



SUSTAINABILITY OR INTEGRITY? THE WOOD-BASED SECTOR IN CONDITIONS OF ECONOMIC UNCERTAINTY

WHAT WILL BE THE POST-CRISIS MODEL OF THE WOOD MARKET DEVELOPMENT IN POLAND?

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SHORT

- The study attempts to identify the optimal model for the development of the wood market, adequate for the state of long-term economic crisis.
- It was verified whether, in a crisis situation, entities participating in the wood market should use identical development models.
- The comparative analysis was carried out on the example of elemental wood processing enterprises and companies providing key forestry services for the wood market.
- The study was conducted in the first half of 2020, using the diagnostic survey method and techniques of individual in-depth interviews (IDI), of an expert nature.
- The conclusion states that the market model preferred by market experts during the crisis is the relational model, which prefers to build cooperation networks.

RESEARCH SCENARIO

- The research was carried out in the first half of 2020 (time range).
- A strictly selected group of wood industry enterprises and companies providing forest services (subject scope) was selected for the study. The companies were selected proportionally for the location corresponding to the territorial structure of 17 Regional Directorates of State Forests in Poland (spatial scope).
- The diagnostic survey method was used in the selection process and then in detailed tests. The technique of individual in-depth interviews (IDI) was used, having an expert character. Professional representatives of all entities participating in the research process, participating in everyday practice in making market decisions, were invited to the research.

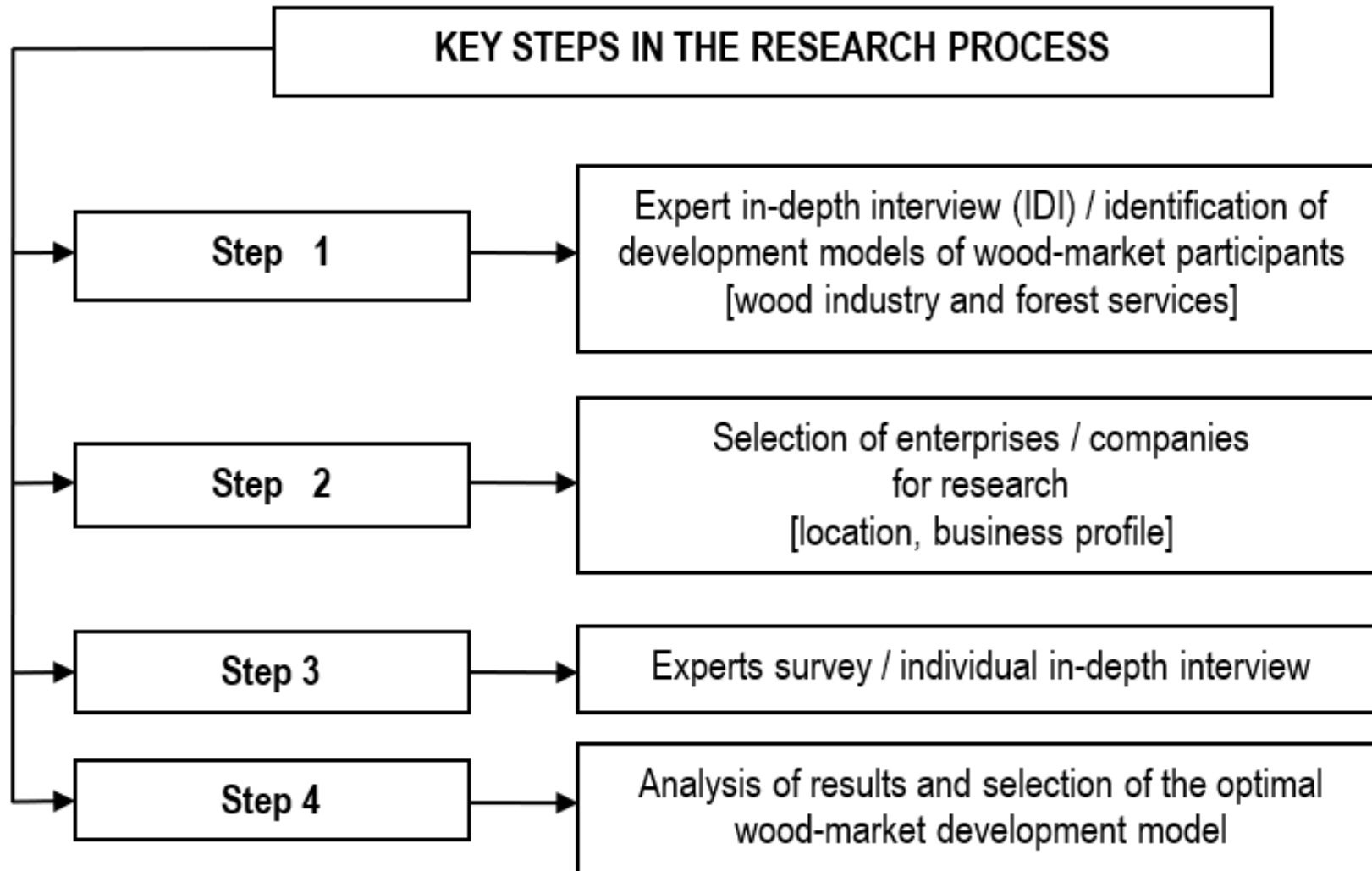


Table 1. Preferences for the selection of the optimal model for the development of **wood industry companies** (WIC) in the conditions of the economic crisis

Place / WIC Model	Neutral	Extensive	Intensive	Direct Investment	Cooperation Networks
Place I	0,0%	0,0%	0,0%	0,0%	100,0%
Place II	30,8%	0,0%	46,2%	23,1%	0,0%
Place III	3,8%	15,4%	42,3%	38,5%	0,0%
Place IV	11,5%	59,6%	11,5%	17,3%	0,0%
Place V	53,8%	25,0%	0,0%	21,2%	0,0%

Table 2. Preferences for the selection of the optimal development model of **forest service companies** (FSC) in the conditions of the economic crisis

Place / FSC Model	Neutral	Extensive	Intensive	Direct Investment	Cooperation Networks
Place I	0,0%	0,0%	0,0%	0,0%	100,0%
Place II	0,0%	0,0%	20,4%	79,6%	0,0%
Place III	34,7%	42,9%	22,4%	0,0%	0,0%
Place IV	6,1%	38,8%	34,7%	20,4%	0,0%
Place V	59,2%	18,4%	22,4%	0,0%	0,0%

CONCLUSIONS (1)

- ❑ The preferred market model for the time of crisis, recommended by experts representing entities participating in the primary wood market, is the cooperation network model, which assumes cooperation and building lasting relationships.
- ❑ Alternative, noteworthy market models also include: the intensive model (from the perspective of the wood industry enterprises) and the direct investment model (from the perspective of companies providing forest services).
- ❑ It is worth noting that participants of the wood-based industry generally do not consider the choice of a neutral model, recognizing the need for intervention on the Polish wood market. This is probably due to the growing awareness of the specifics of the market being analyzed, quasi monopolistic, sensitive to institutional influences.



AND...

- It should be emphasized that the idea of "sustainability" was almost not noticed by market practitioners recommending the search for platforms for integration, building relationships, active, long-term cooperation to the best of each of the wood market participants.

AN ALTERNATIVE PERSPECTIVE - CSO DIAGNOSTIC SURVEY (1)

- Similar conclusions can be drawn on the basis of the results of the research on the economic situation conducted by the Central Statistical Office in Poland.
- For this purpose, entrepreneurs opinions on the current and future situation of their companies were analyzed.
- It should be emphasized that the respondents relied on subjective, general feelings, without referring to actual financial data. Thus, the results provided only approximate information on the directions of changes observed in the economy. Selected trends that can be used to program the development of the industry are graphically illustrated.

DIAGRAMS - CSO DIAGNOSTIC SURVEY (2)

- ❑ Figure 1 summarizes the values of the General Business Climate Indicator (F1 Index) in total industrial processing and branches of the wood-based sector in 2019 and in the first half of 2020.
- ❑ The results of the opinion polls of entrepreneurs regarding the assessment of the current and future economic situation are graphically illustrated separately for:
 - ❑ F2 Index: Current General Economic Situation of the Enterprise (Figure 2);
 - ❑ F3 Index: Expected General Economic Situation of the Enterprise (Figure 3).

Figure 1. General Business Climate Indicator (F1) in the branches of the wood-based sector, compared to the total industrial processing in Poland

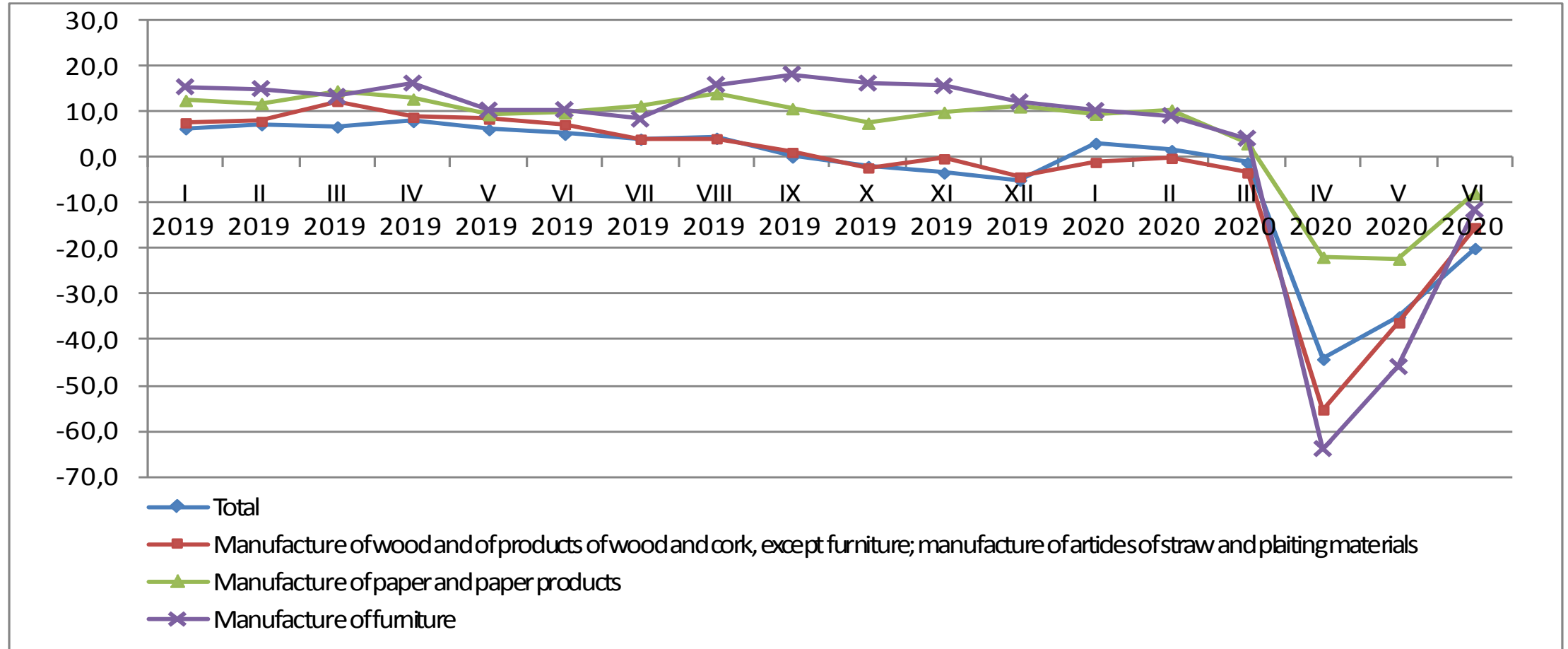


Figure 2. Current General Economic Situation of the Enterprise (F2) in the branches of the wood-based sector, compared to the total industrial processing

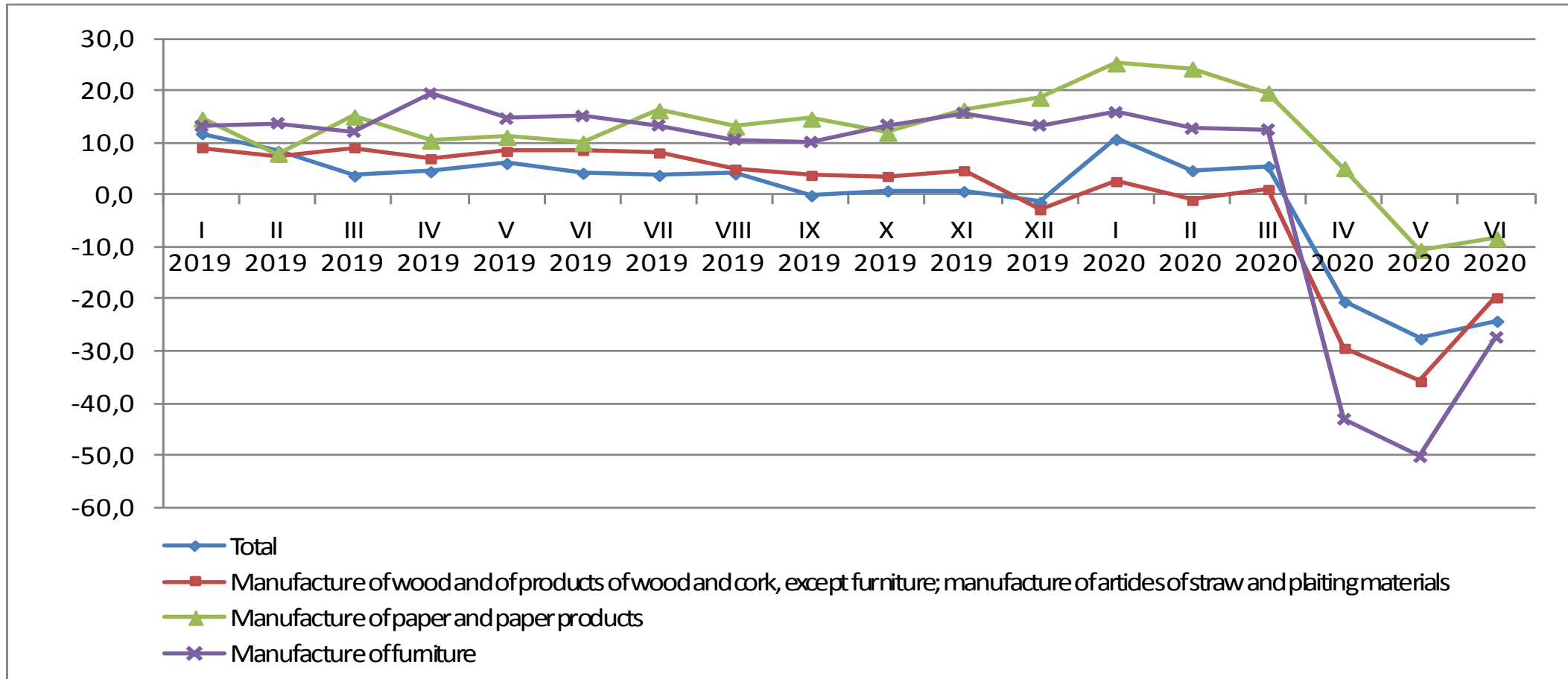
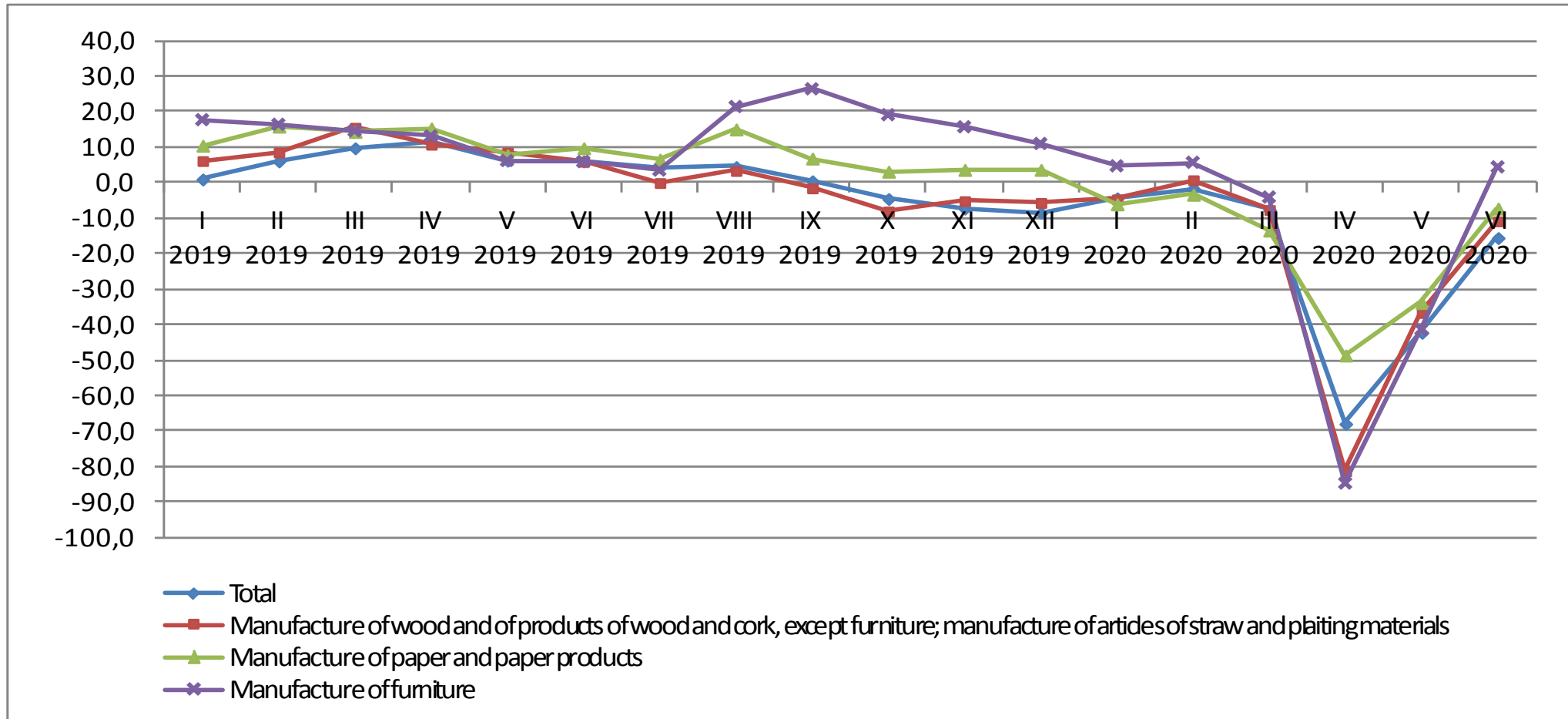


Figure 3. Expected General Economic Situation of the Enterprise (F3) in the branches of the wood-based sector, compared to the total industrial processing



CONCLUSIONS (2)

- In conditions of economic uncertainty, Polish enterprises of the wood-based sector willingly use the available support tools: institutional, industry-based and consciously undertake intra-sector cooperation initiatives.
- The solutions adopted in the anti-crisis packages have provided entrepreneurs with real support, allowing them to maintain financial liquidity, which significantly reduced the number of bankruptcies in the wood-based industry.
- After the initial economic downturn (April 2020), already in June of the same year most entrepreneurs (around 70%) assessed their economic situation as good or neutral. The percentage of companies planning to lay off employees also decreased.
- However, there is a state of permanent economic uncertainty.

RECOMMENDATIONS

- ❑ The gradual lifting of the limitations related to the epidemic and the implementation of institutional government programs resulted in the improvement of the general economic climate index in each of the branches of the wood-based sector.
- ❑ The economic situation is expected to improve or at least stabilize. The best forecasts in this regard are from furniture manufacturers.
- ❑ Based on the analyzes, it can be concluded that entrepreneurs in the wood industry, despite the ongoing epidemic, show moderate optimism.
- ❑ However, in the longer term, in view of the uncertainty and the threat of an economic crisis, it is worth reaching, as already indicated in the pilot studies, for intra-sectoral remedial tools based on relations and competitive cooperation.

DO WE NEED SCIENCE?

- That is the question?
- This is because science, which, as Józef Rivoli noted, is sometimes even very distant from life practice and (but) still remains the most effective stimulus for this practice.



THANK YOU FOR YOUR ATTENTION!





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