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Warsaw, 12.09.2013

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**Assessment of the paper**

***External Factors Affecting Investment Decisions of Companies***

**written by Piotr Bialowolski and Dorota Weziak-Bialowolska**

**published in**

**Economics Discussion Papers, No 2013-44, Kiel Institute for the World**

**Economy**

General assessment: Outstanding.

The paper shows the analysis of various factors affecting investment decisions made by Polish companies. The authors use survey data for Polish firms, taken from the Survey on Receivables. The analysis conducted throughout the whole paper is in-depth, very valuable and of a high quality. The authors use a lot of modern statistical and econometric procedures to verify the research hypotheses. Two such methods should be mentioned here: (i) exploratory factor analysis and (ii) structural model. The application of these methods allows the authors to answer the research questions. All the numerical figures are clearly shown, widely discussed and well interpreted in the text. It means that the authors have a good knowledge on the topics under study – both from economics and econometrics perspectives. Of course, there are also a lot of other advantages of the paper. First, I appreciate very much that the authors present also some descriptive statistics referring to the questions on investment reductions among Polish companies. Second, the paper shows a wide review of the literature on the subject – including plenty of studies published in the last years. Hence, the literature review is up-to-date. Third, the conclusions of the paper have a lot of policy

implications. Namely, the authors conclude that there are two driving forces determining the investment decisions of Polish companies: macroeconomic factors and law-related factors with the relative importance of the former lower than the latter; and that there is a positive association between the importance attached to factors influencing investment decisions associated with macroeconomic and legal environment and the investment reductions, meaning that companies facing higher investment reductions are also more prone to notice and value the factors influencing these decisions. In such a case, policy makers may benefit from this information by conducting such fiscal, monetary and other policies that allow to increase private investment. This is especially important for the Polish economy which being a transition country needs a lot of new investment for sustainable future economic development.

As the aim of the reviewer is the critical assessment of the paper, I would like to formulate two remarks concerning the contents of the research. First, I highly appreciate the use of the survey data to analyze the relationship between investments and its some determinants; however, in my opinion it is worth to carry out a kind of robustness check by comparing these results with the results that are obtained based on the official statistical data taken from national income accounts. For example, it is worth to compare the relationship between investment decisions of Polish companies and interest rates (presented in the paper) with the relationship between investment outlays in the whole economy (taken from official statistics) and the interest rate (taken from the National Bank of Poland database). Such a comparison could be also extended to some other variables included in the questionnaire, e.g. the level of taxes which are also available in the official statistics. Moreover, this comparison would show the robustness of the results from the time perspective – as the Survey on Receivables was launched in Poland in January 2009, survey data are only available for the post-crisis period whereas official statistics would also cover pre-crisis years. Of course, such an extension should be only treated as an additional analysis aiming to show the robustness of the results based on survey data which are the core of the paper.

Second, estimation results of model (1) (page 12) should be augmented by showing the R-squared coefficient and the number of observations clearly on that page. Moreover, it should be explained why the constant term was omitted when estimating this regression equation.

Summing up, despite these remarks, I assess the paper as outstanding and I recommend to publish it in a high-quality economics journal.