Economic Research-Ekonomska Istraživanja

ISSN: (Print) (Online) Journal homepage: https://www.tandfonline.com/loi/rero20

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To cite this article: Julita E. Wasilczuk & Katarzyna Stankiewicz (2021): It is not OK but it works – unproductive entrepreneurship, the case of Poland, Economic Research-Ekonomska Istraživanja, DOI: 10.1080/1331677X.2021.1985571

To link to this article: https://doi.org/10.1080/1331677X.2021.1985571

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Published online: 12 Oct 2021.

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ECONOMIC RESEARCH-EKONOMSKA ISTRAŽIVANJA
https://doi.org/10.1080/1331677X.2021.1985571

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It is not OK but it works – unproductive entrepreneurship, the case of Poland

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ABSTRACT
The concept of unproductive entrepreneurs was introduced to science by Baumol, who pointed out the differences in business output between countries. Unproductive behaviour of entrepreneurs is often a consequence of ineffective institutions used by entrepreneurs for rent seeking. The aim of this article is to examine subjective norms (S.N.) and attitudes regarding specified types of unproductive entrepreneurship, which in many cases takes the form of unethical or even unlawful behaviour among entrepreneurs in Poland. Examples of such behaviour are: bribery and tax evasion, burdensome lawsuits, often unfounded or lobbying. The structure of the research was based on Baumol's work while the research model was based on Ajzen's theory of planned behaviour (T.P.B.). In this article we argue that unproductive entrepreneurship in transforming economies is often forced by inefficient institutions and the desire to avoid bankruptcy. The results of the survey carried out among 270 Polish entrepreneurs indicated a permissive and subjective standard regarding tax evasion when the existence of their business is endangered, and more negative behavioural beliefs (B.B.) regarding the effectiveness of tax evasion than regarding the effectiveness of paying bribes (P.B.).

ARTICLE HISTORY
Received 4 February 2021
Accepted 21 September 2021

KEYWORDS
unproductive entrepreneurship; bribes; tax evasion; entrepreneurial behaviour; entrepreneurial ethics

JEL CODES
L26; K42; H26

1. Introduction

Long-term interest in entrepreneurship as well as a growing number of studies of the small- and medium-size enterprise (S.M.E.) sector have led to a view, that increasing the number of enterprises is always beneficial for the economy. Entrepreneurship is an important factor in the development of economies, and in the case of economies that are transitioning, it is also a stabilizing factor due to the absorption of labour. However, not every kind of entrepreneurship contributes to the overall well-being of society, even if it is advantageous for the businesses themselves. One of the first scholars to point out this apparent paradox was William Baumol (1996), who started a discussion about the relationship between the quality of law and business environment institutions, business activities, and the total output of the business sector. He

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defined new types of entrepreneurship, including productive, unproductive, and destructive entrepreneurship. This classification is based on a set of actions that require entrepreneurial talents, but do not contribute to the overall improvement of a country's productivity. The concept of unproductive activities was previously mentioned by Bhagwati (1982), who introduced the definition of Directly Unproductive Profit-seeking (D.U.P.), and Krueger (1974), whose research on tariffs contributed to the description of rent-seeking. Both these authors and their followers pointed to inefficient institutions, mainly formal ones as the main cause of unproductive behaviours among entrepreneurs (Aeeni et al., 2019; Sahakyan & Stigert, 2012). According to Baumol, an important role in taking unproductive activities is played by rent seeking, which is the most important motive for entrepreneurs to use inefficient institutions, often using unethical activities.

To go beyond Baumol's theory of unproductive entrepreneurship, the inefficiency of transformation economy institutions should be taken into consideration (Williams & Vorley, 2017). Inefficient institutions may force entrepreneurs to use their talents in an unproductive way in emergency situations that threaten the existence of the company and result from bureaucracy, incompetence, or poor system solutions. Due to the overlapping of old and new economy systems and the need to make changes, these defects are more profound in transitioning countries (Welter & Smallbone, 2011).

The aim of this article is to examine subjective norms (S.N.) and attitudes regarding specified types of unproductive behaviour among entrepreneurs in Poland. Furthermore, it tries to answer the question of how entrepreneurs assess the effectiveness of such actions and examines whether there is any connection between S.N.s, behavioural beliefs (B.B.) and propensity towards unproductive behaviour. We also try to judge what are the motives for the entrepreneur to enter the unproductive activities, and what forms of unproductive activities, mentioned in the literature (Henrekson, 2007) are taken by entrepreneurs.

The research model was based on Ajzen's (2011) theory of planned behaviour (T.P.B.). Two hundred and seventy randomly selected Polish entrepreneurs from four sectors: the processing industry, trade, construction, and professional activities, were interviewed. Polish entrepreneurs are good research subjects for studying behaviour in conditions of inefficient/weak institutions, because Poland has undergone systemic transformation since 1990, many entrepreneurs have retained attitudes and behaviours necessary to survive in the previous system.

This article makes two contributions to literature concerning unproductive entrepreneurship in transition countries. Firstly, it indicates that unproductive entrepreneurship may be 'forced' by inefficient institutions. This is inconsistent with the earlier theories, introduced by Krueger, Bhagwati or Baumol, which indicate that entrepreneurs are likely to undertake unproductive activities in order to seek rent. Secondly, the article points out the links between the perceived effectiveness of unproductive activities and the tendency to take them up.

Our research also showed that litigation is not a common form of unproductive entrepreneurship in Poland. If entrepreneurs are forced to engage in unproductive activities, they rather choose either to evade taxes or pay bribes.

2. Literature review

Unproductive behaviour of entrepreneurs has been the subject of research since the 1970s. One of the first reports on this topic was the work of Krueger pointing to the ineffective use of entrepreneurial talents in the need to obtain import licenses (1974). The term 'rent seeking' introduced by her has become a permanent feature of the economic literature, indicating that 'market economies have some rent-generating restrictions', and when they occur, rent-seeking is a way to increase profit. The alternative, in the absence of 'restrictions', is 'seek to achieve windfall gains by adopting new technology, anticipating market shifts correctly, and so on' (Krueger, 1974). Bhagwati explored the above problems by introducing the concept of D.U.P., 'they yield pecuniary returns but do not produce goods or services that enter a utility function directly or indirectly via increased production' (Bhagwati, 1982). Bhagwati, like Krueger, used export and tariff issues as a basis for his considerations.

Baumol (1996) directed economic considerations of unproductivity to entrepreneurial issues, deriving his theory of unproductive entrepreneurship from the institutional economy. And as his predecessors he pointed to institutions – mainly their quality – as the central concept related to his theory. According to it, the allocation of entrepreneurial resources is not determined by the number of entrepreneurs in the country or their set aims, but by a set of laws and regulations, or sometimes by cultural conditions, namely institutions. He pointed to the wastage of entrepreneurial talents, and thus to losses for the economy that appear along with unproductive behaviour. Research conducted by Khyareh on 22 OECD countries confirms the above conclusions (2019). According to the Author, two types of unproductive behaviour: tax evasion and bribery influence negatively the level of entrepreneurship. The selection of countries for this analysis also allowed for comparisons between regions. In both European-OECD countries as well as American-OECD economies corruption and tax evasion have a negative effect on entrepreneurship, the different situation was diagnosed among Asian-OECD countries. What was also new in Baumol theory was the indication that entrepreneurs can use such behaviours for their purposes, not necessarily when they encounter barriers related to the activities of their companies (like tariffs in Krueger cases), but also when they want this activity to limit the functioning of other enterprises. And again, the researchers felt it was possible due to the inefficiency of the institution.

The discussion on the role of institutions in human activity shown in the literature also goes in this direction, pointing out that institutions are admittedly 'constraints that shape human interaction' (North, 1991), but on the other hand institutions not only constrain, but also enable certain types of behaviour (Hodgson, 1988) fostering or discouraging entrepreneurship (Collins et al., 2016; Harris et al., 2011). This observation made by Hodgson contributes to the discussion about productive and unproductive entrepreneurship. It shows that entrepreneurs are not only the victims of inefficient institutions but can also use them for their personal gain. Competition between entrepreneurs is transferred to the level of competition in the area of seeking better use of the law or accounting creativity or corruption.

The negative influence of institutions on entrepreneurship at the national level occurs both in an economy with inefficient institutions in transforming or developing

economy and in a developed economy with advanced institutions (Aeeni et al., 2019). However, in those societies where the market economy is well-established, institutions regulating the functioning of enterprises have been created over the years and have been subject to modifications (Thomsen & Watrin, 2018), hence their quality is higher, which cannot be said about institutions in the economies undergoing transformation. Newly formed institutions, due to the overlapping of old and new economy systems with strong informal influence from the past, can lead to the behaviour marked by previous experience and tacit knowledge (Welter & Smallbone, 2011). Entrepreneurs feeling threatened by institutions and being afraid of bankruptcy as a result of tardiness (taking too long to issue conclusive decisions, therefore multiplying difficulties), improper or unclear legal solutions and red tape, may be more inclined to unproductive activities, for example, corruption (Sahakyan & Stiegert, 2012). Research by Bayar et al, conducted in transition countries of Eastern and Central Europe, showed a relationship between law and corruption and finally the shadow economy (Bayar et al., 2018).

The literature points to some examples of the inefficiencies of institutions which affect the functioning of enterprises and/or economies. Krueger stated that, excess bureaucracy in the process of applying for import licenses leads to rent seeking activities (Krueger, 1974). Similar conclusions regarding red tape can be drawn from analyses conducted by the World Bank Group and published in the form of Doing Business reports (World Bank Group, 2020). They indicate that in countries where excessive regulations are present, requiring the entrepreneur to contact the public sector, corruption is a tool of unproductive behaviour (World Bank Group, 2020). According to Doing Business, in countries with higher efficiency of public procurement, measured by the time needed to award the contract, its implementation and, most importantly, obtaining payments, the level of corruption is lower (World Bank Group, 2020).

Marquette and Peiffer (2015) state that the inefficiency of institutions not only affects corruption, but also leads to a number of negative social behaviours like looking for private protection. Sobel (2008) has proven that the quality of courts in 50 U.S. states affects business operations. An analysis of panel data (2005–2011) from 72 countries indicates that the amount of taxes negatively affects the willingness to start a business, while corruption can alleviate this negative trend (Belitski et al., 2016).

The excessive regulation and weak institutions were also the reason of undertaking unproductive types of activities described in the context of the Russian economy by Frye and Zhuravskaya (2000). In such cases, self-governance organisations (S.G.O.) take over the function of weak state institutions (Sachs, 2019).

The list of actions that entrepreneurs can take in response to the limitations imposed by institutions is unlimited and depends on the industry, entrepreneurial talent, and the degree of inefficiency of the institution. The classification introduced in the literature includes three types of strategies: abide, avoid, or alter, with certain actions behind them (Henrekson, 2007, Henrekson & Sanadaji, 2011) (Table 1).

Issues related to unproductive entrepreneurship have not been the subject of numerous empirical studies at the level of single entrepreneurs (Aeeni et al., 2019),

Table 1. Forms of unproductive entrepreneurship resulting from the attitude to the institution.

Attitude to the institutions	Forms of unproductive entrepreneurship
Abide	Litigation to take over part of profits.
Evading (legally or illegally)	Corruption
	Illegal syndicates and collusion
	Evading taxes
Alter	Lobbying for new regulations.
	Cancellation of property rights, the acquisition of this property.

Source: Authors' research based on Henrekson (2007) and Henrekson and Sanadaji (2011).

partly because it is difficult to conduct the research due to the delicate questions asked. However, if studies in this area appear, tax evasion, corruption and bribery are the most frequently researched types of unproductive activity especially in the context of transforming economies.

There are not many studies which examine the tax evasion through the institutional lances (Benkraiem et al., 2021). Studies in Russia indicate that the low probability of punishment for such practices and the perceived injustice of the tax system are the most clear incentives for cheating (Yakovlev, 2001). However, not everyone is stopped by fear of punishment, research conducted in Malaysia shows that this is not a factor influencing tax evasion there (Ali et al., 2020). Perceived justice was looked at in Torgler's research (2003), which, based on data from the World Value Survey, proved the impact of trust in the tax system on tax morale of society. According to the Torgler, mistakes in government policy, such as increasing taxes, can lead to the search for ways to bypass their payments, i.e., tax evasion and paying bribes (P.B.; Torgler, 2003). Another mistake by the government is to impose high taxes with burdensome bureaucratic system which also lead to tax evasion (Nchor, 2021). Some firms try to employ the tax strategies to decrease the tax burdens, and avoid paying some part of them. However it needs time and knowledge, maybe that is why it is not so popular. The research conducted for the period 2013–2017 on tax avoidance in Romania indirectly shows that companies not at risk of bankruptcy are less prone to tax avoidance (Mocanu et al., 2021).

Tax evasion can go together with corruption behaviour. Payne and Saunoris (2020) looked at the 25 transition economies, and found that tax evasion is a function of bribe, but also tax burdens perception by firms.

Corruption is another unproductive behaviour that can be analyzed through the lenses of weak institutions (Dreher & Gassebner, 2013). Corruption lowers entrepreneurship in the formal sector, and shift it to the informal one (Berdiev & Saunoris, 2018) concluded Berdiev and Saunoris analysing data of 60 countries. Research by Bayar et al. (2018) conducted in transition countries of Eastern and Central Europe, showed a relationship between law and corruption and finally the shadow economy. From an enterprise point of view, corruption seems to be a beneficial solution for an entrepreneur, because it allows to solve the problem (obtaining a license, faster decisions, bypassing barriers, etc.) (Belitski et al., 2016; Dutta & Sobel, 2016). Marquette and Peiffer (2015) point to corruption as a means to make things done, especially when one has to deal with inefficient institutions, or excessive regulation (Dreher & Gassebner, 2013).

Corruption, as a manifestation of institutional malfunction in transforming countries is especially observed in the former Soviet Union. Corruption in Poland is not a

big problem, it was ubiquitous in the period of planned economy (1945–1990) (Lü, 2000). The political and economic transformation building a new order in the market economy brought a significant reduction of corruption. Poland, thanks to the effective anti-corruption policy, which enabled the ratification of the OECD Anti-Bribery Convention in 2000 (Transparency International, 2012). The corruption index places Poland on a par with Slovenia (both 36th place) and before such countries as: Czech Republic (38), Lithuania (38) and Latvia (41), and definitely above Belarus (70).

Another manifestation of unproductivity indicated by Baumol are lawsuits and litigations (1996). Baumol's theoretical considerations on this subject were verified by Sobel (2008), who showed that entrepreneurs can strive to use their talents to sue the competitors in order to change property rights or other decisions that are unfavourable to them.

The above analysis indicates that unproductive or even unethical activities such as corruption or tax evasion can be seen as '*effective tool that helps people to get things done*', '*practical solution to real –life problem*' or '*cure when no better solution are available*' (Shekshnia et al., 2017) Therefore we can say, that this should be treated as the rescue from an inefficient legal system, and not a means of seeking rent.

Summarizing the research conducted so far on the issue of unproductive entrepreneurship it seems to us that entrepreneurial unproductivity can be divided into voluntary, which results from the desire to have a better position on the market as Baumol perceived it, and has been explained earlier by Krueger and Bhagwati; and forced one, which results from the need to *get things done*. Of course, such a distinction does not fully reflect the essence of unproductive activities, because also in the second case, the entrepreneur undertakes unproductive activities voluntarily – however, they do not lead to the use of the institution for rent seeking, but to stay on the market. We would like to check, the nature of unproductive activities in Poland as an example of the country just after the transformation

The relatively small number of studies on unproductive entrepreneurship does not allow for the conclusion about which forms of activities – described in Table 1 – are undertaken by entrepreneurs in a transitioning environment. Analysing the literature on the topic, we also see a lack of information on the attitude of entrepreneurs toward taking unproductive actions. There is also little research into the subjective assessment of entrepreneurs about the effectiveness of unproductive behaviour or perception of social norms relating to this issue. Therefore we fully support the suggestions of Hmieleski and Lerner to include personal determinants in the research on unproductivity (2016).

3. Methodology

Emerging demands to refer to the personnel context in research on the impact of institutions on unproductive entrepreneurship (Hmieleski & Lerner, 2016), affected the choice of the model for our research. The choice fell on the Ajzen's (1991) T.P.B., which takes into account the personal conditions of the decisions taken. The T.P.B. is derived from social psychology, and assumes that intentions are a significant predictor of human social behaviour. Intentions, in turn, are influenced by attitudes

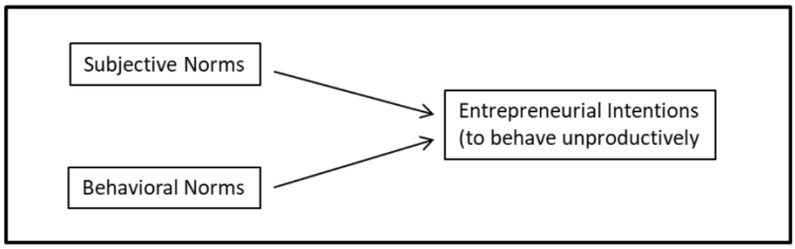

Figure 1. Research model based on Ajzen.
Source: Authors' elaboration based on Ajzen (1991).

toward behaviour (that results from B.B.s), S.N.s and perceived behavioural control (Ajzen, 1991).

The three dimensions in the Ajzen model are typically treated as independent factors However, referring again to the subject of our research, deals with unethical behaviour, on the border of the law of behaviour, it was decided not to ask questions related to Behavioural Control. Asking respondents whether they have the requisite resources, e.g., knowledge of how to pay a bribe, or deceiving the tax office seemed to us too sensitive to receive reliable answers. Therefore we have decided to use only two factors from the Ajzen theory: S.N.s and B.B.

Ajzen's theory has been repeatedly verified, a meta-analysis carried out by Armitage showed the high effectiveness of the model in predicting behaviour and intentions (Armitage & Conner, 2001). The model was previously used for the research of unethical activities related to corruption (Rabl & Kühlmann, 2009) and tax compliance intentions (Benk et al., 2011), mostly because it provides an appropriate fit for modelling individual ethical reasoning (Fleischman & Valentine, 2019; Rahaman et al., 2019).

In order to fulfil the research aim, three research questions were formulated:

1. Do entrepreneurs' subjective norms allow certain unproductive behaviours such as litigations, tax evasion, bribery, or lobbying? (subjective norms – SN)
2. How do entrepreneurs assess the effectiveness of such actions? (behaviour beliefs – BB)
3. Is there a connection between subjective norms, behavioural beliefs and propensity towards unproductive behaviour?

It was assumed, according to Ajzen's T.P.B., that behaviour is affected by intentions (Krueger et al., 2000), which in turn depend on the expected benefits resulting from behaviour, social norms, and self-efficacy (Ajzen, 1991) (Figure 1). In other words, respondents who perceive a given behaviour as acceptable (S.N.) and evaluate it as effective (B.B.s) will be more likely to engage in it. Correspondingly, those who perceive a given behaviour as ineffective and unacceptable, will be less likely to engage in it. Therefore we have applied this model to the concept of unproductive behaviour, assuming that the entrepreneurs who notice unproductive behaviour in their environment, perceive it as acceptable (S.N.). If at the same time, they perceive this behaviour as favourable (B.B.), they will be inclined to undertake it (Denisova-Schmidt & Prytula, 2017).

Table 2. Descriptive statistics of the results for study variables

		strongly agree [1] N %	rather agree [2] N %	have no opinion [3] N %	rather disagree [4] N %	Strongly disagree [5] N %	M	SD
Subjective Norms	EvTax	26 9.6	79 29.2	98 36.3	51 18.9	16 6	2.82	1.00
	PB	15 5.6	45 16.7	82 30.4	78 28.8	50 18.5	3.38	1.13
Behavioural Beliefs	EvTax	33 12.2	80 29.6	14 5.2	72 26.7	71 26.3	3.25	1.43
	PB	36 13.3	88 32.6	22 8.1	60 22.2	64 23.7	3.10	1.42
Intention Unproductive Behaviour	PB	21 7.8	55 20.4	6 2.2	73 27.0	115 42.6	3.76	1.38

Note. EvTax- Evading Tax, PB-Paying Bribe.
Source: Authors' elaboration.

Following the classification proposed by Henrekson and Sanadajia (2011; see Table 2) we decided to cover exemplary unproductive activities representing each of the three types of attitudes towards institutions. We picked up litigation for abiding institutions, tax evasion and corruption for evading institutions and lobbying for altering them. However, due to the low level of lobbying activity in Poland, especially among companies from the S.M.E. sector in which the research was carried out, the last element was omitted. During the research, it turned out that the number of court litigations in which entrepreneurs were involved was insignificant, which did not allow for further analyses.

As a summary, the study was based mainly on examining S.N. and B.B. for selected unproductive behaviour, such as evading paying tax (EvTax), P.B. and Intention to Pay Bribes as a manifestation of Unproductive Behaviour.

The research method was partly determined by analysing the research described in the relevant literature), and partly based on previous experience of the research team. We have followed the way of constructing questions, when the entrepreneurs where treated as experts and expressed their opinions on unproductive activities (Gërxhani, 2007; Putniņš & Sauka, 2015). The levels of confidence in Polish society are among the lowest in Europe (Eurobarometer, 2017); hence asking entrepreneurs directly about their grey area or unethical activities entails a risk of refusal to answer, even if the survey is anonymous (Lavrakas, 2008).

The following questions in the questionnaire are used throughout the description of the research results.:

SN EvTax: To what extent do you agree that entrepreneurs in the industry evade paying taxes because it is the only way to survive

SN PB: To what extent you agree that paying a bribe is not reprehensible/objectionable because it is the only way to survive

BB EvTax: To what extent you agree that evading paying tax is effective

BB PB: To what extent you agree that paying a bribe is affective

Intention to Pay Bribe: Knowing that this would be beneficial to your business, would you give a bribe?

Responders answered the questions on a 5-point Likert scale, where 1 indicates strong agreement, and 5 indicates strong disagreement.

The interview questionnaire, adapted to the CAPI technique has been conducted by research company among 270 polish entrepreneurs and, in case of companies,

among those who directly manage the way the company is run. Participation in the study was completely voluntary, respondents did not receive any gratification.

Due to the research topic it was decided to use stratified sampling from four sectors of entrepreneurial activity i.e., processing industry (26%), trade (26%), construction (27%), and professional activity (22%). These sectors were indicated by experts as the most prone to the occurrence of unproductive behaviours. The experts participating in the panel preceding the research were recruited from experienced entrepreneurs, as well as specialists dealing with accounting, especially tax accounting, lawyers and scientists. More than half of the respondents were women (52%). Eleven per cent of the companies employed up to nine people (micro-enterprise), 78% employed 10–49 people (small-enterprise), while the others were medium-sized companies (50–249 employees).

For data analysis we used nonparametric statistical methods, like Wilcoxon test which is equivalent to t-student test, suitable for analysing nonparametric data. The analysis was done with the use of StatSoft software package.

4. The research results

The collected questionnaire interviews were formally checked and then a quantitative analysis was employed. The results are presented in Table 2

Starting the analysis of the presented results, it is worth noting that that the answer 'I have no opinion' regarding S.N.s was chosen by about a third of all respondents (S.N. EvTax 36.3%; S.N. P.B. 30.4%), while the same category of answers to the question regarding B.B.s and intention to unproductive behaviour was chosen by much smaller percentage of respondents (B.B. EvTax 5.2%; B.B. P.B. 8.1%; INT 2.1%). These results allow to assume that respondents find it easier to formulate an opinion (positive or negative) on the effectiveness and intention of unproductive behaviours than on S.N.s regarding such behaviours. This is quite interesting because answering the question about one's S.N. should not be difficult as long as it does not involve controversial actions and/or the S.N. is not controversial itself.

A deeper analysis of the quantitative results concerning the S.N.s regarding evading paying taxes (EvTax) was more often agreed (38.8% of aggregate results 'strongly agree', 'rather agree') than the S.N.s regarding P.B. (22.3% of aggregate results 'strongly agree', 'rather agree'). The differences mentioned above are illustrated in Figure 2.

Additionally the mean value of answers obtained to the question regarding ExTax is lower (2.82) than that mean value of answers obtained to the question regarding P.B. (3.38). To determine whether the differences discussed in the results above are statistically significant, a statistical analysis based on the Wilcoxon Test was employed. The test results indicate a statistically significant difference in the way respondents answered ($T = 4437.5$; $Z = 5.87$, $p < 0.0001$). This means that entrepreneurs subjectively (S.N.) feel more consent to avoid taxes than to give bribes.

Analysis of the results concerning B.B.s shows that respondents were slightly more likely to agree with the effectiveness of bribery (45.9% of aggregate results 'strongly agree', 'rather agree') than evading taxes (41.8% of aggregate results 'strongly agree',

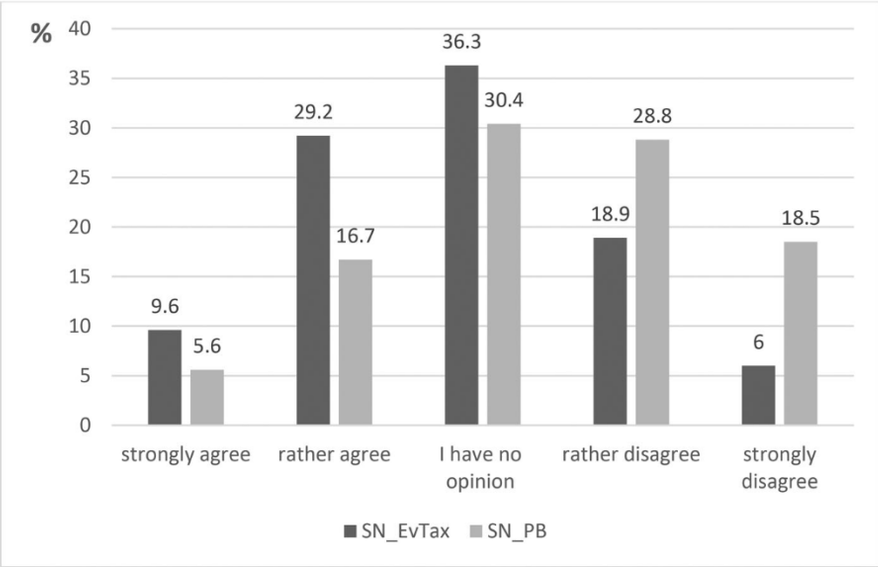

Figure 2. Differences in the results of responses regarding S.N.s. Results presented in per cent.
Source: Authors' elaboration. Note. EvTax- evading tax, P.B.-paying bribe.

'rather agree'), and more inclined to disagree with the effectiveness of evading taxes (53% of aggregate results 'strongly disagree', 'rather disagree') than bribery (45.9% of aggregate results 'strongly disagree', 'rather disagree'). The differences mentioned above are illustrated in Figure 3.

The mean value of answers obtained to the question about B.B.s regarding the effectiveness of ExTax is slightly higher (3.25) than that mean value of answers obtained to the question regarding the effectiveness of P.B. (3.10). The Wilcoxon Test results indicate a statistically significant difference in the way different respondents answered ($T = 2778.0$; $Z = 1.96$, $p < 0.05$). This means that the surveyed entrepreneurs have more negative attitudes towards the effectiveness of tax evasion than towards the effectiveness of bribery.

A comparison of the above results regarding S.N. and B.B. shows that respondents feel less social consent to P.B. than avoiding paying taxes, and at the same time believe that giving bribes is more effective than avoiding paying taxes. Therefore, it seems reasonable to assume that P.B. is perceived in the following manner: 'it's not OK but it works.'

Furthermore, the surveyed entrepreneurs were directly asked about their willingness to pay a bribe, if they could improve their company's situation in doing so. Most respondents indicated answers that denied such intention (69.8% of the aggregate results 'strongly disagree', 'rather disagree'). On the other hand, almost a third of the respondents (28.2% of the aggregate results 'strongly agree', 'rather agree') declared their willingness to pay a bribe if the company's activity well-being were to be endangered. However, it should be noted again that the question concerns a very sensitive area and it is possible that the answers are more conservative than the actual behaviour. Therefore, it is difficult to make conclusions about the real intentions of

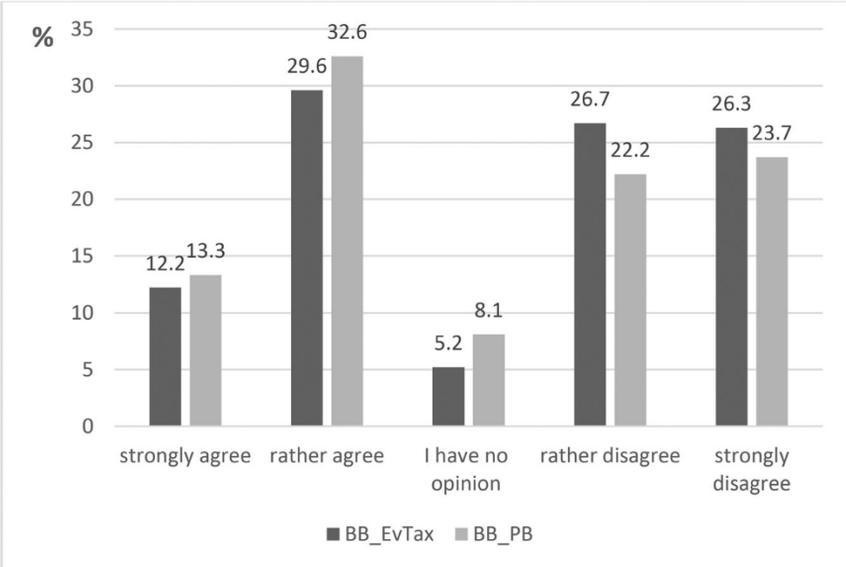

Figure 3. Differences in the results of responses regarding B.B.s. Results presented in per cent.
Source: Authors' elaboration. Note. Ev_Tax- evading tax, P.B.-paying bribe.

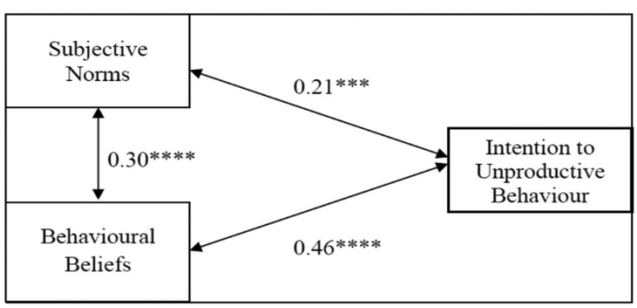

Figure 4. Results of the correlations for S.N.s, B.B.s and intention to unproductive behaviour.
Source: Authors' elaboration. Note. ***$p < 0.001$, ****$p < 0.0001$.

the respondents, nevertheless it is possible and necessary to find out whether inclinations towards unproductive behaviour correlate with perceived S.N.s and/or B.B.s. To answer this question, correlation analysis was conducted.

The results of the correlation analysis indicate the existence of a statistically significant association between all examined relationships, including S.N.s, B.B.s, and intention towards unproductive behaviour (Figure 4).

This means, that if the surveyed entrepreneurs believe that a certain manifestation of unproductive behaviour is effective or if they perceive a given behaviour as acceptable at the same time they represent an intention towards that behaviour. However, the correlation coefficient between B.B.s and intention is higher than between S.N.s and intention. It may therefore be concluded that the surveyed entrepreneurs do not need social approval for specific activities, and it is more important for them that their activities are effective

Table 3. Results of the correlations for study variables.

variable	SN EvTax	SN PB	BB EvTax	BB PB
SN EvTax	–			
SN PB	0.13*	–		
BB EvTax	0.007	0.22****	–	
BB PB	0.18**	0.23****	0.63***	–
INT	0.16**	0.29****	0.46****	0.37****

Note: SN – Subjective norms, BB – behavioural beliefs, INT – intention to unproductive behaviour, EvTax – Evading Tax, PB – Paying Bribe.
*$p < 0.05$.
**$p < 0.01$.
***$p < 0.001$.
****$p < 0.0001$.
Source: Authors' elaboration.

Finally, the existence of the correlation between S.N.s and B.B.s should not be ignored. However, it should be emphasized that the indicated association cannot be clearly interpreted on the basis of the presented data. S.N.s may influence the shaping of B.B.s, as well as beliefs in the effectiveness of a behaviour may influence the formation of norms regarding its use.

The results obtained from a detailed analysis of the correlations are presented in Table 3.

The strongest correlation coefficient was found between B.B.s regarding tax evasion and bribery, and between B.B.s regarding evading taxes as well as P.B. While the correlation coefficients between S.N.s regarding tax evading and other investigated factors are very low or not significant. The comparison of these results may once again suggest that for the surveyed entrepreneurs the perceived effectiveness of actions is more important than social consent to them. However, in order to a deeper interpretation of this result, a further in-depth study is required.

5. Limitation

We are aware of the limitations of our research, preventing the generalization of our conclusions to a wider entrepreneurial population. First, the highly sensitive nature of the topic shaped the method of research, analysing of results, and its interpretation. We have decided to indirect questions. The research structured in this way is burdened with subjective bias.

Second, our sample is based on a single country, however, in both Polish and English language literature there are not many publications presenting unproductive entrepreneurship. We hope that our results can create opportunities for future research and give a potential for comparison of cross countries differences as well as can be used to conduct longitudinal studies allowing the observation of the existence and changes in the field of studied variables.

6. Discussion

Results of our research shows that Polish entrepreneurs are not using institutions to seek rent but they have to abide or obey them to survive. Our results confirm the observations formulated by Sauka and Welter (2007) on the nature of unproductivity

in Central and Eastern European countries, at the same time, they can be used to indirectly support evidence from Romanian research (Mocanu et al., 2021).

Entrepreneurs that were directly questioned about S.N.s regarding tax evasion and bribery, perceive tax fraud as acceptable but at the same time do not accept bribes. Interpreting only this part of the results was not difficult. It is in line with the S.N.s of Polish entrepreneurs who rather do not accept P.B., which seems consistent with the previously presented Transparency International research on the level of corruption in Poland. However, it was also revealed that they view bribery as more effective than tax evasion. Interpretation of this contradiction may include both the specificity of the research topic and the analysis of Polish historical conditions. Knowing that official social norms do not accept this type of behaviour, presenting one's S.N.s could be related to the willingness to fulfil social expectations. Additionally, the fact that the study was conducted with the use of C.A.P.I. could result in selecting safe, conservative responses including 'I have no opinion'. Cheating on tax was not seen as defrauding a specific institution, but rather a form of resourcefulness and even entrepreneurship in difficult operating circumstances. What is also reported in the Yakovlev (2001) study in Russia . It should also be added that nowadays information stigmatizing bribery is more prevalent in media discourse than information stigmatizing tax evasion, especially since the latter is perceived as excessive. On the other hand, the legal system in Poland deals with tax collection more efficiently than with P.B., hence perhaps the lower assessment of the effectiveness of the former.

Correlation between the belief that a specific action is effective for a company (B.B.s) and the intention to undertake it turned out to be statistically significant among the surveyed entrepreneurs. This significance was higher than in the case of a correlation between S.N.s and inclinations towards unproductive activities

If people are convinced that some specific action, although illegal, will lead them to their goal, especially in emergency situations (in this case, the existence of the company) they can undertake such activity Kohlberg (1981) (Morris, 2012) Unproductive activities may also be influenced by short-term thinking, which is common in Poland (Achim et al., 2019). It causes a lower tendency to comply with long-term obligations such as taxes.

7. Implications

The implications of our investigation can be categorised in two ways, theoretical and practical. The theoretical implications relate to the broadening of knowledge and further research directions. It has been clearly shown that the issue of unproductive entrepreneurship is an important area of entrepreneurial activity in a specific environment and as such should be included in research on entrepreneurship. At the same time, the question arises whether the results obtained in Poland and other Central and Eastern European countries may be related to the political and economic changes initiated in the 1990s. And if so, future research should focus on checking whether the results indicate changes in entrepreneurs' approach to unproductive entrepreneurship in the coming years. Our work also presents several conclusions regarding entrepreneurship research methods and design. The study of unproductive

entrepreneurship is hindered by the nature of unproductive activities. Entrepreneurs are reluctant to answer questions in surveys, and their unwillingness increases when confronted with questions about unethical or unlawful activities (looking for informal acquaintances; bribes, tax evasion). Prompted by this, we proposed to conduct research based on hypothetical cases and to ask questions concerning the industry, not specific companies or entrepreneurs. Asking questions directly can lead to untruthful answers or feigning ignorance. Despite this, the problem was still present in the conducted research, in which, despite the use of indirect questions, the percentage of respondents who answered 'I have no opinion' was still considerably high. This indicates the need to refine the questionnaire, perhaps creating a few sample cases that would reveal the genuine attitude of the respondents toward the subject of the study. However, this would limit the possibility of conducting research with a large number of respondents.

The practical implication may relate to, among others on public policy and, consequently, on society implication as well as education First of all, more attention should be paid to the quality of the formal institutions being created. Entrepreneurs are willing to accept legal regulations, even if not entirely favourable, provided that they are unambiguous. An important role may play an appropriate information policy, indicating a uniform interpretation of regulations and an open attitude of offices towards entrepreneurs. Otherwise, they will misuse their skills and talents in searching for the best solutions that do not necessarily lead to an increase in the quality and quantity of benefits they bring to society. Adequately functioning, unambiguous regulations should also convey the message that their violation is unprofitable. An important role in this may be played by an appropriate information policy, indicating a uniform interpretation of regulations and an open attitude of offices towards entrepreneurs.

Changes in informal institutions (e.g., acceptance of bribery) require large amounts of time, even whole generations. Decisive changes in formal institutions that are understandable for entrepreneurs, both in terms of their essence and technical details, can accelerate the change in the culture of entrepreneurial behaviour. And it is why the natural next implication is building the right mindset of the future or/and nascent entrepreneurs during entrepreneurial education (schools, universities). Best practice – promoting business ethics, also in the education process.

8. Summary

Literature on unproductivity highlights the macroeconomic consequences of such actions, pointing to losses to the economy (Baumol, 1996). However, in the case of unproductivity forced, in the name of saving the company, the issue of losses takes on a different dimension. In this case, unproductive activities can have positive results (Sauka & Welter, 2007) and can be explained with the second best choice theory (Marquette & Peiffer, 2015). From this perspective unproductive activities in the long run are not unproductive for the economy. Keeping the company on the market. Thanks to evading often irrational and unviable institutional solutions, allows to maintain jobs and maintain production. The alternative is bankruptcy and the economic consequences it entails. However, a question arises about the ethical limits of such activities. The entrepreneur deprives the state budget of a part of the tax in the

name of saving his company, and employment. Another question that arises is the subjectivity of the entrepreneur's assessment of the situation. Recognition of the moment when the company, without the actions described above, will be forced to exit the market will depend on the managerial experience and the mental structure of the entrepreneur himself.

Disclosure statement

No potential conflict of interest was reported by the authors.

Funding

This work was supported by Narodowe Centrum Nauki.

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