ENTREPRENEURIAL DEVELOPMENT IN THE ECONOMY OF POLAND

Janusz K Tanas
B.Eng (Mech & Nav Arch)
MBA (AGSE, Australia)
GCTL (SUT, Australia)

This thesis is submitted in fulfilment of the requirements of the Degree of Doctor of Philosophy

Australian Graduate School of Entrepreneurship
Faculty of Business and Enterprise
Swinburne University of Technology
Victoria, Australia

December 2007
It is with a great pride that I dedicate this thesis to those I love, cherish and respect, to my family.
The world is a beautiful place, 
open the window, and breathe the air, 
it is up to you.

Janusz K Tanas
Abstract

“Entrepreneurial Development in the Transitional Economy of Poland” is a research study that is constructed in six chapters. It focuses upon the nature of entrepreneurship through an intensive investigation of historical texts, theories and writings. The investigation of how history has led to changes in direction and development provides information that adds to the understanding of the current transitional economic position in Poland.

The study places the entrepreneur at the forefront of the Polish politico–economic landscape and identifies the entrepreneur as a catalyst for change and progress.

Within wider world changes, this discussion and interrogation of entrepreneurial development in the economy of Poland provides new knowledge from the perspective of both a native Polish entrepreneur and the perceptions of 638 respondents who contributed to the research.

A series of models were developed and interrogated to identify essential elements and factors within a transitional economy and they explore the constructs of Entrepreneurship through the lens of the researcher’s understanding of the field.

The concluding model makes explicit that the constructs Freedom and History serve as moderators for entrepreneurial development in the Transitional Economy of Poland and suggests that the strength of an individual is created by the societal construct. The progress of entrepreneurs is enhanced if there is a political and economic freedom to operate that is informed by the historical knowledge.
In the questionnaire developed in close relationship with devised models, each respondent completed a self-administered questionnaire in their own time which was collected in person by the researcher with a resultant larger than usual response rate.

The questionnaire used for this research study consisted of two sections and was designed in both the English and the Polish languages under the English title “Entrepreneurial Development in Transitional Economy of Poland” and the Polish translation titled “Rozwój Przedsiębiorczości w Przejściowym Systemie Gospodarczym Polski”.

The findings from the model and the questionnaire were then supported through a number of analytical processes which reveal in more depth the characteristics of entrepreneurship from the perspective of the participants’ perceptions. A factor analysis was undertaken which revealed important findings that will contribute to an enhanced understanding of the characteristics of an entrepreneur. This new knowledge adds to the current collective knowledge of entrepreneurial practice and it will add substance to understanding the needs of an entrepreneur when operating in a transitional economy, or indeed any other economic system.

Poland’s current unique position has provided the means by which both a controlled economy and a free market structure has been investigated to enhance understanding and to answer the research question as originally presented: Emerging from the literature and the analysis of the data the following findings become overt and are made explicit:

- There was no difference between Males and Females, therefore establishing that entrepreneurship is not gender specific
- Education alone does not influence the entrepreneurship capabilities of an individual
• Education in combination with Social Capital and Political Knowledge noticeably influences capability
• With increased age, entrepreneurial development can be seen to increase significantly
• An individual’s entrepreneurial capability is not dependent upon their status or position within a work place
• Poland as a needs-related entrepreneurial culture
• Social capital enhances the natural abilities and supports entrepreneurial progress:
  • Entrepreneurs are not created by education alone but the knowledge is essential when combined with social capital and political knowledge
  • Political, financial and educational policies need to be developed with entrepreneurship in mind as a stimulator for economic change. Thus entrepreneurship can be enhanced by a political agenda that supports economical knowledge
  • The democratisation of society is interdependent with entrepreneurial development: each supports the other
  • Entrepreneurs can be characterised as having three fundamental abilities: networking, opportunity and personal traits
  • The progress of entrepreneurs is enhanced if there is a political and economic freedom to operate that is informed by the historical knowledge
  • The politics, economy and social constructs of a society impact upon an individual’s ability to become an entrepreneur
  • The elements of Freedom and History serve as moderators for entrepreneurial developments in the Transitional Economy of Poland

The research concludes with a series of recommendations for further research possibilities. It also suggests that the economic, cultural and
societal histories should be known to enable governments and individuals to understand their origins.

It suggests that the strength of an individual is created by the societal construct and the progress of entrepreneurs is enhanced if there is a political and economic freedom to operate that is informed by the historical knowledge. It establishes that Entrepreneurs not only bring economic rewards but most importantly serve as the catalysts in the development of free market economy and democratisation of society.
Statement of Authorship

I wish to declare that this thesis titled ‘Entrepreneurial Development in Transitional Economy of Poland’ contains no material that has been accepted for the award of a degree at any other university.

To the best of my knowledge, no other person’s work has been used without due acknowledgement in the main text of this thesis.

Janusz K Tanas

Melbourne Australia

December 2007
Acknowledgement

The PhD journey, its pressures, discoveries, knowledge enhancement and the joy of entering the door of life-long learning would not have eventuated if not for the good fortune of becoming the recipient of advice, effort, encouragement and a helping hand from so many.

First and foremost, I would like to express my gratitude to my supervisor Professor Murray Gillin, Australian Graduate School of Entrepreneurship, Swinburne University of Technology, for allowing me to share his passion, knowledge, and his vision. Thank you for allowing me to see the unthinkable, for invaluable assistance, guidance, encouragement and patience, for your friendship.

I would like to thank the Australian Graduate School of Entrepreneurship for believing in me, for the financial support and the facilities provided, and for the freedom to undertake my passion in research.

My gratitude is extended to Dr Adele Flood, Deputy Director, Academic Development and Support Swinburne University of Technology, and Dr Joe Flood for their friendship, invaluable hand, and knowledge sharing during crucial times of thesis completion.

I also wish to thank the following people from Swinburne University of Technology: Dr Julian Lippi, MBA Director, AGSE, for his friendship, encouragement, and understanding; Dr Denny Meyer for teaching and sharing with me her gift with statistical modelling and analysis; Professor Nita Cherry, for her helping hand in times of need; Dr Toby Harfield, for
her depth of knowledge so freely being shared; Professor Sheikh Rahman, for his support, and opportunity given; and Professor Shahid Yamin, for his valuable guidance in early stages of my thesis formulation.

Especially, I want to express my thanks to my brothers Professor Maciej Tanaś, Warsaw University & WSP ZNP, and Colonel Leszek Tanaś for their unrestricted brotherhood, help and support.

I also wish to thank my best friend Jerzy Ordega for his help when needed, for his encouragement, for his knowledge, and for his support. I thank him for sharing and advancing with our dreams.

I would like to thank my parents Hanna and Dr Zygmunt Tanaś for embedding in me the understanding what it means to be global and how to love your nation and your country. Further I would like to thank my old academic mentor, the best teacher of them all, my auntie Marylka Tanaś, who encouraged me to progress, to believe and to have heart in all my endeavours. To my parents-in-law Kazia and Ryszard Kuc, for supporting me; their love and training has guided me throughout my life.

My greatest gratitude from the bottom of my heart goes to my wife Joanna for being my soul, love and light for being my friend and the greatest believer in my journey. And also; my children Karolinka and Sebastian, who over the years had to endure hardship, late hours, no weekends, and at times mood swings. I deeply appreciate the love and patience provided by my family. Without their support, it would have been impossible to accomplish this dream.
In Recognition

This research would not be possible without the unrestricted support received from the following people (not in alphabetical order): Professor Donald F Kuratko, *The Kelley School of Business, Indiana University*, USA; Bob Formaini, Senior Economist and Public Policy Advisor, *Federal Reserve Bank*, USA; Professor Jeffrey C Dilts, *Fitzgerald Institute for Entrepreneurial Studies*; Dr Jan Fidrmuc, *Brunel University*, UK; Professor Gérard Roland, *University of California, Berkeley*, USA; Professor Jan P Muczyk, *Air Force Institute of Technology Cleveland State University*, USA; Jean Marie Procious, *Harvard Business School*, USA; Marek Goliszewski, President *Business Centre Club, Warsaw*, Poland; Mr Jerzy Więclaw, *Ambassador of RP to Australia*; Dean, Professor Alojzy Nowak, *Warsaw University, Faculty of Business and Management*; Monika Gola, *Akademia Ekonomiczna in Poznań*, Poland; Professor Tadeusz kowalik, *Polish Academy of Sciences*, Warsaw Poland; Agnieszka Wenninger, *GESIS Service Agency Eastern Europe*, Berlin, Germany; Chancellor, Professor Andrzej K. Koźmiński, *Leon Koźmiński Academy of Entrepreneurship*, Warsaw Poland; Professor Dr. Jörg Freiling, *Universität Bremen*, Germany; Professor Dr Bert Mosselmans, *Roosevelt Academy*, The Netherlands; Associate Professor Elisabeth Osborn, *Chair, Department of Sociology, St. Mary’s College of Maryland*, USA; Dr. Ooi Yeng Keat, *Universiti Utara Malaysia*; Professor Karol I. Pelc, *Michigan Technological University*, USA; Professor Dr hab. Kazimierz Słomczyński, *The Ohio State University*, USA; Karan De Coster, *freelance writer*, USA; Mr Maciej Kula, *Rypin*, Poland; Professor Munro, *University of Toronto*, Canada; Professor Falck, *Universite Libre de Bruxelles*, Belgium; Jens Forssbaeck, *University of Amsterdam*, Netherlands; Marciń W. Zieliński, *Polish Social Data*.
Archive, Warsaw University; Professor Karin Aggestam, Director of Peace and Conflict Studies, Lund University, Sweden; Mr Jeffrey Tucker, Ludwig von Mises Institute, Austrian School of Economics, Vienna, Austria; Dr Renata Nguyen, WSP ZNP Warsaw, Poland; Professor Dr hab. Bogumiła Kwiatkowska-Kowal, Chancellor WSP ZNP Warsaw, Poland; Professor Dr hab. Andrzej Hankała, Vice Chancellor, WSP ZNP, Warsaw, Poland; Dr Barbara Kędzierska, Director of European Centre of Education, Pedagogical Academy, Kraków, Poland; Dr Hubert Wajs, Director, Central Archives of Poland; Ministry of Foreign Affairs of the Republic of Poland; Professor Mirjam van Praag, Director of the Amsterdam Centre for Entrepreneurship, University of Amsterdam, Netherlands; Professor Martha A Reavley, The Odette School of Business, University of Windsor, Canada.

To numerous business owners around Poland, governmental employees, and students of the Polish universities – Thank you.
# Table of Contents

Abstract ..........................................................................................................4
Statement of Authorship................................................................................8
Acknowledgement ..........................................................................................9
In Recognition ..............................................................................................11
Table of Contents .........................................................................................13
Glossary of Terms ........................................................................................18
Definitions ....................................................................................................19
List of Figures ..............................................................................................22
List of Tables ...............................................................................................23
CHAPTER 1.................................................................................................24
General Overview and Purpose of the Study ...............................................24
Chapter One..................................................................................................25
Section One ..................................................................................................25
General Overview .........................................................................................25
1.1 Introduction .................................................................................. 25
Section Two..................................................................................................33
Purpose of the Study .....................................................................................33
1.2 Purpose of the Study..................................................................... 33
1.3 Specific Objectives....................................................................... 34
1.4 Issues for Consideration within each Specific Objective:............ 34
   1.4.1 Specific Objective 1: ............................................................35
   1.4.2 Specific Objective 2: ............................................................35
   1.4.3 Specific Objective 3: ............................................................35
   1.4.4 Specific Objective 4: ............................................................36
   1.4.5 Specific Objective 5: ............................................................36
Section Three................................................................................................37
The Discussion .............................................................................................37
1.5 The word Entrepreneur: Its meaning............................................ 37
1.6 Historical Past............................................................................... 39
1.7 Entrepreneurship .......................................................................... 40
1.8 Education...................................................................................... 40
1.9 Political and Cultural Past ............................................................ 41
1.10 Summary ...................................................................................... 44
CHAPTER 2.................................................................................................46
Literature Review......................................................................................... 46
Section One ..................................................................................................46
Historical Context .........................................................................................47
2.1 Overview of the Historical Context............................................... 47
   2.1.1 Early English view on the “entrepreneur”............................51
   2.1.2 Entrepreneur – misinterpretation, rejection.........................53
   2.1.3 Austrian and German understanding of the entrepreneur ....54
   2.1.4 English political economist – deeper meaning of entrepreneur............................................................55
Social Capital, Cultural Capital and Entrepreneur ........................................... 123
3.3 The Road ................................................................................................. 123
3.3.1 Social Capital ..................................................................................... 124
3.3.2 Cultural Capital: .................................................................................. 125
3.3.4 Entrepreneur .......................................................................................... 126
3.3.5 Entrepreneurs, World War II and the Communism ......................... 127

Section Three .................................................................................................. 130

Questions ........................................................................................................... 130

Section Four ..................................................................................................... 133

Research Design ................................................................................................. 133

3.5 Philosophy of Positivism............................................................................ 133

3.5.1 Correlation Study ............................................................................... 134
3.5.2 Descriptive Study ............................................................................... 135
3.5.3 Exploratory Study ............................................................................... 135
3.5.3.1 The Literature Review .................................................................... 137
3.5.3.2 Pilot Survey .................................................................................... 137
3.5.3.2.1 Participants in Pre-testing ......................................................... 137
3.6 Participants in Main Sample ........................................................................ 139

Section Five ....................................................................................................... 140

Research Methodology ......................................................................................... 140

3.7 Quantitative Methods ............................................................................... 140
3.8 Ethics Approval ......................................................................................... 141
3.9 Data Collection Procedures ........................................................................ 142

3.9.1 Survey Process ..................................................................................... 143
3.9.2 Letter of Appreciation .......................................................................... 144
3.9.3 Population and Sample .......................................................................... 144
3.9.4 Sample Size ......................................................................................... 145
3.9.5 Systematic Sampling ............................................................................. 146

Section Six .......................................................................................................... 148

Research Instrumentation .................................................................................. 148

3.10 The Questionnaire .................................................................................... 148
3.10.1 Section 1 - General Information ......................................................... 150
3.10.2 Section 2 – Entrepreneurship, Politics and Social Issues ................ 151
3.10.2.1 Section 2 – Entrepreneurship Scale (ES) .................................. 151
3.10.2.2 Section 2 – Social Scale (SSPa and SSPr) .................................. 152
3.10.2.3 Section 2 – Political Scale (PSPa and PSPr) ................................ 152
3.10.2.4 Section 2 – Political Scale (PSPa and PSPr) ................................ 153
3.10.2.5 Section 2 – Social Scale (SSPa) .................................................... 154
3.10.2.6 Section 2 – Education Scale (ESPa) ............................................. 155
3.10.2.7 Section 2 – Values Scale (VSPa) ................................................... 155
3.10.2.8 Section 2 – Family Orientation Scale (FOSPa) ............................ 156
3.10.2.9 Section 2 – Economic Scale (ESPa and ESPr) ............................ 156
3.10.2.10 Section 2 – Social Scale (SSPr) ................................................... 157
3.10.2.11 Section 2 – Politics Scale (PS) .................................................... 157
3.10.2.12 Section 2 – History Scale (HS) .................................................... 158
General Overview and Purpose of the Study Chapter 1

3.11 Data Analysis ................................................................. 158
3.11.1 Quantitative Analysis ................................................ 158
3.12 Validity and Reliability .................................................. 160
3.12.1 Validity ................................................................. 160
3.12.2 Reliability ............................................................... 161
3.13 The Resultant Model ...................................................... 164
3.13 Summary ................................................................. 164

CHAPTER 4 ................................................................................. 167

Data Results .................................................................................. 167
Section One .................................................................................. 168

Statistical Techniques .................................................................. 168
4.1 Summaries of the Demography of Respondents ................. 168
4.1.1 Summary of the Respondents’ Position ......................... 169
4.1.2 Summary of the Respondents’ Gender ......................... 169
4.1.3 Summary of the Respondents’ Age (Optional) ............... 170
4.1.4 Summary of the Respondents’ Formal Education ........ 171
4.1.5 Summary of the countries in which their education was completed ................................................................. 173
Section Two .................................................................................. 174

Analysis of Data ........................................................................... 174
4.2 Factor Analysis .................................................................... 174
4.2.1 Summary of the Networking Ability Factor .................. 177
4.2.2 Summary of the Opportunity Factor ......................... 177
4.2.3 Summary of the Personal Skills Factor ....................... 178
4.3 Summary of Factor Analysis .............................................. 181
4.4 Descriptive Analysis ............................................................. 182

Section Three ............................................................................... 184

Bivariate and Multivariate Analyses ........................................... 184
4.5 Correlation Analysis ........................................................... 184
4.6 Hierarchical Multiple Regression Analysis ....................... 187
4.6.1 Summary of Hierarchical Multiple Regression Steps ...... 190
4.6.2 Outcomes of application of Hierarchical Multiple Regression Analysis .......................................................... 193
4.7 T-test Analysis ..................................................................... 193
4.8 One-way Analysis of Variance (ANOVA) ......................... 194
4.8.2 Tukey HSD Test ........................................................... 196
4.9 Moderation Tests ............................................................... 197
4.9.1 Moderation by Freedom ............................................. 197
4.10 Factor Analysis II .............................................................. 199
4.10.1 History ..................................................................... 200
4.10.2 Education ................................................................. 201
4.10.3 Freedom ................................................................. 202
4.11 Proposed Conceptual Framework of Research Objectives .... 203
4.11.1 What the model shows ............................................. 204
4.12 Summary ......................................................................... 205

CHAPTER 5 ................................................................................. 206
Discussion ..................................................................................................206
Section One ................................................................................................207
Discussion I ................................................................................................207
The Model ..................................................................................................207
  5.1 Results with Reference to the Constructed Theoretical Model ..207
  5.2 Results ........................................................................................ 209
    5.2.1 Difference between Males and Females ......................... 210
    5.2.2 Education and influence on entrepreneurship ............... 210
    5.2.3 Education, Social Capital, and Political knowledge ......211
    5.2.4 Age and Entrepreneurial Development ....................... 212
    5.2.5 Entrepreneurial Capacity ............................................. 213
Section Two ..............................................................................................215
Discussion II...............................................................................................215
Polish Economic and Political Perspectives...............................................215
  5.3 Results in relation to Entrepreneurship in Transitional economy of
    Poland 215
    5.3.1 Poland an entrepreneurial culture............................... 215
    5.3.2 Social capital and entrepreneurial progress............... 217
    5.3.3 Knowledge and entrepreneurship:.............................. 218
    5.3.4 Entrepreneurship as stimulator of change ................ 219
    5.3.5 Entrepreneurship and Democracy ............................. 222
    5.3.6 In Summary ............................................................. 223
  5.4 Results from Factor Analysis .................................................... 223
  5.5 Results from the Model: Conceptual Frameworks of political,
    economic and social constructs of Entrepreneurship (Figure 3.6 p.203) 225
  5.6 Summary ....................................................................................225
CHAPTER 6...............................................................................................227
Conclusions, and Recommendations..........................................................227
  6.1 Overview of the Chapter ............................................................227
  6.2 The Revised Model of the Research Objectives ............... 228
  6.3 Facets of Entrepreneurship ...................................................... 228
  6.4 Group Results ........................................................................ 229
  6.5 Research Findings ...................................................................232
  6.6 In Conclusion ............................................................................233
  6.8 Directions for the Future ............................................................235
  6.9 Concluding Remarks ...............................................................238
REFERENCES...........................................................................................240
Bird, B J 1989, *Entrepreneurial Behavior*. USA: Scott, Forresman and
  Company. ...................................................................................................244
APPENDIX A1 ..........................................................................................284
APPENDIX A ..........................................................................................285
APPENDIX B1...........................................................................................286
APPENDIX B 2..........................................................................................295
APPENDIX C.............................................................................................304
Glossary of Terms

CC - Commercial Code
CC – Cultural Capital
CE – Central Europe
CFRARC - Conceptual Framework of Relationships Amongst Research Constructs
CO – Cultural Orientations
CrC – Craft Code
EC – Entrepreneurial Cognition
ECTN – European Commonwealth of Two Nations
EE – Eastern Europe
FH – Freedom and History
FME – Free Market Economy
GDP – Gross Domestic Product
GNP – Gross National Product
GUS – Central Statistical Office
HAA - Hrubieszów Agricultural Association
IMF – International Monetary Found
LC – London Club
LD – Liberal Deregulations
LEA – Law on Economic Activity
MFER – Ministry of Foreign Economic Relations
N – Networking
OECD – Organization for Economic Co-operation and Development
PC – Paris Club
PC – Polish Culture
PE – Planned Economy
PT – Personal Traits
RG – Resource Gathering
RMSEA – Root Means Square Error of Approximations
SC – Social Capital
SC - Social Cognition
SMEs – Small to Medium Enterprises
Sp - Union of Consumer Cooperatives (Spolem)
ST – Shock Therapy
STM – Shock Therapy Model
WB – World Bank
WW II – World War II
Definitions

While the author appreciates that some of these terms have been used outside the business literature context, the definitions used in this thesis relate exclusively to business.

**Entrepreneur** - a dynamic and visionary business person who bears the risks, imposed by the changes in the market demand. The Entrepreneur spurs and reshapes economic growth and serves as a catalyst in the development of transitional economies, filling niches, improving societal existence, and as a result, overall politico-economical progress.

**Opportunity** - Convenient time or place favourable for executing a purpose or challenge that can potentially be addressed by an entrepreneurial idea and an entrepreneurial undertaking. It is a suitable combination of conditions, occasion and chance.

**Innovation** - The use of a new technology, items, or process’s to change what goods and services are provided, the way they are produced, or the way they are distributed. Entrepreneurs carry out innovations by devising new technologies, discovering new products and developing new markets, as well as for short and long cycles of economic life. In line with Schumpeter’s theory, successful innovation requires an act of will, not of intellect. The entrepreneur is the only agent of economic change in the circular flow. In a sense the entrepreneur is the personification of innovation. Innovation is important to growth and in turn, entrepreneurship is important to innovation.
**Diffusion of Innovation** - Describes the manner in which a product is disseminated in the marketplace. The diffusion of innovation spans an unspecified period of time from new product introduction through to market saturation, and affects the total sales level of a product.

**Social Capital** - is the investment a nation makes in societal values and the building of a united vision for the advancement of all individuals.

**Cultural Capital** - is generated from within the parameters of what constitutes the agreed symbolic capital stemming from a commonly shared cultural vision.

**Communism** - A system of government in which the state plans and controls the economy, and where a single authoritarian party holds power in order to achieve progress toward a higher social order, in which all goods are equally shared by the people.

**Command Economy** - A type of communist economic system, sometimes called a “centrally planned economy”, where the state controls macro-economic policy and entrepreneurial activity, but allows some freedom for economic decisions about employment and consumption at the household level.

**Free Market Economy** - An economic system in which economic decisions and the pricing of goods and services are guided solely by the aggregate interactions of a country's citizens and businesses. In such a system there is little government intervention or central planning.

**Transitional Economy** - occurs when a political economic system has gone through comprehensive adjustments in order to adopt a new political market.
**Democracy** - a political system in which the supreme power lies in a body of citizens who can elect people to represent them. Entrepreneurship and democracy are closely linked because they are two dimensions of personal freedom. These and the other freedoms that are widely agreed upon in many societies as ideals, are related to, as well as reinforced to, one another. These freedoms are not separate concepts, but rather the same, and inseparable over time. Entrepreneurs are revolutionaries because they use economic freedom to challenge existing economic, social, and political structures.
List of Figures

Figure 1.1 Contributing factors to entrepreneurship: Past knowledge, politics, education, economy and socio cultural……………………43

Figure 3.1 Interconnection of economic, political and socio-cultural factors…………………………………………………………119

Figure 3.2 Conceptual Framework of Relationships Amongst Research Constructs……………………………………120

Figure 3.3 Relationships Amongst Research Constructs………………..164

Figure 3.4 Hierarchical Multiple Regression Model……………………..189

Figure 3.5 Conceptual Construct………………………………………..199

Figure 3.6 Conceptual Framework of the Research Objectives…………203
List of Tables

Table 3.1 Sample Size: Extract Data.........................................................137
Table 3.2 Reliability Test for Variables......................................................161
Table 4.1 Distribution of the Positions of the Respondents.........................168
Table 4.2 Distribution of Gender of the Respondents..................................169
Table 4.3 Distribution of the Age of the Respondents.................................170
Table 4.4 Distribution of Formal Education of the Respondents...................171
Table 4.5 Country of Education.................................................................172
Table 4.6 Factor Extraction........................................................................175
Table 4.7 Bivariate Correlation Matrix.........................................................185
Table 4.8 Hierarchical Multiple Regression.................................................187
Table 4.9 T-test...........................................................................................193
Table 4.10 One-way ANOVA for Company Positions and
Entrepreneurial Development.................................................................194
Table 4.11 One-way ANOVA for Age and Entrepreneurial
Development............................................................................................194
Table 4.12 Tukey HSD post hoc for Age
and Entrepreneurial Development..........................................................195
Table 4.13 Moderation by Freedom.............................................................196
Table 4.14 Moderation by History.................................................................200
Table 4.15 Education....................................................................................200
Table 4.16 Low and High Freedom...............................................................201
CHAPTER 1

General Overview and Purpose of the Study

This chapter is organised into five sections. In Section One, a brief review of the historical context of entrepreneurship is presented. In Section Two, the literature concerning entrepreneurship, economy and its traditions is reviewed. In Section Three, thorough descriptions of historical aspects of entrepreneurship in Poland are unveiled. In Section Four entrepreneurship in the pre-market economy is analysed. The literature review in Section Five depicts an overview relating to the cooperatives and education in Poland. The chapter concludes with a summary and a diagram “Conceptual Framework of Relationships Among Research Constructs”.
Chapter One

Section One

General Overview

1.1 Introduction

This study began long before the writing of this thesis commenced. It commenced as the researcher began a life as an entrepreneur. It was founded in the work and practice of entrepreneurs observed in daily life within both government and private sectors. It arose from both the practical knowledge and intuitive observations that the researcher undertook within the Polish economy and later within an Australian and global context.

By understanding his own practice and the way it informed his understanding of entrepreneurial development the researcher looked to the existing literature, historical texts and the beliefs and understandings of entrepreneurs from various sectors in the field to:

1. Gather information about their perception of the nature of entrepreneurs
2. Interrogate how such individuals can assist in the development of a transitional economy.
In order to progress with this study a definition of a transitional economy is warranted. For the purpose of this study the following definition will be employed:

*A transitional economy occurs when a political economic system has gone through comprehensive adjustments in order to adopt a new political market.*

Economic policies and practices within both local and global contexts are always changing. Examples of the fluctuations between political and social influences on the populations of the world can be found from ancient to current times. Change always brings with it issues of population expansion and or decline, monetary gain or loss, political rivalry, exponential unemployment which may entail loss of freedom and rights.

Within this wider scheme of world changes it is timely to engage in a discussion and interrogation of entrepreneurial development in the economy of Poland and discover what can be learnt from such an investigation. This study evolved through an ongoing personal interest in the growth and economy of the researcher’s homeland Poland. It is written from the perspective of both a native Polish entrepreneur and from the perspective of one who no longer resides within the country but still retains personal and business ties.

The historical landscape and how that history has led to changes in direction and development provides information that adds to the understanding of the current transitional economic position in Poland. This historical context will be explored in greater detail in the literature review in Chapter 2.

Poland re-emerged as a free nation in 1918 after political partition of 123 years. For the period of partition the only institution that held any sway and
was able to teach the Polish language was the Roman Catholic Church. The fragmentation of what is now Poland into three separate areas under different political constructs inhibited the growth of any cohesive economic development for the Polish people. Each sector was dominated by its own political, social and educational constructs.

The three partitions of Poland, in 1772, 1793, and 1795, completely eliminated one of the largest and oldest countries of Europe and the first European Commonwealth of Two Nations. This partition resulted in 123 years of non-existence for the geographical entity of Poland. The consequences of that dismemberment, unique in history, have affected not only Poland but also the balance of power in Europe until today.

**Russian Partition:**
The Russian partition authorities tried, at all costs, to destroy Polish culture; its values tradition and strength. Their Russification policy resulted in Russian becoming the instructional language in schools, the destruction of all social organizations, the official institutions and massive deportations of intelligentsia, intellectuals and priests to the harsh lands of Siberia. The confiscation of private property resulted in economic despair and a total decline of economic prosperity of this Eastern region of Poland.

**German Partition (Prussia):**
The anti-Polish policies culminated in the Kulturkampf, an anti-Polish tool, which resulted in total Germanization; the economic ousting of Polish gentry from their property, and the removal of control over education. In order to survive the promotion of German interest called Hakata, the Polish people responded by creating their own form of credit unions, cooperative associations, and self help institutions. Showing great solidarity and organizational talents, working hard, and raising socio-economic standards,
Polish people developed characteristics that distinguished them from their countrymen under Russian or Austrian rules.

**Austrian Partition:**

The Austrian partition was a more lenient regime in spite of continuous waves of repression. Consequently, Austrian authorities counted on the Polish nobility as allies in the complex political calculus of its multinational realm. Despite an underdeveloped education system, the least disruption in the educational progress occurred in the German sector. The Polish culture, its intellectual activity, and thought flourished under Austrian rules.

This unprecedented historical event that lasted for 123 years resulted in the Polish economy being an internally non-cohesive organism. Customs borders, fiscal policy and currency all divided the economy operating on Polish land. With the reinstatement of political freedom in 1918, the creation of a single internal market was one of the most fundamental tasks facing the re-born Poland. It was decided then that the best approach to the process of creating a national uniform economic organism would be to group all entrepreneurs into self-governing chambers as institutions that were connected with the state. This meant that economic self-government would be accepted as an object of public administration, of a standing equal to that of central government administration and territorial local government. Poland has had a history of rising and falling autonomy and its ways of coping and succeeding with change needs to be investigated. Somewhere in this resilience the importance of the entrepreneurial spirit emerges as a common factor in all periods of time.

To undertake this study many primary sources that reside in the historical texts of Poland were accessed. Many of these were sourced from the original notes and writings of an influential group of political and philosophical writers housed in archives of Universities and governmental
records. This study arose from an interest in entrepreneurial drive and the researcher’s own business experience as an entrepreneur. It also stemmed from a belief that entrepreneurs can operate in any political settings recognising that their growth may be restricted within a setting where political doctrines control their legal rights. It should be noted that a driving impetus for this study comes from the researcher’s personal observations that entrepreneurs were actively engaged in business undertakings prior to the emergence of the Free Market Economy of Poland and that their exponential growth has been visible from the early stages of Polish transition. This first hand observation has led the researcher to question a commonly held view that entrepreneurs can only operate within a free market setting.

In recent times, the Polish economy has dealt with great changes in its attitude to entrepreneurial development; transitioning from a Communist and centrally controlled economy to that of a free market.

From the readings undertaken it has become evident little has been written about the transitional economy of Poland and further there is little research that has been dedicated to investigating the factors that either inhibit or promote the growth of an entrepreneurial culture or spirit within a community or a country. This research aims to fill such a gap in the literature and is designed to inform the reader of the issues surrounding such entrepreneurial development. In undertaking such a study the aim is to help provide governments, educational institutions and both older and younger people in the future with a clearer vision of what is needed to enhance entrepreneurial growth. It is hoped that the constructed model will provide opportunities for research in the field and will enable informed research into practices that best enhance entrepreneurial growth in the future.
To effect the discussion regarding the practice of entrepreneurship, and the identified characteristics from within the field, this study will focus upon the following Research Question:

*How do the political, economic and social constructs of a society impact upon an individual’s ability to become an entrepreneur?*

This question will be approached through an investigation of the transitional economy of Poland. Poland’s current unique position provides the means to investigate how both a controlled economy and a free market structure can enhance or inhibit entrepreneurial drive.

This question will be further informed by addressing the following propositions informed by the literature review in Chapter 2.

- Social Capital and Cultural Capital serve as cohesive catalysts for Entrepreneurial success
- Education enhances entrepreneurial vision
- Political and economic commitment and awareness enhances entrepreneurial progress
- Past history serves as an educator for economic decisions

It has already been established that the following definition will be employed:

*A transitional economy occurs when a political economic system has gone through comprehensive adjustments in order to adopt a new political market.*

One of the most dramatic events of late 1980s and early 1990s was the beginning of the process of transformation of countries of Central and
Eastern Europe from the doctrines of a planned economy of Communism to a Free Market Economy of modern times democracy.

The economic failure of Communism resulted in a loss of confidence among Polish citizens. They were reluctant to believe in the regime’s capacity to provide economic growth and material prosperity for the society. Most importantly there was no evidence of the existence of political freedom and therefore societal trust towards its governing body also did not exist. The decline geographically of Communism and social discontent provided fertile ground for the birth of the national movement Solidarity in August 1980. This was the first anticommunism movement in modern Europe. Solidarity, clearly opposition focused, acted as an umbrella for all opposition groups including students, intellectuals and even former Communist members. As a result Poland was the first Central and Eastern European country to undergo a radical socio-economic transformation process.

In comparison to other transitional economies that adopted a gradual model of transition, Poland undertook the Schumpeterian directions where the new private sector accelerates exponentially forming a political and economic base for a viable market economy.

The transitional change, with the adoption of shock therapy, brought economic and often social despair. Under the Communist system unemployment did not officially exist however it was a hidden factor of the economy. The introduction of the new political economic system, brought with it large scale unemployment, while at the same time, a huge demand for skilled people especially in management appeared.

As in other transition economies in Central and Eastern Europe, the return of individuals to education increased, and the inequality in labour earnings,
which had been artificially held down during Communism, were allowed to rise. In particular, the wage premiums for workers with college and high school degrees, relative to workers with only a primary school education, almost doubled from 1989 to 1996. The drastically rising inflation brought with it a rise in prices of goods. Normally subsidised institutions under the previous governmental structures faced unknown futures and often went into decline.

It is suggested that Entrepreneurs’ skills and attitudes provide a benefit to societies that go beyond their immediate application to business activity. Their personal qualities that are relevant to entrepreneurship, such as creativity, vision, and spirit of initiative can be useful to all members of the society, in their working activities and in their daily life. It also seems that Entrepreneurs in transitional economies bring genuine welfare gains through their drive and persistence in creating new ways of thinking they can create a natural drive to success, employment, and the supply of consumer goods. In their entrepreneurial activities they can assist in constraining the market power of the state companies and thereby help build the reform momentum.

The cultural forces of a society contribute to the socio-economic development of a nation. Moreover, in line with Landes (1953) who linked the socio-cultural examination of entrepreneurship to the long-term economic performance, culture is a consistent determinant of the supply of entrepreneurship and hence of long-term economic growth. The societal values that are embraced or abandoned by a nation shape its cultural and economic processes. It may be stated that the economic values are not sufficient to ensure growth through progress (Grondona, 2000). Cultural factors that relate to religion, trust in the individual, concept of wealth, and the societal support are the important considerations. It cannot be refuted that entrepreneurship is largely shaped by a cultural process of a nation and the transitional process and its success depends on societal wealth.
Section Two

Purpose of the Study

1.2 Purpose of the Study

The major raison d'être of this study is to inspect, identify and illustrate the meaning of the French word “entrepreneur”: outlining the depth of its philosophical significance. The study will examine the roles of entrepreneurial activities in both the control economy and the transitional economies and will investigate the link between social capital and entrepreneurship within the economy of Poland.

Related to this purpose the study entails the development of a model to illustrate the significance and influence of the (i) Polish historical past; (ii) education; (iii) political capital of the past, (iv) cultural capital, and (v) social capital on the entrepreneurial activities, to reflect the prime reasons for the success and progress of the Polish transitional economy.

Stemming from the possible relationships outlined, this study posits the suggestion that social capital is one of the major determinants of entrepreneurial progress in a given society. It examines whether cognitive and behavioural aspects; important components of social capital, can stimulate the development of trust, networking and relationships. These are the factors that contribute to cognitive coherence which may in turn serve as a necessary catalyst for entrepreneurial development and thus economic growth of the transitional economy.
1.3 Specific Objectives

The study will consider the following specific objectives with a view to establishing the proposed links. In the light of the literature and the perceptions of surveyed participants the study will:

i) Identify and establish the meaning of the French word "entrepreneur" from an historical perspective,

ii) Investigate and describe the depth of the philosophical significance of the world “entrepreneur”,

iii) Examine the roles of entrepreneurial activities in both the control economy and the transitional economies,

iv) Investigate the possible links between social capital and entrepreneurship within the transitional economy of Poland,

v) Examine the extent to which entrepreneurs believe the historical past, education, political and cultural capital, and social capital influence the entrepreneurial activities and progress of the Polish transitional economy.

The above objectives broadly outline the research plan to be followed. To gain a clearer understanding of how the objectives contribute to a greater understanding of entrepreneurship each one will be explored at greater depth. Within each of the following specific objectives further issues for consideration are identified.

1.4 Issues for Consideration within each Specific Objective:

The major purpose of the study and the five specific objectives will be addressed through an examination of five major research problems, and related sub-problems, as outlined below.
1.4.1 **Specific Objective 1:**

From an historical perspective the following issues have been identified as worthy of investigation to explore and help define the meaning of the French word “entrepreneur”:

i) The meaning of the word entrepreneur throughout centuries

ii) The role the entrepreneur plays during Communism and similarly the transitional stage of economy

iii) The relationship between social capital and entrepreneurship during Communism and in the transitional stage of economy

iv) The relationship between factors of history, education, political and cultural capital, social capital, and activities of entrepreneurs

1.4.2 **Specific Objective 2:**

To examine the depth of the philosophical significance of the word entrepreneur throughout history the following issues have been identified as crucial to the discussion:

i) the relationship of the word entrepreneur to its philosophical understanding throughout centuries

ii) the extent to which the translation of the word entrepreneur captures the philosophical significance of the word

1.4.3 **Specific Objective 3:**

In order to examine the roles of entrepreneurial activities during times of the control economy and during the transitional economy of Poland, the following issues for discussion have been identified:
i) the relationship between scale of entrepreneurial operations in both economical systems
ii) the relationship between the choice of operations of entrepreneurs during Communism and similarly the transitional stage of economy
iii) the extent to which the economical systems can predict entrepreneurial performance?

1.4.4 Specific Objective 4:

In order to examine the relationship between social capital and entrepreneurship within the transitional economy of Poland, the following issues have been identified for discussion:

i) the relationship between aspects of social capital and entrepreneurial activities in the transitional economy of Poland
ii) the relationship between main components of social capital and entrepreneurial development in transitional Poland
iii) the relationship between social capital and economic growth in the transitional economy of Poland

1.4.5 Specific Objective 5:

When examining the correlation between historical past, education, political and cultural capital, and social capital with the entrepreneurial activities in transitional Poland, the following issues for consideration were identified:

i) the forces that influence transitional change
ii) the forces that influence entrepreneurial progress during transitional change.
Section Three

The Discussion

1.5 The word Entrepreneur: Its meaning

To identify and establish the meaning of the French word “entrepreneur”, investigation of the historical literature reveals that the word entrepreneur originated in the 12th century Europe. It came from the French word, entreprendre, meaning “to undertake” Hoselitz (1960). Richard Cantillon ([1755] 1959), a French economic theorist first introduced the concept of the entrepreneur into the economic analysis and was credited with being the first world economic theorist to develop scientific economic methodology and to develop a systematic understanding of the economy. He used entrepreneur to mean a self-employed person who accepted the risk, which he believed, was natural in providing for one’s own economic prosperity.

The later French political economists improved upon Cantillon’s analysis of relationship between entrepreneurs and the source of capital for economic innovation. In other words they contributed towards the development of external financial markets. The early English economists used the “undertaker” meaning “mortician” and have omitted to use the French word entrepreneur. However, Alfred Marshal (1890) described various roles entrepreneurs play including that of coordinator, innovator, and arbitrageur. In order to avoid the accusation of treating only the economic man he wrote that “entrepreneurs” are the organizers of improved methods and appliances who are stimulated by a noble emulation more than by any love of wealth for its own sake. He suggested that entrepreneurs should be viewed as “a natural leader of men”.
Austrian and German economists claimed that entrepreneurial activity consists primarily of assessing risks and acting. Von Thünen (1826) extended the distinction between entrepreneurial activity and mere managerial activity and brought them together to describe an entrepreneur.

The early American economists including Frederick Barnard Hawley (1927) recognized the role of the entrepreneur as the owner of production who carries the uncertainty. Hawley believed that the company was not a productive factor or means but instead served only as the motivational force. The man who popularised the current entrepreneurship definition was the Austrian born Joseph Alois Schumpeter (1934) who first recognized the entrepreneur as the moving force in economic progress. Entrepreneurs in Schumpeter’s view do not need their own capital, or even work within the confines of business at all. However, entrepreneurs can own the business and become fully independent operators or they can manage a business. Entrepreneurs break the crust of habits, traditions and routines, and thus become the engine of abrupt, economic change.

Interestingly and more importantly Schumpeter dismissed material and monetary gain as the prime mover of the entrepreneur and concluded that three motives far more powerful are: (a) The dream to establish ones own enterprise; (b) The determination to achieve, the thrill to battle and succeed, not for the financial reward but for success itself; (c) The enjoyment of creating, and progressing, and simply utilizing ones own energy and inventiveness.

The traditional theories on entrepreneurship and economic growth suggest that entrepreneurship will retard growth while the new theories of industry evolution advocate that entrepreneurship will stimulate and generate growth. The definition of entrepreneurship is a diverse one. A largely held view of the term is that an entrepreneur is the visionary person who creates
a change by utilising their drive and initiative to convert their idea into an opportunity by leveraging other people’s resources and thereby creating benefits for the whole society.

Entrepreneurship is evident today inside or outside companies, in profit or not-for-profit companies, and in business or non-business activities in order to propagate creative ideas. Therefore, entrepreneurship today is an integrated concept that permeates businesses in an innovative way and consequently, has revolutionized the way business is conducted at every level and in every country.

1.6 Historical Past

Despite a turbulent history, Poland has always maintained an entrepreneurial spirit and the entrepreneurial activities with economic and social rewards that have inspired generations to act. In Poland, the entrepreneurial class was deeply rooted in the pre-World War II era when the petite bourgeoisie was a relatively large and important social class. With the conclusion of the World War II, the Polish economy underwent centralization and conversion to a true Soviet-style economy. Consequently, Poland became a unique structure where a centrally controlled economy coexisted with private entities. However, Polish entrepreneurs survived under communist rules of enforcement mechanisms and organizations that were opposed to private business activities. With the commencement of the new politico economic order and the implementation of the Balcerowicz’s *Shock Therapy* in 1990 Poland became a Free Market Economy, once again unveiling opportunities for astute entrepreneurs. This economic transformation resulted in a rapid development of entrepreneurship within the Polish society leading to the creation of thousands of small, privately owned firms. These firms created new jobs by employing new people and those who had exited the restructured state-owned enterprises.
1.7 Entrepreneurship

Entrepreneurial undertakings played a critical and significant role in the transformation. Indeed the Polish entrepreneurs displayed self-sufficient, creative and risk taking characteristics. Entrepreneurs’ habits and behaviours can serve as new models for action in a changing economical environment. With the progress of transition, entrepreneurs seem more willing to adopt their businesses and products to fit the existing and changing circumstances. Consequently, they create fast paced competitive action to both large and small organizations and serve as a stimulant for change.

1.8 Education

Since the Academy of Kraków was established back in 1364 education has always been valued by the Polish society and seen as a supporter of progress (Barycz 1958; Wojnowski 1985). The world’s first state Ministry of Education was established back in 1773 setting up a uniform national education system equal for both sexes (Ambroise, 1941; Mrozowska, 1997). During the 123-year partition where the Polish sovereignty was virtually annihilated, pockets of the resistance continued teaching and publishing in Polish. Between 1918 and 1939 the newly independent Poland faced the task of reconstructing the national education programs from three separate systems imposed during the partition. This represented a heroic attempt to create an educated society of conscience and patriotism. The outbreak of World War II did not prevent educational efforts throughout the country and the "Secret Universities" actively giving lectures were organised. With the end of the Second World War and the introduction of a control economy, the Polish education system was reconstructed with an emphasis on opening institutions of secondary and higher education to the masses and thereby increasing literacy. With the politico-economic changes of 1980s and 1990s
new educational laws replaced the 1961 law, thereby further enhancing the educational and moral values of the Polish society and giving support to young ideas and promoting an entrepreneurial spirit (Osborne and Slomczyński, 1997).

1.9 Political and Cultural Past

The political capital of the past combined with cultural capital, has advanced Poland’s knowledge by learning from the past and capitalizing on the opportunities presented by the new Free Market Economy (Eyal, Szelényi and Townsley, 1998; Hanley, Matějů, Vlachová, Krejčí 1998). Economic progress and growth in Poland was achieved due to extensive entrepreneurial activities, suitable government political and economic policies coupled with a well-educated society. The overall emphasis on the cohesive catalyst of social capital is one of the basic factors of growth during the transformation.

Successful entrepreneurs are those who can adjust their entrepreneurial strategies to the need and capabilities of the society. In the context of the Polish economy the initial findings seem to suggest that the nature of the Polish society with its rich social capital, may largely be responsible for the smooth transition into the Free Market Economy. It also indicates the inherent resilience of the Polish culture and the importance of social capital to overcome the difficulties of the initial chaos created by the transitional change. Transformation is a simultaneous process of social, political and economic change.

Entrepreneurship is more than just an economic phenomenon; it is fundamental to the creation and stabilization of democracy. Widespread entrepreneurship is essential in the creation of a middle class and avoidance of extreme polarization between the rich and the poor. The norms and
values manage the connections between people and the institutions in which they are entrenched. Social capital serves as a foundation supporting and providing confidence to the entrepreneurs and their respective approaches in creating new business in the transitional economies.

Societies with stable and effective social capital tend to assist in identifying new and sometimes hidden opportunities, which lead to the growth of an entrepreneurial driven economic development. Poland is one such a society.

Evolving events have shaped the Polish society to develop both a team approach and an individual perspective to achieve individual and national goals. As a result, entrepreneurial activities were never forced but rather they emerged and evolved in a natural manner which helped prevent the potential spread of greed and societal dysfunction. By combining political capital of the past with the cultural and social capital of the present, Poland has advanced its knowledge, capitalized on new realities in order to move towards a fair and just society.

By taking these factors as the foundations for entrepreneurial gain, it is suggested, with specific reference to Poland, that they may enhance transitional economies. To further interrogate these contributing factors a simple diagram was constructed to record visually a representation of the significant contributing factors.
In this first construction there is no attribution of importance or specificity of content. It is a diagram that represents major contributing factors to entrepreneurship and provides a simple beginning to a more complex set of relationships between the four factors. This simple construct will be further developed within the research study.

In the study the research does not focus on one aspect, nor does it provide any suggestion that one element is more important than another. At times one element may prevail over another. It explores the combination of factors that influence economic action. An example as already reported in the historical literature can be found in the period of Polish partition when the Polish language was removed from the educational system and no longer had any official status. In times of historical atrocities including Communism, the Catholic Church, became the foremost intellectual institution to retain a sense of Polish culture through its teachings; thus religion became the prevalent repository of Polish social and cultural capital.
The model was constructed in order to investigate the possible correlation between all listed factors and with the aim to establish the dependent variable. The content of the survey questionnaire was based on the model Fig. 3.2 Conceptual Framework of Relationships Amongst Research Constructs (page 118) and this enabled confirmation of entrepreneurship as the dependent variable. A further model Fig 3.3 Relationships Amongst Research Constructs (page 163) was developed from the questionnaire’s outcomes.

1.10 Summary

In Section One of the research study, “Entrepreneurial Development in the Transitional Economy of Poland” the discussion commenced with an outline of the general overview indicating the directions in which the thesis would proceed. It introduced how the ideas emerged in relation to the researcher’s own history as an entrepreneur and from the researcher’s first hand experience within the Polish Society. A definition of Transitional Economy was given and the historical context set acknowledging The Partition of Poland as a contributing influence in the Polish situation preceding Communism and the later Transition to a Free Market Economy. These factors led to the identification of the research question to be investigated.

In Section Two the purpose of the study and the specific objectives were presented and discussed to foreground the research to be undertaken.

Section Three introduced the reader to the meaning of the word Entrepreneur and a description of the past history of Poland. Particular attention was given to Entrepreneurship, Education and Political and Cultural Past and established the point from which the research was to move forward into the current transitional state of the Polish Political and
Economic position. The initial model (Fig 1.1) is presented and provides a visual construct of the factors that contribute to entrepreneurship: Past knowledge, politics, education, economy and socio-cultural.

In Chapter 2 existing literature will be reviewed with a particular focus on providing a continuum of writings regarding entrepreneurship from its earliest interpretations to present times; the literature that informs this study.
This chapter is organised into five sections. In Section One, a brief review of the historical context of entrepreneurship is presented. In Section Two, the literature concerning entrepreneurship, economy and its traditions is reviewed. In Section Three, a thorough description of historical aspects of entrepreneurship in Poland is revealed. In Section Four entrepreneurship in the pre-market economy is analysed. The literature review in Section Five depicts an overview relating to the cooperatives and education in Poland. The chapter concludes with a summary.
Section One

Historical Context

2.1 Overview of the Historical Context

To commence any discussion regarding entrepreneurship it is essential that the historical development of both the term and practice of entrepreneurship is understood. Throughout centuries the meaning of the word “entrepreneur” has been and continues to be misunderstood and propagated according to market and politico-economic needs. It appears that the confusion lies in its literal translation from French which overlooks the depth of its philosophical significance.

\[ \text{celui qui entreprend} \]
"Those who get things done"
(Blaug, 1986)

Hoselitz (1960) defines the foundation of the word entrepreneur as originating in the 12th century Europe from the French word, entreprendre, meaning “to undertake.” Three hundred years later, the evolved verb and noun form of the term emerged and entered the English language (Formaini, 2001). In 1730, the French physiocrat Richard Cantillion (Hebert and Link, 1982) in his work “Essai sur la Nature du Commerce en Général” first introduced the concept of the entrepreneur into economic analysis. He used entrepreneur to mean a self-employed person who accepted the risk, which he believed, was natural in providing for one’s own economic prosperity. Cantillion ([1755] 1959) described the entrepreneur in the classic sense as a
great business adventurer with vision who bears the risks imposed by the changes in the market demand. Cantillion’s (1964) view was derived from both his career as an economic theorist and from the position of being one of the wealthiest men in Europe. He has been credited with being the first world economic theorist to develop a scientific economic methodology and to develop a systematic understanding of the economy (Formaini, 2001; Long 1983; Rothbard, 1995a; Spengler, 1960; Spiegel, 1952; Thornton, 1998; Vérin, 1982).

Although Cantillon’s (1730) “Essai sur la Nature du Commerce en Général” came first, the leader of this economic model was François Quesnay, a surgeon who turned to medicine as the result of weakening eyesight. Cantillion created the term physiocrat which in his view is fundamentally an economic theory that creates the wealth of nations exclusively from agriculture. Thus in Cantillon’s (1730) analysis the land was the essential source of the creation of wealth. Physiocrats distressed with the deteriorating economic affairs of France, undertook the drive to reform the process of wealth creation to benefit the overall society. Physiocrats originally called themselves les économistes as the first description of “economically” astute (Formaini, 2001; Hoselitz, 1962; Long 1983; Spengler, 1960).

The term physiocracy is a word derived from the Greek phýsis (nature) and krátos (power) for “Government of Nature”. It was perhaps the first well-developed theory of economics, originating from Greek oikonomikos. One may note that the term economy was originally introduced in Greek ancient times as “oikovoxía”, a contraction of the noun “oikos”, meaning house, room, family and household, and the verb “víméin”, meaning to organise, distribute, manage and use, “skilled in household management” (Finley 1973, 1999). Foundation of entrepreneurial activities can be detected in works by the Greek philosophers (i) Hesoid (700 B.C.), which stated that
the household is to be regarded as an ethical obligation (ii) Xenophon (394 B.C.) in his “Cyropaedia” unveiled principals regarding the division of work and use of specialisation, whereas (iii) Aristotle (340 B.C.), addressed rationality of planning and decision-making (Freiling, 2005; Karayiannis, 1992; Schneider, 2001).

The physiocrats, a word derived from physiocratie, (Φύσις, nature, and ἀρχέω, to rule), the natural constitution, the natural order, of human society. (Higgs, [1897] 1989) portrayed “laissez faire, laissez passer- let them do it,” meaning not to be selfish but to respect the common interest for the well being of the society. Further, their vision was to create a reliable legal order for all groups of society to allow maximum freedom to start and operate businesses, consequently creating the coherence and well being of the entire population (Formaini, 2001; Hoselitz, 1962; Long 1983; Spengler, 1960).

A comparable view is presented by François Quesnay in Tableau Économique (1759), which first appeared in the Marquis de Mirabeau's L'ami des hommes (1760). His judgment about entrepreneurs resembled Cantillion’s where he refers to the land-owning entrepreneurs, who guide food production through uncertainty, organize and supervise production, introduce new methods and new products, and explores new markets (Hoselitz, 1962). Most authors believed that the entrepreneur must rely on the government to provide freedom of decision making to undertake the venture (Formaini, 2001; Kuczynski and Meek, 1972; Long 1983; Spengler, 1960).

Other French economists including Abbé Nicolos Baudeau and Anne Robert Jacques Turgot (Baron de l'Aulne) supported Cantillion’s views that the entrepreneur is an intelligent, wealthy and adventurous individual (Hebert and Link, 1982). Baudeau ([1771] 1910), suggested the function of
the entrepreneur was to be an innovator thereby bringing invention and innovation into the discussion. According to philosopher and political economist Jacques Turgot (1977), the entrepreneur should hold larger profits than the landlord in order to subsidise his risks and work.

In the light of very basic and limited financial markets and with institutionally supplied capital being uncommon Cantillon viewed the entrepreneur as simply a risk taker under conditions of uncertainty and who used his own capital to support entrepreneurial activities. He argued that the risk involved was not only financial but also one associated with the opportunity costs of time and expertise (Kanbur, 1980). However, French political economist researchers developed the relationship between entrepreneurs and the source of capital for economic innovation. In other words they contributed towards the development of external financial markets (Formaini, 2001; Hoselitz, 1962; Long 1983; Spengler, 1960).

With the commencement of the Industrial Revolution (1830), Jean-Baptiste Say (1803), a French textile manufacturer and economist made the term popular in his “Traité d’économie politique”. Say expanded the definition of a successful entrepreneur to include the possession of managerial skills as an important element of entrepreneurship. He wrote that the entrepreneur needed a combination of moral qualities, such as judgment, perseverance, and knowledge of the world, as well as the skills of operating a business. Entrepreneurs must be able to predict, forecast, evaluate, and undertake the risk. Bearing the risk meant making decisions under conditions of uncertainty which was the entrepreneurs’ raison d’être. Moreover, he claimed that entrepreneurs had to be leaders who lead and manage other people in order to achieve their goals (Barreto, 1989; Formaini, 2001; Long 1983; Rothbard, 1995, 1995a; Schumpeter, 1951; Scott, 1933; Spiegel, 1952, 1983; Spengler, 1960).
Jean-Baptiste Say (1803) strongly believed that entrepreneurs are rare yet indispensable individuals who in fact make the economy work. Further, he wrote that human contribution to economic growth came in three types: (i) scientists \[\text{who should respect that values are subjected to human will, abilities, and needs as they are within the domain of moral science}\], (ii) workers \[\text{employer and employee are equally necessary to each other}\], and (iii) entrepreneurs \[\text{to coordinate the other elements of production such as labour, capital, and land, to produce products, estimate demand, and market the product}\] (Barreto, 1989; Formaini, 2001; Long 1983; Rothbard, 1995, 1995a; Schumpeter, 1951; Scott, 1933; Spiegel, 1952, 1983; Spengler, 1960).

2.1.1 Early English view on the “entrepreneur”

The first English term mimicking the French word entrepreneur was applied in the 15th century as adventurer to describe merchants operating at some risk, and then in the 17th century to land speculators, farmers, and those who directed some public works. The word adventurer was replaced by the word projector reflecting someone who was a cheat and a rogue (Herbert and Link, 2006).

Adam Smith the Scottish philosopher and tax collector, quite often referred to as “the economist” (1776) wrote “An Inquiry into the Nature and Causes of the Wealth of Nations” which is considered the origin of the entire British classical school of political economy. Smith (1776) had initially translated the word entrepreneur as the “undertaker” meaning one who undertakes a job or completes a project. The concept evolved into that of government contractor, someone who, at his own financial risk, performed a task imposed on him by the government. The term was later extended to include those individuals who held exclusive franchises from the Crown or the Parliament, for example, tax farmers, or persons commissioned to drain the
fens. Over time the government connection was dropped, and the term simply came to designate someone involved in a risky project from which an uncertain profit might be derived (Hoselitz, 1960). It is interesting to note that by the 19th century the word undertaker had acquired the special meaning of an arranger of funerals. Eventually undertaker was replaced by the term capitalist (Blaug, 1997; Elkjaer, 1991; Formaini, 2001; Herbert and Link, 1988, 2006; Rothbard, 1995b; Smith, 1904).

In fact English economists used the “undertaker” meaning “mortician” and omitted to use the French word entrepreneur. Some authors at the time claimed that Smith’s view of the “undertaker represented, in English terminology, the original physiocratic entrepreneurial model. Others argued that Smith misrepresented Cantillon’s work and that neither understood nor used the entrepreneur concept at all. At the same time his supporters maintained that “production was a given”, and therefore, the roles of individual productive factors, which entrepreneurs are, needed no explanation. One may state that the early physiocratic insights and extensions of Say (1803) were ignored during the classical period in England (Blaug, 1997; Elkjaer, 1991; Formaini, 2001; Herbert and Link, 1988; Rothbard, 1995b; Smith, 1904).

It should also be observed that while some authors rejected any separate role for the entrepreneur, this title was replaced by the comprehensive term capitalist the meaning of which was self explanatory. The Latin origin of the word capital is capitalis, from the proto-Indo-European kaput, which means “head”, with this introducing how wealth was measured. Further Adam Smith expresses his own favoured economic system as “the system of natural liberty”, while at the same time making the word capital central to the thinking of the political economy (Elkjaer, 1991; Formaini, 2001; Rothbard, 1995b; Smith, 1904).
2.1.2 Entrepreneur – misinterpretation, rejection

Karl Marx (1859) in “Das Kapital” neglected entrepreneurs altogether as it did not fit well with his overall view of economic reality. To him the flaw of capitalism was political, in that successful entrepreneurs, who are the true economic innovators, and who flourish from the working class, would allow themselves to be appointed by the governing elite. It is interesting to note that according to Marx business with an adequate supply of capital operated substantially by itself. Marx postulated a theory based on workers’ participation. However, his view was limited to the political structure rather than economic understanding. Further, his arrangement was set on the class of people rather than the ability of the people. To Marx, the entrepreneur was the agent of capital; and an exploiter of the workers (Taymans, 1951). This was one of the fundamental aspects of Marxist theory; he overlooked entrepreneurs as an important wealth creation group. Marx did not make a clear distinction between capitalist and entrepreneur, which shows his affiliation with the British classical economists (Taymans, 1951).

The only classical school economist who wrote anything detailed about entrepreneurs was Jeremy Bentham (1787) “Defence of Usury” who disagreed with Smith, believing that the charging of interest on loans was a key part of the innovative process that entrepreneurs continually create. It should also be added that this English economist made little distinction between entrepreneurs and capitalist, combining two concepts together. According to Bentham (1787) an entrepreneur assumes risks, combines productive factors and explores the possibilities of innovation, while the capitalists merely provide the means for investment in machines and processes (Bentham, 1962).
2.1.3 Austrian and German understanding of the entrepreneur

Economists from Austria and Germany guided by the early insights of the physiocrats, made significant advances in the theory of entrepreneurship. Johan Heinrich von Thünen (1826) served as one of the first protagonists who claimed that entrepreneurial activity consists primarily of taking risks. He conveyed that it is impossible to act as a merchant without taking any risk. Adolf Riedel (1838) unveiled the view that entrepreneurs “Unternehmer”, reduce doubt for others by undertaking it for themselves and by developing a platform for price agreements. Based on their judgement entrepreneurs make a profit or a loss. Moreover, Riedel (1838) argued that taking risks can hardly be separated from execution of other entrepreneurial functions. Von Thünen (1850) in his “The Isolated State” extended the distinction between entrepreneurial activity and simple managerial activity by combining them together to describe an entrepreneur as a risk taker and an innovator (Kanbur, 1980). Hans von Mangoldt (1863) Grundriß, also included the element of time into the equation of risk taking and argued that the longer the productive process the more uncertain and riskier would be the entrepreneur’s function (Blaug, 1986; Freiling, 2005, Formaini, 2001; Hennings, 1980; Mangoldt, 1863, 1871; Wieser, 1967).

Hans von Mangoldt (1855) in his work, Die Lehre vom Unternehmergewinn (The Theory of Entrepreneur's Profits), differentiates the position of the capitalist from the position of the entrepreneur. Mangoldt argued that the entrepreneur is not defined as a person with a certain property, nor by his combined use of means of production (Mosselmans, 2000). The entrepreneur is the person who carries the risks of the process of production only. Von Mangoldt’s ideal entrepreneur possessed several capabilities (i) the ability to use the cheapest and most efficient means of production in the most profitable way, (ii) to allocate optimally the different input factors, and
(iii) to anticipate consumer demands in a context of competition and uncertainty (Hennings, 1980; Mosselmans, 2000).

2.1.4. English political economist – deeper meaning of entrepreneur

One eminent economist who played a crucial role in shaping neoclassical economic thought was Alfred Marshal (1890) who was one of only two full-time Professors in Political Economy in England in 1890s. In his well-proclaimed thesis “Principles of Economics” he stated that there are four specific factors of production: (i) land, (ii) labour, (iii) capital, and (iv) firm. However, he never precisely stated the function of the entrepreneur. Instead he described various roles entrepreneurs play including that of coordinator, innovator, and arbitrageur. In order to avoid the accusation of treating only the economic man he wrote about “entrepreneurs” that they are the organizers of improved methods and applications who are stimulated by a noble emulation more than by any love of wealth for its own sake (Marshall, 1927). Further, he has suggested that entrepreneurs should be viewed as “a natural leader of men” (Marshall, 1930). British economist John Stuart Mill the author of Principles of Political Economy (1848), claimed that entrepreneurship requires “no ordinary skill”. He stated that small producers often value so highly the feeling of being their own masters that they consume their small capital in an unsuccessful struggle for independence (Mill, 1909). Further he lamented the fact that there was no good English equivalent word to encompass the specific meaning of the French term entrepreneur (Marshall, 1930, 1990; Schumpeter, 1951).

2.1.5 The early American views

Frederick Barnard Hawley, an American economist (1927) recognized the role of the entrepreneur as the owner of production who carries the
uncertainty. Hawley believed that the company was not a productive factor or means but instead served as the motivational force only (Barreto, 1998). He suggested that the landowner, labourer and capitalist needed the entrepreneur to provide new creation. Consequently, the company becomes the source of all economic activities. Further, Hawley refused to believe that the entrepreneur served as a coordinator in production process only. He suggested that entrepreneurs were converted into the owner as they controlled income from the owners of capital, labour and land (Barreto, 1998; Hawley, 1927; Tribe, 1993, 2002).

For the early entrepreneurs of America the word entrepreneur meant “promoter”, a person who undertakes and organizes an enterprise based on their initiative and risk. The “promoter” was driven by perception of opportunity contrary to the trustee, administrator, who was driven by resources currently controlled. This aspect instigated the definition of the entrepreneur as an innovator. At the same time the trustee can also be opportunity oriented, as long as it came within the limits of the controlled resources (Stevenson and Sahlman, 1987). As it is known the word in English often meant a “Director of a public musical institution” (Gough 1969).

Some of the most respected American scholars in the field of entrepreneurship include Francis Walker (Herbert and Link, 1982) whose view of the entrepreneur preceded that of Marshall and stressed the elements of decision-making and leadership. Frederic Hawley (1892) restated the traditional Cantilion’s doctrine of risk taker adding emphasis on the importance of the individual to economic growth (Barreto, 1998). John Bates Clark (1907) refutes the risk taker’s philosophy by identifying the entrepreneur as a coordinator of economic activity (Herbert and Link, 1982).
The man who popularised the current entrepreneurship definition was the Austrian born near-contemporary Joseph Alois Schumpeter who in his *Theorie der wirtschaftlichen Entwicklung - The Theory of Economic Development*, published in 1912 in German followed in 1934 in English, first recognized the entrepreneur as the moving force in economic progress (Schumpeter, 1911, 1934, 1954, 1961).

It is perhaps interesting to note that Shumpeter (1954) declared that a major part of his own contribution was to enlighten the Anglo-Saxon community about the world of the entrepreneur as depicted in the writings of Jean-Baptise Say. Moreover, Schumpeter carefully distinguished the entrepreneur from the capitalist and strongly criticized the neoclassical economists for confusing the two. Neoclassical theories often revolve around utility (theory of consumption, measure of the happiness or satisfaction gained from a goods or service) and profit maximization (process by which company determines the price and output level that may return profit), (Schumpeter, 1954).

Entrepreneurs, in Schumpeter’s view, do not need their own capital, or even need to work within the confines of business at all. Further, entrepreneurs can either own the business and become fully independent operators or can manage a business. In his understanding, people act as entrepreneurs only at the beginning of business creation and lose the character of entrepreneurs as soon as they have built up their business. After this they settle down to manage it (Schumpeter, 1911, 1934, 1954, 1961). The most unique feature ascribed by Schumpeter to the entrepreneur was his intuitive nature which he suggests that success of progress depends on intuition, the capacity to see opportunities in ways, which others see as restrictions. This capacity proves to be true even if it cannot be established at the time, or whether it delivers facts, and whether any person is capable to explain the principles by which this has been achieved (Schumpeter, 1934).
The entrepreneur, in Schumpeter's view, breaks the crust of habits, traditions and routines, and thus becomes the engine of abrupt, economic change. Interestingly and more importantly Schumpeter dismissed material and monetary gain as the prime mover of the entrepreneur and concluded that the three motives which were far more powerful were: (a) The dream to establish own enterprise; (b) The determination to achieve, the thrill to battle and succeed, not for the financial reward but of success itself; (c) The enjoyment of creating, and progressing, and simply utilizing one’s own energy and inventiveness (Ekelund and Hébert, 1990; Schumpeter, 1911, 1934, 1954, 1961).

The American economist Frank Hyneman Knight (1921) in his well-known thesis “Risk, Uncertainty and Profit” made his famous distinction between risk (chance with obvious prospect) and uncertainty (chance with enigmatic prospect). This was his major definition of entrepreneurship in which he described the role of the entrepreneur in a distinctive theory of profit. Knight discussed what would happen if the uncertainty were introduced to the economy and suggested that the main aspects in business undertakings are to possess a vision and also how to achieve its objectives, followed by the secondary aspect of how to put this into practice. It should be acknowledged that Knight is the founder of the theory of the firm, where profit and the entrepreneur are closely related phenomena. Furthermore, in his view, these two occur as a result of entrepreneurial activities and the advantageous conclusion of these actions (Demsetz 1988a).

Knight adopted some of the best ideas from others. For instance, from the Marxists notably Friedrich Engels and Karl Kautsky, he applied their fictional tone. Moreover, Knight visualized entrepreneurs as agents of the consumers. In his view, the business activities of entrepreneurs do not require a contract with consumers therefore they serve more as negotiators. Further, both Knight and his predecessors including Clark (1899), who
recognized the entrepreneur as the dynamic part of the market economy and Herbert Davenport (1914), who explained entrepreneurs’ views of the competitive price system, created the personality of the “pure entrepreneur”, one who poses superior alertness at the same time owning no resources (Kirzner, 1973). The pure entrepreneur is able to see the opportunity, undertakes the production decisions, and bears all uncertainty. The financing body serves as the savers, who receive uncertainty-free interest, the consumers receive consumption benefits for which they pay money, and the factor-suppliers supply factors for which they receive rents (Clark, 1899; Davenport, 1914; Demsetz 1988a; Gunning 1994, 1997, 1998; Knight, 1921; Mises, 1966).

All these economists suggested that an entrepreneur discovers potential opportunities, adds some monetary value to them, makes all the production decisions, and accepts all uncertainty. Further by propagating this view they categorised others: (i) the financiers as speculators, who earn percentage, (ii) the consumers who receive products for which they pay, and (iii) the suppliers who receive fees. To use a metaphor, the “non-entrepreneurs” are like robots that behave according to algorithms. This image of entrepreneurship clearly isolates the motivation to participate in business by leaving the entire decision-making up to the entrepreneur (Clark, 1899; Davenport, 1914; Demsetz 1988a; Gunning 1994, 1997, 1998; Knight, 1921; Mises, 1966).

2.1.6 Austrian modern theory of entrepreneurship

Ludvig von Mises (1940) as well as Fredrich August von Hayek (1940) contributed with their new theory that the entrepreneur can not be seen as a single elitist person. Von Mises and von Hayek relocated the focus from the individual level to the organizational one (Freiling, 2005). It is interesting to notice that Ludwig von Mises (1966) portrayed the view that the
characteristic of production as well as material wealth provides the incentive to act in an entrepreneurial way, which is the modern theory of entrepreneurship (Clark, 1899; Davenport, 1914; Demsetz 1988a; Gunning 1994, 1997, 1998; Knight, 1921; Mises, 1966).
Section Two

Traditions

2.2 Entrepreneurship and Economy

There are three distinct intellectual traditions propagating entrepreneurship: (i) the Austrian tradition, based on von Mises (1949), Kirzner (1973), and Schumpeter (1911), focussing on disequilibrium and human action (ii) the German tradition with a focus on innovation and change with protagonists von Thünen (1826) and (iii) the Chicago tradition focusing on uncertainty based on Knight (1921) and Schultz (1975). As noted by Hébert and Link (1989) entrepreneurship represents a multidimensional concept of vision, drive, and supply of finances, innovation and decision-making. Entrepreneurship is both stimulating and imperative in times of economic stability and transitional change. It is one of the most fascinating and one of the most indescribable concepts in the subject of economic analysis (Brock and Evans, 1989; Freiling, 2005; Hébert and Link, 1988).

Perhaps as noted by Kirchhoff (1991) the absence of a broader theory of entrepreneurship limits not only economics but at the same time other related disciplines. Due to a lack of consensus on entrepreneurship (Carland, Carland and Stewart, 2000; Wortman, 1987) various scholars have proposed different definitions (Bull and Willard, 1995; Hébert and Link, 1989; OECD, 1998a; Van Pragg, 1999). Similarly, the origins of entrepreneurship provide an extant range of theories and explanations (Brock and Evans, 1989; Carree, 1997; Carree, Van Stel, Thurik and Wennekers, 2002; Gavron, Cowlink, Holtham and Westall, 1998; OECD, 1998).
The impact of entrepreneurship on economic development is quite often portrayed as controversial and its role may substantially differ (Baumol, 1990; Thurik, 1996; Audretsch and Thurik, 2000 and 200; Carree, Van Stel, Thurik and Wennekers, 2001). However, what has been agreed by scholars is that the level of entrepreneurial activity varies systematically both across countries and over time (Rees and Shah, 1986; Blanchflower, 1999; Blanchflower and Meyer, 1994).

2.2.1 Research on entrepreneurship and economic growth

Research on entrepreneurship has been characterized by a lack of consistency and/or a well defined theory (Baumol, 1968; Herbert and Link, 1989; Kirchhoff, 1991; Van Praag, 1996; Wennekers and Thurik, 1999; Verheul, 2001). As observed by Wennekers and Thurik (1999), entrepreneurship is a non-specific, and at best, multidimensional concept. As a result, progress in the development or re-development of a theory of entrepreneurship has been complicated and has often halted or stalled.

The definition of entrepreneurship is a diverse one. A largely held view of the term is that an entrepreneur is the visionary person who creates a change by utilising their drive and initiative to convert their idea into an opportunity, thereby creating benefits for the whole society (Audretsch, 1995; Ericson and Pakes, 1995; Hopenhayn, 1992; Lambson, 1991; Klepper, 1996).

The classic contributors to the economic theory of entrepreneurship such as Cantillon, Say, Schumpeter, Knight, Mises, Kirzner, treat entrepreneurship as ubiquitous, an attribute of the market mechanism that can never be absent. According to modern economic theory an entrepreneur is an individual who takes on particular tasks based exclusively on the perception of market opportunities and how such opportunities may be executed to
create a business. Thus, the entrepreneur is (i) a person who accepts the risk associated with uncertainty; (ii) an innovator, who undertakes to introduce on a commercial basis new products, new productive techniques, or new forms of businesses (iii) a decision maker, who sets the course of the business; (iv) an industrial leader; (v) a manager or superintendent; (vi) an organiser or coordinator, (vii) a proprietor of an enterprise, (viii) an employer of factors of production, (ix) a contractor, (x) an arbitrageur, (xi) a person who directs resources to alternative uses, and (xii) quite often a supplier of initial financial capital (Dilts, Hallam, Birmingham and Craig 1997; Hébert and Link 1982).

One may draw the conclusion that entrepreneurs in all cultures are those who are willing to accept a level of risk for the opportunity and future prospects of independence and internal satisfaction. William Baumol (1990, 1993) compared the impact of direct economic institutions in ancient Rome, Medieval China and the Dark and high Middle Ages in Europe. He concluded that entrepreneurial individuals are gifted with initiative and creativity and have existed in every historical period. (Dilts, Hallam, Birmingham and Craig 1997; Hébert and Link 1982).

There are very few authors who have made an attempt to present an economic theory about entrepreneurship since Schumpeter and Knight. However, since the 1980s the interest in this topic has significantly increased. Casson (1982) propagated a theory close to the established economic hypothesis on entrepreneurship. He formed a synthesis of contributions to entrepreneur theory following on most notably Knight, Schumpeter, and Kirzner. He argues that economic theory is the only social science, which does not have an established theory of the entrepreneur. While, he pointed out that entrepreneurs have an important function in the economy, also he criticises the neoclassical and orthodox economic theory for being static and unable to provide a satisfactory account of the economic
function of the entrepreneur. Further, as he points out this is because “all the functions that need to be performed have already been undertaken by someone else”, (Kirzner, 1973; Baumol, 1968; Casson, 1982; Kirchhoff, 1991; Kirzner, 1973; Ripsas, 1998).

Casson, (1982) states that the entrepreneur needs to possess a number of qualities in relation to decision-making in order to make appropriate decisions. In his view the qualities that entrepreneurs possess are self-knowledge, imagination, analytical abilities, search skills, caution, ability to build, and excellent communication skills. He also suggests that imagination which cannot be learned, represents a mental characteristic, which distinguishes an entrepreneur from non-entrepreneurs. Casson also argues that economic motive is not sufficient to explain entrepreneurship, although it is one of the important factors (Kirzner, 1973; Baumol, 1968; Kirchhoff, 1991; Kirzner, 1973; Ripsas, 1998).

McClelland (1961) attempted to explain psychological factors that produce entrepreneurial personalities. He focused on the individual’s need for achievement. According to McClelland (1961), the supply of entrepreneurship depends on an individual’s psychological needs for achievement rather than on the desire for money. Similarly Hagen (1962) examined the relationship between society, personality, and economic change and argued that psychological changes are the result of the social changes. Furthermore, he constructed a taxonomy of personality types, the authoritarian-creative personality dichotomy. A number of other studies have enriched knowledge about entrepreneurs by listing their characteristics, eg. Internal locus of control, low aversion to risk taking, aggressiveness, ambition, over-optimism, desire for autonomy, marginality, personal values, and strong need for power. Stevenson and Sahlman (1987) define entrepreneurship as “the relentless pursuit of opportunity without regard to resources currently controlled (Aldrich and Zimmer, 1986;
Brockhaus, 1982; Carson, 1995; Delmar, 1996; Gartner, 1989; Stevenson and Sahlman, 1987).

2.2.2 Entrepreneurship and Innovation

Schumpeter stressed innovation and Knight uncertainty as preconditions for entrepreneurship and productivity growth in capitalist societies. The ground rules of Schumpeter’s theory of innovation are found in his economic model of the circular flow (Schumpeter, 1934). Commencing from a circular flow of goods and money of a given size in a static context, Schumpeter argued that without growth or economic progress possibilities do not exist for entrepreneurs to operate. However, if the exogenous circumstances are changing, the circular equilibrium will also change. This disturbance of equilibrium towards a new position has been named as creative destruction. One of the driving forces of change towards a new equilibrium is formed by innovation, which means a breakthrough of existing patterns of production and productivity. Innovation thus is a creative modus operandi of an entrepreneur and induces a process of economic growth (Nijkamp, 2000)

In the role of entrepreneur as seen by Schumpeter innovation and entrepreneurship are seen as interrelated and can only be understood if placed against the background of his theory of innovation. Schumpeter’s entrepreneur becomes the motivating force of economic change. He is responsible for the rise and decline of capitalism. Entrepreneurs carry out innovations by devising new technologies, discovering new products and developing new markets, as well as for the short and long cycles of economic life. Schumpeter (1939) defined innovation by means of the production function. He recognised that the knowledge which supports innovation does not need to be new. However, it may be an existing knowledge that has been utilised before. Schumpeter’s theory, successful innovation, requires an act of will, not of intellect (Hagedoorn, 1996).
The entrepreneur is the only agent of economic change in the circular flow. In a sense the entrepreneur is the personification of innovation. Innovation is important to growth and in turn, entrepreneurship is important to innovation (Hébert, and Link, 2006). One may state that innovation is the tool of the entrepreneur (Drucker, 1986). It is important to note that, according to Schumpeter, entrepreneurs are by definition neither inventors, capitalists nor a social class.

Schumpeter (1942) pictures the entrepreneur who loses function as the agent and changes existing routines. Economic development gradually becomes depersonalized and automatized. Consequently, innovation becomes a routine. The technological process is increasingly becoming the business of trained specialists who turn out what is required and make it work in predictable ways (Schumpeter, 1942). Schumpeter (1942) identified the disappearance of the entrepreneur in Capitalism, and like Weber (1921), stressed that rationalization and bureaucratization had become major trends in modern Capitalist society (Foster, 1984). A final consequence of these features of modern Capitalism is that Capitalism evolved towards a Socialist society as the bourgeoisie looses its social and ideological defender personified in the entrepreneur (Schumpeter, 1942)

2.2.3 Entrepreneur and the economy – a contemporary perspective

Entrepreneurs were perceived as robbers ever since Aristotle introduced the persistent idea of economic activity as a zero-sum game, indicating that one man’s gain is another man’s loss. Jean-Baptiste Say’s (1803) theory of the entrepreneur arises from his explicit rejection of the zero-sum game economy (Praag, 1999).
The new theories of industry evolution propagate that entrepreneurs stimulate and generate growth by introducing and implementing innovative ideas. These ideas include product innovation, process innovation, market innovation, and organizational innovations. The successful implementation, initiated by entrepreneurs, of these new ideas gives rise to the market stimulation and the economic progress of the nation (Praag, 1999). For Schumpeter (1934) the entrepreneur opens up new opportunity by turning their dreams into reality, placing stress on innovation, not on the invention. The entrepreneurial function consists not of inventing but rather of bringing knowledge to life and into the market. Schumpeter believed that with innovation existing structures are destroyed. Competition, and with it a more efficient allocation of resources, arises only through the invasion of these markets by new entrepreneurs who destroy the existing market equilibrium with their innovations (Praag, 1999).

Within academia entrepreneurs are seen as the explorers of opportunities beyond the resources in the current possession of a person. As outlined in the work of Schumpeter (1961) this indicates the interaction between entrepreneurs and the society they are surrounded by (Stevenson, 1983, 1985, 1990).

The contemporary perspective on the entrepreneur focuses primarily on the process rather than on the person, while still recognising the essential role-played by the person. Thus, entrepreneurs are the individuals who create value by bringing together a unique package of resource inputs in order to exploit the opportunities identified in the environment (Morris, 1998).

Entrepreneurs in varying degrees are risk takers, resource managers, innovators, arbitragers, and both creators of new businesses and destroyer of some conventional business models. Entrepreneurs perceive opportunities based on personal judgements and visions that others within the society
either cannot see or are unable to take and manage risks. Entrepreneurs serve as the stimulants who reshape economic growth around the world as well as contributing to the flexibility of the economy particularly in terms of innovation and the necessary adaptation to the rapid changes of demand and supply. Such an approach was clearly visible in the Polish context where entrepreneurs served as the most dynamic element in the progress of transition (Birch, 1987; Brezinski, Horst and Fritsch, 1996; Goffee and Scase 1987; Hull, Galen and Spencer, 1999; Karwowska and Mrozinska 1993).

The economic transformations experienced by industrialised countries and transitional economies of Europe, Asia and South America during the last decades have led to a re-evaluation of the entrepreneur’s role in economic progress. With a number of theories on entrepreneurs and their roles within economies they remain focused on two main issues: (i) opportunity recognition, and (ii) new venture creation (Wennekers and Thurik, 1999; Ucbasaran, Westhead and Wright, 2001).

It is needless to say that world market’s have progressed from the “regulated” economy of the fifties and sixties which was dominated by the managerial firms to the entrepreneurial economy of the eighties and nineties dominated by the small companies. Since the end of the seventies beliefs about entrepreneurs began to move from the concept of greed, exploitation, selfishness, and disloyalty towards new and a more forward-looking approach. Today entrepreneurship is associated with vision, creativity, enhanced economic growth, job creation, profitability, innovativeness, and generosity (Bangs and Pinson, 1999; Baumol, 1968; Berkowitz and DeJong, 2001; Vesper and Gartner, 1997)

As always in the past, entrepreneurship today, requires passion, effort and energy in order to create and implement new ideas and creative solutions.
The necessary components of entrepreneurship comprise of: (i) the readiness to accept risk in terms of time, equity or career, (ii) the ability to create a successful team, (iii) the creative skill to marshal needed resources, (iv) the skill of building a solid business plan, (v) the vision to recognize opportunity where others see chaos, contradiction and confusion (Kuratko and Hodgetts, 2004).

Entrepreneurship is evident today inside or outside companies, in profit or not-for-profit companies, and in business or non-business activities in order to propagate creative ideas. Therefore, one may argue that today entrepreneurship is an integrated concept permeating businesses in an innovative way. Consequently, revolutionizing the way business is conducted at every level and in every country (Kuratko and Hodgetts, 2004).

Entrepreneurs create the future by acting today (Sarasvathy 2001). An entrepreneur will accumulate wealth and power only to the extent that their own aspiration is aligned with those of their stakeholders and to the extent their imagination is fertile enough to sculpt a vision of the contemporary world. Thus, the power generated by an entrepreneur can influence the future world in alignment with their own image.

Entrepreneurs operate in local markets and connect local economies to the larger global economy (Henderson, 2002). Consequently, as supported by Reynolds, Hay and Camp, (1999), close to one-third of national economic growth rates are credited today to entrepreneurial activities (Henderson, 2002; Reynolds, Hay and Camp, 1999)

European politicians who recently reached agreement on entrepreneurship and its value stated that the new entrepreneurial economy is superior to the old management economy (Audretsch and Thurik, 2001). As a result,
documents published by the European Union (2001) and OECD (2001) have emphasized the importance of entrepreneurship for the developmental prospects of their member countries.

The 20th century has been described as the “century of the entrepreneur” (Audretsch and Thurik, 1999; CEC, 2001; OECD, 2001). Entrepreneurs and their actions can no longer be viewed as “different” or “insignificant” but instead they need to be accepted as a prominent part of world economy. Perhaps, entrepreneurs should be recognised as the single most powerful force creating social end economic progress.
Section Three

Historical Aspects of Entrepreneurship

2.3 Entrepreneurship in Polish Context

Poland has had a turbulent history where at one stage not only had it lost its sovereignty, but also it had experienced a stagnated economy. Despite its turbulent periods Poland has always maintained the entrepreneurial spirit and a multicultural society. Furthermore, the entrepreneurial activities associated with economic and social rewards have inspired generations to be more open to business undertakings. In Poland, the entrepreneurial class is deeply rooted in the pre-World War II era when the petite bourgeoisie was a relatively large and important social class (Kowalska-Glikman, 1984-1992). According to Szczepański (1965) and Żarnowski (1969), the petite bourgeoisie numbered around 3.5 million people or 12 percent of the population. More than half of this class lived in the countryside as owners of shops, small trade enterprises, and handicraft workshops. Roughly one-fifth of the petite bourgeoisie had comfortable incomes and consumption levels while the remainder had a standard of living consistent with that of the proletariat (Misztal, 1981; Osborn, and Słomczyński, 2005).

A large part of Poland’s numerous Jewish population belonged to this class mainly as merchants with fairly small-sized businesses. Their businesses were essential to the entire Polish society, for economic and cultural reasons creating a culture of business carried on until today. For the higher layers of workers, especially for the workers’ aristocracy, and for rich peasants the petite bourgeoisie was a stratum giving a direction to the cultural
aspirations, creating patterns of lifestyle and political attitudes (Osborn, and Slomczyński, 2005; Szczepański, 1965).

Examining the social composition of the population of small towns in Poland in 1900, Żarnowski, (1969) observed that the lower middle class accounted for 43 percent of the total population. This group included clerks, teachers, pharmacists, and other professional workers. In addition, it included entrepreneurs involved in small manufacturing, shopkeepers, craftsmen, and farmers, all of whom owned the means of production. According to Misztal (1981), entrepreneurs constituted no more than half of the lower middle class. They were predominately owners of small production firms and retail shops who worked for themselves, hiring others only when there was a need to supplement their own labour. At the beginning of the twentieth century, it was a very heterogeneous group in terms of occupational structure, wealth, and social values (Osborn, and Slomczyński, 2005).

In the 1920s, in response to a period of relative economic prosperity and entrepreneurial activity the number of new enterprises increased. Misztal (1981) highlights that in 1929, the number of new businesses rose by 12.9 percent more than the previous year, and in 1930 it gained another 21.1 percent over the 1929 figure.

One may note that Poland introduced a system of injury insurance for workers in 1889, which was just five years after this historical legislation was introduced in Germany, and eight years before such a system was instituted in Britain. This would suggest that as a society Polish instrumentalities had a foresight to introduce innovative policies long before it became a norm in the majority of European countries (Bent, 1998; Tanas, 2003).
2.3.1 Short lived independence and entrepreneurial drive

The remarkable economic progress of Poland after it regained its independence in 1918 from the occupation which had lasted over 120 years, was to a large extent assigned to the business undertakings by well-educated and economically astute young entrepreneurs. They turned its historical disadvantages of being geographically divided and ruled by Russia, Germany, and Austro-Hungarian empires into the fastest growing economy of Europe. One may note that these three regions of occupation had significant differences in development. Western and north-western parts of Poland, formerly under German rule, were better developed in terms of technical infrastructure and entrepreneurship. Those differences had long term consequences for socio-economic progress not only at that time but also long into Poland’s future (Gorzelak, Jałowiecki, Woodward, Dziemianowicz, Herbst, Roszkowski, Zarycki, 1999).

The outbreak of World War II in 1939 marked the end of a free-market based economy in Poland. It brought destruction, misery and despair, thus bringing to a halt business activities of the Polish entrepreneurs (Kołodko, 1999; Korzeniowski, Radziwił and Walewski 2004; Sikor 2002; Zawojska 2004).

After being handed to Stalin by Britain and the USA under the terms of the 1945 Treaty of Yalta, the Polish economy underwent centralization and conversion to a true Soviet-style economy. The government implemented national collectivisation of land but managed to control only 14.4 percent while the remaining 85.6 percent was privately owned. Since the 1960s, small scale entrepreneurship was politically tolerated and legally allowed. Moreover, as a small concession to farmers, the socialist government permitted them to sell their flowers and vegetable produce in market squares and on street corners. As a result a number of individuals with
entrepreneurial capacity gained the opportunity to explore business possibilities (Kołodko, 1999; Korzeniowski, Radziwił and Walewski 2004; Sikor 2002; Zawojska 2004).

At the same time during the socialist period, private Polish firms were often barred from obtaining state supplies and the vast majority of entrepreneurs were able to maintain their businesses only by acquiring supplies through their social networks (Dzierżanowski, 1999).

2.3.2 Political paradox

Consequently Poland became a unique structure where a centrally controlled economy coexisted with private entities. Furthermore, by the 1970s the government was unable to sustain growth and provided a green light to small business operators to operate in limited production and services sectors. As a result the combined employment in both the private and agricultural sectors accounted for 32 percent. Government sector at that time employed only 67.9 percent. Local trade spread rapidly due to a large number of co-operatives operating in the country. At the same time, the government encouraged acquiring high-tech products and know-how from the West as an integral part of an import-led growth strategy (Kołodko, 1999; Korzeniowski, Radziwił and Walewski 2004; Sikor 2002; Zawojska 2004).

Accordingly, in a centrally planned economy there was a natural spread of entrepreneurial activities in both the formal and informal sectors. In the mid 1980s 57 percent of all shops and 79 percent of all restaurants in the country were fully controlled by the co-operatives. Further, the majority of the private sector, excluding agriculture, was organised as small businesses with an average employment of two or more people. Throughout the 1980s some state and individual Polish entrepreneurial companies obtained licences
from the Ministry of Foreign Economic Relations to become directly involved in foreign trade. This was possible under new economic reforms legislated by the government. Poland was the only country among centrally control economies that allowed subsidiaries of non-Polish companies to do business in Poland. In the mid 1980s there were 252 such foreign-owned enterprises operating in Poland, and by 1988 this number had tripled to 756 (Kołodko, 1999; Korzeniowski, Radziwił and Walewski 2004; Sikor 2002; Zawojska 2004).

The main breakthrough for Polish entrepreneurs was made a year before the collapse of the centrally controlled government in December 1988 by adaptation of the Law on Economic Activity, which introduced the general rule of economic freedom. This legislation gave private enterprises the same rights as the state enterprises opening greater freedom for entrepreneurial activities. Furthermore, this was perceived as an acknowledgement that the centrally planned economy no longer worked. Most importantly it was an admission that the nationalised economy had encountered formidable difficulties that could be remedied only by a capitalist free market solution (Osborn, and Słomczyński, 1997). In August 1989 the government freed most consumer prices and eliminated the rationing system (Kołodko, 1999; Korzeniowski, Radziwił and Walewski 2004; Sikor 2002; Zawojska 2004).

2.3.3 Balcerowicz Plan – the commencement of Free Market Economy

It has been argued that immediately prior to the implementation of the Balcerowicz’s *Shock Therapy* plan in 1990, by the Deputy Prime Minister and Minister of Finance Dr Leszek Balcerowicz, Poland was lacking some of the free-market economy drivers. As a result the economic, institutional, and financial conditions were unfavourable. However, at the commencement of 1988 the new Polish government implemented significant economic changes namely, (i) equal economical, financial and
taxation rights for all private and government bodies; (ii) ease of company registration and private operation; (iii) equal market competition rights for all; (iv) government encouragement for creation of small and medium size companies (SMEs); (v) support of the financial market by the introduction of public shares; (vi) restructure of existing government companies by establishing propriety limited companies, public companies and private companies; (vii) restructuring government companies by participation of employees. These changes imply that the government had already taken action to further business development in the private sector. Balcerowicz’s shock therapy perhaps accelerated it (Blanchard, 1994; Brabant, 1994; Gola, 1999; Korzeniowski, Radziwiłł and Walewski 2004; Myant, 1993).

Furthermore, one of the most important economic changes was registered on 1st August 1989 when the government lifted control of food prices. Moreover, between 1982-1989 the growth in employment in the private sector increased by 60 percent, from 667,000 to 1,780,000. Significant changes to the banking system with the creation of a two tier banking sector with modern central banking commenced in 1989. Additionally, the nine commercial banks were established in 1989 (Blanchard, 1994; Brabant, 1994; Gola, 1999; Korzeniowski, Radziwiłł and Walewski 2004; Myant, 1993).

Initially private businesses were also provided with the opportunity and encouragement to enter the banking sector. The lack of finance was the largest hurdle in facilitating the expansion of the private banking sector. Thus, initially entrepreneurs commenced one line of banking activities thereby creating resources for future business developments. For example some businesses entered the foreign exchange conversion sector which at that point in time was at a rapid growth pace as it offered 4-5 times higher exchange for foreign currencies compared with the official government rate. Such operation generated large resources for businesses participating in this
sector. Consequently this led to the expansion of the banking sector beyond those 9 banks initially established. This rapid growth of the banking sector led to instant competition with a greater availability of funds for businesses (Blanchard, 1994; Brabant, 1994; Gola, 1999; Korzeniowski, Radziwiłł and Walewski 2004; Myant, 1993).

On September 12, 1989 Tadeusz Mazowiecki formed the first Polish non-communist government since the end of World War II. The year 1989 was plagued by budget deficits, high growth of domestic credit, and in the end hyperinflation. The issue facing Poland moved beyond not only whether to pursue a market economy, but how to get there. The choice amounted to a “shock therapy” reform strategy or gradualism like one adopted in Hungary, but for Poland the choice was clear. The author Jozef van Brabant advocated that the “duration of the transition depends upon the initial conditions and speed at which policy makers can successfully embark on implementing the agenda” (Brabant, 1994). The initial conditions in Poland were less favourable than in Hungary or the Czech Republic but politicians realised that if they adopted a more gradual approach like Hungary the transition would merely take longer. (Blanchard, 1994; Myant, 1993).

The Deputy Prime Minister and Minister of Finance Dr Leszek Balcerowicz introduced a programme of rapid transition in 1990. This was commonly known as a Shock Therapy Model, or as described by Jeffrey Sachs (1993) a Jump start to a Market Economy. The fundamental aim of this programme was to stabilise the hyperinflation, free price movement, liberalise trade, and restructure the foundations of the economy toward a market system. The purpose was to facilitate the growth of the private sector through entrepreneurial activities by utilising existing operators and attracting new entrepreneurs along with the support of extensive legal and institutional changes. The barriers to entry were low for new firms so that labour could be redistributed from state-owned to new private enterprises. At the end of
1990 Poland was still in arrears amounting to USD $30 billion however, in 1991 a deal was struck with the Paris Club and the London Club resulting in 50 percent debt reduction, thus providing a clearer road for the large-scale Foreign Direct Investment inflows (FDI) (Marangos, 2002; Myant, 1993; Sachs, 1993).

A substantial amount of money mainly in cash was hidden in the hands of the Polish population. In order to bring these financial resources into official circulation the government loosened up its banking restrictions. This resulted in the exchange of hard currency to the polish zloty by the majority of the population providing resources for self-support and thus lowering government expenditure. Moreover, successful entrepreneurs deposited large sums of money in the banks that were offering high interest rates which resulted in rapid growth in investment returns within a short period. At the same time progress on privatisation was relatively slow-paced and not in line with the directions provided by the IMF. Further, privatisation faced the greatest intellectual and political difficulty of the entire transition program. In Poland de novo manufacturing firms seemed to grow faster and invested at a higher rate thereby generating faster employment growth than other privatised firms (Aslund, 1992; Belka et al., 1995; Johnson, Marangos, 2002; McMillan and Woodruff, 2000; Sachs, 1991a).

One of the most impressive results of Poland’s “shock therapy” was the growth of the private sector through the creation of new firms and clear encouragement provided by the government for the entrepreneurial activities to flourish. In December 1991, there were 45,011 private companies in Poland, which together with the unincorporated entrepreneurs employed 3 million people outside the agricultural sector, or 25 percent of the Polish labour force, producing 40 percent of the Polish GDP (Osborn, and Slomczyński, 1997). The Polish Statistical Office records indicate that between 1990 and 1994 in Poland, new private firms created 830,000 jobs,
in contrast to new foreign owned and at the time privatised firms that added merely around 80,000 and 10,000 jobs respectively (Jackson, et. al., 1997a and 1997b).

It is important to note that the process of reformation started prior to Balcerowicz “Shock Therapy”. One may concentrate on the fact that the socio-economic conditions, while not extensive, underwent changes under its socialist government in the 1980s. Such reforms although not significant have served as the foundation for the future with more radical reforms. The control-economy initiated “contract sociale” which began the process of a peaceful transformation into a market economy. In this respect Poland pioneered and created a model of economic transformation for the other market-control economies (Aggestam, and Falck, 2000).

Due to the fact that the transition of the socio-economic environment was subjected to both exogenous and endogenous pressures and had its roots in deep economic crises, the reform process was implemented in two stages. The overall macroeconomic situation during the reform process remained fragile and forced a market-oriented ideological re-thinking. The reforms embraced the decentralisation of economic decision making, greater autonomy of state owned enterprises, and enlargement of the non-agricultural private sector as the agriculture sector remained in private hands already (Rapacki and Linz, 1992; Rostowski, 1993).

2.3.4 Entrepreneurial activities

The role of entrepreneurial activities in the socialist economy, although relatively quite small, was never completely abolished. In fact, Poland was the only country out of the centrally planned economies that never imposed the full collectivisation of agriculture and instead tolerated the existence of private property in rural sectors. While the government at some stage
loosened and at another time tightened its restrictions on the private sector, according to the political climate, the existence of the private sector was always legally guaranteed (Rapacki and Linz, 1992; Rostowski, 1993).

Private entrepreneurs were allowed to operate with a condition that their goods and services were sold to the state sector. In order to attract foreign capital to Poland from Polish people residing in America, the first entrepreneurial companies (*Polskie Placówki Społeczne*) with 100 percent foreign capital were allowed to commence their operations within the country between 1979-1980. The beginning of the 1980s brought further liberalisation of the “Crafts Code”, and subsequently in 1983, the pre-War Commercial Code of 1934 was reintroduced. This code, while amended to maintain many privileges of the state economy also provided a legal framework for corporate private business (Rapacki and Linz, 1992; Rostowski, 1993).

Between 1981-1988 numbers of small private firms operating in Poland doubled, and by 1989 represented over 22 percent of total GNP (OECD, 1994). By the late 1980s, privately generated incomes accounted for 45 percent of all incomes in Poland.

While agriculture played an important role in the Polish private sector prior to transition there was an estimated 960,000 registered sole proprietors and 650,000 self-employed workers in the non-agriculture sectors before 1989. It is needless to say that by the time full transition began the Polish private sector had a strong head start (Angresano, 1996; Rostowski, 1996; Tanas, 2003).

It should be stated that the significant number of entrepreneurial businesses, which survived under the control economy perished soon after the Free Market Economy was introduced mainly as most of these businesses were
based on shortages in supply rather than based on unique or specific business models. A number of such businesses that performed well in the previous politico-economical system were generally efficient at the same time however, their management did not use effective business models to initiate growth of the business. Thus, with the introduction of free market-economy and price liberalization such businesses were unable to sustain profitability. At this time the difficulty was to sell an output, not to acquire an input. Hence, many older entrepreneurs who were not up to this challenge withdrew from further competition (Kołodko, 1999).

Kołodko, (1998) tells us that the history of the economic reforms both with their successful results and failures in Poland show that at least four conditions must be simultaneously satisfied for any reform to be successful. First the society must be willing to carry out the reform and to bear the inherent costs. Secondly, firm commitment and determination of the political authorities is necessary. Thirdly, knowledge is required to provide a theoretical foundation for the new system that is to be put in place. Finally, reforms need resources in order to facilitate the necessary changes when the old is no longer there and the new is not yet in place.

2.3.5 History, society, economy and entrepreneurs

An economic system is a product of history and society. While the beginning of the transition commenced in the 1990s some of the undertakings commenced in the late 1980s when Poland began to experiment with significant reforms that notably contributed to change. This in turn served as a foundation for the successful “Shock Therapy” implemented as the Balcerowicz Plan. The Polish reforms in both the political and economic system began somewhat simultaneously. Furthermore, the creation of some important institutions for a market economy takes longer periods of time than the privatisation. As a result, a
new sequence of change has emerged in Poland in which broad democracy came first and a free-market economy developed later. This path is the reverse of the classic sequence of “capitalism first and broad democracy later” (Kozminski, 1998; Lipton and Sachs, 1990, Murrel, 1992; Myant, 1993).

Published research on entrepreneurs has ranged from psychological to demographic studies and includes aspects of start-up obstacles. Overall, the research has focused on economic backgrounds, motivations, and techniques. The literature on entrepreneurial competencies argues that people with certain behavioural characteristics are able to perceive the opportunities available in the environment and seize such opportunities to eventually convert them into a profitable venture. Furthermore, psychological character of a nation has been shown to have some relationship to the predisposition to initiate a business. It may be suggested that many people in various cultures possess sufficient entrepreneurial characteristics to undertake the process of business creation. In the contexts of Poland, a successful transitional period indicates that the Polish entrepreneurs possess these unique predispositions. This may be further supported by the fact that the actual rate of business formation involves several factors, including the historical path, strength of the existing culture and business climate (Blanchflower and Oswald, 1999; Gartner, 1989; Piasecki and Rogut, 1993; Wyznikiewicz, Pinto, and Grabowski, 1993).

The theory of entrepreneurship argues that entrepreneurship occurs when lucrative opportunities exist and creative individuals are in a position to take advantage of those circumstances. Further, as viewed by Cantillion the entrepreneur is undertaking a risk under conditions of vagueness (Hoselitz, 1962; Kao, 1991; Long 1983; Spengler, 1960).
The spontaneous and forward looking approach of the Polish society in the nineties has remained under the influence of the new market reality in comparison to the previous social and political system. With changing circumstances in the politico-economic environment both the existing and the new entrepreneurs adjusted quickly without the need to be taught. Thus suggesting that the entrepreneurship as such was a long-standing phenomenon within Polish society.

The post-socialist systemic transformation is a historic process of gradual transition from a centrally-planned socialist economy based on the domination of state ownership and bureaucratic regulation, to a capitalist Free Market Economy based on the domination of private ownership of the means of production and on liberal deregulation. This exceedingly complex process depends on economic, social and political factors. One may raise the question how strongly did politics and history influence and possibly harden Polish entrepreneurs? And if this in turn is true how then was entrepreneurship perceived prior to these changes? Transformation is a simultaneous process of social, political and economic changes, and entrepreneurship is more than just economic undertakings. It may be argued that entrepreneurship serves as a foundation in the creation and stabilisation of democracy (Kołodko, 2000).

The economic transformation of the 1990’s resulted in a rapid development of entrepreneurship within the Polish society leading to the creation of thousands of small, private-owned firms. These firms created new jobs by employing new people and those which exited the restructured state-owned enterprises. (Bywalec, 1995; Czyzewski, 2002)

The entrepreneurial undertakings played a critical and significant role in the transformation. It is needless to say that the Polish entrepreneurs were significantly more self-sufficient, creative and risk taking than others.
Furthermore, entrepreneurs delivered new habits and behaviour consequently serving as new models for action in a changing economical environment. Moreover, with the progress of transition entrepreneurs are more willing to adapt their businesses and products to fit the existing and changing circumstances. Consequently, they create fast pace competitions to both large and small organizations serving as a stimulant for change (Gatian and Gilbert 1996; Karwowska and Mrozinska, 1993). 

Politico-economic changes may lead to unique circumstances where entrepreneurial undertaking may be initiated. This seems to be true in both historical and contemporary society. In essence it may be stated that the entrepreneurial eagerness has long been associated with Polish society, only to be unveiled during the significant events this country has faced.
Section Four

Entrepreneurship in Pre-market Economy

2.4 Entrepreneurship – Stimulant of Economic Growth

J. Schumpeter in *Theorie der wirtschaftlichen Entwicklung* (1912) was the first to assert that entrepreneurship is an important factor that spurs economic growth (Blaug, 1994). Furthermore, entrepreneurship serves as a catalyst in the development of transitional economies, as without the participation of risk takers, economic growth would be significantly limited (Kao, 1991; Shane and Venkatraman 1999, 1997).

Venkatraman (1997) argues that entrepreneurship occurs when lucrative opportunities exist within the economy and enterprising individuals are poised to take advantage of those opportunities. When entrepreneurs create new businesses they create new jobs, products, and often, a creative work environment (Kao, 1991).

Further, entrepreneurs serve as catalysts for economic advancements as they promote new ideas and new market structure (Minniti, 1999). It appears that the fundamental aspect of any economy is how to promote entrepreneurial activity. As argued by Schumpeter (1934, 1942), the key to the success of market lies in the spirit of entrepreneurs who persist with their idea and vision. It may therefore be stated that entrepreneurial operation and ultimate success plays a fundamental role (Kirzner, 1997) in the creation of healthy and well functioning change to market economy (Kirzner, 1997; Minniti, 1999; Schumpeter, 1934, 1942).
Prior to the 1980s the centrally planned Polish economy, was dominated by large government organizations producing limited consumer goods. The incentives for entrepreneurial activities were lacking due to legal restrictions and limited business flexibility. For example, a limit to the number of workers that can be employed, a limited access to financial credit and in some cases certain sectors of operation were banned for political or other reasons. Further, most entrepreneurs operating their businesses were dependent upon the state sector for resources and in many cases served as cooperating subdivisions of the larger state-run companies. Despite these government restrictions a large number of entrepreneurs of that era survived (Kołodko, 1998; Paradiso, 1990).

2.4.1 Social cohesion – foundation for entrepreneurial success

Throughout history the Polish people have undertaken an immense challenge which has created social cohesion and resilience. Since the 1980s Polish society was greatly stimulated by encouraging an entrepreneurially minded population to seek new opportunities outside the state sector thus leading to the expansion of entrepreneurial potential and the start of both human and financial capital accumulation in the private sector. Moreover, the reform driven attempts carried out in the eighties, were made to implement elements of the market economy into the socialist system, and not necessarily replacing the latter with the market economy (Kołodko, 1998; Paradiso, 1990)

By the 1990s entrepreneurs and their businesses managed to rapidly fill the niches that were ignored under socialism in a majority of existing industries and with galloping reforms, greater flexible prices and wages, Polish entrepreneurs responded by starting-up new businesses at a rapid rate. In 1995, small and medium size entrepreneurial companies accounted for 99 percent of all registered private sector organizations. They produced one-
third of the Gross Domestic Product (GDP) in excess of US\$180 billion, and employed 60 percent of the workforce (CASE, 1999). It is also to be mentioned, that employment in the public sector has drastically diminished by 4.2 million people between 1990-1997 (CASE, 1999). Consequently contributing to the growth of privately undertaken business initiatives.

The entrepreneurial activities not only created jobs for the unemployed but also provided incentives to expand the private sector which is in-line with Venkatramans (1997) arguments. In addition, and more importantly entrepreneurs brought the new management skills and private funds that were necessary for the working capital and new investments. (CASE, 1999; Europa World Yearbook, 1994; Kakiet-Springer and Ludwig, 1998; Venkatraman, 1997).

The fact that even under socialism the majority of the existing small businesses were in the hands of private entrepreneurs, when the politico-economical change of 1990s commenced Polish entrepreneurs managed to attract new capital and invested in lucrative undertakings. The rapid growth of entrepreneurial companies contributed to accomplish the recovery and growth of Poland in a relative short time frame (Kołodko, 1999).

It is apparent that the development of entrepreneurship had a permanent feature in Poland and other Central European transitional economies. In effect this has led to a successful movement from one stage of market development to another. Further, market transition was fully guided through government intervention in the form of privatisation. This is unique to Poland where government intervention added value and a free fall into market economy was avoided, as was by contrast of Russia resulting in severe adjustment problems. In the Polish case the government in Poland fostered entrepreneurship by building market supporting infrastructure, at the same time encouraging robust patterns of entrepreneurial developments
which led to high rates of economic growth, while the economic stagnation that Russia has endured during transition resulted in relatively sluggish entrepreneurial development (Fry and Shleifer, 1997; McMillan, and Woodruff, 2001).

It can be shown that the entrepreneurial development in Russia has been held back by a combination of factors such as permanent resistance to change in the prevailing bureaucratic-administrative business culture, underdeveloped legal and financial infrastructure, considerable administrative discretion and corruption in various government offices, restrictive taxation, high interest rates, skyrocking inflation, and lack of management expertise and skills (Connor, 1991; Kaser, 1995; Kornai, 1995).

In comparison, this may further suggest that the specific environmental factors such as family and support systems, financing sources, employees, customers, suppliers, strength of local communities, viable and uncorrupted government agencies, strong culture, political and economic environment significantly affect entrepreneurial progress (Bloodgood, Sapienza, and Carsrud (1995). Aldrich and Wiedenmayer (1993) suggest that the socio-political environment may be so powerful that it creates or destroys entrepreneurship in a country as seen by the comparison of Russian failure and Poland’s progress.

Undoubtedly, entrepreneurs fill niches that help to improve societal existence and as a result overall progress. This is particularly relevant in the context of transitional economies and especially Poland where entrepreneurs successfully facilitated this contribution (McMillan and Woodruff, 2002).
2.4.2 Societal Influences on Entrepreneurship in Poland

Poland was partitioned in 1772, then in 1793, and again in 1795. The territory of Poland was parcelled out to the primary powers bordering its territory, namely, Prussia (Germany), Austria, and Russia resulting in three systems of civil, fiscal and commercial legislation and three different currencies, customs units and credit systems which Polish society was facing (Aldcroft, 2001).

Between 1795 to 1918, Poland no longer existed as a country. This significant historical event enables us to understand the dynamics of social capital where Polish people were forced to become ethnic communities during 1795-1918 (ATPC, 2006). Ethnic communities in general, tend to bond strongly as there is an acute need to preserve their language, culture, and their identity with social capital naturally emerging within such communities. Over the last three generations this virtue may have been strongly propagated amongst Polish people.

It is not difficult to argue that contemporary Polish society still adheres strongly to these values as an integral part of the social make-up which has influenced the economic development in the new market environment. Attributes of social capital are not often collected as national statistics and this create a quantitative dilemma which leads to a lack of scientific generalization.

Prosperity and advancements of an organization can only be achieved with vision, commitment and dedication of the people. The societal values may therefore, influence some of these essential criteria of entrepreneurship. At the same time it is recognized that a strong societal system has the potential to increase the rate of success of nations, businesses, and entrepreneurs (Aldrich, Zimmer, 1986; Aldrich, 1999; Thornton, 1999).
The concept of social capital originates from Bourdieu (1972) and Loury (1977) who argued that while each individual embarks on a journey of life, based on his /her competence, it is seldom that the journey is travelled alone. The social context within which the individual acquires maturity comes from human interaction and socialization between people. Bourdieu (1986; 1992) further developed the concept of social capital by arguing that it is the sum of the resources, actual or virtual, that is accrued through durable networks of institutionalised relationships of mutual acquaintance and recognition. Other researchers also support a similar view (Bourdieu, 1985; Burt, 1992; Coleman 1988; Moran and Ghoshal, 1996).

Social capital shapes the quality and quantity of interaction facilitating both individual and national progress. One may state that social capital is productive as it facilitates economic outcomes and goals that otherwise would not be possible. In terms of social capital dimensions, entrepreneurial undertakings in Poland have always been part of societal beliefs. Moreover, the social capital was considered as a prime attribute of the community. Therefore, positive entrepreneurial activities are not limited to a particular politico-economic system, but are greatly influenced by the history, social values and harmony and the overall preparedness of the society to accept challenges associated with change. Social capital is thus a bi product of historical orientations (Chhibber, 2000, Coleman, 1988).

2.4.3 Societal capital – network, cognition, economic reward, and entrepreneurship

A stream of research emphasises the importance of networks, and the social capital inherent in them, for the creation of new ventures (Aldrich and Zimmer, 1986). Coleman (1988, 1994) a sociologist argued that economic goals are achieved by the collective action and expectations of members of society even if individual goals are not necessarily focused towards
economic rewards. Similarly, other authors have argued that social capital is the process and conditions that energises people and organisations to achieve mutual social benefit (Pennings et al., 1998; Lee and van Witteloostuijn, 1998; Miles et al., 1998; Paldram, 2000; Putnam, 1995; 2000).

While it is explicitly acknowledged that social capital enables new venture formation, there is a gap in the literature regarding how social capital and personal factors such as cognitive biases interplay to influence entrepreneurial behaviour. Drawing from social cognitive theory, some authors suggest that entrepreneurial behaviour is the result of the interplay of environments and certain cognitive biases in entrepreneurs (Augoustinos and Walker, 1995; Bandura, 1986; Fiske and Taylor, 1984; Wood and Bandura, 1989).

According to De Carolis and Saparito (2006), exploration of both external (i.e., social capital) and internal factors (i.e., cognition) tends to explain why some people exploit opportunities and others do not. In other words, cognition tends to influence entrepreneurial behaviour along with social capital assets (Yamin and Tanas 2006).

Such processes are comprised of four interrelated constructs namely; trust, social engagement, civic participation, and reciprocity. Each individual within a society embarks on a journey of life based on his /her competence; the cognitive and behavioural aspects tend to develop through collective interaction. Social capital is the process and conditions that energize people and organizations to achieve mutual social benefit (Jackman and Miller, 1998; Pennings et al., 1998; Portes and Sensenbrenner, 1993; Miles et al., 1998; Paldram, 2000; Putnam, 1995; 2000; Woolcock, 1998). Putman, (1995; 2000) representing a political scientists’ view, describes social
capital as features of social life networks, norms and trust that enable participants to act together more effectively to pursue shared interests.

Social scientists have described two forms of social capital: ‘bonding’ and ‘bridging’. The bonding social capital perspective explores the impact of a collective’s internal ties and the substance of the network relationships within that collective (Adler and Kwon, 2002; Leana and Van Buren, 1999). Alternatively, bridging social capital sometimes referred to as the private-goods model of social capital, focuses on individuals and their network relationships (Adler and Kwon, 2002; Burt, 1992; 1997).

Compared with the bonding social capital approach, the bridging social capital focuses on an individual’s external social ties and how the social capital, as a resource within this network, is used for the individual’s private benefit. Social capital assists the individual to succeed through utilising contacts and connections and the resources that they bring for personal gain (Adler and Kwon, 2002; Leana and Van Buren, 1999). Indeed, both the entrepreneurship (Aldrich and Zimmer, 1986; Birley, 1985; Uzzi, 1996; Walker et al., 1997) and social capital literatures (Adler and Kwon, 2002; Burt, 1992; Nahapiet and Ghoshal, 1998; Tsai and Ghoshal, 1998) have emphasised the importance of connections and networks to the establishment of new ventures and innovation in general.

Other authors who have supported this notion are Paxton (1999), Putnam (2000) and Knack and Keefer (1997). These authors suggest that: (i) interpersonal trust, (ii) institutional trust, (iii) formal and informal participation in civic society, and (iv) trust worthiness of the respondents themselves, may be added to greatly enhance the measurement model for social capital. Thus, social capital emerges from such collective inter and intra action among groups through structural embeddedness, opportunity
accessibility, and action oriented use of resources, all of which tend to intersect and interact with each other.

Entrepreneurial Cognition has been defined as the knowledge structures that people use to make assessments and judgements relating to evaluation, creation and growth (Estes, 1975). Further, it is about understanding how entrepreneurs combine previously unconnected information to a tangible and resourceful means of progress (Neisser, 1967). As psychology scholars began to recognize the limitations of the earlier behaviourist approach (Skinner, 1953; Watson, 1924), cognitive psychology emerged to help explain the mental processes that occur within individuals as they interact with other people and the environment around them (Tanas, Dembek, Gillin and Spring, 2007).

Social cognition theory considers that individuals exist within a total situation or configuration of forces described by two pairs of factors: one being cognition and motivation, and the other being the person in the situation (Fiske and Taylor, 1984). Social cognition theory, for example, introduces the idea of knowledge structures: mental models (cognitions) that are ordered in such a way as to optimize personal effectiveness within a given situation. Thus, where entrepreneurship consists of individuals and teams creating works for other persons within the market environment, the concepts developed in cognitive psychology are increasingly being found to be useful tools to help probe entrepreneurial-related phenomena (Tanas, Dembek, Gillin and Spring, 2007).

It was in the early to mid 1990s that the terms entrepreneurial cognition (Busenitz and Lau, 1996) began to gain currency, and entrepreneurial cognition research emerged. One may note that some of the first direct work in entrepreneurial cognition was conducted in the areas of cognitive biases and heuristics in strategic decision making, and feasibility and desirability
perception, planned behaviour, and self-efficiency (Krueger, 1993; Krueger and Carsrud, 1993; Krueger and Dickson, 1994; Tanas, Dembek, Gillin and Spring, 2007). Near this same time, entrepreneurial cognition-based constructs were first used to distinguish entrepreneurs from non-entrepreneurs and Palich and Bagby (1995) used cognitive theory to explain entrepreneurial risk taking, and Mitchell and Chesteen (1995) demonstrated how a cognition-based entrepreneurial instruction pedagogy was superior to the traditional ‘business plan only’ approach to teach entrepreneurial expertise.

The next wave of entrepreneurial cognition research was led by Baron (1998), who argued that a consideration of several cognitive mechanisms such as counterfactual thinking, attribution style, the planning fallacy and self-justification, might have significant usefulness in explaining why entrepreneurs do the things that they do. McGrath (1999), and Simon, Houghton and Aquino (2000) provided an analysis of how cognitive errors, such as overconfidence, illusion of control, and misguided belief in the law of small numbers, shape such phenomena as the creation of real options for entrepreneurs.

Busenitz and colleagues (Wright et al., 2000; Alvarez and Busenitz, 2001) have now utilized cognitive models to explain how entrepreneurs think and make strategic decisions; and Mitchell et al., (2000; 2005) have utilized entrepreneurial cognition constructs to explain the venture creation decision in the cross cultural setting. Most recently, the use of cognitive constructs has been further extended to explain cognitive complexity in economic development and in family business (Mitchell and Morse, 2002; Tanas, Dembek, Gillin and Spring, 2007).
2.4.4 Influence of history and trust on the progress of society

According to Lin, (1999) social capital as a concept is rooted in social networks and social relations and must be measured relative to its root. Thus, social capital is embedded in a social structure from which resources are generated and mobilised for collective and individual benefits. Social capital comprises three elements namely; the structural embeddedness, opportunity accessibility, and action oriented use of resources, all of which tend to intersect and interact with each other. The Organization for Economic Co-operation and Development (OECD, 2000) defines social capital as networks together with shared norms, values and understandings that facilitate co-operation within or among groups (Cote and Healy, 2001). This notion is also supported by the World Bank (2002) report where it is stated that social capital and associated institutions and norms shape the quality and quantity of a society’s social interaction.

Other authors have argued that the history and also the nature of a society form the basis of the social capital which reflects the main foundation for any economic system (Lipton, Sachs, 1990, 1992; Myant, 1993; Murrel, 1992). More specifically, in the presence of social capital the ability and motivation of individuals to cooperate with each other are higher. Therefore, entrepreneurial undertakings within transitional nations would occur through greater involvement of all members, thereby creating better economic outcomes.

Trust is an important and natural ingredient within Polish society. Furthermore, trust allows for efficient trade to take place in the face of uncertainty and constraining opportunistic behaviour. It also reduces the cost of rule enforcement supporting collective action. In times of transition trust reduces competitive pressures on entrepreneurs and their newly created ventures. One may note that entrepreneurship cannot flourish in an
environment of distrust since many economical opportunities are closed off. It is argued that every commercial transaction has within itself an element of trust (Arrow 1975). It can be plausibly argued that much of the economic backwardness in the world can be explained by a lack of mutual confidence and trust (Humphrey and Schmitz, 1996; Johnson, McMillan, 1998; McMillan and Woodruff, 1998; Raiser, 1997).

Both trust and norms are developed over time through repeated series of interactions which may lead individuals to contribute productively to the natural sharing and exchange of ideas and opportunities (Jacobs, 1965). Social capital influences in a positive way the action of entrepreneurs, social groups and of global organizations permitting them to create trust, relationship and strong encouragement to succeed (Nonaka, 1991).

The more contemporary economist view is represented by Stiglitz (2000), who views social capital from a knowledge perspective that includes tacit knowledge, a number of networks, and an accumulation of reputation used as a social means to tackle moral hazards and incentive issues. In support of Stiglitz, one would argue that knowledge resides in human capital while cognition and behavioural aspects impact on human action. Thus, cognitive and behavioural dimensions tend to drive and enhance the social capital of the society. It is therefore pertinent to evaluate and analyse the cognitive and behavioural aspects of society (Lynch et al., 2000; Woolcock, 2001).

2.4.5 Social capital as enhancement of entrepreneurial progress

Social capital is an umbrella under which cognitive and behavioural aspects of the populace reside, and new ventures as well as overall entrepreneurial pedagogy development is largely driven by the nature and cognitive strength of the individual within a society (Aldrich, 1999; Aldrich and Zimmer, 1986; Bourdieu, 1986; Birley, 1985; Burt, 1992; Coleman, 1988; 1990;

The success of entrepreneurial undertakings are largely dependent on the similarity of social values and views creating greater legitimacy of the entrepreneurial venture and thus easier access to financial resources (Fiet, Busenitz, Moesel, and Barney, 1997). It is evident during the transition to a Free Market Economy in Poland, financial resources that were paramount for business commencement, were secured by entrepreneurs through their socio-cultural background and network. This suggests that a rapid growth process is contingent on the nature and structure of the society and its social strength. Consequently, a society with strong social capital is able to support, encourage and recognize entrepreneurial progress better than the one with weaker social capital (Aldrich, 1999; Aldrich and Zimmer, 1986; Bourdieu, 1986; Birley, 1985; Burt, 1992, 2000; Coleman, 1988, 1990; Gartner, 1988; Granovetter, 1985; Lin, 2001; Nahapiet and Ghoshal, 1998; Paldram, 2000; Yli Renko, Autio and Sapienza, 2001).

The entrepreneurial process, as a means of economic development, becomes explicit within a web of social relationships that facilitate, bind, and provide access to resources and most importantly unrestricted emotional support. The ability to make a connection between specific knowledge and a commercial opportunity requires a set of skills, aptitudes, insights and circumstances that are neither uniformly nor widely distributed (Venkataraman, 1997). It may therefore be stated that the social capital tends to encourage entrepreneurs to materialize opportunities available in the market (Aldrich, 1999; Aldrich and Zimmer, 1986; Bourdieu, 1986; Birley, 1985; Burt, 1992, 2000; Coleman, 1988, 1990; Gartner, 1988; Granovetter, 1985; Lin, 2001; Nahapiet and Ghoshal, 1998; Paldram, 2000; Yli Renko, Autio and Sapienza, 2001).
Social capital is thus the binding glue that holds societies together. It is logical to note that without social capital the likelihood of economic progress is relatively remote as economic and other resources may not be effectively utilised. According to Rose (1999), without the integrated structure of social capital many societies would become dysfunctional and less productive creating human and social misery. It has been argued that there is a close link between social capital and entrepreneurial development (Arrow, 1975; Rose, 1999).

Since the beginning of the historical politico-economic transformation in Poland of 1990s the world has witnessed the proliferation of a considerable quantity of literature dealing with entrepreneurship. Although, some scholars have attempted to list the qualities of entrepreneurs, there is limited research focus on the uniqueness of social capital and its contribution towards entrepreneurship in Poland. Several authors have provided in-depth understanding about the value of social capital as one of the main foundations for economic development. For example, Krzyszkowski, (2000) asserts that social capital is one of the prime catalysts in the economic transformation of Poland (Krzyszkowski, 2000; Lipton, Sachs, 1990; Myant, 1993; Murrel, 1992).

Other authors have identified that the harmony between the political and cultural capital has produced the real winners of market transformation (Eyal, Szelényi and Townsley, 1998; Hanley, Matějů, Vlachová, Krejči 1998). Based on various comparative surveys these authors seem to confirm that the real winners are those who have been able to combine political and cultural capital to build social networks while maintaining strong ties with the cultural aspects of the Polish society. This has resulted in higher flexibility and increased capacity to utilise all the available resources effectively under the new politico-economical conditions.
2.4.6 Cultural capital enhancement of economic performance

It is virtually impossible to summarize the concept of social capital in a single sentence and thus its measurement continues to challenge researchers as quantification and discussions regarding its conceptualization are debated in the extant literature. No clear conceptualization and operationalization of the construct seems to exist that explains all the dimensions of the concept. For example, Woolcock and other authors suggest that the “concept of social capital risks trying to explain too much with too little [and] is being adopted indiscriminately, uncritically, and is generally applied imprecisely” (Lynch et al. 2000).

Authors including Putnam (2000) argue that social capital has quantifiable effects on many different aspects of our lives. These include lower crime rates, (Helpern 1999, Putnam 2000), better health (Wilkinsons, 1996), improved longevity (Putnam, 2000), better educational achievement (Coleman, 1988), greater levels of income equality (Wilkinsons, 1996, Kawachi et al. 1997), improved child welfare and lower rates of child abuse (Cote and Healy, 2001), less corrupt and more effective government (Putnam, 1995) and enhanced economic achievement through increased trust and lower transaction costs (Fukuyama, 1995).

The cumulative effect of this research suggests that the higher the level of social capital increases the level of societal well-being (Woolcock, 2001). Social capital generally tends to benefit both the creator and the user within a society (Putnam, 2000). It is a classic public good because of its non-exclusivity. Moreover, its benefits cannot be restricted and hence are available to all members of the community indiscriminately (Woolcock, 2001).
It may be stated that the social capital is generally considered an attribute of communities while human capital is considered to be an attribute of individuals and comprises a stock of skills, qualifications and knowledge. Cultural capital has been considered an aspect of human capital, something that the individual can accumulate over time through talent, skills, training and exposure to cultural activity (Matarasso, 1999).

Culture refers to the complex of meanings, symbols, and assumptions about what is good or bad, legitimate or illegitimate that underlines the prevailing practices and norms in a society (Bourdieu, 1972; Markus and Kitayama, 1994). Culture also defined as a set of shared values and beliefs (Hofstede, 1980, 2001). A society’s culture reflects its response to various issues in certain cultural orientations.

Such cultural orientations represent general societal stances that are deeply ingrained in the functioning of major societal institutions, in widespread business practices, in symbols and traditions, and, through adaptation and socialization, in the values of individuals (Kluckhohn, 1951; Hofstede, 1980; Schwartz, 1999). Cultural orientations are also associated with personal cognitive styles (Nisbett, 2001; Peng, Ames and Knowles, 2001). It is probably important to note that culture bears a profound impact on all faces on entrepreneurship in societies (George and Zahra, 2002).

Cultural capital is in fact a form of social capital that the community collectively shares enhancing its relationships and the performance of the community (Gould, 2001). It could be argued that the more people work together the more social capital is produced and the less people work together the more community stocks of social capital will reduce (Cooper et al. 1999). Therefore it is important to protect the social capital and devise strategies for its maintenance and renewal. Such an approach would result in a healthier community, better progress, and unlimited prosperity of nations.
as evidenced in the entrepreneurial progress of transitional Poland (Healey, 2001).

2.4.7 The Role of Societal Capital in Transitional Societies

The role of social networks in the West are mainly short-term oriented interactions while by comparison in Poland the social network serves as an obligation to respond to requests for assistance (Fan, 2002; Giza-Poleszczuk, 2000; Silk, 1995). In other words, the Polish populace has developed social networks as an inherent part of social existence where relationships are strongly fermented through mutual trust and kinship. Helping each other at all levels is an embedded norm of the society and almost becomes the natural feature that perhaps distinguishes Polish society from others. It may be argued that the political and cultural character of a nation has been shown to have had some relationship to the predisposition of that society to implement politico-economic change, and to initiate successful entrepreneurial activities within the new structure. Maintenance of the social networks and higher flexibility serve as the foundation for entrepreneurs to act and to achieve.

Polish sociologists argue that the main emphasis is on the kinship aspects of the social capital. For example, three basic strategies have been identified to mobilize the family resources namely; i) family capital accumulation – assistance to start entrepreneurial ventures to build collective family wealth. ii) The development corrective strategy to assist family members tend to vary and is used to uplift less successful members of the family - the emphasis here is in creating collective harmony and the well being of the whole clan. iii) The strategy of sharing during shortages and thereby creating more harmonious natural exchange of goods and services. This tends to reflect a greater emphasis on collective gains and a more pluralistic society (Marody, Rychard, Giza-Poleszczuk, 2000).
Transformation is a historic process of gradual transition from the domination of state ownership and bureaucratic regulation to a Free Market Economy, supported by liberal deregulation and an environment of natural competition among private enterprises. It is an exceedingly complex process that is not solely dependent on economic factors, but also has a bearing on the social and political dimension of the society (Beksiak, 1989; Kołodko, 2000; Murray and McMillan, 1998). According to Putnam (1993) greater reserves of social capital would enhance both governmental and economic performance. Such a society is then better prepared to face new challenges associated with radical changes in the politico-economic systems. Social capital is thus a by-product of the historical orientations.

There is significant scope for coordination of economic exchanges through informal institutions and networks throughout the transitions. These include barter arrangements, transactions in the grey and black economy, and entrepreneurial networks that are all based on social capital (Kolankiewicz, 1996; Rose, Mishler, and Haerpfer, 1997). These authors argue that the relationships of social capital in the transitional processes are of significant value. For example, the extent to which relationships between company directors and bureaucrats who existed previously under socialism have been adopted to take advantage of new economic opportunities by the entrepreneurs and their firms (Stark, 1997; Hayri and McDermott, 1998).

With the collapse of the socialist system in Poland, wealth and material benefits have become more significantly linked to social capital and the friendship pattern (Angelusz and Tardos, 2001). The network related support is a distinctive mark of the Polish people connected to their roots in the pre-communist period as noted from the history. Due to an undeveloped infrastructure mutual help and support was a common strategy of coping and achieving self goals at the beginning of the 20th century. This was also the case during socialism. One may state that inability of the socialist
system and state bureaucracy, social networks were an important source of resources. In view of the perceived ineffectiveness of the system of public institutions under socialism, social networks played a basic role in determining opportunities to reach individual goals the achievement of which would have been impossible otherwise, or it would involve incurring higher cost. They were created as a by-product of the official formal systems of social roles (Fan, 2002; Giza-Poleszczuk, 2000; Silk, 1995).

2.4.8 Interconnection of economic, political and socio-cultural factors

It should be stated that the political and cultural character of a nation has been shown to have some relationship to the predisposition to implement politico-economic change, and to initiate successful entrepreneurial activities within the new structures. Moreover, maintenance of social networks and higher flexibility serve as foundation for entrepreneurs to act and to achieve. Such networks are specifically valid in time of need for efficient, reliable information. Further, the entrepreneurial change in any society happens via the integration of socio-political culture and the economic environment (Birley and Cromie, 1988; Butler and Hansen, 1991; Greve and Salaraff 2003; Hansen, 1995; Powell, 1990; Stevenson and Jarillo, 1990; Timmons, 1994).

One may state that social capital provides resources for entrepreneurs to accomplish their goals. Economists define capital as any wealth-producing asset. Commonly recognized forms of capital include natural, physical and human capital. The latter refers to the skills, knowledge and creativity that individuals contribute to economic life. Social capital, by contrast is inherent in the organizational features of social and economic life. Social capital refers to the wealth producing potential that flows from various forms of collective association. Similarly, political capital like social capital resides in the relation between people. In the “Forms of Capital” Bourdieu
(Bourdieu 1985) expands the notion of capital beyond its economic conception that emphasizes material exchanges, to include immaterial and non-economic forms of capital, specifically cultural and symbolic capital. He explains how the different types of capital can be acquired, exchanged, and converted into other forms. Hence, the structure and distribution of capital also represent the inherent structure of the social world, Bourdieu argues that an understanding of the multiple forms of capital will help elucidate the structure and functioning of the prosperous social world (Bourdieu, 1985).

Social capital as defined by Pierre Bourdieu (1985) refers to investment in social networks by individuals. Social capital is a private good which can be converted into cultural capital. Brehm and Rahn (1997) specify a structural model of social capital consisting of the interaction between three concepts, namely civic engagement, interpersonal trust, and confidence in the government to lead and to change. To make a successful transition Poland combined the political capital of the past with the cultural capital. It has recognised that the social capital serves as the unbreakable connector holding society together and leading it to economic richness and the prosperity of this nation thus availability of support for entrepreneurs and their endeavours (Brehm and Rahn 1997).

The Polish transition processes shows the deep interconnection between economic, political and social-cultural factors. The combined approach has significantly eased the transitional period. Many forces influence the establishment of prosperity within the transitional economy, and that strength exists not only with the rapid introduction of financial institutions but also include the overall preparation of the society at hand. Both the history and the period of central administration and economic planning has considerably shaped the norms, value judgements, and social orientation of Polish society. Unlike the state and cooperative sectors prevalent in the
centrally planned economies, the private sector cannot be created. Instead it is the entrepreneurs, their talent, historical values and economic culture that characterises it. Further, as argued by Polanyi in *The Great Transformation* (1957 [1944]), all economic activities become successful when they are not driven by individual motives alone (Polanyi, 1947).

Transformation is a simultaneous process of social, political and economic changes. One may state that this complexity of change means that such a task is much broader than just presenting the state and development of economics as usually understood or taught. Entrepreneurship is more than just an economic phenomenon, it is fundamental to the creation and stabilisation of democracy. Widespread entrepreneurship is essential to the creation of a middle class and avoidance of extreme polarisation between rich and poor (Kowalik, 2001).

The successful transition requires a strong commitment from all members of a society. Entrepreneurial operation and market competition is an essential driving force in producing efficient results. This may only be produced through strong and reliable coherence of a society that recognises and respects social, political and cultural capital. The norms and values manage the connections between people and the institutions in which they are entrenched. Finally, the social capital serves as a foundation supporting and providing confidence to entrepreneurs and their approaches in transitional economies.

Social capital shapes the quality and the quantity of interaction facilitating both the individual and the progress of the nation. More specifically, it is the impetus necessary to enhance the ability and the motivation of the individuals, while at the same time developing a cultural ethos of cooperation and sharing to achieve a greater degree of benefit for themselves and the society. Cultural capital is formed through human
endeavours that include accumulated talents, skills, training and exposure to both culture and diversity (Cooper, Arber, Fee, Ginn, 1999; Gould, 2001; Healey, 2001; Matarasso, 1999). It is not difficult to argue that entrepreneurs require some of these important attributes in order to create a successful business venture that will not only benefit the individual entrepreneur but will also contribute towards the growth and welfare of the society.

It may be argued that the political and cultural character of a nation has been shown to have had some relationship to the predisposition of that society to implement politico-economic change, and to initiate successful entrepreneurial activities within the new structure. Maintenance of the social networks and higher flexibility serve as the foundation for entrepreneurs to act and to achieve. The entrepreneurial change in any society happens via the integration of socio-political culture and the economic environment.
Section Five

An Overview of Cooperatives and Education

2.5 Cooperatives in Poland

Before World War II, historical evidence indicates that social capital enabled the building of democratic forms of network cooperation as part of the agricultural cooperative movements in Poland (Nelson, 1983). The cooperatives were established to counteract harsh 19th century capitalism in Poland. This is evident through the establishment of the Hrubieszów Agricultural Association in 1816 which later became a predecessor of voluntary peasant cooperatives.

Inglo (1966) indicates that Szamarzewski and Wawrzyniak were the first pioneers to establish a wholesale and credit cooperative association, founded in Poznań in 1861. These were eager idealistic entrepreneurs and social capital builders. In Galicia (North-West part of Poland), the first cooperative was established in 1890. While the Russian occupied part of Poland (East), consumer cooperatives played a major role, especially among workers in cities of Płock, Łódź, and Warsaw after the 1905 revolution (Inglo, 1966). As a result of establishment of the Union of Consumer Cooperatives (Społem) was established in Warsaw in 1908 by two dedicated entrepreneurial leaders of the nation-wide Polish Cooperative Association. Prior to World War I this union had 274 consumer cooperatives with 40,000 members. However, at the beginning of World War II this number had increased to 1776 Społem cooperatives, 87% of which were located in villages and with approximately 400,000 members (Lerski, 1996).
Due to the specific politico-historic context of Poland the development of cooperatives until World War I followed different patterns in the Prussian, Russian and Austrian parts of Poland.

Furthermore, after 1918 when Poland had regained its sovereignty the regional differences gradually became less significant. The reason being that regionally developed cooperative models extended into other regions and gradually a coherent movement evolved. By 1938, Poland had about 14,000 viable cooperatives united in various unions (Lerski, 1996). Outside these unions, there were several thousand weaker and generally short-lived cooperative societies. However, from 1945, Union of Consumer Cooperatives (Społem) was gradually overtaken by the Polish Socialist Party (Landau and Tomaszewski, 1985). This implied a dramatic shift from voluntary cooperation to state enforced cooperation.

It may be noted that for example, in the western region under Prussian occupation, a widespread network of cooperative banks and agricultural marketing and supply cooperatives developed primarily as a counter-reaction to the policy of Germanization providing economic subsidies to German colonists thereby enabling them to dominate their Polish neighbors (Landau and Tomaszewski, 1985). On the other hand, the south of Poland had a higher concentration of savings and credit cooperatives due to the influence of Austrian rule where the system of Raiffeisen credit was highly developed (The World Bank, 1990). Further, a dynamic development within the Polish cooperatives took place between 1918 to 1939 (Landau and Tomaszewski, 1985). Dairy cooperatives became a common form of peasant cooperation. It is also interesting to note that Polish cooperative banks provided savings and credit services for a wide range of agricultural and household use (Hunek, 1994).
The agricultural cooperatives in Poland from the 19th century to the beginning of World War II were established bottom-up in order to benefit the practical farmers i.e. peasants. These organizations grew as local and regional peasant responses to economic threats from other social classes or from abroad. Once the cooperatives were established they paved the way for inclusive and smooth (Putnam, 1996) cooperative relations among peasants, that is, productive social capital implying trust and civic engagement.

2.6 Education in Poland

The education of Polish society was an ambition of monarchs as early as the twelfth century, when monks were brought from France and Silesia to teach architectural design and agricultural techniques to Polish peasants (Tomiak, 1988). Krakow University - The Academy of Kraków (the original name of the present Jagiellonian University), (Barycz 1958; Wojnowski 1985) founded in 1364 by Kazimierz Wielki - Casimir the Great, became one of Europe’s remarkable early universities and centres of intellectual tolerance. Through the eighteenth century Poland served as a refuge for academic figures persecuted elsewhere in Europe for unorthodox ideas. The dissident schools founded by these refugees become centres of the avant-garde (Barycz 1958; Wojnowski 1985).

In 1773, the Polish King Stanisław August Poniatowski established the Commission on National Education, the world’s first state Ministry of Education (Ambroise, 1941; Mrozowska, 1997). This body set up a uniform national education system equal for both sexes emphasizing mathematics, natural science, and language study. The commission also stressed standardizing elementary education, integrating trade and agricultural skills into the elementary school curriculum, and improving textbooks at all levels. Furthermore, between 1780 -1783 the commission published the
world’s first code for schools “ustawy - kodeks szkolny” outlining its legal operations (Zamoyski, 1994).

During the 123-year partition when the Polish sovereignty was virtually annihilated, pockets of the resistance continued teaching and publishing in Polish, and some innovations such as vocational training schools appeared. Between 1918 and 1939 the newly independent Poland faced the task of reconstructing the national education system from three separate systems imposed during the partition. This represented an heroic attempt to create an educated society of conscience and patriotism (Przystawa, 1999; Sliwinski, 1928). Further, teachers in Poland enjoyed a great social prestige and a very high social status that was reflected in their high salaries (Przystawa, 1999; Ustawa, 1923).

Interestingly in 1918, only 47 percent of children attended primary schools. The task of providing education to the children was enormous, as many teachers themselves had only an elementary education and less than 33 percent of the teachers were actually graduates of a teachers' college. The Catholic Church continued to have a strong influence in education as Polish schools remained a part of the church (Rust, 1992). During the twenty years of the interwar period, educational development was steady but slow. Further, only about one-third of primary school leavers continued their education into secondary schools, which included vocational schools (Komorowska, and Janowski, 1994, p. 4543).

2.6.1 Education - behind closed doors, a way to freedom

The outbreak of World War II halted all educational efforts as Poland was invaded from the west by Germany and from the east by the Soviet Union. These two oppressors immediately began the destruction of the polish intelligentsia through deportation of Poland’s elite to the concentration camps
in Germany, and to Siberia, in Russia. All secondary and higher schools were closed to Polish people and education in Polish was banned and punished with death. As envisaged by the German occupiers education was intended to train a work force in which "No Polish person should rise above the rank of foreman" (Swiecki 1977, 331). In response, an extensive underground teaching movement developed under the leadership of the Polish Teachers’ Association and the Committee for Public Education.

Vast numbers of academics who survived and were not sent to concentration camps organized the "Secret Universities" throughout the country actively giving lectures to small groups in private gatherings. The attendants constantly risked being exposed and also death. However, the net of underground faculties spread rapidly and by 1944 there were more than 300 lecturers and 3,500 students at various courses at the Warsaw University alone. Almost 10,000 students received master’s degree at the secret universities and several hundred others received doctorates. Additionally, academics organized a net of secret high schools with over 100,000 students, trade schools and special courses of forbidden subjects such as Polish language, history of Poland and Geography. Most importantly this teaching facilitated the preservation of Polish national unity and cultural heritage.

With the end of the Second World War and the introduction of a control economy, the Polish education system was reconstructed with an emphasis on opening institutions of secondary and higher education to the masses and thereby reducing illiteracy (Bialecki, 1996). With the politico-economic changes of 1980s and 1990s new educational laws replaced the 1961 law, thereby further enhancing the educational and moral values of the polish society.
Some view education as a platform from which to advocate the preservation of the basic values of a society, while others place higher emphasis on such virtues as intellectual growth and self-enlightenment. Moreover, education is considered a basic human right that increases societal bonds that lead to better economic and intellectual growth. Education is central to the creation of the intellectual capacity on which knowledge production and utilisation depend and should instil the inspiration of life long learning practices to update individual knowledge and skills (World Bank, 2002). It is believed that the education enhanced a high level of awareness enriching various aspects of Polish society supporting survival during historical downturns, enhanced greater employability and enriched economic developments and strong entrepreneurial spirit during transition in Poland (Osborne and Słomczyński, 1997).

2.6.2 Progress to the future

Today the Polish education market represents a world phenomenon where with the commencement of a free-market-economy in 1990 until 2002 more than 300 private universities became operational. All of them successfully compete with the public higher education sector, often propagating entrepreneurship as a prime direction in their teachings. One may stress that, as indicated by François Quesnay an entrepreneur, trusts government to provide them with the utmost freedom of action in their entrepreneurial undertakings (Hoselitz, 1962; Spengler, 1960; Long 1983), the Polish government thoroughly supports and encourages progress and entrepreneurship within all education institutions on equal bases.

A strong drive towards education is noted by the actions of youth in Poland who instead of registering as unemployed signed up for courses to acquire additional skills, further qualifications or just to get a different and more acceptable status. Bilsen and Konings (1996) argue that investments in
Education are becoming well founded for Poland. The study of the young unemployed in Poland and other countries of the region (Roberts and Fagan, 1999; Roberts, Fagan, Foti, Jung, Kovatcheva, and Machacek, 1999) found a wide commitment to be involved in educational and training courses. Such strong emphasis on education contributes to the entrepreneurial ability of the Polish population which engenders a deeper understanding of the environment and a broader world-view. This further, tends to reflect a greater emphasis on a collective approach of Polish society in their understanding, and drive to gain overall a more pluralistic society (Marody, Rychard, Giza-Poleszczuk, 2000).

Education is central to the creation of the intellectual capacity on which knowledge production and utilisation depend and should instil the inspiration of lifelong learning practices to update individual knowledge and skills (World Bank, 2002). Poland is increasingly dependent on technology and rapid exchange of information in order to gain prosperity within the European economy (European Commission, 2000).

2.7 Chapter Summary

In Section One the research undertaken from the readings established that the foundation of the word entrepreneur originated in the 12th century Europe coming from the French word, *entreprendre*, meaning “to undertake”. French economists used entrepreneur to mean a self-employed person who accepted the risk, and are intelligent, wealthy and adventurous individuals. They suggested that the function of the entrepreneur was to be an innovator thereby bringing invention and innovation into the discussion. The Austrian economist, Schumpeter continued with this French tradition and stressed that innovation serves as preconditions for entrepreneurship and productivity growth in capitalist societies. Schumpeter was the first to assert that entrepreneurship breaks the crust of habits, traditions and
routines, and thus becomes the engine of abrupt, economic change. Furthermore, entrepreneurship serves as a catalyst in the development of transitional economies, as without the participation of risk takers, economic growth would become limited. An overview of French, Austrian, German, English and American theories of entrepreneurship are presented.

Section Two enters into a discussion surrounding the literature concerning entrepreneurship, economy and its traditions. Three major intellectual traditions propagating Entrepreneurship are discussed. Entrepreneurship and innovation are explored and the works of Schumpeter are delineated revealing that innovation and Entrepreneurship are interrelated and that the Entrepreneur is the motivating force of economic change. The entrepreneur within the economy from a contemporary perspective is discussed and their roles as innovators risk takers with vision are identified.

Section Three introduces the historical aspects of entrepreneurship within the Polish context. The pre war era is discussed with a focus on economic and cultural aspects which were directly responsible for a period of relative economic prosperity for Polish Entrepreneurs. Communism; a period of political paradox is introduced and highlights the survival of Entrepreneurs that led to the introduction of the Free Market Economy and the Balcerowicz Plan.

In Section Four the discussion turns to Entrepreneurship in the Polish Pre Market Economy and the role of the Entrepreneur as the catalyst for democratic change. It further explores the influence of history and trust on the Polish society and the Social construct in relation to the ongoing role of entrepreneurs within politico- economic settings. Entrepreneurial cognition and social cognition are suggested as the knowledge structures that are used to make assessments and judgements in relation to evaluation, creation and
growth. Section Four concludes with the interconnection of economic, political and social cultural factors.

Section Five provides an overview of cooperatives and education within the historical settings of Poland. The early establishment of the Polish Cooperative Associations is discussed and the detail of their roles in economic settings is explored.

The discussion relating to education reveals that it has been valued by Polish society and has underpinned the country’s progress continuously throughout each successive political change. It establishes that Education was an important factor in supporting progress even during the 123-year partition of Poland. The final section also introduces ideas that the combination of past knowledge with cultural capital has meant that Poland has advanced its knowledge through learning from the past and capitalising on the new Free Market Economy. The discussion concludes with an observation that Poland has entered the transitional economy as a country with an actively entrepreneurial spirit and it identifies a strong drive towards education in the future.

In Chapter 3 the study will reveal how the working model provides the basis for developing the survey document and while it will focus on new ideas of entrepreneurship in terms of transitional economies it will further explore those ideas through the specific sample of Polish society, encompassing participants from business, government institutions, educational institutions, students and the general public.
CHAPTER 3

Research Design, Methodology and Instrumentation

This chapter comprises three sections. Section One contains the development of two further models that expand on the initial construct. Section two covers the conceptual road taken, provides applied definitions, and profiles of entrepreneurs in the World War II and the Communist era. Section three provides examples of questions being developed covering each of the research areas. Section four reveals the research design covering: the philosophy of Positivism, the research problems and characteristics of the study, and the sample. Section five identifies the research methods used in this study covering the quantitative methods; the process for ethics approval; and the data collection procedures. In Section six the instrumentation is revealed followed by the confirmation that the value of Cronbach’s Alpha for all variables was adequate. The chapter concludes with a summary.
Section One

Model

3.1 Original Model

The early model introduced in chapter 1, (Fig 1.1, p. 43) identifies the contributing factors that enhance entrepreneurship.

(See p.43, Figure 1.1 Contributing factors to entrepreneurship: Past knowledge, politics, education, economy and socio-cultural)

The consolidation of aspects seen as important in societal existence and their progress were identified from the literature and through the exploration of historical events in Poland as evidenced in the Literature Review, (Chapter 2). From the research undertaken, a greater depth of knowledge about Poland was gained and enabled the defining of significant parameters in the above model; consequently identifying the interrelated contributing factors that enhance entrepreneurship. This led to a more thorough
investigation to further inform the research of the significance of each factor and their relationships to each other.

### 3.2 Expansion of the Original Model

Taking all these factors specific to Poland as the foundation for entrepreneurial gain, it can be suggested that these may generally lead to enhancing transitional economies. Interrogating elements within each of the primary areas of influence of this foundation: Socio Cultural, Education, Politics, Past knowledge, Economy and Entrepreneur. Socio Cultural encompassing Cultural Capital, Societal Trust, Networks, Cognition and Education come together to form an umbrella under the name of Social Capital. Past knowledge becomes Past History, with Politics, and Economy remaining in tact as independent elements within the model.

The model, as it has been constructed from knowledge gained through the Literature Review begins to reflect the more complicated and interrelated elements that may impact upon entrepreneurial action. Major contributing factors to entrepreneurship can be represented by the following diagram:
This model (Fig. 3.1) puts forward the proposal that the previously indicated past knowledge should be enhanced to contain all aspects of the past history. Additionally, the new construct of Social Capital emerged from interrogating the social cultural and by deconstructing this larger element, features of trust, networks and cognition combined with education, were identified as components of social capital.

However, further investigation of the literature revealed that the two important contributing factors: political commitment and social willingness were essential to providing directions in the development of cultural capital. That is: cultural capital is an integral part of social capital. Additionally, decisions of entrepreneurs are embedded in social norms that give guidelines for what in a culture is regarded as desirable behavior. Entrepreneurial intentions are dependent on personally perceived desirability and feasibility (Krueger and Brazeal 1994; Krueger 2000; March, 1988a, 1988b). According to Ajzen’s (1987) theory of planned behavior, perceptions of desirability and feasibility explain intentions significantly. Intentions toward pursuing an opportunity are best predicted by three critical perceptions: that the entrepreneurial activity is (i) perceived
as personally desirable, (ii) perceived as supported by social norms, and (iii) perceived as feasible.

Furthermore, the economy and politics as well as education were seen to play a significant role in providing the best environment in which entrepreneurs could thrive and perform. This reconfiguration can be seen in the following construct of the model below.

![Figure 3.2 Conceptual Framework of Relationships Amongst Research Constructs](image)

This integrated model (Fig. 3.2), developed after examining the literature, attempts to highlight the complexity of various significant forces influencing transitional change. The model reflects the interconnection of the important elements and reveals how each element influences and contributes to the overall development of the Entrepreneur and looking backwards it also provides a vision of how Entrepreneurs influence each individual element for the well being of Society. It is believed that the fundamental aspects, namely social and cultural capital, education, economy and politics, and past history have not been widely researched and recognised as the foundation for transition to prosper. It will be further
argued within this research that the following four factors serve as a strong background for a nation to engage in the politico-economic transformation. Namely; (a) social capital should be recognised as the glue that holds societies together and without which there can be no economic growth or human well-being; (b) education and knowledge about a theoretical framework of the new system is required; (c) past history is to serve as educator, minimising and learning from previous mistakes and utilising the positive aspects of economic decisions; (d) suitable government political and economic policies that must be fully determined and committed to the change.

Entrepreneurial change in any society may happen via the integration of socio-political culture and the economic environment. It is believed that the political and cultural character of a nation have some relationship to the predisposition to implement politico-economic change, and to initiate successful entrepreneurial activities within the new structures. Moreover, maintenance of social networks and the higher flexibility serve as a foundation for entrepreneurs to act and to achieve.

The researcher, cognizant of the initial propositions identified, developed a model to inquire into the relationship between Social Capital and cultural capital and to find how they might serve as cohesive catalysts for Entrepreneurial success. In the process of developing the stages of the model, Education was included to discover how it contributes to enhancing entrepreneurial vision. The other significant and consistent factors of political and economic commitment are carried through each consecutive model development to acknowledge that such commitments enhance entrepreneurial progress. All the identified factors are informed and supported by Poland’s historical past which serves as the consistent educator. It appears that Entrepreneurs have consistently accessed
information from historical sources to provide directions for making economic decisions.

The study does not focus on one aspect, nor does it provide any suggestion that one element is more important than another. At times one element may prevail over another. It explores the combination of factors that influence economic action. An example as already reported in the historical literature can be found in the period of Polish partition when the Polish language was removed from the educational system and no longer had any official status. The Catholic Church became the foremost in retaining a sense of polish culture through its teachings thus religion became the prevalent repository of Polish social and cultural capital.
Section Two

Social Capital, Cultural Capital and Entrepreneur

3.3 The Road

From reading and understanding the characteristics of the Polish economic and social history that have been highlighted in the construction of the model, these factors have been identified as ongoing characteristics of Polish Societal drives:

- A societal drive towards freedom and well being
- Societal cohesion
- Knowledge about history and economy
- An educational drive towards knowledge and progress

One period of economic expansion and growth during the years 1918 to 1939 provides evidence of these characteristics. Reconstruction proceeded rapidly with declining unemployment and a significant shift from agriculture to modern industry has been achieved. This process was accomplished due to large and visionary governmental economic initiatives and well-educated and economically astute entrepreneurs, who turned the historical disadvantages of the past into the fastest progressing economy of Europe (Tanas 2003).

Before any further discussion of these significant factors can occur it is essential to define the terminology as employed in this study.
3.3.1 Social Capital

Bourdieu tells us that social capital is the sum of the resources, actual or virtual that is accrued through durable networks of institutionalised relationships of mutual acquaintance and recognition. The social context within which the individual acquires maturity comes from human interaction and socialization between people (1972, 1977, 1986).

Coleman (1988) argued also that economic goals are achieved by the collective action and expectations of the members of the society even if the individual goals are not necessarily focused towards economic rewards. Such processes are comprised of four interrelated constructs namely; trust, social engagement, civic participation, and reciprocity. Putnam (2000) further argues that the additional four dimensions suggested by Paxton (1999) and Knack and Keefer (1997), namely; i) interpersonal trust, ii) institutional trust, iii) formal and informal participation in the civic society, and iv) trust worthiness of the respondents themselves, may be added to greatly enhance the measurement model for social capital.

Social capital according to Fukuyama (1995) is a capability that arises from the prevalence of trust in a society or in certain parts of it. It can be embodied in the smallest and most basic social group, the family, as well as the largest of all groups, the nation, and in all other groups in between. Social capital differs from other forms of human capital insofar as it is usually created and transmitted through cultural mechanisms like religion, tradition, or historical habit.

Stemming from the literature, the working definition of social capital for the purpose of this study will be that:
Social Capital is the investment a nation makes in societal values and the building of a united vision for the advancement of all individuals.

3.3.2 Cultural Capital:

Beyond material goods and economic factors, Bourdieu argued that cultural habits and dispositions inherited from the family, are paramount for educational success (Bourdieu and Passeron, 1979 [1964]). He tells us that cultures share many of the properties that are the characteristic of economic capital. He asserts that cultural habits and dispositions may compromise a resource capable of generating profits, they are potentially subject to monopolization by individuals and groups and under appropriate conditions, they can be transmitted from one generation to the next (Lareau and Weininger, 2003). Furthermore Bourdieu (1986) argued that cultural capital exists in three distinct forms:

(i) embodied in the individual,
(ii) objectified in cultural goods, and
(iii) institutionalised as academic credentials.

Cultural capital is used, received, acquired, experienced, and recognized by the individual and like money, cultural inheritance can be conveyed into social resources. Therefore Cultural Capital is defined as:

Cultural Capital is generated from within the parameters of what constitutes the agreed symbolic capital stemming from a commonly shared cultural vision.
3.3.4 Entrepreneur

An entrepreneur in the classic sense refers to a dynamic and visionary business-person who undertakes the risks imposed by the changes in the market demand Cantillon ([1755] 1959). The entrepreneur, in Schumpeter’s view, breaks the crust of habits, traditions and routines, and thus becomes the engine of abrupt, economic change (Schumpeter, 1911, 1934, 1954, 1961).

From interrogating ideas of what is and makes an entrepreneur from the Literature, the definition presented to participants in this study was:

*a dynamic and visionary business person who bears the risks, imposed by the changes in the market demand. Further it is an important factor that spurs and reshapes economic growth and serves as a catalyst in the development of transitional economies, filling niches, improving societal existence and as a result overall politico economical progress.*

This is the definition that will be applied for the purpose of this study.

The common elements of an entrepreneur can be described as follows:
An Entrepreneur is an individual who:

- takes risks,
- has a vision,
- brings resources together in order to create a product organisation on the market place,
- is adaptive and responsive to the market place and
- becomes a catalyst for economic change through these traits.
3.3.5 Entrepreneurs, World War II and the Communism

From further exploration and investigation of the literature it has become apparent that within the years of the World War II and the Communist regime a different politico-economic setting emerged. Despite a ten-year nonaggression pact signed in 1934, Germany attacked Poland on September 1, 1939. The Russian army invaded Poland from the East on September 17, and on September 28, a German-Russian agreement divided Poland between the USSR and Germany. Once again in history Poland become stripped from its identity and basic rights of existence.

World War II brought with it unprecedented atrocities towards all social classes, religion and all human rights. Together with their dreams, drive and purity of humanity, the large and prosperous entrepreneurial class of Poland was devastated. However, the survival mode of the individual drove a small portion of entrepreneurs underground; reflected by semilegal or most often totally illegal operations that took advantage of gaps in the German economy (Osborn, and Słomczyński, 2005).

For Poland, the end of World War II meant Russian politico-economic domination together with Stalinist terror and persecution for any alternative ideological beliefs. The Russian Communist regime attempted to create a new social structure modelled on Marxist-Leninist ideology (Wesołowski 1979). The restructure was carried out through three major programs (i) the reform of agriculture, (ii) the nationalization of means of production, and (iii) the institutionalisation of a centrally planned command economy (Osborn, and Słomczyński, 2005). All businesses that employed over 50 people came under the national law and became state-owned property. This severely limited potential of any business growth by removing any natural competition. Further, existing small and medium businesses were also confiscated by the state without any compensation. However, one of the
turning points in politico-economic history of Poland at the time was the fact that the government was unsuccessful with the nationalization of land and 85.6 percent remained in private hands. The Polish traditions of strong reliance on family, societal connections and trust, and a history of unbroken spirit to act resulted in a vast spread of entrepreneurial operations both legal and illegal.

This unprecedented political construct resulted in Poland becoming a unique socialist country with a central government and the existence of private entrepreneurial entities (Tanas 2003).

Over the years the inability of the central government to turn its people into mere subordinates in order to eliminate a societal spirit of independent entrepreneurial drive, resulted in a naturally gradual and systematic drive towards politico-economic freedom of the Polish society. Solidarity, an independent union founded by an electrician, Lech Wałęsa, led change from within the social movement of the masses. The Polish workers launched a drive for political liberty and improved economic conditions.

Once again the Polish people relied heavily on each other and the vision and ideals of political freedom. Lech Wałęsa won the presidential election of 1990 as the first fully free parliamentary election since World War II. The Law on Economic Activity was passed in 1999, and has been effective and fully operational since January 2001.

Under Polish law the term entrepreneur applied to a physical and legal person as well as to commercial company with limited partnership. Polish citizens embarked on an entrepreneurial pursuit to economic freedom (Osborn, and Słomczyński, 2005). This resulted in:
• Reconstruction proceeding rapidly in the wake of currency depreciations
• Entrepreneurs supporting the economy by relatively fast turnover of their funds and employment of both skilled and unskilled groups of society

With this understanding of Entrepreneurs and their significant role in the transitional economy it was time to inquire further into the ideas of practice. To that end a questionnaire needed to be developed and applied to a targeted group of informed participants. In Section Three the development of an appropriate questionnaire is elaborated upon.
Section Three

Questions

3.4 Developing the Questions

The related readings and the subsequent development of the model informed the research and served as the foundation from which to expand the investigation of the posed research question. The Questions were constructed directly from the model to facilitate the investigation and to enhance understanding of the significance of the interlinked factors. A more in-depth explanation of the constructed survey can be found in Section 4. However, the following questions are examples of how the survey supported the research in the following key areas:

1. Entrepreneurship:
   - **To what extent do the following elements contribute towards entrepreneurial development?**
     - Confidence in operating in an ambiguous environment
     - Ability to develop and manage networks
     - Opportunity recognition and evaluation

The survey questions employed in gaining responses to the factors of Social Capital, Education, Economic, Historical and Political were focused towards both the Control Economy and the Free Market Economy:
2. Social Capital:

- To what extent have the following elements shaped the Polish society?

  Social Past (Controlled Economy before 1989)
  - Trust between individuals
  - Support of groups
  - Combined commitment

  Social Present (Free Market Economy after 1990)
  - Importance of Trust among friends
  - Importance of Family ties
  - Importance of networks

3. Education:

- To what extent has the educational system of the Polish society contributed to entrepreneurial development?
  - Highly educated (drive to learn)
  - Broad vision
  - Knowledge about economy

4. Economy:

- To what extent does the economic system contribute to entrepreneurial development of the Polish society?

  Economy Past (Controlled Economy before 1989)
  - Market shortages
  - No competition
  - Availability of legal framework

  Economy Present (Free Market Economy after 1990)
  - Availability of legal framework
  - Availability of Banking credits
  - Availability of credits from other institutions
5. Political:

- To what extent has the political system affected entrepreneurial development in the Polish society?

**Political Past (Controlled Economy before 1989)**
- Bureaucracy
- Control of political ideology over business
- Implementation of new ideas

**Political Present (Free Market Economy after 1990)**
- Freedom of Operation
- Independence of courts and judiciary
- Tax laws and Legislations

6. Historical:

- To what extent did various historical events contributed towards entrepreneurial development?
  - Constant wars
  - Influence of other nations
  - Geographical position of Poland
  - Partition of Poland

This questionnaire was created from the literature by the researcher on the basis of demonstrations aspect of entrepreneurship. Once created, the Questionnaire was administered to elicit the perceptions of the entrepreneurs who contributed to the study.
Section Four

Research Design

As well as conducting the survey, the research question investigating how the politics, economy and social constructs of a society impact upon an individual’s ability to become an entrepreneur was underpinned by the systematic appropriate research program that was employed to both create and analyse the data.

3.5 Philosophy of Positivism

The French philosopher Isidore Marie Auguste François Xavier Comte, founder of modern sociology in his *Cours de philosophie positive*, The Course of Positive Philosophy (1896), (Martineau, 2000) outlined his method to achieve a positivist society. He theorized that knowledge could only come from a positive affirmation of theories through strict scientific method (Mises, 1951). His philosophy of positivism developed from historical studies of human mind (Pickering, 1993).

This research follows a positivist approach: a philosophy associated with mathematical precision, based on facts that can be experienced and proved, with variables that can be expressed precisely and measured (Irwin, 2004; Saunders, Lewis and Thornhill 2007). Positivism serves as a paradigm for scientific research and is often undertaken by researchers that utilise quantitative methods (Guba and Lincoln, 1994). According to Tsoukas (1989) the aim of research is to discover and measure a single, honest, and
objective reality through rigorous empirical study, explaining causes and effects based on factual information (Abnor and Bjerke, 1997). In line with Guba and Lincoln, (1994), positivism assumes that researchers’ values and biases do not influence the research result as they should act as objective, neutral observers providing foundation of the perfect repeatability of researchers that comply within the positivism paradigm (Trochim, 2000).

In this study the data was collected using a survey tool, thereby ensuring the researcher and respondents remained independent of each other. Hence, the above principle of positivism stated by Trochim (2000) was observed.

### 3.5.1 Correlation Study

The correlation analysis explores the strength of relationships between two or more variables or sets of variables (Bryman and Cramer, 2001; Cohen and Cohen, 1983). Lack of correlation between two variables indicates that there is no tendency for the values of one to increase or decrease with the values of the second variable. Thus, correlations serve as empirical indications of possible relationships between variables. At the same time one may note that it is not a causal study where explanation of cause and effect relationship is decided (Bryman and Cramer, 2001; Pedhazur and Schmelkin, 1991). However, a causal relationship between variables is difficult to establish in business research, where data is collected by a survey method, and the researcher has no means to manipulate the variables. The researcher’s ability to impute a cause and effect relationship between two variables is restricted. In this study the data was collected by survey method, thus it may be stated that this is a correlation study.
3.5.2 Descriptive Study

Descriptive studies are undertaken in order to determine and describe the characteristics of variables in a given situation (Hair et al. 2002; Sekaran, 2003). They help to generate hypotheses and provide background from which analytical, experimental, or quasi-experimental studies emerge. This study used the extant literature to provide the following descriptive factors:

i) Provided complete understanding of the French word entrepreneur with its philosophical significance utilising historical progress;

ii) Examined roles of entrepreneurial activities in both the control economy and the transitional economies of Poland, and

iii) Described and examined the extent to which the historical past, education, political and cultural capital, and social capital influence the entrepreneurial activities in the transitional economy of Poland.

3.5.3 Exploratory Study

The research commenced as an exploratory study. Such a study includes a combination of literature searches, experience surveys and single or multiple case studies where the research attempts to identify important variables and their relationships in a particular problem situation (Davis and Cosenza, 1988). Additionally, exploratory research does not determine the causation between studied variables (Aaker et al., 2001; Parasuraman et al., 2004).

There is currently very little empirical evidence related to the research issues raised in this study in the Polish context. From a very low base of existing knowledge the understanding of what influences entrepreneurial
drive has had in Poland in both its control and transitional economies, it can be established that this study represents an important exploratory work; hence this study will provide new knowledge in the field.

A literature review, and a pilot survey were conducted in order to develop a better understanding of the research variables and to conceptualise the scope of the research. The following basic criteria were established for the development of the research topic:

1) The research should be feasible both in scope and depth and should be able to be completed within a suitable time frame;

2) The study should contribute to a better understanding of entrepreneurs, specifically in Transitional Poland;

3) The study should provide a better insight into each research variable as it relates to the Polish entrepreneurs.

It was paramount that these studies not only cover some new ground in an understanding of the selected variables in the Polish entrepreneurial context, but also add a new perspective for further research. Therefore, several scaffolding activities were employed to adequately explore the nature of the research topic in light of the above criteria. These included a:

i) Literature review
ii) Pilot survey,
iii) Series of pre-tests of research instruments
3.5.3.1 The Literature Review

An extensive literature review was undertaken to explore and investigate the designated research variables. Additionally, the literature review assisted in re-examining the research findings to help determine interaction amongst the selected research variables.

The exploration of the existing literature shows that there is a sufficient theoretical underpinning of each of the research variables. Moreover, it highlights the complexity of forces that influence the transitional change. Most significantly is that the relationship between the research variables has not been examined in the past thus establishing this study as an important resource of new knowledge in the field.

3.5.3.2 Pilot Survey

A pilot survey was undertaken to test the validity and reliability of the questions and scales in the questionnaire (Sekaran 2003). In doing this it was essential to ensure that the selected respondents had characteristics similar to the participants of the main survey (Gill and Johnson, 1991; Ghauri et al., 1995; Webb, 1992; Paliwoda, 1981). In order to gain familiarity with the questionnaire in its preliminary form it was distributed via email to a total of 60 preselected individuals most of whom reside in Poland.

3.5.3.2.1 Participants in Pre-testing

The selected participants were chosen from the extensive network of the author’s personal relationships with individuals from leading industries and governmental organizations.
The selected group of participants possessed a professional experience in the mid-to-high management roles within governmental and business organizations, and in entrepreneurial company settings. Current Masters students ranging from the political to the social and business studies were also approached within the university settings in the capital of Poland, Warsaw. For the benefit of this research an additional four business owners with a Polish background, who currently reside in Germany, were also contacted. Participants were requested to complete the questionnaire within two weeks. It is important to note that the respondents were not offered any inducements for their participation. A joint request in a prepared letter by the researcher and his supervisor was attached to each questionnaire. This was designed to assist the respondents’ understanding of the study’s focus on advancements of entrepreneurial and politico/economic aspects of transitional economies with a specific focus on Poland, and how it may assist other transitional economies in their pursuit to a Free Market Economy.

Within three weeks 48 completed questionnaires were returned: a response rate of 80 percent. In line with Sekaran (2003) an appropriate sample size for most research should be larger than 30 to allow for testing of reliability. Therefore, no further attempts were undertaken to increase the responses, as the sample size was suitable for gaining preliminary insights into the issue of interest.
Table 3.1 Sample Size: Extract Data

<table>
<thead>
<tr>
<th>Town</th>
<th>Number of Respondents</th>
<th>Male</th>
<th>Female</th>
<th>Age 20-30</th>
<th>Age 31-40</th>
<th>Age 41-50</th>
<th>Edu. Bachelor’s</th>
<th>Edu. Master’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warsaw</td>
<td>12</td>
<td>4</td>
<td>8</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Gdańsk</td>
<td>10</td>
<td>2</td>
<td>8</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Toruń</td>
<td>4</td>
<td>4</td>
<td>x</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Płock</td>
<td>3</td>
<td>3</td>
<td>x</td>
<td>3</td>
<td>x</td>
<td>x</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Pułtusk</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>x</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Poznań</td>
<td>5</td>
<td>x</td>
<td>5</td>
<td>3</td>
<td>x</td>
<td>2</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Kraków</td>
<td>7</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Berlin</td>
<td>4</td>
<td>4</td>
<td>x</td>
<td>x</td>
<td>1</td>
<td>4</td>
<td>x</td>
<td>4</td>
</tr>
<tr>
<td>TOTAL</td>
<td>48</td>
<td>23</td>
<td>25</td>
<td>15</td>
<td>14</td>
<td>19</td>
<td>17</td>
<td>31</td>
</tr>
</tbody>
</table>

A copy of the Extract Data in English has been included in Appendix C.

3.6 Participants in Main Sample

The respondents who participated in this study (Table 3.1) consist of the Polish business and governmental organizations, entrepreneurs in the start-up face of business creation, current Master students of the Polish universities and general public employees. The sample covers a few major geographical areas of Poland: North, West-central, and South, with the cities of Warsaw, Pułtusk, Płock, Toruń, Gdańsk, Kraków and Poznań as the representatives of a strong business operations in the country. The procedure followed in this study in determining the size and composition of the sample is discussed in detail in the following section: “Research Methodology”.
Section Five

Research Methodology

3.7 Quantitative Methods

Data for this study was collected by means of a survey questionnaire comprised of 108 questions stemming from the constructed model. According to Gall and Borg (2006) a questionnaire survey allows a systematic collection of quantitative data, and in line with Bell (1999) delivers a broader picture. The questionnaire survey method was chosen for collection of data especially as the respondents were located in various geographical regions of Poland. Additionally, a questionnaire survey is convenient in that it allows respondents the freedom to answer questions in private without their identity being discovered, and without the influence of researcher (Oppenheim 1992).

The questionnaire titled “Entrepreneurial Development in Transitional Economy of Poland” has two sections:

i) General Information
ii) Entrepreneurship, Politics and Social issues

Each section concluded with a request for the participants to provide additional comments in relation to questions covered in the section. A copy of the questionnaires both in English and Polish has been included in Appendix B1, and Appendix B2.
3.8 Ethics Approval

All human research projects conducted at the Swinburne University of Technology by staff and students of the University require approval from the University’s Human Research Ethics Committee (HREC) before the research can commence. The HREC has responsibility for reviewing the ethical acceptability of research and ensuring compliance with regulatory and legislative requirements and University policies relating to human research. The University’s HREC is guided by the National Statement on Ethical Conduct in Human Research. The primary purpose of the National Statement is the protection of the welfare and rights of participants in research. In line with the University requirements and the expectations the researcher obtained written ethics approval prior to the commencement of the data collection process including the pilot survey.

Protection mechanism for the participants needed to be clearly stated to ensure that individual participants would not feel singled out or unduly embarrassed; protection of individual’s anonymity and confidentiality was maintained at all times. The covering letter clearly outlined that participants were free to withdraw consent and to discontinue participation in the study at any given time. A written assurance to the approval sub-committee was lodged outlining that in the event of participant concern or complaint they could in the first instance contact the research supervisor or the researcher. However, should the participant have any questions about the study that the investigators have not been able to answer, and/or if participant had any complaints about the way they were treated during the study, they could contact ‘The Human Research Ethics Committee’ at Swinburne University of Technology. All the appropriate contact details including addresses, telephone numbers, fax numbers, and email addresses accompanied the initial pages of the survey questionnaire.
The completed institutional application form accompanied by the cover letter and the survey questionnaire in both English and Polish languages was forwarded to the Human Research Ethics Committee at Swinburne University of Technology for approval. The Committee required no changes to the survey, and issued a written approval to undertake the survey.

3.9 Data Collection Procedures

The research was highly dependent on the use of questionnaire and survey methods therefore a networking approach played a significant role in the execution of the study.

To ensure a large numbers of responses from individual respondents, businesses and governmental organizations three major approaches were employed:

i) A random preselection of the potentially interested governmental organizations, and country’s major business individuals and current Master students of the Polish universities and the general public employees to take part in the research study was facilitated through a strong networking process. This commenced six months prior to the researchers visit to Poland.

ii) A sample of businesses and the entrepreneurs in the start-up phase of business creation was obtained from the Business Centre Club (BCC) in Poland, which holds the largest database of Polish businesses and close to 2,000 entrepreneurs.

iii) A pre-visit to the organizations that assured a verbal introduction of the research project to the leaders and included the following: outlining the data distribution procedure, and the collection
procedure. The timing of the research conduct was established encompassing the most suitable timing for all involved. This helped assure manageability and a good research outcome.

3.9.1 Survey Process

In order to save time and to prevent any potential limitations in the response rate the questionnaire was first printed out in an appropriate quantity destined for a particular responding organization and/or individuals, and then delivered directly to the respondents in person. All the organizations and selected individuals were contacted prior to the questionnaire being delivered and were provided with full verbal explanation of the research. One person in each organization was selected as responsible for the distribution and then collection of the questionnaires from the anonymous respondents ensuring confidentiality was maintained at all times. This approach ensured manageability and the limitation of the unnecessary extended administration time normally endured by the organizations when more than one person is involved in the research. By applying the above approach the researcher was able to save valuable time without any need to forward follow-up letters, and the limitation to the potential paper wastage could be executed. It also resulted in a very large return.

Respondents were guaranteed anonymity and confidentiality in the reporting of findings, there was no mention being made of any individual or company. In total, each participant was delivered with the following:

i) A questionnaire entitled “Entrepreneurial Development in Transitional Economy of Poland” and,

ii) A covering letter explaining the purpose of the study
A copy of the letter in English and Polish has been included in Appendix A1, and Appendix A2.

Participants were not provided with any material inducements for their participation. All the organizations that participated in this research study were given assurance that on completion of the examination of this thesis and prior to any official journal publications or conferences the findings in a condensed executive summary form would be presented to them. This approach assured of cooperation and openness that resulted in a greater commitment from participants.

3.9.2 Letter of Appreciation

On completion of the data collection process, a letter of appreciation was forwarded to all the research participants. The researcher expressed his thanks to the respondents for their kind cooperation and their timely responses to assist the completion of this research.

3.9.3 Population and Sample

The objectives of this research and the problems addressed are related to the entrepreneurial undertakings within Poland in times of control economy, and the Free Market Economy. In order to comply with the directions of this research, quantitative data was collected from a broad spectrum of the Polish population residing in a few geographical regions of the country. The selected group was chosen randomly preventing potential bias, which occurs if samples are chosen deliberately leading to favouritism (Hussey and Hussey, 1997). In line with the earlier discussed positivism the collected sample should represent the whole population. Thus, the chosen random sample, the purest form of probability sampling, provided the close
resemblance of the entire country population (Hussey and Hussey, 1997). This is the most important principle behind reliable sampling, as the random sample will guarantee an unbiased result. One can refer to a sample theory here, which involves the collection, analysis, and the interpretation of collected data from the random sample as the resemblance of the population (Hussey and Hussey, 1997).

3.9.4 Sample Size

Sekaran (2003), tells us that collecting data on the entire population would be practically impossible due to the time and the limitation of resources. Thus, the sample size should be sufficiently large in order to justify the undertaken research and the time assigned to its conduct. It is generally evident that the larger sample size of research reduces errors, and the smaller the proportion of the total population sampled, the greater the margin of error (Saunders et al, 2007). It was important to ensure that the sample size is credible, efficient and representative of the Polish target population.

A formula based on a statistical theory was used to compute the sample size for this research study. According to Saunders et al., (2007) the rule of thumb in the inferential analysis should consist of at least 30 cases. Inferential statistical analysis allow to make inferences from our data to more general conditions by statistical models known as the General Linear model, including amongst others the t-test, and Analysis of Variance (ANOVA). The researcher categorised the respondents into 5 separate groups of organizations and individuals, and estimated that the study required a minimum of 30 x 5 = 150 completed survey questionnaires. Estimating a response rate of 21 percent, the sample size was calculated as 700 business, governmental organization, and individual respondents. A total of 638 completed questionnaires were collected out of 700 that were
originally distributed. This represents a response rate of 91 percent. The response rate in business surveys varies from 17 percent to 60 percent, with an average of 36 percent (Hart, 1987). Thus, the response rate of 91 percent is substantially higher than the average rate for this type of research studies.

### 3.9.5 Systematic Sampling

Due to the time constraints and the financial limitations of the researcher it is difficult to observe all members of the population therefore researchers attempt to collect data from a subset of individuals and use those observations to make inferences about the entire population. A sample is thus a subgroup or subset of the population.

For this study the sampling principle was a systematic sample selection initially commencing with a random selection method. The sampled organizations were grouped in sets in accordance with basic types of their economic activities. The sample represented approximately 10 percent of organizations in each of the selected geographical regions, ultimately reduced to approximately 5 percent and in some instances to 2 percent respectively if the selected segment was too large. To gain a representative sample, a list of businesses and business individuals was obtained from the Business Centre Club (BCC) in Poland, which is an elitist business club and the largest private employer organization in Poland. BCC affiliates over 1,200 privately owned companies represented by close to 2,000 entrepreneurs jointly controlling $120 billion in capital and employing 600,000 people. Additionally, BCC members represent 249 cities allowing easier access to various geographical locations in Poland.

Further, the networking of the researcher allowed the selection of 7 major universities representing the country, and the direct contact with the past and present political leaders of Poland to be established. This vast selection
of the diversified respondents provided an excellent opportunity for this research to gain crisper knowledge about the entrepreneurial activities in the country of the past politico/economic settings and of its present economic position.
Section Six

Research Instrumentation

3.10 The Questionnaire

Of the two types of questionnaires that can be utilised, either self-administered, or interviewer administered (see Sekaran, 2003), for the purpose of this study, the respondents each completed a self-administered questionnaire in their own time and subsequently were collected in person by the researcher thus facilitating the large response rate.

The questionnaire used for this research study consisted of two sections and was designed in both the English and the Polish languages under the English title “Entrepreneurial Development in Transitional Economy of Poland” and the Polish translation titled “Rozwój Przedsiębiorczości w Przejściowym Systemie Gospodarczym Polski”.

For the questionnaire to register a strong and valid result, specifics of its design needed to be clear, focused, and intelligible to respondents. Additionally, the questions also needed to minimise bias, and be in a form suitable for the statistical techniques intended to be applied. This ensured that reliability and validity of the measurement scales was actually encoded in the questionnaire design (Ghauri et al. 1995; Gill and Johnson 1991; Martin and Bateson, 1993; Paliwoda, 1981; Webb, 1992).
The questionnaire was designed, taking into consideration, the following principals:

i) it should be suitable for all the respondents  
ii) it should be clear in structure  
iii) it should look for one specific information from each question assuring validity and reliability  
iv) it should cover issues meaningful for the analysis and interpretation  
v) it should reflect the objectives of the study


The paragraph included the following information at the commencement of the questionnaire:

*Entrepreneurship refers to a dynamic and visionary business person who bears the risks imposed by the changes in the market demands. Further it is an important factor that spurs and re shapes economic growth and serves as a catalyst in the development of transitional economies filling; niches, improving social existence, and as a result overall political economical progress.*
This short paragraph assured clarity and understanding for the respondents who were able to commence with a focused view. Such an approach was undertaken keeping in mind that the respondents are not passive recipients of questions, but rather, they would like to understand the reasons behind these questions being raised.

A five-point Likert-type scale was employed across all sections allowing the respondent to choose one of the five points for each item. Therefore, each variable item was scored in the same direction and each contributed equally to the final scale score. For ease of understanding each scale point was labelled assisting respondent to perceive how much an item did contribute to shape the entrepreneurial development. The labels ranged from 1 to 5 and were named as follows: 1-low contribution, 2-minimum contribution, 3-moderate contribution, 4-considerable contribution, 5-high contribution. This scale is an interval scale, as the distance between data is meaningful (Sekaran 2003).

The reasons for employing a Likert-type scales are as follows: i) it is a numerical value which is given to an opinion providing the respondent with a greater flexibility and honesty of response; ii) it provides different statements that can elicit information that is easy for the respondent to complete; iii) it is easier to code the data into a statistical software (Sekaran 2003).

The questions were formulated as statements that required a response. Each section varied in the number of responses required.

3.10.1 Section 1 - General Information

Section 1 referred to the general characteristics of the respondents and consisted of 20 items in this scale. These included; the company position,
gender, age, formal education and degrees, and the places of study of the respondents. Section 1 concluded with a request from the participants to provide any additional information that they wish to add.

3.10.2 Section 2 – Entrepreneurship, Politics and Social Issues

Section 2 was divided into 12 subsections, represented by separate questions being addressed. Examples of the questions have already been presented in greater detail in section three, point 3.4 of this study.

3.10.2.1 Section 2 – Entrepreneurship Scale (ES)

i) The first scale of section 2 consisted of 16 items and was directly related to the entrepreneurship.

Section 3 related to entrepreneurship and began with a header question commencing as follows: ‘In your opinion, to what extent do the following elements contribute towards entrepreneurial development?’. The item statements were constructed after consulting the extant literature in entrepreneurship: (Bangs and Pinson, 1999; Barreto, 1989; Baumol, 1968 p.64-71; Berkowitz and DeJong, 2001; Casson, 1982; Clark, 1899; Davenport, 1914; Demsetz 1988a; Dilts, Hallam, Birmingham and Craig 1997; Drucker, 1986; Formaini, 2001 p.2; Gunning 1994, 1997, 1998; Hébert and Link 1982 p.39-49; Kirzner, 1973; Knight 1921; Long 1983; Mises, 1966; Nijkamp, 2000; Rothbard, 1995; Schumpeter, 1934 p.34; Scott, 1933; Spengler, 1960; Spiegel, 1952; Vesper and Gartner, 1997 pp. 403-421; Zapalska 1997 p.111-112).
3.10.2.2 Section 2 – Social Scale (SSPa and SSPr)

ii) The second scale of section 2 was divided into 2 sections, and consisted of 18 questions directly related to the social aspects of the Polish society:

Section 1: Relates to the past politico/economic system and consists of 9 separate questions

Section 2: Relates to the present politico/economic system and consists of 9 separate questions

All the questions in the second scale were identical allowing the comparison between two politico/economic systems.

This section related to the social aspects and began with a lead question commencing as follows: ‘In your opinion, to what extent have the following elements shaped the Polish society?’. The item statements were constructed after consulting the extant literature in social aspects of society (Blanchard, 1994 pp.52; Blanchflower and Oswald, 1998 p.26-60; Brabant, 1994; Gartner, 1989 pp.11-68; Gola, 1999; Kolodko, 1998 p.9; Lipton and Sachs, 1990 pp.75-133, Miles et al., 1998; Minniti, 1999; Paldram, 2000; Pennings et al., 1998; Piasecki and Rogut, 1993; Pinto, and Grabowski, 1993; Putnam, 2000 p.191; Rapacki and Linz, 1992; Rostowski, 1990 pp.194-214; Tanas, 2003).

3.10.2.3 Section 2 – Political Scale (PSPa and PSPr)

iii) The third scale of section 2 was divided into 2 sections, and consisted of 8 questions directly related to the political system:
Section 1: Relates to the past politico/economic system and consisted of 4 separate questions

Section 2: Relates to the present politico/economic system and consisted of 4 separate questions

All the questions in the third scale were identical allowing the comparison between two politico/economic systems.

This section related to politics and began with a lead question commencing as follows: ‘In your opinion, to what extent has the political system affected entrepreneurial development in the Polish society?’. The item statements were constructed after consulting the extant literature in political system (Brabant, 1994; Gola, 1999; Kolodko, 1998 p.9; Korzeniowski, Radziwił and Walewski 2004; Myant, 1993; Osborn, and Słomczyński, 1997 p.39-46; Schumpeter, 1934 p.34; Sikor 2002; Tanas, 2003; Ucbasaran, Westhead and Wright, 2001).

3.10.2.4 Section 2 – Political Scale (PSPa and PSPr)

iv) The fourth scale of section 2 was divided into 2 sections, and consisted of 18 questions directly related to the political system:

Section 1: Relates to the past politico/economic system and consisted of 9 separate questions

Section 2: Relates to the present politico/economic system and consisted of 9 separate questions
All the questions in the fourth scale were identical allowing the comparison between two politico/economic systems.

This section related to politics and began with a header question commencing as follows: ‘In your opinion, to what extent has the legal system contributed towards entrepreneurial development in the Polish society?’ The item statements were constructed after consulting the extant literature in political system (Gola, 1999; Korzeniowski, Radziwił and Walewski 2004; Myant, 1993; Osborn, and Słomczyński, 1997 p.42-43; Schumpeter, 1934 p.34; Sikor 2002; Tanas, 2003; Ucbasaran, Westhead and Wright, 2001; Wennekers and Thurik, 1999).

3.10.2.5 Section 2 – Social Scale (SSPa)

v) The fifth scale consists of 8 questions, and was directly related to the social aspects of the society.

This section related to the social aspects and began with a header question commencing as follows: ‘In your opinion, to what extent had the culture of the Polish society contributed to entrepreneurial development?’ The item statements were constructed after consulting the extant literature in political system (Gorzelak, Jałowiecki, Woodward, Dziemianowicz, Herbst, Roszkowski, Zarycki, 1999 p.4-6; Kolodko, 1998; Korzeniowski, Radziwił and Walewski 2004; Kowalska-Glikman, 1984-1992; Misztal, 1981; Osborn, and Słomczyński, 1997 p.49-66; Sikor 2002; Szczepański, 1965 pp.12-55; Tanas, 2003).
3.10.2.6 Section 2 – Education Scale (ESPa)

vi) The six scale consists of 4 questions, and was directly related to the social aspects of the society.

This section related to the social aspects and began with a header question commencing as follows: ‘In your opinion, to what extent has the educational system of the Polish society contributed to entrepreneurial development?’.

The item statements were constructed after consulting the extant literature in political system (Fiske and Taylor, 1984; Gorzelak, Jałowiecki, Woodward, Dziemianowicz, Herbst, Roszkowski, Zarycki, 1999 p.5-10; Korzeniowski, Radziwil and Walewski 2004; Misztal, 1981; Osborne and Słomczyński, 1997 p.61-62; Szczepański, 1965; Tanas, 2003; Woloszyn, 1998 p.292).

3.10.2.7 Section 2 – Values Scale (VSPa)

vii) The seventh scale consists of 7 questions, and was directly related to the social aspects of the society.

This section related to the social aspects and began with a header question commencing as follows: ‘In your opinion, to what extent has the values system of the Polish society contributed to entrepreneurial development?’.

The item statements were constructed after consulting the extant literature in political system (Aldrich and Zimmer, 1986; Aldrich, 1999; Bourdieu, 1986; Burt, 1992; Coleman, 1988 p.95-100; 1990; Cote and Healy, 2001; Fan, 2002; Granovetter, 1985 pp.481-510; Humphrey and Schmitz, 1996; Johnson, McMillan, 1998; Lin, 2001; McMillan and Woodruff, 1998; Murrel, 1992; Myant, 1993; Nahapiet and Ghoshal, 1998 p.244; Nonaka, 1991; Paldram, 2000; Przystawa, 1999; Sliwinski, 1928; Woolcock, 2001; Yli Renko et al., 2001).
3.10.2.8 Section 2 – Family Orientation Scale (FOSPa)

viii) The eighth scale consists of 7 questions, and was directly related to the social aspects of the society

This section related to the social aspects and began with a header question commencing as follows: ‘In your opinion, to what extent has the family orientation and support of the Polish society contributed to entrepreneurial development?’ The item statements were constructed after consulting the extant literature in political system (Birley and Cromie, 1988; Blanchflower and Oswald, 1999; Coleman, 1988 p.109-112; Greve and Salaraff 2003; Hansen, 1995; Piasecki and Rogut, 1993; Rapacki and Linz, 1992; Stevenson and Jarillo, 1990; Wyznikiewicz, Pinto, and Grabowski, 1993).

3.10.2.9 Section 2 – Economic Scale (ESPa and ESPr)

ix) The ninth scale was divided into 2 sections, and consists of 10 questions directly related to the economic system:

**Section 1:** Relates to the past politico/economic system and consists of 5 separate questions

**Section 2:** Related to the present politico/economic system and consists of 5 separate questions

All the questions in the ninth scale were identical allowing the comparison between two politics/economic systems.

This section related to the economy and began with a header question commencing as follows: ‘In your opinion, to what extent does the economic system contribute to entrepreneurial development of the Polish society?’.
The item statements were constructed after consulting the extant literature in political system (Angresano, 1996; Balcerowicz, 1999 pp.35-76; Blanchard, 1994; Brabant, 1994; Gatian and Gilbert 1996; Gola, 1999; Jackson, et. al., 1997a and 1997b; Karwowska and Mrozin ska, 1993; Kolodko, 1998; Korzeniowski, Radziwił and Walewski 2004; Myant, 1993).

3.10.2.10 Section 2 – Social Scale (SSPr)

x) The tenth scale consists of 3 questions, and was directly related to the social aspects of the society

This section related to the social aspects and began with a header question commencing as follows: ‘In your opinion, to what extent does the social framework of the Polish society contribute to the entrepreneurial development?’. The item statements were constructed after consulting the extant literature in political system (Gartner, 1989; Kozinski, 1998; Lipton and Sachs, 1990, Murrel, 1992; Myant, 1993; Osborn, and Słomczyński, 1997 p.49-66; Szczepański, 1965 pp.12-55;).

3.10.2.11 Section 2 – Politics Scale (PS)

xi) The eleventh scale consists of 5 questions, and was directly related to the freedom aspects of the society

This section related to the social aspects and began with a header question commencing as follows: ‘In your opinion, to what extent does the social framework of the Polish society contribute to the entrepreneurial development?’. The item statements were constructed after consulting the extant literature in political system (Gola, 1999; Kolodko p.272-274, Korzeniowski, Radziwił and Walewski 2004; Myant, 1993; Osborn, and

3.10.2.12 Section 2 – History Scale (HS)

xii) The twelfth scale consists of 4 questions, and was directly related to the historical events.

This section related to history and began with a header question commencing as follows: ‘In your opinion, to what extent did various historical events contribute to the entrepreneurial development?’ The item statements were constructed after consulting the extant literature in political system (Bent, 1998 p.13; Davis, 1997 p.660-663; Kolodko, 1999; Korzeniowski, Radziwił and Walewski 2004; Lerski, 1996; Lucka, 2000 p.67-83; Przystawa, 1999; Zamoyski, 1994 pp.422).

3.11 Data Analysis

In order to summarise the raw data to allow for clarity of understanding, to gain new insights and to provide a tangible response, the data in this research was analysed using the Statistics Package for Social Science (SPSS) version 14. The techniques most suitable for the statistics analysis were considered and selected.

3.11.1 Quantitative Analysis

1. The first statistical techniques undertaken in this research were the Descriptive statistical analysis which commenced by applying the following techniques:
Univariate analysis (Hussey and Hussey, 1997):

i) Univariate descriptive statistics explores each variable in a data set, separately

ii) It explores the range of values, the central tendency of the values, and describes the pattern of response to the variable

The variables were evaluated in terms of:

Frequencies (Hussey and Hussey, 1997):
A frequency is a numerical value representing the total number of observations. A frequency distribution is an array of the frequencies arranged in size order in a table, chart, graph or other diagrammatic form.

Central tendency and variance (Hussey and Hussey, 1997):
Data tends to group itself around a central value. This value may be used to describe or represent the data set as a whole. Central tendency has three main measures:

i) Mean, representing the arithmetic average of a set of scores;

ii) Median, representing the middle score in a set of scores, ranked in numerical order; and

iii) Mode, representing the most frequently occurring score in a data set.

Standard Deviation (Hussey and Hussey, 1997):
It is a measure of variability. A high standard deviation implies high volatility and a low standard deviation implies low volatility.

Missing data (Hussey and Hussey, 1997):
Missing data can significantly affect the end research results and its validity. SPSS Missing Value Analysis allows adjusting for missing data.
The univariate analysis allowed for formulating decisions regarding the subsequent tests.

2. The second statistical techniques undertaken in this research were the exploratory data analysis (EDA) including the Cronbach’s Alpha, Correlation analysis and the Regression analysis

3. The third type of statistical technique undertaken in this research was Bivariate statistical analysis which is concerned with the relationships between pairs of variables. It is undertaken to see if one variable is related to another variable. The following techniques were applied: Hierarchical Multiple Regression analysis followed by T-test, and One way analysis of Variance (ANOVA)

3.12 Validity and Reliability

3.12.1 Validity

Validity, a unitary concept (Messick, 1989; Pedhazur and Schmelkin, 1991), refers to the accuracy to which a study reflects or assesses the specific concept attempted to be measured (Martin and Bateson, 1993). The concept refers to the i) appropriateness, ii) meaningfulness, and iii) usefulness of the specific inferences made from a test score.

There are several types of validity measures:

i) Content validity, called face validity, is concerned with how a measure or procedure appears,
ii) Criterion validity, called instrumental validity, demonstrates how well one or set of variables predicts an outcome based on information from other variables,

iii) Construct validity, called factorial validity, seeks agreement between a theoretical concept and a specific measuring procedure.

In this study, the validity of the research instruments was tested through the pilot test that established that the content of main questionnaire would be understood and could be applied. A summary of the initial responses can be found in Appendix C.

3.12.2 Reliability

Martin and Bateson, (1993) and Gill and Johnson, (1991), indicate that reliability refers to consistency and stability of a study or scale. To be a reliable instrument or test it must meet two conditions:

i) be confined to measuring a single construct and

ii) measure one dimension only.

There are two types of reliability: i) internal, how consistent is the measure within itself and ii) external, how measure varies from one use to another. Two kinds of errors may occur in the process of measurement: i) systematic error, which recur upon repeated measurements and ii) unsystematic error, which vary upon repeated measurements. There are various approaches to the estimation of reliability: i) Test-retest reliability; ii) Split-halves reliability; and iii) Internal consistency. According to (Pedhazur and Schmelkin, 1991), internal consistency using Cronbach’s (α) Alpha is the most commonly used procedure in reliability estimation.
The Cronbach’s Alpha measure ($\alpha$), (Cronbach, 1951), for reliability of internal consistency (Pedhazur and Schmelkin 1991; Tabachnick and Fidell 2006), was obtained for the eight variables used in the survey questionnaire: Political past; Economy past; Social Capital past; Political present; Economy present; Social Capital present; history and Freedom of information; and Entrepreneurial Development. This was achieved with the help of the statistical software: Statistics Package for Social Science, ‘SPSS Version 14 for Windows’.

Table 3.2 provides the Reliability Test for Variables.

**Table 3.2**  
**Reliability Test for Variables**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach’s Alpha Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political Past</td>
<td>.746</td>
</tr>
<tr>
<td>Economy Past</td>
<td>.728</td>
</tr>
<tr>
<td>Social Capital Past</td>
<td>.864</td>
</tr>
<tr>
<td>Political Present</td>
<td>.732</td>
</tr>
<tr>
<td>Economy Present</td>
<td>.628</td>
</tr>
<tr>
<td>Social Capital Present</td>
<td>.535</td>
</tr>
<tr>
<td>History and Freedom of Information</td>
<td>.784</td>
</tr>
<tr>
<td>Entrepreneurial Development</td>
<td>.786</td>
</tr>
</tbody>
</table>

Table 3.2 shows the Cronbach’ ($\alpha$) Alpha for all the factors indicating that the factors were reliable in relation to internal consistency. In particular, values established for social capital scales range from .535 (Social Capital Present, representing Free Market economy) to .864 (Social Capital Past, representing Communism period).
These figures suggest that a larger response for Social Capital Past may reflect the strong communal aspects that were often used as means to survive and advance with any business undertakings. The lower response for Social Capital Present may be seen as representing processes that have been partly replaced by legal regulations in a new system allowing more accessible business operations.

Despite the introduction of legal and business regulations, the current practice still retains elements of the established social constructs.

It appears that the most important variable of the Past was Social Capital which incorporated and supported human existence within the construct of Communism. In both the past and present the second highest variable: Political Past (.746) Political Present (.732) have similarities in value and may indicate that political knowledge and its market influence are important knowledge factors within an entrepreneurial domain.

Nunnally (1978), recommends a minimum Cronbach’s $\alpha$ of value 0.7. Caplan, Naidu and Tripathi (1984), stated that the value should be at least 0.50. In line with these two recommendations, it was concluded that reliability of all the above variables was more than adequate. Pedhazur and Schmelkin (1991) contend that a reliability scale measures the underlying concept consistently.

The questionnaire was developed in such a way that the responses reflected two distinct eras and was designed to reveal responses to set characteristics from both the past and the present: the past system of Communism and the current Free Market Economy. The questions were grouped to reflect the aspects of political, social and economic factors. In doing this and incorporating knowledge from the literature, the new model was constructed to depict the relationship between the past, the present and the influence of history and freedom on entrepreneurial development.
3.13 The Resultant Model

The following model will be tested

![Figure 3.3 Relationships Amongst Research Constructs](image)

**Figure 3.3 Relationships Amongst Research Constructs**

The model: Fig. 3.3, *Relationships Amongst Research Constructs* will be tested using recognised statistical analysis techniques.

3.13 Summary

In this chapter the process involved in developing the research design and the methodology adopted by this study was outlined, covering the purpose of the study, the details of the five specific objectives, the research problems and characteristics of the research study, sample, and the summaries of the demography of respondents.
Section One recorded the development of two further models that expanded on the initial construct: Contributing Factors to Entrepreneurship. (Fig 1.1, p.41) forming an integrated model developed after examining the literature. Section Two covered the conceptual road taken providing definitions of entrepreneurship, social capital, and cultural capital. Additionally, a description of entrepreneurial undertakings in World War II and during the Communist era was included to illustrate changes in approach and political positioning.

Section Three provided examples of questions that were developed from the model in order to facilitate further investigation and thus understanding of all interlinked factors.

Section Four revealed the research design covering: the philosophy of Positivism, the research problems and characteristics of the study, and the sample. It contains a description of the pilot survey, the pre test participants and the sample.

Section Five identified the research methods used in this study covering the quantitative methods; the process for ethics approval; and the data collection procedures collected by means of a questionnaire comprising 108 questions with additional information regarding sample the size.

Section Six, explained the procedure of the instrumentation indicating that the data was analysed through the descriptive and exploratory data analysis. As a conclusion an overview of validity and reliability are delivered and confirmation that the value of Cronbach’s (α) Alpha coefficients for each scale were adequate.

Arising from the Questionnaire the new model was constructed to depict the relationship between the past, the present and the influence of history and
freedom on entrepreneurial development. Having established a clear view of the processes so far, Chapter Four will provide the overall results of the collected data.
CHAPTER 4

Data Results

This chapter is organised into three sections. Section One, provides the summaries of the demography of respondents covering the respondents’ position; gender; age; formal education; and the countries where formal education was completed. Section Two, presents Factor Analysis, revealing significant findings in relation to the characteristics of an entrepreneur. Section three includes the summaries of bivariate correlation analysis, hierarchical regression; t-test; and one-way analysis of variance (ANOVA) is provided and the final model is proposed. The chapter concludes with a summary.
Section One

Statistical Techniques

4.1 Summaries of the Demography of Respondents

The survey conducted was made up of two parts:

1. A General Information Section and
2. An Entrepreneurship, Politics and Social issues section.

The total number of respondents to the questionnaire was 638, from which 635 valid responses were received.

This section summarises the demography of respondents and comprises information regarding the positions they hold, their gender, age, and level of formal education. This data was collected from section 1 of the survey questionnaire named the General Information section.
4.1.1 Summary of the Respondents’ Position

Table 4.1 provides the distribution percentages of respondent positions

<table>
<thead>
<tr>
<th>Position</th>
<th>N</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>37</td>
<td>5.6</td>
</tr>
<tr>
<td>Manager</td>
<td>73</td>
<td>11.6</td>
</tr>
<tr>
<td>Director</td>
<td>22</td>
<td>3.5</td>
</tr>
<tr>
<td>Other</td>
<td>496</td>
<td>79.0</td>
</tr>
</tbody>
</table>

Table 4.1 lists the distribution of respondents’ positions. The CEO’s represent (5.6%; N=37) of the total respondent group. Company Managers (11.6%; N=73), represent the largest number of any single respondent group. “Others” (79.0%; N=496), represent the combined group of professions which holds the largest percentage overall. The group of Others included entrepreneurs in start up stages as well as business owners of established firms; individuals who both had held and continue to hold political positions and also within this group were selected individuals who held management positions in academia as well as Masters students. The selected group of CEOs (5.6%; N=37) represented the major companies in the country.

4.1.2 Summary of the Respondents’ Gender

Table 4.3 provides the distribution of gender of the respondents in the survey. The large proportion of female respondents could be attributed to women making up 52 percent of the Polish society (GUS, 2007).
Table 4.2 provides the distribution of Gender of the Respondents.

<table>
<thead>
<tr>
<th>Gender</th>
<th>N</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>427</td>
<td>68</td>
</tr>
<tr>
<td>Male</td>
<td>201</td>
<td>32</td>
</tr>
</tbody>
</table>

From Table 4.2, the majority of respondents were females (68%; N=427) compared to males (32%; N=201).

The large percentage of female respondents may be due to women holding 35 percent of all managerial positions in Poland. The total employment in Poland is represented by 72.2 percent employed in the private sector and 27.8 percent in the public sector (GUS, 2007).

4.1.3 Summary of the Respondents’ Age (Optional)

Table 4.3 provides the distribution of age of the respondents in the survey. Polish society is one of the youngest in Europe with the working mobile age between 18-44 years, and represented by 62.3 percent of the population (GUS, 2007).
Table 4.3 provides the Distribution of the Age of the Respondents.

<table>
<thead>
<tr>
<th>Age</th>
<th>N</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30</td>
<td>445</td>
<td>70.9</td>
</tr>
<tr>
<td>31-40</td>
<td>73</td>
<td>11.6</td>
</tr>
<tr>
<td>41-50</td>
<td>67</td>
<td>10.7</td>
</tr>
<tr>
<td>51-60</td>
<td>38</td>
<td>6.1</td>
</tr>
<tr>
<td>61-75</td>
<td>5</td>
<td>.8</td>
</tr>
</tbody>
</table>

From Table 4.3, the majority of respondents were age 20-30 (70.9%; N=445), and the minority respondents were age 60-75 (.8%; N=5). In order to achieve clarity of the various age groups and their perception of entrepreneurship the above distribution was re-grouped by combining age groups of 51-60 and 61-75, creating four age groups for the purpose of analysis.

4.1.4 Summary of the Respondents’ Formal Education

In the first instance, it should be noted that women often hold high decision-making positions in business settings within Poland. One factor contributing to this phenomena is that 16 percent of women possess higher university educations (with masters), compared with 12.4 percent of males possess higher education qualifications (GUS, 2007).
Table 4.4 provides the Distribution of Formal Education of the Respondents.

<table>
<thead>
<tr>
<th>Formal Education</th>
<th>N</th>
<th>Frequency in Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Szkola Zasadnicza</td>
<td>18</td>
<td>2.9</td>
</tr>
<tr>
<td>Technical School</td>
<td>65</td>
<td>10.4</td>
</tr>
<tr>
<td>Secondary School</td>
<td>96</td>
<td>15.3</td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>319</td>
<td>50.8</td>
</tr>
<tr>
<td>Master’s Degree</td>
<td>41</td>
<td>6.5</td>
</tr>
<tr>
<td>Engineer</td>
<td>17</td>
<td>2.7</td>
</tr>
<tr>
<td>MBA</td>
<td>2</td>
<td>.3</td>
</tr>
<tr>
<td>Other post-Grad. Study</td>
<td>11</td>
<td>1.8</td>
</tr>
<tr>
<td>DBA</td>
<td>4</td>
<td>.6</td>
</tr>
<tr>
<td>PhD</td>
<td>8</td>
<td>1.3</td>
</tr>
</tbody>
</table>

Table 4.4, reveals that the majority of respondents hold a Bachelor’s Degree (50.8%; N=319), and the minority hold the MBA Degree (.6%; N=4). The low numbers of respondents with an MBA may be due to the fact that the MBA was not a commonly held qualification in Poland during the time of Communism. However a selected number of Higher Education institutions provided similar studies as found in Harvard and Oxford University systems but aligned with the political framework of Communism and its equivalent nomenclature. It should be noted that the group in the above construct represented by Master Degrees (6.5%; N=41), and the Engineers (2.7%; N=17), all hold Masters Degrees. The representation of the Szkoly Zasadnicze (equivalent to TAFE) levels (2.9%; N=18), Technical Schools (10.4%; N=65), Secondary School (15.3%; N=96). Some of the respondents were in the final stages of achieving a Bachelors Degree and are currently involved in running their own business operations. The respondents who held other Post Graduate qualifications (1.8%; N=11), as well as Doctoral
recipients DBA (.6%; N=4), PhD (1.3%; N=8), came from the older age groups and held directorship positions during the times of the controlled economy.

4.1.5 Summary of the countries in which their education was completed

Table 4.5 provides the distribution of countries where education was completed by the respondents in the survey.

<table>
<thead>
<tr>
<th>Country</th>
<th>N</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>610</td>
<td>97.1</td>
</tr>
<tr>
<td>Other</td>
<td>18</td>
<td>2.9</td>
</tr>
</tbody>
</table>

Table 4.5 reflects that the majority of respondents were educated in Poland (97.1%; N=610), compared to other countries (2.9%; N=18). Only a small percentage of the respondents were able to complete their education abroad and tended to be part of the political elite.
Section Two

Analysis of Data

In Chapter Three the Figure 3.1, (page 119), Interconnection of economic, political and socio-cultural factors was introduced by the researcher to reveal the factors that impact upon entrepreneurial action. In this chapter the results from the data collection procedures and statistical analysis will be presented. A numerical measure of Entrepreneurship was established to enable comparison against the survey data.

The researcher, drawing upon his own experiences and from the literature, suggests that entrepreneurship is considered to be multi-dimensional. To achieve such an understanding ideally people could be evaluated in their workplace or evaluated by peers, however, this entails a large-scale research task and was not feasible in this study. For the purpose for this thesis the researcher undertook an exploratory examination based upon the survey tool that measures the perceptions of an identified population of entrepreneurs and those who support their actions.

4.2 Factor Analysis

Important to the study is the understanding of the roles each factor plays in the individual’s understanding of entrepreneurial action.

Ghauri, and Grønhaug (2002), explain that factor analysis is a multivariate technique with an aim to summarise the interrelationship among a set of observed variables serving as aid in conceptualisation.
The inter-relationships exploratory factor analysis (EFA) is used to determine the number of continuous latent variables that are needed to explain the correlations among a set of observed variables. The continuous variables are referred to as factor indicators. In EFA, factor indicators can be continuous, binary, ordered categorical, or combinations of these variables types (Tabachnick and Fidell, 2006).

Principal component analysis derives orthogonal, statistically independent factors as a linear combination of the original variables. Factor analysis rotates the principal components to maximize the contribution of particular variables and obtain more conceptually meaningful multidimensional constructs. In a well-defined data set involving a large number of highly correlated variables, factor analysis frequently produces combinations of variables that correspond to underlying but not directly observable concepts. Haig writes, “Exploratory Factor Analysis is a method of data reduction which provides an economical redescription of correlational data. For others, it is a method for postulating latent variables which are thought to underlie, and give rise to, patterns of correlations”

Obtaining meaningful names for the factors is generally completed by “eyeballing”, the weightings on the variables for each factor. The higher the weighting, the greater the contribution the original variable makes to that particular factor. By seeing which variables have a high weighting, the nature of the factor can be ascertained (Gorsuch 1983).

The participants, all of whom were identified as entrepreneurs or those who support entrepreneurial activity, were asked sixteen questions asking them to rate the importance of various aspects of entrepreneurship. The responses to these sixteen questions were run through a factor analysis procedure, as shown in Table 4.6 using Statistics Package for Social Science (SPSS)
version 14, with a Maximum Likelihood extraction method and a Varimax rotation producing orthogonal (independent) factors.

**Table 4.6**

**Factor Extraction**

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi skilled ability (able to adjust quickly)</td>
<td>.789</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self confidence (ability to operate in various circumstances)</td>
<td>.571</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confidence in operating in ambiguous environment</td>
<td>.515</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ability to develop and manage networks</td>
<td>.466</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovative skills in managing the change process</td>
<td>.402</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ability to initiate management buyout of depleted industries</td>
<td>.619</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ability to gain financial resources from non traditional institutions</td>
<td>.509</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optimum utilisation of human and other resources</td>
<td>.489</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunity recognition and evaluation</td>
<td>.478</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creating financial resources through collaboration</td>
<td>.380</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment to ethical procedures</td>
<td></td>
<td></td>
<td>.469</td>
</tr>
<tr>
<td>A risk taker (ability to calculate and manage risk)</td>
<td></td>
<td></td>
<td>.426</td>
</tr>
<tr>
<td>Total commitment (hardworking)</td>
<td></td>
<td></td>
<td>.417</td>
</tr>
<tr>
<td>Result orientated (getting pleasure from achieving them)</td>
<td></td>
<td></td>
<td>.382</td>
</tr>
</tbody>
</table>

Extraction Method: Maximum Likelihood.  
Rotation Method: Varimax with Kaiser Normalization.  
Weightings less than 0.3 have been ignored.
Three important factors emerged from the analysis, as shown in Table 4.6. The weightings for each factor enable us to suggest the following names for each factor:

Factor 1: Networking ability.
Factor 2: Opportunity recognition
Factor 3: Personal skills

An interpretation of the factors is as follows:

4.2.1 Summary of the Networking Ability Factor

The largest factor that is evident consists of:

- Multi skilled ability (able to adjust quickly) (.789)
- Self confidence (ability to operate in various circumstances) (.571)
- Confidence in operating in ambiguous environment (.515)
- Ability to develop and manage networks (.466)
- Innovative skills in managing the change process (.402)

This factor can be identified as Networking Ability

4.2.2 Summary of the Opportunity Factor

The second factor consists of the following:

- Ability to initiate management buyout of depleted industries (.619)
- Ability to gain financial resources from non traditional institutions (.509)
- Optimum utilisation of human and other resources (.489)
- Opportunity recognition and evaluation (.478)
- Creating financial resources through collaboration (.380)
This factor can be identified as Opportunity Recognition

4.2.3 Summary of the Personal Skills Factor

The third factor consists of the following:

- Commitment to ethical procedures (.469)
- A risk taker (ability to calculate and manage risk) (.426)
- Total commitment (hardworking) (.417)
- Result orientated (getting pleasure from achieving them) (.382)

This factor can be identified as Personal Skills

Thus from the data collected from the participants it can be established that there are three dimensions of practice that are evident in an entrepreneur and therefore essential when considering how to enhance entrepreneurial practice within the individual and within the wider economic community. From the loadings it can be established that perceptions of respondents regarding entrepreneurship cluster as networking ability, opportunity recognition and personal skills. All are important and provide three independent variables for the research analysis.

While in many surveys a researcher hopes to find one major significant factor that will explain much of the variance in the data, in this study three factors have been identified. It has already been suggested by early French economists [Cantilion’s (1730), Baudeau ([1771] 1910), Jean-Baptiste Say (1803)], that entrepreneurship is multi faceted and these results support that observation.
The three factors explain the following percentages of variance:

Factor 1 Networking explains 13% percentage of variance.
Factor 2 Opportunity explains 10% percentage of variance.
Factor 3 Personal Skills explains 8% percentage of variance.

The identification of these three important factors provides a strong direction for developing best practice in entrepreneurship. From the analysis the perception of those who participate in entrepreneurial undertakings it is evident that such practice is a complex phenomenon comprising of various aspects of the relationship between the personal and the socio political economic constructs.

The independence of these factors suggests there is no correlation in the responses of individuals.

If any of the factors as revealed from the analysis can be identified as missing from an individual’s practice, a company’s practice or government legislation, programs and appropriate educational courses can be developed to include the factors into future practice.

**Networking**
Investigation of entrepreneurial networks has a long tradition (Birley 1985, Aldrich and Zimmer 1986, Johannisson 1988), and has come to be known as the ‘network approach to entrepreneurship’ (Brüderl and Preisendörfer 1998; Witt, 2004).

Sociological approaches to network theory suggest that the individual person is both part of and a catalyst for the network and these approaches provide an opportunity to investigate the links between these persons (Bavelas 1948, Granovetter 1973, Freeman 1978/79). Aldrich and Zimmer
(1985) stressed the importance of networks in encouraging and supporting entrepreneurship; Johannisson (1986) emphasized the role of informal ties in entrepreneurs' personal networks which also provides the resources and support required for entrepreneurship.

**Opportunity**
Entreprenurship involves the discovery, creation and exploitation of opportunities: a central and unique component of entrepreneurship (Christensen et al. 1994; Gaglio 1997; Gaglio and Katz 2001; Gartner et al. 2001; Kirzner 1997; Venkataraman, 1997; Shane and Venkataraman, 2000), as well as being the first stage of the entrepreneurial process. (Christensen et al. 1994; Hills 1995; Timmons et al. 1987). In line with Burt (1992) richness of networks leads to the discovery of entrepreneurial opportunities. As proposed by Christensen et al. (1989) opportunity recognition consists of perceiving a possibility to create business or improving its current position.

Kaish and Gilad (1991) found that entrepreneurs pay special attention to risk cues about new opportunities. Cooper (1981) suggested that entrepreneurs perceive opportunities on the basis of an intuitive and informal feel for the market. Stephenson et al. (1985) suggested that entrepreneurship is driven to a greater extent by perception of opportunity than by resources controlled. Stephenson and Jarillo-Mossai (1986) view entrepreneurship as the process of creating value by combining resources to exploit an opportunity.

Venkataraman (1997) highlighted three key reasons for entrepreneurs to recognise opportunities:

- knowledge and information differences,
- cognitive differences
- behavioural differences.
It can be suggested that an individual’s education may enhance opportunity recognition in that knowledge creates the mental schemas from which new information can be recognized and processed. (Shane and Venkataraman, 2000). This may also suggest that opportunity recognition is a critically important aspect for enabling entrepreneurs to progress and succeed.

**Personal Skills**

The personal skills of networking, being hardworking and diligent are fundamental to Entrepreneurship. These entrepreneurial values link the past, present and the future and underpin the process of alignment and attainment that define intention and action (Bird, 1989).

Personal skills provide a powerful explanation of human behavior and often serve as standards or criteria of conduct (Rokeach, 1973). The academic literature details characteristics and traits of successful entrepreneurs that include innovation, creativity, willingness to take risks, commitment, hard working and result oriented, competitive, self confident, and superior in conceptual ability (Carland, Hoy, Boulton, and Carland, 1984; de Vries, 1977).

Teal and Carrol (1999) found that entrepreneurs exhibit moral and ethical reasoning skills on a higher level than the general population. This appears logical considering that entrepreneurs more often have to assume responsibility for complex decisions affecting others who are directly within the circle of business creation and other members of society.

**4.3 Summary of Factor Analysis**

The factor analysis reveals important findings that contribute to new clarity in understanding the characteristics of entrepreneurship and the way that people perceive it. These findings are significant because they will add to
the collective knowledge of entrepreneurial practice and in particular what
ingividuals may need when operating in a transitional economy, or indeed in
any other form of economic system.

In order to progress the researcher created new variables by taking the factor
scores for each individual Independent variable (IV) from section 2 of the
questionnaire: Entrepreneurship, Politics and Social Issues, before using
them in further analysis.

### 4.4 Descriptive Analysis

The first statistical techniques undertaken in this research were the
Descriptive statistical analyses, which incorporated the following
techniques:

**Univariate Analysis** (Hussey and Hussey, 1997):

- Univariate descriptive statistics explores each variable in a data set,
  separately
- It explores the range of values, the central tendency of the values,
  and describes the pattern of response to the variable

**The Frequencies** (Hussey and Hussey, 1997):

A frequency is a numerical value representing the total number of
observations. A frequency distribution is an array of the frequencies
arranged in size order in a table, chart, graph or other diagrammatic form.
Central Tendency and Variance (Hussey and Hussey, 1997):

Data tends to group itself around a central value. This value may be used to describe or represent the data set as a whole. Central tendency has three main measures:

- Mean, representing the arithmetic average of a set of scores;
- Median, representing the middle score in a set of scores, ranked in numerical order; and
- Mode, representing the most frequently occurring score in a data set.

Standard Deviation (Hussey and Hussey, 1997):

It is a measure of variability. A high standard deviation implies high volatility and a low standard deviation implies low volatility.

Missing data (Hussey and Hussey, 1997):

Missing data can significantly affect the end research results and its validity. SPSS Missing Value Analysis allows adjusting for missing data.
Section Three

Bivariate and Multivariate Analyses

The aim of this section is to summarise the results gained from the Bivariate Correlation Analysis; Hierarchical Multiple Regression Analysis; T-test and One-way Analysis of Variance (ANOVA).

4.5 Correlation Analysis

In this research, bivariate correlation analysis is used to examine the degree to which factors relating to the aspects of the past economy correlated with the factors that relate to the aspects of the present economy in terms of the magnitude of the relationship and its direction. The strength of correlation coefficients for the Dependent variable (DV): Entrepreneurial Development, and the seven Independent variables (IV): the Political past; Economy past; Social Capital past; Political present; Economy present; Social Capital present; history and Freedom of information was undertaken.

Positive correlation is noted when high values of one variable are associated with high values on the other variable. On the contrary, when correlation is negative the high values on one variable are associated with low values on another variable. The value of -1 represents perfect negative correlation. When one variable increases the other variable decreases proportionately. Contrarily, the value of +1 informs us that the two variables have a perfect positive relation. When one variable increases the other variable also increases by a proportional amount. The value of 0 suggests that the variables are perfectly independent. It may be noted that it is difficult to
obtain perfect correlations of +1, 0 or -1 (Saunders et al., 2007; Tabachnick and Fidell, 2006).

As the data in this research was collected through a questionnaire (sample), one would need to determine if the probability of the correlation coefficient has occurred by chance. Therefore, if the probability is lower than 0.05 there is a significant relationship, hence, values greater than 0.05 are not indicative of a significant relationship (Saunders et al., 2007). However, If the probability is lower than 0.05, one would need to determine the strength of the relationships, using the following guidelines (Cohen, 1988):

\[ r = \text{Pearson Coefficient} \]
\[ r = .10 \text{ to } .29 \text{ or } r = -.10 \text{ to } -.29 \text{ weak} \]
\[ r = .30 \text{ to } .49 \text{ or } r = -.30 \text{ to } -.49 \text{ medium strong} \]
\[ r = .50 \text{ to } 1.0 \text{ or } r = -.50 \text{ to } -1.0 \text{ strong} \]

The guidelines according to Cohen (1988) signify that there is a large correlation between the two variables if the value of \((r)\) is larger than .50, or less than -.50, suggesting a strong relationship between the two variables.
Table 4.7
Bivariate Correlation Matrix

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurship</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Political Past</td>
<td>.058</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Political Present</td>
<td>.276**</td>
<td>.333**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Economy Past</td>
<td>.020</td>
<td>.361**</td>
<td>.246**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Economy Present</td>
<td>.232**</td>
<td>.182**</td>
<td>.379**</td>
<td>.348**</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Social Past</td>
<td>.331**</td>
<td>.427**</td>
<td>.579**</td>
<td>.326**</td>
<td>.484**</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Social Present</td>
<td>.268**</td>
<td>.390**</td>
<td>.535**</td>
<td>.287**</td>
<td>.328**</td>
<td>.664**</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Freedom and History</td>
<td>.242**</td>
<td>.135**</td>
<td>.336**</td>
<td>.253**</td>
<td>.361**</td>
<td>.388**</td>
<td>.356**</td>
<td>1</td>
</tr>
</tbody>
</table>

Note: **Correlation (r) is significant at the 0.01 level (2-tailed)

Column headings: 1=Entrepreneurship, 2=Political Past, 3=Political Present, 4=Economy Past, 5=Economy Present, 6=Social Past, 7=Social Present, 8=Freedom and History.

Table 4.7, presents the correlation matrix resulting from bivariate correlation analysis. It is a 8 x 8 matrix of Pearson’s r coefficients. An element Matrix [ i, j ] is Pearson’s r value for the relationship between the factor in row i and the factor in column j.

The research found that the social past and the social present have a strong correlation (r= .664; p<0.01). Meanwhile, the political past and the economy present has a week correlation (r= .182; p<0.01). It is interesting to note that both the Political Past (r= .058) and Economic Past (r=.020) are not significantly correlated with Entrepreneurial Development.
4.6 Hierarchical Multiple Regression Analysis

This test was performed in order to see the effect of a set of Independent variables (IV): Political past; Economy past; Social Capital past; Political present; Economy present; Social Capital present; and Freedom and history on the Dependent variable (DV) Entrepreneurial Development. In particular, the researcher wanted to know, which of the listed variables is the best predictor of the dependent variable when the effects of the other listed variable are controlled. Each variable was entered in steps in a predetermined order (Tabachnick and Fidell, 2006). Each independent variable was assessed in terms of what it adds to the prediction of the dependent variable, after the previous variables have been controlled for. The researcher determined the order of entry of the listed variables. F-tests were used to compute the significance of each set of variables to the explanation reflected in the R-square (McMurray, Pace, Scott, 2007).
Table 4.8 presents the results for the Hierarchical Multiple Regression.

<table>
<thead>
<tr>
<th>Change</th>
<th>β</th>
<th>t</th>
<th>Sig.</th>
<th>R²</th>
<th>R² Δ</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Step 1</strong></td>
<td></td>
<td></td>
<td></td>
<td>.142</td>
<td></td>
<td>26.441</td>
</tr>
<tr>
<td>Political Past</td>
<td>-.097</td>
<td>-1.99</td>
<td>.047</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economy Past</td>
<td>-.068</td>
<td>-1.49</td>
<td>.136</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Past</td>
<td>.421</td>
<td>8.77</td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Step 2</strong></td>
<td></td>
<td></td>
<td></td>
<td>.185</td>
<td>.043</td>
<td>8.395</td>
</tr>
<tr>
<td>Political Past</td>
<td>-.111</td>
<td>-2.25</td>
<td>.025</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economy Past</td>
<td>-.111</td>
<td>-2.38</td>
<td>.018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Past</td>
<td>.241</td>
<td>3.86</td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Political Present</td>
<td>.186</td>
<td>3.46</td>
<td>.001</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economy Present</td>
<td>.134</td>
<td>2.70</td>
<td>.007</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Present</td>
<td>.040</td>
<td>.700</td>
<td>.485</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Step 3</strong></td>
<td></td>
<td></td>
<td></td>
<td>.192</td>
<td>.007</td>
<td>3.955</td>
</tr>
<tr>
<td>Political Past</td>
<td>-.102</td>
<td>-2.06</td>
<td>.040</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economy Past</td>
<td>-.121</td>
<td>-2.58</td>
<td>.010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Past</td>
<td>.226</td>
<td>3.59</td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Political Present</td>
<td>.181</td>
<td>3.36</td>
<td>.001</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economy Present</td>
<td>.118</td>
<td>2.35</td>
<td>.019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Present</td>
<td>.025</td>
<td>.434</td>
<td>.664</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freedom and History</td>
<td>.092</td>
<td>1.99</td>
<td>.047</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The beta values (β) represent the unique contribution of each variable, when the overlapping effects of all other variables are statistically removed.
4.6.1 Graphical Model of Hierarchical Multiple Regression

The above Model (Fig. 3.4) indicates that the past impacts on present attitudes. Additionally, both past and present attitudes impact on people's perceptions of freedom and history and on their attitudes to entrepreneurship. Furthermore, the impact of past and present attitudes to entrepreneurship is partially mediated by attitudes to freedom and history.
4.6.1 Summary of Hierarchical Multiple Regression Steps

**Step 1** Predictors (Constant): Political past, Economy past, Social Past

In the first step three variables were included namely: political past, economy past, and social past, explaining 14.2 percent of the variation in Entrepreneurship.

The first analysis related to the perception of respondents on the past politico economic system (Communism), in relation to entrepreneurship.

The following was revealed:
Political Past ($\beta = -.097, t= -1.99, P= .047$) is significantly and negatively related to Entrepreneurial Development.

Economy Past ($\beta = -.068, t= -.149 P= .136$) is negatively related to Entrepreneurial Development but this relationship is not significant when Political Past and Social Past are controlled.

Social Past ($\beta = .421, t= 8.77, P= .000$) being significantly related to Entrepreneurial development.

**Step 2** Predictors (Constant): Political past, Economy past, Social Past, Political present, Economy present, Social present

In the second step three additional variables were included namely: political present, economy present, and social present, explaining a further 4.3 percent of the variation in entrepreneurship.
The second level reflected the perception of respondents on the present Politico economic system (Free Market Economy), in relation to entrepreneurship.

The following was revealed:
The Political Past ($\beta = -0.111$, $t = -2.25$, $P = .025$) being significantly and negatively related to Entrepreneurial Development, when the other variables past and present, were statistically controlled.

Economy Past ($\beta = -0.111$, $t = -2.38$, $P = .018$) being significantly and negatively related to Entrepreneurial Development.

Social Past ($\beta = 0.241$, $t = 3.86$, $P = .000$) being significantly related to Entrepreneurial development.

Political Present ($\beta = 0.186$, $t = 3.46$, $P = .001$) being significantly related to Entrepreneurial Development.

Economy Present ($\beta = 0.134$, $t = 2.70$, $P = .007$) being significantly related to Entrepreneurial Development.

Social Present ($\beta = 0.040$, $t = 0.70$, $P = .485$) not significantly related to Entrepreneurial development.

**Step 3** Dependent Variable: Political past, Economy past, Social Past, Political present, Economy present, Social present, Freedom and History

In the third step freedom and history was added to the regression explaining only a further 0.7 percent of the variation in entrepreneurship.
The following was revealed:
Political Past ($\beta = -0.102$, $t = -2.06$, $P = .040$) being significantly and negatively related to Entrepreneurial development.

Economy Past ($\beta = -0.121$, $t = -2.58$, $P = .010$) being significantly and negatively related to Entrepreneurial Development.

Social Past ($\beta = 0.226$, $t = 3.59$, $P = .000$) being significantly related to Entrepreneurial development.

Political Present ($\beta = 0.181$, $t = 3.36$, $P = .001$) being significantly related to Entrepreneurial Development.

Economy Present ($\beta = 0.118$, $t = 0.434$, $P = .664$) being significantly related to Entrepreneurial Development.

Social Present ($\beta = 0.025$, $t = 0.70$, $P = .485$) not significantly related to Entrepreneurial development when the other variables were statistically controlled.

Freedom and History ($\beta = 0.092$, $t = 1.99$, $P = .047$) being significantly related to Entrepreneurial Development.

All three regression equations explain a significant proportion of the variation in Entrepreneurial Development ($F (3,480)= 26.44$, $F (6,477)= 18.03$, $F (7,976)= 16.11$).
4.6.2 Outcomes of application of Hierarchical Multiple Regression

This test allowed the researcher to:

- Determine how much of the variance in the Dependent variable (DV) Entrepreneurial Development, could be explained by the Independent variables;
- Relative contribution of each Independent variable (IV);
- Determine the statistical significance of the results, both in terms of the model itself, and the individual Independent variables (IV).

4.7 T-test Analysis

In this research differences between groups the analysis was undertaken using independent sample T-test (parametric test) in order to compare the mean scores for gender and entrepreneurial development. The T-test assesses whether the means of two groups are statistically different from each other. The Sig. value of 0.05 is the cut off point. If the Sig. value is above the cut off point of 0.05 no significant difference between the two groups can be noted (Pallant, 2007). Additionally, the Wilcoxon (Mann Whitney) test (non-parametric test) was also undertaken in order to confirm the level of significance revealed from the T-test. In the event where the results from both the T-test and Wilcoxon tests are similar then the T-test is considered reliable and the preferred technique as it is more powerful than the Wilcoxon test (Tabachnick and Fidell, 2006).
Table 4.9 presents the results for the T-test.

**Table 4.9**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>t</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>3.76</td>
<td>.46</td>
<td>-1.22</td>
<td>.223</td>
</tr>
<tr>
<td>Male</td>
<td>3.81</td>
<td>.38</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

P < 0.05

From Table 4.9 No significant difference between Males and Females in terms of Entrepreneurial Development is found (t= -1.22; p = .223).

### 4.8 One-way Analysis of Variance (ANOVA)

One-way analysis of variance (ANOVA) was first conducted in order to explore the impacts of independent variables: positions, age and educational background on entrepreneurial development. The purpose was to test for significant differences between means, and it is conducted by analysing the variance. There are several forms of ANOVA. One-way ANOVA involves the investigation of the effect of one treatment variable on an interval or ratio based dependent variable. It aims to determine whether a statistically significant difference in means occurs between three or more groups (McMurray, Pace, Scott, 2007).
Table 4.10 presents the results for the One-way ANOVA for Company Positions and Entrepreneurial Development (Entrepreneurship).

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Means Square</th>
<th>F</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Entrepreneurship</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>.135</td>
<td>3</td>
<td>.045</td>
<td>.235</td>
<td>.872</td>
</tr>
<tr>
<td>Within Groups</td>
<td>119.111</td>
<td>624</td>
<td>.191</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>119.246</td>
<td>627</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From Table 4.10, with p value .872 greater than an alpha of 0.05 it shows that there is no significant difference between company positions of respondents in terms of entrepreneurial development.

Table 4.11 presents the results for the One-way ANOVA for Age and Entrepreneurial Development (Entrepreneurship).

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Means Square</th>
<th>F</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Entrepreneurship</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>2.416</td>
<td>3</td>
<td>.805</td>
<td>4.300</td>
<td>.005*</td>
</tr>
<tr>
<td>Within Groups</td>
<td>116.831</td>
<td>624</td>
<td>.187</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>119.246</td>
<td>627</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p<0.001

From Table 4.11, with p value .005 equal to an alpha 0.05 it indicates that there is a significant increase a difference in entrepreneurial development for the various age groups.
4.8.2 Tukey HSD Test

Secondly, Post-hoc comparisons using Tukey HDS test (when equal variance within groups is assumed) and Games-Howel (when equal variance within groups is assumed) were undertaken in order to investigate individual age groups in an attempt to locate differences in their impact on entrepreneurial development. P-value of less than 0.10 but equal or greater than 0.05 was set as a marginal significance. The level of significance is for descriptive rather than judgemental purposes, therefore the actual value of p is given for each test.

Table 4.12 presents the results for the Tukey HSD post hoc for Age and Entrepreneurial Development (Entrepreneurship).

<table>
<thead>
<tr>
<th>Age New</th>
<th>N</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30</td>
<td>445</td>
<td>3.7378</td>
</tr>
<tr>
<td>31-40</td>
<td>73</td>
<td>3.8348</td>
</tr>
<tr>
<td>41-50</td>
<td>43</td>
<td>3.8866</td>
</tr>
<tr>
<td>51-60</td>
<td>67</td>
<td>3.8974</td>
</tr>
</tbody>
</table>

Table 4.12, with p value 0.05 equal to an alpha 0.05 indicates that there is no significant increase between age of respondents and the entrepreneurial development, F (3.624) = 4.3, P = 0.05
4.9  Moderation Tests

4.9.1  Moderation by Freedom

Two groups of people were selected:
The Low Freedom score <5
Standarised Coefficients (** p<.001, * p<.01)

<table>
<thead>
<tr>
<th></th>
<th>estimate</th>
<th>estimate</th>
<th>estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All Data</td>
<td>Low Freedom</td>
<td>High Freedom</td>
</tr>
<tr>
<td>Economy Present &lt;--- Economy Past</td>
<td>.240**</td>
<td>.145</td>
<td>.285**</td>
</tr>
<tr>
<td>Economy Present &lt;--- Social Past</td>
<td>.448**</td>
<td>.439**</td>
<td>.387**</td>
</tr>
<tr>
<td>Economy Present &lt;--- Political Past</td>
<td>-.101</td>
<td>-.105</td>
<td>-.083</td>
</tr>
<tr>
<td>Political Present &lt;--- Political Past</td>
<td>.114*</td>
<td>.153</td>
<td>.101</td>
</tr>
<tr>
<td>Political Present &lt;--- Economy Present</td>
<td>.140**</td>
<td>.367**</td>
<td>.497**</td>
</tr>
<tr>
<td>Political Present &lt;--- Social Past</td>
<td>.460**</td>
<td>.127</td>
<td>.111</td>
</tr>
<tr>
<td>Social Present &lt;--- Political Past</td>
<td>.115**</td>
<td>.128</td>
<td>.129*</td>
</tr>
<tr>
<td>Social Present &lt;--- Social Past</td>
<td>.469**</td>
<td>.417**</td>
<td>.469**</td>
</tr>
<tr>
<td>Social Present &lt;--- Political Present</td>
<td>.234**</td>
<td>.268**</td>
<td>.188**</td>
</tr>
<tr>
<td>Entrepreneurship &lt;--- Economy Past</td>
<td>-.121*</td>
<td>-.238**</td>
<td>.002</td>
</tr>
<tr>
<td>Entrepreneurship &lt;--- Political Present</td>
<td>.166**</td>
<td>.119</td>
<td>.225**</td>
</tr>
<tr>
<td>Entrepreneurship &lt;--- Social Past</td>
<td>.155**</td>
<td>.097</td>
<td>.161*</td>
</tr>
<tr>
<td>Entrepreneurship &lt;--- Economy Present</td>
<td>.155**</td>
<td>.137</td>
<td>.115</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.060</td>
<td>0.039</td>
<td>0.075</td>
</tr>
</tbody>
</table>

% variation in Entrepreneurship explained 12.2% 9.8% 15.6%

RMSEA – Root Means Square Error of Approximations

Regardless of level of Freedom and History

a) Social Past has a positive impact on Economy Present
b) Economy Present has a positive impact on Political Present
c) Social Past has a positive impact on Social Present
d) Political Present has a positive impact on Social Present
However, level of Freedom and History moderates the following relationships.

a) Economy Past has a significant impact on Economy Present when Freedom and History are high.

b) Political Past has a significant impact on Social Present when Freedom and History are high.

c) Economy Past has a significant negative impact on Entrepreneurship for low Freedom & History

d) Political Present has a significant impact on Entrepreneurship for high Freedom and History

e) Social Present has a significant impact on Entrepreneurship for high Freedom and History

The above differences in the model for low and high Freedom and History are nearly significant (chi-square = 17.9, df = 11, p = .084)

The model (Fig 3.4) makes explicit that Freedom serves as a moderator for entrepreneurial development in the Transitional Economy of Poland and suggests that the strength of an individual is created by the societal construct and the progress of entrepreneurs is enhanced if there is a political and economic freedom to operate that is informed by the historical knowledge. There is a strong interrelationship between history and freedom however they are not interdependent when considering entrepreneurial development of the individual.
In order to determine if there is a significant influence of the moderator on Entrepreneurial Development an additional Factor Analysis for the moderators: Freedom and History was undertaken. A new scale for both Freedom and History was constructed and the Cronbach’s indicated good reliability for both. This followed by looking at the correlation between Freedom and History and other scales.
The existing model was tested for moderation in terms of History and Freedom using 4 as the division point to create two groups in each case.

4+ = 299 people
below 4 = 310 people

4.10.1 History

This test shows a significant difference in model weights for people with exposure to controlled economy (History) scores of 4 and above that economic past is not related to entrepreneurial development. However, for people with scores below 4 and no exposure to History there is a significant negative relation between economy past and Entrepreneurial development. A similar effect is noted for present economy and political present.

Social present has a slightly higher effect on people with less historical knowledge. Political present, social present and economy present have all positive effect. History has a moderating effect on entrepreneurship. People’s knowledge of history determines magnitude of the linkages in the model and significantly impacts upon people without historical knowledge for whom economy past inhibits entrepreneurial development.

Two groups of people Low <5
Results show that History moderates the model significantly (Chi-square = 19.9, df = 11, p = .047). In particular, Economy Past has a significantly negative impact on Entrepreneurship only for people with less knowledge of history. Economic, Political and Social Present have a significant positive impact on entrepreneurship in general.

Standardised Coefficients Compared for History Values below 4 and 4 plus
*** p<.0001 very significant
### Table 4.14
Moderation by History

<table>
<thead>
<tr>
<th>Estimate</th>
<th>Low History</th>
<th>High History</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
<td>p-values</td>
</tr>
<tr>
<td>EconomyPresent &lt;--- EconomyPast</td>
<td>.148</td>
<td>.006</td>
</tr>
<tr>
<td>EconomyPresent &lt;--- Socialpast</td>
<td>.448</td>
<td>***</td>
</tr>
<tr>
<td>EconomyPresent &lt;--- Politicalpast</td>
<td>-.117</td>
<td>.049</td>
</tr>
<tr>
<td>Politicalpresent &lt;--- Politicalpast</td>
<td>.119</td>
<td>.023</td>
</tr>
<tr>
<td>Politicalpresent &lt;--- Socialpast</td>
<td>.434</td>
<td>***</td>
</tr>
<tr>
<td>Politicalpresent &lt;--- EconomyPresent</td>
<td>.181</td>
<td>***</td>
</tr>
<tr>
<td>Socialpresent &lt;--- Politicalpast</td>
<td>.065</td>
<td>.155</td>
</tr>
<tr>
<td>Socialpresent &lt;--- Socialpast</td>
<td>.450</td>
<td>***</td>
</tr>
<tr>
<td>Socialpresent &lt;--- Politicalpresent</td>
<td>.323</td>
<td>***</td>
</tr>
<tr>
<td>Entrepreneurship &lt;--- EconomyPast</td>
<td>-.256</td>
<td>***</td>
</tr>
<tr>
<td>Entrepreneurship &lt;--- Politicalpresent</td>
<td>.158</td>
<td>.020</td>
</tr>
<tr>
<td>Entrepreneurship &lt;--- Socialpresent</td>
<td>.175</td>
<td>.009</td>
</tr>
<tr>
<td>Entrepreneurship &lt;--- EconomyPresent</td>
<td>.148</td>
<td>.011</td>
</tr>
</tbody>
</table>

Why does history moderate the above relationships? It can be suggested that education may play a role. People who score high on History are more likely to have a Bachelors degree and are less likely to have only a basic school qualification. (Chi-square = 19.728, df = 10, p = .032).

### Table 4.15
Education

#### 4.10.2 Education

<table>
<thead>
<tr>
<th>Education</th>
<th>x²</th>
<th>df</th>
</tr>
</thead>
<tbody>
<tr>
<td>Same</td>
<td>49.067</td>
<td>21</td>
</tr>
<tr>
<td>Different</td>
<td>31.697</td>
<td>10</td>
</tr>
</tbody>
</table>

Same model can be used regardless of education level (Chi-Sq= 7.370  df= 11  p= 0.768)
4.10.3 Freedom

Results show that Freedom does not moderate the model significantly (Chi-square = 18.4, df = 11, p = .072). However, there are some interesting differences between the two freedom groups. Economic Past only has a significant negative impact on Entrepreneurship for people with lower freedom scores. Social Present has a significant positive impact on Entrepreneurship only for people with high freedom scores. While Economy Present has a significant positive impact on entrepreneurship only in the case of people with lower freedom scores. For all people the Political Present has a significant positive impact on Entrepreneurship.

Standardised Coefficients Compared for Freedom Values below 4 and 4 plus

Table 4.16
Low and High Freedom

*** p<.0001 very significant

<table>
<thead>
<tr>
<th></th>
<th>Low Freedom &lt;4</th>
<th>High Freedom &gt;=4</th>
<th>Beta p-values</th>
<th>Beta p-values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimate EconomyPresent</td>
<td>-153 .008</td>
<td>-153 .008</td>
<td>-153 .008</td>
<td>-153 .008</td>
</tr>
<tr>
<td></td>
<td>.008</td>
<td>.088</td>
<td>.139</td>
<td>.139</td>
</tr>
<tr>
<td>EconomicPast</td>
<td>-153 .008</td>
<td>-153 .008</td>
<td>-153 .008</td>
<td>-153 .008</td>
</tr>
<tr>
<td></td>
<td>.008</td>
<td>.088</td>
<td>.139</td>
<td>.139</td>
</tr>
<tr>
<td>PoliticalPresent</td>
<td>.191 ***</td>
<td>.246 ***</td>
<td>.191 ***</td>
<td>.246 ***</td>
</tr>
<tr>
<td></td>
<td>.091</td>
<td>.146</td>
<td>.199</td>
<td>.004</td>
</tr>
<tr>
<td>PoliticalPresent</td>
<td>.191 ***</td>
<td>.246 ***</td>
<td>.191 ***</td>
<td>.246 ***</td>
</tr>
<tr>
<td></td>
<td>.091</td>
<td>.146</td>
<td>.199</td>
<td>.004</td>
</tr>
<tr>
<td></td>
<td>.045</td>
<td>.455</td>
<td>.045</td>
<td>.455</td>
</tr>
</tbody>
</table>
Why do these differences exist? The following tables suggest that people with high freedom scores are more likely to be well educated (Chi-square = 26.550, df = 10, p = .003). Should combine education categories to obtain a more reliable p-value.

Note that people with low scores (<4) for History are more likely to also have low scores (<4) for Freedom. (Chi-square = 29.768, df = 1, p<.001).

4.11 Proposed Conceptual Framework of Research Objectives

The final model suggests that Freedom and History moderates the relationships shown in Figure 3.6

This can be represented by the following and final Model.

![Figure 3.6 Conceptual Framework of the Research Objectives. It shows the various relationships between variables examined in this study](image-url)
This study set out to establish that the politics, economic and social constructs of a society impact upon an individual’s ability to become an entrepreneur. The models have provided visual representation of relational perspectives.

4.11.1 What the model shows

The model shows these interrelationships between the political, economic social variables as examined in this study. The model emerged from the investigation of aspects related to the past market economy of Poland with the political economic and social constraints of Communism and its influence on Entrepreneurship that existed as a survival and a need based mode.

This was followed by an investigation into a Free Market Economy setting of Poland when need based entrepreneurship appeared, especially at its early stages of transformation, leading to a more established market economy when innovation based entrepreneurship could prevail.

The investigation of the Free Market Economy parameters was supported by the perception of the respondents of the political economic and social aspects of the Polish society to produce the model that informs the understanding of Entrepreneurship at a more comprehensive level. What makes this model unique is the discovery of the new moderators: Freedom and History impacting upon entrepreneurial development.

Freedom represents the political settings of a Free Market Economy with the consequential freedom of individuals to operate and expand without the political doctrines that inhibit business operation under Communism. Additionally the free flow of information legislation and institutions contribute to one’s progress.
The Historical events of constant wars, the geographical position of Poland the partition and the influence of the foreign occupiers with the consequent disappearance of Poland as an entity, formed societal strength and unity in times of need.

The model (Fig 3.6) makes explicit that both Freedom and History serve as the moderators for entrepreneurial development in the Transitional Economy of Poland. This construct with all its variables as seen in the developing stages of the model, tends to suggest that the strength of an individual is created by the societal construct and the progress of entrepreneurs is enhanced if there is a political and economic freedom to operate that is informed by the historical knowledge.

4.12 Summary

This chapter presents the summaries of data results and is organised in three sections.

Section One, informs the procedure for the factor analysis unveiling the characteristics of entrepreneur.

Section Two, provided the summaries of the demography of respondents covering: the respondents’ position; gender; age; formal education; and the countries where the formal education was completed. The data was collected from the first section of the survey contained in the section titled General Information Section.

In Section Three the summaries of bivariate correlation analysis, and delivery of the final research model in line with research objectives.
CHAPTER 5

Discussion

This chapter is organised into two sections. Section One will discuss findings related to the constructed theoretical model interrogating what have been the accepted ideas and indicating how the model provides the means by which the construct of Entrepreneur can be examined. The research findings are revealed. Section Two will discuss the findings in relation to Entrepreneurship in the Transitional Economy of Poland and the findings resulting from a factor analysis will be revealed. The chapter concludes with a summary.
Section One

Discussion I

The Model

5.1 Results with Reference to the Constructed Theoretical Model

In the previous chapter the data was analysed and a number of results were recorded.

In the first instance the model is a significant development and contains new knowledge. Its creation with respect to identifying the characteristics of entrepreneurial practice provides a unique and new construct of the elements and their interrelationships that help define the behaviour and practice of individuals who identify themselves as Entrepreneurs.

It takes what has been considered accepted ideas of the roles and behaviours of such individuals and has provided the means by which the construct of “entrepreneur” can further be examined. It would be an interesting challenge to see how this model can be applied universally to any transitional economic situation and to any group or individual who practices entrepreneurship; This would allow areas of need to be identified and acted upon to facilitate further personal and societal advancement.
The discussion will now move to interrogating these findings with reference to the constructed theoretical model.

It is noted that the responses by participants were the perceptions of entrepreneurs from both a political and an economic perspective. The participants fell into several categories. Firstly, participants, who established and operated a successful business during Communism; many of whom expanded those businesses within the new structure of a Free Market Economy. Secondly, the younger group of participants whose businesses are in the establishment phase or who are running successful large entrepreneurial ventures provided insightful and comprehensive views which applied to the Free Market Economy. The third group came from diversified subgroups; providing the study with perceptions from those who supported but not necessarily acted as entrepreneurs. All participants brought to the survey a wealth of knowledge stemming from experience within the field of entrepreneurship.

The model reflects a conceptual understanding of entrepreneurial practice that has been developed from the literature and responses provided by the participants. In line with the model, these perceptions were combined with a particular focus on social aspects of Polish society to identify the relational nature of each component. Added to this was the overarching factor of education as an enhancer of entrepreneurship.

The model exists on the precepts that entrepreneurship is not based on monetary gains alone, but rather on creativity, vision and persistence to achieve success; one part of this may well be financial gain. As such the questions lent themselves to analysis on those less quantifiable outcomes that are associated with intuition (Gillin et al. 2007), knowledge and social capital.
5.2 Results

Examination of the data through a number of statistical methods revealed the following:

1. There was no difference between entrepreneurial capabilities of Males and Females, therefore establishing that entrepreneurship is not gender specific.
2. Education alone does not influence the entrepreneurship capabilities of an individual.
3. Education in combination with Social Capital and Political Knowledge (historical and freedom) noticeably influences capability.
4. That with increased age, entrepreneurial development can be seen to increase significantly.
5. An individual’s entrepreneurial capability is not dependent upon their status or position within a work place.

Each of these results adds a new perspective to the understanding of entrepreneurship within the Polish context. Further examination, in relation to the data presented in Chapter Four, will provide a stronger vision of how entrepreneurs can operate within different political and economic parameters and will provide evidence in the investigation of the original research question of *how the politics, economy and social constructs of a society impact upon an individual’s ability to become an entrepreneur?*
5.2.1 Difference between Males and Females

**Result 1:**

*There was no difference between entrepreneurial capabilities of Males and Females, therefore establishing that entrepreneurship is not gender specific (Table 4.9 p.193).*

In the participant population there was a larger number of female respondents overall with 68 percent versus males 32 percent. This might be due to work positions and the fact that 52 percent of population in Poland are women. Additionally, a large percentage of public and business employees are female. Despite the differences in percentage distribution, no differences in entrepreneurial development were detected. The questions were constructed to eradicate any gender bias.

5.2.2 Education and influence on entrepreneurship

**Result 2:**

*Education alone does not influence the entrepreneurship capabilities of an individual*

It is apparent that any society needs to value education and this is where a transitional economy can establish that educational development can position an economy to grow in entrepreneurship. The commodification of education that is designed to meet the lowest common denominator, rather than being designed to inspire creativity and vision may indeed remove the incentives for an individual to employ creative ideas.
The data indicates that the level of education does not reflect the potential for an individual to become an entrepreneur. In Poland it has been seen that entrepreneurs will succeed regardless of their educational level because there has been a well-established history of social capital. Education alone does not produce an entrepreneur. While technical information can be conveyed, the research undertaken within this study has established that social capital and knowledge of the political and economic processes are the factors that provide the resources for an individual to develop relevant cognition. Educational programs in Poland during Communism were openly provided to all and at others, such as during World War II it was required that they needed to be hidden. In both situations, education supported and sustained the nation by maintaining values and traditions, thereby creating strength for each individual who embarked upon an unknown life journey.

5.2.3 Education, Social Capital, and Political knowledge

Result 3:

*Education in combination with Social Capital and Political Knowledge noticeably influences capability*

The research revealed that education, when combined with political knowledge leads to a greater understanding of entrepreneurial success because the specific political knowledge provides the entrepreneur with a foundation from which to work. The need for the three domains of:

- education
- politico-economic and
- social capital
is evident from the respondents’ answers that education was important, but on its own it did not provide them with the resources to facilitate an entrepreneurial journey.

This reflects a serious implication for establishing educational programs. It suggests that such programs should not concentrate only on the technicalities of exposure to entrepreneurship but rather on aspects which unveil the depth of entrepreneurial thinking, judgement and understanding.

Entrepreneurs in general require a high level of general knowledge and understanding of ways in which to work with a variety of situations and with other individuals to achieve mutually beneficial goals. One may even suggest that given Poland’s ever changing position within the European landscape it became essential that the entrepreneurs were able to identify avenues of action by combining needed resources and by initially using social structures to implement their own business actions. Hence they needed to understand the social and political environment to enhance their capability when undertaking entrepreneurial activities in whichever political structure that was dominant at the time.

5.2.4 Age and Entrepreneurial Development

**Result 4:**

*There is no correlation between age and Entrepreneurial development*

The results suggest that there is little evidence of entrepreneurial success being directly linked to age related experience and knowledge.

While the older age group can be resistant to imposed constraints and are more likely to operate with a greater autonomy, they may also have a
greater ability to make judgements based upon their exposure to both the control economy and the current Free Market Economy. This means they are able to make informed decisions with respect to political, economic and market drives.

The older entrepreneurs embark upon business operations without ascribing too much importance to restrictions placed upon them, whereas the younger group were more inhibited by legalities. The broader experiences afforded by operating within a controlled economic system provided the entrepreneurs with the ways and means to adapt and develop within a political system while still being part of the Polish social structure. The Free Market Economy no longer requires entrepreneurs to operate both within and outside the political system.

5.2.5 Entrepreneurial Capacity

Result 5:

An individual’s entrepreneurial capability is not dependent upon their status or position within a work place?

The participants came from a variety of places and their positions ranged from university graduates, political figures to CEOs of high-end businesses. Individuals who exhibited entrepreneurial capabilities were not necessarily in the higher echelons of business or government. However, they all exhibited similar traits in their mode of operating within their workplace and beyond. To return to Schumpeter’s indicators of entrepreneurial characteristics, they exhibited common abilities such as visionary, persistent and goal seeking achievers. This was evident in both the older and younger groups however; interestingly there was no evidence of a consistent educational achievement.
The research suggests that an entrepreneurial individual displays capabilities that exist beyond the parameters of a job or position, and those characteristics are evident independent of the political system in which they operate or reside (Table 4.10 p.194).

These significant findings then lead to a further conversation that must be had in the context of Poland as a transitional economy: What do these results tell us about a society in Transitional economies and their need for entrepreneurial enhancement?
Section Two

Discussion II

Polish Economic and Political Perspectives

5.3 Results in relation to Entrepreneurship in Transitional economy of Poland

If a society is in transition, entrepreneurship can create a safety net for employment and most importantly it can support the creation of democracy and the well being of the society. For this to occur, the political agenda must support the development of entrepreneurship. The research as undertaken, provides the opportunity to identify the following conditions within the Polish Transitional economy:

5.3.1 Poland an entrepreneurial culture

Results 1.1

Poland as a needs-related entrepreneurial culture:

Poland has existed in a constant state of transition and by viewing the unfolding of historical events it can be established that these long periods of transition were fuelled by its geographic positioning. Thus the
entrepreneurial undertakings in Poland were predominantly from a needs based position rather innovation driven circumstances.

A needs based economy occurs when the internal changes in a country result in large unemployment, inflation, political and economic instability. A significant transitional time in Polish history was the regaining of identity in 1918, when Poland was in drastic need of reshaping its political economic standing. Due to the troubled economic position of the country and high unemployment the societal drive required that entrepreneurs embark upon business creation.

More recently, a similar period can be observed after the collapse of the communist regime in the fall of 1989-90 when Poland experienced economic chaos. This was followed by the formal introduction of the Free Market Economy which took place in the 1990s creating new social and business structures. At this time, the leaders were known and completely supported by the people, thus creating overall trust and societal drive towards political freedom and societal prosperity known as the Solidarity movement.

This spontaneous drive, the enormous market shortages, and opportunities to operate freely, encouraged business creation that resulted in entrepreneurial achievement. This was the highest entrepreneurial venture creation in Europe at the time.

One outcome of this expansion of entrepreneurial activity can be seen in the high number of businesses registered during 1991. There were 45,011 private companies in Poland that together with the unincorporated entrepreneurs employed 3 million people outside the agricultural sector, or 25 percent of the Polish labour force, producing 40 percent of the Polish GDP. Additionally, between 1990 and 1994 in Poland, new private firms
created 830,000 jobs, in contrast to new foreign owned and at the time privatised firms that added around 80,000 and 100,000 jobs respectively.

5.3.2 Social capital and entrepreneurial progress

Result 1.2

Social capital enhances the natural abilities and supports entrepreneurial progress:

Schumpeter (1911, 1934, 1954, 1961) identified that the three powerful motives of an entrepreneur are: (a) The dream to establish ones own enterprise; (b) The determination to achieve, the thrill to battle and succeed, not for the financial reward but for success itself; (c) The enjoyment of creating, and progressing, and simply utilizing ones own energy and inventiveness.

Polish entrepreneurs had for a long time been denied the right to operate openly and realise any personal ambitions to engage in entrepreneurial occupations. Thereby the opportunity to dream or to establish their own enterprise was denied them. However, the data reflects the social past and the social present have a strong correlation and that the desire for entrepreneurial activity existed as strongly in the past as it exists in the present.

Therefore in times when the political structure allowed restricted entrepreneurial activity but did not support growth, the social structure of Poland served as a natural enhancer and encouraged individuals to act. The individual’s enjoyment of creating and utilizing inventiveness became subservient to accommodating the required bureaucracy and market political restrictions in their operations. This meant that all their inventiveness and
creativity was directed in ways that supported their existence thereby enabling an entrepreneurial economy to develop within the parameters of the political structure of Poland. The social capital that existed within the Polish people enhanced the natural abilities and supported entrepreneurial progress despite the political realities.

5.3.3 Knowledge and entrepreneurship:

Result 1.3

*Entrepreneurs’ development is not dependent on education but the knowledge can be advantageous when combined with social capital and political knowledge:*

It would seem that Education both enhance Social Capital and is seen to reside within it. Entrepreneurial success results from strength within society which impacts upon an individual’s strength and broad vision to create future possibilities. Additionally education allows the individual access to an understanding of the economy and its forces as well as a political understanding that influences individual and national limitations of progress. These factors as part of the curriculum add to the individual’s ability to discriminate and analyse situations with greater clarity.

Embedded within each system during the partition of Poland, education as well as economical knowledge was considered essential by families to ensure survival. During Partition, learning was not undertaken in the Polish language and education was provided in the language of each respective system: German and Russian. Once freedom was achieved and Polish once again became the official language of the nation the three systems were combined under one umbrella and all individuals were then able to work together towards the success of the Polish nation.
Similarly, under the Communist regime, when education was available without hierarchical standing, economical and political studies were part of the national secondary and tertiary curricula. This often enabled broader horizons and understanding of market economic and political drives. Consequently, in times of entrepreneurial undertakings this knowledge enhanced judgement and the overall ability of entrepreneurs to undertake calculated risks. Poland was the only controlled economy under the communist regime after the Stalin years that allowed small private businesses to operate.

5.3.4 Entrepreneurship as stimulator of change

Result 1.4

Political, financial and educational policies need to be developed with entrepreneurship in mind as a stimulator for economic change. Thus entrepreneurship can be enhanced by a political agenda that supports economical knowledge:

The Political:

The commencement of the transition to the Free Market Economy was underpinned by the rules and policies of stabilisation and liberalisation and included some rules from the last days of Communism. The Polish government of the late 1980s, faced with an unregulated business code reinstated the pre second World War Commercial Code of 1934 on Economic Activity (Dz.U. 88, No 41 item 324 and 325), on 23 December 1988. Additionally, the Act on Economic Activity with participation of foreign entities was also introduced. While this code maintained significant privileges for the Communist rulers, it also allowed entrepreneurs to operate their businesses. The consecutive governments within the Free Market
Economy settings updated the code on an ongoing basis to reflect the current economic needs (PJL-Dziennik Ustaw, 1988; Rapacki and Linz, 1992; Rostowski, 1993).

**The Economic:**

The Act of 1988 on Economic Activity changed the circumstances of democratic and market transition becoming an important factor, that integrated into the transition framework one of the better rule sets of its type in transition countries.

The deregulation of the banking sector allowed greater financial flexibility, however, predominantly the start-up capital of the Polish entrepreneurs came from their own capital. It consisted of their own savings and those of relatives the share of the latter was 79.8 percent (Bratkowski, Grosfeld and Rostowski, 1998).

**Education:**

The new law on higher education passed by the Polish Parliament in 1990, provided the foundation of far-reaching changes in the system. The major changes included the devolution of authority from the government to educational institutions allowing private institutions their right to operate equally with public institutions, and the introduction of tuition fees. The number of universities in 1990 was three and by the year 2002 it had risen to over 300 private universities; accounting for 28 percent of all students in the country and creating the most extensive system of private higher education in Europe (PME, 2003).

The strong emphasis on education contributed to the entrepreneurial ability of the Polish population and engendered a deeper understanding of the
environment and a broader world-view. This further, reflects a greater emphasis on a collective approach within Polish society in their understanding, and drive to gain overall a more pluralistic society (Marody, Rychard, Giza-Poleszczuk, 2000).

**The Political Agenda:**

In order to advance with the process of transition the governmental role is to raise the awareness of the individual to the state of the economy and how to expand the individual’s wealth. For example, this can be done by; giving incentives in taxation, propagating freedom of economical operations thus creating growth and wealth. In turn this allows entrepreneurs to no longer have to operate under blankets of secrecy. They can function openly, thus enabling a quicker turnover of their own wealth as well as generating well being for others through employment.

In 1995, small and medium size entrepreneurial companies accounted for 99 percent of all registered private sector organizations. They produced one-third of the Gross Domestic Product (GDP) in excess of US$180 billion, and employed 60 percent of the workforce. It is suggested that a government’s role when an economy is in transition should allow and enhance business operation and expansion for entrepreneurs not to restrict and control. The government needs to allow individuals to thrive, rather than become overly concerned with creating barriers through burdensome bureaucracy.

Expansion of entrepreneurship is related to governmental and political regulations. The aim of a Free Market Economy is to provide incentives for entrepreneurial operation and allowing for exponential growth. Fiscal policies in a transitional economy will deliver incentives in an openly operating banking system and other financial institutions and the
introduction of educational policies allow for the creation of business oriented institutions to operate; providing individuals with business knowledge, politics, and economy.

5.3.5 Entrepreneurship and Democracy

**Result 1.5**

*The democraisation of society is interdependent with entrepreneurial development: each supports the other.*

Democracy is enhanced by the entrepreneurial operations of individuals within the society. In turn it allows the individual to undertake business activities and to fulfil their visions and gain personal satisfaction from that which they create. In such a democracy there is an enhanced growth of the middle class thus providing a buffer zone between rich and poor. (see Kowalik 2001)

By having a large class of entrepreneurs in a nation the society is then better able to monitor political movements through an interaction between business, the individual and the government. In order to have a large expansion of businesses during transition, entrepreneurs are the physical doers who devote their time, risk and vision to create new potential and wealth. Political systems do not create businesses but individuals, as in the case of Poland during the 1990s, work with their vision, persistence and societal support in conjunction with political support of their leaders to allow entrepreneurial growth without daily interference.
5.3.6 In Summary

The results can be listed as such:

1. Entrepreneurship in Poland is predominantly a need-related entrepreneurial culture;
2. Social capital enhances the natural abilities and supports entrepreneurial progress;
3. Entrepreneurs are not created by education alone but the knowledge is essential when combined with social capital and political knowledge;
4. Political, financial and educational policies need to be developed with entrepreneurship in mind as a stimulator for economic change. Thus entrepreneurship can be enhanced by a political agenda that supports economical knowledge;
5. The democratisation of society is interdependent with entrepreneurial development: each supports the other.

5.4 Results from Factor Analysis

The factor analysis revealed important findings that will contribute to an enhanced understanding of the characteristics of an entrepreneur. This new knowledge adds to the current collective knowledge of entrepreneurial practice and it will add substance to understanding the needs of an entrepreneur when operating in a transitional economy, or indeed any other economic system.

Factors relating to entrepreneurship were examined through the perceptions of current and past practitioners. The surveyed population possessed relevant knowledge through both their practice and their knowledge of systemic practice in the case of the older group. The participants have all...
been identified as entrepreneurs or those who support entrepreneurial activity, their knowledge from the field equips them to make observations and express their perceptions of entrepreneurial behaviour.

From the analysis the perceptions of respondents regarding entrepreneurship three clusters of characteristics emerged as:

- networking,
- resource gathering
- personal traits.

From the perspective of entrepreneurs, the participants indicated that the above dimensions of practice reflected elements of their own practice. Hence a significant finding in this study is that:

*Entrepreneurs can be characterised as having three fundamental abilities: networking, resource gathering and personal traits.*

This finding is significant because it gives further credence to long-held beliefs about entrepreneurial practice.

The findings are significant for future entrepreneurial development on both a small scale and the wider horizons of long term planning. When investigating how to enhance entrepreneurial practice within the individual and within the wider economic community the identified characteristics should be considered in any planning of entrepreneurial development.

The findings provide a means for diagnostic testing against three performance measures of entrepreneurial practice. They provide possibilities for entrepreneurs to self assess their performance, for managers to assess the performance of individuals or the company and governmental
bodies to assess policies in order to enhance practice from a broader perspective.

5.5 Results from the Model: Conceptual Frameworks of political, economic and social constructs of Entrepreneurship (Figure 3.6 p.203)

The model, Conceptual Frameworks of political, economic and social constructs of Entrepreneurship illustrates that the strength of an individual is created by the societal construct. Figure 3.6, highlights the complexity of significant forces that influence transitional change. The model reflects the interconnection of important elements and reveals how each element influences and contributes to the overall development of the Entrepreneur. Social and cultural capital, education, economy and politics, and past history serve as a strong background for a nation to engage in the politico-economic transformation.

Examining these factors leads to a significant finding that adds new knowledge to the understanding of Entrepreneurial undertakings. That is:

*The progress of entrepreneurs is enhanced if there is a political and economic freedom to operate that is informed by the historical knowledge.*

5.6 Summary

This chapter was organised into two sections.

*Section One* presented results that relate to the constructed theoretical model Figure 3.6 Conceptual Framework of Relationships Amongst Research
Constructs and significant results were revealed that created a clearer vision of Entrepreneurship.

Section Two discussed the findings in relation to Entrepreneurship in the transitional Economy of Poland and the important function of entrepreneurs as the creators of democracy are posited. The factor analysis revealed important findings stemming form the perceptions of the respondents and three essential characteristics of entrepreneurs were delineated.

In Chapter 6 the results will be explored with a view to establishing how they can be used to further entrepreneurship, and how the results and model can be employed in the development of programs in any transitional settings in the world.
CHAPTER 6

Conclusions, and Recommendations

This investigation of the transitional economy of Poland and its current unique position has provided the means by which an investigation of both a controlled economy and a free market structure enables and enhances or inhibits entrepreneurial drive.

Based on the study’s results and the extant literature the chapter provides recommendations for future research and concluding remarks.

6.1 Overview of the Chapter

This research aimed to fill a gap in the literature and was designed to further inform and provide directions for the issues surrounding entrepreneurial development. In undertaking this study the aim was to provide governments, educational institutions and both older and younger people in the future with a clearer vision of what is needed to enhance entrepreneurial growth.

Through the construction of the model, opportunities for further research in the field now exist and it will enable informed research into practices that best enhance entrepreneurial growth in the future.

The development of the unique model has led to a new construct in how to approach understanding of the processes and influences at work when observing transitional economies. While it was developed to investigate the Entrepreneurship in Poland, it is new knowledge that can be taken and
applied to any economy to examine how such factors interrelate in terms of economic development and entrepreneurial contributions to the economy under examination. Poland as an exemplar of a transitional economy affords us the opportunity to look at a country in transition and to make some observations regarding ways and means to encourage an entrepreneurial spirit that leads to positive outcomes.

6.2 The Revised Model of the Research Objectives

The model, Conceptual Frameworks of Political, Economic and Social Constructs of Entrepreneurship (Figure 3.2 page 120) represents what this study has established from the original research question:

*How do the politics, economy and social constructs of a society impact upon an individual’s ability to become an entrepreneur?*

It is a significant construct and research finding that adds new knowledge to the field by contributing a clear construction of factors that contributes to both entrepreneurship in general, and to understanding the drivers of an entrepreneur.

6.3 Facets of Entrepreneurship

To date, it has been established that Entrepreneurs can exist within any political system as long as they have vision, drive and persistence and a will to achieve. Contrary to a control market economy, a democratic system of a Free Market Economy provides less restriction on entrepreneurial activity, allowing individuals more economic as well as political freedom.

Economies in transition need to recognise that in order to progress the widespread development of entrepreneurship across the nation is critical for
fast business expansion and rapid growth towards a Free Market Economy: consequently, generating a greater disposal of funds and therefore developing wealth expansion across the whole society.

The model created within this research is a significant development and contains new knowledge; its creation with respect to identifying the characteristics of entrepreneurial practice provides a unique and new construct of the elements and their interrelationships that help define the behaviour and practice of individuals who identify themselves as Entrepreneurs.

The research also reveals that education, when combined with political knowledge leads to a greater understanding of entrepreneurial success because the specific political knowledge provides the entrepreneur with a foundation from which to work and expand. It is also established that an entrepreneur’s needs are related directly to the three domains of:

- education
- politico-economic and
- social capital

6.4 Group Results

The following results are grouped with relation to stages within the study and the position in which they were attained.

Group 1:
These results emerged from Chapter Five, (see 5.2 page 208) and arise from discussions contained in Chapter Four.
Result 1:
There was no difference between Males and Females, therefore establishing that entrepreneurship is not gender specific.

Result 2:
Education alone does not influence the entrepreneurship capabilities of an individual

Result 3:
Education in combination with Social Capital and Political Knowledge noticeably influences capability

Result 4:
With increased age, entrepreneurial development can be seen to increase significantly

Result 5:
An individual’s entrepreneurial capability is not dependent upon their status or position within a work place?

Group 2:
These results arose within Discussion II (see 5.3 page 214) and are related to further investigation of the Literature.

Results 1.1
Poland as a needs-related entrepreneurial culture:

Results 1.2
Social capital enhances the natural abilities and supports entrepreneurial progress:
Results 1.3

*Entrepreneurs are not created by education alone but the knowledge is essential when combined with social capital and political knowledge:*

Results 1.4

*Political, financial and educational policies need to be developed with entrepreneurship in mind as a stimulator for economic change. Thus entrepreneurship can be enhanced by a political agenda that supports economical knowledge:*

Results 1.5

*The democratisation of society is interdependent with entrepreneurial development: each supports the other.*

The researcher suggests that if a society is in transition, entrepreneurship can create a safety net for employment and most importantly it can support the creation of democracy and the well being of the society.

Group 3:

The following significant results arise from the statistical analysis of the data obtained through the perceptions of respondents regarding entrepreneurship. Table 4.6, *Factor Extraction* (see page 175) revealed the following three clusters of characteristics of entrepreneurs:

- networking,
- resource gathering
- personal traits.
6.5 Research Findings

From the results four significant findings can be attributed to this research into how the politics, economy and social constructs of a society impact upon an individual’s ability to become an entrepreneur. They are as follows:

Finding I

The first finding that needs to be acknowledged is the model;

**The Model: Conceptual Framework of the Research Objectives**

This model provides future researchers with a device to investigate potential interrelationships between the political, economic, social variables. Although the model emerged from the investigation of aspects related to the past market economy of Poland, researchers may embark on studies of similar settings.

Finding II

*Entrepreneurs can be characterised as having three fundamental abilities:*  
networking, resource gathering and personal traits.

Finding III

*The progress of entrepreneurs is enhanced if there is a political and economic freedom to operate that is informed by the historical knowledge.*
Finding IV

*The elements of Freedom and History serve as moderators for entrepreneurial developments in the Transitional Economy of Poland*

These findings have been derived through an intensive investigation of the transitional economy of Poland, the existing literature and through the responses of a surveyed population with significant understanding of entrepreneurship through both theoretical and practical dimensions.

Poland’s current unique position has provided the means by which both a controlled economy and a free market structure has been investigated to enhance understanding and to answer the question as originally presented:

*How do the politics, economy and social constructs of a society impact upon an individual’s ability to become an entrepreneur.*

6.6 In Conclusion

The issue facing Poland moved beyond, whether to pursue a market economy, but how to get there. The choice amounted to a “shock therapy” reform strategy or gradualism for some like Hungary, but for Poland the choice was clear. The author Jozef van Brabant espouses the notion that the “duration of the transition depends upon the initial conditions and speed at which policy makers can successfully embark on implementing the agenda”. The initial conditions in Poland were less favourable than in Hungary or the Czech Republic but politicians realised that if they adopted a more gradual approach as Hungary the transition would merely take even longer.


These words were delivered as a public address to ambassadors, businessmen and politicians and at the Australian National University Canberra in 2003. The words reflect the ongoing interest of the researcher pertaining to the historical and political aspects of entrepreneurship in
Poland. The research that has been undertaken in this study has led from the interest of one individual through the writings and records of history, to the current 638 respondents who generously contributed their perceptive views to the study.

The issues confronted in this study, while pertinent to Poland and the Polish situation under both a Communist and Free Market Economy are also applicable to other global places that are undergoing or striving to achieve political economic freedom for their society.

If any of the identified characteristics or factors can be shown to be missing from an individual’s practice, or from governmental legislation, programs and appropriate educational courses can be developed in line with the findings to enhance the inclusion of the factors into future practice and progression of transitional economies.

The researcher set out to gather information about the perceptions entrepreneurs held regarding the nature of their practice, their perceptions of the controlled economy under Communism and their operation and existence under the Transition to a Free Market Economy. At the same time the research was designed to interrogate how such individuals can assist in the development of a transitional economy and democratic progress.

Entrepreneurship is evident today inside or outside companies, in profit or not-for-profit companies, and in business or non-business activities in order to propagate creative ideas. Therefore, one may argue that entrepreneurship today is an integrated concept that permeates businesses in an innovative way. Consequently, this has revolutionized the way business is conducted at every level and in every country.
6.8 Directions for the Future

The research began with an observation that within the current patterns of world change it was timely to engage in a discussion and interrogation of entrepreneurial development in the economy of Poland and to discover what could be learnt from such an investigation.

The transitional change within Poland provided the researcher with an opportunity to discover the perceptions of Polish society on past and present politico-economic and social settings of the nation. It was recognised that from the Polish perspective, both a controlled economy and a free market structure could be investigated to provide greater understanding and lead to establishing further knowledge about;

*How (do) the politics, economy and social constructs of a society impact upon an individual’s ability to become an entrepreneur.*

The study was written from the perspective of both a native Polish entrepreneur and from the perspective of one who no longer resides within the country but still retains personal and business ties with Poland.

In the study a review of the historical context of entrepreneurship and the literature concerning entrepreneurship, the economy and its thorough description of historical aspects of entrepreneurship in Poland was unveiled and entrepreneurship in the pre-market economy is analysed. The study depicted an overview relating to the cooperatives and education in Poland and explored the wider implications of the actions and thoughts of entrepreneurs through the responses within the applied survey documents.

The historical landscape, and how that history has led to changes in direction and development, provides information that adds to the
understanding of the current transitional economic position in Poland. Further research leading from this study to broaden the application of the model, to explore the perceptions of newly created entrepreneurs in the settings of a Free Market Economy and their perceptions and resulting practice.

Some further avenues for research could include the following:

**Proposal 1**

One suggested outcome from this study could be the application of the model and identified factors to any region within a global setting, that wishes to embark on the path to politico-economic transformation. The study lends itself to adaptation or modification to any specified market circumstances in order to progress their chosen societal changes and to answer similar questions from a differing regional or national perspective.

**Proposal 2**

This research has focused specifically on Poland and the influences that have impacted on the politico-economic and social aspects of the country. Questions remain waiting to be answered about other countries that were under similar Communist regimes. Additionally, important research could be undertaken to answer the following questions:

1. **How have the former East German people who experienced Communist control and influences found themselves as Entrepreneurs within the new unified Germany?**

2. **Compare management leaders within the former Communist regime who played a significant role as entrepreneurs in the new settings of**
the Czech Republic with the modern young Entrepreneurs who did not experience the Communist structures.

To replicate this study in any other European nation that was directly influenced by one of the original occupiers of Poland. The question: has the Entrepreneurial spirit within Austria, Russia or Germany have any identifiable similarities with the outcomes of this study is an obvious subsequent study that should be undertaken to enable further understanding of the implications of controlled economies upon a country’s entrepreneurial development.

Additionally some historical questions could be posed and observations advanced in order to provide a clearer picture of the nature of a country’s resilience to or acceptance of influences on entrepreneurship.

**Proposal 3**

As well, the replication of this study within a well established Free Market Economy would provide clearer insights into how new generations of entrepreneurs exhibit the identified factors in their actions as Entrepreneurs.

**Proposal 4**

This study concentrated on participants who understood the control market of the Communist and who are now operational within the democratic system of a Free Market Economy of Poland.

Future research could be undertaken to replicate this study with those who were already born under the Free Market Economy and operate as entrepreneurs. This would be undertaken in order to establish from where
they draw their inspiration and where they see their vision and drive taking them within the Polish Society.

**Proposal 5**

The research lends itself to establishing a comparative study between the European and American Entrepreneurial Landscapes. In particular it could focus on where the respective inspirations and values are drawn by entrepreneurs and how they differ in practice and long-term outcomes. The underlying consideration could reflect upon how the American entrepreneurial landscape has evolved from its European origins.

### 6.9 Concluding Remarks

The research also recommends that the economic, cultural and societal histories should be known to enable governments and individuals to understand their origins. Entrepreneurship brings with it economic and social rewards but most importantly it serves as the catalyst in the development of Free Market Economy and democratisation of society.

The respect for individuals and their achievements can only occur if society is driven by combined goals and an interest in the wellbeing of its citizens. The Research shows that when the history of a nation is known and understood there is a greater capacity to learn and progress.

Entrepreneurs in any political or economic construct are the purveyors of progress and take with them the aspirations of the people and the nations. In line with the statement by Labberton (1871):

> “A society can be subjected to the gaze of history only when the society itself has a historical consciousness”
It has been shown through the research that in any society; politics, economy and social constructs have significant impacts upon an individual’s ability to become an entrepreneur. It has established that the Entrepreneur works within any politico- economic landscape and brings with them the ability to dream, to establish ones own enterprise a determination to achieve and an enjoyment for creating and progressing. In doing this they inspire and enhance the societal well-being of the nation.

Societal well-being transcends any political doctrine or market orientation: it resides in the spirit of the people, in the history of the nation and the drive towards future achievements as embodied within the Polish Nation and its Entrepreneurs.
REFERENCES


Hayek, F A von 1940, Socialistische Wirtschaftsrechnung III: Wiedereinführung des Wettbewerbs, Tübingen.


Healy, T 2001, Health Promotion and Social Capital, Paper presented to International Evidence for the impact of social capital on well-being, Conference, National University of Ireland, Galway.


Koźmiński, J 1998, Nine Years of Transformation in Poland, Forum at the Miller Center of Public Affairs, University of Virginia, USA (17th October 1998).


Krzyszkowski, J 2000, *Determinants of Building Social Capital in Poland*, Institute of Sociology, University of Łódź, Poland.


Mises, L von 1940, Nationalökonomie, Theorie des Handelns und Wirtschaftens, Geneve Switzerland, Editions Union.


Polanyi, K 1957 [1944], The Great Transformation, Beacon Press, Boston.


Riedel, A F J 1838, Nationalöconomie oder Volkswirtschaft, Band 1; Berlin.


Roland, G and Verdier, T 1999b, Law Enforcement and Transition, European Centre for Advanced Research in Economics and Statistics, Brussels; Université Libre de Bruxelles; and DELTA, Paris.


Sliwiński, F 1928, Ustawodawstwo szkolne i organizacja polskich władz szkolnych oraz szkolnictwa wszystkich stopni w pierwszym dziesięcioleciu istnienia Odrodzonego Państwa Polskiego, Łódź.


The World Bank, 2002, Social Capital for Development


Ustawa z dnia 9 października 1923 o uposażeniu funkcjonarżów państwowych i wojska, Dz. U.R.P Nr. 116 z r. 1923, poz. 924, str.1389, Poland.


Covering Letter

<Date>

Dear Respondent,

Subject: Research on Entrepreneurial Development in Transitional Economy of Poland

I am a PhD candidate undertaking my study at the Australian Graduate School of Entrepreneurship at Swinburne University of Technology in Melbourne, Australia. AGSE is the only institution in Australia that focuses on entrepreneurship and one which is well recognised in the world.

Entrepreneurship drives innovation, competitiveness, job creation and growth. It allows new innovative ideas to turn into successful ventures and can unlock the personal potential of people to create jobs for themselves and find a better place in society.

My PhD thesis “Entrepreneurial Development in Transitional Economy of Poland” focuses on entrepreneurship and politico-economical aspects of transitional economy of Poland. My study aims to investigate the insight of entrepreneurial advancements in Poland by comparing business operation under previous political system with the current free market economy. As a result a suitable model for the entrepreneurial operations can be formulated to facilitate economic development and future growth of the Polish transitional economy. Finally, this study will also be an important source of pedagogical development of entrepreneurship in transitional economies.

Kind Regards

Janusz K Tanas
PhD Candidate
Tel: +61 3 9214 5874
Fax: +61 3 9214 8381
AGSE Room 338
Email: jtanas@swin.edu.au
APPENDIX A

Covering Letter Polish Version

Szanowni Państwo,

Dotyczy: Badań naukowych "Rozwój Przedsiębiorczości w Przejściowym Systemie Gospodarczym Polski"

Jestem doktorantem mającym otwarty przewód doktorski w Australian Graduate School of Entrepreneurship (AGSE) na Swinburne University of Technology w Melbourne, Australia. AGSE jest jedyną instytucją w Australii koncentrującą się na aspektach przedsiębiorczości (entrepreneurship) i jedną z niewielu jakie posiadają światową renome w tej dziedzinie.

Moja praca doktorska “Entrepreneurial Development in Transitional Economy of Poland” “Rozwój Przedsiębiorczości (entrepreneurship) w Przejściowym Systemie Gospodarczym Polski” koncentruje się na przedsiębiorczości (entrepreneurship) oraz polityczno-ekonomicznym rozwoju podczas okresu przemian w Polsce.

Szczególnym celem mojej pracy jest przeprowadzenie badań rozwoju przedsiębiorczości (entrepreneurship) w Polsce postkomunistycznej (po 1990 roku) w porównaniu z poprzednim reżymem politycznym oraz okresem gospodarki centralnie planowanej (przed 1989 rokiem). Rezultatem tych badań może być stworzenie właściwego modelu wspomagającego rozwój przedsiębiorczości (entrepreneurship) w okresie przemian w innych rejonach świata. Dodatkowym celem badań może być również stworzenie pedagogicznego modelu rozwoju przedsiębiorczości (entrepreneurship) w warunkach przemian polityczno-ekonomicznych.

Jedynie dzięki udziałowi Państwa w badaniach możliwe jest zebranie wiarygodnego i niezbędnego materiału, koniecznego do zakończenia całej pracy. Dziękuję za Państwa zaangażowanie i czas poświęcony na wypełnienie niniejszej ankiety.

Z wyrazami szacunku

Janusz K Tanaś
PhD Kandydat
Tel: +61 3 9214 5874
Fax: +61 3 9214 8381
AGSE Room 338
Email: jtanas@swin.edu.au

Appendix
APPENDIX B1
Survey Questionnaire

Australian Graduate School of Entrepreneurship (AGSE)
Faculty of Business and Enterprise
Swinburne University of Technology,
Melbourne, Australia

“Entrepreneurial Development in Transitional Economy of Poland”

SURVEY
December 2006
“Entrepreneurial Development in Transitional Economy of Poland”

This survey consists of two main parts:

I General Information
II Entrepreneurship, Politics and Social Issues

The following questions represent your past and current business experiences in Poland. There are no ‘right’ or ‘wrong’ answers to these questions. Please be so kind and answer all the questions. Circle the appropriate number OR fill in the blank where required. Any additional general comments are welcome at the end of the questionnaire.

This survey has the ethics approval given by the Swinburne Human Research Ethics Committee (HREC). The data collected will be held in absolute confidence. A summary report of the research findings can be made available on request to the participants.

If you have any concerns in participating in the survey, you are requested to contact, in the first instance, the researchers, whose names and contact details are provided in the cover letter. In the event when your concern is still not resolved, you may contact the following:

The Chair
Faculty of Business and Enterprise Ethics Sub-Committee
Swinburne University of Technology
PO Box 218
Hawthorn Victoria 3122

OR

The Chair
Human Research Ethics Committee
Swinburne University of Technology
PO Box 218
Hawthorn Victoria 3122
Telephone: 03 9214 5223
KEY DEFINITION

• Entrepreneurship

It refers to a dynamic and visionary business person who bears the risks imposed by the changes in the market demand. Further, it is an important factor that spurs and reshapes economic growth, and serves as a catalyst in the development of transitional economies, filling niches, improving societal existence, and as a result overall politico-economical progress.

"Entrepreneurial Development in Transitional Economy of Poland"

I GENERAL INFORMATION

Position

1. CEO □
2. Manager □
3. Director □
4. Other (specify) □

Gender

1. Female □
2. Male □

Age (Optional)

1. 20-30 □
2. 31-40 □
3. 41-50 □
4. 51-60 □
5. 60-75 □

Formal Education and Degrees

1. TAFE □
2. Technical School □
3. Secondary School □
4. Bachelor’s degree □
5. Master’s degree □
6. Engineer □
7. MBA □
8. Other post-Graduate Study □
9. DBA □
10. PhD □

Please list the countries in which you have gained your education

1. Poland □
2. Other countries (please specify)

Please write here any comments that you wish to add:

__________________________________________
II  Entrepreneurship, Politics and Social Issues

In your opinion

- To what extent do the following elements contribute towards entrepreneurial development?

Please circle the appropriate number.

<table>
<thead>
<tr>
<th>ELEMENTS</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-confidence (ability to operate in various circumstances)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Multi-skilled ability (able to adjust quickly)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Confidence in operating in ambiguous environment</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Innovative skills in managing the change process</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Result-orientated (getting pleasure from achieving them)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>A risk taker (ability to calculate and manage risk)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Total commitment (hard working)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Understanding of Administrative and regulatory processes</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Ability to develop and manage networks</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Commitment to ethical procedures</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Creating financial resources through collaboration</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Restricted labour market</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Opportunity recognition and evaluation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Optimum utilization of Human and other resources</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Ability to initiate Management Buyout of depleted industries</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Ability to gain financial resources from non traditional institutions</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

Please write here any comments that you wish to add:
Please circle the appropriate number.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Contribution</td>
<td>Minimum Contribution</td>
<td>Moderate Contribution</td>
<td>Considerable Contribution</td>
<td>High Contribution</td>
<td></td>
</tr>
</tbody>
</table>

In your opinion

- To what extent have the following elements shaped the Polish society?

**ELEMENTS**

**CONTRIBUTION**

**Past (Controlled Economy before 1989)**

1. Historical 1 2 3 4 5
2. Political 1 2 3 4 5
3. Religious 1 2 3 4 5
4. State Controlled Economy 1 2 3 4 5
5. Trust between individuals 1 2 3 4 5
6. Free Market Economy 1 2 3 4 5
7. Legal framework 1 2 3 4 5
8. Political institutions 1 2 3 4 5
9. Education 1 2 3 4 5

**Present (Free Market Economy after 1990)**

1. Historical 1 2 3 4 5
2. Political 1 2 3 4 5
3. Religious 1 2 3 4 5
4. State Controlled Economy 1 2 3 4 5
5. Trust between individuals 1 2 3 4 5
6. Free Market Economy 1 2 3 4 5
7. Legal framework 1 2 3 4 5
8. Political institutions 1 2 3 4 5
9. Education 1 2 3 4 5

In your opinion

- To what extent has the political system affected entrepreneurial development in the Polish society?

**Past (Controlled Economy before 1989)**

1. Freedom of Operation 1 2 3 4 5
2. Implementation of new ideas 1 2 3 4 5
3. Bureaucracy 1 2 3 4 5
4. Control of political ideology over business 1 2 3 4 5
Present (Free Market Economy after 1990)

1. Freedom of Operation 1 2 3 4 5
2. Implementation of new ideas 1 2 3 4 5
3. Bureaucracy 1 2 3 4 5
4. Control of political ideology over business 1 2 3 4 5

Please circle the appropriate number.

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Contribution</td>
<td>Minimum Contribution</td>
<td>Moderate Contribution</td>
<td>Considerable Contribution</td>
<td>High Contribution</td>
</tr>
</tbody>
</table>

In your opinion

- To what extent has the legal system contributed towards entrepreneurial development in the Polish society?

Past (Controlled Economy before 1989)

1. Business Investment law 1 2 3 4 5
2. Banking and Insurance law 1 2 3 4 5
3. Anti Corruption law 1 2 3 4 5
4. Corporate law 1 2 3 4 5
5. Tax laws and Legislations 1 2 3 4 5
6. Consumer Protection law 1 2 3 4 5
7. Warsaw Stock Exchange law 1 2 3 4 5
8. Trade Practice Act 1 2 3 4 5
9. Independence of courts and judiciary 1 2 3 4 5

Present (Free Market Economy after 1990)

1. Business Investment law 1 2 3 4 5
2. Banking and Insurance law 1 2 3 4 5
3. Anti Corruption law 1 2 3 4 5
4. Corporate law 1 2 3 4 5
5. Tax laws and Legislations 1 2 3 4 5
6. Consumer Protection law 1 2 3 4 5
7. Warsaw Stock Exchange law 1 2 3 4 5
8. Trade Practice Act 1 2 3 4 5
9. Independence of courts and judiciary 1 2 3 4 5
Please circle the appropriate number.

<table>
<thead>
<tr>
<th>Low Contribution</th>
<th>Minimum Contribution</th>
<th>Moderate Contribution</th>
<th>Considerable Contribution</th>
<th>High Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

In your opinion

- **To what extent had the culture of the Polish society contributed to entrepreneurial development?**

  1. Customs
  2. Cognition
  3. Language
  4. Norms and beliefs Values
  5. Religion
  6. Norms which are followed
  7. Society (relationships that connects individuals)
  8. Shared values of the social system

In your opinion

- **To what extent has the educational system of the Polish society contributed to entrepreneurial development?**

  1. Highly educated (drive to learn)
  2. Broad vision
  3. Knowledge about world
  4. Knowledge about economy

In your opinion

- **To what extent has the values system of the Polish society contributed to entrepreneurial development?**

  1. Societal trust
  2. Support of groups
  3. Support and encouragement for success
  4. Combined commitment
    a. Political
    b. Professional
    c. Religious
In your opinion

**To what extent has the family orientation and support of the Polish society contributed to entrepreneurial development?**

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Networking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquiring funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extensive networking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Political</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Religious</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In your opinion

**To what extent does the economic system contribute to entrepreneurial development of the Polish society?**

**Past (Controlled Economy)**

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of legal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Availability of Banking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Availability of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market shortages</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No competition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Present (Free Market Economy)**

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of legal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Availability of Banking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Availability of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market shortages</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No competition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Please circle the appropriate number.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Contribution</td>
<td>Minimum Contribution</td>
<td>Moderate Contribution</td>
<td>Considerable Contribution</td>
<td>High Contribution</td>
<td></td>
</tr>
</tbody>
</table>

In your opinion

- **To what extent does the social framework of the Polish society contribute to the entrepreneurial development?**

  1. Importance of Trust among friends
  2. Importance of Family ties
  3. Importance of networks

In your opinion

- **To what extent does the freedom of information exchange and flow contribute to the entrepreneurial development of the Polish society?**

  1. Freedom of speech
  2. Freedom of media
  3. Independent legislations
  4. Independent institutions
  5. Free flow of political information and decisions

In your opinion

- **To what extent did various historical events contributed towards entrepreneurial development?**

  1. Constant wars
  2. Influence of other nations
  3. Geographical position of Poland
  4. Partition of Poland

*Please write here any comments that you wish to add in relation to section 2-12:*

Thank you kindly for your valued contribution in completing this questionnaire.
APPENDIX B 2

Kwestionariusz

Australian Graduate School of Entrepreneurship (AGSE)
Faculty of Business and Enterprise
Swinburne University of Technology,
Melbourne, Australia

“Rozwój Przedsiębiorczości (Entrepreneurship) w Przejściowym Systemie Gospodarczym Polski”
“Entrepreneurial Development in Transitional Economy of Poland”

ANKIETA
Styczeń 2006
“Rozwój Przedsiębiorczości (Entrepreneurship) w Przejściowym Systemie Gospodarczym Polski”

Niniejsza ankieta składa się z dwóch głównych części:

I Informacja ogólna
II Przedsiębiorczość (Entrepreneurship), Polityka i Aspekty kulturowe narodu (Social Issues)

DEFINICJA

• Przedsiębiorczość (*Entrepreneurship*)

Nawiązuje do osoby o walorach biznesowych, dynamicznej, posiadającej wizję biznesowej przyszłoci, nie bojącej się podjęcia ryzyka wykreowanego przez zmienne warunki rynkowe. Dodatkowo, przedsiębiorczość jest bodźcem, który wpływa korzystnie na innowacje i ogólne wzrost gospodarki w przejściowym systemie politycznym, zapewniając istniejące luki na rynku, tworząc nowe miejsca pracy i poprawiając ogólny byt społeczeństwa.

“*Entrepreneurial Development in Transitional Economy of Poland*”

I INFORMACJA OGÓLNA

<table>
<thead>
<tr>
<th>Stanowisko</th>
<th>1. Prezes Zarządu</th>
<th>3. Dyrektor Generalny</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Właściciel</td>
<td>4. Inne (jakie?) _______</td>
<td></td>
</tr>
</tbody>
</table>

|------|-------------|-------------|

<table>
<thead>
<tr>
<th>Wiek</th>
<th>1. 20-30</th>
<th>31-40</th>
<th>41-50</th>
<th>51-60</th>
<th>60-75</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

Posiadane tytuły i ukończone szkoły (proszę podać wszystkie)

1. Szkoła Zawodowa 7. Inżynier
2. Technikum 8. MBA
3. Liceum 9. Inne Studia podyplomowe
6. Szkoła pomaturalna 10. DBA
7. Licencjat 11. Doktorat
6. Magister

W jakich krajach zdobywał Pan/i powyższe wykształcenie

2. Polska ☐
2. Innych krajach (proszę określić) ☐

Dodatkowe uwagi i komentarze:

____________________________________________________________
II Przedsiębiorczość (Entrepreneurship), Polityka i Zagadnienia Kulturowe

Według Pani/Pana

- **W jakim stopniu następujące elementy przyczyniają się do rozwoju przedsiębiorczości (Entrepreneurship)?**

Proszę zaznaczyć odpowiedni numer

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Pewność siebie – zdolność działania w różnych sytuacjach</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Wszechstronność – zdolność szybkiego przystosowania się do sytuacji</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Pewność siebie w niejednoznacznych sytuacjach</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Innowacja w zarządzaniu procesem zmian</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Zorientowanie na cel (czerpanie satysfakcji z osiągniętego rezultatu)</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Zdolność kalkulacji i kontroli ryzyka</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Całkowite zaangażowanie się w pracę/zadanie</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Znajomość prawa i procesów administracyjnych</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Zdolność nawiązywania i podtrzymywania kontaktów</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Etyczne postępowanie</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Budowanie zasobów finansowych poprzez kontakty</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Ograniczony (niewystarczający) rynek pracy</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Rozpoznanie i ocena (przypadkowych) dogodnych sytuacji</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>Optymalne wykorzystanie zasobów: ludzkich i innych</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>Zdolność podjęcia inicjatywy wykupu przez menedżerów podupadłych biznesów</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16.</td>
<td>Zdolność pozyskania środków finansowych z nietradycyjnych źródeł</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.</td>
<td>Religijność</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Dodatkowe uwagi i komentarze:**

Appendix

298
Proszę zaznaczyć odpowiedni numer

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bardzo niski</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Niski</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Przeciętny</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wysoki</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Najwyższy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Według Pani/Pana

- **W jakim stopniu społeczeństwo polskie było i jest kształtowane przez następujące czynniki?**

Wyselekcjonowane elementy | Stopień
---|---

**Uprzednio (Gospodarka centralnie planowana do 1989 roku)**

1. Historyczne 1 2 3 4 5
2. Polityczne 1 2 3 4 5
3. Religijne 1 2 3 4 5
4. Gospodarka centralnie planowana 1 2 3 4 5
5. Ufność międzyludzka 1 2 3 4 5
6. Gospodarka wolnorynkowa 1 2 3 4 5
7. Struktura prawna 1 2 3 4 5
8. Instytucje polityczne 1 2 3 4 5
9. Edukacja 1 2 3 4 5
10. Duże rezerwy obcej waluty w rękach prywatnych (‘szara strefa) 1 2 3 4 5

**Dzisiaj (Gospodarka wolnorynkowa, od 1990 roku)**

1. Historyczne 1 2 3 4 5
2. Polityczne 1 2 3 4 5
3. Religijne 1 2 3 4 5
4. Gospodarka centralnie planowana 1 2 3 4 5
5. Ufność międzyludzka 1 2 3 4 5
6. Gospodarka wolnorynkowa 1 2 3 4 5
7. Struktura prawna 1 2 3 4 5
8. Instytucje polityczne 1 2 3 4 5
9. Edukacja 1 2 3 4 5
10. Duże rezerwy obcej waluty w rękach prywatnych (‘szara strefa) 1 2 3 4 5
Według Pani/Pana

• W jakim stopniu system polityczny wpłynął i wpływa na rozwój przedsiębiorczości (entrepreneurship) w polskim społeczeństwie?

Uprzednio (Gospodarka centralnie planowana do 1989 roku)

1. Swoboda działalności gospodarczej 1 2 3 4 5
2. Wprowadzanie nowych pomysłów 1 2 3 4 5
3. Biurokracja 1 2 3 4 5
4. Wpływ ideologii politycznej na biznes 1 2 3 4 5

Dzisiaj (Gospodarka wolnorynkowa, od 1990 roku)

1. Swoboda działalności gospodarczej 1 2 3 4 5
2. Wprowadzanie nowych pomysłów 1 2 3 4 5
3. Biurokracja 1 2 3 4 5
4. Wpływ ideologii politycznej na biznes 1 2 3 4 5

Proszę zaznaczyć odpowiedni numer

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bardzo niski</td>
<td>Niski</td>
<td>Przeciwny</td>
<td>Wysoki</td>
<td>Najwyższy</td>
<td></td>
</tr>
</tbody>
</table>

Według Pani/Pana

• W jakim stopniu ustawodawstwo prawne wpłynęło i wpływa na rozwój przedsiębiorczości (entrepreneurship) w polskim społeczeństwie?

Uprzednio (Gospodarka centralnie planowana do 1989 roku)

1. Prawo inwestycyjne 1 2 3 4 5
2. Prawo bankowe i ubezpieczeniowe 1 2 3 4 5
3. Prawo anty-korupcyjne 1 2 3 4 5
4. Prawo (regulacje) spółek akcyjnych 1 2 3 4 5
5. Prawo podatkowe 1 2 3 4 5
6. Prawo ochrony konsumenta 1 2 3 4 5
7. Normy prawne Warszawskiej Giełdy Papierów Wartościowych 1 2 3 4 5
8. Prawo handlowe 1 2 3 4 5
9. Niezależność sądów i niezawisłość sędziów 1 2 3 4 5

Dzisiaj (Gospodarka wolnorynkowa, od 1990 roku)

1. Normy prawne spółek inwestycyjnych 1 2 3 4 5
2. Prawo bankowe i ubezpieczeniowe 1 2 3 4 5
3. Prawo anty-korupcyjne 1 2 3 4 5
4. Prawo (regulacje) spółek akcyjnych 1 2 3 4 5
5. Prawo podatkowe 1 2 3 4 5
6. Prawo ochrony konsumenta | 1 2 3 4 5
7. Normy prawne Warszawskiej Giełdy Papierów Wartościowych | 1 2 3 4 5
8. Prawo handlowe | 1 2 3 4 5
9. Niezależność sądów i niezawisłość sędziów | 1 2 3 4 5

Proszę zaznaczyć odpowiedni numer

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bardzo niski</td>
<td>Niski</td>
<td>Przeciętny</td>
<td>Wysoki</td>
<td>Najwyższy</td>
</tr>
</tbody>
</table>

Według Pani/Pana

- **W jakim stopniu kultura polska wpływa na rozwój przedsiębiorczości (entrepreneurship)?**

1. Zwyczaje | 1 2 3 4 5
2. Świadomość narodowa | 1 2 3 4 5
3. Język | 1 2 3 4 5
4. Zasady i przekonania | 1 2 3 4 5
5. Religia | 1 2 3 4 5
6. Przestrzegane zasady | 1 2 3 4 5
7. Powiązania indywidualne w społeczeństwie | 1 2 3 4 5
8. Wartości wspólne systemu społecznego | 1 2 3 4 5

Według Pani/Pana

- **W jakim stopniu polski system edukacyjny wpłynął na rozwój przedsiębiorczości (entrepreneurship)?**

1. Wszechstronna edukacja (pociąg do nauki) | 1 2 3 4 5
2. Szeroka wyobraźnia | 1 2 3 4 5
3. Zasób wiadomości o świecie | 1 2 3 4 5
4. Zasób wiadomości ekonomicznych | 1 2 3 4 5

Według Pani/Pana

- **W jakim stopniu wartości systemowe społeczeństwa polskiego wpłynęły na rozwój przedsiębiorczości (entrepreneurship)?**

1. Wiara w ludzi (społeczeństwo) | 1 2 3 4 5
2. Poparcie grupowe | 1 2 3 4 5
3. Poparcie i zachęta do osiągnięcia sukcesu | 1 2 3 4 5
4. Wspólne zaangażowanie | 1 2 3 4 5
   a. Polityczne | 1 2 3 4 5
   b. Zawodowe | 1 2 3 4 5
   c. Religijne | 1 2 3 4 5
Proszę zaznaczyć odpowiedni numer

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bardzo niski</td>
<td>Niski</td>
<td>Przeciętny</td>
<td>Wysoki</td>
<td>Najwyższy</td>
</tr>
</tbody>
</table>

Według Pani/Pana

- **W jakim stopniu wartości rodzinne i poparcie ze strony rodziny wpłynęło na rozwój przedsiębiorczości (entrepreneurship)?**

  1. Więzy rodzinne 1 2 3 4 5
  2. Bezprocentowe pożyczki z nietradycyjnych źródeł 1 2 3 4 5
  3. Rozległa sieć kontaktów i powiązań (networking) 1 2 3 4 5
  4. Przynależność do organizacji:
     a. Politycznych 1 2 3 4 5
     b. Zawodowych 1 2 3 4 5
     c. Religijnych 1 2 3 4 5

Według Pani/Pana

- **W jakim stopniu system ekonomiczny w Polsce wpłynął i wpływa na rozwój przedsiębiorczości (entrepreneurship)?**

**Uprzednio (Gospodarka centralnie planowana do 1989 roku)**

1. Istniejąca struktura prawna 1 2 3 4 5
2. Oferta kredytowa banków 1 2 3 4 5
3. Oferta kredytowa innych instytucji (tzw. kredyt kupiecki) 1 2 3 4 5
4. Niedostateczna podaż (deficyt rynkowy) 1 2 3 4 5
5. Brak konkurencji 1 2 3 4 5

**Dzisiaj (Gospodarka wolnorynkowa od 1990 roku)**

1. Istniejąca struktura prawna 1 2 3 4 5
2. Oferta kredytowa banków 1 2 3 4 5
3. Oferta kredytowa innych instytucji (tzw. kredyt kupiecki) 1 2 3 4 5
4. Niedostateczna podaż (deficyt rynkowy) 1 2 3 4 5
5. Brak konkurencji 1 2 3 4 5
Proszę zaznaczyć odpowiedni numer

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bardzo niski</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Niski</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Przeciętny</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wysoki</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Najwyższy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Według Pani/Pana

- **W jakim stopniu następujące cechy społeczeństwa polskiego przyczyniają się do rozwoju przedsiębiorczości (entrepreneurship)?**

  1. Ufność wśród przyjaciół 1 2 3 4 5
  2. Znaczenie więzi rodzinnych 1 2 3 4 5
  3. Znaczenie więzi biznesowych, organizacyjnych i klubowych (networking) 1 2 3 4 5

Według Pani/Pana

- **W jakim stopniu brak cenzury i wolność przepływu informacji ma wpływ na rozwój przedsiębiorczości (entrepreneurship)?**

  1. Wolność słowa 1 2 3 4 5
  2. Niezależne media 1 2 3 4 5
  3. Niezależne prawo 1 2 3 4 5
  4. Niezależne instytucje 1 2 3 4 5
  5. Niekontrolowany przepływ informacji i decyzji politycznych 1 2 3 4 5

Według Pani/Pana

- **W jakim stopniu następujące czynniki na przełomie historii miały wpływ na rozwój przedsiębiorczości (entrepreneurship)?**

  1. Ustawiczne wojny 1 2 3 4 5
  2. Wpływ innych narodów 1 2 3 4 5
  3. Położenie geograficzne Polski 1 2 3 4 5
  4. Zabory 1 2 3 4 5

_Dodatkowe uwagi i komentarze dotyczące sekcji 2-12:_

Serdecznie dziękuję za Państwa udział w wypełnieniu niniejszej ankiety.
# Appendix C

## Survey Questionnaire

### Sample Size: Extract Data

2006

<table>
<thead>
<tr>
<th>Town</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warsaw</td>
<td>12</td>
</tr>
<tr>
<td>Gdańsk</td>
<td>10</td>
</tr>
<tr>
<td>Toruń</td>
<td>4</td>
</tr>
<tr>
<td>Plock</td>
<td>3</td>
</tr>
<tr>
<td>Pułtusk</td>
<td>3</td>
</tr>
<tr>
<td>Poznań</td>
<td>5</td>
</tr>
<tr>
<td>Kraków</td>
<td>7</td>
</tr>
<tr>
<td>Berlin</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>48</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Position</th>
<th>CEO</th>
<th>General Director</th>
<th>Manager</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>F</td>
<td>7</td>
<td>9</td>
<td>10</td>
<td>22</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>F</th>
<th>M</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25</td>
<td>23</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>20-30</th>
<th>31-40</th>
<th>41-50</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15</td>
<td>14</td>
<td>19</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Formal Education</th>
<th>Szkola Zawodowa (TAFE)</th>
<th>Secondary School</th>
<th>Engineer</th>
<th>DBA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technical School</th>
<th>Bachelor’s degree</th>
<th>Other post-Graduate Study</th>
<th>PhD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>17</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country of Education</th>
<th>Poland</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>40</td>
<td>8</td>
</tr>
</tbody>
</table>
To what extent do the following elements contribute towards entrepreneurial development?

<table>
<thead>
<tr>
<th>No.</th>
<th>Element</th>
<th>Low Contribution</th>
<th>Minimum Contribution</th>
<th>Moderate Contribution</th>
<th>Considerable Contribution</th>
<th>High Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Self-confidence (ability to operate in various circumstances)</td>
<td>6</td>
<td>29</td>
<td>14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Multi-skilled ability (able to adjust quickly)</td>
<td>3</td>
<td>9</td>
<td>22</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Confidence in operating in ambiguous environment</td>
<td>7</td>
<td>15</td>
<td>21</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Innovative skills in managing the change process</td>
<td>2</td>
<td>17</td>
<td>21</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Result-orientated (getting pleasure from achieving them)</td>
<td>3</td>
<td>8</td>
<td>18</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>A risk taker (ability to calculate and manage risk)</td>
<td>1</td>
<td>1</td>
<td>14</td>
<td>25</td>
<td>7</td>
</tr>
<tr>
<td>7</td>
<td>Total commitment (hard working)</td>
<td>4</td>
<td>14</td>
<td>16</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Understanding of Administrative and regulatory processes</td>
<td>1</td>
<td>7</td>
<td>14</td>
<td>22</td>
<td>5</td>
</tr>
<tr>
<td>9</td>
<td>Ability to develop and manage networks</td>
<td>2</td>
<td>6</td>
<td>25</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Commitment to ethical procedures</td>
<td>2</td>
<td>8</td>
<td>15</td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td>11</td>
<td>Creating financial resources through collaboration</td>
<td>4</td>
<td>21</td>
<td>16</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Restricted labour market</td>
<td>3</td>
<td>14</td>
<td>13</td>
<td>14</td>
<td>5</td>
</tr>
<tr>
<td>13</td>
<td>Opportunity recognition and evaluation</td>
<td>1</td>
<td>14</td>
<td>24</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Optimum utilization of Human and other resources</td>
<td>2</td>
<td>12</td>
<td>23</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Ability to initiate Management Buyout of depleted industries</td>
<td>2</td>
<td>10</td>
<td>24</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>16</td>
<td>Ability to gain financial resources from non traditional institutions</td>
<td>4</td>
<td>19</td>
<td>12</td>
<td>14</td>
<td></td>
</tr>
</tbody>
</table>
To what extent have the following elements shaped the Polish society?  
*Past (Controlled Economy before 1989)*

<table>
<thead>
<tr>
<th>Element</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historical</td>
<td>1</td>
<td>4</td>
<td>15</td>
<td>19</td>
<td>9</td>
</tr>
<tr>
<td>Political</td>
<td>2</td>
<td>1</td>
<td>6</td>
<td>17</td>
<td>22</td>
</tr>
<tr>
<td>Religious</td>
<td>2</td>
<td>10</td>
<td>15</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td>State Controlled Economy</td>
<td>1</td>
<td>2</td>
<td>16</td>
<td>18</td>
<td>11</td>
</tr>
<tr>
<td>Trust between individuals</td>
<td>1</td>
<td>14</td>
<td>22</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Free Market Economy</td>
<td>10</td>
<td>11</td>
<td>11</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>Legal framework</td>
<td>4</td>
<td>6</td>
<td>22</td>
<td>13</td>
<td>3</td>
</tr>
<tr>
<td>Political institutions</td>
<td>2</td>
<td>3</td>
<td>12</td>
<td>23</td>
<td>8</td>
</tr>
<tr>
<td>Education</td>
<td>5</td>
<td>9</td>
<td>16</td>
<td>15</td>
<td>3</td>
</tr>
</tbody>
</table>

To what extent has the political system affected entrepreneurial development in the Polish society?  
*Present (Controlled Economy after 1989)*

<table>
<thead>
<tr>
<th>Element</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historical</td>
<td>4</td>
<td>6</td>
<td>20</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>Political</td>
<td>3</td>
<td>18</td>
<td>19</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Religious</td>
<td>9</td>
<td>9</td>
<td>17</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td>State Controlled Economy</td>
<td>12</td>
<td>10</td>
<td>17</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Trust between individuals</td>
<td>5</td>
<td>12</td>
<td>19</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>Free Market Economy</td>
<td></td>
<td></td>
<td></td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Legal framework</td>
<td>4</td>
<td>13</td>
<td>23</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Political institutions</td>
<td>2</td>
<td>7</td>
<td>18</td>
<td>15</td>
<td>5</td>
</tr>
<tr>
<td>Education</td>
<td>1</td>
<td>6</td>
<td>16</td>
<td>17</td>
<td>7</td>
</tr>
</tbody>
</table>
To what extent has the political system affected entrepreneurial development in the Polish society?

**Past (Controlled Economy before 1989)**

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Freedom of Operation</td>
<td>15</td>
<td>9</td>
<td>10</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>2. Implementation of new ideas</td>
<td>7</td>
<td>16</td>
<td>8</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>3. Bureaucracy</td>
<td>1</td>
<td>9</td>
<td>19</td>
<td>13</td>
<td>6</td>
</tr>
<tr>
<td>4. Control of political ideology over business</td>
<td>1</td>
<td>5</td>
<td>9</td>
<td>18</td>
<td>14</td>
</tr>
</tbody>
</table>

**Present (Free Market Economy after 1990)**

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Freedom of Operation</td>
<td>7</td>
<td>2</td>
<td>3</td>
<td>26</td>
<td>16</td>
</tr>
<tr>
<td>2. Implementation of new ideas</td>
<td>1</td>
<td>6</td>
<td>26</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>3. Bureaucracy</td>
<td>7</td>
<td>16</td>
<td>14</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>4. Control of political ideology over business</td>
<td>3</td>
<td>16</td>
<td>12</td>
<td>12</td>
<td>6</td>
</tr>
</tbody>
</table>
To what extent has the legal system contributed towards entrepreneurial development in the Polish society?

**Past (Controlled Economy before 1989)**

<table>
<thead>
<tr>
<th>Law Type</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Business Investment law</td>
<td>8</td>
<td>9</td>
<td>21</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>2. Banking and Insurance law</td>
<td>11</td>
<td>9</td>
<td>12</td>
<td>14</td>
<td>2</td>
</tr>
<tr>
<td>3. Anti Corruption law</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>4. Corporate law</td>
<td>9</td>
<td>13</td>
<td>13</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td>5. Tax laws and Legislations</td>
<td>5</td>
<td>12</td>
<td>17</td>
<td>11</td>
<td>3</td>
</tr>
<tr>
<td>6. Consumer Protection law</td>
<td>7</td>
<td>15</td>
<td>14</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>7. Warsaw Stock Exchange law</td>
<td>9</td>
<td>13</td>
<td>17</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>8. Trade Practice Act</td>
<td>3</td>
<td>10</td>
<td>22</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>9. Independence of courts and judiciary</td>
<td>11</td>
<td>11</td>
<td>10</td>
<td>14</td>
<td>1</td>
</tr>
</tbody>
</table>

**Present (Free Market Economy after 1990)**

<table>
<thead>
<tr>
<th>Law Type</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Business Investment law</td>
<td>4</td>
<td>13</td>
<td>29</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>2. Banking and Insurance law</td>
<td></td>
<td>14</td>
<td>28</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>3. Anti Corruption law</td>
<td>7</td>
<td>20</td>
<td>13</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>4. Corporate law</td>
<td>2</td>
<td>22</td>
<td>21</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>5. Tax laws and Legislations</td>
<td>2</td>
<td>3</td>
<td>12</td>
<td>26</td>
<td>5</td>
</tr>
<tr>
<td>6. Consumer Protection law</td>
<td>2</td>
<td>19</td>
<td>22</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>7. Warsaw Stock Exchange law</td>
<td>4</td>
<td>18</td>
<td>25</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>8. Trade Practice Act</td>
<td>2</td>
<td>11</td>
<td>28</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>9. Independence of courts and judiciary</td>
<td>5</td>
<td>16</td>
<td>24</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>
To what extent had the culture of the Polish society contributed to entrepreneurial development?  

<table>
<thead>
<tr>
<th>Factor</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Customs</td>
<td>4</td>
<td>6</td>
<td>14</td>
<td>22</td>
<td>3</td>
</tr>
<tr>
<td>2. Cognition</td>
<td>3</td>
<td>9</td>
<td>19</td>
<td>15</td>
<td>3</td>
</tr>
<tr>
<td>3. Language</td>
<td>5</td>
<td>4</td>
<td>23</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>4. Norms and beliefs Values</td>
<td>1</td>
<td>2</td>
<td>19</td>
<td>23</td>
<td>3</td>
</tr>
<tr>
<td>5. Religion</td>
<td>7</td>
<td>16</td>
<td>15</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>6. Norms which are followed</td>
<td>3</td>
<td>8</td>
<td>13</td>
<td>21</td>
<td>3</td>
</tr>
<tr>
<td>7. Society (relationships that connects individuals)</td>
<td>2</td>
<td>13</td>
<td>22</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>8. Shared values of the social system</td>
<td>4</td>
<td>9</td>
<td>17</td>
<td>16</td>
<td>2</td>
</tr>
</tbody>
</table>

To what extent has the educational system of the Polish society contributed to entrepreneurial development?  

<table>
<thead>
<tr>
<th>Factor</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Highly educated (drive to learn)</td>
<td>1</td>
<td>6</td>
<td>9</td>
<td>25</td>
<td>7</td>
</tr>
<tr>
<td>2. Broad vision</td>
<td>1</td>
<td>13</td>
<td>21</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>3. Knowledge about world</td>
<td>1</td>
<td>20</td>
<td>17</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>4. Knowledge about economy</td>
<td>15</td>
<td>20</td>
<td>13</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
To what extent has the values system of the Polish society contributed to entrepreneurial development?

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Societal trust</td>
<td>1</td>
<td>6</td>
<td>28</td>
<td>11</td>
<td>3</td>
</tr>
<tr>
<td>2. Support of groups</td>
<td>5</td>
<td>10</td>
<td>29</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3. Support and encouragement for success</td>
<td>4</td>
<td>10</td>
<td>22</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>4. Combined commitment</td>
<td>8</td>
<td>13</td>
<td>17</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>a. Political</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Professional</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Religious</td>
<td>11</td>
<td>9</td>
<td>17</td>
<td>7</td>
<td>3</td>
</tr>
</tbody>
</table>

To what extent has the family orientation and support of the Polish society contributed to entrepreneurial development?

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Networking</td>
<td>1</td>
<td>6</td>
<td>16</td>
<td>17</td>
<td>7</td>
</tr>
<tr>
<td>2. Acquiring funds without interest from non-traditional sources</td>
<td>1</td>
<td>7</td>
<td>11</td>
<td>21</td>
<td>7</td>
</tr>
<tr>
<td>3. Extensive networking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Membership of various</td>
<td>3</td>
<td>5</td>
<td>11</td>
<td>23</td>
<td>7</td>
</tr>
<tr>
<td>organizations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Political</td>
<td>5</td>
<td>5</td>
<td>15</td>
<td>17</td>
<td>7</td>
</tr>
<tr>
<td>b. Professional</td>
<td>3</td>
<td>22</td>
<td>19</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>c. Religious</td>
<td>10</td>
<td>8</td>
<td>17</td>
<td>9</td>
<td>4</td>
</tr>
</tbody>
</table>
To what extent does the economic system contribute to entrepreneurial development of the Polish society?

**Past (Controlled Economy)**

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Availability of legal framework</td>
<td>2</td>
<td>13</td>
<td>15</td>
<td>13</td>
<td>4</td>
</tr>
<tr>
<td>2. Availability of Banking credits</td>
<td>4</td>
<td>12</td>
<td>14</td>
<td>14</td>
<td>2</td>
</tr>
<tr>
<td>3. Availability of credits from other institutions</td>
<td>2</td>
<td>12</td>
<td>18</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>4. Market shortages</td>
<td>1</td>
<td>8</td>
<td>10</td>
<td>17</td>
<td>9</td>
</tr>
<tr>
<td>5. No competition</td>
<td>3</td>
<td>8</td>
<td>10</td>
<td>13</td>
<td>12</td>
</tr>
</tbody>
</table>

**Present (Free Market Economy)**

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Availability of legal framework</td>
<td>7</td>
<td>14</td>
<td>20</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>2. Availability of Banking credits</td>
<td>1</td>
<td>16</td>
<td>22</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>3. Availability of credits from other institutions</td>
<td>2</td>
<td>11</td>
<td>27</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>4. Market shortages</td>
<td>10</td>
<td>15</td>
<td>17</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>5. No competition</td>
<td>10</td>
<td>15</td>
<td>10</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>
### To what extent does the social framework of the Polish society contribute to the entrepreneurial development?

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Importance of Trust among friends</td>
<td>3</td>
<td>4</td>
<td>15</td>
<td>22</td>
<td>4</td>
</tr>
<tr>
<td>2. Importance of Family ties</td>
<td>2</td>
<td>19</td>
<td>23</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>3. Importance of networks</td>
<td>4</td>
<td>5</td>
<td>31</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

### To what extent does the freedom of information exchange and flow contribute to the entrepreneurial development of the Polish society?

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Freedom of speech</td>
<td>14</td>
<td>26</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Freedom of media</td>
<td>1</td>
<td>2</td>
<td>6</td>
<td>35</td>
<td>4</td>
</tr>
<tr>
<td>3. Independent legislations</td>
<td>1</td>
<td>1</td>
<td>17</td>
<td>21</td>
<td>9</td>
</tr>
<tr>
<td>4. Independent institutions</td>
<td>4</td>
<td>10</td>
<td>27</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>5. Free flow of political information and decisions</td>
<td>6</td>
<td>10</td>
<td>24</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

### To what extent did various historical events contributed towards entrepreneurial development?

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Constant wars</td>
<td>2</td>
<td>9</td>
<td>27</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>2. Influence of other nations</td>
<td>14</td>
<td>24</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Geographical position of Poland</td>
<td>3</td>
<td>12</td>
<td>22</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>4. Partition of Poland</td>
<td>4</td>
<td>10</td>
<td>23</td>
<td>11</td>
<td></td>
</tr>
</tbody>
</table>