

Business situation in the freight road transport in Poland

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Abstract

The article covers characteristics of the methodology of studying business activity in the freight road transport in Poland. Such studies have been conducted at the Motor Transport Institute in Warsaw, every quarter of a year, for over 16 years now. Studying business activity forms one of the essential methods of the systematic monitoring and analysing current situation in the selected branch of the economy. Its objective is also to anticipate the directions of changes with respect to the nearest future. The article contains evaluation of the economic condition of the road transport enterprises, conducting domestic and international haulage of goods.

1. Introduction

Correct functioning of every country's economy is subject to many factors, and among them beneficial and stable activity on the transport market. One of the methods to obtain information about the situation in transport is to conduct studies on the business situation. Drawing conclusions from these studies, the decision making authorities can respond to a situation in transport, or influence it using appropriate transport policy. The results of studying business situation in the road transport may also turn out to be useful in preventing negative occurrences on the transport market.

Studying business situation is one of the basic methods of systematic monitoring and analysing current situation in the selected branch of the economy. State of the business reflects circumstances, conditions and occurrences having influence on the current state of the affairs, while the character of this influence testifies whether the business situation is positive or negative. Its objective is also to anticipate the directions of changes with respect to the nearest future as short term forecasts.

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Studying business situation in the freight haulage by the road transport in Poland have been conducted at the Motor Transport Institute in Warsaw, since 1997. The purpose of these researches is systematic monitoring of the activity, in one of the more important branches of the economy, that the freight road transport is, as well as obtaining information about expected changes of this situation in the nearest foreseeable future. Studying business situation relies on both the analysis of the past and the forecasting the future course of the events.

Studying business situation entails recording changes in the factors affecting situation on the transport market, processing them and analysing, particularly with respect to the level and degree of their occurrence, which allows to determine causes and course of the business activity fluctuation. Business situation, in the freight road transport sector, is influenced by economic conditions and situations both domestically and worldwide as well as by various factors determining condition of the transport firms. Business situation is shaped by a demand, supply of the transport services, costs of conducting haulage operations, including fuel prices, employment situation, competition amongst the carriers, legislative and fiscal system, etc.

2. Method of studying the business situation in the road transport

For the purpose of studying business situation in the freight carrying domestic and international road transport in Poland, Motor Transport Institute uses method of testing business situation by relying on the questionnaires being sent out four times a year to road transport enterprises.

The information obtained from the questionnaires provides characteristics of the enterprises, and among them that concerning the form of ownership, scale of employment, number of the lorries used, as well as administrative region, the firm belongs to. In case of the international haulage conducted, the additional information are directions of those freight haulages conducted.

The questions contained in the questionnaire refer to various, but at the same time, most basic aspects of running the haulage business and have been selected in such a way as to best reflect the course of the business trends by their verification.

The topics analysed using the answers of the respondents taking part in the business situation survey are: changes in both general as well as financial situation of the enterprises conducting haulage work, changes in the volume of freight carried by the road transport domestically and internationally, as well as changes in the numbers of lorries involved in carrying freight. The important role is played by the questions included in the questionnaire, concerning: changes in the haulage prices, delays in payments of the amount due by the clients, firm's debts, changes in the level of readiness to purchase the freight rolling stock, and questions about the existence of the competition in conducting the haulage business.

The respondents – transport enterprises taking part in a survey – carry out a qualitative assessment of the subject changes, which took part in the current quarter of a year in comparison with the previous one as well as changes expected in the next quarter in relation to the current one. The answers of the respondents to the questionnaire are the results of a subjective evaluation of the state of the given occurrence with respect to a state regarded by them as normal.

Character of the questions contained in the questionnaire does not require revealing any numerical data, which speeds up and makes giving the answers by the respondents easier. Also anonymous participation in the survey encourages the co-operation with the survey centre, because it does not raise any worries concerning any data reaching unauthorised hands.

Data obtained, which is of a qualitative character is a kind of forecasting indicator, because it pre-empts information about a real state of the events. Practice proves that the entrepreneurs usually know much earlier about the directions of changes, than about their intensity, which allows to obtain faster and more effectively the information necessary to conduct the analysis of the business situation.

In their answers, the respondents indicate improvements, deterioration or no changes. Results of studying the business situation are obtained by calculating the percentage share of each answer taking into account the weight, that is, various significances attached to each answer, due to the none-homogeneous business entities they come from. The studied group contains firms of various sizes, differing in the number of people employed or the number of the lorries used for haulage. It is a fact that large enterprises more decisively than small ones affect the situation in the entire population of companies. This brings up a need for carrying out categorizing. Weighting relies on respondents being divided into groups according to the size of the rolling stock they possess (group I – up to 5 vehicles, group II – 6 to 10 vehicles, group III – 11 to 50 vehicles, group IV – 51 to 100 vehicles, group V – above 100 vehicles), and each individual group receives a particular weight.

The basis for conclusions represent statistics developed based on the answers to the individual questions of the questionnaire. These answers allow, following certain generalisation of the results, to draw conclusions about the dominating behaviours in the entire population of the transport enterprises. Results of subsequent editions of the business situation studies in the freight road transport have been published in the quarterly bulletin „Business situation in transport”.

The method of testing business situation is a tool very willingly and often used for studying situation, both in the economy and its individual branches. Unfortunately apart from many advantages it also has shortcomings. Uncertainty of drawing conclusions is relatively high, due to the fact that not all questionnaires get returned, as the participation in the survey is voluntary and there is also an influence of other non-random factors. The problem of subjective character of answers to the questions contained in the questionnaire is also evident. Even assuming a good will and knowledge of the questioned person, there can always be distortions, which stem from different interpretation of perceived increase or slump. More over, there can never be a certainty that the answers come from the same respondents, which in turn, can disturb comparability of the results.

3. Indicators of studying business situation in the road transport

Results of studying business situation in the freight road transport are presented in the concise form using indicators. The basic indicator is the indicator of the business situation in transport, expressing existing and anticipated trends regarding basic activities of the transport firms, i.e. volume of the freight carried, taking into account the size of the transport enterprises, according to the transport means possessed by them.

Indicator of the business situation is calculated separately for the domestic and international haulage. Its value represents average of the weighted balances of the answers to the question about the volume of the freight carried in the current quarter of a year and the forecast of this value in the forthcoming quarter. The indicator's values range from -100 to 100. Minimal value of -100 could be attained if all questioned enterprises indicated decreasing volume of the freight carried in the studied period, while the maximum value of +100 could be attained, if all the respondents reported increase in haulage volume. Symbol (+) indicates if the increasing trends in the freight haulage, are in majority or (-) when there is a slumping tendency and also if the forecasts for the next quarter of a year are dominated by optimistic moods or rather pessimistic ones. Positive value of an indicator represents good business situation prevailing, while the negative indicates negative trends. The business situation indicator in the road transport rises, when there is an increase in the share of the enterprises which declare, in their questionnaires, the increase in the haulage volume in the current and future quarter, and it gets lower when their share gets smaller.

Economic & physical condition of the transport trade in Poland in the last decade has had rather varied shape. There were periods both more and less contributing to its development. The results of the business situation studies for the 2006 and the beginning of 2007 appeared optimistic. In the middle of 2007 there was a decreasing tendency observed for the road transport business situation indicator. This however did not cause any worries, as the indicator remained in plus. The economy was growing and so was production, export was increasing. The increase in GNP was larger than was expected. There was however more and more information about the deepening crises in the American economy, which was reflected in the slumping value of a dollar. The "zloty" grew stronger, which caused worries in the transport firms, because there was a slow but steady decrease in the export of goods.

In the IV quarter of 2007 there was a sudden slump in the haulage volume, both domestic and international conducted by the road transport. Studying business situation produced negative value of the indicator, which showed a decreasing tendency in the freight volume carried in the last quarter of 2007, and also in the subject forecasts then for the next one, that is first quarter of 2008.

Unfavourable business situation, we have been dealing with since the end of 2007 is a result of a negative influence of a changing economic situation domestically and abroad, on firms offering road transport services. Results of studying business situation in the

forthcoming quarters of 2008 indicated an unfavourable activity in transport and its successive worsening. Last quarter of 2008 brought exceptionally low value of a business situation indicator both in the domestic transport (-60,5 as well as international (-71,7). For comparison, in the III quarter of 2008, the business activity indicator in the domestic haulage was -27,9, while in the international one -32,2. It means, that radically grew share of the transport firms declaring in the questionnaire a decrease in the freight volume carried in the IV quarter of 2008.

First quarter of 2009 has not brought unfortunately an improvement in the business situation indicator, but at least its fall has not turned out to be as violent as in the past quarters. In the II quarter of 2009 the results of studying business situation in transport indicated slight improvement, and expressed moderate optimism. With respect to the I quarter of 2009 the indicator of the business situation in the freight haulage by the domestic road transport improved by 17,1 percentage points, and in the international – by 11,6 percentage points.

Both in the I as well as in the II quarter of 2009 the business situation indicator, reflecting volume of the freight carried, assumed negative values, as in some previous quarters. In the II quarter of 2009 however fewer enterprises indicated decrease in the volume carried than in the previous quarter, while the increase in haulage was noted by more enterprises than in the I quarter of 2009, which meant a gradual improvement in the situation on the transport market.

The drop of the business situation indicator in the discussed quarters of a year was caused first of all by a slowdown in the economic growth, thus the lack of demand for the haulage services was strongly felt by the firms. Economic situation of the enterprises conducting domestic and international haulage has deteriorated. It has been caused by, amongst the others, ever higher costs of conducting transport activities, particularly increases in the prices of fuels and road charges as well as the necessity to increase wages. Unfavourable were also relationships between value of zloty (the Polish currency), dollar and euro, at least from the point of view of the transport firms' owners.

The effects of the global economic crisis of 2008 are still strongly felt by the transport companies. During the years 2009-2011 Polish road transport tried to gradually recover the lost balance. Despite the fact that certain transport companies are still teetering on the verge of profitability, and there are those which have been forced to close down, it seems that the condition of the transport sector, very slowly, but is still improving. In 2012, the situation did not shape up too well, but it was quite stable. Stagnation and awaiting the improvement in the situation was dominant, even though the reality was as below expectations.

The changes observed in the haulage work each quarter of the years under scrutiny show, so called, seasonal fluctuations. The business situation is usually less favourable in the first and fourth quarters, while the more optimistic results refer to the second and third quarters of the year.

In the four consecutive quarters of 2012, the value of the business situation indicator in the road transport was negative and stood at (-26,2) in the first quarter, (-23,4) in the second quarter, (-24,8) in the third quarter and (-29,8) in the fourth quarter. Reported

values indicated deterioration when compared with 2011. In the same periods of the previous year, the business situation indicator value was higher.

The useful measures of testing functioning conditions of the transport companies are also such indicators as: economic condition and haulage capability ones. The properties of those indicators are the same as those of the business activity indicator and their interpretation is the same.

The first one is calculated based on respondents' answers on the general and financial situation of the companies. The haulage capability indicator reflects the changes in the number of trucks employed in the freight haulage and the volume of the purchases of trucks.

The term haulage capability in turn has a close connection with the volume of the freight carried. The increase in the demand for haulage should in theory be accompanied by an increase in haulage capability. The haulage capability is determined by, amongst the others, an age and condition of a rolling stock the transport enterprises are equipped with. The road transport enterprises operating the domestic and international freight haulage have at their disposal sufficiently high haulage capability to meet a possible increase in the transport tasks. This is a positive thing, because it means that, the transport will not be a factor slowing down the development of the country's economy.

Values of the three basic indicators: business situation indicator, economic condition indicator and haulage capability indicator in the road transport enterprises in Poland for the period from the I quarter of 1997 till the I quarter of 2013 are presented on the Fig. 1.

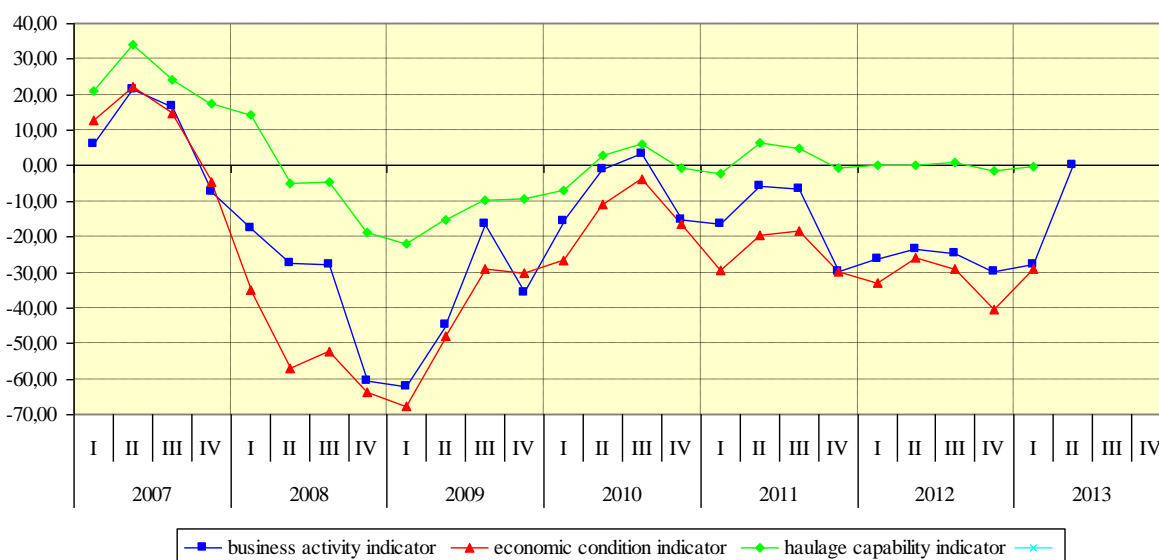


Fig. 1. Business situation indicator, economic condition indicator and haulage capability indicator in the road transport enterprises in Poland for the period from the I quarter of 2007 till the I quarter of 2013

In 2012, the value of the economic condition index was the in the consecutive quarters: (-32,9) (-26,0) (-29,0) and (-40,6) and was lower than in the previous year, which means that more transport companies felt in 2012, the deterioration of both the general and financial situation.

Similarly, the haulage capability indicator, was in the subsequent quarters of 2012 slightly less favourable than in the previous year, i.e. at the level of: (+0,1), (+0,1), (+0,8) and (-1,5). This means that in 2012 compared to 2011, the number of companies that reported an improvement in the use of vehicles to transport cargo and increase in purchases of truck, was reduced.

In the first quarter of 2013, the value of the business situation indicator in the road transport was (-28,0), which represents an increase of 1,8 percentage points compared to the last quarter of last year.

Compared with the fourth quarter of 2012, the value of economic condition indicator, which was (-29,0) also increased (by 11,6 percentage points). The favourable change in its value is due to the increase in the number of transport companies that recorded improvement in both the general and financial situation, in the first quarter.

The haulage capability indicator at -0,1 level (an increase of 1,4 percentage points compared to the fourth quarter of the 2012) indicates an increase in the number of companies that reported an improvement in the use of vehicles to transport cargo and increased purchases of trucks.

From the remaining answers to the questions contained in the questionnaire, special attention and commentary deserve the following problems:

- debt of the transport enterprises,
- delays in meeting due payments by the clients,
- investment activity,
- competition in the domestic and international freight haulage.

The process of deteriorating economic condition of the domestic and international carriers was accompanied as of 2007 by the process of falling in debt of the transport enterprises. There were more and more loans taken, which was anticipated by those enterprises but, the real state of being in debt was higher than expected. The indicator of being in debt in the II quarter of 2009 was at the level of -24,6 which was a favourable tendency in comparison to the I quarter of 2009 when it was even -38,0. In the I quarter of 2013 it grew up to -14,9. Positive are also forecasts in this matter for the next quarter of a year. The falling in debt process was also often accompanied by a loss of a financial liquidity, which as a result, led to the ceasure in conducting business activities by the transport enterprises. One of the factors contributing to the transport enterprises falling in debt was significant stretching of the periods of repayment of the amounts due for the haulage services by the transport clients.

In the II quarter of 2009, which was the worst in the history, the weight balance of the answers to the question about the delays in meeting payment deadlines for the haulage services by the clients was even -60,0. For comparison in the same I quarter of 2008 it was -44,9% and at present in the I quarter of 2013 -45,9. In comparison with the I quarter of

2009 there was however slight improvement in the situation. Stretching of the periods of repayment of the amounts due for the haulage from 2007, was a source of cheap credit for the non-transport firms.

Also with respect to the investment activities of the transport enterprises the situation is rather unfavourable especially since 2007. The weighted balance of the answer to the question on the investment activity conducted in the II quarter of 2009 amounted to -13,2% (6% of the questioned transport enterprises noted the improvement, 30% signalled no changes in this aspect – activity conducted at the same intensity or lack of it, 20% signalled the deterioration in the investment activities, and 44% of the questioned enterprises, concluded that such an activity has not taken place).

In the first quarter of 2013 this parameter amounted to -9,9% and among the companies participating in the study, 52% answered that they were not conducting any investments, 27%, that conducted them at the level of the previous quarter, 15% reported the investment reduction and the remaining 6% their increase.

The investment activity means mainly purchasing car rolling stock, adapted to the structure of the freight carried, as well as modernising car depots. Increasing the size of a new car rolling stock, thus growing haulage capability of the transport, represents a positive forecast for the economy. The important question is a scale of utilising transport means possessed, as low degree of use means there are haulage reserves, which at the same time does not encourage making new investments, while the high degree of utilisation of the transport means in possession suggests the necessity to increase investment, especially in a rolling stock.

In terms of purchasing truck fleet, in the first quarter of 2013, 53% of respondents did not make them at all, 31% reported maintaining their size at the level of the previous quarter, 10% reported improvement, and 6% of companies reported a decrease in the level of rolling stock purchases.

Competition in the road transport still remains at the high level both domestic and international. This competition is not always an honest one. In II quarter of 2009 the competition indicator was -38,0. That means that over 1/3 of firms questioned complained about dishonest competition and an increased expansion of foreign carriers. In the I quarter of 2013 this parameter amounted to -31,2%.

4. Summary

The advantage of the long term study of the business situation is a possibility to observe trends. Analysing the diagram of the three main indicators of testing business situation allows to determine a condition of the transport market. The diagrams of the individual indicators within the individual years examined, usually in the first half of the year, reflected growing tendencies, and in the second half - decreasing tendencies. Exception is the first half of the 2008, when there was no such a characteristic growing trend, and just a contrary, there was a significant slumping trend observed. More so, looking even further back into the II quarter of 2007 r. there is a slumping tendency prevailing. In the subsequent years situation came back to normal.

Freight road transport provides the service and at the same time supplements all other branches of the economy. It is a sensitive measure of the business situation, because every end-product has to be delivered to the user, and its manufacture requires supplying the manufacturer with materials. Transport services, and thus, the volume of freight carried, remain inseparable from the production activity and contribute significantly to the development of every branch of the economy.

Transport haulage potential should additionally be at such a level, as not to cause problems with transferring goods from the place of their production to the final user. That is why it should exceed present volume of production of goods and services, even despite the fact that it may not temporarily be used, but such a reserve will at the right moment enable to speed up the development of the economy.

Thanks to the monitoring of the business situation in the road transport, the difficult to obtain information gets collected or even one impossible to get through any other means. The respondents report about occurrence of the barriers limiting the development of their firms.

Among the barriers hampering development and effective functioning of the road transport enterprises the firms questioned mention first of all:

- high costs of conducting haulage services,
- insufficient demand for the haulage services,
- difficulties in obtaining bank loans
- large competition among the domestic and international carriers,
- over expanded domestic legislative system.

The high costs of running transport activities in the first quarter of 2013, were the most frequently mentioned barrier hampering the development and smooth running of transport companies, which was confirmed by 83,4% of respondents. Of the remaining barriers, the enterprises mentioned insufficient demand for transport services (61,8% of respondents), difficulty in obtaining loans for the purchase of rolling stock and current activities (14,0%) and problems with obtaining and employing staff to carry freight, including drivers (12,1%).

Unstable economic situation, strongly reflected in the functioning and conditions of the transport enterprises, causes respondents to indicate the feeling of uncertainty with respect to the business activities conducted by them.

Currently the projections for transport development prospects are not very optimistic. They are dominated by concerns about the future mainly due to the uncertainty. The prevailing opinions are, that the boom experienced in 2006-2007 by the road transport sector will not happen soon, or perhaps will never repeat itself again.

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