



The Births and Deaths of Transportation Enterprises in the Poland and Other Central and Eastern European Countries: Lessons of the Economic Crisis

Dr. Lembo Tanning TTK University of Applied Sciences, Parnu road 62, 10135 Tallinn, Estonia

MSc. Toivo Tanning Tallinn School of Economics, Tammsaare road 147, 12915 Tallinn, Estonia

ABSTRACT

The objective of this article is to analyse the births and deaths of transportation enterprises in the Poland and other Central and Eastern Europe (CEE), or of new European Union (EU) states before and after the economic crisis, and to compare them on the EU, incl. the Baltic States level. How did new European Union companies survive the economic crisis? What are the lessons learned? Based on this and previous publications, we will offer a number of generalized recommendations.

KEYWORDS: Central and Eastern European countries, transportation, enterprises, economic crisis, suggestions

1. Introduction

Working efficiency in eight CEE countries (Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Slovenia and Slovakia) has been analysed. Former post-communist countries were selected for observation; new EU member states, Malta and Cyprus, have been excluded. Let us attempt to draw comparisons with the Baltic States.

The four major sectors of the economy with the highest GDP and the largest number of employees are: industry, construction, trade and transportation. We will currently only analyse transportation. The situations before the crisis, during the crisis and after the crisis will be viewed.

The growth of the entire economy, measured using GDP, will be viewed as the background in the authors' earlier works. However, the main emphasis is on the analyses of the indicators of transport companies in CEE countries, and in particular, on births and deaths of companies.

The techniques and labour market survey definitions used by the authors have been specified in ILO (Sources and Methods) [1] and Eurostat (Methodological Notes. EU-LFS) [2].

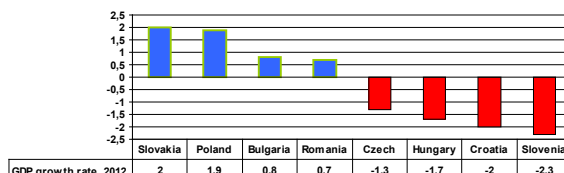
The theoretical bases and methodology have been brought in more detail in the authors' earlier works [3-8].

1. GROSS DOMESTIC PRODUCT (GDP)

Table 1. Real GDP growth rate. Percentage change during the previous years. [9]

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	5.5	6.7	6.4	6.5	6.4	6.2	-5.5	0.4	1.8	0.8
Czech Republic	3.8	4.7	6.8	7.0	5.7	3.1	-4.5	2.5	1.9	-1.3
Croatia	5.4	4.1	4.3	4.9	5.1	2.1	-6.9	-2.3	0.0	-2.0
Hungary	3.9	4.8	4.0	3.9	0.1	0.9	-6.8	1.3	1.6	-1.7
Poland	3.9	5.3	3.6	6.2	6.8	5.1	1.6	3.9	4.5	1.9
Romania	5.2	8.5	4.2	7.9	6.3	7.3	-6.6	-1.1	2.2	0.7
Slovenia	2.9	4.4	4.0	5.8	7.0	3.4	-7.8	1.2	0.6	-2.3
Slovakia	4.8	5.1	6.7	8.3	10.5	5.8	-4.9	4.4	3.2	2.0

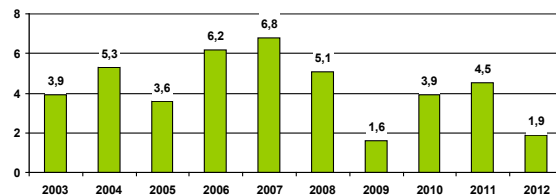
Figure 1. Real GDP growth rate. [9]



Source: The Authors' Illustration

Before the crisis, all CEE-8 countries experienced large increases; the first country, where the economy came to a halt was Hungary. All of the states experienced a great GDP decline in 2009, except Poland, which was the only EU country, where the economy did not decline. While in 2010, Croatia and Romania were still experiencing GDP declines, in the following year, none of the countries no longer had negative GDP. However, in 2012, half of the countries under observation here, once again experienced an economic decline. According to the Eurostat prognosis, the Czech Republic, Croatia and Slovenia will also experience a decline in 2013. In 2014, the only country to still be in decline, will be Slovenia.

Figure 2. Real GDP growth rate of Poland. [9]



Source: The Authors' Illustration

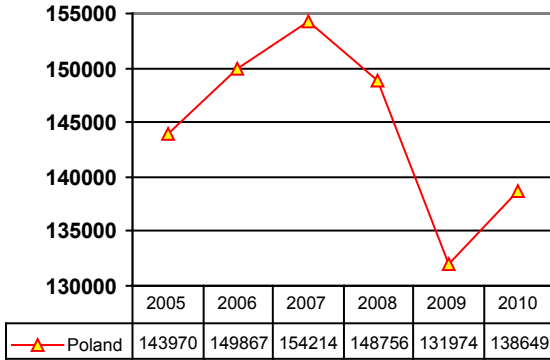
The GDP increase in Poland was already relatively large before 2009. As the only EU country, Poland did not even experience an economic decline compared to the previous year during the most difficult time; of course, the tempo of the increase varied. On the other hand, it must be highlighted that Poland does have the largest economy and population of all 13 new EU member states.

2. ANALYSES OF THE INDICATORS OF TRANSPORTATION AND STORAGE

We will first observe the main total quantitative indicators (NACE_R2), as well as the changes in the number of transportation companies.

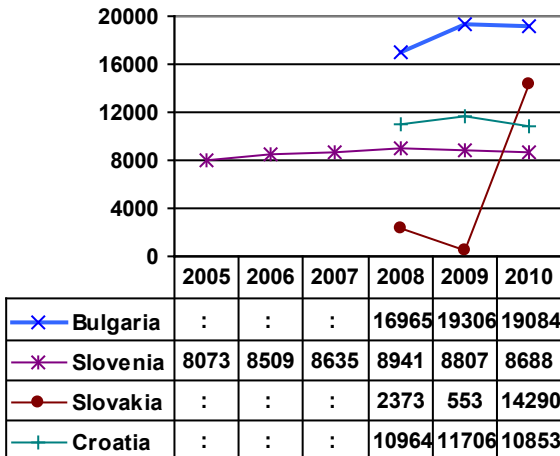
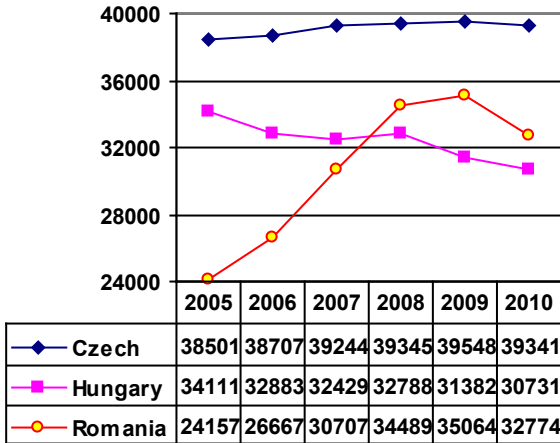
While the number of enterprises in the CEE-8 countries in 2008 was 294,621, the following year the number was smaller by 16,281, i.e. 5.5%. On the other hand, in 2010, this indicator nearly reached the 2008 level (-0.07%).

Figure 3. Number of transportation enterprises in Poland. [10]



Source: The Authors' Illustration

Figure 4. Number of transportation enterprises in CEE countries. [10]



Source: The Authors' Illustration

The following trend can be noted: an increase until 2008, a decrease in 2009 and a new increase in the following year that remained below 2008 levels. As an exception, the number of companies grew in 2009 in Bulgaria and Croatia; decreased in the following year, but still remained higher in Bulgaria and lower in Croatia than in 2008. The changes in the number of transportation companies in Slovakia can be considered formal. For instance, when considering all taxi drivers as sole traders, of course there will be a significant increase in the number of companies.

Conclusion: the number transportation companies, as the entire economic crisis took different courses in different countries. The general trend was that the number of enterprises grew until 2008, decreased in 2009 and experienced another increase during the following year that did not reach the 2008 levels.

Thus, these indicators alone are not enough to draw conclusions on how transportation companies got through the economic crisis.

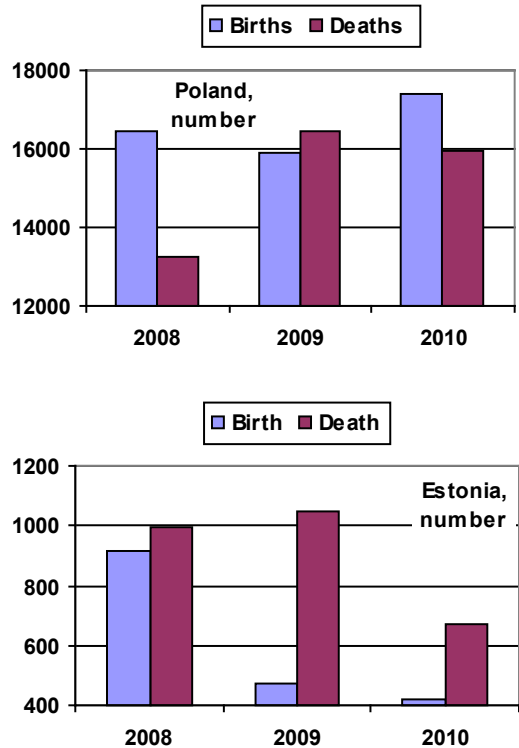
Table 2. Number of births of enterprises (in thousands). Transportation and storage. [11]

	2004	2005	2006	2007	2008	2009	2010
Bulgaria	2,506	3,151	2,589	4,008	3,214	3,372	2,188
Czech Republic	3,113	2,407	2,380	2,381	1,201	2,460	2,448
Hungary	2,080	1,947	1,916	2,077	2,320	1,839	2,095
Poland	16,822	16,947	18,940	17,560	16,467	15,886	17,380
Romania	4,523	4,972	4,409	6,046	5,994	3,030	2,943
Slovenia	374	409	484	663	0,760	0,648	0,600
Slovakia	1,223	1,756	1,416	1,528	1,768	2,162	1,863

Table 3. Number of deaths of enterprises (in thousands). [11]

	2007	2008	2009	2010
Bulgaria	:	2,689	1,705	1,653
Czech Republic	:	2,722	3,364	3,365
Hungary	:	3,039	2,888	2,855
Poland	:	13,253	16,467	15,972
Romania	:	3,214	5,545	3,549
Slovenia	:	0,602	0,709	0,838
Slovakia	:	1,392	1,878	2,091

Figure 5. Number of the births and deaths of enterprises in Poland and Estonia (in thousands). [11]

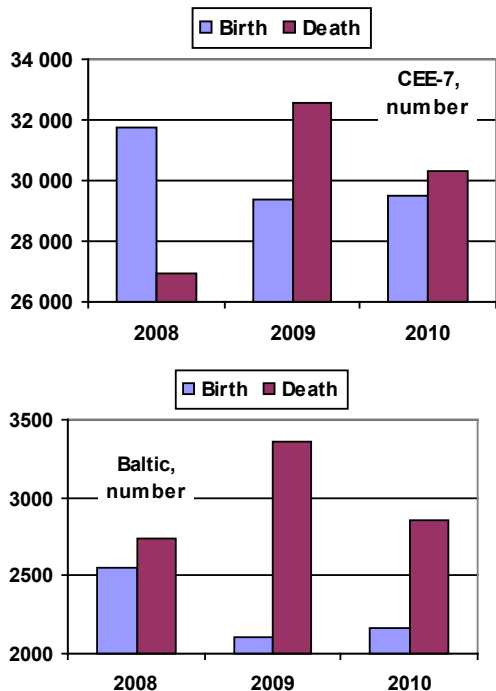


Source: The Authors' Illustration

The changes in the number of transportation companies in 2008-2010 have been brought here on the example of Poland, as the largest CEE-8 country, and Estonia, the most successful Baltic State. The trends vary

– in Poland, the number of the births of new companies exceed or are more or less equal to the number of the deaths of companies, whereas in Estonia the deaths of companies significantly exceed the births of companies, especially in 2009 and 2010.

Figure 6. Number of the births and deaths of enterprises in the CEE-7 and the Baltic States (in thousands). [11]



Source: The Authors' Illustration

The deaths of companies in comparison to the births of new companies grew for both regional groups. Although, yet again, the CEE-7 was slightly better off than the Baltic States.

Table 4. Key indicators, transportation and storage, 2010. [12]

	Number of enterprises	Persons employed	Turnover	Value added
	thousands		EUR million	
EU-27	1 122.1	10 000.0	1 250 000	471 661
Bulgaria	19.1	155.6	4 690.9	1 493.0
Czech Republic	39.3	:	20 060.3	5 872.2
Hungary	30.7	219.8	13 213.7	3 623.6
Poland	138.6	727.8	35 975.2	11 839.2
Romania	32.8	318.5	10 447.3	3 835.0
Slovenia	8.7	50.8	4 490.9	1 731.6
Slovakia	14.3	114.5	6 232.5	2 082.1
Croatia	10.9	77.1	3 730.4	1 709.0

CONCLUSIONS

1. In 2010, the total number of enterprises in the EU-27 barely exceeded the 2008 level, while the number of persons employed remained below.
2. In Eastern European countries (CEE-8), average sized companies were most effective.
3. Considering the extremely different economic levels of countries, especially during the crisis, and the sizes of companies, it is clear that the changes in the numbers of transportation companies alone are not enough to make generalisations on how transportation companies survived the economic crisis. In order to provide a definite evaluation, the interconnectedness of these key factors must be evaluated as a set.
4. The CEE-8 country with the largest economy is without a doubt Poland.
5. As a rule, the number of enterprises in CEE-8 countries grew in 2008, declined in 2009 and increased again the following year, though remained below the 2008 levels. The number of single person firms increased during the crisis, since the number of employed person in micro and average sized companies decreased.
6. The deaths of companies increased compared to the births of companies during the years 2008-2010 both in the CEE-7 and Baltic States. However, the trends vary – in the CEE-7 countries, the ratio was slightly better than for the Baltic States. In Poland, the births of companies exceed or are more or less equal to the deaths of companies. For instance, in Estonia, the deaths of companies significantly exceeded the births of companies during the years 2008-2010.
7. In principle, the transportation companies of the CEE-8 countries as a whole exited the economic crisis successfully. On the other hand, the crisis meant the death of thousands of companies and a rise in unemployment.
8. The key indicators of transportation companies are strongly influenced by the situations of other areas of the economy, especially industry, construction and trade.
9. It must be taken into account that the economy (GDP) of four of the CEE-8 countries was negative in 2012, which means that the economy was in decline.
10. Significantly decreasing the number of incompetent managers and hiring a large amount of specialists also helped exit the economic crisis successfully and thus saved the economy of the state.
11. On the other hand, it is an objective inevitability that the market economy develops cyclically, with highs and lows. Those managers, who were more knowledgeable of the laws of the economy and managed to use them to their advantage, were better at exiting the crisis.
12. The economic crisis cleansed the business market of weak companies, also in the field of transportation, thus creating grounds for new development.

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