

THE STATE OF OWNERSHIP TRANSFORMATION IN POLISH ECONOMY

**Alina Szewc-Rogalska, Department of Economy, Rzeszow University,
ul.Ćwiklińskiej 2, 35-959 Rzeszów Poland, e-mail aszewc@univ.rzeszow.pl**

***Abstract:** The intention of the work is to define how advanced is transformation process of Polish economy. Ownership transformations in all sections of it run their own ways. It results that those processes are varied advanced in varied sections of Polish economy. In a structure of following sections of polish economy a share of private part is significantly higher then state part: "trade and repair", "construction", "manufacturing", "agriculture hunting and forestry". Transformation is weakest advanced in following sections: "electricity, gas and water supply, ,"mining and quarrying", "transport storage and communication".*

***Keywords:** Polish economy, ownership transformations.*

1. INTRODUCTION

The one of most important element in the process of creation a new social-economic system in Polish economy, after centrally controlled system is gone, are rules of free market. Their main feature is a domination of private property in economy's structure. Processes of ownership transformation, privatization state enterprises and formation of new ones, favor evolution of private sector of economy. Those processes run their individual ways in various sections of economy.

The goal of the work is to qualify state of transformations in Polish economy and its sample selected sections.

The share of private sector can be rated in following indexes: a number of subjects, a number of workers and profits from all activity. The private sector is very heterogeneous because of, it consists of subjects of varied beginning including subjects created during the privatization process of state companies and subjects created during spontaneous privatization. As a subject of researches private sector defined by GUS was studied. Only economic subjects keeping accounting ledgers were analyzed.

Sample sections defined by Classification of Polish Economical Activity were selected to be investigated. All processed data consider year 2000.

2. THE INVESTIGATION OF ADVANCEMENT OF OWNERSHIP TRANSFORMATIONS

To recognize advancement of transformation in Polish economy it is required to survey those processes. This part of work gives proposal, how to defined survey of the share of private sector in all economy.

Enterprises included into the private sector of economy were created in different ways. It effects, private sector can be split into following groups:

- Enterprises created as a result of process of privatization of state enterprises.
- Newly created enterprises.
- Cooperatives

The term “privatized enterprises” used in Polish vocabulary defines enterprises if one of following conditions is met:

- Its privatization process is finished and its property is sold or lease.
- It is transformed into sole-shareholder company of The State Treasury and most of share is sold to private investors [5, 7].

It must be mentioned that in agriculture transformation processes, former state property, gave beginnings to four different groups of enterprises:

1. Leased enterprises.
2. Privatized and sold enterprises.
3. Company with participation of the Agricultural Property Agency of the State Treasury.
4. Enterprises given to be administered.

Enterprises of the first and the second group created private sector in agriculture. Enterprises from group the third and fourth came into the state sector and intended to future ownership transformation [4].

The share of the private sector in national economy is defined by following factors:

- A number of subjects included into sector.
- All available production factors.
- Profits reached from activity of all subjects.

According to previous points size of private sector is described by e.g.: a number of enterprises, a numbers of employed, its share in complete profits generated by all subjects (state and private).

3. THE GRADE OF PRIVATE SECTOR IN POLISH ECONOMY AND IN ITS SELECTED SECTIONS

One of results of ownership transformations in Polish economy is evaluation of the size of the private sector. According to the methodology presented in the previous section the share of private sector was investigated (tab.1).

The size of the private sector, surveyed by the number of subject, was in year 2000 higher then size of state sector, in most of sections of economy (excluding “electricity, gas and water supply”). It was especially high (over 90% of subjects were private) in such sections as: “agriculture hunting and forestry”, “construction”, “trade and repair”, “manufacturing”.

The lowest level of advancement of transformation processes was affirmed in section ”electricity, gas and water supply”, also small advancement of transformation processes was indicated in following sections: ”mining and quarrying”, “transport and communication”. In the case of the first of above mentioned sections, the advantage of state sector considered both the number of subjects, the number of workers and profits from all activity. For next two sections advantage of state sector over private one considered a number of subjects and generated profits.

The real share of the private sector in investigated sections and in all of Polish economy can be higher then data from table 1 tells. It can be caused by two following reasons.

The first of them is that calculations were performed using data about enterprises employing over nine workers [2]. It means those data don’t include numerous group of small companies.

Table 1.Sizes of private sector in year 2000 (%).

Section	The share of private sector into:		
	Number of subjects	Number of workers	Profit from all activity
National economy	90,4	67,9	74,1
agriculture, hunting and forestry	92,5	52,8	51,2
mining and quarrying	64,0	14,9	25,3
manufacturing	91,8	79,5	77,4
electricity, gas and water supply	18,5	5,8	2,7
construction	93,3	90,5	93,9
trade and repair	97,9	95,0	92,2
transport storage and communication	76,8	17,0	39,4

Which are mainly private and was created by process of spontaneous privatization. It can influence results of investigation especially if number of subject is studied.

The second reason is illegal employment and hiding real profits to avoid taxes, by large group of small companies. It falsifies effects of investigation mainly on field of profits from all activity and of the number of workers in processed section

Sections, where the share of private sector was the most significant are: "construction", "trade and repair" and "manufacturing". Such effect is a result of two main factors:

1. Privatization of state companies process,
2. Spontaneous privatization.

The first part of transformation process in mentioned sections, especially in "trade and repair" and "manufacturing" was started in the end of 80's and at the beginning of 90's, after law about economic activity had appeared. Process of "small privatization" allowed a part of national properties to be sold or leased. Such activity was observed mainly in following sections: "retail trade" and "agricultural and food industry" [1].

The second part of transformation, so called "complete privatization" of state enterprises, started in 1990 after the law about privatization process had been established. In that time foreigner investors started to be interested in investment into Polish economy and industry. They actively participated in process of privatization of "manufacturing". Their activity aided evaluation of private sector. More over foreigner investors were interested to purchase shares in privatized state enterprises [6].

Great share of private sector in agriculture section followed three main factors. Agriculture is an economy's section, which almost at all has been in private hands for years. The private sector had dominated on field of number of subjects and ground area before privatization process in agriculture started. Wider transformations in that section started in 1992 after proper law had been issued.

Another factor deciding that the share of the private sector in agriculture is large, is a fact, process of privatization involved all state enterprises from that section, independently on their financial effects. Their property was transferred to Agricultural Property Agency of the State Treasury and presently is being sold and leased.

Also changes in Polish law defining private property in agriculture for statistics were made. And cooperative enterprises become subject of private sector.

The lowest share of the private sector can be observed in following sections of economy "mining and quarrying", "electricity, gas and water supply". The first assumption of

privatization policy of foregoing sections specially treated them, as strategic sections of economy. It caused, they were practically removed from privatization processes.

In 1990 several processes restructuring section “mining and quarrying” started. Unfortunately they didn’t bring required results. There were no effects especially on field of privatization of mines. In 1998 the latest program started. As results of running transformations, liquidation selected mines, limitation of mining, limitation of employment is expected. It will influence size of state sector in that section of economy.

Data from table 1 tells, if number of subject, employment and profits are analyzed, it shows, share of private sector in number of subjects was higher then its share in the number of workers and in profits. It means average size of the private subject is less then state one.

According to opinion of experts the process of privatization was too much leaded by policy directives. It resulted with focusing at operation bringing spectacular financial effects however that process embraced not enough number of companies. Privatization almost hasn’t appeared into such sections as “iron and steel industry”, “military industry” and “transport and communication” especially railway [3].

Another opinions tell that present ownership structure is more an effect of adaptation privatization to needs of state, and particular profits small group of workers then complete privatization policy. Also they tell, there is no complete vision of Polish privatization process created by government [8].

4. CONCLUSION

The presented work allows forming following opinion about advancement of transformation process in Polish economy.

- The advancement of ownership transformations in national economy and in its selected sections is described by changes in structure of share private and state sector into number of subject, number of employed and profits.
- Share of the private sector is varied and depends of used algorithm of analyses. The private sector surveyed by the number of subjects is greater then, if it is surveyed by the number of workers or the level of profits.
- Especially into following sections of national economy the private sector dominates over state one: ”trade and repair”, ”constructions“, “manufacturing”.
- Clearly the worst results of privatization can be observed in such sections as: “ mining and quarrying”, “ electricity, gas and water supply”, “ transport storage and communication”.

- Average size of private companies existing in Polish economy (described by number of workers) is smaller than size of state one.

5. REFERENCES

- [1] Bałtowski M., Prywatyzacja przedsiębiorstw państwowych, Przebieg i ocena, PWN, Warszawa 1998.
- [2] Bilansowe wyniki finansowe podmiotów gospodarczych w 2000 roku, GUS, Warszawa 2001.
- [3] Mujżel J., Dynamika polskiej gospodarki od końca 1997 roku, „Gospodarka Narodowa” 2001, nr 7-8.
- [4] Szewc A., Specyfika restrukturyzacji własnościowej przedsiębiorstw przemysłowych i rolnych [w:] R. Borowiecki (red.), Wyzwania rozwojowe a restrukturyzacja przedsiębiorstw, AE, TNOiK, CECIOS, Warszawa-Kraków 1999.
- [5] Szewc A., Własność jako czynnik zmian efektywności przedsiębiorstw [w:] R. Borowiecki (red.), Restrukturyzacja a poprawa efektywności gospodarowania w przedsiębiorstwie, AE, TNOiK, PAN, Kraków 1998.
- [6] Szewc A., Własność zagraniczna w rolnictwie i przemyśle, „Ekonomika i Organizacja Przedsiębiorstwa” 2002, nr 9.
- [7] Szewc A., Wpływ prywatyzacji na efektywność przedsiębiorstw w Polsce, „Zagadnienia Ekonomiki Rolnej” 2001, nr 2-3.
- [8] Suwalski A., Dylematy polskiej prywatyzacji, „Ekonomika i Organizacja Przedsiębiorstwa” 2001, nr 7.