Social capital and its impact on entrepreneurship in Poland
– A preliminary findings of Transitional Change -

Janusz K Tanas
Australian Graduate School of Entrepreneurship, Swinburne University of Technology, Hawthorn, Victoria, 3122, Australia
jtanas@swin.edu.au

Dr Shahid Yamin
Australian Graduate School of Entrepreneurship, Swinburne University of Technology, Hawthorn, Victoria, 3122, Australia
syamin@swin.edu.au

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Bibliographical notes: Janusz Tanas is currently undertaking PhD research at the Australian Graduate School of Entrepreneurship, Swinburne University of Technology, Melbourne, Australia.

Shahid Yamin is Senior Lecturer at the Australian Graduate School of Entrepreneurship, Swinburne University of Technology, Melbourne, Australia.

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Abstract:
This paper investigates entrepreneurial development in transitional economy of Poland. It inspects the nature of social capital and its impact on entrepreneurship. It examines its historical context, its power and influence on people that naturally encourage the entrepreneurial approach and development. Extant literature review suggests that social capital is one of the major determinants influencing the entrepreneurial nature of a society. Poland has been the central focus of this research due to its rich historical orientations that has greatly influenced the transitional process without social upheavals. It is concluded that one of the prime reasons that Poland registered smooth transition compared to other transitional economies is its social capital that willingly accept both the positive and negative aspects of economic transformation.

1. Introduction

Over forty years ago the role of human capital was recognised alongside physical capital in contributing to economic productivity. However, the idea that social relationships and networks hold an important role in economic
success both at the micro and macro level has been present for decades. It should be stated however, that it was only in the late eighties and early nineties when Pierre Bourdieu (Bourdieu 1985) and James Coleman (Coleman 1988) formally distinguished and named a new form of wealth, the social capital.

One may argue about the linkage between the significance of strength of social capital and entrepreneurial activities and its contribution to the success of transformation of Poland. Social capital is considered to be the prime factor of growth during economic transformation in Poland (Krzyszkowski, 2000). Furthermore, analyses based on comparative surveys confirm that the real winners of the market transformation have been those who have been able to combine political capital of the past with cultural capital (Eyal, Szelényi & Townsley, 1998; Hanley, Matějů, Vlachová, Krejčí 1998). While political capital has made it possible to build social networks maintaining strong and useful ties the cultural capital has lead to higher flexibility and capacity to put all these assets at work under the new politico-economical conditions.

Social capital refers to the internal social and cultural coherence of society, the norms and values that govern interactions among people and the institutions in which they are embedded. Furthermore social capital is the binding glue that holds societies together without which there can be no economic growth or human well-being. Without social capital, the society at large will collapse, and today’s world presents some very sad examples of this (Rose, 1999).

2. **Purpose and Methodology**

One purpose of this study is to investigate the social capital as a unique mentor, strength builder, and an overall foundation, which support and naturally encourage the entrepreneurial approach in the transitional economies. Moreover, by examining past and recent politico-economical changes within transitional economy of Poland one may examine the role and impact of social capital on the gradual development of entrepreneurship, which has stimulated current economic intensification activities. The fundamental aspect of transition is a supposition that such a process will enhance efficiency and thereby improve the standard of living. Furthermore, the entrepreneurship and competitiveness within transitional economies quickly facilitates such improvement by overcoming transitional depression thereby leading to recovery and growth. For the purpose of this paper pertinent research literature and empirical analysis on the limited secondary data collected to date was examined. In addition, some structured personal interviews of selected prime individuals who actively participated in both pre-market and post-market economy provided a foundation for the development of a conceptual framework, which forms the foundation of this paper and directs the conduct of a more comprehensive study.

3. **Literature Review**

Since the beginning of the historical politico-economical transformation in Poland of 1990s the world has witnessed the manifestation of a considerable quantity of literature dealing with entrepreneurship, its undertakings and values.
achieved. Although, some scholars attempted to list the qualities of entrepreneurs, limited research focuses on the uniqueness of social capital and its impact on entrepreneurs in Poland. The social capital refers to the internal, social, and cultural coherence of society that provides norms and values that govern the interactions among people and businesses. Several authors have provided a depth of understanding about the value of social capital as the foundation for an economic system, which is largely dependent on the history, and nature of a society (Lipton, Sachs, 1990, 1992; Myant, 1993; Murrel, 1992). Two key research question that needs to be addressed are i) How do we define social capital? ii) How it can influence entrepreneurial development and performance in the transitional economy of Poland?

Social capital can be defined as social bonds, social energy, social resources, social glue, community spirit, community networks, community life, extended friendship, civic virtue, social ozone, informal and formal networks, and good helpfulness (Paldram, 2000). Within these definitions there are various conceptualisations depending on the theoretical background, which contribute towards conceptual confusion. In effect such approach resulted in the extensive number of academic papers being produced. Before 1981, the number of journal articles listing social capital as a key word totalled 20, between 1991 and 1995 this has risen to 109, and between 1996 and March 1999 the total was 1003 (Baum, 2000). This tends to reflect the emerging importance of the concept of social capital.

Social capital with its accepted positive outcomes is often considered intuitive. It is virtually impossible to summarize the concept of social capital in a single sentence and thus its measurement continues to challenge simple quantification and discussions regarding its conceptualisation continue. In addition, the lack of conceptual clarity has contributed to over-versatility. Woolcock suggests that the “concept of social capital risks trying to explain too much with too little [and] is being adopted indiscriminately, adopted uncritically, and applied imprecisely” (Lynch et al. 2000:404).

Putnam (2000) argues that social capital has “forceful, even quantifiable effects on many different aspects of our lives” and it is more than “warm, cuddly feelings or frissons of community pride”. These solid effects include lower crime rates, (Helpern 1999, Putnam 2000), better health (Wilkinson 1996), improved longevity (Putnam, 2000), better educational achievement (Coleman, 1988), greater levels of income equality (Wilkinson, 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 these researches suggests that the well connected are more likely to be “housed, healthy, hired and happy” (Woolcock, 2001). It should be noted that there is some consensus within the social science towards the definition that emphasises the role of networks and civic norms (Healy, 2001). Social capital is generally perceived to be a combination of private and public good as through its creation as a by-product of social relations it benefits both the creator and the witness (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).

Within the last decade the study of social capital draw strong attention from specialists of sociology, political science and economy. The Organization for Economic Co-operation and Development (OECD) defines social capital as networks together with shared norms, values and understandings that facilitate co-operation within or among groups (Cote and Healy, 2001). Following the definition of social capital provided by the World Bank, social capital (i.e., institutions, and norms) shapes the quality and quantity of a society’s social interaction (The World Bank, 2002). More specifically, in the presence of social capital, individual’s ability and motivation to cooperate with each other are higher. Thus, it can be stated that the entrepreneurial undertakings within the transitional nations would occur through greater involvement of all members endorsing a better and equal economic outcomes.

The concept of social capital originates from Loury (1997) and later Bourdieu (1986), Coleman’s (1988) whose definition has become the most popular. Coleman, representing the sociologists’ view defines social capital as a component of human capital that allows members of a given society to trust and cooperate in the formation of new groups and associations (Coleman, 1988). Putman, representing the 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 (Putman, 1995). Stiglitz, (2000), representing the economist view, sees social capital that consists of tacit knowledge, number of networks and accumulation of reputation, as a social means to tackle moral hazard and incentive issues. Broadly speaking, all these definitions refer to trust, cooperative behaviour, and strong networks between groups, as essential component of social capital.

It may be stated that the social capital is generally considered an attribute of communities while human capital is considered to be an attributer of individuals and comprises a stock of skills, qualifications and knowledge. Cultural capital has been considered an aspect of human capital, something that individual can accumulate over time through talent, skills, training and exposure to cultural activity (Matarasso, 1999). Further, the cultural capital is in fact a form of social capital which when community collectively share the culture it enhances its relationship 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 less people work together the more community stocks of social capital will reduce (Cooper et al. 1999). It is thus important to protect the social capital and devise strategies for its maintenance and renewal. Such approach would result in healthier community, better progress, and unlimited prosperity of nations (Healey, 2001).

3.1 Historical background of Poland

Poland throughout its turbulent history, lost independence, and a severely stunted economy has always maintained the progress of entrepreneurial undertakings (Encyklopedia Popularna, 1992). Both economical and social rewards through entrepreneurial activities have inspired Polish generations to act and contribute towards national
development. In terms of social aspects, a system of injury insurance for workers was instituted in Poland in 1889 just five years after this historical advancement was introduced in Germany, and 8 years before such a system was instituted in Britain (Bent, 1998). Poland regained its independence in 1918 its remarkable economical progress since independence may be largely contributed to the business undertakings by well-educated and economically astute young entrepreneurs which resulted into the fastest progressing economy of Europe. The outbreak of World War II in 1939 marked the end of free-market based economy in Poland bringing destruction, misery and despair, putting a halt to any business activities of Polish entrepreneurs. After being handed to Stalin by Britain and the USA under the terms of the 1945 Treaty of Yalta, Poland’s economy underwent centralization and conversion to a true Soviet-style economy. Government implemented national collectivisation of land but managed to control only 14.4 percent with 85.6 percent remaining in private hands. It is worthy to note that this resulted in Poland becoming a unique structure, politically a socialist country with a central government at the same time having the existence of private entities. Furthermore, by the late 1970s unable to sustain growth the government provided a green light to small business operators to participate mainly in limited production and services. At the same time the government acquired high-tech products and know-how from the West as a part of an import-led growth strategy. The successful transformation from a socialist to a free-market based economy was initiated in the 1980s, and carried out in the 1990s occurred at a rapid pace. The partial success of Polish transition was due to the unprecedented spread of entrepreneurial activities, which led to vast economical advancements, and the gradual social improvements of the nation.

In terms of social capital dimensions, historical analysis seems to indicate that entrepreneurial undertakings in Poland have always been part of societal beliefs. Moreover, the social capital was considered as a prime attribute of the community. It may therefore be argued that the positive entrepreneurial activities are not limited to a particular politico-economical system, but is 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.

3.2 Entrepreneurship

J. Schumpeter (1912) was the first one to assert that entrepreneurship is an important factor spurring economic growth (Blaug, 1994). Entrepreneurship serves as a catalyst in the development of transitional economies as no economic growth can be achieved without the participation of risk takers. Since the early 1980s, entrepreneurship has emerged as an important focus for practitioners and academia across the world (Kao, 1991; Shane & Venkatraman 1999, 1997). Venkatraman 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 business, they also create new jobs, new products, and often, a creative work environment (Kao, 1991). Centrally controlled Poland prior to the 1980s was dominated by large government lead firms
producing only limited consumer goods. The incentives for entrepreneurial activities were lacking and their businesses although in place were legislatively controlled and were limited in the activities undertaken. Despite this the entrepreneurs of that era survived, supported by the historical strength of social encouragement for individuals to act. The 1980s can be characterized as a period in which entrepreneurs were encouraged to seek opportunities outside the state sector leading to a development of entrepreneurial potential and the start of both human and financial capital accumulation in the private sector. By the 1990s entrepreneurs and their businesses managed to rapidly fill niches that were ignored under socialism in a vast majority of existing industries. It should also be stated that with galloping reforms, greater flexible prices and wages, Polish entrepreneurs responded by starting-up new businesses at a rapid rate. Consequently, entrepreneurial activities not only created jobs for the unemployed but also provided incentives to expand the private sector as supported by Venkatraman (Venkatraman, 1997). More importantly, entrepreneurs brought new management skills and attracted private funds necessary for working capital and vast investments.

It is apparent that the development of entrepreneurship had an indelible influence on Poland and its effective transformation. The history of both successful and unsuccessful economic reforms in Poland and other Central and Eastern European countries indicate that at least four conditions must be simultaneously satisfied for any reform to success. First society must be willing to carry out the reforms and bear the inherent costs associated with it. Second, a firm commitment and determined effort of the political authorities are necessary to instigate the change. Third, knowledge, understanding and insight are required to provide a clear theoretical foundation of the new system that needs to be put into place. Lastly, a firm commitment to utilise and provide resources needed for reforms to facilitate the necessary changes in transitional period (Kolodko, 1998). Till the end of the eighties it was virtually impossible to find examples of transformation that satisfied all these four conditions simultaneously. This seems to suggest that social capital tend to have a close relationship with entrepreneurial development at the national level. Finally, it is argued that while such a relationship may be stimulated by the existence of a free market economic environment the nature of social capital is inherent for any entrepreneurial development.

3.2.1 The Role of Social Capital in Transitional Societies

The transition from centrally-planned socialist economy to a capitalist based free market economy is fundamentally a process of accelerated institutional change. Both formal and informal institutions need to adapt to the requirements of democracy and of market transactions. Mechanisms are thus needed to stabilise mutual expectations and to make behaviour of actual or potential counterparts more predictable. It is an exceptionally complex process, which depends on and has a bearing on factors of not only economic, but also social and political significance (Kolodko, 2000; Wallace, 1998).

There is a large scope in transition for coordination of economic exchange through informal institutions and
networks. These include barter arrangements, transactions in the gray and black economy and entrepreneurial networks. All of these are based on social capital (Kolankiewicz, 1996; Rose, Mishler, and Haerpfer, 1997). These authors also 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 as they existed under socialism have been adopted to take advantage of new economic opportunities by entrepreneurs and their firms (Stark, 1997; Hayri and McDermott, 1998).

With the collapse of socialist system, 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 getting things done at the beginning of the 20th century. This was also the case during socialism. Because of malfunctions of the command economy 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. They were created as a by-product of the official formal systems of social roles. After the breakdown of the socialist system in Poland, the nature of social network utilization changed and a two-fold meaning of social networks developed. On the one hand social networks became an intermediary institution between the individual and the state building on local communities releasing the burden of public institutions through decentralization of the system. On the other hand social networks remained an important coping strategy as social networks identified the sources for resources that are to some extent independent from markets. Supportive social networks rest on exchange relationships as well as on group-specific norms and obligations of help and support (Silk, 1995; Giza-Poleszczuk, 2000).

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-economical change, and to initiate successful entrepreneurial activities within the new structures. Moreover, maintenance of social networks and the higher flexibility serve as foundation for entrepreneurs to act and to achieve. A conceptual framework of the social capital relationship with the entrepreneurial development of a nation is shown in Figure 1.

Figure 1        Four Pillars of a Nation – A Conceptual Framework

http://www.business.otago.ac.nz/mgmt/ANZAM2004/CD/Papers/abstra...
This integrated model attempts to highlight the complexity of various significant forces influencing transitional change. It is believed that the fundamental aspects, namely social capital, education, past history and the trustworthy political leadership have not been widely researched and recognised as the foundation for transition to prosper. It is further argued that the National Learning Loop serves as a strong background for a nation to engage in the politico-economical transformation. The National Learning Loop comprise of four factors namely; (a) social capital must 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) trustworthy political leadership that must be fully determined and committed to the change. Thus, entrepreneurial change in any society happens via the integration of socio-political culture and the economic environment.

4. Transitional cost

The centrally-planned with state ownership socialist economy based entrenched with bureaucratic regulations, to a capitalist free market with private ownership and liberal deregulation economy in the post-socialist systemic transformation with liberal deregulation is a historic process of gradual transition. This is an incredibly complex process, which is dependent on multiple factors of economic, social and political significance (Kolodko, 2000).

Perhaps not surprisingly, transition has brought not only success for those able to adapt to the market drivers, uncertainty, and anxiety along with pain for those who have not been able. Although standard of living has increased for the population as a whole, some groups in particular have difficulty in adjusting to the new conditions. In particular, small farmers who are unable to compete with local giants and foreign producers as well as other groups such as pensioners, the unemployed, and workers in large state factories which are now unable to compete under the new market forces and government fiscal and budgetary restrains. Unemployment in Poland was not considered as a problem since the end of Second World War until 1989. In fact, it was negligible and always below 1% (i.e. full employment level). Between 1982 and 1986 it was around or even below 0.1% of the labour force.
zero) and exceeded 1.2% only in 1989 (GUS, 1989).

The standard of living in Poland was comparable to Hungary, Serbia or Croatia and all other remaining socialist countries in the middle and late 1980s. It was even comparable with non-socialist countries such as Greece, Portugal, Spain and Central Italy (Wilczyński, 1984). It should be noted that the Polish society looked for positive examples of some of the richest countries like the Scandinavian and Benelux states, West Germany or France where the negative aspects of capitalism were neutralised by the policies of government and thus developed a welfare state. Capitalism was thus regarded in Poland almost as a synonym for a higher standard of living.

It could be argued that during the socialist era there was some hidden unemployment mostly due to overmanning in state owned enterprises. Unemployment benefits were not considered necessary, as the number of job offers was much higher than the number of job seekers, and the real problem was to match jobs to qualifications. In some instances unemployment was due to refusal of job seekers to accept the given offer. At the end of 1989 government expected unemployment to be no more than half a million. This was an obvious underestimation for propaganda reasons. In 1994 Poland registered 3 million unemployed (16%) while the registered unemployment rate was 18.1 percent as of March 2002, the total unemployment rate stood at 20.3 percent. This is illustrated in Table 1, and Figure 2a, 2b, and 2c.

### Table 1 - Number of unemployed people 1945-2002

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of unemployment (in 000s)</th>
<th>Unemployment rate (year end) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>45-88</td>
<td>-</td>
<td>0.1</td>
</tr>
<tr>
<td>89</td>
<td>-</td>
<td>1.2</td>
</tr>
<tr>
<td>90</td>
<td>-</td>
<td>6.5</td>
</tr>
<tr>
<td>94</td>
<td>1,126.1</td>
<td>16.0</td>
</tr>
<tr>
<td>95</td>
<td>2,628.2</td>
<td>14.9</td>
</tr>
<tr>
<td>2000</td>
<td>2,702.6</td>
<td>14.0</td>
</tr>
<tr>
<td>2002</td>
<td>3,259.9</td>
<td><strong>18.1</strong></td>
</tr>
</tbody>
</table>

*Source: GUS – statistical yearbooks and registered unemployment in the first quarter of 2002.*

Figure 2a

![Figure 2a](image_url)

Figure 2b

![Figure 2b](image_url)

Figure 2c
State industries in the socialist economy were supported by subsidies and allowances that were mainly targeted to maintain full employment as well as to achieve greater consumption. Post transition led to drastic reduction of these artificial subsidies and allowances and thus challenged the viability of these large state owned corporation due to highly intense free market competitive forces. Such action was strongly supported by various international organizations especially the IMF. The fund was willing to back only structural adjustment polices that led to the liquidation of all subsidies. This external pressure was mixed with domestic tugs-of-war between the countries political extremes that is between old left and the new right populists on one side and the free-market zealots on the other.

It is also to be noticed that even successful reform gives rise to two strongly opposing tendencies. One is the tendency toward social contentment, which arises chiefly from significant increase in general economic opportunities. Another is the tendency to discontent, which is often felt and manifested by those who fear unemployment, who are unable to make direct use of the greater economic freedom, and whose relative pay and prestige declines. The economic transformation has to date lead to growth in free market processes and development of large-scale privately owned enterprises, which exceeded 3 million by mid-2003 (MFA 2003). Once again as in the past history the government encouraged further entrepreneurial developments by lowering tax for entrepreneurial activities, to 19 percent as of 1st May 2004. Although slow in its progress the privatisation process has been well maintained by the Polish government and as is seen today it is more important to encourage entrepreneurial activities which in effect developed a larger private segment than in fact privatised government led companies.

5. Discussion

The role of social capital although long recognised has not been shown in association with the entrepreneurial undertakings. What should be looked at is the fact that social capital provides resources for all 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 expands the notion of capital beyond its economic conception which 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 social world (Bourdieu, 1985).

Social capital in the definition of 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 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.

The Polish transition processes shows the deep interconnection between economic, political and social-cultural factors. It should be noted that not considering these facts and a clear social-economic development strategy would result in hold-up and regressive tendencies in transition society. One should also look at the fact that the tangible foundation demonstrated by the National Learning Loop embossed in the Polish nation served as a stepping-stone to more prosperous times. Moreover, as proved in Poland the combined approach has significantly eased the transitional period. One may look at the fact that 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 the overall preparation of the society at hand. Thus educational strength, forward looking politicians, existing social values, and historical facts together contributed in shaping Polish entrepreneurs along with the overall preparation of politico-economical changes to occur in a country. It may be stated that 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.

Entrepreneurs and their activities both economically coordinated and those created ad-hoc, have a key role to play in the transitional economy. Entrepreneurial firms continue to recognise and contributes by the expansion of social issues in absorbing a considerable proportion of the labour force released by state firms due to the new economic system. The development of self-employment is an important indicator of the success in creating a market economy transformation. The setting up of many small entrepreneurial operations indicates the extent of private initiative and illustrates that transitional market economies are capable of existence in the new economic era. The development of self-employment in the Polish transitional economy of the 1990s is remarkable. The newly created firms have fundamentally altered the structural basis of the national economy and provided significant impulses for the
economic development. Both “pull” factors, unemployment, low and restricted unemployment benefits, comparatively weak social security nets, have contributed to the growth of self-employment. One of the most important preconditions for the success of the transformation process is the existence of entrepreneurial talent in the population. Both the extent of the latent reserve of entrepreneurial expertise in the population and the influence of the social capital i.e. cultural and social environment are irreplaceable and fully complimentary.

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.

It should be stated that the successful transition requires a strong willingness of 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 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.

6. Conclusion

This paper is a preliminary part of a comprehensive study being undertaken by the Australian Graduate School of Entrepreneurship and develops a conceptual framework and initial finding from the analysis secondary data. It should be noted that the entrepreneurial developments have existed in pre-market economy and thus is not a radically new phenomenon. Thus change in socio-political environment has only stimulated the speed of transition primarily due to the existence of harmonic yet dynamic social capital. This notion will be further enhanced through a more comprehensive study based on both primary and secondary data and will be presented in one of the future forums.

It is to be stated that over millenniums unveiling events shaped Polish society allowing for both a team approach and individual strength to perform and to achieve. As a result entrepreneurial activities were never forced but emerged in a natural manner preventing from potential greed overtaking the real cause of its operational actions. By combining political capital of the past with the cultural capital Poland advanced its knowledge by learning from past mistakes and capitalising on the understanding of the new realities. It should be noted that economic progress and growth in Poland was achieved due to extensive entrepreneurial activities, suitable government politico-economical polices a well-educated society and the recognition of social capital as the basic factor of growth during transformation. Finally, it is argued that the combination of all factors contributes to progress which may only be
registered bringing rewards for its founders and community at large if foundation of the “National Learning Loop” would be considered assessed and its outcomes put to good practice.

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