# Poland

In BEEPS V, the three largest obstacles to conducting business, as identified by Polish firms, were tax administration; competitors' practices in the informal sector; and access to finance (Chart 1). Large and old firms cited labour regulations as being a major issue, while young firms considered access to finance, tax administration and courts to be the most binding constraints. In BEEPS IV, political instability, workforce skills and electricity issues were identified as the top business environment obstacles.

## Time-consuming bureaucracy

Polish firms viewed **tax administration** as the biggest obstacle. The percentage of senior management's time spent on dealing with government regulations, including taxes, increased from 14.4% in BEEPS IV to 23% in BEEPS V (Chart 2). This is the highest percentage in central Europe and the Baltic states (CEB). The share of firms visited or inspected by tax officials increased from 35.1% in BEEPS IV to 40.5% in BEEPS V. There was also an increase in the share of firms reporting that a gift or informal payment was expected or requested in such meetings, albeit from a low base (1.5%, compared with 0.7% in BEEPS IV).

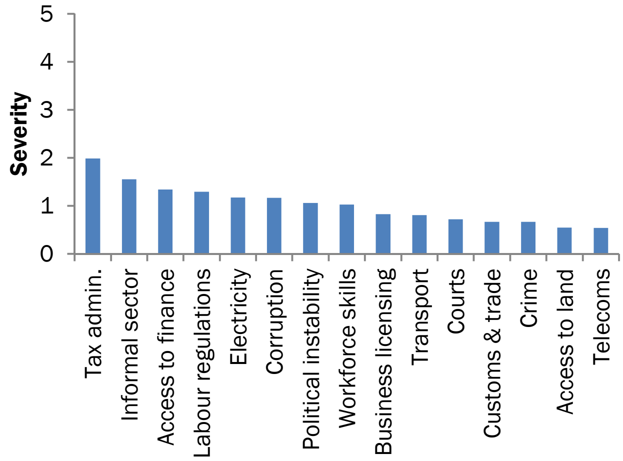
**Competitors' practices in the informal sector** were also among the three major obstacles. In BEEPS V, 29% of firms reported that they faced competition from unregistered firms, compared with 33% in BEEPS IV.

Polish firms, particularly the young ones, were also concerned about **access to finance**. As elsewhere in the CEB region, the share of bank financing of fixed assets almost halved, to 12.1%. There was also an 18 percentage point reduction in the share of firms with a loan or a credit line, compared with BEEPS IV (from 50% to 32%, Chart 3). The median amount of collateral required as a percentage of loan value increased by 50 percentage points, to 150%. However, the share of credit-constrained firms (those that needed a loan, but either decided not to apply for it or were rejected when applying) decreased from 38.2% to 34.3%, lower than the CEB average.

**Labour regulations** were a concern for large and old firms. This could be because of the heavy segmentation of the Polish labour market between permanent and temporary employees. A quarter (25%) of employees are on fixed-term contracts (the highest among the OECD countries, apart from Chile).

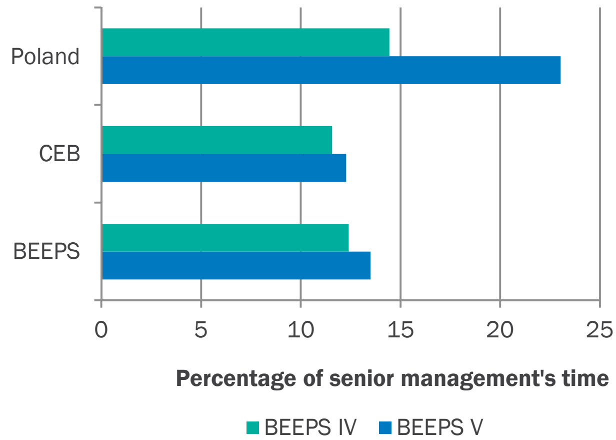
**Workforce skills** no longer featured as one of the top three obstacles to doing business. This is likely to be related to the relatively good performance of the Polish economy during the global economic crisis, when some Poles who had left the country since 2004 returned.

### Chart 1. Business environment obstacles

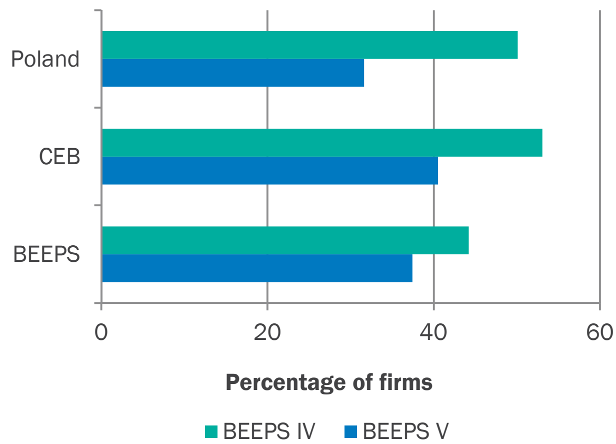



Estimated for a hypothetical "average" firm. Higher values correspond to a weaker business environment.

### Chart 2. Dealing with government regulations




### Chart 3. Firms with a loan or a credit line




Survey fieldwork period: February 2013 – November 2013. CEB: Croatia, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic and Slovenia. Small and medium-sized enterprises (SMEs) have 5-99 employees. Young firms are less than 5 years old.