WSB Journal of Business and Finance
Year 2026, Vol. 60, No.1
eISSN 2657-4950

Sources of financing for enterprises in Poland in 2021-2023

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DOI 10.2478/WSBJBF-2026-0006

Abstract

Every company must secure adequate financing to cover its operational and investment needs. Capital is essential for any organisation to function. Financing, therefore, refers to the accumulation or acquisition of capital in order to invest it effectively (Michalak, 2007). There are many sources of financing for business activities. The most popular form is equity capital, although this is often insufficient for investment purposes. Consequently, companies often require external capital. This can have many sources. Contemporary financing methods often provide an alternative way to obtain funds for a company's activities, offering a cheaper, faster or more flexible option.

The aim of this article is to examine whether crowdfunding constituted an alternative to bank-based financing in the years 2020–2023. The study addresses the following research hypotheses:

H1: In the period 2020–2023, crowdfunding was primarily utilised by start-up entities.

H2: Entities that did not obtain financing from banking institutions in the years 2020–2023 perceived crowdfunding as an alternative source of capital.

The quantitative study conducted on a sample of 150 enterprises demonstrated that, between 2020 and 2023, only a marginal proportion of respondents used crowdfunding as a financing source, at approximately 10%. The entities that opted for this financing method were primarily start-ups, defined as enterprises operating for fewer than ten years, characterised by innovative technologies and/or business models, and oriented toward substantial growth in employment and/or sales (Kollmann et al., 2015, p. 15).

The analysis further revealed that, during the examined period, crowdfunding in Poland was predominantly used by organisations operating in the IT, medical, cosmetics, and arts and culture sectors. It is important to emphasise that the overall level of awareness regarding this form of financing remained relatively low. Only 20% of the surveyed entities identified crowdfunding as an attractive option; 24% expressed no opinion; and 56% reported having no knowledge of this financing instrument.

Moreover, the results indicate that Polish entrepreneurs most commonly recognise traditional sources of business financing, such as bank loans, internal funds, and capital borrowed from family members or affiliated entities.

To fulfil the research objective, a quantitative survey was carried out using a structured questionnaire. The survey findings were complemented by in-depth interviews (IDIs), which enabled a more nuanced interpretation of the results. The formulation of recommendations employed generalisation and synthesis methods, including deduction, induction and reduction.

The inductive approach was applied to assess the significance of crowdfunding, moving from the analysis of specific phenomena towards broader generalisations. In contrast, the deductive approach facilitated the examination of how business entities engaged in crowdfunding during the analysed period. Verification of the research hypotheses was conducted through reduction, drawing on empirical findings and a critical review of the literature.

Keywords: crowdfunding, funding sources, external capital, enterprise financing

1. Sources of Corporate Finance

To maintain liquidity and ensure operational continuity, enterprises must secure adequate financing to support their operations and investment needs. These funds provide the essential financial resources needed to support core business activities and long-term development initiatives. Capital plays a fundamental role in any organisation's functioning, as all managerial decisions ultimately manifest themselves in financial terms. Therefore, an enterprise's operational effectiveness and financial performance are inherently linked to decisions concerning the acquisition, allocation and utilisation of available monetary resources.

An organisation's financial requirements can be met through various funding sources. Figure 1 presents general classification of these sources.

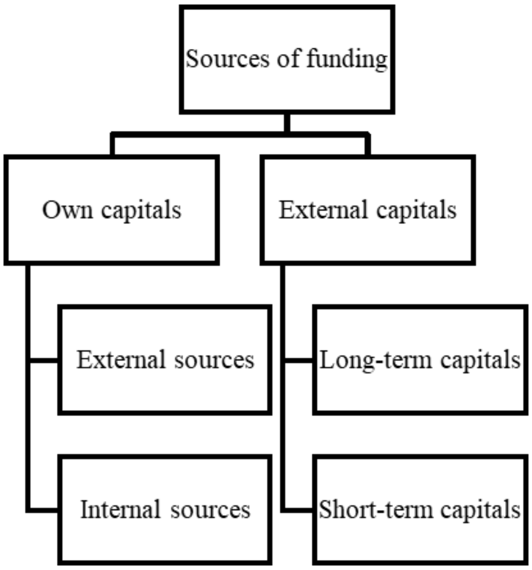

Figure 1. Division of sources of financing of enterprises

Source: own compilation based on T. Enz, S. Kraenzlin, C. Ravara, Economic Briefing no. 39, Credit Suisse Economic Research, Zurich 2005, s.5 and R. Brealey, S.C.Myers, F. Allen, Principles of Corporate Finance, Mc Graw-Hill, New York 2008, s. 529.

From an ownership perspective, the sources of financing for enterprises can be categorised into equity and debt capital. Equity capital comprises funds contributed to an enterprise during its operations and forms the basis of its economic and financial independence. It performs three primary functions: establishing the enterprise; guaranteeing its stability; and financing its activities (Bednarz & Gostomski, 2018). Accordingly, equity capital forms the fundamental basis of enterprise financing and can originate from both internal and external sources.

In contrast, debt capital comprises funds provided by external parties to the enterprise. Unlike equity, these funds are only available to the enterprise for a defined period, after which they must be repaid, typically with interest. Using debt capital enables enterprises to expand their financing base and consequently increase the scale of their operations.

Another criterion for classifying sources of financing is the origin of the capital. Internal sources are generated within the enterprise, whereas external sources are primarily obtained from financial markets. Internal financing may come from owners in the form of shares, stock and initial capital contributions, while external financing comes from creditors in the form of loans, credits, factoring and leasing. When an enterprise first begins operating, all capital typically comes from external sources, including owner contributions and funds obtained through loans or lines of credit. As the enterprise operates and develops, external financing increasingly supplements internal financing. This combination supports further growth and is based on retained earnings, depreciation and amortisation, as well as the restructuring of assets and utilisation of established reserves.

A third classification criterion is the length of time funds are made available. Accordingly, sources of financing can be divided into short-term and long-term categories. Financing sources may also be categorised according to their intended purpose: whether they are used to fund current operations or investment activities. These classifications are interrelated and mutually dependent. For example, hybrid financing combines equity and debt capital, demonstrating the interconnected nature of different financing sources. The selection of a financing source is determined by numerous factors (A. Glen, 2013, p.128):

- Financial result of the company;
- Current cost of capital;
- Development prospects of the enterprise;
- Attitude to risk-taking;
- Quality of management Staff;
- Position of the enterprise in the market;
- Industry-specific characteristics;
- Phase of development in which the enterprise is currently located;
- Type of financial system in which the entity operates;
- Political situation in the country;
- The current business cycle of the economy in which the entity operates.

However, it is also important to remember that modern business entities operate in a dynamic and ever-changing environment.

2. Meaning and functions of crowdfunding - literature review

Crowdfunding constitutes a rapidly expanding method of capital investment and acquisition. According to Wick (2013), crowdfunding arises when a large group of individuals supports a project through relatively small monetary contributions, either as donations or in exchange for participation in the initiative. Rubinton (2011) characterises it as a process in which an entity communicates a need for financing and receives small contributions from numerous participants in exchange for a form of value. Steinberg (2012) defines crowdfunding as a mechanism enabling the general public to provide start-up capital for new ventures. Wash notes that crowdfunding involves mobilising resources from a broad audience through an open call to implement a new idea.

A comprehensive definition is offered by Hossain and Oparoacha (2015), who classify crowdfunding as an Internet-based financing method enabling the realisation of various initiatives—tasks, ideas, or projects—through micro-sponsorship, i.e., small financial contributions made online within a specified timeframe. Such initiatives are carried out by issuing an open invitation to participate, primarily via digital platforms. Contributors may donate, pre-purchase products, lend funds, or invest, motivated by confidence in the offer, trust in the initiator's promises, or the expectation of financial returns. The definitions cited above converge on three key elements:

- A digitally connected community of investors,
- Beneficiaries receiving the accumulated funds,
- Intermediaries facilitating these interactions through online platforms.

The literature distinguishes several crowdfunding models (Shneor, 2020; Chunsheng (Jerry) Jin, Jewoo Kim & Jaewook Kim, 2025), the most significant of which include:

- Equity crowdfunding, based on the acquisition of ownership shares;
- Lending-based crowdfunding, involving interest-bearing loans;
- Donation-based crowdfunding, oriented towards charitable or community goals;
- Reward-based crowdfunding, providing non-financial rewards to backers;
- Invoice trading, enabling the sale of invoices via online platforms.

The first initiative recognised as crowdfunding was the campaign organised by Marillion fans in 1997. This fundraising effort enabled the band to undertake a concert tour in the United States. The first professional crowdfunding platform was subsequently established in 2000, followed by the first European crowdfunding platforms in 2010 (Bandura, 2020). Consequently, crowdfunding can be characterised as a relatively recent phenomenon.

Equity crowdfunding offers a range of advantages to both investors and firms seeking capital. For investors, this model enables participation in ventures despite limited financial resources, thereby reducing individual investment risk. It also creates a unique relationship between the issuing entity and the investor, who may simultaneously act as a customer. Moreover, crowdfunding facilitates the co-creation of sustainable value, as investors increasingly engage in environmentally oriented projects—a trend regarded as a prospective paradigm for value generation (Malhotra & Uslay, 2018; Wang et al., 2023). This financing model is especially relevant for small and medium-sized enterprises (SMEs), which frequently encounter constraints in accessing external capital (Lelo de Larrea et al., 2019).

Within the continental financial market model, banks traditionally constitute the primary source of corporate financing by providing credit for operational and developmental purposes (Danilov & Pivovarov). However, given the growing dynamism of the economic environment and the evolution of bank lending criteria, alternative financing instruments—such as crowdfunding—are increasingly recognised as significant components of the contemporary financing landscape.

3. Financing through banking services

Banking services are the contractual relationships formed between a banking institution and its clients. Within these relationships, the bank provides specific financial services, and the client receives them. These services are reciprocal, performed either for the client's benefit or for the bank's, and usually require a bank account. Capiga (2008, p. 137) offers a similar conceptualisation, interpreting banking services as contractual arrangements in which the bank functions as the service provider and the client as the recipient.

Świecka builds on earlier definitions by emphasising not only the parties involved in the service relationship, but also the temporal and spatial dimensions of service delivery. According to her, banks and other financial institutions provide banking services to individual customers and business entities through traditional branch networks and electronic distribution channels. In turn, Flejterski (2008, p. 330) directs attention to the monetary nature of banking services, stressing that they constitute remunerated financial transactions, most frequently formalised in civil-law contracts.

A synthesis of these definitions suggests that banking services are characterised by a multilayered structure and the establishment of specific, predominantly monetary, relationships between the bank and its clients. Additional distinguishing features include standardised procedures for executing banking operations, time-related criteria influencing service valuation, and the strict regulatory environment imposed by banking law.

However, it is also important to note that banking services cannot be fully standardized, as they are highly individualized and tailored to clients' specific needs and expectations.

The services offered by banks can be classified according to several criteria, as shown in Figure 2.

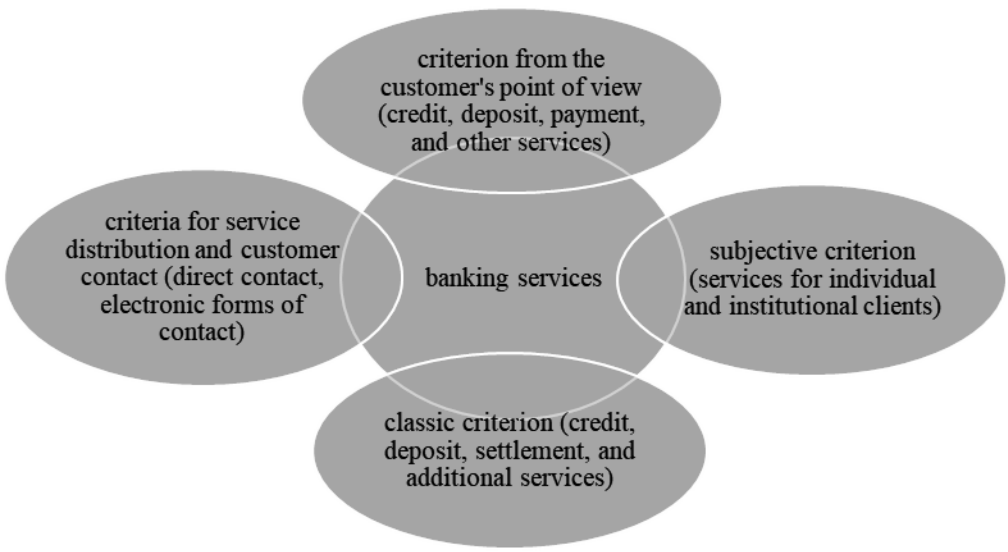

Figure 2. Classification of banking services according to various criteria

Source: Author's own compilation.

Taking the above criteria into account, one area in which banks operate is financing enterprises through banking products. This involves the bank providing financial resources to the enterprise for a specified period under a contract. The customer (in this case, an organisation) is obliged to repay the loan, together with any applicable fees and commissions, within the agreed timeframe. Before granting a loan, the bank conducts a creditworthiness assessment to estimate the company's ability to repay the borrowed funds, including fees and commissions, within the specified period.

Banks offer companies the following types of financing: overdraft facilities and investment loans. The former ensures the company's liquidity, while the latter supports the implementation of the organisation's investment plans. Bank loans granted to entrepreneurs have certain specific characteristics, such as repayability and purposefulness. The borrower must repay the loan within the timeframe specified in the agreement with the bank. This is also a form of payment for which the bank charges a commission and fees. Another feature of loans is that the bank specifies the financing purpose in the agreement with the customer and monitors its implementation.

4. Research methods

The primary objective of the survey was to investigate changes in the financing practices of small and medium-sized enterprises (SMEs) in Poland. The questionnaire comprised 21 items addressing respondents' financing methods, financial needs, and perceived obstacles to accessing external capital.

The nationwide survey was conducted in August 2024 and included a sample of 150 SMEs. A non-probabilistic, purposive sampling technique was employed, selecting respondents based on their experience with, or use of, external capital to finance business operations. The questionnaire included both single-choice and multiple-choice items.

To complement the quantitative findings, a qualitative study was conducted through in-depth interviews (IDIs) with representatives of the surveyed enterprises. Fifteen respondents participated in the IDIs. The interview process involved three stages: preparing interview questions, purposively selecting participants based on enterprise size and financing method, and conducting interviews. The IDI questions focused on:

The extent to which respondents perceived obstacles in obtaining external capital from banking institutions between 2021 and 2023. Factors prompting the search for alternative financing methods beyond bank loans. Assessment of the availability of alternative business financing options other than bank credit.
Key considerations when raising capital for their businesses during 2021–2023. Perceptions of crowdfunding as a potential financing source.

The qualitative component aimed to obtain detailed insights and supplement the quantitative data. The one-to-one interviews focused on respondents' opinions, experiences, and perspectives, aiming to understand the attitudes, motivations, and decision-making processes underlying their financing choices.

The quantitative survey encompassed 150 SMEs operating in Poland, representing enterprises with varying lengths of operation (see Figure 3).

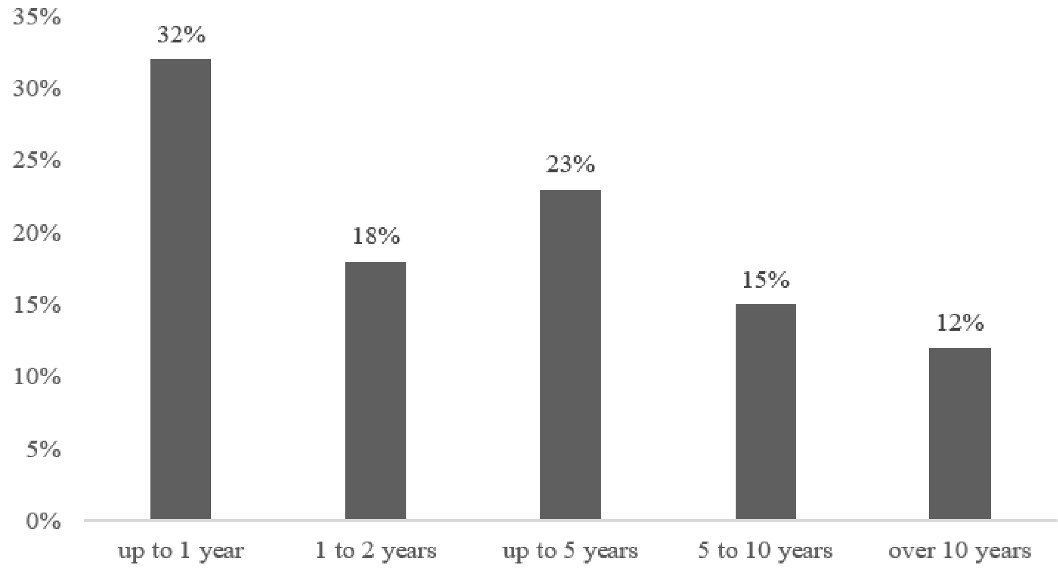

Fig. 3. Respondents' period in business

Source: Author's own compilation.

Analysis of the survey sample indicates that nearly half of the respondents were enterprises operating in the market for up to two years. This group predominantly included start-ups, defined as companies with high growth potential, driven by technology and offering innovative products or services resulting from the practical application of knowledge (Blank & Dorf, 2013). In contrast, the smallest proportion of respondents was businesses with more than 10 years of operation, reflecting the natural prevalence of younger enterprises in the sample.

Regarding sectoral distribution, the majority of participating enterprises (62%) were service-oriented organisations, highlighting the predominance of services among SMEs in Poland. The remaining respondents were engaged in manufacturing, trade, and other sectors. Figure 4 illustrates the detailed breakdown of survey participants by industry, providing a visual representation of the sectoral composition of the sample.

This composition of respondents ensures that the study captures the perspectives of both nascent and more established enterprises, enabling a comprehensive analysis of financing practices across different stages of business development. The inclusion of start-ups is particularly relevant for examining alternative financing mechanisms, such as crowdfunding, which are often more accessible to younger, innovative companies.

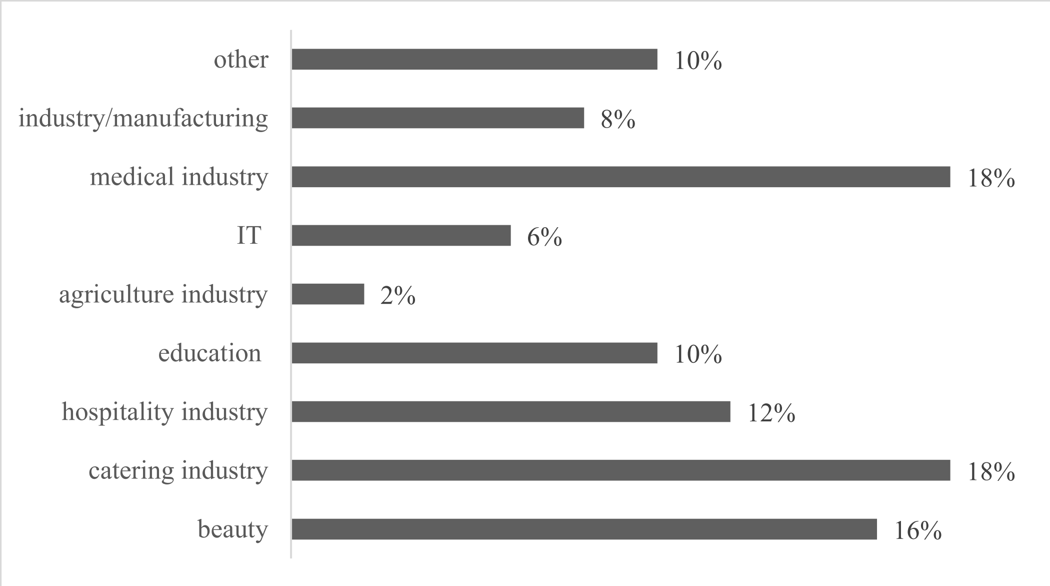

Fig. 4. Respondents to the survey by industry

Source: Author's own compilation.

The survey respondents represented a range of industries, including beauty, catering, hospitality, health, medical services, and education. A small minority of participants operated within the agricultural sector. The “other” category encompassed enterprises from the financial and logistics sectors, as well as companies active in real estate.

5. Crowdfunding as an alternative way of business financing in 2021 – 2023

In the quantitative self-report survey, respondents were asked to indicate the types of financial obligations held by their enterprises. Almost 60% reported having a loan or credit facility, and 40% indicated using a working capital loan. Additionally, 12% of respondents reported holding a credit card. The majority of enterprises had entered into leasing agreements, whereas only 4% reported using factoring services. Furthermore, 14% of the surveyed entities had a bank or insurance guarantee.

Respondents were also asked to provide information on investments undertaken between 2021 and 2023. The corresponding results are presented in Table 1 .

Table 1. Investments made by the entities surveyed in 2021–2023

Investment requirement	**%**
Introduction of a new product/service	26%
Purchase of machinery and equipment	24%
Purchase of real estate	8%
Expansion of the company into new markets/segments	12%
Lack of planned investments	28%
Other	2%

Source: Author's own compilation.

Nearly half of the surveyed enterprises reported that, between 2021 and 2024, they introduced a new product or service or undertook investments in equipment or hardware. This indicates a relatively high level of innovation and development activity among SMEs during the analysed period, despite the challenging economic environment.

As part of the assessment of ongoing investment activities, respondents who conducted investment projects between 2021 and 2023 were asked to specify the sources of financing used to support these initiatives. The distribution of financing sources is presented in Table 2. The data provide insight into the financial strategies employed by SMEs, highlighting the extent to which businesses relied on traditional financial instruments, internal resources, or alternative forms of financing. This information is crucial for understanding enterprises' financing behaviour and for evaluating the role of non-bank financing mechanisms—such as crowdfunding—in supporting SME investment activity.

Table 2. Sources of investment funding by surveyed subjects in 2021 – 2024

Sources of investment	**%**
Own funds	38%
Loan from family/friends	14%
Bank loan	16%
Crowdfunding	10%
Support from business angels	4%
Other	18%

Source: Author's own compilation.

Analysis of the survey results indicates that most respondents who obtained bank loans did so primarily due to uncertainty and a lack of knowledge about alternative financing options. Those who relied on financial support from family or friends most frequently reported choosing this option because financial institutions were unable to offer suitable products or because they lacked the collateral required for formal financing. The reasons for not receiving credit in 2021-2023, as reported by the surveyed companies, are shown in the figure below (Fig.5).

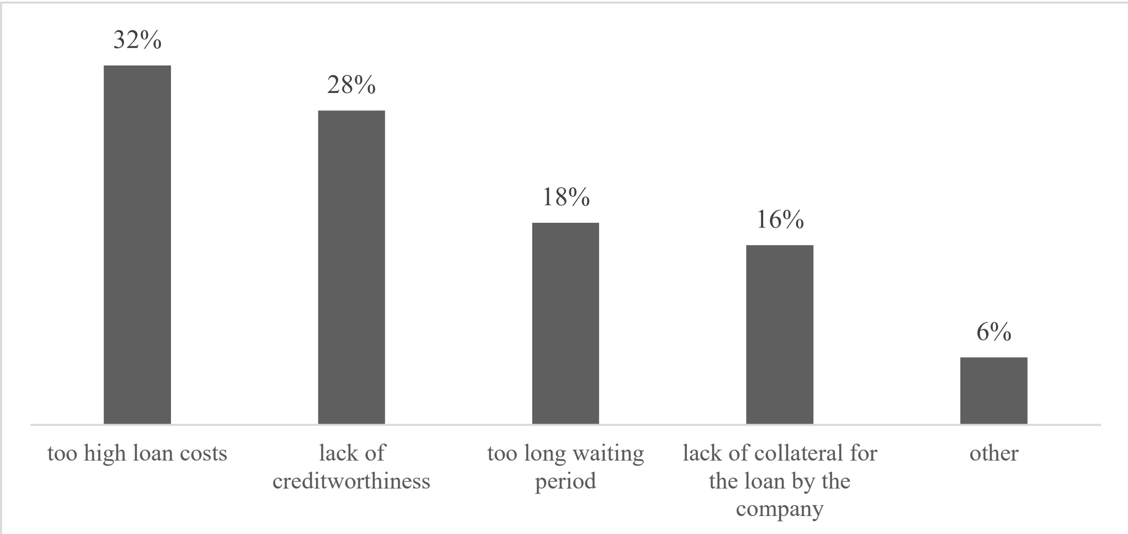

Fig. 5. Reasons why respondents did not take out a bank loan in 2021-2024

Source: Author's own compilation.

Enterprises that turned to alternative mechanisms, such as crowdfunding or business angel support, most often cited the absence of viable offers from financial institutions and favourable cost conditions as the main reasons for their choice. The “other” category included financing methods such as leasing, support from affiliated or partner companies, and government grant schemes.

6. Conclusion

The empirical findings of this study enable us to reject the hypothesis that crowdfunding constituted an alternative form of business financing between 2021 and 2023. The results show that only 10% of the surveyed entities used this financing method. Consequently, hypothesis 2 is not supported.

Similarly, hypothesis 1, which suggested that start-up entities predominantly relied on crowdfunding as their primary fundraising mechanism, was not confirmed. Of the organisations that reported using this form of financing, only 44% were start-ups. The remaining firms, although classified as start-ups for the purposes of the analysis, relied primarily on their own capital or financing from affiliated entities.

These findings are consistent with external data. According to the Startup Poland Foundation, 73% of Polish start-ups relied on their own funds as the main source of financing in 2021 (Michalczyk, 2022). Venture capital ranked second, followed by business angels. Fewer than 5% of surveyed companies reported using crowdfunding or bank loans for financing (Dziewit, 2021).

Further confirmation is provided by an analysis conducted by L. Siemieniuk (2023), which shows that, in 2023, equity financing remained the dominant source of capital for Polish start-ups (86%), followed by bank loans and subsidies. Venture capital, crowdfunding and business angels were among the least frequently used sources. These studies corroborate our findings and provide additional grounds for rejecting hypothesis 1.

The survey shows that 16% of respondents chose a bank loan to finance their business between 2021 and 2023. This was the third most popular option, after financing from personal funds and loans from family or related companies. Additionally, respondents indicated that crowdfunding is an unpopular financing option, with most companies unfamiliar with it or concerned about it. This suggests that entrepreneurs are more likely to choose familiar forms of financing than modern solutions. This allows us to reject hypothesis 2.

Regarding entrepreneurs' awareness of crowdfunding, it should be noted that the vast majority do not recognise it as a means of raising external capital, as our research has confirmed. In the context of the continental model, business financing is still primarily associated with banking institutions. When asked about sources of investment financing for the period 2021–2023, respondents most often cited their own funds and bank loans, confirming the continued dominance of traditional capital-raising methods. Despite the reported difficulties in obtaining bank financing during this period, it was the first real opportunity for some of the surveyed companies to obtain additional funds.

Future research on enterprise financing in Poland should focus on alternative forms of business funding. Subsequent studies could aim to empirically verify the most prevalent alternative financing methods used by small and medium-sized enterprises and analyse the barriers to their adoption and the opportunities they create. A valuable research approach would be to conduct in-depth interviews with entrepreneurs to explore their perceptions of the risks and benefits associated with alternative financing instruments. Additionally, applying the case study method to enterprises that have utilised such financing mechanisms could provide further insight into their practical implementation. However, this line of research is subject to limitations, such as the relatively low adoption rate of alternative financing methods among Polish enterprises and entrepreneurs' reluctance to disclose information about their organisations' financial affairs.

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