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POSITION OF POLAND AND POLISH ENTERPRISES IN THE INTERNATIONAL COMPETITIVENESS RANKINGS

Dr. Iwona Szczepaniak

Institute of Agricultural and Food Economics – National Research Institute, Warsaw, Poland

e-mail: iwona.szczepaniak@ierigz.waw.pl

Abstract

The aim of the study is to assess the competitive position of Poland against the background of other countries around the world, in macroeconomic terms, based on the most popular international competitiveness rankings. The paper also attempts to determine the greatest strengths and weaknesses of the Polish economy. The analysis was conducted based on rankings developed by the following international economic organisations: the World Economic Forum, the World Bank, the IMD World Competitiveness Center and the Heritage Foundation. The study covered 2012-2016. The rankings are developed based on a diversified methodology, i.e. some of them attach greater importance to economic factors, others – to social or institutional conditions. It is, however, clear that the subjective and objective scope of relevant data enables these rankings to be considered as representative for the entire world and enables particular countries to be compared in terms of the competitiveness of their economies. As a matter of fact, these rankings cover issues of relevance to the competitiveness of economies, economic freedom, a start-up and doing business environment. Having analysed the position of Poland against the background of other countries around the world in the competitiveness rankings referred to above, it may be clearly stated that the greatest strength of the Polish economy, as far as its competitive potential in the contemporary world is concerned, is the educational level of society and a high degree of respect for property rights. Poland's overall state of the economy is ranked relatively favourably as well. By far the greatest weaknesses of the Polish economy are as follows: the level of technological infrastructure, relatively low R&D expenditure, poor cooperation between science and practice as well as major impediments to doing business – bureaucracy, unstable commercial law, heavy procedures. That is why Poland is ranked fairly average in the international competitiveness rankings, primarily in knowledge- and innovation-based economic development rankings. The competitiveness of entities operating in the Polish economy may only be improved by State authorities through greater organisational and financial incentives to stimulate the development of innovative processes, including primarily higher R&D expenditure and incentives for cooperation between production and scientific research entities, more stable and efficient operation of administrative bodies operating in production entities' environment.

Key words: International competitiveness, Competitive position, Ranking, International organizations

JEL classification: F33, M21, O57, P52

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Introduction

The literature abounds with definitions of the international competitiveness of the economy. Generally, international competitiveness is the ability of the economy to compete in global markets. It is also sometimes defined as the ability to achieve long-term economic growth. In classical terms, competitiveness was associated mostly with market entities and was a microeconomic category. Over time, however, the term "competitiveness" has started being interpreted more widely, moving towards a more comprehensive view of competitiveness which, besides an international aspect, covers the macro- and microeconomic condition of the economy as well (Szczepaniak, 2014).

As there is no clear definition of international competitiveness, different international competitiveness measures are used (out of many such measures). This is reflected, among others, in the development of rankings which classify economies of particular countries according to established criteria. These rankings not only present the competitive position of countries in the world, but also enable competitiveness determinants of particular countries to be identified. On the one hand, the position of a specific country in these rankings demonstrates the competitiveness of its economy and, on the other hand, somewhat conditions the competitiveness of particular sectors of its economy. It can be observed that rankings, which are published by various international institutions developing competitiveness rankings, share many common elements related to, among others, economic growth, innovativeness or technological progress. Only having analysed methodological assumptions, however, it is possible to more precisely determine the scope of the definition of international competitiveness from every perspective presented. In accordance with definitions used by international institutions, economic competitiveness is construed in many dimensions and areas. It is assessed by using various indices, which are usually of particularly high complexity, described by tens and even hundreds of quantitative and qualitative variables.

The aim of the study is to assess the competitive position of Poland against the background of other countries around the world, in macroeconomic terms, based on the most popular international competitiveness rankings. Furthermore, the analysis was used to attempt to determine the greatest strengths and weaknesses of the Polish economy. The analysis was conducted based on rankings developed by the following international economic organisations:

- the World Economic Forum (WEF) – the Global Competitiveness Report,

- the World Bank – the Doing Business Report,
- the IMD World Competitiveness Center – the World Competitiveness Yearbook,
- the Heritage Foundation – the Index of Economic Freedom.

The rankings are developed based on the diversified methodology, i.e. some of them attach greater importance to economic factors, others – to social or institutional conditions. It is, however, clear that the subjective and objective scope of relevant data enables these rankings to be considered as representative for the entire world and enables particular countries to be compared in terms of the competitiveness of their economies. As a matter of fact, these rankings cover issues of relevance to the competitiveness of economies, economic freedom, the start-up and doing business environment. The paper presents results of these rankings of 2012-2016.

Global Competitiveness Report

The Global Competitiveness Report (Global..., 2016) is one of the most popular international competitiveness reports. It includes a comprehensive ranking and a comparative analysis of countries around the world in terms of their economic competitiveness. It takes into account country-specific macroeconomic conditions, the quality of public institutions and technological advancement. Advantages of the Global Competitiveness Report include: complexity, syntheticity, scope, frequency and methodological stability. It is published annually by the World Economic Forum. It is developed based on an assessment of the so-called Global Competitiveness Index (GCI) which is a measure of medium-term prospects for economic development. The Index is particularly important to foreign investors who see it as the first stage of selecting markets in which they will invest, including a source of the comparative analysis. The Index is based on twelve basic pillars grouped into three subindices: (I) basic requirements, (II) efficiency enhancers and (III) innovation and sophistication factors (Table 1).

The presented competitiveness pillars (the most important global competitiveness determinants), which are based on 113 different parameters, are used by the World Economic Forum to develop the said GCI. The pillars are strongly interconnected and the final GCI takes into account relationships between them. The Index assesses abilities of particular countries to achieve economic growth and therefore enables the situation of the country analysed to be assessed in terms of its macroeconomic competitiveness.

Table 1. Economic competitiveness pillars at particular economic development stages of a country according to the World Economic Forum

STAGE I Factor-driven economies (extensive)	Subindex I: Basic requirements	
	P 1.	Institutions
	P 2.	Infrastructure
	P 3.	Macroeconomic environment
	P 4.	Healthcare and primary education
STAGE II Efficiency-driven economies (intensive)	Subindex II: Efficiency enhancers	
	P 5.	Higher education
	P 6.	Goods market efficiency
	P 7.	Labour market efficiency
	P 8.	Financial market development
	P 9.	Technological readiness
	P 10.	Market size
STAGE III Innovation-driven economies	Subindex III: Innovation and sophistication factors	
	P 11.	Business sophistication
	P 12.	Innovation

Source: own study based on: the *Global Competitiveness Report 2012-2016*, <http://www.weforum.org/reports/global-competitiveness-report> (Access: February 17th, 2017).

It was also assumed in the study that the functioning of countries differs between economic development stages, hence the division into three economic development stages: Stage I – factor-driven economies (extensive), Stage II – efficiency-driven economies (intensive), and Stage III – Innovation-driven economies. The first stage is typical of countries whose development is based primarily on initial endowments in production factors, i.e. on natural resources and unskilled labour. Second-stage countries improve their competitiveness based on efficiency factors, such as production quality and efficiency, and labour

productivity. The third group includes countries whose development is based primarily on the ability to innovate assessed based on both the innovativeness of the economy and the development of the business environment (Grynia, 2015).

The latest Global Competitiveness Report 2016-2017 (Global..., 2016) assessed the competitive position of 138 countries based on the GCI. It is therefore one of the most comprehensive economic competitiveness assessment sources in the world. In recent years, the position of Poland in the ranking has improved (Table 2). In 2016, Poland was ranked 36th with the GCI equal to 4.56, i.e. five positions higher than in 2012. Among EU Member States, Poland is ranked 16th behind twelve EU-15 Member States and only three EU-13 Member States. The higher position of Poland in the competitiveness ranking of the World Economic Forum demonstrates that the Polish economy remains one of more competitive economies among new EU Member States. Its position is assessed as stable and has oscillated around the 40th place in the ranking for many years, while the GCI gap between Poland and its neighbours is narrow.

The ranking's TOP 10 have been stable for many years. Switzerland has been ranked 1st continuously since 2009 with the GCI equal to 5.81 in 2016 and a stable position. It was followed by Singapore with the Index equal to 5.72 (its position stable as well) and the United States of America with the Index equal to 5.70 (following an earlier decline – ranked 7th in 2012). Their economies are capable of continued growth, are attractive and open to all kinds of new products, they market innovative products and services. TOP 10 include also five EU Member States: the Netherlands (ranked 4th), Germany (5th), Sweden (6th), the United Kingdom (7th) and Finland (10th).

Table 2. Position of Poland in the competitiveness ranking of the World Economic Forum

(GCI ranking)

Subindices and competitiveness pillars	2012-2013		2014-2015		2016-2017		Change 2016-2017/ 2012-2013	
	position	GCI	position	GCI	position	GCI	position	GCI
I. Basic requirements	61	4,66	55	4,80	45	4,91	+16	+0,25
P 1. Institutions	55	4,11	56	4,02	65	3,99	-10	-0,12
P 2. Infrastructure	73	3,89	63	4,24	53	4,34	+20	+0,45
P 3. Macroeconomic environment	72	4,60	63	4,77	45	5,14	+27	+0,54
P 4. Healthcare and primary education	43	6,03	39	6,17	38	6,19	+5	+0,16
II. Efficiency enhancers	28	4,69	32	4,64	34	4,64	-6	-0,05
P 5. Higher education	36	4,92	34	5,04	37	5,03	-1	+0,11
P 6. Goods market efficiency	51	4,39	51	4,49	47	4,57	+4	+0,18
P 7. Labour market efficiency	57	4,48	79	4,14	79	4,13	-22	-0,35
P 8. Financial market development	37	4,59	35	4,60	46	4,24	-9	-0,35
P 9. Technological readiness	42	4,66	48	4,47	46	4,76	-4	+0,10
P 10. Market size	19	5,12	19	5,12	21	5,13	-2	+0,01
III. Innovation and sophistication factors	61	3,66	63	3,66	55	3,74	+6	+0,08
P 11. Business sophistication	60	4,06	63	4,06	54	4,10	+6	+0,04
P 12. Innovation	63	3,25	72	3,26	60	3,39	+3	+0,14
Overall Index	41	4,46	43	4,48	36	4,56	+5	+0,10

Note: "+" ranked higher, "-" ranked lower.

Source: own study based on the Global Competitiveness Report 2012-2016, <http://www.weforum.org/reports/global-competitiveness-report> (Access: February 17th, 2017).

The overall assessment of the competitive position of a specific country in the GCI ranking involves many different factors. Against the background of 138 analysed countries around the world, the position of the Polish economy was assessed based on the above twelve competitiveness pillars grouped into three subindices of the ranking developed by the World Economic Forum. Poland was ranked relatively high in the GCI ranking only in one of the twelve assessed competitiveness pillars, i.e. "market size" (21st). It was ranked moderately high in "higher education" (37th) and "healthcare and primary education" (38th) pillars. The pillars were classified into a group of efficiency or basic factors (Table. 2).

According to the GCI ranking, the greatest weaknesses of the Polish economy in 2016 were the following competitiveness pillars: "labour market efficiency" (79th, down from the 57th place in 2012), "institutions" (65th, down by 10 places), "innovation" (60th, up from the 63rd place) as well as "infrastructure" and "business sophistication" (respectively 53rd and 54th).

A thorough analysis of the competitiveness of Poland, which takes into account specific factors, allows for indicating spheres of socio-economic reality which both have a significant impact on the value of the GCI and require a significant improvement. As far as Poland is concerned, an area related to broadly understood economic innovativeness definitely requires such an improvement. Polish companies still invest too little in R&D and do not develop cooperation in this field with higher education institutions and R&D institutes. This involves both the need for huge financial expenditure and entrepreneurs' higher awareness of this field. However, strengths of the Polish economy include the market size and the macroeconomic environment. Communication technologies (roads, the Internet, infrastructure, IT), public communication quality and financial market development were also quite a success for Poland.

1. Doing Business Report

The Doing Business Report (Doing..., 2016), which has been developed for thirteen years by the World Bank, presents a ranking of doing business environments. Doing Business reports' methodology is transparent, as it uses actual information on laws and regulations of various countries around the world. Ranking data were compiled by over five thousand experts from 190 countries around the world. Studies involve representatives of State authorities, lawyers, economists, accountants and consulting companies' experts who deal with business legislation on a daily basis. These data not only describe the extent to

which specific regulatory obstacles affect enterprises, but also indicate their sources and areas which may be improved by reforms.

The aim of the Doing Business ranking is to determine the level of difficulties encountered by entrepreneurs in doing business in different countries. A thorough analysis of ranking areas enables the life cycle of a company to be traced – from its foundation through different areas of its operation up to its bankruptcy. The Doing Business Report describes what impact the legal environment has on the following ten business areas of an enterprise (Doing..., 2016):

1. starting a business – procedures, time, and paid-in minimum capital;
2. dealing with construction permits – procedures, time and cost of inspections and obtaining permits/licenses;
3. getting electricity – procedures, time and cost to get connected to the electrical grid;
4. registering property – procedures, time and cost to transfer a property;
5. getting credit – movable collateral laws and credit information systems;
6. protecting minority investors – openness and responsibilities of the Management Board to shareholders;
7. paying taxes – number of taxes paid, hours spent on developing tax returns per year and tax payable as a share of gross income;
8. trading across borders – number of documents, signatures and time required for an entrepreneur to import or export goods;
9. enforcing contracts – procedures, time and cost of entering into and enforcing debt contracts;
10. resolving insolvency – time, cost and recovery rate in bankruptcy.

In any of the business areas above, account is taken of many different factors, e.g. costs, process duration and the number of procedures. This is how the result of a specific country in particular ranking areas is determined. The position of a specific country in the Doing Business ranking is determined based on area-specific results; however, upper and lower limits are set by countries with the best and worst area-specific results. The higher the ranking, the better (usually

simpler) the doing business legislation and the stronger the legal protection of property (Tereszczuk, 2015).

For many years, countries with a high level of economic development and favourable doing business conditions have been ranked highest by the World Bank. In the 2016 ranking (Doing..., 2016), these countries were as follows: Singapore, New Zealand, Denmark, the Republic of Korea, Hong Kong, the United Kingdom, the United States of America, Sweden, Norway and Finland. The presence of the Republic of Korea here may be surprising, but it has implemented numerous pro-business reforms in recent years which moved it up in the ranking. The ranking's TOP 10 included four EU Member States, i.e. Denmark (ranked 3rd), the United Kingdom (6th), Sweden (8th) and Finland (10th).

In the Doing Business ranking 2016, Poland was ranked 25th among 189 countries around the world, i.e. much higher than in 2012 (by thirty-seven positions). Poland owes its higher position in the ranking of the World Bank to several reforms which primarily introduced easier start-up and permit procedures and tax payment amendments, e.g. an electronic VAT accounting system. Poland is ranked 12th among EU Member States behind eight EU-15 Member States and three EU-13 Member States (Estonia – ranked 16th, Lithuania – 20th, Latvia – 22nd), and followed by EU-15 Member States such as: France (ranked 27th), the Netherlands (28th), Spain (33rd), Belgium (43rd), Italy (45th), Greece (60th) and Luxembourg (61st).

Table 3. Position of Poland in the competitiveness ranking of the World Bank (ranking on the ease of doing business)

No.	Criteria	2012	2014	2016	Change 2016/2012
1	Starting a business	126	116	85	+41
2	Dealing with construction permits	160	88	52	+108
3	Getting electricity	64	137	49	+15
4	Registering property	89	54	41	+48
5	Getting credit	8	3	19	-11
6	Protecting minority investors	46	52	49	-3
7	Paying taxes	128	113	58	+70
8	Trading across borders	46	49	1	+45
9	Enforcing contracts	68	55	55	+13
10	Resolving insolvency	87	37	32	+55
Ease of doing business rank		62	45	25	+37

Note: "+" ranked higher, "-" ranked lower.

Source: own study based on the Doing Business Report 2012-2016, <http://www.doingbusiness.org> (Access: February 17th, 2017).

Poland stands out not only with its high position in the overall ranking on the ease of doing business (ranked 25th among 189 analysed countries), but also with some specific indices, particularly with aspects such as: trading across borders (ranked 1st), getting credit (19th), resolving insolvency (32nd) or registering property (41st). In 2016, Poland was ranked low (85th) in the "starting a business" category which is, however, much higher than in 2012 by 41 positions. It was also ranked relatively low in: "paying taxes" (58th), "enforcing contracts" (55th) and "dealing with construction permits" (52nd) categories – Table 3.

The Doing Business Report assesses what impact the current regulatory environment actually has on doing business. In fact, the ease of doing business ranking does not provide a comprehensive picture of economic competitiveness, but it consistently presents this part of economic reality which has a significant impact on the doing business environment in a specific country. Poland is ranked quite well here, as its doing business environment has improved in recent years. In addition to better business conditions, the Doing Business ranking also indicates areas where there is still work to be done by Poland, among others, legislation and procedures to be simplified or shortened, to be made cheaper as far as implementation costs are concerned, etc.

2. World Competitiveness Yearbook

Another international economic competitiveness ranking is the World Competitiveness Scoreboard, which is a part of the World Competitiveness Yearbook (World..., 2016), developed annually since 1989 by the International Institute for Management Development in Lausanne (IMD). The main sources of information on the countries analysed, which are used in studies, are official State information, IMD correspondents' reports and mass media news. The ranking pays less attention to theoretical and methodological aspects, and more attention to facts and politics which shapes the country's ability to create and maintain an environment that promotes value creation by enterprises and well-being achievement by the population.

The International Institute for Management Development uses four areas for measuring and comparing competitiveness. They are partially similar to those used by the World Economic Forum, but the IMD's number of assessment criteria, which affect particular areas, is much higher. It assesses particular areas based on up to 340 criteria, i.e. it takes into account many more factors than the World Economic Forum.

Areas and categories, which are used by the IMD to develop the competitiveness ranking of individual countries (World..., 2016; Tereszczuk, 2015), are as follows (Table 4):

1. Economic performance – the national economy (macroeconomic performance assessment); international trade (share in world trade, payment, trade balance, export, import); foreign investments (direct and indirect); employment (number of employees, the employment growth rate, employment in particular sectors of the economy, the youth unemployment rate) and prices (cost of living index for major cities, the rental cost of apartments and office space).
2. Government efficiency – public finance (budget deficit, public finance management, government spending); fiscal policy (personal and corporate taxes, VAT, social insurance, real tax burden); institutional and business structures (assessment of the central bank's policy, of the government's policy, of the level of bureaucracy, of the transparency of the government's policy and of the degree of corruption); business legislation (efficiency assessment of customs administration, public sector contracts, international contracts, access to capital markets, investment incentives, competition legislation, legislation on products and services, investment conditions and labour market legislation); social structures (justice, discrimination, political stability and risk assessment).
3. Business efficiency – productivity and efficiency (real productivity growth in industry and services, SME development); the labour market (level of remuneration, unit labour costs, executive remuneration, the number of working hours, workplace relationships, employee motivation, skilled labour availability, women's share in the labour market, experience exploitation); finance (efficiency of the banking sector, the assessment of the capital market's operation and finance management); management practice (assessment of executives' and management methods' innovativeness, marketing, ethics, consumer satisfaction); the system of attitudes and values (national culture, the need for economic and social reforms, social values).
4. Infrastructure – basic infrastructure (area, urbanisation, labour force assessment, transport, energy infrastructure quality assessment); technological infrastructure (technological capacity assessment, telecommunication investments, the use of computers, the Internet) and scientific infrastructure (development assessment); health and the environment (healthcare spending, environmental pollution) and education (education spending, staff quality).

In order to assess the competitive position of particular countries, the twenty IMD competitiveness ranking areas, which are referred to above, are divided into specific categories. Only a thorough analysis of a specific country in each of these categories enables its competitive position in the ranking to be assessed.

Table 4. Areas and categories for the development of the IMD competitiveness ranking of countries

Economic performance	Government efficiency	Business efficiency	Infrastructure
National economy	Public finance	Productivity/efficiency	Basic infrastructure
Foreign trade	Fiscal policy	Labour market	Technological infrastructure
Foreign investments	Institutional structure	Finance	Scientific infrastructure
Employment	Business legislation	Management practices	Health and the environment
Prices	Social structure	Behaviours and values	Science

Source: own study based on the *World Competitiveness Yearbook 2012-2016*; <http://www.imd.org/wcc/wcy-world-competitiveness-yearbook> (Access: February 17th, 2017).

One disadvantage of IMD studies is a limited subjective scope compared to the rankings discussed above. The latest edition of the *World Competitiveness Yearbook 2016* takes into account only 61 countries (in 2012 – 59 countries). This is due to, among others, the Institute's selection criteria – a specific country is included in the ranking if reliable statistical data on that country can be obtained from internal partner institutions and international organisations (UN, WTO, IMF), while its economy is based on principles of economic freedom and its share in the international market is significant (World..., 2016).

The competitiveness ranking, which is published annually by the International Institute for Management Development, presents position and score (Index of 0-100), while the point of reference is a country which is ranked 1st and which scores 100.0. At the same time, the ranking includes several aggregate sections which allow for adopting more thorough approaches to competitiveness. The overall assessment of the competitive position of Poland in the IMD ranking is

based on indices which describe detailed criteria falling into the four areas above (Table 5).

In the overall IMD competitiveness ranking of 2012-2016, the position of Poland improved by one place and it can thus be said that its position was stable. In the "economic performance" area, Poland fell by three positions to the 33rd place. In "government efficiency" and "infrastructure" areas, Poland was ranked respectively 33rd and 35th which is slightly higher, i.e. by three places and one place. In the "business efficiency" area, Poland remained at the same 33rd place (Table 5).

Table 5. Position of Poland in the competitiveness ranking of the International Institute for Management Development (IMD ranking)

No.	Areas	2012	2014	2016	Change 2016/2012
1.	Economic performance	30	36	33	-3
2.	Government efficiency	36	30	33	+3
3.	Business efficiency	39	36	39	0
4.	Infrastructure	36	36	35	+1
Overall IMD ranking position		34	36	33	+1

Note: "+" ranked higher, "-" ranked lower.

Source: own study based on the *IMD World Competitiveness Yearbook 2012-2016*; <http://www.imd.org/wcc/wcy-world-competitiveness-yearbook> (Access: February 17th, 2017).

In 2016, Hong Kong (Index of 100.0) was ranked 1st in the IMD ranking, being followed by countries whose Index was 98-90: Switzerland (ranked 2nd), the United States of America (3rd), Singapore (4th), Sweden (5th), Denmark (6th), Ireland (7th), the Netherlands (8th), Norway (9th) and Canada (10th). Ukraine, Mongolia and Venezuela, whose Index was below 50.0, were ranked lowest. Poland was ranked 33rd in the IMD competitiveness ranking, scoring 71.303, i.e. its competitive position improved compared to 2012 (by one place) and 2014 (by two places). However, Poland slightly fell in the ranking as far as its 2012 position (32nd) is concerned. Nevertheless, the position is not satisfactory for our country, especially that the study covered only 61 countries. Poland is behind fourteen EU Member States, including eleven EU-15 Member States and three EU-13 Member States (the Czech Republic – ranked 29th, Lithuania – 28th, and

Estonia – 31st). The gap between Poland and its neighbouring countries was not too large. However, it was far ahead of Greece (ranked 56th), Bulgaria (50th), Romania (49th), Hungary (46th), Slovenia (43rd) and Slovakia (40th), and not so far ahead of Portugal (39th), Latvia (37th), Italy (35th) and Spain (34th).

The relatively average position of Poland in the IMD competitiveness ranking, the relatively stable position in the analysed period and the balanced position in all major areas of assessment indicate the need for focusing on strengthening that position. All decision-making actors of relevance to the economic development of Poland should keep this in mind.

5. Index of Economic Freedom

In cooperation with "The Wall Street Journal", the Heritage Foundation (U.S. research centre) annually develops and publishes a ranking of countries (Miller, 2016) based on an assessment of the so-called Index of Economic Freedom (IEF). The purpose of the ranking is to rank countries according to their solutions and policies for increasing economic freedom, and thus to promote the development of and to enhance the well-being of nations. The Index of Economic Freedom analyses: the rule of law (property rights, the level of corruption), the size of the public sector (fiscal policy, public spending), regulatory efficiency (doing business environment, monetary policy, the labour market) and market openness (trade, investments, finance).

Compared to the previously analysed rankings, it is not therefore a complete set of competitiveness indices, but it takes into account elements of economic reality which significantly influence that reality. In various countries around the world, the assessment covers, among others: restrictions and coercive measures used by the State apparatus, the freedom of establishment, trade policy, tax burden, fiscal policy, labour market policy and the degree of corruption. The Index of Economic Freedom is developed based on ten categories¹ (the so-called "economic freedoms") grouped into the following four pillars: legislation, government intervention in the economy, legislation efficiency and the free market (Miller, 2016).

These categories include fifty independent variables of the same weight. At the highest level of aggregation, each "freedom" is scored from 0 to 100 and the overall assessment of the economic freedom of a specific country is the arithmetic mean of assessments of particular variables. The less the country scores, the

¹ The following are ten categories affecting economic freedom: 1. trade policy; 2. tax burden; 3. government intervention in the economy; 4. monetary policy; 5. capital flow and foreign investment; 6. banking and finance; 7. wages and prices; 8. property rights; 9. regulation; 10. black market activity.

greater the scope of State intervention in the economy and the lower the level of economic freedom. This is how the ranking of countries is developed – from countries with the highest economic freedom (with the highest score) to countries with the lowest economic freedom (with the lowest score). Having taken into account the scoring, countries were assigned to one of five groups (Miller, 2016):

1. Free – 100.0-80.0 points
2. Mostly free – 79.9-70.0 points
3. Moderately free – 69.9-60.0 points
4. Mostly unfree – 59.9-50.0 points
5. Repressed – 49.9-0.0 points.

In 2016, the following countries were ranked highest in the Ranking the World by Economic Freedom: Hong Kong – ranked 1st continuously since 2010 – scoring 88.6 points, Singapore – ranked 2nd continuously for six years as well – scoring 87.8 points, and New Zealand – ranked 3rd – scoring 81.6 points, being followed by: Switzerland – 81.0; Australia – 80.3; Canada – 78.0; Chile – 77.7; Ireland – 77.3; Estonia – 77.2, and the United Kingdom – 76.4. TOP 10 included only three EU Member States: Ireland (ranked 8th), Estonia (9th) and the United Kingdom (10th).

In accordance with the Heritage Foundation, fully economically free countries are countries which scored above 80 points. The 2016 ranking included only five countries which may be described as "free", i.e.: Hong Kong, Singapore, New Zealand, Switzerland and Australia. The group of "mostly free" countries included thirty-three countries, including thirteen EU Member States (nine of which are EU-15 Member States and four of which are EU-13 Member States). The group included also: the United States of America, Japan, the Republic of Korea and Norway. Another group included fifty-five "moderately free" countries, thirteen of which were EU Member States – Poland was among them with a fairly high Index of 69.3 points. There were 85 "mostly unfree" and "repressed" countries in total (respectively sixty-one and twenty-four countries).

In the presented competitiveness ranking, Poland moved up from the 64th place in 2012 to 39th place in 2016 with the IEF equal to 69.3 points ("moderately free"). Poland has never achieved a higher Index. It improved its

score in the analysed period by 2.3 points. It was due to improved fiscal policy, higher public spending and improved monetary policy as well as reduced corruption. In 2012-2016, economic freedom in Poland improved, but our country is not likely to be considered as "mostly free" in the near future.

In conclusion, the Index of Economic Freedom does not cover many aspects of international competitiveness, but the analysis of economic freedom seems to be one of more important elements in developing international rankings of economies of particular countries. Therefore, the Index should be considered as supplemental in developing such rankings.

Summary

The study presented competitiveness rankings developed by the following international economic organisations: the World Economic Forum (WEF) – the Global Competitiveness Report, the World Bank – the Doing Business Report, the IMD World Competitiveness Center – the World Competitiveness Yearbook, and the Heritage Foundation – the Index of Economic Freedom. The rankings are developed based on the diversified methodology, but it is clear that the subjective and objective scope of relevant data enables these rankings to be considered as representative for the entire world and enables particular countries to be compared in terms of the competitiveness of their economies. As a matter of fact, these rankings cover issues of greatest relevance to the competitiveness of economies, economic freedom, the start-up and doing business environment.

Data, which are used in the rankings, also enable the overall assessment of the competitiveness of the Polish economy. In 2012-2016, Poland achieved fairly average results of the assessment in most rankings. In the Doing Business ranking 2016 published by the World Bank, Poland was ranked 25th among 189 classified countries in terms of facilities for entrepreneurs. In the ranking of the World Economic Forum, Poland was ranked 36th in 2016 among 138 assessed countries. In accordance with the Heritage Foundation (research centre), Poland was ranked 39th in 2016 in terms of economic freedom among 178 analysed countries. In the ranking of the IMD World Competitiveness Center, Poland was ranked 33rd in 2016 among 61 assessed countries. In the analysed period, it recorded the largest leap, i.e. by thirty-seven positions, in the Doing Business ranking which measures the ease of doing business. In the Index of Economic Freedom developed by the Heritage Foundation, Poland recorded a noticeable improvement, i.e. by twenty-five positions, as well. In the next two international competitiveness rankings, i.e. the Global

Competitiveness Report and the World Competitiveness Yearbook, the competitive position of Poland has remained similar in recent years.

Having analysed the position of Poland against the background of other countries around the world in the competitiveness rankings referred to above, it may be clearly stated that the greatest strength of the Polish economy, as far as its competitive potential in the contemporary world is concerned, is primarily the educational level of society and a high degree of respect for property rights, which is favourable as far as "attracting" the capital of foreign investors is concerned. Poland's overall state of the economy is ranked relatively favourably as well (macroeconomic indices) which is of great importance to the possibility of support for entities operating in various sectors of the economy. By far the greatest weaknesses of the Polish economy are as follows: the level of technological infrastructure, relatively low R&D expenditure, poor cooperation between science and practice as well as major impediments to doing business – bureaucracy, unstable commercial (in particular tax) law, heavy procedures. That is why Poland is ranked fairly low (at best average) in the international competitiveness rankings, primarily in knowledge- and innovation-based economic development rankings, and its position in these rankings improves too slowly.

The competitiveness of entities operating in the Polish economy, in particular production companies, may only be improved by State authorities through greater organisational and financial incentives to stimulate the development of innovative processes, including primarily higher R&D expenditure and incentives for cooperation between production and scientific research entities, more stable and efficient operation of administrative bodies operating in production entities' environment. Moreover, knowledge- and innovation-based competitiveness development rankings indicate the necessity to increase R&D expenditure by using funds of production companies and to build the competitive position to a much greater extent based on creative rather than replacement innovation which imitates achievements of other countries and their entities.

There is no doubt that the Polish strengths and opportunities for foreign expansion should be based on human capital and entrepreneurial potential rather than on financial capital. Globalisation made it possible to gain, for the first time on such a scale, the global market differently, i.e. lacking capital, lacking domestic demand, lacking production competence, by choosing the path of knowledge of the market and contract outsourcing. Such a systemic approach may be a great opportunity for numerous talented Poles and for thousands of Polish enterprises which are potential partners of global companies. The world faces a ruthless struggle for economic success, a struggle for victory and enrichment in times of

instability and in a volatile environment – those who lose that struggle will suffer resulting adverse consequences. The State cannot be indifferent to which group

Polish enterprises and Polish citizens will belong to (Szymański, 2016). The above conditions may significantly improve the position of Poland and Polish enterprises in the international competitiveness rankings.

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