

## ОСОБИСТЕ СПОЖИВАННЯ У ПОЛЬЩІ В УМОВАХ ГЛОБАЛЬНОЇ КРИЗИ

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**Представлена споживча економічна ситуація польських домогосподарств в умовах глобальної фінансової кризи. Висвітлено детермінанти особистого споживання і його індикатори у період 2008–2011 рр. Висвітлено тези про велику роль особистого споживання у зростанні економіки країни.**

**Ключові слова:** споживання, криза, домашні господарства.

## PERSONAL CONSUMPTION IN POLAND IN GLOBAL CRISIS CONDITIONS

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**The article presents a consumer economic situation of Polish households in the global financial crisis conditions. Determinants of an personal consumption and its chosen measures in the years 2008-2011 were shown. The thesis concerning the significant role of consumption in the growth of economy of a country gained despite of recessionary occurrence was substantiated.**

**Key words:** consumption, crisis, households.

**Problem formulation.** On one hand consumption serves in economy as a development stimulant on the other hand, however, it is shaped by the state of economy and economic situation. Today, consumption means not only the use of material possessions and services in order to meet the personal requirements of a person but is also a determinant of life level and a criterion of social structuring and the way of communicating the identity of persons. Global recession and debt crisis of the Eurozone countries led to considerable weakening of the development of the global economy, which is not without an influence on the level and dynamics of consumption and the possibility of realizing the consumer aspirations of the society. Their signs may also be noticed in Polish economy which translates into low growth of personal consumption, change of its structure and various adaptive behaviour of households to ensuing conditions.

Mutual conditioning of consumption and economic growth allow to put the following questions: 1) How occurring in the recent years global financial crisis has influenced the consumption in Poland?, 2) Did the continuing high domestic demand and consumption level have mitigating influence over the results of economic crisis and what are the signs of it? In the article an attempt was made to answer these questions. For that purpose an analysis of studies concerning consumption, its shaping in the present economic situation was carried out. Numerical documentation are the sources of available statistics of Central Statistical Office (GUS) for the years 2008-2012.

**Analysis of current research outputs and publications.** Consumption as a economic category is an act or a process of meeting the human needs with the use of goods and services [1, p. 61]. In many definitions about consumption an accent is put on social and biological-psychological dimension of consumption as well as conditionings of meeting the human needs. From their overview it appears that consumption – in the overall meaning – is a process of meeting various and undergoing changes of human needs, involving all forms of individuals' behaviour, connected with gaining and using goods and services, depending on economic, cultural, social and psychological conditions. [2, p. 21].

Consumption is a complex process both in subjective and objective system. Taking as a criterion the organizing and financing subject of the consumption, there are individual (personal) consumption and collective consumption. An personal consumption is interpreted as consuming the goods and services purchased in the market from personal incomes by individual consumers and households. Collective consumption on the other hand, involves access to goods which are used by the whole society or determined by specific territorial groups. The subject of further considerations is in particular personal consumption representing consumption in households sector.

The level, development dynamics and structure of the consumption are conditioned by many factors distinguished in two sections: analysis on macro scale (economy, society) and analysis on micro scale (person, household) [3, p. 61]. First of all the society consumption depends on the level and pace of development of the national economy measured by magnitude of gross domestic product and disposable incomes of households. Other – apart from economic – conditioning of consumption in a macro scale are demographical and social processes as well as influence of the state realizing allocation, distribution stabilization function [3, p.101]. Relating consumption determinants mainly to household and its members the following must be mentioned: incomes at disposal of households, prices of goods and services, collected financial reserves and savings, situation on the labour market, inflation level, access to credits and loans, and tendency to their taking out.

Another division of economic factors determining the market behaviour of consumers is distinction of external and internal factors [4, p. 104]. The external factors i.e. consumer independent, include the system of macroeconomic factors and factors connected with organization of the market, marketing information system etc. Internal factors are dependant on consumer and these are incomes, savings, credits, household equipment with goods of permanent use, current level and structure of consumption, range of self-service etc.

An essential role in shaping the needs and consumer behaviour of households in the conditions of internationalization and market globalization is ascribed to socio-psychological factors (personal features of the members of household, (lifestyle, reference groups, perception, leisure time), cultural (value-system, traditions, imitation, habits) and socio-professional (education, actual profession, social status) [2, p. 94-95].

**Presentation of main materials.** The real consumption and expressed by consumers moods, tendencies, attitudes and opinions are determined by presenting economic and social events connected with economic situation. The economic situation is a wide notion. It covers the whole of changes of the economical activity of the country, other geographical area, selected field or subject. It is also defined as a process of cyclic fluctuation of socio-economic activities. The most frequently used measures of economic situation in the scale of the national economy are produced gross domestic product, production, employment, sale, prices, demand etc.

To evaluate the current economic situation and forecast the short-term economic situation in all developed countries, the economic situation rates and consumer confidence rates are elaborated and published. Presently, the most famous in the world are index Michigan and consumer confidence index *The Conference Board* and others, elaborated in particular countries [5, p. 101-102]. Their values have important influence on, among others, producers' and investors' decisions on financial markets. This type of research on economical feelings of population and research on consumers business cycle in Poland are carried out by Pentor, Ipsos Polska and Central Statistical Office as well as National Bank of Poland. Their research methodology is similar and includes interview by questionnaires carried out every month on a sample of adult consumers/ households.

Research on economical atmosphere of population concerns three issues i.e. evaluation by respondents of a country economic situation, financial situation of their households and so called consumer climate. Methodology of a research of consumer business cycle in Poland is harmonized with recommendations of the European Commission and the basic economic sizes in the national economy and in households are evaluated. Indicators of the economic situation is calculated on the base of the opinions of business sector managers, from which the primary importance has an indicator of the general climate of economic situation calculated in the form of balances gained from the difference between percentage of

positive and negative responses to questions about the current and predicted economic situation of the enterprise. On the other hand, consumer market situation indicators are calculated on the base of the results of research on condition of households carried out by method of economic situation test. The test consists of a set of questions directed immediately to consumers, concerning the assessment of forming the basic macroeconomic sizes and financial situation of consumers. The basic indicators describing the tendencies to changes in personal consumption are: 1) current consumer confidence indicator and 2) expectant indicator of consumer confidence (foreseeing the situation in the next 12 months). They can assume values from -100 to +100 depending on majority of negative or positive evaluations.

**Measures of consumptions of households in the years 2008-2011.** Social-economic situation of Poland from the III quarter of the year 2008 was influenced by direct or indirect effect of global financial crisis. In years 2009-2011 average annual pace of world GDP growth was 1,5% and was two times lower than in years 2006-2008, whereas in European Union in 2011 gross domestic product (GDP) was cut by 0,9% in relation to the year 2008, whilst in years 2006-2008 increased by 6,9% [6, p. 15-16]. Polish economic activity reached maximum in the year 2007, when GDP growth per annum was 6,8%, in the subsequent years the rate weakened significantly, reaching after deep slump in 2009 (1,6%) growth indicator 3,9% in 2010 and 4,3 % in 2011.[7, p. 132-133]. It was higher growth in economy than average for all the countries of European Union, which helps to reduce the distance in the standard of living dividing Poland from the average standard of EU-27 countries (Polish GDP according to purchasing power parity per capita was in the year 2011, 64 % GDP for UE-27 countries, whilst in the year of the country's accession to the EU it was 50%) [8, p. 745].

Table 1

**Dynamics of product and domestic demand of Poland in the years 2008-2012**

Periods		Gross domestic product	Domestic demand total	Final consumption total	Individual consumption expenditure	Retail sales of goods**
		corresponding period of previous year =100,0				
2008	I-III	106,5	106,6	105,5	105,7*	111,5
	IV-VI	106,1	106,5	106,0	.	109,9
	VII-IX	105,0	105,1	105,7	.	106,7
	X-XII	102,8	102,7	105,7	.	104,7
2009	I-III	101,3	100,6	104,5	102,1	100,8
	IV-VI	101,1	97,4	103,5	101,3	100,9
	VII-IX	101,7	98,7	101,8	102,3	102,4
	X-XII	103,2	101,1	101,5	101,7	104,0
2010	I-III	103,0	102,0	101,9	102,2	100,6
	IV-VI	103,5	104,5	103,0	103,2	100,8
	VII-IX	104,2	104,4	103,6	103,4	104,6
	X-XII	104,5	106,3	104,8	104,0	107,2
2011	I-III	104,4	104,5	103,3	103,9	105,3
	IV-VI	104,3	104,3	102,4	103,5	109,5
	VII - IX	104,1	102,6	100,7	102,5	107,3
	X - XII	104,6	102,9	100,9	101,4	104,2
2012	I - III	103,6	102,5	101,2	101,7	108,5
	IV - VI	102,3	99,6	101,0	101,2	102,9
	VII - IX	101,4	99,3	100,1	100,1	102,1
	X - XII	101,1	99,3	99,3	99,0	99,2

\*indicator refers to the whole year

\*\*constant prices

Source: [own calculations based on data published in 9, p. 57-59; 10, p. 26 and 57; 11, p. 26 and 57; 12, p. 54-55 and 174]

Dynamic of the basic sizes describing consumption in Poland in the years 2008-2012 in quarterly section was presented in table 1. As it results from it, since the third quarter of 2008, determined degree of the slump took place, which was shown in lower dynamic of GDP, domestic demand in general and personal consumption of some goods and services. This was particularly noticeable in 2009 and during the second wave of the crisis in 2012, when the domestic demand was altogether somewhat lower in comparison with the same quarters of the previous years.

Retail sales of goods at fixed prices revealed in the first wave of the crisis (III quarter of 2008-2009) downward trend and later in the IV quarter of 2010 a distinct growth impulse took place and lasted till the I quarter of 2012. At the end of 2012 retail sales and personal consumption were lower then one year before. (about 1 percentage point). Due to lower remuneration dynamics, smaller crediting of consumption and transfer of remuneration from abroad, a lower consumption level takes place (deeper breakdown than in the first phase of the crisis) in the economic cycle lasting from 2011. However, the domestic demand was from 2012 the main determining factor about the growth of GDP, even in the conditions of decrease of turnovers in the foreign trade, unfavourable situation on the labour market and in incomes.

One of the main determinants of growth and consumption structure are obtained incomes. Since they determine the upper limit of the level of expenditures and the degree of meeting particular requirements of the society. Incomes not only form the current level of consumption, but also influence on its structure and future level. The essence of income as a measure of wealth is reduced to net financial incomes from fixed sources (e.g. remuneration for the work, social security benefits, incomes from business activities) and irregular (e.g.. debt, donations, inheritance). Other division of sources of incomes are: earned incomes and unearned incomes. Income category determining the current and future, personal and household consumption is disposable income.

The available income includes current money income and non-monetary income from: hired labour, individual farm, self-employment and freelance occupation, title deed, renting of the real estates, social insurances and other benefits [13, p. 16]. From the available income, consumption expenditures and savings of households are financed. Formation of monthly available income expressed in a household member in Poland in the years 2008-2011 are presented in the table 2.

Table 2

**Average monthly available income in Polish households in the years 2008 – 2011  
(per capita, in zlotys)**

Specification	2008	2009	2010	2011	2011:2008
Available income	1045,52	1114,50	1192,80	1226,95	1,17
of which disposable income	1006,57	1071,70	1147,20	1183,66	1,18
Income from hired work	560,75	593,70	636,60	667,03	1,19
Income from a private farm in agriculture	43,18	43,10	50,30	44,61	1,03
Income from self-employment	91,58	101,40	109,30	109,01	1,19
Income from social benefits	262,36	322,50	337,00	348,86	1,33

Source: [own calculations based on data published in 14, p. 296; 15, p. 282; 8, p. 285]

Table 3

**Price and services indicators in the years 2005 – 2011**

Specification	2005	2006	2007	2008	2009	2010	2011
	previous year = 100						
Total	102,4	101,1	103,2	105,2	103,1	102,7	105,0
Consumer goods and services	102,1	101,0	102,5	104,2	103,5	102,6	104,3
Non-consumer goods and services	103,5	101,4	105,7	108,4	101,9	103,0	107,5
of which: goods	105,0	100,3	107,5	108,2	98,2	103,8	110,9
services	102,2	102,3	104,1	108,6	105,2	102,2	104,5

Source: [15, p. 48; 8, p. 440]

As the numbers show, available income in Poland in 2011 increased by 17% compared to 2008. The basic element of this income is from a hired labour, which in 2011 was 54,3%. The dynamics indicator of an average monthly gross remuneration was in 2008-2011, in Poland 115,7%.

In table 3 the price and service index in 2005-2011 was presented, from which results higher dynamics of growth in prices in 2008 and 2011 compared to other years of that period and higher upward trend in goods prices and non-consumer services than consumer services. Price of the service were growing faster than the prices of goods to the year 2009, and from 2010 these proportions were reversed. The comparison of changes during disposable incomes with the dynamics of growth of prices and services proves little scale of the increase of real incomes.

Straight majority of consumption needs of households is realised through the market and is reflected in day-to-day expenses on purchase of goods and services. Therefore, it can be taken that the level and structure of expenses are the measure of consumption and market dimension of household behaviour [16, p. 187].

Table 4

**Average monthly expenses in Polish households in the years 2008– 2011 (per capita, in zlotys)**

Spfication	2008	2009	2010	2011	2011:2008
Expenses total	904,27	956,68	991,44	1015,12	1,12
of which consumer goods and services	865,32	913,68	945,80	971,83	1,12
of which:					
food and non-alcoholic beverages	231,14	240,08	246,14	254,13	1,10
clothing and footwear	478,6	49,93	52,35	51,77	1,04
housing, water, electricity, gas and other fuels	170,80	188,03	199,88	210,34	1,23
health	43,68	47,90	47,42	50,41	1,15
transport	91,08	92,74	94,78	97,03	1,06
communication	42,98	43,47	43,43	43,59	0,99
recreation and culture	71,86	76,35	79,80	81,87	1,14
education	11,28	11,44	12,75	12,48	1,11

Source: [own calculations based on data published in 14, p. 298-300; 15, p. 283-285; 8, p. 286-288]

As the data presented in table 4 show, the average monthly expenses per capita, in Poland in 2011 the amounted to over 1015 zlotys and were higher by 12% from expenses from 2008. Faster than expenses in all, expenses connected with using flats and energy carriers were increasing (growth by 23%), as well as health, recreation and culture. Almost without changes were the expenses on communication, and expenditures on purchase of clothes and shoes (due to downward trend in prices) as well as transport services increased minimally. In the expenditures structure a significant place have expenses on food (25%), which is much higher indicator in comparison to highly developed countries. The second place in expenditures was in 2011 to the usage of flat and energy carriers (20,7%), which is a similar part to many European countries (e.g. Austria – 21,6%, Ireland – 22,3%, Spain – 20,2% – data for 2010) [17, p. 205].

Increase in total expenditure does not necessarily mean an actual increase of consumption level. Growth in prices of goods and services has an influence on an effective value of consumption. Comparing the growth of nominal expenses f households in the years 2008-2011 and price indicators of goods and services (tab. 4 and tab. 3), it can be estimated that the real households expenses in the country were in that period increased, assuming varied dynamics in particular groups of goods and services.

Deterioration in public and consumers feelings was coming in a higher rate than perceived decrease of living conditions and dynamics in personal consumption growth. The reflection of this are going down indicators of economic situation and consumers confidence. In 2008 the indicator of general economic situation climate was achieving positive values yet, but the indicators of consumers confidence (current and expectant) successively fro month to month were increasing their negative values until the end of 2009. The advantage of positive assessment of existing and foreseeing economic situation in the opinion of

enterprise managers was concerning the whole 2010 and the first three quarters of 2011. [18, p. 191-192]. In 2012 it was a changeable evaluation with a visible advantage of pessimistic assessments in the second half year. Whereas the result of the survey on the household situation were giving the least advantage of assessments in 2010, while the level of pessimism was increasing in the years 2011 and 2012, which can mean that the Poles do not believe in fast improvement of financial situation of their households.

**Conclusions and perspectives for further research.** In the summary of short analysis of forming personal consumption in Poland in the conditions of economic crisis it should be noticed that its influence on financial situation and households consumption is little so far. Worsening of the social and consumer feelings due to publicizing by media signs of crisis in different parts of the world was taking place in faster pace than perceptible, real reduction of the households' standard of living. In assessing the material situation and personal consumption more favourably comes off a period recognised as the first wave of crisis (turn of years 2008/2009) in comparison to its second wave (from 2011), which was extended.

The global financial crisis has not been finished yet. In the area of European economies it turned into the debt crisis of some countries, being vital challenge for Eurozone, common currency and European Union. In the world economy of recent years there have also appeared unexpected climatic-and weather occurrences and shocks (earthquakes, disasters) as well as social unrest, military actions (North Africa, the Middle East). As a result of these events the forecasts of economic growth for the period until 2015 are lowered. It concerns also Polish economy. Prolonged recession may lower the domestic demand and the standard of living, or widen the differences between particular socio-occupational groups of population.

The prospects for further studies on an issue taken up in this article include – among others 1) defining the role and directions of activating the socio-economic policy in order to stabilize the situation and living conditions of various groups of people, 2) self-evaluation of conditionings, level and structure of consumption of households in the second wave of the crisis, 3) to investigate the personal consumption and ways of its realization in the in conditions of economic downturn.

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