Comparison of Entrepreneurial Attitudes – a Polish and Ukrainian Case Study

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ABSTRACT

The definition of entrepreneurship is interdisciplinary. Its attitude-describing component alone incorporates many areas, including, primarily, social sciences such as psychology and sociology, followed by economics and law, while taking into account local institutional and legislative environment. Its multi-faceted nature is, however, not only about attitudes but, above all, measurable behaviours, the effects of which can be illustrated in the form of measurable results and balance sheets of enterprises. One of its most important aspects is the fact of influencing the economic environment and economic conditions of countries. Hence, any research in the field of entrepreneurship of social groups, or even nations, should focus on diagnosing the forms of economic activity and describing those environmental elements which will enable certain alleviation of the barriers to development, or even their complete elimination, which, in turn, will contribute to the growth of entire socio-economic systems.

The article attempts to investigate the conditions that affect the willingness to carry on economic activity by analysing the entrepreneurial attitudes of Polish and Ukrainian citizens whose common denominators are: (1) having an engineering degree, (2) being professionally active, and (3) willingness to keep improving their qualifications.

JEL classification codes: L26, L25, L11, F02, F13

Keywords: entrepreneurship, internationalisation, market management, entrepreneurial attitude

INTRODUCTION

The definition of entrepreneurship is interdisciplinary. Its attitude-describing component alone incorporates many areas, including, primarily, social sciences such as psychology and sociology, followed by economics and law, while taking into account local institutional and legislative environment. The multi-faceted nature of entrepreneurship is, however, not only about attitudes but, above all, quantifiable behaviours, the effects of which can be illustrated in the form of measurable results and balance sheets of enterprises. One of its most important aspects is the ability to influence the economic environment and economic conditions of countries. Until 1950s there had been a conviction that large enterprises played a predominantly important role in that respect. The crisis in 1970s, however, verified this view, with focus shifting again to the role and importance of micro, small and medium-sized enterprises. Turbulent economic environment had led to an approach in which the idea of business risk has been significantly expanded – it is no longer a question of
bankruptcy, but safety, both in terms of responsibility for employees and in terms of political conditions. The cultural aspect may have as weighty an impact on development as the source of financing, which has eternally been a barrier to entrepreneurship, widely discussed both in the literature on the subject and empirical research (carried out both by state institutions and by private consulting companies). Regardless of the surrounding background, entrepreneurship is conditioned by the entrepreneur himself, that is his qualifications, motivations, as well as the size of the social and cultural capital of the owner himself. Socio-economic development is determined by activities based on knowledge and human capital, regardless of the level of industrialisation or innovations. Therefore, in addition to land, capital and labour, the issue of accumulated knowledge and entrepreneurship pops up in scientific considerations as a production factor which determines the entire process. Hence, any research in the field of entrepreneurship of social groups, or even nations, should focus on diagnosing the forms of economic activity and describing those environmental elements which will enable some alleviation of the barriers to development, or even their complete elimination, which, in turn, will contribute to the growth of entire socio-economic systems.

The article attempts to investigate the conditions that affect the willingness to carry on economic activity by analysing the entrepreneurial attitudes of Polish and Ukrainian citizens with the following common denominators: (1) having an engineering degree, (2) being professionally active, and (3) being willing to keep improving their qualifications.

1. METHODOLOGY

The pilot study included 60 persons (30 from Poland and 30 from Ukraine) to verify the importance of the research problem, namely the possibility of differences in the approach to entrepreneurship between the examined nations, perceived as a scientific issue. The selection was intentional because it addresses European Union membership and enables an analysis of the entrepreneurial attitudes of young people aged 18 to 35 who are actively working on the labour market and are willing to take up their own economic activity. Initial analyses showed that both the importance of motivation and business creation were different in a number of analysed aspects.

To obtain the results presented in the article, mathematical analysis tools were used, which enabled the calculation of shares, determination of sets of common features, and description of the choice-making trends among the respondents. The tool used to collect data was a group-administered questionnaire containing both open and closed questions with a seven-point Likert scale. To present the results, tables and graphs were used to distinguish between the shares of each nation with respect to each research criterion.

2. CONDITIONS FOR ENTREPRENEURSHIP IN THE LITERATURE

Considerations about entrepreneurship, as moral, philosophical and political reflections, can already be found in Aristotle or Xenophon. The classical approach of A. Smith assumes the presence of production factors (land, capital and labour) (Smith, 2000; Smith, 2016). However, one should not forget about the crux which had led to such conclusions, namely morality, which according to a dictionary definition is “the entirety of behaviours and attitudes of an individual or a group, assessed in accordance with a certain socially functioning system of assessment and moral norms” (PWN, accessed on 25.01.2019). Therefore, the problem of an individual is an overriding element which, as far as entrepreneurship is concerned, is the entrepreneur himself.

The praxeological nature of economies has been emphasised by T. Parsons and N.J. Smelser, who pointed to the importance of social systems, which affect the economy, as well as the conditions related to the cultural values represented (Parsons & Smelser, 1957). According to their concept, an analysis of internationalisation processes with respect to the awareness of individuals should be taken into account in research on economic activity. They emphasise the role of social and cultural processes as well as sociological and psychological conditions.
Let us, therefore, define entrepreneurship as a set of personal qualities, which are expressed through the entrepreneur’s attitude and his willingness to set up, manage and lead the development of his own enterprise. This omits the element of efficiency, referred to as success in business. However, it concisely defines an attitude that is open to the economic environment and is willing to take the actions and risks associated with the establishment of a business and, furthermore, to take responsibility for possible economic implications. The dominant feature is the attempt itself to face the challenges of starting and running a business, or, precisely, the attitude. Is this the evolution of *homo economicus*, a rationally economising man striving to maximise income through economically efficient management in the conditions of a free market economy (Smith, 2000; Smith, 2016; Bentham, 1789: 19-25; Mill, 1969: 99; see also: Wiśniewski, 1996)? Is pursuit of a sense of happiness through economic benefits what currently drives entrepreneurial people? The goal of a commercialised society is seeking to increase money resources to the highest possible degree, and, therefore, accumulation of money should be the main overarching goal of economic activity. Is this the motivation of people who become involved in economic activity today? Or should the answers be looked for in the theories of J. Schumpeter or H. Leibenstein, in which innovation, as improvement in the efficiency of production, plays an important role (Schumpeter, 1989; Leibenstein, 1968; Leibenstein, 1987: 191-205)?

M. & R. Friedman believe that the perception of the market in A. Smith’s theory, narrowed down to economics only, has created an image of *homo economicus* whose “exclusive concern [is] with immediate material rewards” and who “responds only to monetary stimuli” (Friedman & Friedman, 1980: 27). Those authors claim that such an assumption is erroneous because “self-interest” cannot be equated with “myopic selfishness” and it should rather be judged through the prism of individual values, regardless of the person’s field and profession.

J. Supiński, who is considered to be the father of Polish sociology, believed that the highest productivity should be expected from entrepreneurs. He described labour as effort and toil which should be guided by knowledge (Supiński, 1872: 215-218; see also: Malecka: 2018: 485-493; Łuczka, 2018: 476-484). According to him, the most important element of production growth was the activation of small and medium-sized enterprise owners, while stressing the Polish problem of lack of capital as a social resource. Growth, however, can be achieved through trade, which enables the propagation of social contacts and shaping of relationships, which, in contrast to A. Smith, he believed to be the human’s own creation (Szymański, 1999: 74-76). At the same time, he spoke about the free market in the classical convention – as an element conducive to the economic activity of individuals, which is the basis for the socio-economic development of economies.

The article presents the results of research on the respondents’ motivation to become self-employed. The paradigm of rationality, which is the basic principle underlying all human actions, was posed against motives such as the need for achievement and self-fulfilment, the desire to become independent, EU membership, risk-taking, example of parents, other family members or friends, and higher income, but also favourable market conditions and unemployment, or fear of it. ‘Rational’ means based on logical reasoning, and the indicated factors are certainly associated with logical conditions and civilisational and cultural connotations. Thus, they refer to M. Weber’s theory on ideal types – functions that facilitate learning about reality. The concept was based on four types of social action: (1) traditional, (2) affective, (3) value-rational, and (4) instrumental-rational, with degrees of involvement (Weber, 1920: 12-13; Weber, 2018: 68-78; see also: Lange, 1974: 218; Kotarbiński, 1973: 121). In creating the ideal social type structure, M. Weber accepted the necessity of its interdisciplinary character – the existing dependencies between economic systems, prevailing cultural norms and ideological determinants (Table 1). The religious aspect, so important to the theory of the German sociologist, philosoper, lawyer and economist, is also present in the studied area, because Poland is a Catholic country, and the respondents are professsed on this issue, while the respondents from Ukraine are Greek Catholics or Orthodox. However, the present research does not take this aspect into account.
Table 1. Social action according to a classification by M. Weber

| TYPE OF ACTION | TRADITIONAL | AFFECTIVE | VALUE-RATIONAL | INSTRUMENTAL-RATIONAL |
|----------------|-------------|-----------|----------------|-----------------------|
| Example of parents | Higher income | Need for accomplishments and self-fulfilment | Independence |
| Example of other family members | Improved material status | EU membership | Unemployment or threatened unemployment |
| Example of friends | Risk appetite | Favourable tax options | Favourable market situation |

Source: Own materials based on own research

Presence on the free market, in the era of globalisation, requires constant handling of ubiquitous competition. The issue of location, with a properly and effectively operating distribution system, no longer plays the same importance as in pre-Internet times. Online activity is, however, possible if one has the adequate package of qualifications, and, above all, competences, enabling effective communication between business entities. One thing is certain: the existence of such wide-ranging competition basically forces one to acquire knowledge and skills in the process of continuous education. This is how we arrive at issue of the entrepreneur and his personality traits, which, as it turns out, directly affect economic systems and shape the environments and social attitudes of national economies (see: Małecka 2018a: 265-272).

The macroeconomic perspective proposed by J.M. Keynes and the theory of the consumption function has, thus, determined another aspect of business activity and entrepreneurship at the same time. The supply side, which forms the basis for the development of economic activity, discussed in the literature by J.B. Say or D. Ricardo, has replaced the income-spending process by individuals representing individual communities (Keynes, 1920: 236; Keynes, 1956). The persistent nature of imbalance in economies is caused by the continuous circulation of money earned and spent by the society. J.M. Keynes’s absolute income hypothesis distinguishes eight main motivations for consumer savings: (1) entrepreneurship, (2) prudence, (3) predictions, (4) calculations, (5) improved standards of future consumption, (6) independence, (7) ambition, and (8) avarice. Entrepreneurship is, therefore, an inherent part of the claim regarding the essence of the economic balance in the surveyed society. The relationships and dependencies between individual decisions have implications for entire economic systems (Keynes, 1956). J.M. Keynes’s criticism of M. Friedman in the field of intervention further emphasises the role and importance of private entrepreneurship (Friedman & Freidman, 1980: 75-85).

The introduction of the concept of ‘entrepreneur’ in literature is, however, is attributed to R. Cantillon, who, being a French economist, was examining the supply side of business operations. According to his theory, an entrepreneur is a person looking for an opportunity to sell their goods at a profit. However, he sees the risk associated with a seemingly simple purchase and sale transaction, namely the risk associated with the uncertainty of the sale price, which distinguishes an entrepreneur from an employee living on a certain income – their salary (Cantillon, 1755). The view of an entrepreneur as a person for whom profit is the most effective motivator to start a business was also represented by I. Kirzner or F. Knight (Kirzner, 2005:75-81; Kirzner 2017: 855-868).

The article attempts to examine the differences in the perception of economic activity by Polish and Ukrainian respondents, and the implications of barriers to the future development of enterprises.
Entrepreneurship, which is definitely an interdisciplinary concept, contributes to the development of individual national economies. This is certainly facilitated by the free movement of goods, the ability to provide services without demand or supply limitations, as well as the fiscal and legislative environment. The issue of an effective source of financing, which thanks to the membership in the EU provides additional opportunities to raise capital for development, is not without significance. New economic structures, shaped by openness to trade, create a favourable environment that should be noticed by enterprising individuals. For this process to be complete, entrepreneurs should raise their qualifications through a continuous improvement process, which contributes to the growth of human capital (Małecka, 2018: 485-493; see also: Łuczka & Małecka: 2017: 375-387). The issue of their cultural environment and centres of communing and collecting experiences, which directly affect the value of the social capital, is also not without significance.

The pilot study, aimed at determining the scope and importance of the research issues, included 60 persons (30 from Poland and 30 from Ukraine) with an degree in engineering, actively involved in gainful activity while participating in a master’s programme and raising their management skills. The group-administered questionnaire included 47 questions, 16 of which used a seven-point Likert scale. The willingness to set up one’s own business within the next three years was declared by 83% of respondents from Poland and 90% from Ukraine, while the use of foreign capital was contemplated by, respectively, 37% and 40% respondents. When asked about competencies associated with independence in the analysed area, only 3% in both groups gave a negative answer (Diagram 1).

The answer ‘DY – definitely yes’ was chosen by 3% of Polish respondents and 13% of Ukrainians. As regards the remaining responses on the left side of the scale, the choices made by both groups of respondents were convergent (‘YES’ – 30% and ‘RY – rather yes’ – 23%). There were differences in other aspects, however. While 20% of respondents from Poland are not sure about their choice, such uncertainty was declared by only 7% of respondents from Ukraine. This means that the Poles had definitely less certainty about their possibilities, both in terms of their competencies and sources of financing, because the qualifications in both groups are on the same level (engineers, future holders of a master’s degree from a state university).

**Diagram 1: Participation of third parties in the establishment of one’s own enterprise** (Source: Own research)

The respondents were also asked about barriers to the development of entrepreneurship. They were provided with 15 most common obstacles which effectively limit growth and expansion,
analysed in OECD reports (Kasperkowiak & Malecka, 2018: 811-822; OECD, 2018). The respondents could also indicate a different, individually perceived obstacle, however none of the questionnaires was completed in this section. As a result, the role and weight of particular phenomena limiting entrepreneurship were established, by share of its value and importance determined by the respondents (Diagram 2).

Diagram 2: Weight of each barrier to entrepreneurship development (Source: Own research)

It was observed that the main problem is financing, which has always been the major barrier mentioned both by practitioners and in the relevant literature (first weight for PL and UA) (Galbright, 1957: 124-133; Galbraight, 1977: 189-199; see also: Malecka, 2015: 91-122). Fourth weight was assigned to the issue of bookkeeping, although the intensity of perceiving this issue as a threat varied (fourth weight: 27% PL; 43% UA) (Table 2).

Table 2. Role and importance of perception of barriers to the development of entrepreneurship

| WEIGHTS - NUMERICAL FACTORS | FINANCE | SOURCE OF FINANCE | BOOKKEEPING | ACQUAINTANCE WITH LAW | FINDING COMPETENT WORKERS | SEARCHING NEW CONTRACT PARTNERS | HUMAN RESOURCE MANAGEMENT | COMPANY MANAGEMENT | REGISTRATION | LOCATION |
|-----------------------------|---------|-------------------|-------------|-----------------------|--------------------------|-----------------------------|-------------------------|-------------------|-------------|----------|
| PL  | UA | PL | UA | PL | UA | PL | UA | PL | UA | PL | UA | PL | UA | PL | UA |
| I   | 60% | 90% | 90% |
| II  | 43% | 53% | 33% | 47% |
| III | 27% | 27% | 43% | 27% |
| IV  | 27% | 27% | 43% | 27% |
| V   | 37% | 23% | 23% | 37% |

Source: Own research

The criteria which received the third and fifth weight are completely divergent. The research has shown that both Poles and Ukrainians attribute the same importance to seeking new contractors and registration (33% PL; 47% UA), while indicating both of these issues as handicaps, but outside the basic scale (seeking new contractors has the seventh weight for UA, similarly to registration procedures for PL, which also ended up with the seventh weight). It was also noted that all respondents always indicated several limiting factors.
The perception of development opportunities in terms of trade was also tested. The countries indicated by the respondents with which they would establish cooperation in terms of both export and import included Poland, Czech Republic, Slovakia, USA, Germany, France, Italy, UK, and North America. However, the two nations indicated those countries with very different intensity and shares. While for respondents from Ukraine, Poland is always the number one partner, the reverse is not true. The result regarding the decision to remain a domestic company only is also interesting. In terms of export, the results are similar: 17% of respondents from Poland and 20% from Ukraine do not want to sell their goods or services abroad. The issue of import shows a different distribution: 40% of Poles and 27% of Ukrainians do not intend to purchase anything from other countries. Furthermore, none of the respondents intend to cooperate with Japan, which is the only country listed in the questionnaire that was not indicated by respondents (Figure 1).
4. CONCLUSIONS

According to the authors, entrepreneurship, while being a complex issue of an interdisciplinary nature, is definitely a set of personal qualities, expressed in the attitude of the entrepreneur. That is why the conditions in which current and potential business owners are growing are so important. It seems that the major barrier over the centuries to the development of entrepreneurship – namely finance – should nowadays have other connotations. However, this is not the case. It continues to be the main issue faced by those wishing to start, run and develop an enterprise, regardless of its size. However, one major difference can be observed in the surveyed group: while 90% of surveyed respondents from Ukraine see raising capital for development and sources of financing as a barrier which is as important as finance itself, only 27% of respondents in Poland indicate finding a source of financing as a limitation.

This points to another direction of research, taking into account the opportunities that respondents see in this respect, as well as the legal and registration-related conditions that may be the basis for such responses (knowledge of the law has been indicated by 43% of respondents from Poland and 37% from Ukraine).

Also, the results concerning the decision to start internationalisation and trade exchange seem interesting. Not a single person chose to make a debut on the market on a born global basis, but respondents from both countries expressed their preference to be a domestic business. These decisions, especially on the part of the respondents from Ukraine, could have been influenced by the perception of risk, especially in political terms, which are a separate subject of research that arose from conducting the present group-administered questionnaire.

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