



**Poland**

## **EIBIS 2016**

EIB Group Survey on  
Investment and  
Investment Finance 2016

Country Overview

## EIB Group Survey on Investment and Investment Finance Country Overview: Poland

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### About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment and Investment Finance is a unique, EU-wide, annual survey of 12,500 firms. It collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face. Using a stratified sampling methodology, EIBIS is representative across all 28 member States of the EU, as well as for firm size classes (micro to large) and 4 main sectors. It is designed to build a panel of observations to support time series analysis, observations that can also be linked to firm balance sheet and profit and loss data. EIBIS has been developed and is managed by the Economics Department of the EIB, with support to development and implementation by Ipsos MORI. For more information see: <http://www.eib.org/eibis>.

### About this publication

This Country Overview is one of a series covering each of the 28 EU Member States, plus an EU-wide overview. These are intended to provide an accessible snapshot of the data. For the purpose of these publications, data is weighted by value-added to better reflect the contribution of different firms to economic output. Contact: [eibis@eib.org](mailto:eibis@eib.org).

### About the Economics Department of the EIB

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The Department, a team of 30 economists, is headed by Debora Revoltella, Director of Economics.

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### Disclaimer

The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

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Ipsos Public Affairs works closely with national governments, local public services and the not-for-profit sector, as well as international and supranational organizations. Its c.200 research staff in London and Brussels focus on public service and policy issues. Each has expertise in a particular part of the public sector, ensuring we have a detailed understanding of specific sectors and policy challenges. This, combined with our methodological and communications expertise, helps ensure that our research makes a difference for decision makers and communities.

# EIBIS 2016 – COUNTRY OVERVIEW

## Poland

The annual EIB Group Survey on Investment and Investment Finance (EIBIS) is an EU-wide survey of 12 500 firms that gathers quantitative information on investment activities by both SMEs and larger corporates, their financing requirements and the difficulties they face.

As the EU bank, the EIB Group responds to the need to accelerate investment to strengthen job creation and long-term competitiveness and

sustainability across all 28 EU member States. EIBIS helps the EIB to contribute to a policy response that properly addresses the needs of businesses, promoting investment.

This country overview presents selected findings based on telephone interviews with 479 firms in Poland in 2016 (July–November). **Note:** The results are weighted by value-added, reflecting firms' contribution to the economy.

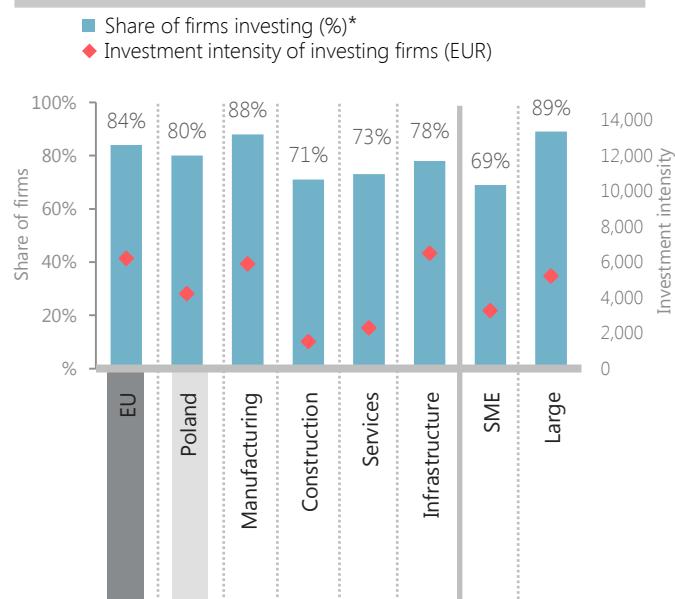
### Key results

<b>Investment outlook:</b>	<b>In line with the EU average, 36% of the firms in Poland expect investment this year to increase.</b> Within the investment cycle, this places the country in the 'low investment; expanding' quadrant. One firm out of three focuses its investment on new product development, which is significantly above the weighted EU average.
<b>Investment activity:</b>	<b>Four in five firms invested in 2015,</b> which is somewhat below the EU average. Investment intensity (investment per employee) is similar to the rest of the EU.
<b>Investment gap:</b>	<b>18% firms report having invested too little</b> over the last three years. The investment gap is smaller in the infrastructure sector, while higher in the construction industry. The share of state-of-the-art machinery and equipment is only 28%, below the EU average. Also, only 22% of firms' building stock in Poland meets the high energy efficiency standards.
<b>Investment barriers:</b>	<b>In line with firms in the EU in general, political and regulatory climate</b> is perceived by Polish companies to be the main barrier to implementing investment.
<b>External finance:</b>	<b>Only 5% of firms are finance constrained:</b> the proportion of firms either dissatisfied with the amount of finance they received, had their application rejected, thought borrowing costs would be too high or were discouraged from applying Grants play a key role in financing, especially in the infrastructure sector. Collateral requirements are a source of dissatisfaction among firms.
<b>Firm performance:</b>	<b>Significantly more firms in Poland report at least 21% or over increase</b> in the number of employees compared to the EU average.

# INVESTMENT DYNAMICS

- Four in five firms in Poland (80%) report investing in 2015.
- The intensity of investment (investment per employee) shows strong heterogeneity across the sectors. It is highest in infrastructure and manufacturing, and lowest for construction and services.

## Investment activity in last financial year



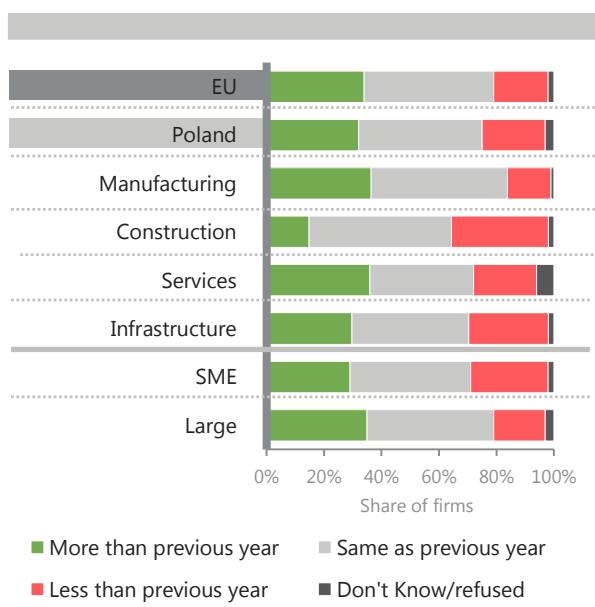
**Base:** All firms (excluding don't know/refused responses)

\*The blue bars indicate the proportion of firms who have invested in the last financial year.

A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities.

Investment intensity is the median investment per employee of investing firms.

## Investment activity in last financial year compared to previous



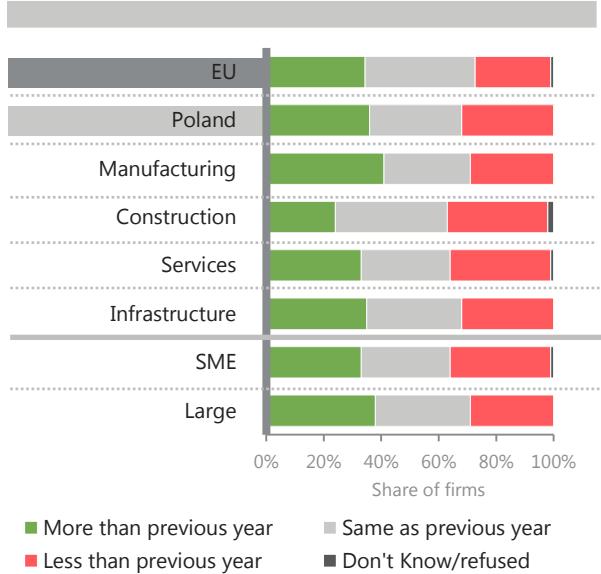
**Base:** All firms who invested in the last financial year

Q. Overall was this more, less or about the same amount of investment as in the previous year?

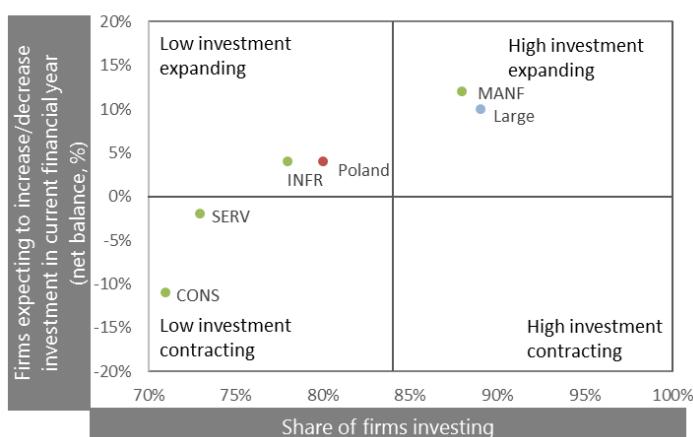
- Out of all firms investing, 32% increased their investment activities in 2015. This is similar to the EU as a whole.
- The net balance has been positive overall. However, compared with other sectors, firms in the construction industry were more likely to reduce – and less likely to increase – their investment activity relative to last year.

- In line with the EU average, 36% of the firms in Poland expect their investment in the current financial year to increase compared to the previous year.
- Within the investment cycle, this places the country in the 'low investment; expanding' quadrant.

### Expected investment in current financial year compared to last one



### Investment cycle



**Base:** All firms

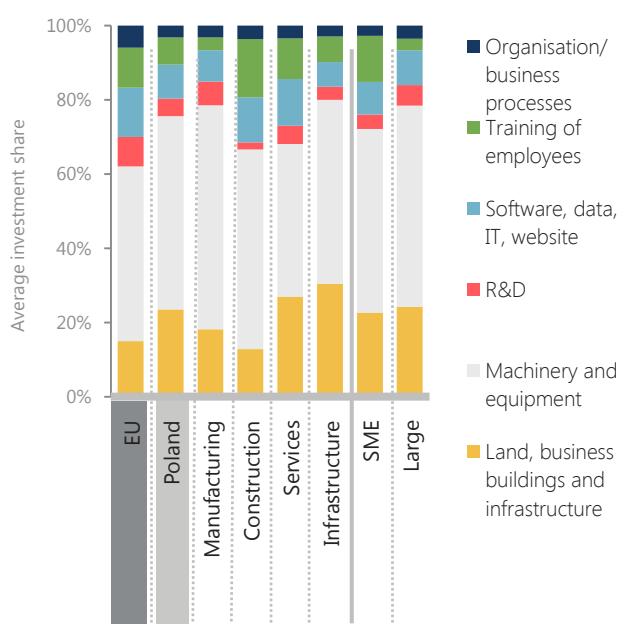
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500.

- While the net balance is slightly positive for the economy as a whole, firms in the certain sectors, such as construction, are more likely to expect lower investment this year.

# INVESTMENT ACTIVITY

- Relative to the EU average, companies in Poland are more likely to invest into tangible assets – such as land, buildings and infrastructure, or machinery and equipment - as opposed to intangibles.
- The share of investment into R&D, reported by the firms, is significantly below the EU level.

## Investment areas

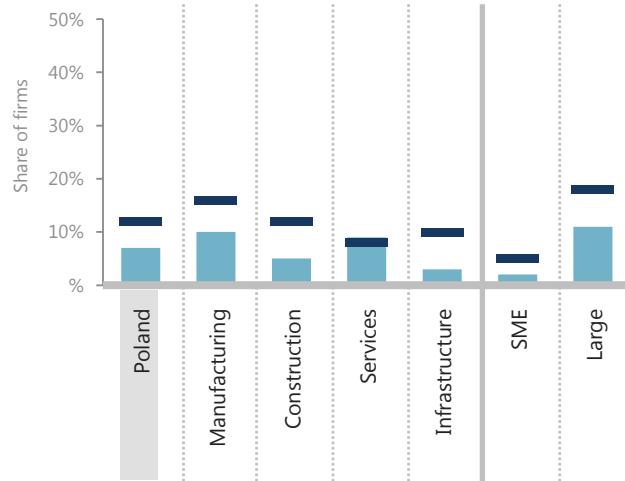


**Base:** All firms who have invested in the last financial year (excluding don't know/refused responses)

**Q.** In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

## Investment abroad

■ Investment abroad – EU average

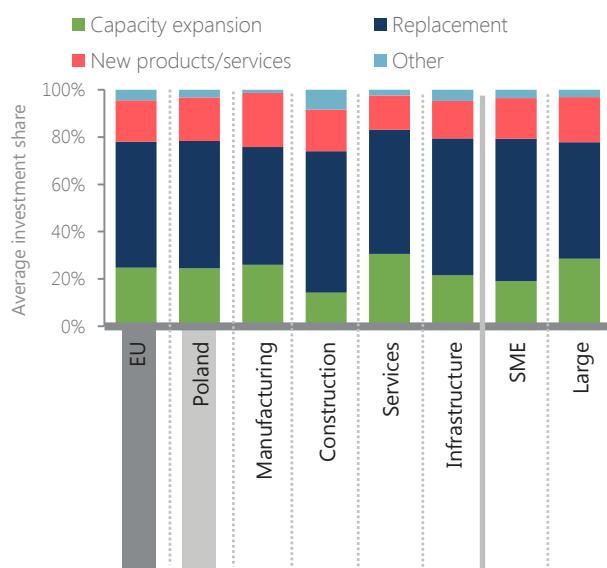


**Base:** All firms who invested in the last financial year  
**Q.** In the last financial year, has your company invested in another country?

- Overall seven per cent of firms in Poland have invested in another country in 2015, significantly below the EU average.

- In line with the EU, the bulk (54%) of investment in Poland has been going into replacing existing buildings, machinery, equipment and IT. About 25% is spent on capacity expansion, and 18% on developing new products and services.
- Firms in the construction sector allocated a lower than average share of investment for capacity expansion.

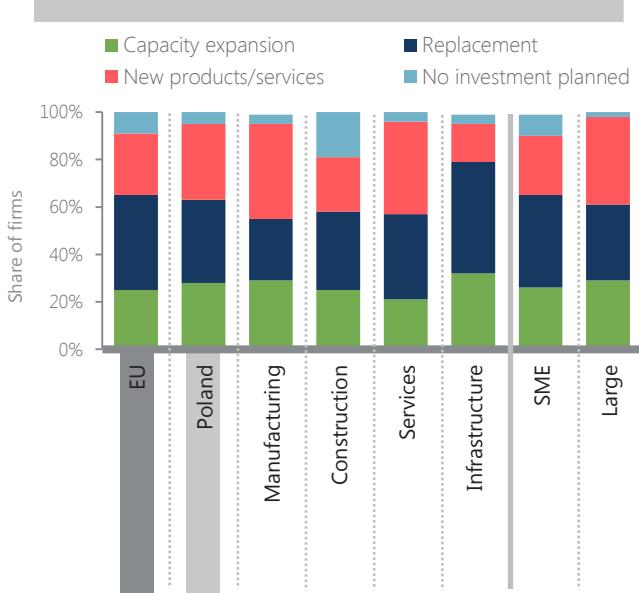
### Purpose of investment in last financial year



**Base:** All firms who invested in the last financial year (excluding don't know/refused responses)

Q. What proportion of total investment was for (a) replacing existing buildings, machinery, equipment, IT (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

### Future investment priorities



**Base:** All firms (excluding don't know/refused responses)

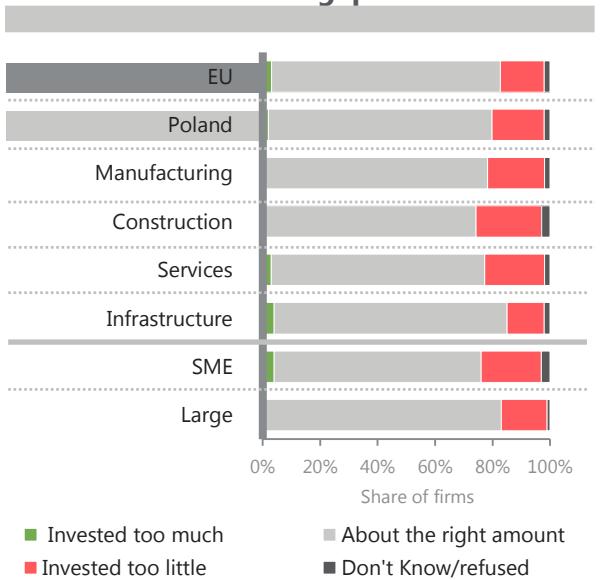
Q. Looking ahead to the next 3 years, which of the following is your investment priority (a) replacing existing buildings, machinery, equipment, IT (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

- Looking ahead, 95% of Polish firms are planning to invest in the next three years, which is above the EU average of 91%.
- As to the investment priorities, 32% of firms in Poland focus on new product development, which is significantly above the EU average.

# INVESTMENT NEEDS

- The share of Polish firms that state having invested too little in the last 3 years is 18%, broadly in line with the EU average of 15%.
- The perceived investment gap is less pronounced in the infrastructure sector, while it is the highest in the construction industry.

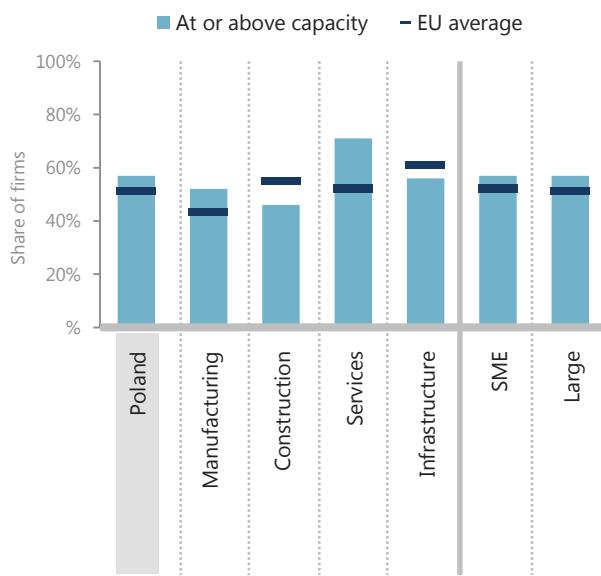
## Perceived investment gap



**Base:** All firms (excluding 'Company didn't exist three years ago' responses)

Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount to ensure the success of your business going forward?

## Share of firms at or above full capacity



**Base:** All firms (data not shown for those operating somewhat or substantially below full capacity)

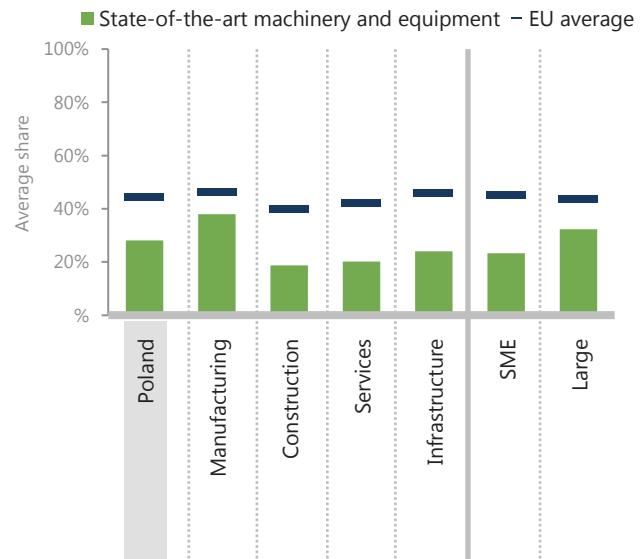
Full capacity is the maximum capacity attainable under normal conditions e.g., company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable under normal circumstances?

- Fifty-seven per cent of firms in Poland report operating at or above full capacity in the last year, which is above the EU average of 51%.
- Firms in the services sector are more likely than the average to operate at or above full capacity, whereas it is the opposite for the construction industry.

- The average share of machinery and equipment described by firms in Poland as state-of-the-art is lower than across the EU as a whole (28% versus 44%).
- The perceived share of equipment up to the latest standards is the highest in the manufacturing sector.

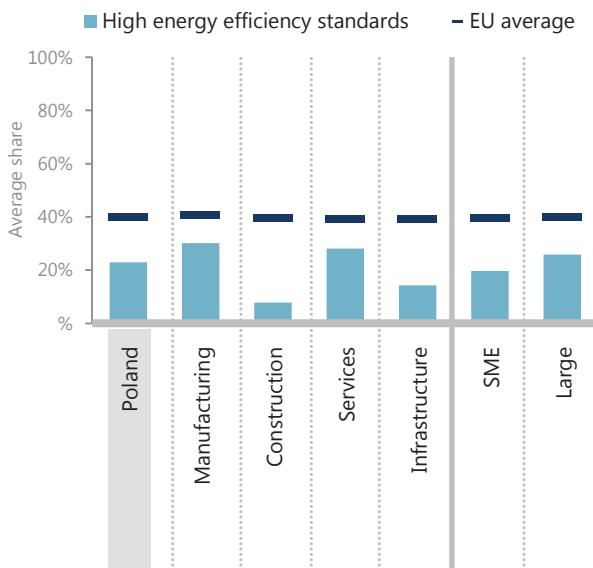
### Average share of state-of-the-art machinery and equipment



**Base:** All firms

Q. What proportion, if any, of your machinery and equipment, including ICT, would you say is state-of-the-art?

### Average share of building stock meeting high energy efficiency standards



**Base:** All firms

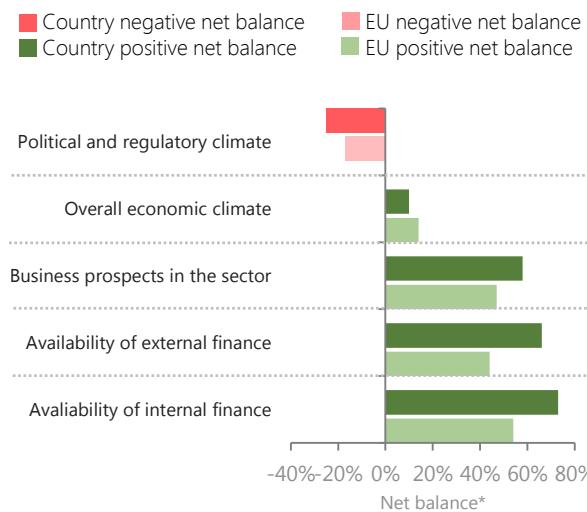
Q. What proportion, if any, of your commercial building stock satisfies high or highest energy efficiency standards?

- On average 23% of firms' building stock in Poland meets high energy efficiency standards, which is well below the EU average.
- The average share of building stock considered to meet high energy efficiency standards is higher in the manufacturing sector, and lowest for the construction industry.

# INVESTMENT CONSTRAINTS

- In line with firms in the EU in general, companies in Poland cite the political and regulatory climate as the main barrier to implementing planned investment in the current financial year.

## Short term influences on investment

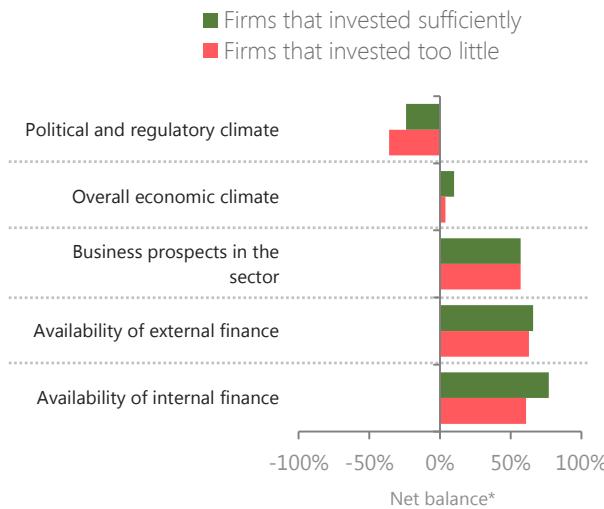


**Base:** All firms who have planned to invest in the current financial year

Q. How do each of the following affect your ability to carry out your planned investment. Does it affect it positively or negatively, or make no difference at all?

\*Net balance is the share of firms seeing a positive effect minus the share of firms seeing a negative effect

## Short term influences by investment performance



- Firms that report their investment in the past three years has been below their needs are more likely to assert that the availability of internal finance affects their ability to carry out planned investment negatively.

**Base:** All firms who have planned to invest in the current financial year and who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses)

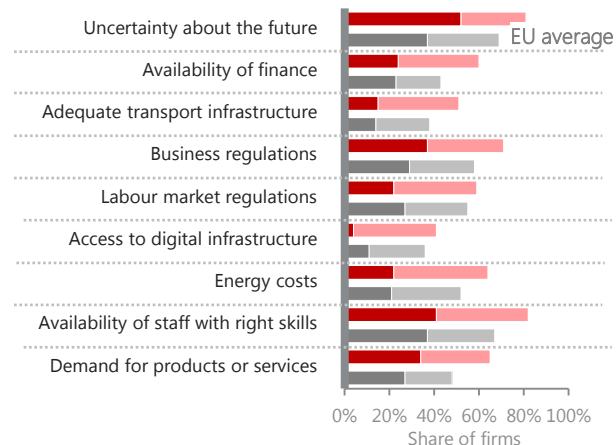
Q. How do each of the following affect your ability to carry out your planned investment. Does it affect it positively or negatively, or make no difference at all?

\* Net balance is the share of firms seeing a positive effect minus the share of firms seeing a negative effect

- In line with their EU peers, uncertainty about the future and availability of staff with the right skills are considered as the main structural barriers to investment for Polish firms over the longer-term.
- Firms in Poland are more likely to consider business regulations and demand for products and services as a major barrier to investment.

## Long term barriers to investment

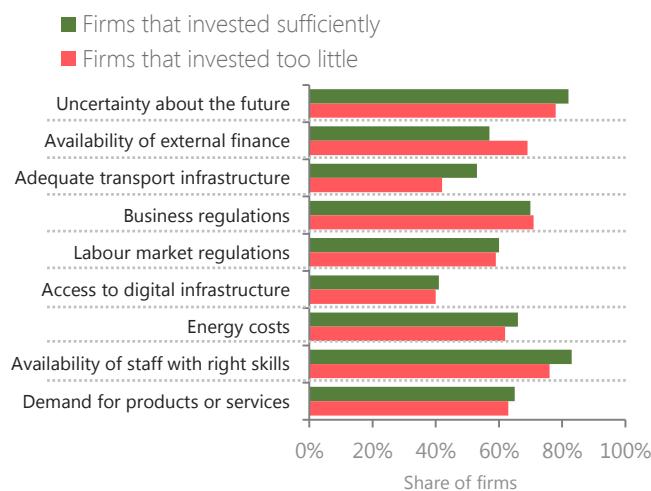
■ A major obstacle ■ A minor obstacle



**Base:** All firms (data not shown for those who said not an obstacle at all/don't know/refused)

Q. Thinking about your investment activities in Poland, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

## Long term barriers by investment performance



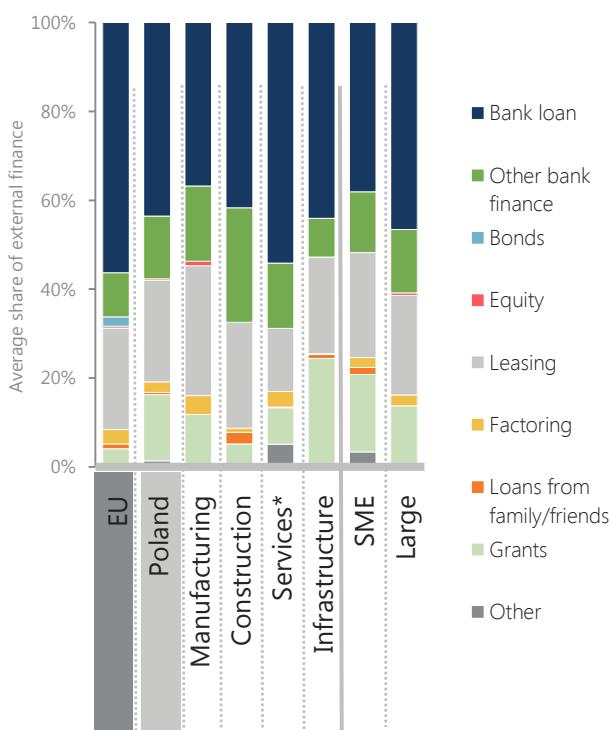
**Base:** All firms who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses), data shown for firms who said each was a major or minor obstacle

Q. Thinking about your investment activities in Poland, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

# INVESTMENT FINANCE

- Reliance on external finance in Poland is similar to the EU average.
- Bank financing is the most popular type of external finance, followed by leasing and grants.
- Grants, most likely from the EU structural funds, play a key role, especially in the infrastructure sector.
- Collateral requirements are a source of some dissatisfaction among firms.

## Type of external finance used for investment activities

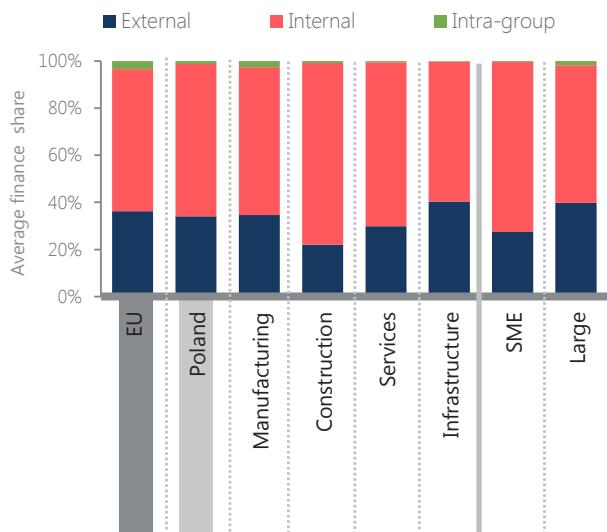


**Base:** All firms who used external finance in the last financial year (excluding don't know/refused responses)

Q. Approximately what proportion of your external finance does each of the following represent?

\*Caution: very small base size of less than 30

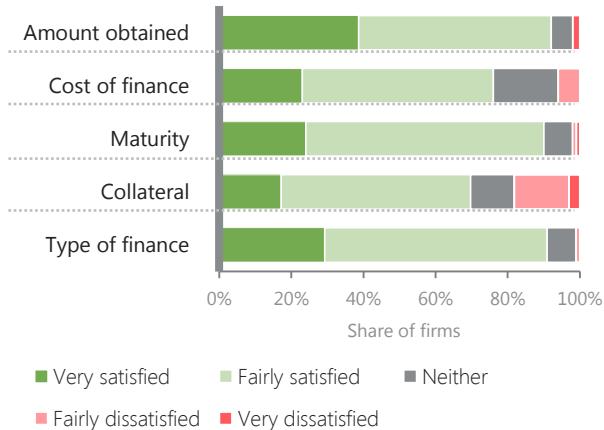
## Source of investment finance



**Base:** All firms who invested in the last financial year (excluding don't know/refused responses)

Q. Approximately what proportion of your investment in the last financial year was financed by each of the following?

## Satisfaction with external finance

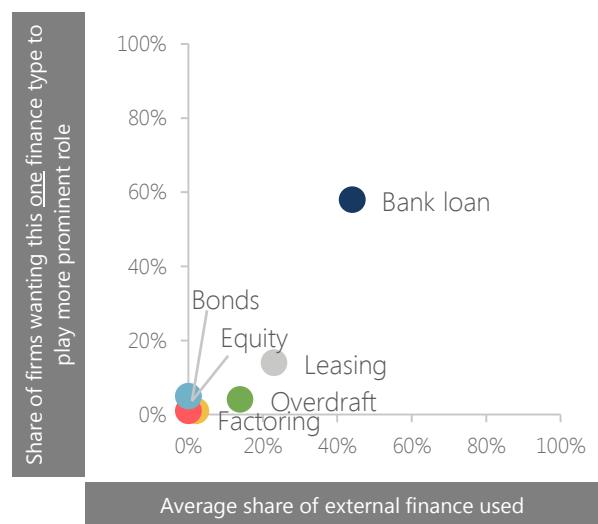


**Base:** All firms who used external finance in the last financial year (excluding don't know/refused responses)

Q. How satisfied or dissatisfied are you with ...?

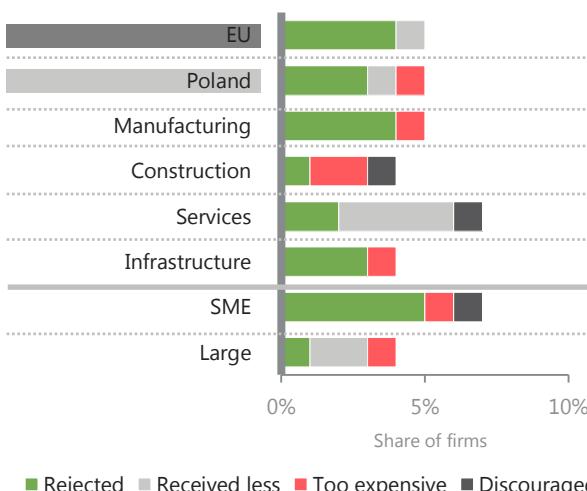
- In general, firms in Poland want more of the type of external finance they are already using. However, some would be willing to switch from overdrafts, leasing and factoring towards other sources.

## Types of finance used versus the one type of finance firms want to use more



**Base:** All firms who used external finance in the last financial year (excluding don't know/refused responses)  
Data is derived from two questions: firms were first asked about the types of external finance used in the last financial year and then which one type of external finance they would want to have a more prominent role over the next 3 years

## Share of finance constrained firms



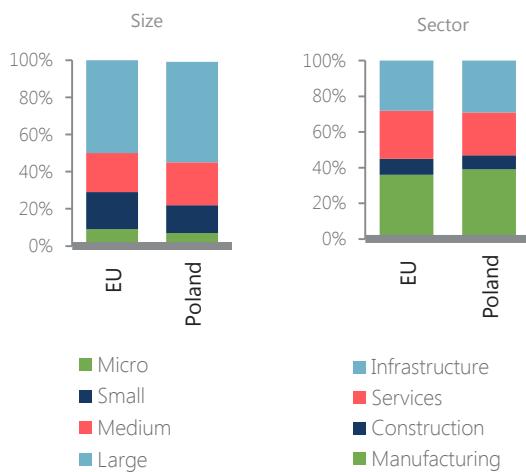
- The share of finance-constrained firms is similar to the EU average.

**Base:** All firms

Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

# PROFILE OF FIRMS

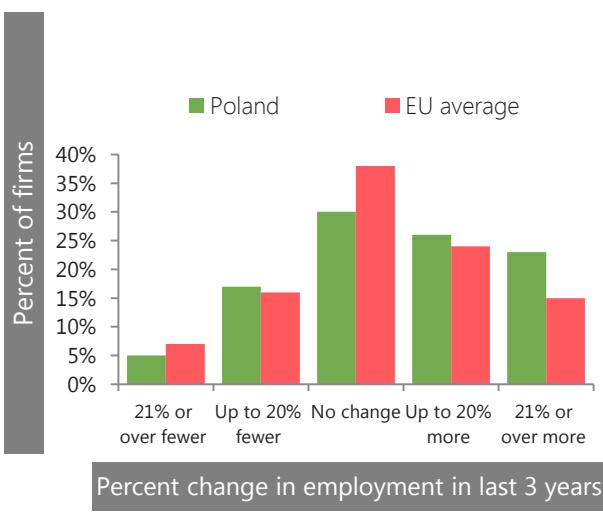
## Contribution to Value-Added



**Base:** All firms

The charts reflect the relative contribution to value-added by firms belonging to a particular size class / sector in the population of firms considered. That is, all firms with 5 or more employees active in the sectors covered by the survey. Micro: 5-9 employees; Small: 10-49; Medium: 50-249; Large: 250+.

## Employment dynamics in last 3 years

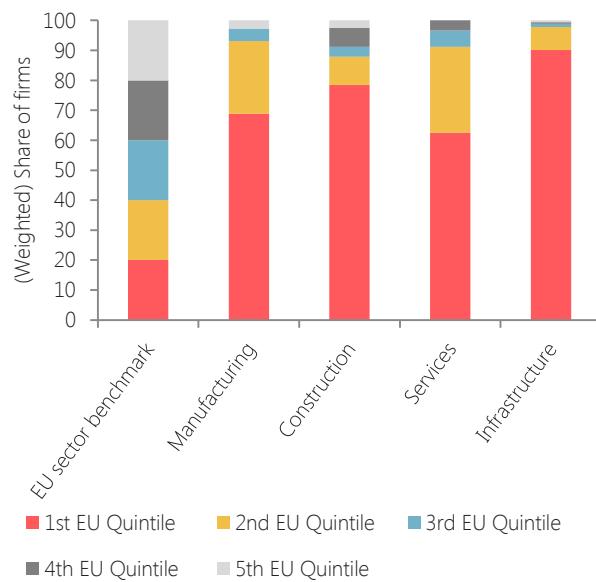


**Base:** All firms (excluding don't know, refused and missing responses)

Q. Thinking about the number of people employed by your company, by how much has it changed in the last 3 years?

- Large firms generate 54% of Poland's value added, as opposed to 50% in the EU. The role of smaller firms is less pronounced.
- The manufacturing sector is the largest, accounting for 39% of the value added in Poland.
- Significantly more firms in Poland report at least 21% or over increase in their number of employees compared to the EU average.
- Firms in Poland tend to fall into the low (sector-specific) productivity class; with positive outliers in the services sector.

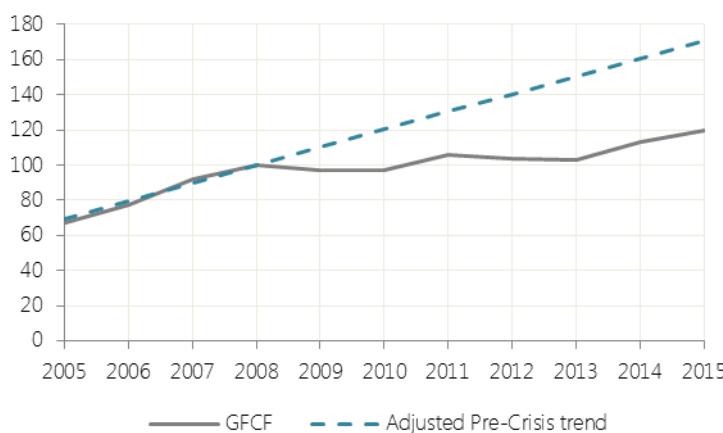
## Within country productivity comparison



Share of firms by productivity class (Total Factor Productivity). Productivity classes are sector specific; they are defined on the basis of the entire EU sample (for a particular sector).

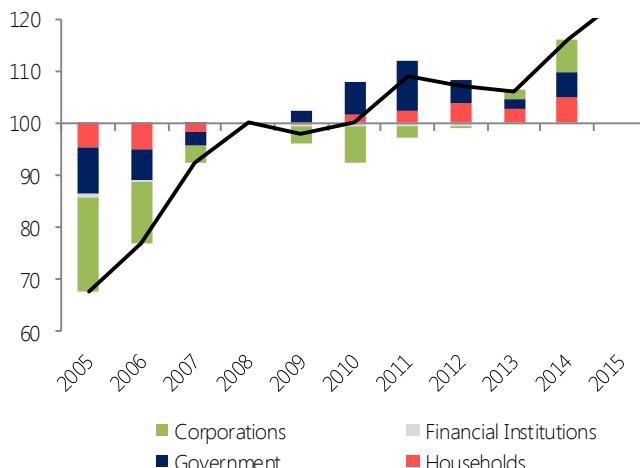
# MACROECONOMIC INVESTMENT CONTEXT

## Investment Dynamics over time



The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); against the series 'pre-crisis trend' (2004-2008). The data has been index to equal 100 in 2008. Source: Eurostat.

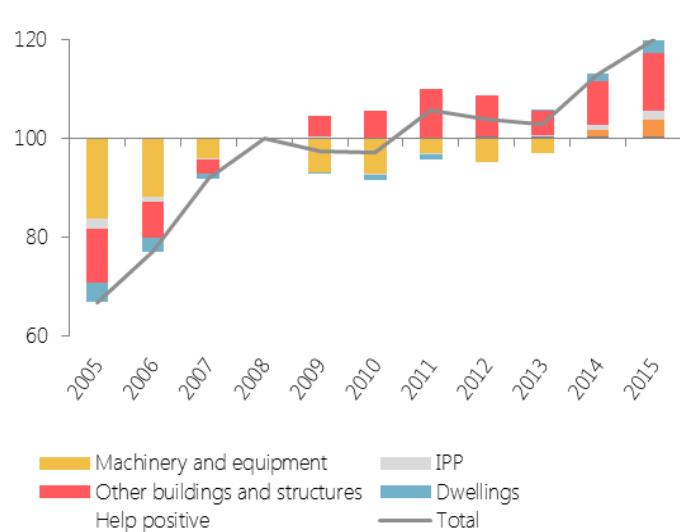
## Investment Dynamics by Institutional Sector



The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); by institutional sector. The data has been indexed to equal 100 in 2008. Source: Eurostat.

- By 2015, real investment in Poland have exceeded the pre-crisis level by 20 per cent.
- EU-funded public investment played a key role in maintaining investment dynamics, but private investment is has been catching up already in the last 2 years.
- As to assets, investment growth is mainly driven by non-residential buildings and structures.

## Investment Dynamics by Asset Class



The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); by asset class. The data has been indexed to equal 100 in 2008. Source: Eurostat.

# EIBIS 2016 – COUNTRY TECHNICAL DETAILS

The final data are based on a sample, rather than the entire population of firms in Poland, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

## Approximate sampling tolerances applicable to percentages at or near these levels

	EU	Poland	Manufacturing	Construction	Services	Infra-structure	SME	Large	EU vs Country	Manufacturing vs Construction	SME vs Large
	(12483)	(479)	(133)	(108)	(88)	(150)	(376)	(103)	(12483 vs 479)	(108 vs 133)	(376 vs 103)
10% or 90%	1.0%	3.0%	5.2%	6.1%	6.6%	5.2%	2.8%	5.0%	3.2%	8.0%	5.7%
30% or 70%	1.5%	4.6%	8.0%	9.3%	10.1%	8.0%	4.2%	7.7%	4.9%	12.2%	8.8%
50%	1.7%	5.0%	8.7%	10.1%	11.0%	8.7%	4.6%	8.4%	5.3%	13.3%	9.6%

## Glossary

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Productivity	Total factor productivity is a measure of how efficiently a firm is converting inputs (capital and labor) into output (value-added). It is estimated by means of an industry-by-industry regression analysis (with country dummies).
Manufacturing sector	Based on the NACE classification of economic activities, firms in group C (manufacturing).
Construction sector	Based on the NACE classification of economic activities, firms in group F (construction).
Services sector	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food services activities).
Infrastructure sector	Based on the NACE classification of economic activities, firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.

# EIBIS 2016 – COUNTRY TECHNICAL DETAILS

## Base sizes

Base definition and page reference	EU	Poland	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, p. 6, p. 7, p. 9, p. 11, p. 12, p. 13	12483	479	133	108	88	150	376	103
All firms (excluding don't know/refused responses), p. 2	11838	452	124	101	83	144	356	96
All firms (excluding those who have no investment planned/don't know/refused responses), p. 5	12159	463	129	102	87	145	361	102
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	12453	477	132	107	88	150	375	102
All firms (excluding don't know, refused and missing responses), p. 13	12162	454	124	102	84	144	362	92
All firms who invested in the last financial year, p. 2	12281	469	130	103	87	149	367	102
All firms who invested in the last financial year, p. 4	10881	420	120	93	75	132	324	96
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4	10060	389	105	89	70	125	305	84
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5	9682	355	97	80	60	118	270	85
All firms who invested in the last financial year (excluding don't know/refused responses), p. 10	9093	386	100	90	71	125	303	83
All firms who have planned to invest in the current financial year and who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses), p. 8	10536	416	N/A	N/A	N/A	N/A	N/A	N/A
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 10, p. 11	4344	187	54	30	27	76	131	56

## Percentage rounding

Percentage with value of less than 0.5 but greater than zero has not been displayed in the charts.







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