

Małgorzata Kokocińska  
Department of Microeconomics  
Poznań University of Economics

## ECONOMIC SITUATION TEST DIAGNOSTIC VALUES UNDER THE CONDITIONS OF TRANSFORMATION AND GLOBALISATION

### **Abstract**

Nowadays it is possible to observe growing importance of the microeconomic basics as means of securing macroeconomic balance. Integrated growth and fluctuation research is considered to be modern. It is also assumed that real processes are decisive in explanation of economic fluctuation. Employing the real business cycle theory and the business cycle test as a method of fluctuation measurement, it is possible to isolate enterprise economic activity phases by means of several selected qualitative indicators. The easy method provides good results especially for emerging and young market economies, where time series are relatively short and the influence of exogenous agents is fairly high. Economies such as Poland operate under the conditions of transformation and globalisation. At the same time they are governed by general technological shocks. On the basis of the carried out analysis it is possible to define time spans that may be a basis for differentiating diverse in quality economic phases related to a growth path defined by GNP growth rate.

The business cycle test has been applied to conduct enterprise economic activity studies since the mid 1992. The enquiries concern industry, building industry and commerce. Since then qualitative indicators time series have been available. The author concludes as follows:

First of all, according to the course of business cycle test indicators there is some logical foundation to divide the period of 1996-2003 into 1996-2001 and 2002 up-to-date. Secondly, well-founded is the hypothesis that 1996-1999 was the period when in Polish economy a substantial microeconomic restructuring process took place. The end of this period, especially the year 1999 can be perceived as a kind of breakthrough, which is confirmed by various data quoted in this paper.

**Key Words:** real business cycle, business cycle test method, business cycle qualitative indicators, macroeconomic indicators, fluctuation, transformation shock, globalisation shock, technological shocks, business cycle phases, economic tendency breakthrough

## Introduction

Since the 80-ies of the 20<sup>th</sup> century economists have been engrossed in a dispute over the meaning of and indicators causing economic fluctuations. Traditional approach based on demand is being replaced with supply oriented one. Since the very cycle designation is more and more often associated with a separate business cycle fluctuation as if independent from the growth theory it is considered mismatched. Meanwhile integrated growth and fluctuation theory approach is perceived as modern. It is assumed that real processes are fundamental for economic fluctuations explanation.

Within the modern classical economics there are at least a couple of alternative business cycle explanation approaches depending on assumed suppositions. As a result of evolution and views clashes as well as carried out research in the field of real processes course as exemplified by many countries case studies, a certain diagnostic weakness in a form of empirical studies shortage has been proved. Some of such studies might proclaim some economic approaches capability. Therefore a number of 'stylised facts' have not been explained yet. Even the real business cycle theory, although being a breakthrough in the new classical macroeconomics, may be queried and many questions may be posed with finding no unambiguous and explicit pragmatic answer.

In case of emerging market economies, such as Polish economy, fluctuation judgement is particularly difficult in this context.<sup>1</sup> The complexity arises from the economic shocks character as well as lack of standards typical of traditional market economies. However, considering the time span of more than ten years it seems possible to make certain generalisations which may serve as a useful source of information. What is meant here is economic fluctuation research at the level of the enterprises employing the growth theory.

### 1. Microeconomic basis of macroeconomic balance

The classical business cycle theory says that the fundamental aim is a search for leading indicators and business cycle turning points forecast. Long time series are an indispensable condition to do so. The study proves that although the long time series condition has been fulfilled, aims achievement in the circumstances of thorough economic environment changes and unpredictable shocks encounters piling difficulties even in the most stable market economies. Under the conditions of continuing

---

<sup>1</sup> Rekowski (2003).

globalisation, the above concerns involve especially emerging markets. Lack of standards typical of traditional market economies makes it difficult for Polish economy to compile accurate short-term forecasts. The areas in question are as follows: privatisation level and intensity, institutions operation, particular economic system elements incoherence, business climate, or economic policy. Because of variety of changes in political and economic environment it is becoming more and more difficult to identify any cause – and - effect relations in economy.

Having considered so understood short-term diagnosis and economic forecast limitations, business cycle study by means of business cycle test in a different field, i.e. long-term economic change tendencies denominating, emerges as valuable. In particular it affects time spans denominating certain business cycle phase distinctiveness as well as microeconomic fluctuation character.

Most of the economists do agree that nowadays it is microeconomic basis that is becoming more and more important in maintaining macroeconomic balance. The tendency has to do with globalisation. As globalisation is microeconomic in its nature, the role of microeconomics is growing in relation to macroeconomic<sup>2</sup>. Therefore it becomes obvious that those economic approaches that concentrate on supply and restrict the participation of governments in providing global supply indicators such as resources quantity and quality, technology, or institutional factors gain importance.

Concentrating on microeconomic level means that economic forces drawing an increase tendency do not differ from those depicting fluctuation. In accordance with the real business cycle concept, the key factor influencing reoccurring instability is supply shocks. Bearing this concept in mind, it must be assumed that main production and employment fluctuations are driven by large, irregular changes in technological progress.<sup>3</sup>

The real business cycle theory assumes that technological shocks change production efficiency indicators and promote a continuous effect on the growth path. Yet it is quite difficult to explain the phenomenon of recession by means of the above mentioned indicator, which appears in different countries and periods. During recession there is no shortage of technology availability. For that reason, Hansen and Prescott broadened the interpretation of technological shocks so that now it is possible to think about each and every change in production as of a potential source of economic growth.<sup>4</sup>

---

<sup>2</sup> Szymański (2002).

<sup>3</sup> Snowdon et al. (1998).

<sup>4</sup> Hansen et al. (1993).

Such broadened technological shocks interpretation constitutes a new research field for evolution of economies where there is a substantial influence of macroeconomic environment on enterprise operating. Transformation economies belong to this group.

Globalisation shock introduces a change in behaviour of single enterprises, entering open markets. Enterprises are more independent in their decision-making. In case of Poland, entering the EU can be perceived as a kind of globalisation shock.

Fluctuation in the economy influenced by dual shock is affected by indicators that are individual historical events (system change, EU accession) and some universal, general processes, such as globalisation and technological shocks.

Because of the complexity and variety of factors influencing economic situation it is particularly useful to turn to simple diagnostic methods.

Economic fluctuation indicators identification and measurement may be carried out by means of different methods. One of them is a business cycle method combined with selected macroeconomic indicators tendency analysis.

## **2. Business cycle method distinctiveness in microeconomic fluctuation testing**

The business cycle method for enterprise economic activity has been used in Poland since the mid 1992. Systematic research projects are related to manufacturing construction industry, building industry and commerce. Since then there have been available business cycle qualitative indicators time series.

Essentially business cycle indicators<sup>5</sup> are a way of endogenous and exogenous indicators accumulated activity force. They combine the issue of microeconomic choice with diverse economic environment changes. A set of indicators as well as their influence power are changeable in time. Regarding market economy functioning in Poland it is possible to notice that at the initial transformation stage qualitative business cycle indicators explanatory force was incomparable to governmental statistics. Then indicators were used supplementary in already sanctioned quantitative statistics. Recently there has been a rise in the importance of the research because of more indicators interpretation possibilities with regards to the new classical economics. Based on the above observation there are no apparent relations between economic policy and enterprises economic situations. Subsequent governments and

---

<sup>5</sup>Business cycle indicators are to be understood as qualitative indicators, constructed on the base of business cycle study carried out by means of a business cycle test. The methodology was introduced to by Central Statistical Office in 1992 by a Poznań School of Economics team. Simultaneously enterprise economic activity research by means of the method in question has been carried out by the Research Institute for Economic Development, WSE.

their programmes appear not to be anyhow related to real fluctuations occurring at the level of enterprises. A contradiction based upon increased enterprise sector marketing and no macroeconomic policy coherence relevant to the tendency may be noticeable. It basically affects institutional and legislation areas as well as financial policy and unemployment restrictions. The fundamental shortage of synchronisation renders enterprise economic activity a resultant of macro and microeconomic indicators influence<sup>6</sup>. Enterprise economic activity growth occurs when a microeconomic indicator impulse is particularly strong and is ascribed to a certain historical breakthrough period. The formation of market economy at the beginning of the 90-ies and Poland's EU accession, triggering a comparable wave of new or reactivated enterprise economic activity are to be viewed as examples of historical breakthrough periods<sup>7</sup>. Enterprises proved to be particularly venturesome and innovative. The essential determinant of competition high level, which has already been achieved by Polish enterprises, is an apparent increase in labour efficiency.

Improved, high and continuous productivity results from technological impulse and its shifts in time, estimated period of technological impulse time shifting and its macroeconomic results may be differentiated by means of selected quantitative and qualitative indicators observation.

In general, enterprise economic activities may be illustrated by means of selected qualitative business cycle indicators course.

Out of many indicators, which may be obtained from monthly or quarterly business cycle survey, essential for fluctuation characteristic the author has chosen only those that are indirectly connected with some 'stylised facts' of the real business cycle theory. Macroeconomic indicators for Poland, EU before May 2004 and OECD countries have been assumed.

The analysed time span envelops 1992-2003.

As it is straightforward from the 1992-2003 business cycle analysis there are two periods reasoning further subdivision of the time into the following time spans: the

---

<sup>6</sup> Analysing the most essential business cycle indicators course as well as GNP growth rate indicators in Poland it becomes obvious that the most dynamic economic growth occurred till the mid 90-ies, when in the microeconomic indicators there was a well developed and not restricted by the government private enterprise sector; and since 2003 when there has been a strong influence of Poland EU accession, and the government has been engrossed in political activities.

<sup>7</sup> According to Fitch, an international rating agency, a medium-term perspective for Polish enterprises, based on 5% GNP growth forecast for 2004 and 2005, is moderately positive. Fitch claims the Polish companies are over the times of slow income increase, maximum cost cut and poor operation results. PAP, 23 May 2004.

turn of 1995/1996, and 2002/2003. Presented below are the qualitative indicators groups, which apart from being the most symptomatic for business enterprise activities rationalize the above mentioned time fragmentation:

- business cycle climate and general economic situation indicators,
- payables management and receivables level indicators,
- competitive import barriers and national budget charge business cycle indicators,
- employment increase, stability, and decrease forecast business cycle indicators.

Business cycle climate indicators are calculated as an arithmetical average of balance answers concerning the actual and the close-future forecast enterprise economic situation.

General economic situation indicators as well as the ones regarding payables management and receivables level are the discrepancy between the considered percent of negative and positive responses. The indicators are examined by sold production of industry. Providing general economic situation improvement, payables management enhancement, and receivables level decrease, the indicators are on the increase.

Competitive import barriers and national budget business cycle indicators are a ratio of each answer declaring a restriction existence and all the answers received to a business cycle survey question.

Employment increase, stability, and decrease forecast business cycle indicators disaggregate indicators and denote the range of answers about a short-term forecast for an enterprise employment policy. Since the indicators have been selected for an indicators analysis, they are presented as monthly indicators. The remaining ones have been averaged to annual time spans. The above procedure allows to estimate change tendency within a longer period of time along with a tendency setting.

The mentioned indicators groups reflect a wide range of macro and microeconomic effects. The consequences fundamentally involve the following areas: enterprise economic activity level, economic financial situation, enterprise sector international competitiveness, corporate employment demand.

All the macroeconomic indicators regarded and employed by economists are in a way or another a derivative of the economic areas. Not only does it relate to the unemployment rate but also to such values as GNP growth rate, private consumption level, price level, import and export increase rate. Since the indicators may be regarded as a partial economic barometer their informative value is of great and significant importance.

Economic climate indicators incorporate all agents, both market and not market associated ones, i.e., related to government policy and its particular decisions,

influencing an enterprise microeconomic situation in a given period of time. Economic restrictions indicators indirectly point out the influence of macroeconomic decisions on the enterprise sector.<sup>8</sup> The effects usually bring about some financial consequences as well as challenges of foreign competition. Employment indicators, on the other hand, incorporate an enterprise labour demand and some social effects in the form of unemployment rate.

The indicators are statistically registered either as monthly or quarterly fluctuations depending on an indicator, and are aggregated for comparison to mean annual changes. The above claim eliminates the issue of periodicity and concentrates on tendencies only.

### **3. Selective business cycle qualitative indicators change tendencies as a criterion for economic fluctuation selection in Poland**

Given indicators time span proves the highlighting of the 1996-2001 period as a separate research time length right. The above contention is based on the fact that the turn of 1995/1996 is the period of the first business cycle tendencies (lasting since 1992) slum, whereas the 2002/2003 turn is to be viewed as business cycle decrease tendency suppression. In the case of some of the indicators concerning economic restrictions and short-term employment policy the 1999/2000 turn appears to matter as well. Depending on an indicator it may be interpreted as a significant suppression of long-lasting trends and conditions development in the field of enterprise economic activity increase that has been distinguished since the turn of 2002/2003. The phenomena in question are: the employment reduction and the change of import competition upward tendency into a downward one.

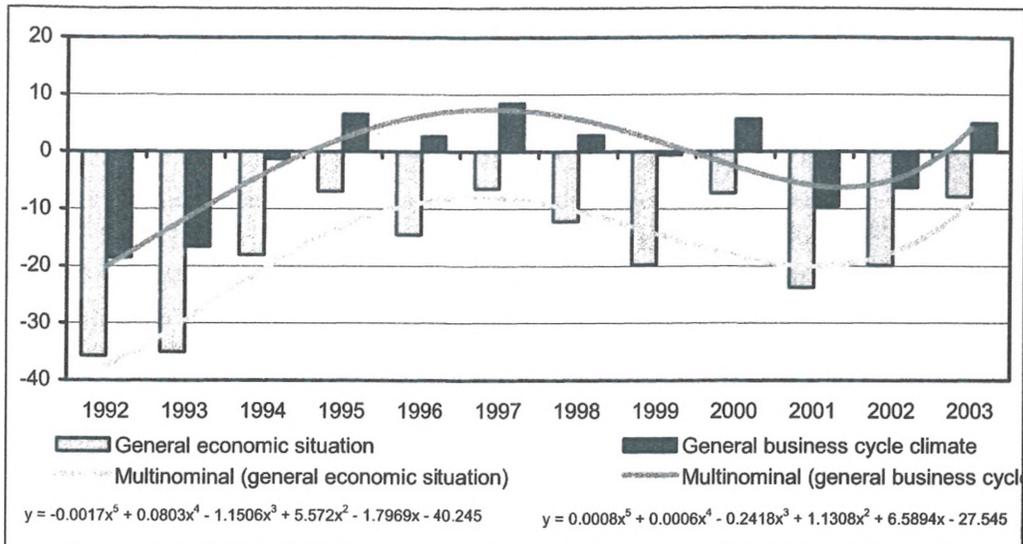
Considering not only indicators' values for a given year but also an estimated tendency it is possible to notice that despite main indicators' downward trend till the end of 2001, the state of the matter at the end of 1999 is characteristic and constitutes some breakthrough. The tendency line goes then from positive values for business cycle climate to negative values and then comes back to its upward tendencies in the year 2003. Yet, it is still below zero.

Figure 1 depicts the most essential industry business cycle indicators.

---

<sup>8</sup> Kokocińska (2002).

**Figure 1.** Average qualitative business cycle indicators for business cycle climate and general economic situation 1992-2003



Source: Koniunktura w przemyśle, budownictwie i handlu, CSO, Warsaw, 1996, 1999, 2001, 2004. A monthly survey.

The year 1996 is a beginning of a new period of business cycle indicators. Both, economic climate indicator value as well as general economic situation indicator value are definitely below the ones of 1995. The level of the indicators slightly fluctuates in the period 1996 thru 1999 to settle at the end of 2002 at the level unquestionably lower in relation to the initial one. Considering the above indicators enterprises claim that economic situation appraisal in the year 1996 as well as in the year 2002 is similar to the one of 1994 with an upward tendency line. A particular view of industry operating in 1996 and not a straightforward economic situation interpretation is due to two, different, apparently clashing pieces of information arising from micro and macroeconomic approaches.

Making an allowance for macroeconomic indicators the year 1996 is still to be regarded as positive, i.e. the decrease in unemployment, and inflation rate and GNP decrease. Still in 1997 GNP decrease rate is higher than 6% per annum. Downward tendency was yet apparent in the private consumption increase rate.

**Table 1.** Fundamental macroeconomic indicators in Poland compared to EU and OECD in the years 1996-2003

Indicators	1996	1997	1998	1999	2000	2001	2002	I half 2003
<b>GNP growth rate</b>								
Poland	106.0	106.8	104.8	104.1	104.0	101.0	101.4	103.8
OECD	103.0	103.5	102.8	103.4	103.8	100.8	101.9	101.9
UE	101.7	102.6	102.9	102.8	103.5	101.6	101.0	100.5
<b>Individual consumption growth rate</b>								
Poland	108.7	106.9	104.8	105.2	102.7	102.0	103.3	103.8
OECD	102.9	103.0	103.1	103.9	103.6	102.1	102.3	102.3
UE	102.7	102.2	103.3	103.7	103.1	102.2	101.2	101.4
<b>Industrial output growth rate</b>								
Poland	108.3	111.5	103.5	103.6	106.7	100.6	101.4	108.9
OECD	103.0	105.3	102.2	103.2	105.5	97.4	100.1	100.4
UE	100.5	103.9	103.7	101.1	104.8	99.9	99.2	99.7
<b>Unemployment rate</b>								
Poland	12.3	11.2	10.6	13.9	16.1	18.2	19.8	19.2
OECD	7.2	7.0	6.9	6.7	6.3	6.5	7.0	7.1
UE	10.2	10.0	9.4	8.7	7.8	7.4	7.7	8.0
<b>Price index</b>								
Poland	119.9	114.9	111.8	107.3	110.1	105.5	101.9	100.8
OECD	105.1	104.4	104.0	103.4	104.0	103.5	102.6	102.4
UE	102.5	102.1	101.8	101.2	102.5	102.5	102.1	102.1
<b>Import-export ratio in %</b>								
Poland	152.0	164.3	166.7	167.5	154.6	139.3	134.4	128.8
OECD	100.4	100.4	101.2	104.2	107.4	106.5	106.6	105.8
UE	95.2	94.9	96.3	98.0	100.1	98.1	95.6	93.8
<b>Export growth rate</b>								
Poland	106.7	105.4	109.6	97.1	115.5	100.6	113.6	127.3
OECD	104.2	103.4	100.9	102.8	107.9	114.0	103.4	109.3
UE	104.5	100.4	103.6	100.2	102.2	100.5	106.0	111.1
<b>Import growth rate</b>								
Poland	127.8	113.9	111.2	97.6	106.6	102.7	109.6	122.2
OECD	105.6	103.5	101.6	105.6	111.2	95.9	103.1	108.3
UE	103.9	100.1	105.0	97.6	104.3	98.5	103.8	108.6

Source: Central Statistical Office, vol. XII 20003, no 2 Warsaw, Jan 2004, pp. 66-71.

Concurrently in the light of microeconomic indicators there is a decrease in enterprise profitability and each and every 1 PLN of profit needs more cost. In the turn of 1995 and 1996 for the first time there has been a decrease in the number of enterprises showing net profit per general amount of companies. Then the decrease amounts to two rate points (from 66% to 64%) and indicates an evident downfall tendency to achieve the level of 56% in 2001. Suppression of this decreasing trend occurs only in 2002.

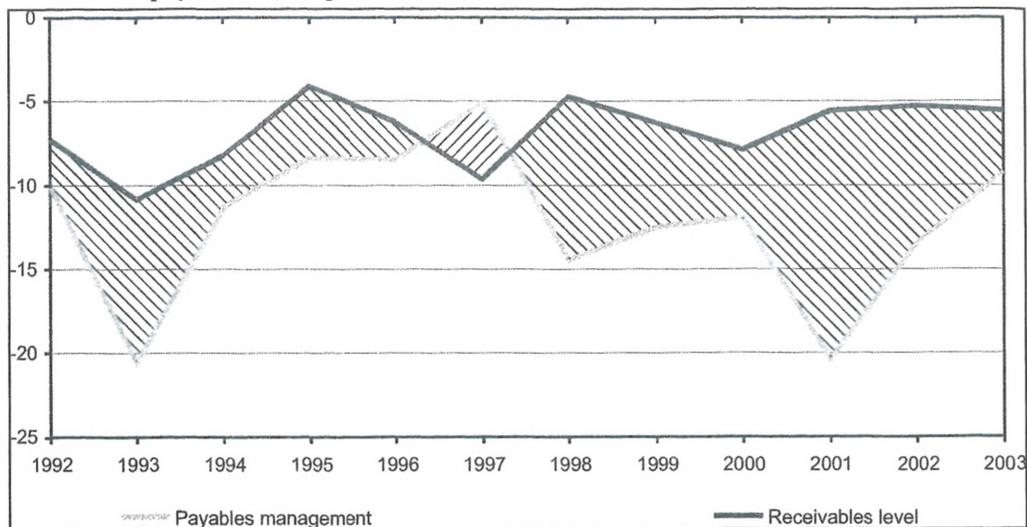
When compared to EU or OECD countries, fundamental macroeconomic indicators growth rates appear to be favourable.

GNP growth rate amounts to 6% in relation to 1.7% in EU and 3% in OECD countries, industrial output rate amounts to 8.3% in relation to 0.5% in EU and 3% in OECD countries, unemployment rate and price indicators, although constantly decreasing, are still higher than in either of the remaining groups (it should be remembered that the period in question is in a transformation initial stage). At the end of 1996 Polish economy is more import oriented than the other two groups. Import index, expressed as a percentage, amounts to 152 in relation to export. The same ratio in EU equals only 95.2 and in the OECD countries 100.4. Then annual export growth rate itself totals 6.7%, and growth rate 27.8%. The micro and macroeconomic duality blurs many economic issues and makes positive rather than negative interpretation acceptable (due to elections and because of other political reasons). This, however, does not anyhow force politicians to introduce indispensable economic reforms and first of all fundamental for future stages national budget reform.

At the end of the analysed period, in 2002 microeconomic indicators assessment of economic situation appears to be much more coherent with macroeconomic tendency. From 1996 thru 2002 there is a decrease in GNP growth rate (to 1.4%) although in 1999 it still amounts to 4.1%. Industry output also decreases to 1.4% with a parallel increase in unemployment rate to 19.8%. Systematically during the period there is an increase in import-export ratio, resulting in bigger demand for foreign goods than for domestic ones. The years 1999/2000 appear as a turning point, which is proved by business cycle qualitative indicators (Figure 3). The only positive tendency of the phase is a regular inflation level decrease. In 2002 inflation rate equals 1.9% whereas in 1998 it became a double-digit number. Such a situation was due to monetary policy and inflation rate decrease in EU form where commodities as well as lower prices were imported.

Systematic microeconomic situation worsening within the time span is reflected by business cycle qualitative indicators in the area of payables and receivables level.

**Figure 2.** Average annual business cycle qualitative indicators in the field of payables management and receivables in 1992-2003

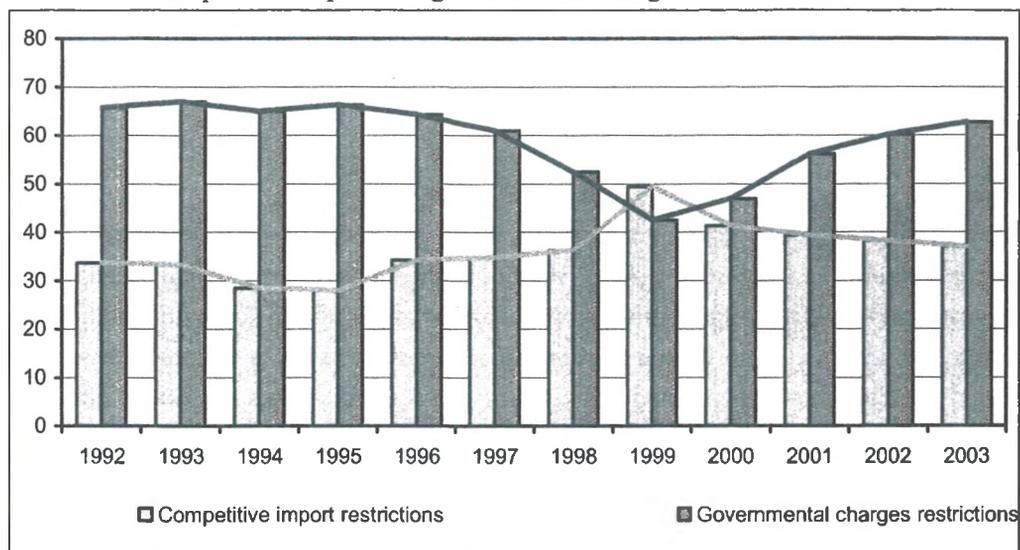


Source: Koniunktura w przemyśle, budownictwie i handlu, CSO, Warsaw, 1996, 1999, 2001, 2004. A quarterly survey.

As Figure 2 reveals the turn of 1995 and 1996 should be considered the end of both indicators parallel upward tendencies in the area of manufacturing sector. At the time the indicators remain in close interdependence. Multidirectional indicators changes and ever-increasing differences between and among indicators lines are typical of the period 1996 thru 2001. It means that enterprises financial liquidity is destabilized. The situation improvement may be observable after 2001, when the range between payables and receivables indicators decreases with simultaneous directional convergence. Both indicators have shown a similar, increasing tendency.

Another quite obvious field characteristic of the 1996-2002 period and especially the year 2000 is development of competitive import restrictions and governmental charges obligation.

**Figure 3.** Average annual qualitative business cycle indicators in the area of competitive import and governmental charges in 1992-2003



Source: Koniunktura w przemyśle, budownictwie i handlu, CSO, Warsaw, 1996, 1999, 2001, 2004. A quarterly survey.

Based on enterprise analysis restrictions the year 1999 appears to be the last phase of still high, yet decreasing, governmental charges in the 1992-2003 analysed period (especially the last stage because of CIT taxation decrease). In 1996 60% out of all surveyed enterprises claim the existence of enterprise activity restrictions whereas in 1999 the number diminishes to 40%. At the end of 1996-2003, after that temporal indicator decrease, the indicator levels off again at 60%. Since 1995/1996 an upward trend has been typical of competitive import restrictions. In 1999 half enterprises consider competitive import their activities restriction. In the period 1992-2002 it is the year 1999 that is a breakthrough because of the highest barriers level. From the business cycle development point of view the period 1996-2003 may be regarded as the time of competitive import, governmental charges, downward economic trend till 2000 not due to fiscal restrictions but because of competitive import related to limited domestic commodities demand. The rate of individual consumption growth is descending at the time and amounts to 8.7% in 1996 and 5.2% in 1999. And yet, it is still higher than GNP growth rate and neither is it lower than in EU and OECD countries.

Some additional foreign trade worsening agent is foreign turnover suppression in trade exchange with Russia. After adjusting period and having accepted new market economies rules prevailing in drawing contracts and settlements, in 1997 export to Russia amounts to 8% of export and import share constitutes over 6%. 1998 is the scene of actual Polish Russian economic relations suppression. It is then when there occurs a Russian external indebtedness service crisis and maximum rubel devaluation. Decrease in Polish export still increases in 1999 and it is only in 2000 when its restoration is launched<sup>9</sup>.

Escalating competitive import restrictions inform however of Polish enterprises falling behind the imported goods. It should be kept in mind that enterprises international competitiveness interpretation in the light of the indicator is dual in nature. On the one hand during the period in question there is a competitive gap caused by the already mentioned falling behind the commodities imported from the western economies. On the other hand, difficulties connected with export to Russia are triggered not only by the Russian crisis but also by struggle for the Russian market with and among manufacturers from the European Union and the United States, who basically contribute to emerging east markets high requirements. In the investigated period export growth rate equals 6.7% in 1996, and 2.9 in 1999, in relation to the previous year. The years 1999/2000 appear to be of a breakthrough in the export tendency. It is confirmed by both quantitative indicators as well as qualitative ones. Along with a new business cycle beginning, i.e. the turn of 2002/2003 export growth rate increases from the nominal 113.3 in 2002 to 127.3 in 2003.

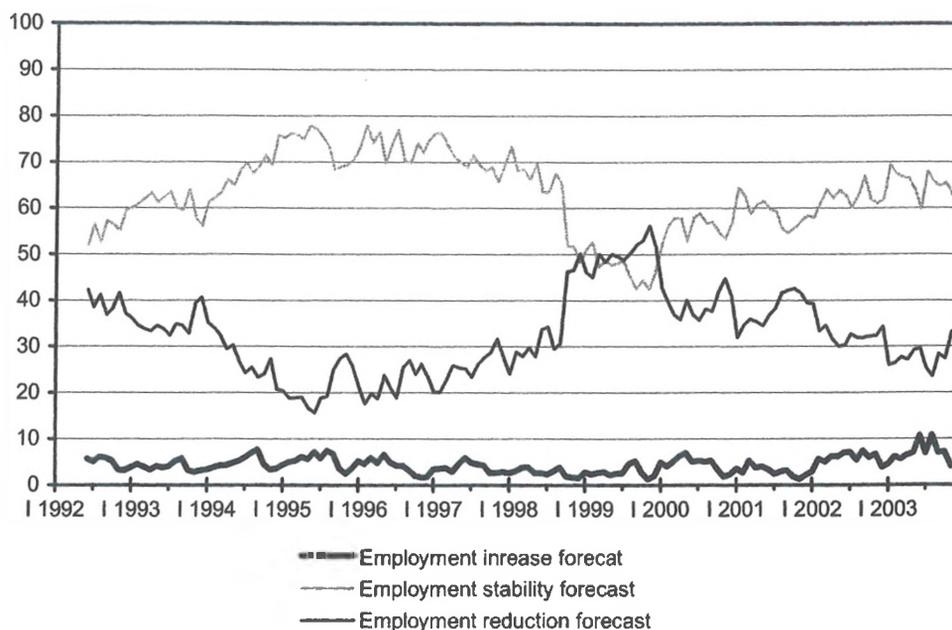
According to the business cycle indicators, at the end of the period only 37% of surveyed enterprises indicate existing competitive import restrictions weighed against 50% in 1999.

Till the point of tendency suppression at 1999/2000 turn not being able to face foreign competition on the domestic level, without any possibility of moving from the eastern market to the western ones, and being aware of open market increased competition, enterprises react to national goods demand decrease and other above mentioned circumstances rationally and actuate cost reduction.

---

<sup>9</sup> Filar, D., 2003, no 2, p. 6.

**Figure 4.** Average monthly qualitative business cycle indicators in the field of employment forecast. Marking for the period of 1992-2003



Source: Koniunktura w przemyśle, budownictwie i handlu, CSO, Warsaw, 1996, 1999, 2001, 2004. A quarterly survey.

First of all the reduction concerns labour costs, of which not pay related elements boost. At diminishing inflation and in accordance with employment and capital cost substitution rule, the substitution occurred in the direction of the capital increasing labour efficiency and product technological quality. Yet, unemployment rate increases. From the enterprises behaviour point of view the tendencies are just right qualitative business cycles indicators, concerning month-to-month employment forecast development.

Considering ongoing monthly forecast of employment increase, stabilisation, and decrease it becomes obvious that in the time span of 1996 and 2003, starting with 1996 the discrepancy between the percentage of companies forecasting employment stability and those forecasting employment decrease reached the maximum peak in 1995, and the minimal value in 1999. It means that it is during this period when there is a continuous employment reduction in enterprise sector. At the same time enterprises are adjusting production abilities, mainly by means of reductions, in relation to demand. In 2000-2003 the situation changes. In comparison with the turn

of 1999/2000 situation, there is a subsequent increase in the percentage of enterprises claiming employment stability and a decrease in the percentage of enterprises claiming employment decline. It is also the period of a higher percentage of enterprises declaring increase in employment level and production. It was caused by labour efficiency increase by means of investments and permanent productivity growth. The technological effect prompted subsequent escalation of unemployment overlapping with the already existing so-called transformation unemployment.

#### **4. Summary**

Considering selected business cycle quantitative indicators it is possible to draw two conclusions.

First of all, there is some logical basis for selecting the 1996-2001 period and the period since 2002 up-to-date in accordance with the course of indicators obtained from business cycle test.

Secondly, there appear to be some grounds for the hypothesis that in the period of 1996-1999 in Polish economy there takes place a fundamental microeconomic restructuring process, which in turn has provided continuous productivity growth conditions as well as business cycle improvement since the turn of 2002/2003. The level of productivity has increased many times more than the level of real wages. Real wage rose more quickly in the first period of transformation and more slowly after the breakthrough in 1999/2000. From the companies' point of view it means decreasing employment costs, especially that the wagecharges have been rising more and more in Poland recently.

The process occurred under system conditions discouraging for enterprise development. The increase in competition as well as export deadlock are accompanied by unemployment intensification. The difference between the unemployment rate in Poland and that in the EU increases from 1-2 percent points in 1996-1999 (in 1999 – 5.2) to 10-12 percent points in 2000-2003.

Economic restrictions indicators and short-term employment forecasts prove that conditions for 2003 economic boom already appeared in 2000, when there was a turning point. Enhanced by dollar and euro rate increase export reimburses for internal demand deficiency, which in turn is import commodities oriented. Enterprises competition level rise after microeconomic restructuring and a chance meeting competitive demands of open market are a co-working agent.

In 2003 economic boom encouraging agent is as well acceptance of the open market idea and doing away with complexes about qualifications and competence for

foreign contractors and customers. And indeed it is overcoming yet another shock after the previous transformation shock. Prospects for further CIT tax reductions, higher dividend payment estimation, and first and foremost the European Union accession reckoned price differences benefits for many of the companies.

Open European market may also influence unemployment rate due to emigration. It is dependent, however, on a variety of factors, including economic growth. A significant growth in relation to previous years was achieved in 2003, while forecasts for 2004 assume even higher growth rate.

From the methodological point of view, qualitative indicators are more synthetic in their nature than quantitative ones and they provide the initial information earlier than the latter. The method of merging qualitative and quantitative indicators gives a good background for explanation of economic phenomena, especially in economies under of transformation and globalisation.

## References

- Hansen, G.D. and E. D. Prescott (1993), Did Technology Cause the 1990-1991 Recession? *American Economic Review*, May 1993.
- Kokocińska, M. (2002), Sytuacja koniunkturalna a konkurencyjność, in: (ed.) Skawińska, E., *Konkurencyjność przedsiębiorstw, nowe podejście*, Wydawnictwo Naukowe PWN Warszawa – Poznań, pp. 113-144.
- Rekowski, M. (ed.) (2003), *Wskaźniki wyprzedzające jako metoda prognozowania koniunktury w Polsce*, Wydawnictwo Akademii Ekonomicznej w Poznaniu, Poznań.
- Szymański, W. (2002), Globalizacja a konkurencja i mikroekonomiczne podstawy równowagi makroekonomicznej, in: *Przedsiębiorstwo wobec globalizacji i integracji*, W. Szymański et al., Szkoła Główna Handlowa, Warszawa, Oficyna Wydawnicza, p. 20.
- Snowdon, B., H. Vane and P. Wynarczyk (1998), *Współczesne nurty teorii makroekonomii*. Warszawa: Wydawnictwo Naukowe PWN, p. 257.
- Poland Quarterly Statistics, Central Statistical Office, vol. XII 20003, no 2 Warsaw, Jan 2004, pp. 66-71
- Bankier, Magazyn klientów korporacyjnych, 2003, no 2, p 6.
- Koniunktura w przemyśle, budownictwie i handlu, CSO, Warsaw, 1996, 1999, 2001, 2004. A monthly and quarterly survey.