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**The premises of the development of the private sector in Poland -
some conclusions**

Abstract

Processes of transformation in companies or more broadly the economic transformation is a part of a wider process of the systemic transformation. Within this process, a special place is held by the political system, although it should be remembered that these are changes in the economic system which will ultimately determine a success or failure of occurring changes. Parallel, there must be taking place changes in the social structure. These must both consolidate new structures or force out a slowdown in the speed of occurring changes, as well as demand a restoration of old solutions. In a longer time perspective, the preserving of political power will depend on the remodeling of economic system in accordance with the assumed conception, because any significant changes in this system may pave the way for the strengthening of political system. Hence, the speed of occurring transformations plays also an important role here.

All this shows that the speed of changes in the economy must be particularly well balanced and adapted to a concrete situation. Changes in social structures will be taking place at a similar speed enlarging various groups of persons interested in transformation processes. The transformation process will be successful if the main part of the society accepts the system of values corresponding to the new social system. The success of the deep restructuring of economic relations in our economy depends primarily on the effectiveness of the reform aimed to restructuring of ownership in all sectors. This requires a new approach to the prospects of private property growth, i.e. an approach unbiased by any doctrinal prejudices, as well as suggestions glorifying private property as a panacea to cure Poland's economy. The Polish economy is characterised both by objective and subjective premises in the

development of the private sector and a strong motivation of individuals to launch their own business activities in this sector.

1. Introduction

The success of the deep restructuring of economic relations in the Polish economy depends primarily on the effectiveness of the reform aimed at restructuring of ownership in all sectors. This requires a new approach to the prospects of private property growth, i.e. an approach unbiased by any doctrinal prejudices, as well as suggestions glorifying private property as a panacea to cure Polish economy. It should be remembered that the economy is a complete system of sectors that are interlocked, co-operating and competing, in terms of social labour productivity, and represent a variety of forms of ownership and businesses. The characteristic feature of the present and future stages of development is the co-existence and competition of many types and forms over fixed capital (Janusz 1990, p. 1).

As it is known that the economic transformation is a part of a wider process of the systemic transformation and within this process, a special place is held by the political system, although it should be remembered that these are changes in the economic system which will ultimately determine a success or failure of occurring changes. Parallel, there must be changes taking place in the social structure. These must both consolidate new structures or force out a slowdown in the speed of occurring changes, as well as demand a restoration of old solutions (Rudolf 2000, p. 1). The transformation process begins with winning the political power. Its preservation is largely dependent on the declared conception of changes, its attractiveness for the society, etc. An important role in winning the public opinion can be played by mass media. However, the existing conditions may restrict this role effectively. After all, the society must carry the costs of transformation processes, which arouses dissatisfaction especially among these social strata that carry the heaviest burden of these costs. Additional difficulties are created by the economic recession usually accompanying these processes, which elongates the period of awaiting a marked improvement in living conditions (Rudolf 2000, p. 1).

Price liberalization, that is inflation, increase of unemployment are just the examples of phenomena of the initial stage of transformation. It should be remembered that transformation is nothing else but a realization of interests of specific social groups. Too slow a pace of changes (e.g. in the field of changes of ownership relations, that is privatization) may threaten the realization of these targets, which are awaited by these groups. Similar worries may occur when the

pace of changes is too rapid and when the costs of transformation turn out to be increasing too fast. As a consequence, it may cause the increase of social dissatisfaction and criticism of government actions. It all indicates that the pace of changes in economy should be balanced and adapted to a particular situation. Transformation processes may end up successfully only when the majority of society accept the new systems of values. The new values may be gained consecutively as a result of privatization and restructuring changes. These changes mean putting a greater emphasis on private institutions and at the same time less frequent appealing to the government in the matter of fulfilling social needs. Privatization means taking actions which limit the participation of government in the functioning or the ownership of resources for the benefit of the private sector (Savas 1992, p. 10). Moreover, privatization is also a conversion process of national economy, in which the dominant role is played by huge participation of companies, particular branches of national economy, with clearly defined private owners in comparison to the public sector (Sobolewski 2003, p. 302).

The Polish economy is characterised both by objective and subjective premises in the development of the private sector and a strong motivation of individuals to launch their own business activities in this sector. The objective premises underpinning this development are mostly expressed in that (Janusz 1990, p. 1):

- many population's needs are insufficiently satisfied and they cannot be met by the public sector (services, minor manufacturing, trade, residential building),
- Polish enterprises are too large compared with those operating in the known mature economies (developed countries), with outdated organisation and technologically obsolete; many of them hold monopolistic position on the domestic market and are unable to compete internationally,
- our economy is still missing - although the situation is improving - the so-called SMEs that make up a natural service and supplies delivering environment for large companies, and operate towards meeting the needs of population,
- public enterprises lack capital for introducing new technologies, new products and know-how, for upgrading and modernisation of the stock of machinery; all this requires a considerable inflow of foreign capital.

The efficiency of ownership transformation policy may be achieved either by forming conditions which allow creating new companies with different ownership structure or by ownership transformations of the existing national and co-operative companies. Other motives of privatization processes are as following:

- reduction of economy dependency on politics, interfering economic processes,
- improvement of government quality (pragmatic motive),
- limitation of government`s role and increase of private institution importance (ideological motive),
- achieving budget gains on the grounds of selling state property, increase of benefits for the country by shifting part of the expenses, which up till now have been born by the country, onto private companies and tax benefits (economic motive),
- increase of the welfare of society by better fulfilling its needs (populist motive),
- change of ownership form is an effective tool for the increase of effectiveness of company management in the public sector because of the increase of competitiveness of (more effective) private companies,
- increase of individual entrepreneurship and involvement,
- private property is a first step to the introduction of structural changes, among others, to create capital market which is necessary for the fluctuation of capital between the branches of economy. The need to change the production structure and the previous priorities, from heavy industry to agriculture, light industry and production of consumption goods, was a significant factor (Kołodko 2008, pp. 259-263).

The above premises concerning ownership transformations are just one of the comprehensive elements of system reforms allowing introduction of various solutions in the field of finance, monetary, credit, research and development policy, as well as the one concerning environmental protection, structures, agriculture, food and many others. These reforms are also necessary in the context of the processes of integration and globalization, where the country must rapidly adapt to its requirements and, i.e. be in charge of control of the process of institutional changes – organization and realization of ownership transformations (Muczyński 2005, p. 541).

2. Concepts and procedures in ownership restructuring

It is obvious that in order to reform the economic system the forms of ownership must be distinguished, so that it will be possible to create properly working system of national economy. At first, it should be determined whose property are the assets of state enterprise. Apart from, rather small doubts, it

should be stated that such a subject is the State Treasury, represented by a foundation body. During its creation a state company is equipped with capital allocated from the state resources, which automatically means that the State Treasury is the economic owner of the enterprise in whole. As the owner, the State Treasury has two important rights towards the enterprise, namely the right to control, which may comprise e.g. the right to dissolve a company, if it is not effective, and the right to advantage which consists in taking (appropriation of) profits, which in the valid system are to be paid by the company in the form of an obligatory dividend, which is calculated from the value of the foundation fund.

The division of the enterprise's assets into the legal capital and enterprise's funds is meaningless from the point of view of ownership, as in the case the enterprise is liquidated all assets (both types of funds) are due to the Treasury. Logically, a public enterprise may not liquidate or transform itself without the approval of the investor (the Treasury) represented by the establishing body. Such an enterprise may not transform itself into a joint stock company either, as this case also requires the decision of the establishing body. To accelerate changes in ownership, it is therefore necessary to change the charter of the public enterprise to make it a fully autonomous legal and economic person. This is effected by transforming a public enterprise into a joint stock or limited liability company with the Treasury being the sole shareholder.

It should be remembered that the transformation of a public enterprise into a partnership is not only an organisational effort, but also an important economic, social, legal and political endeavour. Consequently, its course cannot be spontaneous, but it must be subjected to legal regulations. The whole process of privatising of the national economy is supervised by the National Assembly of the Republic of Poland that has provided the ground for regulations in the extent of ownership restructuring by virtue of a legal act.

The change of ownership form (ownership restructuring) of state owned enterprises is closely related to the necessity of gaining a clearly defined major owner – a subject, which would make a responsible and economically feasible takeover of the most important functions leading to the development and long-term multiplication of the enterprise's value (Suszyński 2003, p. 175). Moreover, privatization is a necessary condition to perform a deep, effective sectoral restructuring, and the range, pace, as well as the forms of privatization exert a significant influence on the shape of economy system, working effectiveness and effectiveness of market mechanisms. If the state forms of ownership are maintained it will be impossible to gain the funds necessary to perform further restructuring changes (Bochniarz and Krajewski 1997, p. 12).

The operative organ of ownership transformations is the Ministry of Treasury as a central organ of state administration. The work of the Ministry is controlled by an appropriate Minister who is appointed and revoked by the Prime Minister. The scope of actions, among others, comprises (http://www.zgapa.pl/zgapedia/Ministerstwo_skarbu_panstwa.html 15 June 2009):

- preparation of:
 - ✓ assumptions of protection policy of interests of the Treasury and management of the property of the State Treasury,
 - ✓ of privatization and privatization programmes of the national property,
 - ✓ bills and regulations concerning the State Treasury,
 - ✓ management of the state property and privatization,
 - ✓ annual reports on the realization of privatization.

Accepted by the Cabinet on April 22nd, 2008 “Privatization Scheme for the years 2008-2011”, as well as the sectoral programmes and strategies for individual branches, e.g. the programme for electrical power engineering, the oil industry strategy or the policy for natural gas industry, with taking into consideration the programme for country’s energy security determine the actions of the Minister of Treasury in 2009. The above mentioned “Privatization Scheme...”, among others, aims at determining a clear ownership perspective and a long-term schedule of privatization. Due to that the credibility and effectiveness of privatization processes will increase. Moreover, the supervision over the companies of significant importance for the State Treasury will be strengthened. The action taken by the Ministry of Treasury aim and will aim at organizing the ownership structure in the economy of particular countries. One of the significant actions will be the continuation and actuation of the sales programme of the minority stakes held by the State Treasury, which does not give true influence on the effective management of companies. The realization of ownership schemes depends on many internal and external factors, which may have and, in fact, have influence on the timeliness of the schemes being realized. These are: the dynamic of economic growth, the investment demand, the interest of foreign businessmen in the Polish economy, the economic trend on the world’s markets, and the changes of branch strategies. The factor that has a huge influence on achieving the scheduled income from privatization is their significant dependence on huge projects, whose delay or suspension may to a large extent hinder or prevent the realization of scheduled projects in a given year. The trend on the stock exchange also has essential importance, as it concerns the projects which are to be privatized in the form of public offering. According to the status as of December 31st, 2008 the Minister of Treasury was

the foundation body of 15 state owned enterprises and 1 national bank, he also supervised 1174 companies; including 463 companies wholly owned by the State Treasury and 711 companies partially owned by the State Treasury (Ministry of Treasury 2009, p. 10)¹.

The feature of the Polish model of ownership transformations is a significant number of privatization methods, paths and schemes. The basic privatization activities are conducted by liquidation and commercialization of the state owned enterprises (Bogdanowicz-Bindert and Czekaj 1997, pp. 329-330). Within the framework of available forms (methods, paths) of companies' transformations, the following should be mentioned:

- direct privatization (by virtue of the Act on state owned enterprises of 25th of November, 1981 and the Act on privatization of state owned enterprises of 13th of July, 1990. A state owned enterprise put into liquidation is liquidated, then sold or the property is taken over by the State Treasury and sold to a private buyer, contributed to the company or leased)²,
- capital privatization (by virtue of the Act of 13th of July 1990 a state owned enterprise is transformed into a company wholly owned by the State Treasury designated to be privatised individually – by the indirect method) by selling the majority shareholding or shares,
- general privatization programme based on the concept of National Investment Funds, (by virtue of the Act of 30th of April, 1993 the state owned enterprises are transformed into companies wholly owned by the State Treasury designated to general privatization; the next stage is a selection of enterprises and a selection in the form of a tender, companies managing the funds),
- programme “stabilization, restructuring, privatization”, as a complement to the capital, general privatization and privatization by liquidation, realized together with the European Bank for Reconstruction and Development,
- small privatization (creating new business entities, mainly in the form of companies),
- managerial contracts programme,
- regional investment funds programme.

¹ According to the status as of 31st December, 2007 the State Treasury had shares and stocks in 1361 companies, 1234 of which were under the supervision of the State Treasury (see: *The Direction of privatization of the properties of the State Treasury in 2009*, Ministry of Treasury, Warszawa, 3rd of September 2008, p. 2

² This method is also used towards the State Agricultural Enterprises (the Act on management of agricultural properties of the State Treasury of 19th of October 1991)

Apart from the methods listed above, liquidation of enterprises is also often mentioned because of economical reasons (art. 19 of the Act on state owned enterprises) and the adjustment of debts of bank (valid from 1996), which, in fact, are not forms of privatization but as its tools they have played a huge role in transferring the privatised properties into the private sector.

The indirect privatization may proceed as follows: selling shares and stocks belonging to the State Treasury in one of the following modes (Kozłowski 2002, pp. 65-67):

- offering made to the public,
- public tender,
- negotiations taken up on the grounds of public proposal,
- approval of offer in response to the call made on the basis of the Act of 29th of July, 2005 on the public offering and the conditions of introduction of financial instruments into the organised trading system and on the public companies, made by an entity responsible for the call,
- auction made to the public.

The bodies entitled to propose a transformation of a public-owned enterprise into a partnership with the sole partner being the Treasury are:

1. the director and workers' councils of public enterprises (joint motion) with the approval of the enterprise establishing body,
2. the enterprise establishing body with an approval given by the director and the workers' council,
3. Minister of Treasury

http://prywatyzacja.msp.gov.pl/portal/pr/260/6526/Procedury_prywatyzacji.html 16 June 2009.

The transformation of a public enterprise into a partnership with the Treasury as the sole partner causes in effect that the only thing changed is the charter of the enterprise, whereas the owner stays the same, as the enterprise transformed (partnership held solely by the Treasury) keeps its public character. Changes in ownership will only become real when the Treasury sells a part of the assets to third parties as shares or interests. Joint stock or limited liability companies are set up in the reselling process. How an enterprise is going to be transformed depends on the establishing body, i.e. on the Treasury. Practice proves that joint stock companies stand the practical business test wherever the capital is large or the owners (shareholders) are many. Where capital is low and the shareholders also few the limited liability company is performing better. Although a joint stock company is a more complex organisation than the limited liability company, its organisational form is more favourable for the emergence

of the capital market on which shares are more marketable than interests. Yet, it is still possible to transform limited liability companies into joint stock ones in order to proceed with the privatization.

The various ways to privatise an economy show that a variety of ownership forms may function within it, that share similar economic and legal solutions characteristic of a market economy.

The theoretical designing of solutions to optimise the array of ownership relations only leads to inventing idealistic, sometimes utopian, solutions. Hence the assumption has been taken that changes in ownership can be evolutionary, with coexisting various forms of ownership. Competition fosters more efficient forms while leading at the same time to the disappearance of those inefficient. Such a solution, seemingly logical and difficult to undermine, has its practical value when based on principles shaping the evolution of the forms of ownership. It can be clearly seen already now that the present structure of ownership provides room for public enterprises, joint stock companies and limited liability companies, co-operatives and other business organisations.

The need felt in the economy to popularise enterprises being partnerships resulted in the below configurations of ownership: partnerships held solely by the Treasury, partnerships between the Treasury and legal persons (domestic and foreign), partnerships between the Treasury and individuals (domestic and foreign), partnerships between the Treasury and the employees of enterprises, autonomous partnerships of employees, private partnerships, partnerships being combinations of the variants listed above.

The changes concerning the quantity aspects of privatization are presented in Table 1. The status as of 31 of December, 1990 shows there were 8453 state owned enterprises in Poland (GUS 1991, p. 57), 5909 of which were covered by the ownership transformations till the end of 2008. The direct privatization covered 2297 enterprises, which is 38.9% of all enterprises. 2210 entities were privatized in this form. Because of economical reasons 1915 enterprises were liquidated (32.4%), but the liquidation process was completed in 1106 enterprises, and in 682 cases the process led to declaration of bankruptcy. 1697 state owned enterprises were commercialized (28.7%). The most enterprises (out of 5909) were privatized during the first two years of the process of ownership transformations. Their percentage came to 34.5%. In the following years about 400 – 500 enterprises were privatized on average every year (till 1996), and then only about 300 enterprises yearly (till 2000). The last 8 years is characterized by the lowest level of privatization growth. In the National Business Registry Number (REGON), conducted by the Polish Central Statistical Office (GUS), the status as of 31st of December, 2008 shows that there were 363 state owned enterprises present (GUS 2009, p. 197). In the mentioned period of time 1654

agricultural state owned enterprises were liquidated (GUS 2005, p. 13). The revenue gained from privatization in 2008 came to 2371.7 mln zlotys.

Table 1. Process of ownership transformations of state owned enterprises in period 01. 08. 1990 - 31. 12. 2008

| Status as of | STATE OWNED ENTERPRISES INCLUDED IN THE PRIVATIZATION PROCESS | | | | | | | | | | |
|--------------|---|---|---------------------------|------------------------|------|----------------------|--|------|---|--|------|
| | Total 3+7+10 | Indirect privatization | | | | Direct privatization | | | Liquidation under art. 19 of the Act on state enterprises | | |
| | | Commercialized ¹ into Sole-shareholder Companies of the State Treasury | Disposal of stocks/shares | | % | Approval of MOT / MS | Removed from the list of state owned enterprises | % | No objections of MOT / MS | Removed from the list of state owned enterprises | % |
| | | | Total ² | indirect privatization | | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 13 |
| 31.12.91 | 1217 | 267 | 28 | 28 | 10,5 | 415 | 182 | 43,9 | 535 | 19 | 3,6 |
| 31.12.92 | 2038 | 489 | 51 | 51 | 10,4 | 696 | 484 | 69,5 | 853 | 105 | 12,3 |
| 31.12.93 | 2566 | 595 | 98 | 98 | 16,5 | 892 | 753 | 84,4 | 1079 | 221 | 20,5 |
| 31.12.94 | 3078 | 816 | 134 | 134 | 16,4 | 1023 | 937 | 91,6 | 1239 | 333 | 26,9 |
| 31.12.95 | 3619 | 1062 | 220 | 160 | 20,7 | 1174 | 1076 | 91,7 | 1383 | 433 | 31,3 |
| 31.12.96 | 4044 | 1193 | 787 | 184 | 66,0 | 1371 | 1280 | 93,4 | 1480 | 565 | 38,2 |
| 31.12.97 | 4358 | 1254 | 845 | 228 | 67,4 | 1564 | 1444 | 92,3 | 1540 | 664 | 43,1 |
| 31.12.98 | 4655 | 1372 | 886 | 244 | 64,6 | 1699 | 1589 | 93,5 | 1584 | 734 | 46,3 |
| 31.12.99 | 4958 | 1469 | 912 | 262 | 62,1 | 1848 | 1739 | 94,1 | 1641 | 790 | 48,1 |
| 31.12.00 | 5216 | 1506 | 938 | 283 | 62,3 | 2012 | 1891 | 94,0 | 1698 | 836 | 49,2 |
| 31.12.01 | 5350 | 1515 | 970 | 315 | 64,0 | 2084 | 1954 | 93,8 | 1751 | 848 | 48,4 |
| 31.12.02 | 5450 | 1527 | 992 | 336 | 65,0 | 2128 | 2021 | 95,0 | 1795 | 885 | 49,3 |

| | | | | | | | | | | | |
|----------|------|------|------|-----|------|------|------|------|------|------|------|
| 31.12.03 | 5533 | 1539 | 998 | 342 | 64,8 | 2164 | 2062 | 95,3 | 1830 | 935 | 51,1 |
| 31.12.04 | 5631 | 1562 | 1008 | 352 | 64,5 | 2216 | 2119 | 95,6 | 1853 | 990 | 53,4 |
| 31.12.05 | 5715 | 1578 | 1020 | 358 | 64,6 | 2253 | 2157 | 95,7 | 1884 | 1031 | 54,7 |
| 31.12.06 | 5747 | 1587 | 1026 | 364 | 64,7 | 2263 | 2181 | 96,4 | 1897 | 1056 | 55,7 |
| 31.12.07 | 5809 | 1619 | 1051 | 384 | 64,9 | 2283 | 2194 | 96,1 | 1907 | 1077 | 56,5 |
| 31.12.08 | 5909 | 1697 | 1061 | 387 | 62,5 | 2297 | 2210 | 96,2 | 1915 | 1106 | 57,8 |

¹ together with 117 companies wholly owned by the State Treasury created by other Ministers and taken over by the Minister of Treasury as a result of the reform of the economic centre of the government in 1997

² concerns companies privatized indirectly, transformed pursuant to Section 3 of the Act on the commercialization and privatization of state owned enterprises introduced to the National Investment Fund and companies in which shares/stocks have been made available under the Adjustment of Debts of Bank (BPU)

MOT - Ministry of Ownership Transformations; MS - Ministry of Treasury

Source: *The Dynamic of Ownership Transformations*, Ministry of Treasury, Department of Strategy and Instruments of Property Policy, Warsaw Dec. 2000, No. 47, p.11; *The Dynamic of Ownership Transformations*, Ministry of Treasury, Department of Research and Forecast, Warsaw Apr. 2004, No. 58, p. 11-12;

http://www.msp.gov.pl/index_msp.php?dzial=23&id=963; *The Dynamic of Ownership Transformations*, Ministry of Treasury, Department of Research, No. 67, op.cit., p.11.

The status of employment in the enterprises covered by privatization according to the size of enterprises and the methods of privatization are presented in Table 2.

Table 2. Transformations of state owned enterprises according to the rate of employment and the methods of privatization

| Rate of employment Status as of: A – 31.12.2007 B – 31.12.2008 | | Enterprise covered by transformations | | | |
|---|---|---------------------------------------|----------------|------------------------|---|
| | | Total | Commercialized | Privatized Directly | Art.19 of the Act on state owned ent. |
| Total | A | 5809 | 1619 | 2283 | 1907 |
| | B | 5909 | 1697 | 2297 | 1915 |
| | | | | | |
| up to 49 people | A | 1406 | 22 | 550 | 834 |
| | B | 1440 | 44 | 556 | 840 |
| | | | | | |
| 50 – 249 people | A | 2224 | 209 | 1147 | 867 |
| | B | 2273 | 248 | 1155 | 870 |
| | | | | | |
| 250 – 499 people | A | 792 | 337 | 332 | 123 |
| | B | 806 | 351 | 332 | 123 |
| | | | | | |
| 500 people and more | A | 1387 | 1051 | 254 | 82 |
| | B | 1390 | 1054 | 254 | 82 |

Source: The Dynamic of Ownership Transformations, No. 67, op.cit., p.16.

According to Table 2 it is clearly seen that among the commercialized enterprises the majority is represented by huge enterprises employing more than 500 people, which represent more than 62% of all enterprises privatized with this method. Because of the economical reasons mainly small and medium enterprises, employing up to 249 people, were covered by the liquidation method. At the end of 2008 they represented almost 90% of all liquidated enterprises.

3. Economic and social consequences of the changes in ownership

The establishment of companies with the participation of private owners produces multiple economic, social and political effects. The social awareness of the processes taking place as well as transparent and long-run economic policy are particularly desired.

The most important effect of privatization is fulfilling its primary aim – the state owned enterprises are replaced by the private enterprises, which are more efficient and more adapted, as the previous experience shows, to the requirements of the contemporary market (Bałtowski 2000, p. 77). As J.Tittenbrun says, privatization, liberating an enterprise from the burden of political intervention and the non-market operational guidelines, limits the capabilities of politician to influence the functioning of enterprise in the direction, which serves their own purposes or expresses particular political pressure at the cost of market effectiveness, clears the aims of enterprise and improves its quality of functioning (Tittenbrun 1995, p. 84).

As a result of restructured ownership both individual and private business activities are growing according to the expectations, as well as undertakings with foreign capital. Competition between particular forms of private ownership is growing. The economic landscape of Poland is becoming richer and more diversified. The prevailing for many years craftsmen's workshop are giving way to partnerships of individuals, private domestic and foreign enterprises, joint-ventures, etc.

Profound changes are taking place also in the sphere of distribution and the system of values. The redistribution of personal incomes among particular socio-economic groups has not been known sufficiently as yet, and the development of many socially negative phenomena such as bribery, corruption and speculation hinder the identification of the actual incomes of some groups of the society. Unquestionably, however, the incomes tend to provide stronger position to those employed in the private sector.

At the same time we can observe wider variation of human attitudes, enhancement of many positive characteristics in human behaviour such as diligence, industriousness, reliability and entrepreneurship, economic responsibility for the material position of one's own family, but also a wide range of negative features being egoism, greediness, seeking riches and judging on the value of a person by his or her possessions.

The growing economic power of the private holders of fixed capital and persons employed in the private sector leads to stronger articulation of their individual economic interests, higher social activity and the trend to have more political influence in the pluralistic society. Each type of ownership inevitably tends to create its own financial and lending institutions. A consequence is private banks, foundations, insurance companies, etc. Wherever we look we can see the growing activity of private entrepreneurs expressed in the actions of associations, chambers of commerce, partisan groups and political parties taken within the framework of constructive opposition of groups declaring themselves as politically independent.

The process of ownership restructuring - as a long term activity - faces some obstacles:

1/ the reluctance of the workers in public enterprises to sell assets of the enterprise they work for to private persons or individuals, domestic or foreign, having no link with the enterprise. The fear of company's assets being taken over gives company's workforce a strong impulse to self-management, whose one form is workers performing the function of shareholders. For the time being the process is not widespread, but this type of employees' drive are reflected in the variety of relieves and preferences granted to workforce buying their enterprise's assets;

2/ the reluctance of the society to invest their savings in the purchase of the national assets. It must be remembered that the Polish society is not only poor, but it does not have a strong enough habit to invest in the assets of public enterprises, either;

3/ even if the society do buy shares, this operations is frequently treated as a financial investment or an opportunity to become a shareholder, which may freeze trading in stock and subsequent capital flows between various sectors and branches, so necessary to restructure the whole economy,

4/ the lack of an objective valuation method to value public enterprises' assets causes that depending on the valuing institution assets may be sold on better conditions than others. Each of the asset valuation methods proposed, namely:

- book value,
- replacement cost method,
- DCF method,
- value referred to the stock market,
- sale of an enterprise at market prices, (auction, bidding)

represents the danger of arriving at a different value depending on the method employed and the valuing institution. As a consequence it happens that people with disposable funds take over assets of the public enterprises at too low a price, which results in a serious social unrest, especially among the enterprise's workforce,

5/ there are also fears that the big foreign capital may be restored in the case of mass bankruptcies of public enterprises, then affordable at a low price. Hence, some groups of the society are anxious that with the external convertibility of Zloty in place, the profits earned by the society may leak out to the countries of origin of the foreign investors. These barriers, however, cannot restrain the privatisation process as it is the key condition of deep systemic transformation of our economy.

Taking the restructuring of ownership as a fact of life, the solutions to be introduced should allow possibly large groups of the society to become part-owners of the national assets, and not focus on the few groups with sizeable financial resources. To meet this requirement the mechanisms leading to the take-over of assets by wide groups of the society must be fully employed.

4. Summing up

Our deliberations show that the processes of transformation in general and the processes of transformation in an enterprise in particular belong to very difficult ones. That is due to the fact that the implementation of changes is a resultant of very many factors both of external and internal character. Among such external factors there could be mentioned the legislation, or political, ideological, social and other factors. Within an enterprise, of major importance seem to be the existing relationships between social partners, the management system in an enterprise, its financial standing, the level of education possessed by employees etc.

These diverse determinants cause that any attempts to accelerate transformation processes become an extremely complex undertaking and they seldom yield the expected results. The degree of difficulty involved by such undertakings can be best confirmed by the fact that they are very rare in Poland. The complexity of problems to be tackled should be simultaneously an inducement to launch studies in this area, whose results should facilitate the implementation of transformation processes in the future.

The above analysis and the implementation of such programmes may lead to the following conclusions:

- both in the course of elaborating and implementing the processes of transformation allowances should be made for the existing conditions. This concerns both the legislative sphere and the enterprise itself. A failure to do so, may lead to unpleasant surprises,
- the processes of transformation in the enterprise should be started with its management (including intermediate and lower management levels), while rank and file employees should be included in them later on. Any attempts at eliminating management or minimizing their role in these processes usually result in their failure.
- within these processes, an emphasis should be laid on changing the structure of the enterprise management and its democratization. As long as the traditional management structure remains unchanged any measures undertaken in the enterprise will produce limited effects.

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Streszczenie

PRZESŁANKI ROZWOJU PRYWATNEGO SEKTORA W POLSCE - KILKA WNOSKÓW

Procesy zmian w przedsiębiorstwach lub szerzej, ekonomiczna transformacja, są częścią szerokiego procesu zasadniczych reform systemowych. Reformy te przez jednych autorów nazywane są transformacją systemową lub transformacją ustrojową, inni z kolei włączają transformację ustroju społeczno – gospodarczego do całościowego procesu reform. Reformy z kolei dały początek procesom restrukturyzacji, związanym przede wszystkim ze zmianą struktury własności, czyli

zmianami prywatyzacyjnymi, a nie z działaniami związanymi z wdrażaniem głębokich zmian w przedsiębiorstwach próbujących funkcjonować w nowych warunkach ustrojowych. Prywatyzacja, jako zabieg ekonomiczny (choć można oczywiście ją traktować również jako działanie polityczne, czy ideologiczne) pełni rolę stymulującą w procesie restrukturyzacji, a wręcz jest niezbędnym warunkiem przeprowadzenia skutecznej restrukturyzacji sektorowej. Umożliwia ona ukształtowanie odpowiedniego podejścia do restrukturyzacji przy uwzględnieniu kryteriów efektywnościowych i twardych ograniczeń finansowych. Jest praktycznie niezbędna z punktu widzenia pozyskania środków finansowych na restrukturyzację. W opracowaniu skoncentrowano się w związku z tym na procesach prywatyzacyjnych, jako działaniach, które już same w sobie zawierają elementy zmian struktury w innych obszarach, nie tylko w strukturze własności. Powyższe dokonania pokazały pewne tendencje i kierunki zmian strukturalnych, jednakże nie są to zmiany satysfakcjonujące i spełniające wcześniejsze oczekiwania.