

Analysis of Entrepreneurial Attitudes in Poland

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Abstract

It is increasingly apparent that widespread entrepreneurial activity is central to economic growth and to any market economy. A high level of this activity depends upon the willingness of individuals to start new firms, to work for new firms, and to encourage those who do both. This study compares the attitudes of citizens in three very different countries – the U. S., Poland, and Ukraine – towards entrepreneurs and entrepreneurial activity. Questions ask about a range of attitudes related to these themes and responses are compared across the three countries. In this comparison, Polish citizens closely resemble U. S. respondents in their willingness to undertake entrepreneurial activity and to provide support and encouragement for entrepreneurs. Ukrainians provide the least support for these activities. The second half of the paper reports the results of statistical analyses relating attitudes towards individual and local economic characteristics. Differences in attitudes are rooted in local economic and cultural differences, such as the structure of the regional economy, as well as to individual differences, such as age and education. The paper concludes with some thoughts about how these attitudinal differences relate to the degree of success in each country in coping with the need for economic transitions.

Key Words: Entrepreneurism, Transitional Economies, Attitudes

A key element in the transition of the East-Central European states to a growing market economy is the ability to generate new private firms and to promote their long-term survival and growth. Recent data from the Polish Central Statistical Office provide a conservative estimate that between 1990 and 1994 in Poland, new private firms created 830,000 jobs, in contrast to new foreign owned and recently privatized firms that added about 80,000 and 10,000 jobs, respectively. (See Jackson, et. al., 1997a and 1997b.)

A number of factors will be critical in these countries' effort to increase their entrepreneurial activity. Economic and governmental factors, such as the incentives provided by the tax laws and their administration, the behavior of financial institutions, and the macroeconomic and privatization policies of the central governments are on everyone's list. An equally important, but generally unexplored, factor is the attitudes of the people in these countries towards people who start new businesses, these people's understanding of the entrepreneurial process, and their support for policies that reward entrepreneurial behavior. (See Gardawski, 1992; Domanski, 1994; and Kozek, 1995.) This paper presents some preliminary findings from a survey of these attitudes in Poland in spring, 1995, and compares these results to those found in similar studies in the United States in 1985 and in Ukraine a year earlier.

The study of human attitudes towards the different components of social, cultural or economic environment is perhaps the best way to describe the existing motivational and behavioral potential (willingness) of individuals to take an active part in the processes of changes of social and economic structures. Such attitudinal potential can be interpreted as

one of the most important assets which can be mobilized (or not, it depends upon direction and strength of attitudes) to support the process of changes. On the other hand, attitudes of the individuals form also the "climate" for change, make part of socio-psychological context of changes which may favorise or prevent their occurring. Knowledge on the content and distribution of the attitudes towards aspects of social and economic life in every society (and in particular - in the societies undergoing radical "systemic" changes of social and economic order) can be therefore perceived as a key factor, not only for social scientists, but also for decision makers, politicians, managers, men of business and even for "ordinary" members of the society.

At the analytical level, the concept of the attitude enable us to explore the individual and collective past, present and perceived future, as they are reflected in human experience. Undoubtedly, behavioral, cognitive, motivational and axiological aspects of attitudes, taken from the point of view of the *individual biography*, reveal past socialization training of every individual, the past conditions and experiences of participation in the social system. Mentioned aspects are also rooted in present conditions and reflect the perception of currently ongoing events or processes - these events, in some cases a very spectacular ones, like governmental decisions about privatization, the examples of rapid growth (and sometimes - failures) of individual fortunes, media reports on economic "affaires" and corruption, growing scale of social problems connected with economic transition (bankrupcies of private and state owned enterprises, mass unemployment and the ongoing differentiation of citizens in respect of wealth and poverty, to list only few), are the source of important information for individuals and can influence their previously held beliefs and values. Finally, motivational aspect of attitudes lead us towards the individual perception of the future, towards the perceived chances of activity and participation in social life. This "biographical" perspective was present in our study and led to some generalizations concerning the differentiation of attitudes as stemming from the socio-demographic characteristics (age, gender, income level) of respondents.

But attitudes can also be studied from the viewpoint of *cross-cultural* differences. Such notions as "trained incapacity", "resistance to change", the mentality of "*homo sovieticus*" or the entrepreneurial orientation - frequently refer to the effects of peoples' participation in social and cultural orders which show basic differences. Of course, significant cultural differences exist between three countries where our study was made. Long experience of capitalist economy, stress on individual success and individual autonomy in USA, short period of experiments with market economy in Poland and even shorter in Ukraina, long experience of practices pertinent to "socialist" economy in eastern part of Ukraina and shorter society's contact with such practices in Poland and western Ukraina, the influence of different religious and ideological orientations in three countries, all this conditions led to justified, as we thought, expectation, that the attitudes of respondents in three countries towards risk, starting a business, the importance of new and small businesses, approval for son and daughter in business and generalized "pro-capitalist" attitudes will differ the respondents from three national samples. The research results showed, too, that treating the national cultures as "monolithic" entities was justified only to some extent. Observ-

able differentiation of respondents' attitudes existed sometimes within national samples, depending, for example, upon the region of respondent's location ("rural-urban", region of the country).

The attitudes people have about different "objects" in their social environment inevitably depend upon their personal characteristics and upon social (cultural) contexts where the individuals were socialized. Acceptance for entrepreneurial activities, the willingness to start own business depends not only upon the predominance of, say, the "protestant ethics" or a particular ideology supporting and "legitimizing" entrepreneurship in the society but also upon the age of a person, his/her dispensable financial assets, type of education and other related socio-demographic characteristics. Thus entrepreneurial abilities represent a particular mixture of individual predispositions, results of social "training" and current experiences of the individual. To estimate the attitudinal climate towards market economy, to describe the conditions of adaptativeness to changing conditions or to study peoples' perception of life opportunities - we must therefore turn attention towards the variables describing both individual properties of persons and contextual variables related to persons involvement in different social arrangements.

Description of Attitudes

The first evidence is a presentation of the mean responses to the various questions in the three surveys. We present comparable results where ever possible, but in a number of instances similar questions were not asked in all studies. In some cases this is necessitated by the non-comparable circumstances in these countries. In other cases it was simply a matter of not thinking to ask a particular question in one of the surveys or of using what turned out to be different wording, though the original intent was to have comparable questions.

Risk Taking and Starting Businesses

The first set of questions dealt with risk taking in general, the willingness to use savings or to borrow to start a business, and the respondents' perception of how easy it is for themselves and for different types of people to begin a successful business. The first entries in Table 1 shows the proportion of the respondents strongly agreeing with the question that one should start a business even though it might fail and who say they are very likely to use their savings or to borrow to begin a business. Poles are the most likely to strongly agree with the abstract risk taking statement and Ukrainians the least likely. U. S. residents, by contrast, are the most likely to say they would use their savings or borrow from a bank to take the financial risks required to begin a new enterprise. Again, the Ukrainians are the least likely to be willing to take financial risks - by a significant margin.

The second set of entries in Table 1 show how easy people think it is for themselves and for other individuals to start a successful business. Respondents were asked to rate the

Attitude	Poland	Ukraine	U. S.
Risk Taking: % Strongly Agree			
Not avoid failure	26.4	12.8	16.4
Use savings	37.2	28.7	47.9
Borrow bank	39.2	17.7	57.9
Borrow-Friend	36.8	18.4	NA
Easy to Start: Mean Score			
Self	2.55	1.90	2.83
Man	6.02	4.94	7.52
Man - Self	3.47	3.04	4.69
Woman	4.44	3.20	5.70
Woman - Self	1.89	1.30	2.87
Man - Woman	1.58	1.74	1.82
College Educated	6.91	5.65	NA
CP Official	6.90	7.90	NA

Table 1: Measures of Risk Taking and Ease of Starting Firm

easiness on a 0 to 10 scale, where 10 indicated the greatest ease. (The U. S. survey used a zero to one hundred scale, which has been converted to the zero to ten scale.) The table shows the mean rating. In terms of the perceived ease of starting a new firm, respondents in all countries are much more pessimistic about their own chances than they are about those of other but similar people. Poles and Americans are fairly similar in assessing their own possibilities and are more optimistic than Ukrainians. Poles are not as optimistic as Americans about the ease with which men and women generally can start a business, and again the Ukrainians are the most pessimistic. In relative terms, however, Americans are the most likely to see others, both men and woman, as having a greater likelihood of success than they are themselves, while Ukrainians see the smallest difference between the ease with which others and themselves can start a business. Poles see more equality between the chances for men and women to start a business than either of the other sets of respondents.

The ease with which the last two groups, college educated individuals and former communist officials, could start a business reveal considerable differences between Poland and Ukraine. Poles assess college educated individuals and former communist officials as having the same likelihood of success. Ukrainians, on the other hand, are far more optimistic about former party officials than about college educated people and see former CP officials as more advantaged than do Poles.

Attitudes Towards Entrepreneurial and Small Enterprises

The second set of questions concern the importance attached to the creation of jobs and the perceived importance of different types of enterprises in creating new jobs. The entries in Table 2 show the mean importance given to creating jobs and to each type of business on a zero to ten scale, where ten indicated the greatest importance. (Again the U. S. data is from a rescaled one hundred point scale.) Poles and Ukrainians give greater importance to creating jobs than do U. S. respondents, which is not surprising given the economic conditions in each country.

The Polish study asked a separate question about the importance of increasing people's wealth, which with the previous questions offer an opportunity to compare attitudes towards job relative to wealth creation. In a market economy, wealth creation is more important than job creation, as it contributes more directly to a growing economy and rising standards of living. In Poland, wealth creation is deemed less important than job creation, as seen in the lower average importance attached to wealth creation. More telling is the result that less than ten percent of those answering rated wealth creation as more important, compared to fifty-five percent who ranked job creation as more important.

The most notable difference among the studies in responses to questions about which types of firms are important in creating jobs is that only Poles see entrepreneurs, and entrepreneurial businesses, as being more important than large enterprises at creating new jobs. Americans are more similar to Ukrainians in seeing large corporations (state-owned enterprises in the Ukraine case) as the most important source for new jobs. Poles also see foreign owned firms as important source for new jobs. This result is consistent with the amount of publicity and government effort attached to the attraction of foreign capital, joint partnerships, and even direct purchases of weak Polish firms.

A second set of questions used to measure this same general attitude asked people to express their feelings towards people in different occupations, such as owners of private firms, manager of a large enterprise, teacher, etc. Again, a ten point scale was used, with ten indicating the most positive feeling. These mean rankings for various occupations are shown in the second half of Table 2. U. S. respondents have more positive feelings towards owners of private firms than do respondents in the two other countries.¹ U. S. respondents also have much more positive feelings towards these private owners, relative to managers of large enterprises, than do respondents in Ukraine and Poland. Farmers rate highly in all three countries, as do workers in Poland and Ukraine.

¹The U. S. study asked about feelings towards both entrepreneurs, defined as those who start a business with the intention of it becoming a large enterprise, and small business owners. The responses were very similar for both. The result reported in Table 2 for private owners is the mean of these two responses.

Attitude	Poland	Ukraine	U. S.
Mean Importance Rating			
Create Jobs	8.96	8.87	7.50
Create Wealth	7.33		
Entrepreneurs	7.21	5.78	6.97
Large firms	6.15	7.68	7.50
Small Business	3.67	4.13	7.17
Cooperatives	5.16	4.60	NA
Foreign Firms	6.47	4.47	NA
Ent'prnr - Large	1.06	-1.90	-0.53
Ent'prnr - Foreign	0.74	1.31	NA
Mean Feelings and Trust			
Private Owners	5.55	3.95	7.18
Mgrs of Large Enterprises	5.59	3.91	5.82
Government Administrators	4.58	3.02	5.82
Farmers	7.46	6.92	8.14
Workers	7.27	6.88	NA
Foreign Owners	5.68	3.38	NA
Communist Party Officials	3.41	1.85	NA

Table 2: Importance of Job Creation and Various Enterprises

Attitude	Poland	Ukraine	U. S.
Socialization: % Strongly Approve			
Daughter	47.5	26.7	33.3
Son	54.7	38.3	37.1
Son - Daughter	7.2	11.6	3.8

Table 3: Socialization of Daughters and Sons

Encouragement of Children

The next comparison concerns the encouragement in starting businesses that daughters and sons are likely to receive from their parents. These attitudes are important directly in that children may choose careers that reflect the values of their parents. Societies where children are discouraged from starting businesses may have difficulty sustaining a market economy. Indirectly, these attitudes also measure the social values held by a large section of the society. Societies where adults approve their children starting a business are also likely to be societies that value, respect, and reward entrepreneurs generally. A third important issue is the extent of any gender bias in this approval. It is important socially and economically that women receive the same encouragement as men in their economic aspirations. A large gender gap indicates both a society that is still likely to be traditional in many of its norms and that may not be encouraging half its population to pursue entrepreneurial ventures. Both aspects will hinder a society trying to develop a market economy and promote economic growth.

The entries in Table 3 show the proportion of the respondents who indicate they would strongly approve if their daughter or their son wanted to start their own business. Strong approval was highest in Poland, by a considerable amount. This strong approval for sons was about the same in Ukraine as in the U. S. but was higher for daughters in the U. S. If we combine strong approval with approval, Poland and the U. S. are about equal, with about ninety percent of all respondents expressing approval. In Ukraine, however, even with both levels of approval, support for only reaches 75% for a son and 65% for a daughter. Approval of sons relative to daughters was higher in all three countries, with the largest difference being in Ukraine.

Attitudes Favorable to a Market Economy

The final set of questions in both the Polish and the Ukrainian surveys concerned people's attitudes towards several aspects of free market economies. (These questions were not asked in the U. S. survey, which is regrettable in retrospect.) One set of questions asked people how important were different aspects of a job. These attributes are the confidence that you will not lose your job (security), the opportunity to get a large salary and become wealthy (income), and the possibility to decide how and when you do your work (autonomy). The

Attitude	Poland	Ukraine	U. S.
Importance of Job Attributes			
Security Very Imp	65.8	72.5	NA
Income Very Imp	43.3	56.2	NA
Autonomy Very Imp	30.2	31.6	NA
Income > Security	10.4	14.4	NA
Security > Income	33.0	30.1	NA
Autonomy > Security	12.4	7.5	NA
Security > Autonomy	44.9	53.5	NA
Capitalist Attitudes – % St Agree			
Entre' Not Get Rich	35.2	25.1	NA
Gov't Own Heavy Industry		48.4	
Competition Benefits Society		30.7	
Inc Inequality Great Danger		46.2	

Table 4: Capitalist Attributes

first set of entries in Table 4 report the proportions of the respondents who ranked each attribute as very important and then the rankings of income and autonomy relative to security.

The important result is that in both countries people attach much more importance to job security than to the opportunity to earn a large income and to have some job autonomy. The latter two attributes are often seen as the motivations for people to begin their own business or to be attracted to work in new and growing firms. The low importance attached to them suggests a barrier to entrepreneurial activity in both countries. Of potential interest is the greater interest among Poles than among Ukrainians in jobs that offer autonomy. This result suggests that efforts to promote entrepreneurial activity might need to emphasize different incentives in each country.

The second part of Table 4 reports responses to several questions related to aspects of the transition to a capitalist economy. We asked the Polish and Ukrainian respondents if they agreed with the statement that people who begin successful businesses that hire other workers can become richer. Over a third of the Polish respondents strongly agree with this statement and nearly eighty percent agreed or strongly agreed. The proportions in Ukraine were twenty-seven and seventy percent respectively. This indicates greater acceptance of a primary incentive for entrepreneurial activity among Poles than among Ukrainians.

The Ukraine survey also included several other questions that are not in the Polish survey. Responses to these questions are interesting and insightful despite the lack of any

comparative perspective.² The first question asked whether heavy industry must belong to the state. Nearly half of all Ukrainian respondents, and over half of those with an opinion, fully agreed with this statement, while only about 13% disagreed in any manner. About thirty percent of all respondents full agreed with the question that competition between organizations benefits society while only about 15% disagreed in any fashion. (The question was not limited to economic organizations and followed a question about competition between political parties.) Lastly, nearly fifty percent of Ukrainian respondents say that the growth of economic inequality presents a great danger of destabilizing their society. Together, the responses to these questions offer a pessimistic picture of the chances for a successful transition to a market economy in Ukraine, as a large section of society wants job security, sees large state-owned enterprises as most important in creating jobs, thinks the government should own heavy industries, fears competition and is unwilling for successful entrepreneurs to become wealthier than other people.

Free Market and Entrepreneur Traits

The Polish survey included a special section asking people if they agreed with specific statements about the traits of the free market and of entrepreneurs. (Another set asked about the traits of the unemployed, but those responses will not be analyzed here.) The responses to these questions produce a set of dichotomous variables indicating whether the person associates a trait with the object. For example, the first question asked if the free market means economic chaos, which it did to 26.5% of the sample. Table 5 shows the proportion of the sample agreeing with each of the traits.

One striking result in the responses to these questions is the preponderance of negative over positive traits associated with the free market. The negative perceptions are understandable, as unemployment, prices, and hard times have followed the transformation. But, the availability of goods, choice, consumers' markets, competition, etc. are also obvious consequences of the move to a free market. To most Poles, the negative aspects of the transition to the free market are clearly much more salient than are the positive ones.

The perceptions of entrepreneurs are quite positive, on the other hand. They are viewed as being full of ideas, having a gift for business, clever, college educated, and hard working. A much lower proportion of the respondents see entrepreneurs as having connections, being wealthy, male and young, and an even smaller proportion see them as being part of the nomenklatura or just lucky.

The third column in each section of Table 5 reports the results of a maximum likelihood factor analysis of the covariances among the responses to the trait questions. The interest here is to examine the interrelations among the responses by seeing how each trait loads

²These questions were included in a section of the study developed independently of the section on entrepreneurial attitudes, but the attitudes they reveal are quite relevant to this study, hence their inclusion here but omission from the Polish study.

Free Market =			Entrepreneur =		
Trait	% Yes	Factor Load	Trait	% Yes	Factor Load
Positive Traits					
Competition	21.6	.57	Full of Ideas	50.1	.52
Private Property	19.1	.54	Gift for Business	48.5	-.12
Goods Availability	16.8	.09	Clever Person	34.8	.56
Entrepreneurship	14.5	.67	University Educated	24.5	.30
Free Choice	14.5	.51	Hard Working	19.6	.19
Personal Responsibility	10.5	.43	Widely Respected	9.0	.21
Consumers' Market	6.0	.22	Fight Bureaucracy	7.7	.04
Democracy	4.6	.18	Benefactor	2.5	.06
Affluence	3.8	.13	Patriot	1.2	.03
Neutral or Negative Traits					
Unemployment	41.2	-1.00	Has Connections	31.8	-1.00
High Prices	40.9	-.92	Wealthy Person	17.5	-.26
Economic Chaos	26.5	-.48	Male	16.6	-.11
Hard Times	21.3	-.42	Young	13.3	.09
Poverty & Wealth	19.7	-.09	Nomenklatura	12.1	-.46
Hard Work	18.1	.09	Lucky Person	9.9	-.02
Uncertainty	16.9	-.21			
Ads & Commercials	7.2	.15			

Table 5: Free-Market and Entrepreneur Traits

on a single factor. High loadings indicate that respondents strongly associate that trait with the free market or with entrepreneurs. The sign of the loading indicates whether the association is a positive or negative one. The a priori classification of the traits into positive and negative was strongly born out by the factor analysis. There were four exceptions, and all had small loadings, suggesting those traits were not related to the main attitude.

The most interesting result of the factor analysis is the very small relationship between the responses saying that the free market equals goods availability and the latent free market factor. Respondents who say the free market means competition, private property, entrepreneurship, free choice or personal responsibility are unlikely to say that it also means unemployment, high prices, chaos and hard times, and vice-versa. Neither those who see the positive aspects of the market nor those who emphasize the negative associate the free market with the availability of goods, which is a major consequence of the transition.

Responses to the questions about the traits of entrepreneurs are more straightforward. People who say the entrepreneur is full of ideas, is clever, has a university education, is hard working and is widely respected are unlikely to say the entrepreneur has connections, is in the nomenclatura, or is a wealthy person, and vice-versa. The only mild surprise is that the likelihood of saying that an entrepreneur has a gift for business is weakly, but negatively, related with the other positive traits. We will return to these trait responses as means to help measure a set of attitudes toward entrepreneurs and the free market.

Summary – Who is More Entrepreneurial?

The interesting comparisons from these descriptive statistics, where we have data from all three countries is that Poland appears to be as entrepreneurial as the United States was in 1985 on many measures, and more entrepreneurial on others. Ukrainians, on the other hand, appear substantially less entrepreneurially oriented than either Poland or the U. S. Poles, relative to Americans in 1985, were more likely to strongly agree that one should start a business even though it might fail, to rate new firms as a more important source of jobs than large enterprises, and to strongly approve if a daughter or son started their own business. The only area where Americans were clearly more entrepreneurially oriented was in the likelihood of using their savings or borrowing money to start a business. Ukrainians lagged on all these measures.

Statistical Analyses

Our next step is to examine the relationship between the responses to these questions and various personal and regional social and economic characteristics. These relationships are summarized in two ways. The first clusters groups of questions, as shown above, to explore the extent to which they represent basic underlying or latent attitudes, such as a propensity to take risks or start businesses, or the importance attached to entrepreneurial activity. The second set of relationships are those between these latent attitudes and a set of individual

and regional characteristics. (See Jackson and Rodkey, 1994, for a fuller exposition of the statistical model.)

The first set of relationships are summarized in the relationships between the responses to different questions and the values of the latent attitudes. We denote by Z_{im} the response of person i to question m , and by Y_i the person's latent attitude. The relationship between responses and attitudes is denoted by,

$$Z_{im} = Y_i A_m + e_{im}. \quad (1)$$

The coefficients denoted by A_m indicate how much we expect the response to question m to differ among people with different latent attitudes. If responses to several questions are related to a single latent attitude or factor, we would have such an expression relating the responses to each question to the same latent attitude. The question of interest here is whether such latent attitudes, or basic factors, exist and whether they can explain responses to clusters of questions and if so what these factors may indicate.

The second set of relationships are those between the latent attitude and various individual and regional characteristics. There are two questions of interest here. The first concerns how attitudes vary among individuals, such as represented by their age, education, sex, etc. The second is how regional economic conditions, as represented by the unemployment rate, the concentration of employment in large state-owned enterprises and the amount of new private economic activity are related to attitudes.

To summarize these relationships, we again denote by Y_i the latent attitude of person i and by now by X_i the set of variables we believe are related to differences in people's attitudes. (See Table 14 for a list of these variables and their descriptive statistics.) A simple regression type model,

$$Y_i = X_i B + U_i, \quad (2)$$

is used to represent how attitudes are expected to vary with individual and regional characteristics. The values for the individual elements in B indicate how much we expect the latent attitude Y to differ among respondents with different values of X . For example, if X_k denotes respondents' age, the coefficient B_k indicates how attitudes are expected to differ among people with different ages.

The discussion of the analysis of these attitudes presents the Polish, Ukrainian, and where appropriate the United States, models for each of the clusters of questions presented in Tables 1 to 5. Due to data limitations, the set of explanatory variables are not identical for each country, but do have considerable overlap. In addition, there are a few attitude questions that are specific to each survey. These are included in the analysis where appropriate and noted as such.

Risk Taking and Starting Businesses

The analysis of risk taking is based on three sets of questions. The first asks about the respondent's attitude towards risk taking as a generic activity, as represented by answers

to the question about starting a business even though it might fail. The second set asks about the ease with which someone like themselves can start a successful business. In the Polish and U. S. studies this was followed by a question about how easy it was for someone like themselves to start a business and have it grow into a large enterprise. The third set of questions asked about taking specific financial risks, such as using savings or borrowing from a friend or a bank. In the Ukraine survey, these questions were preceded by a general question that asked respondents if they would be interested in starting a business if they had an idea that might make them wealthy if it succeeded. Respondents who answered in the affirmative were then asked about the specific financial risks. In the Polish and U. S. studies, people were asked directly if they would use their savings or borrow if they had an idea for a business which if successful would make them wealthy.

This structure of the Ukraine questions permits an interesting test of the basic proposition that the likelihood of a respondent taking a specific financial risk is related to their latent attitude towards risks, as assessed by the avoid failure question, and their perception of how easy it is to start a successful business. If the responses to the initial question of whether they would like to start a business are directly related to any of the exogenous variables in addition to the two latent measures, it suggests that there are some additional correlates of the action of actually starting a business. In the case of such findings, a weak test of the generalizability of the result can then be conducted with the Polish and U. S. data by positing a third latent, but unobserved, attitude that is related to all specific financial actions.

The results of these estimations are shown in Table 6. (Blank entries in the table indicate the variable was omitted from the equation.) The basic demographic variables – male, age, income, and education – exhibit quite similar patterns in their associations with the attitudes about avoiding failure and how easy it is to start a successful business in all three countries. Being male is positively related to the perception that it is easy to start a business but not related to the avoid failure attitude. Age is strongly and negatively related to both attitudes in all three countries. The log of income is strongly and positively related to both attitudes in Ukraine and Poland, but only weakly related to them in the United States. Education appears to be strongly and positively related to both attitudes in Poland and the United States, but not related to them in Ukraine, but we will have more to say about the U. S. results shortly. These four variables account for the greatest differences among individuals' attitudes, and the similarity in the coefficients suggests common attitudinal structures in these three countries.

The contextual variables, defined here as rural and town and region in Ukraine, and % large enterprises, new firms, and unemployment in Poland and the U. S., did not have any consistent relationship with attitudes. Residents in the central and southern regions of Ukraine were more amenable to taking risks than residents in other regions, while eastern residents were less likely to perceive that it was easy to start a business. The presence of large enterprises in the local (state) economy in the U. S. was associated with a greater propensity to want to avoid failure, but this association was not replicated in Poland, where

Variable	Ukraine			Poland			U. S.		
	Avoid Fail	Easy Start	Will Start	Avoid Fail	Easy Start	Will Start	Avoid Fail	Easy Start	Will Start
Male	0.18 (0.18)	0.61 (0.12)		-0.05 (0.14)	0.76 (0.12)		-0.21 (0.14)	0.36 (0.13)	
Age	-2.17 (0.69)	-4.29 (0.51)		-2.96 (0.56)	-3.77 (0.48)		-2.58 (0.54)	-0.41 (0.36)	
Income	0.29 (0.15)	0.39 (0.11)	-0.68 (0.32)	0.32 (0.14)	0.44 (0.12)	-0.20 (0.11)	0.14 (0.09)	-0.03 (0.06)	
Education	-0.02 (0.04)	0.04 (0.03)		0.27 (0.07)	0.58 (0.06)	-0.19 (0.09)	0.22 (0.03)	0.09 (0.03)	-0.85 (0.24)
Pub Emp	0.63 (0.23)	-0.42 (0.16)		-0.03 (0.22)	-0.44 (0.19)	0.28 (0.15)	0.18 (0.26)	-0.29 (0.18)	
Not Work	0.68 (0.30)	-0.34 (0.21)		0.53 (0.18)	-0.26 (0.17)		0.17 (0.17)	0.04 (0.13)	
Rural	-0.35 (0.22)	-0.02 (0.15)		0.25 (0.17)	-0.29 (0.16)				
Town	-1.01 (0.23)	0.32 (0.17)		-0.11 (0.16)	-0.14 (0.16)				
Size	-0.67 (0.52)	0.40 (0.36)					-0.06 (0.03)	-0.00 (0.02)	
No Size/ Large	-0.02 (0.25)	0.05 (0.17)					0.28 (0.20)	-0.00 (0.13)	

Table 6: Estimated Latent Attitude Towards Risk and Starting a Business

Variable	Ukraine			Poland			U. S.		
	Avoid Fail	Easy Start	Will Start	Avoid Fail	Easy Start	Will Start	Avoid Fail	Easy Start	Will Start
Farmer				0.21 (0.22)	0.10 (0.22)				
Self-Emp				2.16 (0.34)	2.12 (0.30)	-1.02 (0.45)			
Union				0.14 (0.19)	-0.38 (0.18)				
West	0.22 (0.23)	0.40 (0.16)							
Central	1.12 (0.24)	0.45 (0.18)							
South	1.60 (0.32)	0.36 (0.24)	-1.89 (0.70)						
% Large				-0.12 (2.28)	-0.15 (2.25)		-0.26 (0.11)	0.10 (0.07)	
% New Pvt				-0.66 (1.88)	-1.20 (1.85)		3.40 (4.21)	-1.96 (2.81)	
% Unemp				0.36 (1.11)	-0.65 (1.10)		-0.74 (0.47)	-0.74 (0.33)	
Nonwhite							-0.57 (0.19)	0.31 (0.15)	

Standard errors in parentheses.

Table 6: Continued

there is similar data. In neither Poland nor the United States was the local success in new business creation, as measured by the amount of job creation in new firms, related to either attitude.

Certain respondents in all three countries showed that they are less likely to actually take steps to start a business than indicated by their attitude towards avoiding failure and their perception of how easy it is to start a business. In Poland and Ukraine, this shift was negatively related to income, meaning that as income increased, the willingness to start a business did not increase as fast as would be predicted by the two core attitudes. In Poland and the United States this decreased likelihood of actually starting a business was also related to education. These results suggest that better educated and/or higher income individuals may be more risk averse when it comes to actually making investments than their answers to more generic risk questions would indicate.

The second part of the model relates the responses to each question to these latent attitude variables, as shown in eq. 1. The null model is that question responses are only related to the latent variables. Rejection of this null model leads to inclusion of selected exogenous variables in each model, based on statistical tests that suggest that certain coefficients are different from zero, as reflected in likelihood ratio tests. Table 7 shows these results.

Responses to the individual questions about taking financial risks to start a new business are, with one exception, strongly related to both the latent attitudes. In Ukraine and the U. S. the perceptions about how easy it is to start a business have a larger influence on the likelihood of respondents saying they would invest savings or borrow to start a firm than does the attitude towards avoiding failure.

The very interesting exception is the structure of Polish responses to the question about borrowing from a bank. The likelihood of borrowing is positively related to generic attitudes towards risk and to income, as might be expected. The relationship with the perception of how easy it is to start and grow a business, however, is negative. This result suggests that the easier respondents think it is to start and grow a business, the less likelihood they are to borrow from a bank. This is an entirely plausible result, as Polish banks are viewed with considerable scepticism and are widely criticized for charging very high interest rates, which has frustrated many trying to start businesses. It is possible that this result is a statistical artifact, though the coefficient is statistically very different from zero.

The other results are largely unexceptional. The U. S. relationships between both latent attitudes and the likelihood of investing savings and of borrowing from a bank are very large, suggesting that small variations in these attitudes are associated with large differences in these two likelihoods, though the estimated standard errors are also large, suggesting that these are not very precise estimates. In both Poland and the U. S. income was positively related to positive responses to the question about borrowing from a bank, even holding the other attitudes constant, and the local unemployment rate was positively related to the probability of using savings to start a business.

These results indicate that attitudes about avoiding failure and about starting a busi-

	Avoid Fail	Easy Start	Will Start	Exogenous		
Ukraine						
Avoid Fail	1					
Easy Start		1				
Will Start	0.85 (0.30)	1.83 (0.30)	1	-2.51 Age (0.80)	-0.36 Rural (0.16)	
Use Savings	0.79 (0.30)	2.03 (0.29)	1.10 (0.13)	-0.38 West (0.15)		
Borrow Bank	0.22 (0.22)	1.51 (0.22)	0.82 (0.25)	1.22 South (0.47)		
Borrow Friend	0.83 (0.23)	1.36 (0.23)	0.92 (0.19)			
Poland						
Avoid Fail	1					
Easy Start		1				
Easy Grow		0.89 (0.05)		-0.74 Self Employ (0.27)		
Use Savings	0.58 (0.24)	0.35 (0.14)	1	3.84 %Unemp (1.45)		
Borrow Bank	0.69 (0.32)	-0.72 (0.20)	-0.14 (0.52)	0.75 Inc (0.22)	-0.46 Pub emp (0.30)	0.58 Town (0.25)
Borrow Friend	0.70 (0.26)	0.29 (0.15)	1.18 (0.49)			
Borrow Family	1.09 (0.34)	0.33 (0.20)	2.05 (0.75)			

Table 7: Responses to Risk Questions

	Avoid Fail	Easy Start	Will Start		
United States					Exogenous
Avoid Fail	1				
Easy Start		1		1.12 Births (0.46)	
Easy Grow		1.59 (0.42)	0.18 (0.06)		
Use Savings	2.29 (0.50)	2.96 (1.32)	1	3.36 %Unemp (1.14)	
Borrow Bank	1.10 (0.39)	2.80 (1.04)	0.49 (0.13)	0.60 Inc (0.17)	-0.99 Not Work (0.31)

Asymptotic standard errors in parentheses.

Table 7: Continued

ness and the propensity of taking specific financial risks form a coherent attitude cluster in all three countries. Further, these attitudes are strongly related to a set of individual demographic characteristics, such as age, income, gender and education in all three countries. Finally, the analysis and discussion of the attitudes about risks provides a good illustration of the format that will be followed in presenting the results of the analysis of the other questions in the different surveys.

Attitudes Towards Entrepreneurial and Small Enterprises

This set of questions explored the importance attributed to new and small firms relative to large enterprises in creating jobs, wealth, and economic growth. The attitudes measured by these questions are important in two regards, as they indicate the overall climate for people starting new firms, for those working in new firms, and for economic policy makers. In a direct way, this climate may affect the set of public policies that are pursued as countries and regions try to promote economic growth and the transition to market economies. In a region where large enterprises are seen as the most important source of jobs and wealth, policies are likely to favor these types of enterprises. In Poland the activity of labor unions, who are strongly associated with large state-owned enterprises, may reinforce these perceptions of what firms are important. These policies will range from parts of the tax code, to direct subsidies, to regulatory pressures on financial institutions in the allocation of capital. In a less direct way, the climate measured by these questions is important because it assesses the social status and respect that individuals are likely to be accorded in their choice of where

to work. The questions used in this section, and the summary measures of the responses in each country are shown in Table 2. Two measures of attitudes towards entrepreneurs were constructed from the trait responses and factor analysis reported in Table 5. The first, referred to as *Preneur Pos* sums the responses to the positive traits weighted by their factor loadings in that table. The second, referred to as *Preneur Neg* sums the responses to the negative traits, again weighted by their factor loadings. This procedure should give measures of the respondents' positive and negative perceptions of entrepreneurs on the traits most associated with entrepreneurs.

The relations between the exogenous variables and the attitude about the relative importance of entrepreneurial and small businesses are consistent across the three countries, but not as large or as significant as with the risk attitudes. Age is the only variable that is statistically significant across all three studies, and indicates that younger people attach more importance to entrepreneurial and small business as a source of job and income growth. The only other factor that seems to be consistent across countries is the negative relationship between the size of the respondents' employer and the importance attached to new and small enterprises. (The magnitudes of the coefficients in the Ukraine and U. S. survey are not comparable because the questions are slightly different and because the U. S. study then takes the log of employer size because the size variable had a very skewed distribution, which was not true of the Ukraine data.) In the Polish study, the size variable was not asked, but people who are self-employed and farmers both attached more importance to new and small firms. Both sets of respondents can be expected to work in smaller organizations.

An interesting non-result is the lack of relationships between these attitudes and income and education. The expectation is that better educated and wealthier people might attach more importance to entrepreneurial activity. But, except for education in the Polish study, there is no relationship between these variables and the importance attitude.

There is support for the proposition that characteristics of the local economy are related to the importance attitude, but it is hard to say what the basis for these associations is. In Ukraine, there is a very significant east to west gradient to attitudes, with western respondents attaching much more importance to new and small firms than eastern ones. In addition, city dwellers attached much more importance to these firms than did rural and small village residents. Data on local economic structure for Ukraine are not available, but these region and residential place variables are likely correlated with structure, with western regions and cities much more likely to already have successful private enterprises. And, parts of the western region were not added to the Soviet sphere until after World War II.

In the United States, the only relationship was between the presence of large enterprises and a decrease in importance attached to new and small firms. There was no evidence of a demonstration effect whereby a high rate of entrepreneurial activity would raise its importance. In Poland, on the other hand, the importance attached to new and small firms increased in areas that had successfully added private businesses between 1990 and 1993. This importance also increased as local unemployment decreased, but there was

Variable	Importance Attitude		
	Ukraine	Poland	U. S.
Male	0.23 (0.13)	0.42 (0.09)	0.09 (0.06)
Age	-2.54 (0.43)	-1.71 (0.46)	-0.46 (0.24)
Income	0.03 (0.09)	0.02 (0.08)	0.04 (0.04)
Education	0.07 (0.03)	0.30 (0.05)	-0.02 (0.01)
Pub Emp	-0.65 (0.16)	-0.13 (0.13)	0.17 (0.12)
Not Work	-0.23 (0.22)	0.08 (0.12)	0.01 (0.08)
Rural	-0.56 (0.18)	-0.19 (0.13)	
Town	-0.59 (0.15)	-0.18 (0.12)	
Size	-0.69 (0.36)		-0.04 (0.02)
No Size (Large)	-0.25 (0.19)		0.09 (0.10)

Table 8: Estimated Latent Attitude Towards New & Small Business

Variable	Importance Attitude		
	Ukraine	Poland	U. S.
Farmer		0.64 (0.18)	
Self-Emp		0.44 (0.20)	
Union		-0.04 (0.14)	
West	1.21 (0.17)		
Central	0.48 (0.16)		
South	0.13 (0.22)		
% Large SOE		-0.41 (2.13)	-1.59 (0.62)
% New Pvt		3.59 (1.46)	-0.18 (0.20)
% Unemploy		-3.13 (1.10)	1.77 (1.75)
Nonwhite			-0.13 (0.09)

Standard errors in parentheses.

Table: 8 Continued

no association between importance and the previous concentration of large state-owned enterprises.

With one exception, the responses to each question in this set are strongly related to the importance attitude in all three countries, see Table 9. The only exogenous variable that is frequently related to responses is age. In Ukraine and the U. S. the importance and sympathy attributed to small businesses and their owners, relative to entrepreneurs and to large enterprises, increases with age or does not decrease as rapidly (Ukrainian attitudes to small relative to large enterprises). In both Ukraine and Poland, responses to the question asking respondents how much trust they have in private owners or to rate owners of private firms, showed an even more negative relationship with age than did the responses to the importance questions. Beyond the age variable, there were sporadic associations between responses to specific questions and individual exogenous variables, but nothing to resemble a pattern worth commenting on, and nothing to make one doubt the importance of the latent importance attitude in structuring people's responses.

The association of the variables constructed from the positive and negative trait responses with the latent attitude towards private, small, and entrepreneurial businesses is small and statistically insignificant. (Other measures constructed from these responses, such as factor scores or a simple count of responses, had equally small and statistically insignificant coefficients.) The most likely inference is that these trait questions did not measure attitudes well, as there were very few relations between these responses and any of the exogenous variables. Males were more likely than females to associate negative traits and less likely to associate positive traits with entrepreneurs. The responses to positive traits increased while those to negative traits declined among residents in areas with high unemployment. Other than these associations, the entrepreneur trait measures appear to be largely random with respect to our set of exogenous variables. (This conclusion holds if we examine the correlations between the error terms in the trait equations and those in the other equations. The largest correlation was -0.05 , indicating that it is unlikely for there to be some omitted variable that is common to the different measures.)

Encouragement of Daughters and Sons

The next set of questions ascertained people's approval of their daughters and sons starting their own businesses. As mentioned above, there are two important aspects to the information contained in these responses. The first addresses the amount of encouragement that children receive for starting businesses, and possibly by extension to working for new and small firms. This approval could play a significant role in developing an entrepreneurial class. The other important issue is the extent of any gender bias in this encouragement.

The only consistent relationship is again a negative one between age and approval in all three countries. The strongest association was in Ukraine, where support dropped by almost half a point for each ten year age difference. By contrast the difference is .2 in the U. S. and less than .1 in Poland. Income and education being male are positively

Question	Importance	Exogenous		
Ukraine				
Imp Private Bus	1 (0.09)	-0.32 Rural (0.09)		
Imp E'preneur	0.76 (0.06)	0.85 Size (0.25)		
Imp Small Bus	0.86 (0.06)	0.60 Age (0.28)	0.37 Central (0.08)	
Trust Owners	0.56 (0.12)	-1.92 Age (0.60)		
Poland				
Imp 'Preneur; Income	1 (0.35)	0.82 Age (0.35)	3.17 %SOE (1.44)	3.17 %Unemp (0.85)
Imp 'Preneur; Wealth	0.66 (0.08)	-0.20 Rural (0.07)		
Imp Small Bus; Income	0.63 (0.08)	0.31 Farmer (0.12)		
Imp Small Bus; Wealth	0.74 (0.10)			
Rate Pvt Owners	0.48 (0.09)	-0.85 Age (0.37)	5.13 %SOE (1.47)	
Preneur Pos	0.02 (0.02)	-0.04 Male (0.02)	0.69 %Unemp (0.21)	
Preneur Neg	0.02 (0.03)	0.12 Male (0.03)	-0.15 Self Emp (0.05)	-1.09 %Unemp (0.29)

Asymptotic standard errors in parentheses.

Table 9: Responses to Importance Questions

Question	Importance	Exogenous
United States		
Imp E'preneur	1	
Rate E'preneur	1.17 (0.37)	0.05 Ed (0.01)
Imp Small Bus	0.92 (0.24)	0.84 Age (0.21)
Rate Small Bus	1.63 (0.49)	0.84 Age (0.21)

Table 9: Continued

related to approval in all three countries, but statistically significant only for income in the U. S. and education in Poland. In the U. S. nonwhite express more approval than do whites. The only context variables that are associated with differences in approval are the regional variables in Ukraine. Residents in the west and south are much more approving than eastern residents, with central residents being in the middle. The absence of strong relations, other than with age, may well be due to the fact that approval is very strong in all three countries, and there is just not much variation in approval.

The relations between the responses to the daughter and son questions and the latent socialization attitude and the exogenous variables are shown in Table 11. There is evidence in all three countries that approval of daughters starting businesses differs from that for sons, though the pattern of the differences varies among the three countries. In Ukraine, support for daughters relative to sons is lower in the west and central regions and among government employees. In Poland, in regions that had a large concentration of state-owned enterprises approval was higher for daughter than for sons. And, in the U. S. approval for daughters relative to sons increased with education and decreased with age and with the concentration of large enterprises. In all three countries, variations in the latent attitude are associated with larger differences in support for sons than for daughters. Only in Poland, though, is this difference statistically significant.

Attitudes Favorable to a Market Economy

The last section addresses a set of questions related to support for several actions associated with a growing capitalist economy, such as the importance attached to wealth relative to job creation, private ownership, competition in the market, and the ability of people who start successful enterprises that employ large numbers of people to become richer than other

Variable	Approval of Daughters and Sons		
	Ukraine	Poland	U. S.
Male	0.22 (0.16)	0.29 (0.12)	0.23 (0.13)
Age	-4.96 (0.55)	-0.81 (0.45)	-1.89 (0.46)
Income	0.10 (0.11)	0.07 (0.11)	0.23 (0.09)
Education	0.05 (0.04)	0.16 (0.06)	0.00 (0.03)
Pub Emp	-0.16 (0.22)	-0.23 (0.19)	-0.35 (0.27)
Not Work	-0.09 (0.28)	0.05 (0.17)	0.18 (0.18)
Rural	-0.21 (0.21)	0.18 (0.17)	
Town	-0.11 (0.20)	-0.35 (0.16)	
Size	-0.06 (0.51)		0.00 (0.03)
No Size (Large)	-0.10 (0.25)		0.17 (0.22)

Table 10: Estimated Latent Attitude Towards Daughters & Sons Businesses

Variable	Approval of Daughters and Sons		
	Ukraine	Poland	U. S.
Farmer		0.05 (0.24)	
Self-Emp		0.57 (0.28)	
Union		0.03 (0.20)	
West	0.93 (0.23)		
Central	0.60 (0.21)		
South	1.26 (0.25)		
% Large SOE		1.55 (2.41)	-1.62 (1.13)
% New Pvt		0.29 (1.96)	0.11 (0.46)
% Unemploy		1.11 (1.17)	-4.78 (3.97)
Nonwhite			0.42 (0.19)

Standard errors in parentheses.

Table: 10 Continued

Question	Socialization	Exogenous		
Ukraine				
Daughter	0.96 (0.05)	-0.67 West (0.13)	-0.40 Cent (0.12)	-0.30 Pub Emp (0.10)
Son	1			
Poland				
Daughter	0.82 (0.09)	2.81 %Large SOE (1.12)		
Son	1			
United States				
Daughter	0.85 (0.16)	-1.22 Age (0.41)	0.05 Ed (0.02)	-0.02%Large (0.01)
Son	1			

Asymptotic standard errors in parentheses.

Table 11: Responses to Socialization Questions

Variable	Ukraine	Poland
Male	0.39 (0.14)	0.23 (0.06)
Age	-3.65 (0.56)	-0.65 (0.21)
Income	0.59 (0.11)	0.12 (0.05)
Education	0.02 (0.03)	0.27 (0.05)
Pub Emp	0.01 (0.18)	-0.07 (0.07)
Not Work	0.14 (0.24)	0.03 (0.06)
Rural	-0.57 (0.20)	-0.10 (0.07)
Town	-0.02 (0.18)	-0.11 (0.06)
Size	-0.86 (0.41)	
No Size	-0.03 (0.21)	

Table 12: Estimated Latent Free Market Attitudes

people. The questions used to measure these attitudes in Ukraine and Poland are shown in Table 4. (These questions were not asked in the U. S. survey.) Two additional measures of free market attitudes among the Polish respondents were constructed from the responses to the questions about the traits of the free market, shown in Table 5. These are referred to Free Mkt Pos and Free Mkt Neg, respectively, and are comprised of a sum of the responses to the free market trait questions weighted by the factor loadings shown in that table.

The structure of these pro-free market attitudes follows the pattern for the previous attitudes. Support for the free market attributes was higher among males than females, decreased with age and increased with income and with education in Poland. In Ukraine, support was also higher among people working in small organizations and living in the West and Central regions. Not surprisingly, in Poland support was higher among the self-

Variable	Ukraine	Poland
Farmer		0.07 (0.09)
Self-Emp		0.51 (0.15)
Union		-0.11 (0.08)
West	0.60 (0.21)	
Central	1.01 (0.20)	
South	0.43 (0.25)	
% Large SOE		-1.54 (0.98)
% New Pvt		-2.44 (0.87)
% Unemploy		-0.88 (0.46)

Standard errors in parentheses.

Table: 12 Continued

employed. What was surprising in the Polish results is that support was lower in areas that have been successful in generating jobs in new private firms. Support decreased in areas with a high concentration of large state-owned firms and areas with high unemployment, neither of which is a very surprising result.

Table 13 shows the relationships between the responses to each question and the latent free market attitude. In Ukraine, the responses to each question are strongly core free market attitude. This is particularly true for the three questions about broad societal properties, such as competition being good for society, successful entrepreneurs should be able to become richer than other people, and that the government should not own heavy industries. The responses to the personal preference questions about what is important in a job are related to this attitude, but not so strongly. In addition, the importance of autonomy relative to security showed a markedly different set of associations with the contextual variables and with education and being a public employee than would be predicted on the basis of the core free market attitude. Regional attitudes, which were markedly more free market in the west and central areas than in the east, were not as different when evaluating autonomy, and respondents in the south were decidedly less likely to prefer autonomy. Preferences for autonomy, independent of the free market attitude, increased with education and in rural areas and decreased among workers in the public sector.

Among Polish respondents, responses to the specific questions also showed a consistent relationship with the free market attitude, though it was less so for the preference for income over job security and for the value placed on wealth creation relative to job creation. There were two possible surprises. Age was not as negatively related to agreeing that successful entrepreneurs could become rich as it was to the other free market attitudes, as shown in Table 12. Education was negatively related to a preference for income over security, controlling for the latent free market attitude, which itself was strongly positively related to education. The net effect of these two relations was that variations in education were effectively unrelated to a preference for income or security in evaluating a good job.

The remaining relations are generally unsurprising. Residents in regions with high unemployment were even more likely to associate the free market with negative traits and to favor job creation over wealth creation than would be predicted by their attitudes about the free market, which were already negatively related to local unemployment. Those respondents who were not in the labor force were also slightly likely to associate the free market with negative traits. People living in areas with the largest concentrations of large state-owned enterprises were even more likely to disagree that successful entrepreneurs could become rich and to favor job creation over wealth creation than estimated by their free market attitude. This latent attitude was itself negatively related to the concentration of large state-owned enterprises. The exception to this pattern was that residents in these areas with large employment in SOE's were more likely to favor autonomy relative to security than predicted by the latent attitude.

Question	Attitude	Exogenous		
Ukraine				
Entr'pr Get Rich	1	0.82 West (0.25)		
Competition Good	0.55 (0.10)			
Gov't Not Own Ind	0.78 (0.13)	-0.65 Town (0.22)		
Inc Equal Not Problem	0.43 (0.12)	1.02 South (0.29)	0.67 No Work (0.23)	
Pref Opportunity	0.32 (0.05)	0.31 South (0.13)	0.30 Rural (0.10)	
Pref Autonomy	0.34 (0.07)	0.05 Ed (0.02) -0.48 West (0.13)	0.25 Rural (0.12) -0.41 Cent (0.13)	-0.23 Pub Emp (0.09) -0.88 South (0.16)
Poland				
Entr'pr Get Rich	1	1.47 Age (0.56)	-5.13%SOE (2.35)	
Free Mkt Pos	0.59 (0.11)	-0.17 Self Emp (0.06)		
Free Mkt Neg	-0.58 (0.11)	0.07 Not Work (0.03)	0.56 %Unemp (0.28)	
Pref Income	0.39 (0.13)	-0.13 Educ (0.04)		
Pref Autonomy	0.70 (0.15)	-0.26 Village (0.08)	4.46 %SOE (1.35)	4.99%New Pvt (1.21)
Imp Wealth Creation	0.23 (0.10)	-0.26 Town (0.08) -2.62 %SOE (1.22)	0.26 Farmer (0.12) -2.38 %Unemp (0.69)	

Asymptotic standard errors in parentheses.

Table 13: Responses to Free Market Questions

Summary – The Structure of Attitudes in Three Countries

Trying to summarize our research we propose to take into account the attitudes towards five types of “objects”: risk taking, starting a business, acceptance of new and small businesses, declared support for son/daughter starting businesses and acquisition of free-market values. As we may see, these “objects” occupy different positions on the scale of their “distance” from one’s personal experience. The individual ability to take a risk is located simply “within” someone’s personality, interfering with the personal plans and the sphere of individual action. The expressed opinion about support for son/daughter in business can be placed within the sphere of respondent’s private experience but concerns *other* people than respondent him/herself. The attitude about new and small businesses reflects the relation to objects which are located beyond someone’s direct personal or family experience. Attitude towards the free-market is the synthetic construct of several different indicators describing both attitudes close to one’s personal experience, such as a preference for a job with autonomy, and far from that experience, such as the value of competition or other traits of the free market.

Moving from questions which deal with the self-estimation of respondents’ own plans and dispositions to questions concerning different objects in their social and economic environment we travel from the psychological to the social-cultural world. It may (although certainly not must) be accompanied with the changing role of casual significance of sociodemographic vs contextual variables. For example, the psychological construct would expect the observed *consistent and strong relationship between respondent’s age, gender, income, and education and attitudes towards risk and starting a business* because in with these questions we deal with self-estimation of own abilities. There was virtually no fundamental differences between three countries in this respect: in every of those countries females, older respondents, and the poorer and less educated gave a lower estimate of easyness in starting a business and a higher risk avoidance. The contextual variables, defined as rural - town - region in Ukraine and % of large enterprises, new firms and unemployment in Poland and U. S. did not have any consistent relationship with these attitudes. These results may lead us to the conclusion, that interpersonal differences, rather than intercultural differentiation play an important role in determining the content of opinions people have on their personal attitudes and likely resulting behavior. Some suggestions that risk taking may be linked to cultural differentiation within one country came, for exemple, from the Ukrainian survey, where residents in the central and southern regions were more amenable to taking risk than residents in other regions.

Second type of attitudes, the declared support for son/daughter in business, surprisingly enough, reveals the lack of strong relations other than with age. It may well be due to the fact that approval is very strong in all three countries, and there is just not much variation in approval, see discussion associated with Table 3. Again, only in Ukraine were contextual variables associated with differences in approval, as residents in the west and south were more approving than eastern residents.

Attitudes about importance of entrepreneurial and small businesses, which are further removed from individual experiences, are related to a number of contextual factors, in addition to a set of individual variables. The one individual factor (apart from age) that seems to be consistent across countries is the negative relationship between the size of the respondents employer and the importance attached to new and small enterprises. (In Poland, this effect is assessed by whether the respondent is self-employed or a farmer.) Education was positively related to this importance assessment in Poland and Ukraine, but not the U. S. The context variables were particularly interesting here. In Ukraine, importance was much higher in the west region and in urban areas, and lowest in the east region and in rural areas and small towns. This difference between urban and non-urban areas appears in the Polish results, though the differences are small and not statistically significant. In Poland, importance was higher in regions with a large number of jobs in new private firms and lower in areas suffering from unemployment, but there was virtually no association between importance and the concentration of large state-owned enterprises. These results were reversed in the United States. There was no relationship between importance and new firms and unemployment, but people in areas dominated by larger employers (though privately owned) attached less importance to entrepreneurs and new businesses.

The structure of pro-free-market attitudes, which for the most part are also largely removed from personal experiences, followed the pattern for importance. The individual characteristics of gender, age, income, education, and size of employer are all strongly related to these attitudes. The context variables, in addition, are also associated with these attitudes. This pattern suggests that this set of attitudes are related both to interpersonal differences and to intercultural variations.

The important aspect of all these results is that attitudes that one might deem necessary for the transformation of a society based on a command economy to a market based economy, as one sees in Ukraine and Poland, or for the continued evolution and growth of a market economy, as represented by the United States, are both personally and situationally dependent. Individual characteristics, such as age, income, education, or size of employer, play a role in shaping these attitudes, as is surely expected. It is also the case that variations in economic and social context, as represented either by locational variables or by measures of the regional economic and social structure, are strongly associated with attitudinal differences.

Conclusions

The research data from our survey point to (a) intracultural differentiation of three countries and its influence on the respondents attitudes, (b) the intercultural differences which manifest themselves in relationships consistent within one country but different across countries, and (c) on the spheres of cultural "universality" proving that in the era of mass media and free circulation of ideas some "local" cultural differences may be losing their importance in determining peoples attitudes. It also seems that in the particular case of our research

there is a range of behavior and reactions which strongly interact not so much with culture but rather with personal life-stage and natural process of ageing. The nature of the entrepreneurial process may now, by virtue of the radical changes in the global economic realm, be sufficiently universal to elicit some commonality in the relationships among individual and attitudinal variables, even if the aggregate, or modal, attitudes differ substantially from place to place.

The case of Ukrainian respondents illustrates perhaps the culture with strongest influence of internal (namely, regional) differentiation on the attitudes studied. Unfortunately, lack of fully comparable data prevents us from going far in generalizations in the case of Poland and U.S., although the Polish case may prove that type of respondents' social belongingness, as say represented by the urban-rural variation plays significant role in determining their ways of thinking about market economy.

The geographic closeness, and to some degree even the historical proximity, of Polish and Ukrainian society plays a relatively small role in determining today's respondents' entrepreneurial attitudes. In some cases the similarities of attitudes are greater between Poland and US than between Poland and Ukraine. (See Table 1 on measures of risk taking and ease of starting firm and Table 3 on encouragement of daughters and sons in business.) Against this background, the interferences between cultures are worth of a separate note. The process of observed similarities in entrepreneurial attitudes across the countries may suggest that there is something particular in peoples' experience of capitalism. This economic system largely depends upon and demands the rational ways of acting. People discover this basic truth faster than one would expect, say, five years ago, before the systemic transformation begun. Accordingly, they modify the content and structures of their attitudes. In this view, it is easy to see why the attitudes of Poles may be more similar to those of Americans than to those of Ukrainians, as the Polish economy looks much more like the ones in the west than it does to those to the east.

Of course, some attitudes are still rooted in the individual and collective memory of past. For instance, stress on job security is, in the case of Poland and Ukraine, stronger than stress on job opportunity and autonomy. (We might speculate that after a decade of corporate restructuring in the U. S. that Americans might also strongly opt for security rather than income or autonomy.) Polish data also suggest that respondents were prone to describe market economy in more negative than positive terms, stressing unemployment and high prices rather than goods availability or consumer's market as its basic properties. However, the descriptions of "entrepreneur" reflect already more favourable attitude. These responses may reflect Poles' reactions to the unexpected, and under publicized, harshness of a market economy along with a growing respect for the successful entrepreneur in this system. The existing inconsistencies in popular ways of perceiving the market economy and entrepreneurs reflect certainly the very short period of living and "coping" with capitalism and the market. For the great majority of Polish and Ukrainian society the "pioneer" period of experiencing market and capitalism still has painful consequences. Over time, both as individuals and as a society, they may well develop effective coping strategies that

will attenuate some of the harshness and permit them to appreciate and take advantage of the opportunities for personal success.

Further progress of economic transformation will depend upon giving social support for intended changes. The initial social "capital" for such changes already exist in both countries. However wrong or erroneous strategies of transformation and the growing burden of unsolved social problems may wast this capital instead of increase it. Advisors who clearly saw that radical and rapid macroeconomic changes were a necessary condition for the transformation of command economies and for stimulating growth in market economies, but who did not see (or worse, who failed to mention) that these actions were only necessary but not sufficient to achieve the desired goals, share some of the blame for these conditions. The increasing effort to understand and to promote entrepreneurial activity and business creation at the micro level, to which this study is addressed, offers some hope that these problems will be solved in the long run and that these societies will have economies capable of long-term growth and sustainable social progress.

Data Appendix

Variable	Ukraine		Poland		United States	
	Range	Mean	Range	Mean	Range	Mean
Male	1.00	0.47	1.00	0.48	1.00	0.43
Age/100	0.70	0.43	0.57	0.42	0.77	0.42
log(Income)	5.30	6.91	5.71	-0.42	3.47	3.17
Educ	7.00	4.09	4.00	2.33	14.0	13.2
Pub Emp	1.00	0.44	1.00	0.24	1.00	0.06
Not Work	1.00	0.31	1.00	0.43	1.00	0.27
Rural	1.00	0.36	1.00	0.37		
Town	1.00	0.36	1.00	0.36		
Size/1000	3.00	0.03				
log(Size)					7.94	5.92
No Size	1.00	0.46				
Large Size					1.00	0.15
West	1.00	0.22				
Central	1.00	0.26				
South	1.00	0.15				
Farmer			1.00	0.11		
Self Emp			1.00	0.06		
Union Mbr			1.00	0.13		
Non-White					1.00	0.14
% Large Firms			14.9	92.0	32.1	43.1
% New Firms			16.8	11.4	0.79	0.53
% Unemp			23.3	15.5	6.89	7.54

Table 14: Exogenous Variables

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