company financial statements	0	3	0	14
Order reports from business intelligence agencies	0	0	4	12
Check company registration documents	1	0	4	10
Query Tax Office about contractor's VAT or tax arrears	0	0	0	8
Query Social Insurance Institution about public law liabilities	0	0	0	6
Check on transport companies' exchange	0	1	3	1
Conduct local/environmental survey through sales representatives	0	0	1	3
Company is verified by our insurer	0	0	0	3
Other	0	0	2	2
Don't know, hard to say	0	0	5	4

Source: Authors' own elaboration

Table 12. Areas of Financial Statement Information Used in Determining Customer Credibility

Analysed Areas of Financial Statement Information	Frequency	Percentage (%)
Other	2	2
Don't know, hard to say (<i>not read</i>)	18	18
Liquidity (cash and cash equivalents, etc.)	52	52
Profitability (revenues, costs, profit, loss)	7	7
Indebtedness (bank liabilities, public obligations such as taxes and social security, employee liabilities, trade payables)	21	21

Source: Authors' own elaboration

The relationship between a company's tenure and its perception of financial security provides an additional layer of insight. Older companies tend to prioritize liquidity and customer stability more than younger ones, suggesting that their experience in navigating market challenges enhances their understanding of financial risks. This observation resonates with findings by Vos and Roulston (2008), who highlighted the connection between owner engagement, experience, and financial outcomes. Moreover, the significance of available funds in bank

accounts as a security indicator for older companies underscores their practical need for immediate liquidity in sustaining operations during market fluctuations.

These findings add an international dimension to the debate on SME financial resilience. While prior studies in Western economies have typically linked tenure to growth orientation, our results indicate that in the Polish context, tenure primarily reinforces a defensive stance centred on liquidity and customer stability. This distinction highlights the influence of

institutional settings and calls for further comparisons across different countries.

The limited use of financial statements in contractor verification raises concerns about the robustness of risk-management practices among SMEs. Only 3.4% of respondents cited financial statement analysis as a method for assessing contractor credibility. This finding suggests a potential gap in financial literacy and an overreliance on informal verification methods, such as recommendations from industry peers or online research. This aligns with the observations of Mbatha and Ngibe (2017), who identified a lack of financial literacy and structured risk management as significant barriers to financial stability in emerging markets. These results also point to the need for more structured approaches to contractor assessment, as informal methods may expose SMEs to unnecessary risk, especially in dynamic or uncertain economic environments.

This underutilization of financial statements also raises questions for policy and practice. If SMEs are to adopt more formalised verification tools, institutional actors — such as chambers of commerce, business associations, or financial regulators — could play a role in diffusing simplified analytical frameworks. Such initiatives may help overcome informational asymmetries and reduce transaction risks in SME networks.

Interestingly, the findings suggest a paradox: while SMEs recognize the importance of financial security indicators like liquidity and stable customer bases, they often neglect tools and practices that could help achieve these goals. This discrepancy may stem from resource constraints or a lack of awareness about the benefits of formal risk-management tools. As Crocford (1982) and Altman and Narayanan (1997) argue, the availability and application of predictive models and diagnostic tools can significantly improve risk management and financial decision-making. Yet, the low adoption rate of such tools amongst SMEs indicates a missed opportunity for them to improve their financial resilience.

This study also highlights the importance of fostering trust-based relationships in SME operations. While trust and intuition play a crucial role in contractor selection, over-reliance on these factors without formal verification mechanisms can increase vulnerability to financial risks. This finding echoes the work of Grzelak et al. (2024), who emphasized the need for decision-support tools to optimize operational efficiency and reduce risks. Incorporating such tools

into SME practices could help bridge the gap between perception and action, enabling businesses to align their risk-management strategies with their financial security goals.

From a broader perspective, the study contributes to the growing body of research on financial security in SMEs by identifying key determinants and highlighting areas for improvement. It also raises important questions about the role of external support, such as government initiatives and financial institutions, in providing SMEs with the resources and knowledge needed to strengthen their financial security frameworks. For instance, targeted training programs or subsidized access to financial analysis tools could empower SMEs to adopt more sophisticated risk-management practices.

This study directly answers the research questions posed, showing that the perception of financial security in Polish SMEs is not uniform, but varies significantly depending on the length of time the company has been on the market. While previous studies have focused mainly on static financial indicators or bankruptcy prediction models, this article demonstrates that organisational experience itself is a factor shaping the conceptualisation of financial security. In particular, older companies attach greater importance to financial liquidity and customer-base stability, revealing a dimension of financial maturity that has rarely been analysed in the literature. It is this observation that constitutes the fundamental novelty and motivation for the study.

The article's contribution is threefold. First, at the theoretical level, it broadens the debate on the financial security of SMEs by linking it to the going concern principle and proposing a conceptual perspective that integrates financial indicators with the length of an organisation's operation and the stability of its counterparty relationships. Second, at the empirical level, it provides evidence based on a survey of 500 Polish SMEs, the results of which were analysed using rigorous statistical tools (chi-square test, Fisher's exact test, Monte Carlo simulations). Thus, it fills a clear gap in the international literature, where the perception of financial security in relation to market experience is rarely analysed, especially in the context of Central and Eastern Europe. Thirdly, at the practical level, the article reveals a discrepancy between the declared understanding of financial security and the actual practices of counterparty verification. Most SMEs rely on informal mechanisms such as trust, making insufficient use of information

from financial statements, which indicates a weakness in risk-management practices. These findings are important for SME managers, auditors and policy makers, who should promote higher levels of financial education and encourage the use of more structured methods of counterparty assessment.

By consolidating these elements, the study proves its originality in terms of both subject matter and results. It expands theoretical understanding, enriches the empirical base in a poorly researched context, and offers concrete guidance for practice — showing financial security not only as a function of financial indicators, but also as an effect of organisational maturity and managerial behaviour.

Beyond the empirical evidence, this study points to a theoretical implication: Organisational maturity itself should be recognised as a dimension of financial security. By embedding experience into the conceptual framework, we extend existing models that focus predominantly on static indicators. Nevertheless, caution is warranted: the findings derive from one national context and from self-reported perceptions, which may not fully capture behavioural practices. This limitation underscores the need for triangulated research designs that combine survey data with financial records and longitudinal tracking.

In conclusion, the discussion underscores the multifaceted nature of financial security and the interplay between perception, experience, and practice. While SMEs in Poland demonstrate a clear understanding of the importance of financial security, their reliance on informal methods and limited use of formal tools indicate a need for targeted interventions. Future research should explore the effectiveness of such interventions and investigate how technological advancements, such as digital platforms and artificial intelligence, can further enhance financial security practices among SMEs.

6. Conclusions

This study provides a comprehensive analysis of the perception and management of financial security among small and medium-sized enterprises (SMEs) in Poland, offering valuable insights from both scientific and practical perspectives. The findings emphasize the critical role of financial liquidity, a stable customer base, and available funds in bank accounts as primary indicators of financial security. These elements, particularly in the context of greater market

experience, serve as foundational pillars for ensuring business continuity and resilience.

The empirical research demonstrated that enterprises did not extensively use the analysis of their contractors' financial statement information, instead primarily associating financial security with available funds in bank accounts. Since funds in bank accounts are closely linked to financial liquidity, it is not surprising that respondents perceived the maintenance of financial liquidity as an indicator of financial security. Companies also identified a stable contractor base as an important factor in financial stability. Interestingly, however, they largely did not verify these contractors during business operations, with their relationships being largely based on trust and intuition. The minimal importance attached to these contractors' financial statement information is also noteworthy.

Based on the examination of significant relationships using the chi-square independence test (based on frequency tables), it was concluded that:

- A stable customer base is an indicator of financial security, and it significantly depends on company tenure
- Available funds in bank accounts are another indicator of financial security, with longer market presence corresponding to greater importance being attributed to this indicator
- The company's perception of financial-liquidity maintenance is an important indicator of financial security, and also significantly depends on company tenure

The longer a company's tenure, the greater importance the studied group places on financial liquidity, a stable customer base, and available funds in bank accounts as indicators of financial security. The importance of available funds in bank accounts is most significant for the surveyed enterprises, as confirmed by analysis using Fisher's test and the Cramer's V coefficient; the older the company, the more it identifies this variable with a sense of financial security.

From a scientific perspective, the research contributes to the existing body of literature by highlighting the nuanced relationship between company tenure and financial security perceptions. It underscores the importance of experience in shaping risk-management practices and priorities, aligning with prior studies that link organizational maturity

to improved financial decision-making. This study also identifies a significant gap in the utilization of formal tools, such as financial statement analysis, for contractor verification. This gap highlights the need for further exploration of the barriers preventing SMEs from adopting structured risk-management practices and the potential role of education and training in addressing these challenges.

From a practical perspective, the findings have direct implications for SME management and policymaking. Reliance on informal methods for contractor verification, such as recommendations from industry peers or online research, exposes SMEs to unnecessary risks. To mitigate these vulnerabilities, managers should be encouraged to integrate formal financial analysis tools into their decision-making processes. Additionally, targeted initiatives — such as financial literacy programs, workshops, and access to affordable risk-management technologies — could significantly enhance the financial resilience of SMEs.

The study's findings also highlight the need for external support mechanisms. Policymakers and financial institutions can play a crucial role in fostering SMEs' financial security by offering them access to resources, such as credit guarantees, digital tools for financial analysis, and platforms for reliable contractor verification. These measures can help SMEs overcome resource constraints and strengthen their financial management capabilities.

This study contributes to the understanding of financial security in SMEs by offering empirical evidence on the determinants and perceptions of financial stability. It bridges gaps in the literature by focusing on the Polish SME sector and exploring the interplay between company tenure, financial security indicators, and risk-management practices. The findings also provide a foundation for future research into the adoption of technological solutions and the role of external support in enhancing SMEs' financial resilience.

The study has several limitations that should be addressed in future research. First, it focuses exclusively on SMEs in Poland, which may limit the generalizability of the findings to other countries or regions. Second, the reliance on self-reported data introduces the potential for bias, as respondents may have felt obligated to provide socially desirable answers. Third, the study does not account for sector-specific differences in financial security perceptions, which could provide a more nuanced understanding of the challenges faced by SMEs.

Future studies should consider cross-country comparisons to identify broader patterns in SMEs' financial security perceptions and practices. Investigating the role of sectoral differences and technological advancements, such as digital platforms and artificial intelligence, could provide deeper insights into how SMEs can enhance their financial resilience. Additionally, longitudinal studies examining the impact of financial-literacy programs and policy interventions on SMEs' financial security would offer valuable guidance for both researchers and practitioners.

By addressing these limitations and exploring new research avenues, future studies can build on the findings presented here, advancing the understanding of financial security and risk management in SMEs and contributing to their sustainable growth and development.

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