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CHANGES OF ENTERPRISES SECTOR IN THE BALTIC STATES IN THE PERIOD OF THE COVID-19 PANDEMIC AND OF THE RUSSIAN-UKRAINIAN WAR

| Abstract

- ▶ *Goal* – An attempt to assess the trends of changes in the number and structure of Baltic enterprises by employment, turnover and for selected industries during the Covid-19 pandemic and the Russian-Ukrainian war. Industries most affected by changes due to the pandemic crisis and war were selected for evaluation.
- ▶ *Research methodology* – To assess the implications of Covid-19 and the Russian-Ukrainian war on the number and structure of enterprises in the analysed countries and in selected industries, a benchmarking method was applied for the period 2019–2023 according to a number of indicators. Changes in the Baltic countries' trade with Russia in the context of the introduced sanctions and restrictions were also examined.
- ▶ *Score/results* – The introduced lockdowns and economic sanctions against Russia have caused significant changes in both the number of enterprises and their structure. The analysis showed that micro-enterprises in the Baltic States proved to be more resilient to external shocks and more flexible in adapting their activities to the new realities. The shares of industry and trade have shrunk, while IT, education and health have increased.
- ▶ *Originality/value* – The analysis carried out in the article allows for the identification of quantitative and qualitative changes in the business sector of the Baltic States and thus contributes to the scientific discussion on this topic. The research can be considered preliminary due to the too short research period, requiring further development.

| **Keywords:** number and structure of enterprises, Baltic states, pandemic, lockdown, Russian aggression, economic sanctions

1. Introduction

The Baltic States include three countries – Estonia (EE), Latvia (LV) and Lithuania (LT). They underwent a political and economic transformation in the 1990s. The political goal of the Baltic States was integration with the West – in March 2004 the Baltic States joined NATO and in May they joined the European Union (EU). Between 2011 and 2015, the Baltic States adopted the euro and entered Eurozone. In February 2025, the Baltic States will finally disconnect from the post-Soviet Brell energy system, which connects the power grid of Belarus, the Russian Federation (RF), Estonia, Latvia and Lithuania [Resolution, 2019]. The taken decisions meant major perturbations and changes not only in politics, but also in the economies (and societies) of these countries. The political and economic transformation meant disconnection from the RF's supply of raw materials and energy. The Baltic states were able to diversify their oil and gas supplies and become independent of the RF, which had assumed the role of heir to the Soviet Union. Free elections and democracy shaped the new political scene in the Baltic states of the late 20th and two decades of the 21st century. In the last 35 years (1990–2024), the Baltic economies underwent a long and difficult transition from a centrally planned economy to a successful free market. This has led to a new enterprise structure. Political and economic reforms have had an impact on the societies of the Baltic States – migration processes have resulted in declining demographic indicators. The population of Lithuania for the last 35 years decreased from 3.7 million in 1989 to 2.9 million in 2023 (of which 0.15 million are immigrants); for Latvia respectively from 2.7 million in 1989 to 1.9 million in 2023 (0.2 million are immigrants); for Estonia the population shrank from 1.6 million to 1.4 million in 2023 (0.1 million are immigrants) [Population].

2. Enterpriser in the Baltic States in the face of instability

Before proceeding with the analysis of the Baltic States' enterprises, it is necessary to give a definition of an enterprise. According to Eurostat, the data we will draw statistics from, this definition states that an enterprise is an organisational unit producing goods or services, which has a certain degree of autonomy in decision-making. It may carry out more than one economic activity and may be located in more than one place. Most enterprises consist of a single legal entity and, in terms of employment or added value, these enterprises represent a huge

part of the economy. On the business side, the primary function of an enterprise involves income-generating activities – these regard the production of final goods or services for the market or for third parties [Statistics Explained, Glossary].

In 2021, there were more than 31.0 million enterprises in the EU business economy, employing 156.1 million people [Sneijers, 2024: 10]. Table 1 below gives the number of enterprises from 2014 to 2023 – in the Baltic States, the number of enterprises increased in Estonia and Lithuania, while in the case of Latvia it was a sinusoidal trend. According to national data, Estonia and Lithuania had a clear trend of increasing the number of enterprises, while in Latvia the number of enterprises was at a similar level.

Table 1. Number of enterprises (in thousands) of the Baltic countries in the period 2014–2023

Country/ Time	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EE	113.8	117.4	120.5	127.6	131.7	133.8	137.9	145.7	148.7	153.9
LV	162.7	172.6	181.4	175.7	174.8	172.8	172.7	163.3	170.3	169.6
LT	209.5	224.6	235.0	248.5	259.1	271.0	281.8	302.0	331.6	353.4

Source: the author's own work based on statistical departments EE, LV, LT [Statistics 1].

Instabilities in the economy due to pandemics cause disruptions in the business by bringing uncertainty. Risks such as deterioration of liquidity, inability to deal directly with customers and difficulties in selling goods and services arise [Dębkowska, 2022: 11]. This leads to a crisis.

A crisis in a company can be defined as a process of deterioration of financial health due to the impact of external and internal factors, which can lead to business disruption. The uncertainty accompanying a crisis makes managers more likely to make many decisions quickly, selectively and often inconsistently, which translates into an inability to achieve the set goals and deliver the expected results, which may be the beginning of the road to bankruptcy.

However, the crisis should not only be seen through the prism of threats. It is not uncommon for new ideas for doing business to emerge in a crisis, new products that would probably not have been developed were it not for the difficult situation forcing the creation of innovations and viewing business from a new, different perspective. One can put it that the crisis is a threat to some companies, but it can

also be an opportunity for others. One of the examples is the crisis caused by the COVID-19 pandemic, which affected the development of, among others, the e-commerce sector, the medical industry or the courier industry. On the other hand, as a consequence of the pandemic, up to 59 million jobs in Europe – representing as much as 26% of total employment in EU countries – were threatened, with jobs in catering, hospitality, entertainment and the arts being most at risk. In response to the crisis, businesses are taking action to improve their operating conditions. One option is to carry out an adjustment process [Brojak-Traskowska, 2022: 31].

The crisis introduces changes in consumer behaviour – reduce their consumption due to expected income declines, looking for alternative cheaper offers [Chlipala, 2022: 15]. Pandemic constraints and consumers' desire to maintain their standard of living have resulted in the accelerated digitalisation of numerous spheres of our lives [Gorynia, 2021: 17].

3. The impact of the COVID-19 pandemic on Baltic companies between 2020 and 2023

In 2019, the first cases of COVID-19 virus were reported in China, which quickly spread and became a pandemic that reached the Baltic States in Spring 2020 [Chlipala, 2022: 21]. The high number of infections and deaths resulted in industry-specific restrictions. Table 2 shows the numbers of deaths in the Baltic States and the death index per million population due to COVID-19. The death index in 2021 increased significantly, from 3.1 times in Lithuania to 6.6 times in Latvia compared to 2020. From the data in the last column, we can see that the 65+ age group accounted for more than 84% of COVID-19 deaths, which allows us to cautiously conclude that the deaths did not affect businesses.

Table 2. Deaths and death index (per million) due to COVID-19 from 2020 to 2022

Country	Deaths 2020	Deaths 2021	Deaths 2022	Deaths index 2020	Deaths index 2020–2021	Deaths index 2020–2022	Share of the 65+ group from total deaths
EE	201	1763	894	210,4	1354,0	2019,9	89,8%
LV	698	4346	1515	336	2559,7	3365,7	83,9%
LT	2252	6982	2595	639	2625,9	3366,1	84,3%

Source: the author's own work [Wołkonowski, 2023: 71–72; Statistics 2].

The high number of deaths and the high number of infections necessitated, for security reasons, measures to contain the pandemic. These were administrative restrictions (known as lockdowns), which included bans on assembly, movement, contacts, bans on office work, restrictions on the economic activities of hotels, restaurants, retail shops, tourism, etc. The extent of the restrictions was determined by the authorities, based on the dynamics of the number of infections and expert recommendations. The Lancet COVID-19 Commission and the World Bank published data that included daily infection rates and an index of the restrictiveness of the lockdowns, which was estimated based on more than a dozen indicators, including office bans, contact limits, travel bans, etc. These lockdowns made it significantly more difficult for companies in retail, catering, hospitality, etc. to do business [Kwiatkowski, 2022: 25–26; Wołkonowski, 2023: 77]. The more of such bans, the higher was the restrictiveness index, which took values from 0 to 100. Table 3 shows the quarterly numbers of infections per 100 000 inhabitants (in the numerator) and the average restrictiveness index for that quarter (in the denominator).

We can see from the data that the Covid-19 pandemic came in four waves – the highest infection numbers were in Q1 and Q4 2021 and Q1 2022. These were the second, third and fourth waves of the pandemic, which had high quarterly infection rates. The first wave, with lower incidence rates, occurred in 2020 – Q4. Infection rates increased in early 2020, resulting in a significant level of restrictions. In Q2, infection rates slightly increased, and the restriction index reached an exaggeratedly high level. The lowest index values were recorded in Q3 and Q4 of 2022, when the pandemic faded, and mass vaccination occurred. In order to test the adequacy of the restrictions undertaken against the level of infections, a Pearson correlation (P) was calculated, indicating the interrelation between these variables (last column in Table 3) – the correlation between the number of infections and the level of restrictions in Estonia and Lithuania was weak $PEE = 0.29$ and $PLT = 0.09$, while for Latvia its value was moderate but inverse $PLV = -0.33$.

The last case shows an inverse relationship between the analysed variables, suggesting erroneous restrictive decisions in the case of Latvia. It can be inferred that the level of bans was not appropriate to the state of infection, but the pandemic was an unknown challenge and governments took over restrictive measures to prevent further spread of infection, which undoubtedly disrupted business operations. The Covid-19 pandemic can be assessed as a negative economic shock,

which brought major constraints to business operations. The pandemic expired in late 2022/2023.

Table 3. Number of cases per quarter of COVID-19 per 100,000 inhabitants and average restriction level

Kraj	EE	LV	LT
Q ₁₋₂₀₂₀	56/12	21/15	17/18
Q ₂₋₂₀₂₀	94/58	38/62	48/66
Q ₃₋₂₀₂₀	104/34	37/45	103/28
Q ₄₋₂₀₂₀	1851/42	2049/48	4913/57
Q ₁₋₂₀₂₁	5897/49	3246/57	2653/69
Q ₂₋₂₀₂₁	1853/47	1852/53	2241/48
Q ₃₋₂₀₂₁	1894/26	1102/41	1893/28
Q ₄₋₂₀₂₁	6402/33	6253/50	6722/43
Q ₁₋₂₀₂₂	19226/43	24492/21	19617/38
Q ₂₋₂₀₂₂	1987/21	2132/13	1524/12
Q ₃₋₂₀₂₂	1353/11	4753/11	3083/11
Q ₄₋₂₀₂₂	667/11	2179/11	1090/4
P	0.24	-0.33	0.09

Source: the author's own work [Wołkonowski 2023: 77; Statistics 3].

4. The impact of economic sanctions against the RF on foreign trade indicators of the Baltic States 2014–2023

One of the main trading partners of the Baltic States at the beginning of the 21st century was RF – e.g. the country's share of Lithuania's exports in 2014 was 20,9% and of imports 20,7%. When the RF annexed Crimea in spring 2014, the EU applied economic sanctions against the RF. On the initiative of the EU, sanctions were extended to certain financial and economic entities of the RF, and a ban was

imposed on the import of products produced in Crimea to the EU. These sanctions were extended by the EU for further years. In response, the RF introduced retaliatory economic sanctions on food imports to the RF from the EU in August 2014, which also affected the Baltic States [Wołkonowski, 2016: 646, 650, 654]. These sanctions resulted in some reduction in trade volumes between the Baltic States and the RF between 2014 and 2021 (Tables 4 and 5). The level of trade remained at a similar level until 2021. It was only the RF aggression of 24 February 2022 against Ukraine that caused significant declines in trade already in that year compared to 2021. The EU started to introduce economic sanctions banning exports of dual-use items and technologies to the RF from the EU. A number of bans were also imposed on the import of goods from the RF. Sanctions also applied to imports of crude oil, gas and other raw materials from the RF. By the end of 2023, the EU had adopted twelve packages of sanctions against the RF. This resulted in the Baltic countries' trade volumes with the RF decreasing significantly between 2022 and 2023, as we can see in Tables 4 and 5. Nevertheless, between 2022 and 2023, the Baltic countries' total exports of goods to the RF decreased by only 20 percent, while total imports from the RF to Baltic countries' decreased by more than six times (Table 5).

Table 4. Export (in million €) of the Baltic States to the RF and from 2014 to 2023

Time	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EE	935.5	589.8	766.4	913.0	442.8	457.6	454.0	477.8	500.0	387.0
LV	1087.8	828.9	779.5	1 036.8	919.5	999.1	900.7	966.3	973.7	860.3
LT	1134.3	669.3	614.0	762.2	746.0	812.8	769.8	916.2	568.6	375.8

Source: the author's own work [Statistics 4].

Table 5. Import (in million €) of the RF to the Baltic States and from 2014 to 2023

Time	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EE	846.7	801.3	746.4	960.8	1315.5	1245.4	1143.3	1945.1	1701.5	132.7
LV	1009.6	1069.0	932.9	1037.8	1257.6	1050.3	895.3	1707.9	1570.7	498.1
LT	5319.6	4046.7	3385.9	3566.3	4347.3	4560.1	2490.3	4385.7	2288.8	249.0

Source: the author's own work [Statistics 4].

Table 6. Number of companies in the Baltic States exporting to the RF 2014–2023

Time	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EE	1146	1076	3196	3373	1057	1022	956	978	881	414
LV	1280	1125	1070	1183	1096	1071	1021	987	811	387
LT	3055	2322	2117	2219	2075	2025	1906	1826	1434	561

Source: the author's own work [Statistics 5].

Table 7. Number of Baltic States companies importing from RF 2014–2023

Time	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EE	930	1078	1218	1193	1227	1322	1452	1522	1114	286
LV	1096	1257	1471	1430	1521	1611	1611	1786	1268	317
LT	1357	1487	1739	1629	1715	1725	1774	1995	1363	313

Source: the author's own work [Statistics 5].

The number of Baltic companies exporting to the RF also decreased from 3,126 in 2022 to 1,362 in 2023. Much larger changes occurred in imports from – from 3,745 Baltic countries' enterprises in 2022 to 916 – a more than 4-fold decrease – Tables 6 and 7. Significant decreases also occurred in the period 2021–2022, when the total number of Baltic countries' enterprises exporting to the RF decreased from 3,791 in 2021 to 3,126 in 2022, and in imports from the RF – from 5,303 enterprises to 3,745 for the corresponding period.

5. The impact of the pandemic and economic sanctions against the RF on the company structure of the Baltic States

We will present the structure of enterprises in the period under review by employment groups of micros (<10), small (10–49); medium (50–249) and large (≥ 250) enterprises and by enterprise turnover (Table 8). Based on the data we can see that between 2019 and 2023 there was an increase in micro enterprises in the structure, while small, medium and large enterprises recorded decreases. This means that micro-enterprises have adjusted better over the analysed period.

However, despite these increases, the turnover of micro-enterprises remained at a similar level. The situation is reversed for large enterprises – their size in the structure has decreased, nevertheless their turnover in the structure has increased. Small and medium-sized enterprises decreased their shares in the structure by size class and by turnover – they were hit hardest during this period of instability.

Table 8. Structure of enterprises (%) by number of employees and net turnover (%) over the period 2019–2023

Index	Structure of enterprises by size class					Structure of companies by turnover				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
EE (1–9)	91.52	92.06	94.11	94.62	95.19	33.09	31.60	32.17	31.83	32.84
EE (10–49)	7.01	6.55	4.93	4.50	3.99	24.66	24.55	25.86	24.94	22.98
EE (50–249)	1.28	1.22	0.83	0.76	0.71	23.44	24.78	23.44	22.68	23.38
EE (≥250)	0.20	0.18	0.13	0.12	0.11	18.82	19.07	18.53	20.12	20.80
LV (1–9)	91.40	91.12	92.00	92.96	93.91	22.92	21.43	20.71	21.08	22.12
LV (10–49)	7.11	7.43	6.72	5.84	4.89	23.92	24.64	24.31	25.32	23.72
LV (50–249)	1.30	1.27	1.12	1.04	1.03	28.97	29.81	30.65	26.83	25.16
LV (≥250)	0.19	0.17	0.16	0.16	0.17	24.19	24.12	24.33	26.77	29.00
LT (1–9)	93.59	93.96	94.91	95.24	95.53	18.57	19.23	20.34	19.40	19.54
LT (10–49)	5.22	4.22	4.16	3.86	3.62	23.62	23.59	21.77	20.60	20.38
LT (50–249)	1.02	0.95	0.79	0.76	0.71	23.82	23.49	23.08	22.92	23.22
LT (≥250)	0.17	0.16	0.14	0.14	0.14	34.00	33.70	34.82	37.08	36.87

Source: the author's own work [Statistics 6].

Table 11 shows the industry structure of companies by first tier that have been most affected by changes in the external environment and business conditions due to the pandemic crisis and war. We have selected 12 of the 16 first-level sections. These are as follows: C – Manufacturing; F – Construction; G – Wholesale and retail trade; repair of motor vehicles and motorcycles;

H – Transportation and storage; I – Accommodation and food service activities; J – Information and communication; L – Real estate activities; M – Professional, scientific and technical activities; N – Administrative and support service activities; Q – Human health and social work activities; R – Arts, entertainment and recreation.

Table 9. Structure of enterprises (%) by selected industries, net turnover (%) and employees (%) for the period 2021–2023

Index	Structure of share (% of total)			Structure of enterprises by turnover (% of total)			Structure of enterprises by number of employees (% of total)		
Time	2021	2022	2023	2021	2022	2023	2021	2022	2023
EE-C	7.62	7.03	6.79	20.65	19.90	18.39	22.11	21.25	20.47
EE-F	12.18	12.36	12.02	8.47	8.26	8.21	10.84	10.87	10.26
EE-G	17.03	16.65	15.76	41.63	40.22	38.17	19.47	19.04	18.91
EE-H	5.47	5.19	5.22	6.94	6.88	6.25	7.82	7.44	7.09
EE-I	3.43	3.28	3.36	1.04	1.31	1.46	4.44	4.75	5.09
EE-J	8.86	9.31	9.57	5.28	5.86	6.38	6.90	7.25	7.65
EE-L	9.83	9.95	10.39	2.98	2.82	2.62	3.39	3.48	3.74
EE-M	18.42	18.41	19.08	3.63	3.44	3.57	7.81	8.08	8.56
EE-N	5.64	5.97	6.08	2.29	2.50	3.06	7.00	7.28	7.06
EE-P	1.94	2.27	2.51	0.16	0.17	0.20	0.83	0.97	1.08
EE-Q	1.80	1.93	1.99	1.00	0.92	1.02	2.80	2.88	3.06
EE-R	3.66	4.04	4.46	0.58	0.66	0.77	1.41	1.58	1.81
LV-C	8.89	8.67	8.87	16.61	16.62	16.32	18.20	17.92	17.66
LV-F	8.47	8.21	8.18	6.18	6.40	7.18	10.19	9.72	9.28
LV-G	20.00	19.13	18.46	47.70	44.41	42.21	21.90	21.78	21.54
LV-H	7.25	7.09	8.12	7.20	7.97	7.86	10.29	9.91	10.09
LV-I	3.36	3.24	3.22	0.92	1.20	1.56	4.50	4.78	4.94
LV-J	6.07	6.24	6.30	3.87	4.00	4.38	5.98	6.30	6.52

Index	Structure of share (% of total)			Structure of enterprises by turnover (% of total)			Structure of enterprises by number of employees (% of total)		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
LV-L	10.23	9.96	9.77	2.61	2.40	2.61	4.29	4.34	4.31
LV-M	15.62	15.75	15.36	3.26	3.09	3.39	6.45	6.43	6.42
LV-N	5.55	5.56	5.51	2.01	2.41	2.81	5.70	5.87	5.96
LV-P	3.06	3.63	3.82	0.22	0.23	0.27	1.62	1.66	1.73
LV-Q	4.61	4.90	5.01	1.05	0.96	1.03	3.97	4.15	4.35
LV-R	4.11	4.89	5.05	0.49	0.67	0.81	1.52	1.78	1.82
LT-C	8.40	8.04	7.68	23.08	23.59	20.96	19.90	19.40	18.49
LT-F	12.81	12.96	12.77	6.43	6.34	7.26	10.73	10.85	10.78
LT-G	20.54	19.21	18.16	39.08	36.98	36.91	21.02	20.34	19.67
LT-H	10.44	10.80	10.97	11.30	11.61	12.04	14.43	14.36	15.02
LT-I	3.10	3.05	3.21	0.95	1.13	1.31	4.10	4.19	4.25
LT-J	4.28	4.38	4.54	3.36	3.36	4.03	4.10	4.48	4.68
LT-L	8.72	9.78	10.72	1.65	1.53	1.67	2.84	3.01	3.41
LT-M	14.47	14.33	14.35	2.78	2.64	2.95	6.70	6.87	6.82
LT-N	4.33	4.45	4.49	2.84	2.72	2.95	5.98	6.18	6.70
LT-P	5.94	5.95	6.07	0.29	0.29	0.33	1.76	1.86	1.94
LT-Q	1.77	1.78	1.76	0.88	0.79	0.91	2.85	2.93	3.07
LT-R	4.18	4.34	4.36	0.45	0.51	0.60	1.36	1.43	1.48

Source: the author's own work [Statistics 7].

Due to the lack of adequate data for 2019–2020, we will limit the analysis to 2021–2023. The industry analysis was conducted by creating a structure of companies by selected industries, net turnover and employees. This choice of indicators allows us to determine how individual industries have weathered the instability – the pandemic and the Russian-Ukrainian war. Based on the data

in Table 9, we can see that the indicators of industry (C), wholesale and retail trade (G), which had the largest shares, decreased in the Baltics. The indices of J, P, Q, N industries increased during the period. The rest of the 6 industries remained at a similar level for the period under review.

6. The impact of the pandemic and economic sanctions against the RF on the number of Baltic companies

We will present the changes in the volume of businesses according to the number of bankruptcies and newly registered enterprises quarterly between 2020 and 2023 (Tables 10 and 11). Tables 10 and 11 show that in the first quarter of 2020, the number of bankruptcies was higher than the number of new registrations, and in the second quarter of that year, the number of new registrations had the lowest values. This was related to the halt in business registrations due to the declared pandemic. By the end of 2020, the number of bankruptcies was higher than the number of new registrations. In the first quarters of 2021, the numbers of bankruptcies and new registrations reached similar levels and the situation stabilised, with the number of new registrations slightly higher than bankruptcies this year. However, in the first quarter of 2022, we see an increase in the number of bankruptcies and a slight decrease in newly registered companies. It is reasonable to believe that these changes resulted from the outbreak of the Russian-Ukrainian war on 24 February 2022. In the second half of 2022, the situation improved, but in the following quarters of 2023, the number of bankruptcies was again higher than the number of newly registered enterprises.

Table 10. Number of Baltic enterprise bankruptcies per quarter during the pandemic and Russian-Ukrainian war period 2020–2023

Kraj	EE	LV	LT
Q ₁₋₂₀₂₀	8971	7894	17055
Q ₂₋₂₀₂₀	11870	3982	11112
Q ₃₋₂₀₂₀	13867	5177	8179
Q ₄₋₂₀₂₀	12110	6856	9356
Q ₁₋₂₀₂₁	8371	4048	8386

Kraj	EE	LV	LT
Q ₂₋₂₀₂₁	10033	3621	10414
Q ₃₋₂₀₂₁	7149	3674	12464
Q ₄₋₂₀₂₁	6207	4955	12780
Q ₁₋₂₀₂₂	8955	3526	16870
Q ₂₋₂₀₂₂	7293	6002	15496
Q ₃₋₂₀₂₂	5895	6146	16488
Q ₄₋₂₀₂₂	6806	4384	12410
Q ₁₋₂₀₂₃	10145	3789	17208
Q ₂₋₂₀₂₃	12749	4844	16063
Q ₃₋₂₀₂₃	10944	4196	13762
Q ₄₋₂₀₂₃	8971	7894	17055

Source: the author's own work [Statistics 8].

Table 11. Number of newly registered companies of the Baltic countries during the pandemic and Russian-Ukrainian war period 2020–2023

Kraj	EE	LV	LT
Q ₁₋₂₀₂₀	8 074	5121	11567
Q ₂₋₂₀₂₀	689	3149	12582
Q ₃₋₂₀₂₀	7987	4837	14524
Q ₄₋₂₀₂₀	8031	4435	14640
Q ₁₋₂₀₂₁	8074	4417	15220
Q ₂₋₂₀₂₁	8153	4611	15278
Q ₃₋₂₀₂₁	8170	4526	13162
Q ₄₋₂₀₂₁	10417	4494	14466
Q ₁₋₂₀₂₂	7439	4011	14452

Kraj	EE	LV	LT
Q ₂₋₂₀₂₂	7247	4119	13915
Q ₃₋₂₀₂₂	7134	4584	13988
Q ₄₋₂₀₂₂	7447	4674	13191
Q ₁₋₂₀₂₃	7595	4652	14901
Q ₂₋₂₀₂₃	7656	4350	15249

Source: the author's own work [Statistics 8].

The analysis of the data on bankruptcies and newly registered enterprises shows that the instability resulting from the Covid-19 pandemic and the Russian-Ukrainian war had a negative impact on the number of enterprises – there was an increase in the number of bankruptcies and a decrease in the number of newly registered enterprises. After some time, in the case of the pandemic, the situation stabilised, which we do not see during the Russian-Ukrainian war, when in 2023 the number of bankruptcies was higher than the number of newly registered enterprises.

7. Conclusions

The Covid-19 pandemic and the lockdowns put in place had a negative impact on business operations. The amount of the lockdowns restrictiveness index had a weak correlation with the level of infection. The pandemic had four waves (maximum infection values) – the last wave, from the first quarter of 2022, had the highest infection values. The Covid-19 pandemic actually expired at the end of 2022, but the highest infection value (the fourth wave) was right around the time the RF invaded Ukraine – this accumulation of pandemic and war outbreak resulted in an apogee of instability. The restrictions put in place for the Covid-19 pandemic had an impact on Baltic companies – there was a significant drop in the number of newly registered companies in the second and third quarters of 2020.

The first quarter of 2022 saw the apogee of instability, with the largest fourth wave of infections passing through the countries, combined with the RF's open aggression against Ukraine on 24 February 2022. The introduced EU economic

sanctions against the RF resulted in several drops in Baltic imports from the RF, but in the case of exports to the EU, the value drops were only 20% compared to 2021. The trend of changes in the structure of enterprises by employment was in the direction of growth of micro-enterprises and large enterprises by net turnover. The structure of enterprises by industry consisted of a contraction in industry (C) and retail trade (F) and growth in the IT and communication (J), education (P) and health (Q) industries. There was a significant increase in business bankruptcies in 2023, which threatens to put economies into recession.

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