ACTA UNIVERSITATIS NICOLAI COPERNICI
DOI: http://dx.doi.org/10.12775/AUNC_ZARZ.2016.006 ZARZĄDZANIE XLIII – NR 1 (2016)

Pierwsza wersja złożona 15.01.2016 ISSN (print) 1689-8966
Ostatnia wersja zaakceptowana 26.02.2016 ISSN (online) 2450-7040

*Agnieszka Drews**

COMPARISON OF THE ECONOMIC BUSINESS CONDITIONS IN THE COUNTRIES OF THE VISEGRAD GROUP

A b s t r a c t: Acquiring and maintaining significant competitive position on the market in recent years is an increasingly difficult challenge posed in front of the companies owners. Pursuit of an economic activity is subject not only on the internal resources of the organization, but also from those regulations, the level of openness of the market or the current economic situation of the country concerned. Getting global competitive advantage is particularly important for the countries of Central and Eastern Europe, competing for the highest number of foreign direct investment (FDI), increasing to improve entrepreneurship and the creation of appropriate infrastructure development. This paper has a review in nature. The purpose of this article is to compare the conditions of doing business in the countries of the Visegrad Group. Summary of individual variables and factors was carried out with the use of secondary data contained in the Doing Business Report (2015–2016) and the Global Competitiveness Report (2015–2016).

K e y w o r d s: economic state of Visegrad Group, Doing Business, Global Competitiveness Report

K l a s y f i k a c j a JEL: L21

* Adres do korespondencji: Agnieszka Drews, Uniwersytet Mikołaja Kopernika w Toruniu, Wydział Nauk Ekonomicznych i Zarządzania, Katedra Zarządzania Przedsiębiorstwem, ul. Gagarina 13a, 87-100 Toruń, e-mail: agnieszkadrews90@gmail.com;

INTRODUCTION

Visegrad Group (V4) is an informal form of regional cooperation of the four countries of Central Europe – Czech Republic, Hungary, Poland and Slovakia – which connects not only the neighborhood and similar geopolitical considerations, but above all the common history, tradition, culture and values. The idea of the creation 25 years ago V4 was intensifying cooperation on the construction of democratic state structure, free market economy and in the long term participation in the European integration process [Ministerstwo Spraw Zagranicznych 2016]. The Visegrad Group was formed not as an alternative for the Pan-European integration, nor trying to compete with existing and functioning of Central-European structures. Their action is in no way intended to isolate or weaken ties with other countries. On the contrary, the V4 aims at encouraging optimum cooperation with all countries, especially neighboring states and its ultimate goal is the development of democracy in all parts of Europe [Visegrad Group 2016]. Article consists of a theoretical and analytical quality. On the basis of the literature query describes the parameters of the national competitive advantage. The basic macroeconomic indicators are presented in the remainder for Czech Republic, Hungary, Poland and Slovakia – such as: GDP per capita, economic growth rate, unemployment rate, public debt ratio, budget deficit, rating, value of export and import – affecting directly on the position in the international arena. Also were analyzed with specific benchmarks reflecting the ease of doing business in those countries. In the last chapter compares the pillars affecting the competitiveness of the states of V4.

1. PORTER'S COMPETITIVE ADVANTAGE

Competition is a fundamental economic mechanism of a market economy. From an economic point of view, the competition aims to maximize the sales revenue from operators of the benefits of purchasing products and services. It means competition for sources of supply in the means of production and the human resources and expanding markets [Brodowska-Szewczuk, 2009, p. 87]. Competitiveness is derived from competition and is her element. It's often credited to the international market, which is an open economy. It is a global market on which there is a country, company, goods brand. There is also a view, that the success in the global marketplace, decides earlier won the competitive struggle at the local, regional or national market [Porter, 2001, p. 246]. American economist, although not explicitly defines the concept of competitiveness, defines it as the ability of the countries to create the conditions that will foster the development of international competitiveness of industries and companies [Wiśniewski, 2013, p. 105]. National determinants of competitive advantage[1] are: factors of production[2], business strategies, the size of the related sectors, domestic demand, the nature of random events and government decisions [Porter, 2001, p. 207].

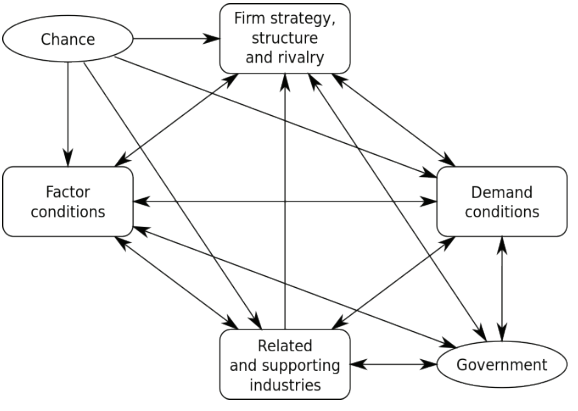

Figure 1. Porter's diamond national advantage

Source: [Porter 2001, s. 207]

National determinants of competitive form a system of communicating vessels. Each of them shall appoint a national advantage diamond tip effects of one of the tops often depend on the other health [Maciaszek 2010]. "Diamond advantage" is a typical system approach, taking into account the entirety, rather than just individual items. In addition, uses positive feedback and synergy effect, because it has been presented in this article.

[1] Known as Porter's diamond.
[2] It means: labor force, land, natural resources, capital and infrastructure.

2. SOCIO-ECONOMIC SITUATION IN THE CZECH REPUBLIK, HUNGARY, POLAND AND SLOVAKIA

In the modern economy the competitiveness is seen as one of the most important parameters and concomitantly perspectives to assess the prospects of the companies on the market [Lachniewicz, Matejun, 2009, p. 7]. Acceleration the effective activity of business entities is contributing to create the majority in the industry or the region, and consequently influences in the shape of the competitiveness of the domestic economy. The attractiveness of a particular entity should be treated as a derivative synergistic interaction of the integrated bundles of mutually interconnected external and internal factors and activities undertaken by the enterprise [Walczak 2010]. The competitive position of the state can be assessed based on indicators of national income levels and dynamics of his changes, as well as the achieved performance measures and the participation in foreign trade [Radło, 2008, p. 14]. Below in table 1 shows selected macroeconomic data reflecting the socio-economic situation of those countries in 2014.

Economic results achieved in recent years confirm direction, that the maintenance of the global trend of expansion was made possible by the faster progress in developing than developed countries [Piątkowska 2014, p. 8]. The difference in population between countries of Visegrad Group should translate into produced GDP [Grabia 2014, p. 37]. As we can see in the table 1 a higher gross domestic product is generated by the much smaller nations than Poland. The most economically developed state in 2014 were the Czech Republik and subsequently Slovakia and at similar level Hungary and Poland. It is worth noting than in each of this countries in earlier years we had to process of the real convergence. It means that states with a lower level of GDP per capita are initially higher growth, slowly reducing the difference between them and the nations of the highly developed. The basic measures taken into account in the analysis of the situation on the labor market is the unemployment rate. The worst situation in this area took place in Slovakia, where despite the downward trend of the unemployment rate in 2004–2009 in next periods of unemployment remained in the range of 10–15%. Combating unemployment by the Slovak Government requires closely cooperation schools with business in order to prepare cadres in accordance with the needs of industry [Ministerstwo Gospodarki 2015a, p. 3]. Exports is the driving force of the Slovak economy. Before the Polish accession to the European Union, also in this country the unemployment level reached 20% – but yet in 2014 has not exceeded 10%. However, changes in the unemployment rate may arise for example demographic factors or economic emigration, with what we had to do in these countries after year 2004. The observance of the public finances discipline is the parent component of macroeconomic stability, as well as the reliability of the states, which is assessed by the rating agencies. All these countries are characterized by a relatively high credit rating assessment by one of the three agencies – Fitch Ratings. Last year's high growth of GDP in Hungary is partly the effect of the absorption of the European Funds and accelerated their use and one-off factors such as: pro-increasing credit programme of the Hungarian National Bank [Ministerstwo Gospodarki 2015b, p. 3]. The main economic priorities of the Hungarian Government to the next period is: reduce high public debt, increasing the number of companies able to export and increase the level of employment.

Table 1. Basic economic indicators in selected countries in the 2014

	Czech Republik	Hungary	Poland	Slovakia	European Union
Population (in mln people)	10,54	9,86	38,48	5,42	508,19
GDP per capita in USD)	28 694,71	23 609,00	23 951,99	26 354,70	34 658,38
Annual GDP growth (in %)	4,7	2,4	3,6	3,7	1,9
Unemployment rate (in %)	6,2	6,2	9,8	10,6	9,1
Inflation rate (in %)	0,1	0,9	-0,5	-0,5	0,2
Public debt (% of GDP)	41,0	76,9	50,1	53,6	86,8
Budget deficit (% of GDP)	-1,1	-2,6	-3,1	-2,7	-2,9
Rating by Fitch Ratings	A+ (stable)	BB+ (stable)	A- (stable)	A+ (stable)	AAA (stable)
Export value (in bln USD)	173 778,6	110 739,9	216 653,4	86 493,1	n/a
Import value (in bln USD)	152 239,2	104 458,6	218 069,7	82 041,5	n/a

Source: own study based on [Trading Economics, 2016].

In conclusion, the best economic situation of the Visegrad Group countries in 2014 have to Czech Republik. In addition to the smallest and the most stable rate of unemployment and inflation, the country also had the lowest public debt, the lowest current account deficit and the highest GDP per capita. This makes the Czech Republic should be regarded as the absolute economic leader of the Visegrad Group. Is good macroeconomic indicators in the Czech Republic will have an impact on the high position this nation in Doing Business and Global Competitiveness Ranking? The answer is found in the following chapters.

3. DOING BUSINESS REPORT

Representatives of the political, journalist or scientific environment in their statements concerning the regulation of economic activity many times are using the data contained in the Doing Business Report. The World Bank project currently covers 10 areas of partial evaluation and is compiled annually on the basis of submitted questionnaires and data for 189 countries[3]. Among scored categories in the DB Report stands out: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. "Doing Business also measures features of labor market regulation, which is not included in this year's ranking" [Ramalho, 2016, p. 3] Moreover, in analysis was included indicator denoting distance to frontier (designated as DTF in table 2) – i.e. closeness to the best result achieved by the other country. Detailed ranking divided into individual categories for states of Visegrad Group was presented in the following table. The assessment in the Doing Business Report by 2016 is carried out for the period 2014/2015. In order to illustrate existing control changes, compared to the result achieved with last year's report.

[3] The first Doing Business Report was published in 2003 – covered the 5 indicators for 133 economies.

Table 2. Summary of business conditions for the Czech Republik, Hungary, Poland and Slovakia

Indicator/Country rank	CZ 2015	CZ 2016	HU 2015	HU 2016	PL 2015	PL 2016	SK 2015	SK 2016
Doing business	44	36	54	42	32	25	37	29
DTF (% points)	70,95	73,95	68,8	72,57	73,56	76,45	71,83	75,62
Starting a business	110	93	57	55	85	85	77	68
Dealing with Construction Permits	139	127	103	88	137	52	110	84
Getting Electricity	123	42	162	117	64	49	100	48
Registering Property	31	37	52	29	39	41	11	5
Getting Credit	23	28	17	19	17	19	36	42
Protecting Minority Investors	83	57	110	81	35	49	100	88
Paying Taxes	119	122	88	95	87	58	100	73
Trading Across Borders	58	1	72	1	41	1	71	1
Enforcing Contracts	37	72	20	23	52	55	55	63
Resolving Insolvency	20	22	64	65	32	32	31	33

Source: own study based on Doing Business Report 2015 and Doing Business Report 2016 [World Bank Group, 2016].

Experts of the World Bank saw positive changes in procedures of activity economic entities of the analyzed countries in different categories (indicated in tab. 2 in grey). All countries of Visegrad Group advanced significantly in the ranking of Doing Business. Top 25 place is occupied by Poland, despite the drop in four indicators compared to the previous year. In two partial terms Poland occupies the same place as the last year's ranking, while in the case of the 4 categories it has gained about a dozen positions. An example of the changes that made to facilitate the conduct of business is electronic system for filing and paying VAT and transport tax and also reduced delays in processing applications for new electricity connections [Ramalho 2016, p. 178]. Another country in the first thirty ranking is Slovakia, which held in 2015 37 place jumped in 2016 on 29 position. There is also the highest progress of DTF measurement (about 3,79 pp.). In this state until the 7 indicators has improved and only 3 have recorded a decline. In Slovakia there have been significant facilitate: introducing court registration at the one-stop shop as well as reducing the corporate income tax rate [Ramalho 2016, p. 180]. Another place in ranking occupy by the Czech Republic – reaching to 36. In this country half of the indicators improved their positions, and half of them deteriorated. The most noticeable change (for 81 seats in the top) concerned to getting electricity. Underlines the transparency and accessibility of tariffs and applying the modern tools to monitory and restore the power supply [Ramalho 2016, p. 30]. The last described country is Hungary, which reported the biggest rise compared to the previous year, because up to 12 items. Most of the indicators improved, thus facilitating the pursuit of an economic activity on the Hungary territory. Quite significant change highlighted in this report is the adoption of the legislation limiting the operating work-hours for retail shops.

4. GLOBAL COMPETITIVENESS REPORT

Another statement, which in the author opinion should be included in this article is a Global Competitiveness Report compiled by the World Economic Forum. The study involved about 140 countries and representatives of several thousand of companies from all over the world. Presented data are crucial for foreign investors, because they enable a comparison of the economic development potential place of investment their funds. Evaluation of the subject is the 12 pillars of competitiveness – listed on the following diagrams 1 and 2. These determinants have been divided into three groups: basic requirements[4], efficiency enhancers[5], innovation and sophistication factors[6].

In each category of ranking, the country may get seven points. Favorite Global Competitiveness Index for several years is Switzerland, which reached in 2015 – 5,76 points. By comparing the level of competitiveness economies of the V4 at an interval of five years – only the Czech Republic moved up in the register from 36 to 31. The other countries have risen ac-

[4] Includes: institutions, infrastructure, macroeconomic environment, health and primary education.

[5] Includes: higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size.

[6] Includes: business sophistication, innovation.

cordingly declines 11 seats (Hungary: 63 place), 2 seats (Poland: 41 place), 7 seats (Slovakia: 67 place). In this report presented factors hinder the pursuit of an economic activity in the state, according to the respondents. Countries of V4 the most problem have with: inefficient government bureaucracy, corruption, policy instability and complexity of tax regulation. Moreover, a significant proportion of Polish and Slovak entrepreneurs indicates the common barriers in the field of restrictive labor regulation and tax rates.

The factors which form the basis for assessing the level of competitiveness of the economy consists of a dozen items. Strong parties of all countries belonging to the Visegrad Group are: low human immunodeficiency virus prevalence, significant level of export (as a percentage of GDP), unified trade tariffs and high country credit rating. Beyond the characteristics common to Central and Eastern European countries, each state is distinguished by its individual competitive advantages in separate categories. In the case of Czech Republic, which have also highlighted by the authors of Doing Business Report, a strong site are quality of electricity supply and significant influx of FDI and technology transfer. In Hungary, appreciated strength legal rights and gross national savings (as a percentage of GDP). In turn the advantage of Polish economy is local supplier quantity and strength of investors protection. In Slovakia there is a high number of notified patents and inventions per million people as well as strength of auditing and reporting standards.

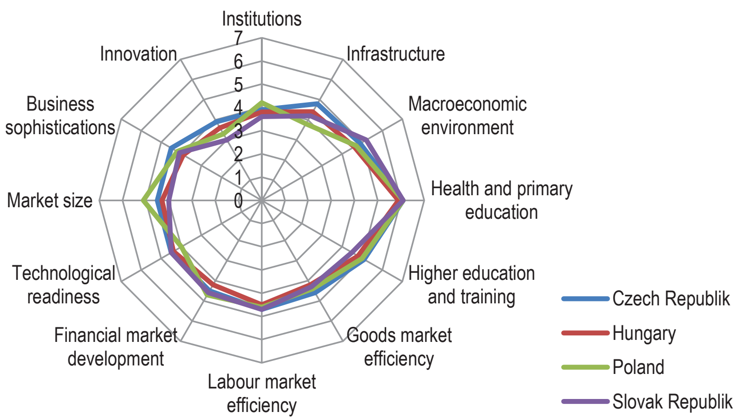

Diagram 1. Pillars of the competitiveness in the Visegrad Group in 2010

Source: own study based on Global Competitiveness Report 2010–2011 [World Economic Forum, 2016].

In addition to the strengths of each of the countries, it's worth according to the author look at issues hampering sustainable development. In Czech Republic the biggest concern is wastefulness of government spending. Distributing phenomenon occurring in Hungary is relatively high business costs of terrorism. The worst results Poland and Slovakia achieves in term of appearing in the first pillar (Institutions) . In Poland there is low level of transparency of government policymaking and public trust in politicians. On Slovakia there is favoritism in decisions of government officials and low efficiency of legal framework in settling deputies and challenging regulations.

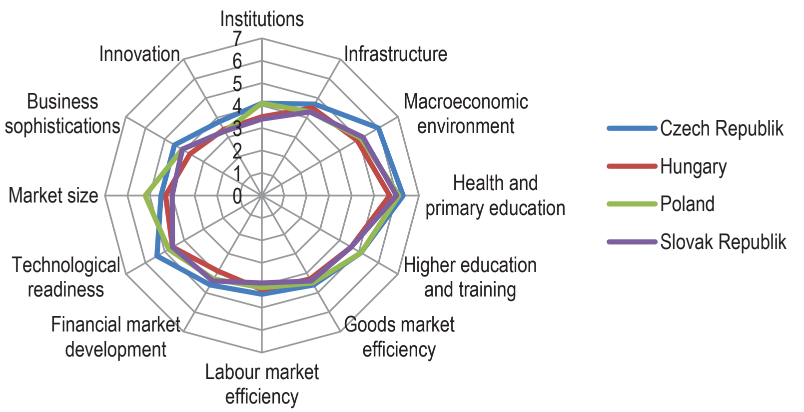

Diagram 2. Pillars of the competitiveness in the Visegrad Group in 2015

Source: own study based on Global Competitiveness Report 2015–2016 [World Economic Forum, 2016].

The economic development of the state is possible provided that eliminate barriers to the expansion of entrepreneurship. Unclear law regulation, excessive bureaucracy and lack of modernized investment areas are hampering the operation of many business. Besides to the need to introduce the procedural changes and structural transformations require the attitude of the staff offices. Reorganization of existing systems can contribute to the release of the decks of innovation, and as a result, the socio-economic development of the country and raise the importance on the international arena.

CONCLUSIONS

The positive results of the presented papers recognized research institutions constitute a king of visual advantage for countries, which in turn can translate into the value and quality of foreign direct investment. Comparison of the business conditions enabled to recognized the aspects of common and different countries of the Visegrad Group. Aforementioned conditions occurring in each state V4, inter alia a substantial share of trade, high reliability assessment of the economy and the relevant legal regulations, extended for specific competitive advantages allow to build the key position of these nation in the international arena. In the analyzed countries is noticeable a similar stage of development of the business environment, the openness of the market, and the economic situation of the country. Currently, there is a need to change not only the organization, but in many cases also mental. However, the specificity of the sources and implications of economic growth remains a individual feature for each country.

LITERATURE

Brodowska-Szewczuk J., (2009) *Konkurencyjność przedsiębiorstw i źródła przewagi konkurencyjnej*, Zeszyty Naukowe: Administracja i Zarządzanie, nr 80, Siedlce.

Grabia T., (2014) *Sytuacja gospodarcza w krajach Grupy Wyszehradzkiej – analiza porównawcza*, „Gospodarka w Praktyce i Teorii”, nr 2/35, Łódź.

Lachniewicz S., Matejun M., (2009) *Konkurencyjność jako determinanta rozwoju przedsiębiorstwa*, Wydawnictwo Politechniki Łódzkiej, Łódź.

Maciaszek Z. (2010) *Rola klastrów przemysłowych w konkurencyjnej przewadze narodów*, http://www.wsz-pou.edu.pl/biuletyn/index.php?nr=35&p=&strona=biul_macia35_ [01.02.2016].

Ministerstwo Gospodarki, (2015a) *Republika Słowacka – informacja o stosunkach gospodarczych z Polską*, Warszawa.

Ministerstwo Gospodarki, (2015b) *Węgry – informacja o stosunkach gospodarczych z Polską*, Warszawa.

Ministerstwo Spraw Zagranicznych, http://www.msz.gov.pl/pl/polityka_zagraniczna/europa/grupa _wyszehradzka [01.02.2016].

Piątkowska A., (2014) *Raport o stanie gospodarki Polski*, Ministerstwo Gospodarki, Warszawa.

Porter M.E., (2001) *Porter o konkurencji*, PWE, Warszawa.

Radło M., (2008) *Międzynarodowa konkurencyjność gospodarki. Uwagi na temat definicji, czynników i miar*, Instytut Gospodarki Światowej, Warszawa.

Ramalho R., (2016) *Doing Business 2016. Measuring Regulatory Quality and Efficiency*, World Bank Group, Washington.

Schwab K., (2016) *The Global Competitiveness Report 2015–2016*, World Economic Forum, Geneva.

Trading Economics, http://pl.tradingeconomics.com/country-list [01.02.2016].

Visegrad Group, http://www.visegradgroup.eu/v4-110412-1 [01.02.2016].

Walczak W., (2010) *Analiza czynników wpływających na konkurencyjność przedsiębiorstw*, http://www.e-mentor.edu.pl/artykul/index/numer/37/id/784 [01.02.2016].

Wiśniewski D., (2013) *Wpływ czynników narodowej przewagi konkurencyjnej na rozwój polskiej branży meblarskiej,* Studia Oeconomica Posnaniensia vol. 1, no. 12/261, Poznań.

World Bank Group, http://www.doingbusiness.org/reports/global-reports/doing-business-2015, http://www.doingbusiness.org/reports/global-reports/doing-business-2016 [01.02.2016].

World Economic Forum, http://reports.weforum.org/global-competitiveness-report-2010-2011, http://reports.weforum.org/global-competitiveness-report-2015-2016 [01.02.2016].

KOMPARACJA WARUNKÓW PROWADZENIA DZIAŁALNOŚCI GOSPODARCZEJ W PAŃSTWACH GRUPY WYSZEHRADZKIEJ

Zarys treści: Zdobywanie i utrzymanie znaczącej pozycji konkurencyjnej na rynku jest w ostatnich latach coraz trudniejszym wyzwaniem stawianym przed właścicielami firm. Prowadzenie działalności gospodarczej jest uwarunkowane nie tylko od zasobów wewnętrznych organizacji, ale również od występujących regulacji prawnych, poziomu otwartości rynku czy aktualnej sytuacji ekonomicznej danego kraju. Uzyskanie globalnej przewagi konkurencyjnej jest szczególnie ważne dla państw Europy Środkowo-Wschodniej, rywalizujących ze sobą o przyciągnięcie jak najwyższej liczby bezpośrednich inwestycji zagranicznych, przekładających się na poprawę przedsiębiorczości i tworzenie odpowiedniej infrastruktury rozwojowej. Praca ma charakter przeglądowy. Celem niniejszego artykułu jest porównanie warunków prowadzenia działalności gospodarczej w krajach Grupy

Wyszehradzkiej. Zestawienie poszczególnych zmiennych i czynników zostało przeprowadzone z wykorzystaniem danych wtórnych zawartych w Raporcie Doing Business (2015-2016) oraz Globalnym Raporcie Konkurencyjności (2015–2016).

Słowa kluczowe: sytuacja gospodarcza Grupy Wyszehradzkiej, Raport Doing Business, Globalny Raport Konkurencyjności.