

SECOND SCIENTIFIC CONFERENCE

INSTITUTIONS:
THEORY AND PRACTICE



SECOND SCIENTIFIC CONFERENCE

INSTITUTIONS: THEORY AND PRACTICE

JUNE, 19-20 2018
TORUŃ, POLAND

EDITED BY
ILONA PIETRYKA

ABSTRACT BOOK



CONFERENCE ORGANIZERS



**NICOLAUS COPERNICUS
UNIVERSITY
IN TORUŃ**

Faculty of Economic Sciences
and Management



HR EXCELLENCE IN RESEARCH



**POZNAŃ UNIVERSITY
OF ECONOMICS
AND BUSINESS**



**Wrocław University
of Economics**

PROGRAMME BOARD

professor Jerzy Boehlke — chairman
professor Bożena Borkowska
professor Bogusław Fiedor,
professor Janina Godłów-Legiędź
professor Marian Gorynia
professor Bożena Klimczak
professor Witold Kwaśnicki
professor Marian Noga
professor Marek Ratajczak
professor Stanisław Rudolf
professor Jerzy Wilkin
professor Anna Ząbkowicz

INSTITUTIONS REPRESENTED AT THE CONFERENCE

Cracow University of Economics, Poland
Jagiellonian University, Poland
Kozminski University, Poland
Nicolaus Copernicus University in Toruń, Poland
Poznań University of Economics and Business, Poland
University of Economics in Katowice, Poland
University of Lodz, Poland
University of Szczecin, Poland
University of Wrocław, Poland
University of Zielona Góra, Poland
Warsaw School of Economics, Poland
Wrocław University of Economics, Poland

Cover design

Ilona Pietryka

Based on image designed by Starline / Freepik

ISBN 978-83-231-4036-8

© Copyright by Nicolaus Copernicus University Press

Toruń 2018

Nicolaus Copernicus University Press

Editorial office: ul. Gagarina 5, 87-100 Toruń

tel. (56) 611 4295, fax (56) 611 47 05

e-mail: wydawnictwo@umk.pl

Distribution: ul. Mickiewicza 2/4, 87-100 Toruń

tel./fax (56) 611 42 38

e-mail: books@umk.pl

www.wydawnictwoumk.pl

The publication was released on the basis of non-exclusive Creative Commons (CC-BY 4.0) licenses and distributed as an Open Access document available on the Nicolaus Copernicus University Press website.



Contents

Andrzej Anszperger

The institutions in tourism economy: methodology of research /9

Adam P. Balcerzak

Quality of institutions and convergence process in the European Union in the years 2004–2015 /10

Dominika Bochańczyk-Kupka

Intellectual property as an intangible good /11

Bożena Borkowska

The private and public institutions in securing contracts /12

Agnieszka Bretyn

Influence of informal institutions on the transformation of Polish consumers' behavior in terms of their relationship with the natural environment /13

Sławomir Czetwertyński

The gnoseological sense of the paradigm of the new institutional economics /14

Wojciech Giza

The institutional dimension of market failure /15

Małgorzata Godlewska

How informal institutions may support formal institutions in the development of local and regional entrepreneurship? /16

Janina Godłów-Legiędź

Political economy of academic freedom /17

Jadwiga Gorączkowska, Marek Tomaszewski

Support of innovation activity in small and medium-sized enterprises in the Wielkopolskie voivodship /18

Mikołaj Klimczak

Embeddedness and design of competition protection institutions /19

Sławomir Kuźmar, Dawid Piątek

Institutional determinants of inequality in post-socialist countries /20

Tomasz Legiędź

The economic consequences of the recent constitutional changes in China: the new institutional economics perspective /21

Paweł Marszałek

Institutional basis for issuing modern money /22

Grzegorz Olczyk

Elements of economic culture as informal institutions in the economic development of Germany /23

Izabela Ostoj

On the validity of the division into formal and informal institutions /24

Aleksandra Pieloch-Babiarz

Institutional ownership of listed companies and implementation of dividend payouts /25

Elżbieta Pohulak-Żołędowska

Market solutions in financing early stage innovations on an example of venture capital funds /26

Agnieszka Postuszny

An employer as the subject of rights and duties of administrative institutions in the proceeding before the employment authority /27

Gabriela Prześnawska

Significance of uncertainty in explaining institutional change in Douglass C. North's approach /28

Marek Ratajczak

Institutional economics and economics as a science /29

Tomasz Sosnowski, Anna Wawryszuk-Misztal

Diversity on management and supervisory board and accuracy of management earnings forecasts in initial public offering prospectuses /30

Małgorzata Szczepaniak, Agnieszka Szulc-Obłóza

Labour market institutions and income inequalities across the European Union /31

Bartosz Totleben, Katarzyna Szarzec, Andreas Kardziejonek

Political capture of state-owned enterprises /32

Piotr Wiśniewski

Akerlof's impact on economics /33

Grażyna Wolska

Reflections on the institutional model of corporate social responsibility /34

The institutions in tourism economy: methodology of research

ANDRZEJ ANSZPERGER

Nicolaus Copernicus University in Toruń, Poland
✉ anan@umk.pl

ABSTRACT

MOTIVATION: Tourism provides the diverse (multiple) needs of individuals and social groups. Nowadays it is becoming a very important part of the national economy. It can be a factor of development on the national as well as regional or local scale.

AIM: this article presents selected institutional conditions, that may affect the use of tourism destination potential. The analysis will be carried out on the example of selected administrative units at the regional and local level. The aim is also to verify the chosen methodology of research on the role of institutions in the development of tourism.

RESULTS: results obtained in empirical studies allows for the preliminary acceptance of an important role of selected institutions for the development of the tourism economy on a local scale. The adopted methodology creates the basis for its further in-depth study.

KEYWORDS: *tourism development; institutions and growth; regional economies*
JEL: *O43; P25; Z32*

Quality of institutions and convergence process in the European Union in the years 2004–2015

ADAM P. BALCERZAK

Nicolaus Copernicus University in Toruń, Poland
✉ adam.balcerzak@umk.pl

ABSTRACT

MOTIVATION: Economic convergence is a key challenge for new member states and the European Union as a whole. Under global competition and structural transformation of modern developed countries, a speed of reallocation of capital is a factor that determines the effectiveness of technological change, and thus a growth rate. Therefore, the current research is based on the assumption that in the case of developed countries the convergence process can be significantly influenced by quality of institutions that impact effectiveness of the process of reallocation of capital.

AIM: The objective of the article is to verify the impact of the quality of institutions influencing reallocation of capital on the convergence process in the European Union countries.

RESULTS: Quality of institutions was analyzed with application of Multiple Criteria Decision Making methodology (TOPSIS), which enabled to provide ranking of the countries in the dynamic perspective. Then, within conditional β -convergence framework the dynamic panel econometric model was applied for the EU countries in the years 2004–2015. The econometric analysis indicates that high quality of institutions that supports quick reallocation of capital is the factor supporting convergence process in the EU. From the governance perspective the research confirms the role of institutional factors in creating disparities between countries not only in the case of developing economies, but also in the case of relatively developed countries.

KEYWORDS: *quality of institutions; reallocation of capital; TOPSIS, β -convergence*

JEL: B52; O47

Intellectual property as an intangible good

DOMINIKA BOCHAŃCZYK-KUPKA

University of Economics in Katowice, Poland
✉ dominika.bochanczyk-kupka@ue.katowice.pl

ABSTRACT

MOTIVATION: Nowadays in the economic literature we can observe the increasing popularity of the concept of intellectual property. Nevertheless, this growth is not accomplished by solving conceptual problems. The number of existing definitions, considerations about the intellectual property among intangible resources and descriptions of its characteristic features is enormous. Therefore, in-depth studies on concept of intellectual property are necessary from the point of view of economics and law.

AIM: The main purposes of the paper are: to place intellectual property in the area of intangible assets and to specify and describe its specific features. The paper also tries to define intellectual property as a private, a public and a club good.

RESULTS: The paper discusses the differences and relationship between such economic concepts as: intangible assets, intellectual capital, intellectual assets, human capital, knowledge and intellectual property. It exemplifies and describes specific features of intellectual property, and also discusses situations in which intellectual property can be perceived as a private good, a public good or as a club good.

KEYWORDS: *intellectual property; intangible good; private good; public good, club good*

JEL: K00; O34; B52

The private and public institutions in securing contracts

BOŻENA BORKOWSKA

Wroclaw University of Economics, Poland

✉ bozena.borkowska@ue.wroc.pl

ABSTRACT

MOTIVATION: New institutional economics provides tools for detailed analysis of market transactions, assuming a human tendency to opportunism, consisting of rent seeking by distortion of information, fraud, etc. Transactions — perceived as the contracts between the parties are not perfect — are rather incomplete, are not fully formal and do not specify precisely obligations of the parties. They are therefore contracts in which information and risk are asymmetrically distributed among their participants. The ideal type of contract is deterministic one, made under stable conditions using tried and routine procedures, whose implementation does not proceed in time. Real economic transactions have probabilistic nature. Information is incomplete, but their collection and processing in order to conclude the transaction can vary. In economic theories of institutions there are highlighted two types of contracts that are incomplete. (1) Contracts in which the obligations of the parties are clearly defined: on one hand the amount and quality of the product, on the other hand the price and payment terms. The content of contract correspond to the existing state of affairs in the field of information available for the parties, their awareness of the probabilistic process of contract and the institutional safeguards enforced by the state or private agencies, intermediaries, etc. It is does not rule out the asymmetry of information, negative selection and moral hazard. These properties characterize different specific contracts, spot or agency (principal-agent) ones. (2) Relational contracts which are concluded because of the specific subject of the transaction. Parties of contracts have neither complete information nor appropriate institutions that safeguards agreements. Contracts are corrected due to changes in the state of affairs, due to the degree of informing parties or changes in activities under the contract, etc. What makes incomplete contracts secure? There is a growing consensus among economists that both private (informal) and public (formal) institutions are important determinants of securing contracts. But there is a second question: which types of institutions — private or public — are matter more and for which contracts?

AIM: The aim of the paper is to answer this question, so the author of this paper attempts to identify the institutions that lead to the establishment of secure contracts. To do so, the author discusses: (1) the contracting institutions in diamond industry; (2) the institutions that are design to governing commons; (3) the rules that are design to secure contracts in the international trade.

RESULTS: The analysis of these contracting institutions indicates that new institutional economics has limited capability to make general theoretical synthesis about relative roles of private and public institutions and securing private contracts, that is to say, in making that contracts are reliable and enforcing.

KEYWORDS: *contracts; private (informal) institutions; public (formal) institutions*

JEL: D02; D82; D86; L14

Influence of informal institutions on the transformation of Polish consumers' behavior in terms of their relationship with the natural environment

AGNIESZKA BRETYN

University of Szczecin, Poland
✉ agnieszka.bretyn@wzieu.pl

ABSTRACT

MOTIVATION: Institutions influence and shape behaviors. Informal institutions play an important and sometimes even key role in achieving goals consistent with the idea of sustainable development.

AIM: The aim of the paper is to describe informal institutions and analyze and assess their impact on the behavior of Polish consumers in the aspect of their human-environmental interaction.

RESULTS: The study focuses on the elements of the theory of formal and informal institutions. The role of informal institutions in the development of human-environmental interaction was presented, and then the analysis and assessment of their impact on the behavior of Polish consumers was carried out.

KEYWORDS: *institutions; informal institutions; consumer behavior; natural environment*

JEL: E02; E2; N5; Q01

The gnoseological sense of the paradigm of the new institutional economics

SŁAWOMIR CZETWERTYŃSKI

Wrocław University of Economics, Poland
✉ slawomir.czetwertynski@ue.wroc.pl

ABSTRACT

MOTIVATION: The gnoseological sense of a paradigm is its essence, next to the methodological and sociological one. The gnoseological sense contains primary factors of the paradigm which affect the global meaning. Reconstruction of gnoseological sense gives opportunity to solve most primary factors which are normally unconsciously. The new institutional economics is example of the paradigm which isn't formally described. The idea of reconstruction the gnoseological sense of the new institutional economics paradigm is to understand the most hidden aspects of individualism and holism.

AIM: The aim of the study is to reconstruct the gnoseological sense of the paradigm of the new institutional economics.

RESULTS: The results of the study is to present relation between individualism and holism in the new institutional economics paradigm. The main proposal is that the paradigm of the economy *sui generis* isn't homogeneous, as generally the social science. The new institutional economics draws from sociology its holistic approach, and form the neoclassical economics the individualism. As a result, the new institutional economics is contradictory in its own basis, what it's reveal in detailed level of considerations in its paradigm.

KEYWORDS: *new institutional economics; paradigm; holism*

JEL: A10; A12

The institutional dimension of market failure

WOJCIECH GIZA

Cracow University of Economics, Poland
✉ gizaw@uek.krakow.pl

ABSTRACT

MOTIVATION: At the turn of the 19th and 20th centuries, institutionalism was presented by T. Veblen as an alternative to neoclassical economics. On the basis of neoclassical economics, in addition to the explanation how an effectively functioning market leads to maximization of prosperity, we also find a market failure analysis. The main theme of the presented study is an attempt to synthesize these concepts, in particular to show how the institutional approach modifies the perception of the market failure.

AIM: The aim of the article is to analyze the market failure on the basis of institutional economics. In addition, an attempt was made to determine how institutional solutions can result in limiting certain types of market failure.

RESULTS: The article presents the development of the market failure concept. It was indicated how transaction costs, property rights and asymmetry of the information were reflected in the concept of market failure. The relationship between the institutional solutions and the economic efficiency of the market was also presented.

KEYWORDS: *economics; market failure; institutional economics*

JEL: B52; D40

How informal institutions may support formal institutions in the development of local and regional entrepreneurship?

MAŁGORZATA GODLEWSKA

Warsaw School of Economics, Poland
✉ mgodlews@sggw.edu.pl

ABSTRACT

MOTIVATION: The violent and profound global economic and social changes in the face of incomplete globalization, weaknesses of international economic and political institutions, excessive indebtedness of highly developed countries, strong growth of polarization or the inequalities in socioeconomic development between regions force to redefinition of the role of institutions in the economy. Nowadays local and regional formal institutions became responsible for dynamic growth of the local and regional entrepreneurship following a process of decentralization that occurred in European countries. However according to the literature informal institutions may play complementary, accommodating, competing or substitutive role for formal institutions.

AIM: The author has taken up the topic of determining how informal institutions may support formal institutions in the development of local and regional entrepreneurship. Additionally, in this article shall be defined determinants of such support as well as the knowledge of local and regional formal institutions about informal institutions and their possible support in development of entrepreneurship. These issues are supported by appropriate research done in NUTS level 2, 4 and 5.

RESULTS: The author of this paper acquired data using survey with quantitative and qualitative research questions in the questionnaire, which was sent to $n=3388$ formal institutions in Poland. The responsiveness rate from formal institutions was 19.24% ($n=652$) with 5% of materiality level and 6.5% of maximum error (2SE). The sample was considered representative for all local and regional formal institutions in Poland. Surprisingly majority of local and regional formal institutions declared that no informal institutions functioned in their local and regional environment. Moreover, all local and regional formal institutions that recognized informal institutions in their surrounding understood informal institutions for example as local action groups that supported the development of local and regional entrepreneurship, rather than a custom, a value or a norm. The effective interaction between formal and informal institutions depends on institutional framework. Because of weak institutional framework in Poland, according to most cited institutional indices and very low level of trust, informal institutions did not enforce the weak formal institutions in Poland.

KEYWORDS: *formal institutions; informal institutions; local and regional development; entrepreneurship*

JEL: K23; R11; B52; O18

Political economy of academic freedom

JANINA GODŁÓW-LEGIĘDŹ

University of Łódź, Poland
✉ janina.legiedz@uni.lodz.pl

ABSTRACT

MOTIVATION: The life of every member of the academic staff is accompanied by two institutions: university and academic freedom. In the context of changes taking place since the 1980s in Anglo-Saxon countries, as well as the announced reforms in Poland, these institutions are at risk. In a situation of increasing global political and economic uncertainty, it justifies the need for analysis of economic freedom from the perspective of political economy.

AIM: The aim of the paper is to present the threats to academic freedom and arguments for free universities from the perspective of political economy. The use of political economy is a consequence of the assumption that academic freedom is one of the most important institutions protecting against various forms of totalitarianism. It is significant that such a viewpoint was presented at the Congress 'Science and Freedom' in Hamburg in 1953 organized in the context of the terrible experiences of Nazi and Stalinist totalitarianism, but also the emerging suspicions towards universities as 'the source of intellectual disobedience'. The adopting of political economy's perspective also stems from the conviction of the special importance of the methodology of economics and the role of economic sciences not only in the discussion but also in the process of reforming higher education.

RESULTS: From the perspective of the political (institutional) economy, the vision of the university, in which shallow market pragmatism, competitiveness and the idea of excellence are coming to the fore, is an expression of lack of understanding of the complexity of the world and a way of thinking based on contradictory ideas: the idea of linear growth based on competition and the idea of central control. Political economy as an economics that explains the complex relationship between economy, politics and morality, has three functions in the context under consideration. First, it allows us to look critically at academic capitalism and the ambiguous relationship between managerialism in universities and neoliberal ideology. Second, it shows the importance of economic education in liberal education. Thirdly, it makes us realize that for the preservation of academic freedom, the existence of a responsible academic community and the discipline of its members is extremely important.

KEYWORDS: *academic freedom; university; political economy; democracy; liberal education; neoliberalism; Michael Polanyi*

JEL: B52; I20; P16

Support of innovation activity in small and medium-sized enterprises in the Wielkopolskie voivodship

JADWIGA GORĄCZKOWSKA

University of Zielona Góra, Poland
✉ j.goraczkowska@wez.uz.zgora.pl

MAREK TOMASZEWSKI

WSB University in Szczecin, Poland
✉ mtomaszewski@wsb.szczecin.pl

ABSTRACT

MOTIVATION: Small and medium-sized enterprises, due to their large number, play an important role in the development of the Polish economy. Therefore, the focus should be on creating the right frameworks for their functioning — they should allow them to develop and stimulate the implementation of innovative solutions. Business support organizations (BSOs) are one of the entities that can facilitate development and stimulation. The main types of BSOs in Poland are: technological parks and incubators, academic business incubators, centres for technology transfer, business angels networks, local/regional loan funds, credit guarantee funds and training and consulting centres. These entities should contribute to the implementation of new solutions in the surveyed enterprises and improve their competitive position.

AIM: The aim of the article is to identify impact of business support organization on the innovation activity in industrial enterprises in the Wielkopolskie voivodeship. The research hypothesis is the claim that BSOs increase the odds of implementation of new products and process in enterprises, but their impact will be different. The hypothesis will be validated on a sample of 440 small and medium-sized, manufacturing companies, which are located in Wielkopolskie voivodeship. To carry out the study a multi-factor logit regression method will be used.

RESULTS: The research hypothesis is confirmed — BSOs increase the chances on innovation activity but their influence is different. Most effective are technological parks and training and consulting centers.

KEYWORDS: *innovation; support; small and medium-sized enterprises; technology parks; technology transfer offices; business support organizations*

JEL: O31; O32; L60

Embeddedness and design of competition protection institutions

MIKOŁAJ KLIMCZAK

Wrocław University of Economics, Poland

✉ mikolaj.klimczak@ue.wroc.pl

ABSTRACT

MOTIVATION: The process of institution-building is one which usually takes place within the legislative authority. Politicians often have objectives that are not necessarily dictated by the effectiveness of institutions or economic processes, but which can instead be described as private. Therefore, the institutions created within the legislative process are conditioned by a number of factors, both external and internal. Besides, legislative processes are susceptible to ideologization and depend on the values adhered to by legislators. These values do not necessarily have to have a rational basis, which gives us a law whose effectiveness and efficiency are in doubt. At the same time, at a higher level of institutional analysis, there are informal institutions, customs, traditions, religious norms. These standards also play an important role in determining the shape of the lower level of analysis — the institutional environment in which, among other things, legislation is created.

AIM: The main goal of the paper is to explore connections between two levels of institutional analysis: embeddedness and institutional environment in competition protection. The paper will study links between ideas, ideologies, informal institutions and economics which played an important role when the framework of competition protection was designed and later amended.

RESULTS: The results of the study will show the risk of ideologisation, especially if a naked model of perfect competition is adopted for the creation of antitrust institutions. The achievements of institutional economy, information economy and other branches of economic sciences, complementing neoclassical economy, allow for more reliable lawmaking and decision making in competition protection.

KEYWORDS: *competition; institutions; embeddedness; antitrust; ideas; ideologies*

JEL: D02, D41, K21, L40

Institutional determinants of inequality in post-socialist countries

SŁAWOMIR KUŹMAR

Poznań University of Economics and Business, Poland
✉ slawomir.kuzmar@ue.poznan.pl

DAWID PIĄTEK

Poznań University of Economics and Business, Poland
✉ dawid.piatek@ue.poznan.pl

ABSTRACT

MOTIVATION: Economic literature indicate that differences in the inequality levels among modern countries can be attributed to many factors or processes such as: economic performance, natural resources endowments, demographical structure or institutional framework. It seems to be important to emphasize that in case of post-socialist countries where any predetermined trajectories of inequalities were adopted policies and institutions played an important role in shaping inequality. In this context the question about the role of institutional framework for the levels of inequality in these countries seems to be especially important.

AIM: The aim of presented paper is to evaluate the role of different political institutions adopted in post-socialist countries in levels of income inequalities observed among them.

RESULTS: Many theoretical and empirical studies indicate that income distribution is strongly shaped by a set of economic and political institutions. Some researchers underline the reinforcing effect of income inequality on institutional quality.

KEYWORDS: *institutions; post-socialist countries; inequality*

JEL: *E02; D63; N33*

The economic consequences of the recent constitutional changes in China: the new institutional economics perspective

TOMASZ LEGIĘDŹ

University of Łódź, Poland
✉ legiedz@uni.lodz.pl

ABSTRACT

MOTIVATION: Over 30 years ago, Deng Xiaoping had the two-term limit on the presidency inscribed in the state constitution. It was part of Deng's plan to institutionalize leadership changes in China, to avoid a return to one-man rule. This solution has ensured political stability which undoubtedly had a positive impact on economic growth in the following decades. However, in March 2018, the National People's Congress of China approved the removal of the two-term limit on the presidency. Moreover, president Xi Jinping consolidated his political power as the party voted to enshrine his name and political ideology in the party's constitution — elevating his status to the level of its founder, Chairman Mao.

AIM: The purpose of this article is to examine if recent changes of the Chinese constitution could be a significant political regression for politics that would affect the long-term growth and development of China. The paper applies the new economics perspective, particularly, the limited and open access orders framework proposed by D.C. North, J. J Wallis, and B. R. Weingast (NWW).

RESULTS: The article will present arguments proving that recent political changes in China will negatively affect growth and economic development. The concentration of power in the hands of one man could be a symptom of regression of the limited access order, which, according to NWW's theory, affects not only the economy but also could increase the risk of violence.

KEYWORDS: *China; economic development; new institutional economics; social order*

JEL: B52; O10; O53

Institutional basis for issuing modern money

PAWEŁ MARSZAŁEK

Poznań University of Economics and Business, Poland
✉ pawel.marszalek@ue.poznan.pl

ABSTRACT

MOTIVATION: Despite profound and dynamic changes in the functioning of the contemporary monetary systems, changing the nature and forms of money itself, as well as changes in the institutional foundations of its creation, in literature these issues are often considered mainly through the prism of quantitative theory of money, recognizing the money supply as the main parameter in monetary policy. At the same time, the exogeneity of money is emphasized. Consequently, insufficient attention is given to banks as issuers of money and the very process of issuing it. The result of these misunderstandings is the erroneous perception of the real functioning of the monetary sphere, and thus — the formulation of false and flawed methods of overcoming potential crises.

AIM: The aim of the article is to characterize the principles and institutional foundations of creating the contemporary currency, with particular emphasis on its endogeneity.

RESULTS: Contemporary money is predominantly endogenous. It is made up of banks to the extent that market participants are demanding this. The issue is carried out by granting a loan, which highlights the fact that contemporary money is, according to Hicks' definition, debt. This corresponds at the same time to the assumptions of the Modern Monetary Theory formulated within the heterodox economics.

KEYWORDS: *monetary system; money; heterodox economics, endogeneity*

JEL: E42; E51

Elements of economic culture as informal institutions in the economic development of Germany

GRZEGORZ OLCZYK

Kozminski University, Poland
✉ golczyk@kozminski.edu.pl

ABSTRACT

MOTIVATION: The author is interested in the problem of the economic development of a state wherein economic capital is described as a set of elements creating economic culture and informal institutions.

AIM: Identification of the operational conditions and manifestations of institutional economics in Germany may obtain an accurate picture and understanding of the functioning their counterparts in Poland. Article is also a proposal for the development of research in the field of institutional economics and economic culture.

RESULTS: Putting the thesis that the German economy belongs to the group of the strongest in the world, the study revealed a pattern of results where the institutions were proposed as part of institutional economics, which determine economic development.

KEYWORDS: *economic and informal institutions; development; qualitative research*
JEL: D02; O17; O43

On the validity of the division into formal and informal institutions

IZABELA OSTOJ

University of Economics in Katowice, Poland

✉ izabela.ostoj@ue.katowice.pl

ABSTRACT

MOTIVATION: Definitions and classifications constitute the most important elements of each theory. The division of institutions into formal and informal is commonly applied within new institutional economics. In his papers devoted to institution measurement S. Voigt developed the division of institutions into internal and external, proved its functionality and, to a certain extent, — its superiority.

AIM: The aim of this paper is to investigate and assess the validity and applicability of the division of institutions into formal and informal from the perspective of the analysis of socio-economic phenomena.

RESULTS: Based on literature, as well as, drawing on the origins of the institution classification, and referenced examples, it was proved that the division into formal and informal institutions is not only at least equally precise as other classifications, but it is also consistent and logical, which determines its high usefulness in scientific research.

KEYWORDS: *institutions; formal institutions; informal institutions; legal origin*

JEL: B5; K4

Institutional ownership of listed companies and implementation of dividend payouts

ALEKSANDRA PIELOCH-BABIARZ

University of Lodz, Poland

✉ apieloch@uni.lodz.pl

ABSTRACT

MOTIVATION: The ownership structure is one of the frequently undertaken research topics on dividend payout. However, there is no scientific research on the institutional investors interested in dividend in the context of managerial ownership (i.e. board composition, independence or entrenchment). Therefore, a research gap is seen in this area and the empirical research should be conducted.

AIM: The main aim of the paper is to identify and characterize the nature of relationship between the institutional ownership of public companies and the implementation of dividend payouts. This objective was accomplished through the empirical verification of two research hypotheses. The first hypothesis states that there is a one-way correlation between the amount of dividend payment and the share of institutional investors in the ownership structure. The second hypothesis states that together with an increase in the managerial ownership a decrease in the share of institutional investors is observed. Such formulation of research goal and hypotheses is related to investors preferences and seeking an effective investment opportunity. Because, according to the literature, with the increase in managerial ownership the dividend amount is decreasing, reaching the high return on investment in the form of dividend should be possible by investing in the shares of companies in which managerial ownership is low.

RESULTS: Empirical research was conducted on a group of 354 non-financial companies listed on the WSE. The main research methods were logit and tobit models. The research results indicate that in the companies in which the share of institutional investors is high both the propensity to pay dividend and the dividend amount are higher than in others. The diverse results are provided by the studies on the institutional and managerial relationship, but the main conclusion in this area is that the share of institutional investors is lower in the companies with higher managerial ownership.

KEYWORDS: *institutional investors; dividend; ownership structure; managerial ownership*

JEL: *G11; G18; G35*

Market solutions in financing early stage innovations on an example of venture capital funds

ELŻBIETA POHULAK-ŻOŁĘDOWSKA

Wrocław University of Economics, Poland
✉ elzbieta.pohulak-zoledowska@ue.wroc.pl

ABSTRACT

MOTIVATION: In the article author discusses the problem of financing innovation, especially the disruptive innovation. This type of innovation has some special features that make them different than incremental ones. First of all, disruptive innovations are the ones that have great — growth creating potential. They are new products or services that replace the existing ones. They break the present production cycle. Cause risk and uncertainty. And provoke entrepreneur's risk-averse behaviour. Because if profits motivate entrepreneurship, uncertainty demotivates it. High uncertainty, high capital intensity and high profits prospects make investing in this sort of innovation a potentially interesting issue. There's a growing consensus, that well-functioning financial markets play a central role in driving economic growth — through the ability to spur technological innovation. The idea of Schumpeter's notion of creative destruction shows that capital markets find the most promising projects. But is it really so? Literature focuses on implementation and commercialization of promising ideas, but if capital markets are a good solution for financing innovation where the 'death valley' phenomenon comes from? Are financial markets risk-loving or risk-averse?

AIM: The aim of the article is to show the use of risk capital in financing innovation, with emphasis put on the riskiest ventures — disruptive innovations and their early financing. Author tries to answer whether venture capital (VC) is a risk loving or risk averse capital.

RESULTS: The overview of VC activity in Europe shows that it is extremely scarce, geographically concentrated and has become increasingly more risk-averse. VC funds have focused on mature companies with established technologies and market presence and established in certain locations. This challenges the image of VC funds as providers of financing to young, innovative and high-risk enterprises and raises a question of the position of VC funds in the process of financing innovation in general and innovative ventures without previous commercial record in general. In other words, a large share of European companies, even extremely innovative ones, needs to rely on other than VC funds sources to finance their innovative activity. This raises the issue of other sources of innovation financing, including the public sector. The latter one is said to have an important role in supporting early-stage innovative activity by small firms given the tenuous nature of the VC cycle at this preliminary, yet critical, stage of firm activity.

KEYWORDS: *innovation; risk; uncertainty; venture capital*

JEL: D81; E22; G24; O33

An employer as the subject of rights and duties of administrative institutions in the proceeding before the employment authority

AGNIESZKA POSŁUSZNY

Jagiellonian University in Kraków, Poland

✉ agnieszka.posluszny@interia.pl

ABSTRACT

MOTIVATION: Most studies focus on the issues of the unemployed as a subject itself as well as on administrative obligations in proceedings before the employment authority. To a lesser or even negligible extent, the doctrine devotes the attention of the employer as an entity using the institution in administrative proceedings and in proceedings before employment of the authorities. Meanwhile, the multiplicity of forms of assistance to employers and the diversity of legal constructions (which in my opinion do not justify) cause numerous difficulties in applying the provisions of the Act on the promotion of employment and labour market institutions by employment agencies, but also more important from a legal point of view leads to unjustified differentiation of employers.

AIM: The aim of the paper is to show that the requirements provided in the Act to use various labour market instruments are not adjusted to specific forms, and sometimes even seem unjustified, denying the principle of a rational legislator.

RESULTS: Comparison of forms of assistance in various areas: amount of co-financing (or reimbursement), premises for access to the assistance, in particular the type of documents that must be submitted to demonstrate compliance with the conditions for applying for assistance, reasons for a possible return as well as category of unemployed people who can be directed to employment with a given employer. That all leads to the conclusion that it is difficult to find the axiological background of the solutions used. It seems that *de lege ferenda* the construction of all forms, even those shaped under the rules of the first unemployment laws or the broadly understood labour market should be developed from scratch, taking into account the current situation on the labour market. Paradoxically, statistics show that some of the forms are used to a negligible extent or you can even say that they are not in the area of interest of employers. In my opinion, the lack of interest in some forms is caused by residual statutory regulation, which opens (unjustifiably) the field for employment authorities to create internal (own) regulations introducing unfamiliar conditions of applying for assistance from the employment authority.

KEYWORDS: *employer; form of assistance; unemployed person*

JEL: J60; J64; J69

Significance of uncertainty in explaining institutional change in Douglass C. North's approach

GABRIELA PRZESŁAWSKA

University of Wrocław, Poland

✉ gabriela.przeslawska@uwr.edu.pl

ABSTRACT

MOTIVATION: Studies on nature and effects of uncertainty in a non-ergodic world became in D.C. North's concept a starting point for explanation of economic changes mechanism. The origin of North's studies on uncertainty is related to one of key research problems relevant to the emergence of New Institutional Economics (NIE) approach, that is answering the question why some countries are rich and others poor. This problem, according to NIE representatives, cannot be satisfactorily explained in the framework of neo-classical paradigm based on assumptions of perfect information, ideal rationality of market actors and zero transaction costs.

AIM: The purpose of the article is to present D.C. North's concept of uncertainty as a source of beliefs and creating institutions ('rules of the game') which place human environment in order.

RESULTS: North's breakthrough legacy is in emphasizing the role of human intentionality, growth in the stock of knowledge — as a result of human learning — and common cultural heritage in determining the direction and dynamics of economic changes. Considerations included in the article will enable proving the significance given by North to institutions in reducing uncertainty resulting from the nature of non-ergodic world and thus creating basic incentives for growth and evolutionary economic changes. Finally, the analysis conducted for that purpose in this article will show the original contribution of D.C. North's institutional-cognitive approach to the development of NIE (and economic theory in general) in explaining institutional conditions of development.

KEYWORDS: *uncertainty; mental models; players; institutions; institutional change*

JEL: D83, O43

Institutional economics and economics as a science

MAREK RATAJCZAK

Poznań University of Economics and Business, Poland
✉ marek.ratajczak@ue.poznan.pl

ABSTRACT

MOTIVATION: The last crisis started a new stage of discussion on economics. Discussion especially concerns economics as a science which try to develop theoretical fundamentals off macroeconomic policy. At one of the extreme ends of the discussion on contemporary economics are opinions which suggest or can be treated as an expression of contemporary anti-economics. A second extreme in the discussions regarding the condition of economics is tied to the views which can be treated as an expression of triumphalism. Mainstream economics is in the center of criticism of contemporary economics. Weakening of mainstream economics is used by different parts of heterodox economics to strengthen its position.

AIM: Paper has two goals. First is to present necessary changes to make economics better as a science in sense of better explanation and better prediction. Second goal is to try to answer the question if development of institutional economics can be looked as a real challenge to mainstream economics.

RESULTS: List of necessary changes in economics and criticism of contemporary institutional economics.

KEYWORDS: *crisis of the economics; methodology of economics; institutional economics*

JEL: B40; B52

Diversity on management and supervisory board and accuracy of management earnings forecasts in initial public offering prospectuses

TOMASZ SOSNOWSKI

University of Lodz, Poland
✉ tomasz.sosnowski@uni.lodz.pl

ANNA WAWRYSZUK-MISZTAL

Maria Curie Sklodowska University in Lublin, Poland
✉ anna.wawryszuk@umcs.pl

ABSTRACT

MOTIVATION: Although the issue of accuracy and bias of earnings forecasts revealed in the IPO prospectuses has attracted attention of many researchers, the literature on the relationship between board characteristics and the quality of such financial projections is still very limited, especially for a two-tier board structure consisting of the management and the supervisory board. The policy of diversity on the boardroom is promoted in many countries by adopting adequate regulations applying to the board composition and it is also often present in codes of best practices voluntarily adopted by public companies. The composition of the management and supervisory boards is expected to be comprehensive and diverse, among others, in terms of gender, education, age and professional experience of the members

AIM: The main objective of this study is to analyze the relationship between the accuracy of the earnings forecast disclosed in the IPO prospectus and the diversity of firm corporate governance institutions. More specifically, we examine the effect of the pre-IPO management and supervisory board characteristics on the quality of management earnings forecast in companies going public and ask a question whether extent of diversity in the board system features could have an impact on the accuracy of such forward-looking financial information.

RESULTS: To summarize, certain characteristics of the management and the supervisory board enhance the usefulness of forward-looking financial information from IPO prospectus, as some of boards characteristics are important for the evaluation of earnings forecasts credibility at time of IPO. For example, in accordance with our expectations, the greater age diversity results in more accurate forecasts. Our evidence may be seen as an argument for diversity policy among board members.

KEYWORDS: *corporate governance; IPO forecast accuracy; management and supervisory board diversity; forecast error*

JEL: G17; G23; G34

Labour market institutions and income inequalities across the European Union

MAŁGORZATA SZCZEPANIAK

Nicolaus Copernicus University in Toruń, Poland
✉ m.szczepaniak@umk.pl

AGNIESZKA SZULC-OBŁOZA

Nicolaus Copernicus University in Toruń, Poland
✉ aszulc@umk.pl

ABSTRACT

MOTIVATION: High quality labour market institutions are currently considered as the basic condition for high level of economic development. Decreasing income inequalities on contrary are among the main objectives of macroeconomic policy in the European Union (Europe 2020 Strategy), because unequal distribution may result in lower growth and development rates. The research done in the article is consisted with the institutional theory (D.C.North's interpretation).

AIM: The main aim of the article is to analyze the relations between labour market institutions and income inequalities. There is also an attempt to answer the question if high quality labour market institutions reduce income inequality in European countries. Article provides a taxonomic analysis of the quality of labour market institutions in the EU countries. Then the relation between the income inequalities and quality of labour market institutions is analyzed. Data from Eurostat, World Bank, Fraser Institute, OECD are used. The article covers selected years: 2010 and 2016.

RESULTS: The countries were grouped in regard to the level of the quality of labour market institutions and in regard to income inequalities. The differences between the members of the groups were analysed between 2010 and 2016. Article ends with conclusions connected with rules shaping decisions on the labour market as well as relations between inequalities and institutions.

KEYWORDS: *income inequalities; labour market; institutions*

JEL: B52; D63; E02; J88; O43

Political capture of state-owned enterprises

BARTOSZ TOTLEBEN

Poznań University of Economics and Business, Poland
✉ bartosz.totleben@ue.poznan.pl

KATARZYNA SZARZEC

Poznań University of Economics and Business, Poland
✉ katarzyna.szarzec@ue.poznan.pl

ANDREAS KARDZIEJONEK

Poznań University of Economics and Business, Poland
✉ andreas.kardziejonek@gmail.com

ABSTRACT

MOTIVATION: Notwithstanding privatization processes state-owned enterprises (SOEs) remain significant players in Poland and other post-socialist countries. Governments declare that privatisation is completed and that they do not intend to sell any more enterprises. They justify this by pointing to national security and strategic sectors in which companies should remain state-owned. In such cases, states often intentionally hold shares in enterprises that are partially privatised. Usually, a state treasury exercises supervision either with a majority or minority (though retaining corporate supervision) stake or by the introduction of a system of government regulation and licences which control economic activity in the given sector.

AIM: This article aims to discuss the idea of rent-seeking and political capture in the case of SOEs in the post-socialist countries. We present the idea of economic and political rent seeking as. We claim that politicians being a group of interest capture SOEs in order to achieve private gains for themselves and their parties, which contributes to compromising the economic performance of these companies. We analyze the mechanism of the influence of politicians on SOEs, including processes related to a rotation of managers and boards of directors after winning parliamentary elections. We describe in details the examples of rent seeking (or in the extreme case: rent capture) by politicians. Moreover, as the example we analyze the scale of SOEs in the Polish economy.

RESULTS: One of the reason of lower financial performance of SOEs could be a high rotation of management staff. We claim that rotation in SOEs is positively correlated with political elections. Politicians should make efforts to improve the economic performance of SOEs and introduce good corporate governance.

KEYWORDS: *state-owned enterprises; rent-seeking; rent capture*

JEL: *D72; E02*

Akerlof's impact on economics

PIOTR WIŚNIEWSKI

Nicolaus Copernicus University, Poland
✉ thebilbin92@gmail.com

ABSTRACT

MOTIVATION: Institutionalism changes our understanding of economic systems. This school of economics is looking for answers to previously omitted questions. One of them is issue of realistic representation of market entities in terms of decision-making and behavior. Akerlof's publications are essential for changing the perspective of equilibrium and regulation.

AIM: Goal of this publication is to present academic achievements of George Akerlof within the Institutionalism as well as to indicate its influence on modern economics. Phishing Equilibrium and Animal Spirits will be placed in the context of a wider economic theory. Goal of this article is to present how these publications allowed for the extension of the economic analysis of new markets and aspects.

RESULTS: Akerlof's achievements are important for the development of economics and the analysis of new markets. It allows you to look in a new way on the organization of economic life, including issues such as information asymmetry, manipulation, marketing and value. It is valuable to analyze the subprime crisis, not only from the perspective of a specific market mechanism or sequence of events, but also the economic laws and processes that led to this situation. Ultimately, Akerlof's work is the culmination of efforts towards a coherent behavioral and institutional theory in relation to equilibrium. This allows the economic analysis to be extended to include black market issues and the impact of manipulation.

KEYWORDS: *animal spirits; information asymmetry; manipulation; phishing equilibrium; behaviorism*

JEL: B31; D82; E02

Reflections on the institutional model of corporate social responsibility

GRAŻYNA WOLSKA

University of Szczecin, Poland

✉ grazyna.wolska@wzieu.pl

ABSTRACT

MOTIVATION: The starting point of the considerations presented in the paper is the description of dichotomous planes in this area, which are the sphere of theoretical creation of new concepts of the idea of corporate social responsibility and the sphere of practical actions, activities and solutions of business entities.

AIM: The aim of the discussion is to propose an institutional model of corporate social responsibility as opposed to models that recommend individuals to specific action.

RESULTS: The postulated model proposes rules of conduct, not interference in the adopted procedure.

KEYWORDS: *corporate social responsibility; model; institutions*

JEL: A13; M14