

TRUST AS THE RESOURCE AND INFORMAL INSTITUTION IN ECONOMIC ACTIVITY AFTER 1988

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Purpose: The aim of the paper is to determine the level of trust of entrepreneurs in public life institutions and legal regulations, and to describe the way this affects the quality of business activity in Poland.

Design/methodology/approach: The study herein was conducted basing on the qualitative research method. For this paper, the interviews were applied conducted by the author with entrepreneurs from 2017 to 2021. Besides, the author analysed also the interviews given by entrepreneurs (within 1998-2020) to the press, mainly of economic character. Moreover, the data was applied herein that had been collected by organizations monitoring activity of entrepreneurs and source materials published by the Polish Government and Parliament.

Findings: All conclusions following from the entrepreneurs' experiences constitute a good base for catalogue of faults that amplify distrust of entrepreneurs in the institutions of public administration and judicial authorities. The faults, include, first of all, lack of permanent cross-party strategy of economic policy, designed and executed by subsequent governing groups. The next fault is fading social dialogue between entrepreneurs and the governing bodies. The quality of law implemented in Poland is dependent on consultation with entrepreneurs. They are the group that shall apply the legal regulations in practice. Respect to legislation is built through entrepreneurs' participation in its formation on every stage. Constancy and stability of legislation constitute the basic demand of entrepreneurs. Perspective of legislative stability enables entrepreneurs to create a certain idea of how the company shall operate within a longer timeframe.

Research limitations/implications: The analysis is based on respondents' subjective declarations.

Practical implications: The article provides useful knowledge for politicians at the level of governmental and local authorities on the need to build trust of public institutions in entrepreneurs and entrepreneurs in public institutions. Trust is a factor that strengthens the effectiveness of economic activity.

Originality/value: Analysis of a wide range of factors influencing entrepreneurs' trust in public institutions and public institutions in entrepreneurs.

Keywords: trust in economic activity, deficit of trust, formal and informal institutions, entrepreneur.

Category of the paper: Research paper.

1. Introduction

In 1997 Francis Fukuyama stated that trust shaped social capital and influenced the so-called “road to prosperity”. This is the hidden force supporting all market processes. High level of trust gives the entrepreneurs additional energy to conduct their business activity and set up relations with the company environment. This has a cultural character and “is not created according to the rigid system of rules and regulations but basing on ethical habits and mutual moral obligations characteristic for every member of society” (Fukuyama, 1997, pp. 18-19).

In business activity the concept of trust means the inner conviction and confidence of entrepreneur on this day that future might be designed and predicted. This facilitates relations with co-workers, shareholders, and collaborators. The entrepreneur trusts formal institutions, believes in their good will, hopes he/she will not be deceived or misled. The opposite to trust is distrust. Crisis of confidence and an increase in distrust results in the disequilibrium in system of values. Its immediate result is a negative impact on economic relations, for instance, decrease in the rate of growth and development of bureaucratic procedures that generate higher transactional costs.

Many researchers have tried to work out the abovementioned research issue. From the point of view of institutional economy it has been analysed, among others, by: Joanna Godłów-Legiędź (2020), Jerzy Wilkin (2016), Zbigniew Staniek (2017), Marek Bugdol (2010), E. Mączyńska (2014), Piotr Pysz (2014), Ewa Gruszewska (2013), Przemysław Hausner (2019), A. Noga, A.K. Koźmiński, K. Piotrowska, K. Zagórski (2020; 2022), Grzegorz Kołodko, and many other Polish scientists that observe some correlation between the deficit of trust (or wider - the deficit of values), and actions taken up in the economic sphere. Interesting conclusions were presented by Walter Eucken (2005), Douglas North (2014), Daron Acemoglu, James Robinson (2014), and Kate Raworth (2021).

This paper presents factors that might cause consolidation or even deepening of the crisis of trust of entrepreneurs in formal institutions in Poland within the years 1989-2021. This aspect is significant, as trust of entrepreneurs affects the range of investments taken up by them, and the quality of entrepreneurs' relations with society. Therefore, the aim of the paper is to determine the level of trust of entrepreneurs in public life institutions and legal regulations, and to describe the way this affects the quality of business activity in Poland. Walter Eucken posed the fundamental question: “How did this happen that in the last decades a reduced tendency to invest was very often observed, although the opportunities to do so were really huge?” (Eucken, 2005, p. 327). Kate Raworth suggests: “If you want to manage, learn to communicate.” (Raworth, 2021, p. 105). She emphasises that we are generally able to communicate “in very specific ways” and cooperate conditionally.

The study herein was conducted basing on the qualitative research method. For this paper, the interviews were applied conducted by the author with entrepreneurs from 2017 to 2021. Besides, the author analysed also the interviews given by entrepreneurs (within 1998-2020) to the press, mainly of economic character. Moreover, the data was applied herein that had been collected by organizations monitoring activity of entrepreneurs and source materials published by the Polish Government and Parliament.

2. Literature review. Interpretations of institutional economy

Marek Bugdol claimed that trust was “sine qua non for economic cooperation” and “the basis for social interactions, a valuable, precious resource positioned in organization and human relations” (Bugdol, 2010, pp. 17-18). Elżbieta Mączyńska claimed that trust constituted grease for business and for harmonious socio-economic development. If there is no trust, the economic bloodstream gets disrupted, or even contaminated, which, in hand, may “in extreme cases pose the deadly threat” (Mączyńska, 2014, p. 106). The increase in researchers’ interest in trust as in economic category (the economic resource and informal institution), according to Michał Michalski, has contributed to a certain breakthrough in economy, the result of which is so-called revolution of trust. (Michalski, 2016, p. 320). Therefore, adding trust to the classical Triade of resources (land, labour, and capital) is not exaggeration. It is trust that constitutes the fourth asset. Its significance in conducting business activity follows from the impact it has on the shape of space-time span of an entrepreneur. It minimizes the risk on this day and gives the entrepreneur a certain perspective for creation of future basing on past experiences.

According to Ewa Gruszewska, trust (...) “derives from individual experiences and analyses of examples of other people” (Gruszewska, 2018, p. 212). From this context we can conclude that the resource of trust and the resource of distrust are the effects of accumulation of past experiences that the entrepreneur cannot get rid of. Most often this is formed through interactions the entrepreneur has with public administration institutions, contractors, or clients. Only the entrepreneur free from negative experiences are able on this day to predict future with optimism. For this reason, trust is one of the crucial stimulants strengthening entrepreneurial attitudes and improving entrepreneurs' performance. Following this reasoning, we see that trust enables entrepreneurs to reduce level of uncertainty and gives them an opportunity to approximate risk related to potential investments. Piotr Sztompka concludes: “...trust and distrust are the ways to deal with uncertain future by formulating positive or negative predictions and undertaking or abandoning certain actions” (Sztompka, 2002, p. 310).

The resource of trust is enhanced by the stable economic policy run by the government authorities. This problem was pointed out by Walter Eucken: “In order to plan larger investments, one needs a certain stability of data”, at least within the currency policy, trade, taxes, and payroll. “Restless actions within the economic policy, such as rejecting today what was significant yesterday, create the state of insecurity and, together with distorted price relations, interfere with the execution of many investments. The atmosphere of trust is lacking” (Eucken, 2005, pp. 327-328).

As a result of the radical market reforms after 1988 the condition of Polish economy aroused confusion of a part of the society. The standard of living lowered in many cases. The society had expected prosperity but obtained annoying inflation and increasing unemployment, and thus uncertainty about the future. “Formal bases for the new system were the effects of implementation of solutions proven in countries with a higher level of development. To function in accordance with their aim they had to be supported by informal institutions, approved, and adopted in the Polish society and economy” (Gruszevska, 2014, p. 251). Points of contact between the formal institutions created after 1988 and the informal institutions (having long tradition and being subjects to slow transformations), did not form. What is more, the institutions increasingly drifted apart. Dualism of institutional system (Gruszevska, 2014, p. 251) revealed problems within the institutional law. Newly formed formal institutions collided with the slowly evolving informal institutions. During the first years of transformations, it was important to construct institutional balance that comprised “harmony between the new rules and old ethos.” In the opposite situation, observed in Poland, when “the introduced formal rules that do not correspond with the dominating ethos, the costs of introducing new reforms are remarkably high. Moreover, social conflicts intensify, so taking up certain actions is necessary to enforce the compliance with the new rules, against the prevailing tradition” (Godłów-Legiędź, 2020, p. 104). In such circumstances the society was given uncertainty and instability, instead of the expected prosperity and peace. As a result, temptations to break the law appeared, many actions were taken on the fringes of legality. Corruption rose and so did the so-called shady businesses. A new slogan gained popularity – *greed is good*.

Facing the institutional crisis, the society decided that the unwritten social agreement was not executed. In 1989 Poles had a precise image of socialism and capitalism. Capitalism was perceived as a modern, dynamic, and flexible social system, was associated with youth, colourfulness, provision of someone's needs, individualism, crossing the borders, and consumption. Socialism was something opposite. It meant backwardness, stagnation, stiffness, greyness, connections, and isolation (Dunn, 2008, p. 84). So, the institutional inertia was a fact (Mączyńska, 2014, p. 105-106). Quoting Janos Kornai, Elżbieta Mączyńska, observes: “failure to keep a promise has resulted in the loss of trust, not only in people or institutions that break promises, but on a larger scale, as in the domino effect or in a spiral” (Mączyńska, 2014, p. 105). Thus, the origin of distrust culture in Poland can be found in strengthening discrepancies between formal and informal institutions.

3. Research results

Economic policy

There has been a certain tradition in Polish politics consisting in the fact that political parties taking powers as a result of election, tend to break the continuity of economic policy. This generates the feelings of uncertainty and insecurity among entrepreneurs before every election held in Poland. The uncertainty refers to decisions to be taken by politicians and constitutes the main reason, why they are quite concerned about the future of their companies. For many of the entrepreneurs their companies are in fact their lifetime achievement.

Within the years 1989-2021 in Poland the Government was changed nineteen times. That happened, first, due to the applied election calendar that assumed a four-year term of office of the Parliament. In addition, political turmoil, disputes arising in the governing coalitions, which resulted in the government's resignation, were also significant. Excessively frequent changes of directions and tools of economic policy ruled out the chances for creation of a long-term strategy of economic policy (Grabska, 2014, pp. 175-176). As a result, entrepreneurs were, and still are, witnesses of sudden turns in economic policy, which only strengthens their uncertainty and convinces them that politicians cannot be trusted. Walter Eucken proved that “stability is the main factor of economic policy in the system based on competition. Economic policy creates allegedly useful economic frames for the economic process; economic policy persistently sticks to the frames and introduces changes very carefully”. At the same time, he warned: “If economic policy is not characterised by sufficient stability, the system based on competition cannot be fully effective” (Eucken, 2005, pp. 328-329). The following opinion of Piotr Sztompka corresponds with the above statement: “The basis of trust in the national context is the feeling of certainty, continuity and stability of the rules of game”. One must not change regulations under influence of temporary circumstances or political caprice. A citizen does not live only *now*. His actions constitute an investment in his own future and of his children's. The more predictable and stable are the rules governing the future, the better” (Sztompka, 2007, p. 16).

Trust in modern economy that is focused on the development, is formed by stable, long-term economic policy for which the tools are steps to be taken by the governing bodies foreseen by entrepreneurs. Such expectation follows directly from the space-time span of entrepreneur.

Table 1.

Trust of Poles in EU and Polish institutions within 1990-2017 (percent)

Institution	1990	1999	2008	2017
European Union	59	43	56	49
Government	n/a	n/a	23	26
Sejm	67	33	20	22
Judiciary	53	42	44	37
Social insurance system	41	39	27	36

Source: Zaufanie do UE i polskich instytucji systemowych/Trust in EU and Polish systemic institution; case-research.eu (access: 16.06.2021).

Crisis of trust in formal institutions in Poland is a fact. The Parliament, the Government, and institutions of social security are the institutions that Poles actually distrust. Ewa Gruszevska accurately observes that a negative evaluation of current policy of central authorities may lead to the state when all subsequent decisions of the authorities will be perceived as apparent and temporary. Therefore, there is no use in being involved. As a result, a division into two categories will be perpetuated: us vs. them (Gruszevska, 2018, p. 212).

It is interesting, however that at the same time an increase of trust in international institutions is observed among the Polish society. It is conditioned by the deficit of trust in the national institutions, following from their lack of stability. According to entrepreneurs and the whole society, the international institutions are stable, and - if needed - will provide aid, being the second line of citizens' defence. Using military terminology, we may refer to them as "backup". They constitute a guarantor that may defend citizen's rights if they come under threat. The international institutions are legitimate under international commitments of Poland. With reference to the above, using marketing terminology, we may say that the European Union is for Poles a brand of much better value and image than the national institutions.

Table 2.

Trust of Poles in NATO, EU, and UN within 2002-2020, according to CBOS (Public Opinion Research Centre)

Year	NATO	European Union	UN
2002	63	49	63
2004	59	46	62
2006	63	62	65
2008	68	73	69
2010	59	60	60
2012	57	58	57
2016	62	56	57
2018	n/a	53	n/a
2020	80	73	72

Source: Wzrost zaufania do NATO, UE i ONZ, „CBOSNEWS, Newsletter 2020, nr 11/Increase of trust in NATO, EU, and UN, "CBOSNEWS, Newsletter 2020, no 11, www.cebos.pl on-line: 16.06.2021.

Legal system vs. trust

Instability of economic policy that has been observed in Poland since end of 1988, has affected a critical approach of entrepreneurs towards the binding legal regulations. James K. Galbraith is convinced that legal regulations governing various areas of modern economy are effective only when individual social groups, including entrepreneurs, trust them. He explains: "Trust is ensured through regulation. This means that in a modern world the regulation is not a burden to the markets but sine qua non of their existence" (Galbraith, 2016, p. 68). According to entrepreneurs, the Polish legal order is anything but stable. The data provided by Ernst&Young and the Sejm's Office of Analyses show that amendments and revisions of legal acts in Poland constitute 60 percent of all acts adopted by the Parliament. Subject to revisions are often new acts, amended or adopted in a year when another amendment

is introduced. The bizarre phenomenon of amending an act during its *vacatio legis* is not rare. Such information proves low quality of the legislative procedures.

In 2018 the Union of Entrepreneurs and Employers indicated that, as regards globalisation of economic processes and overcoming by Poland the so-called middle-income trap, complication of the national tax regime does not favour the business sphere (Raport, 2018, pp. 10-11). It was pointed out that in 2015 the tax acts changed sixty-five times, in 2016 there were fifty-three amendments adopted, whilst in 2017 there were “only” thirty-six of them (Raport, 2018, p. 9). In addition, in a soothing way, it was stated that the basic tax acts were changed in 2017 much rarely then the year before.

Another factor that destroys the credit of Polish legal order is overregulation, or so-called ballooning legislation. Wojciech Rogowski comments on this phenomenon: “A large and increasing number of provisions may hamper extensional relations and disturb relations between separate standards consisting in the legal system. This weakens transparency, certainty, and effectiveness of law, rather than strengthening it, which seems to be the aim of authors of the new regulations. Excessive number and fluctuation of regulations causes a problem of asymmetry of information with everyone who must know the legal regulations and follow them. Vicissitudes of legal regulations may lead to weakening of entrepreneur's awareness of the boundary conditions in management” (Rogowski, 2018). Therefore, a question arises, which groups are privileged, who has lobbied for adopting certain legal regulations and who, using the legislation, has attempted to achieve one's own goals. These are classic examples of institutional chaos that generates legal havoc (Mączyńska, 2014, p. 110).

Non-transparent law signifies an increase of costs of business activity as it creates the need of employing expensive legal services. Micro- and small entrepreneurs treat such services as additional costs and resign from them. This is dangerous phenomenon. An institutional system should be constructed in such way that it would not exclude any groups. Exclusion is followed by increasing distrust.

Overregulation and inconsistency in legal regulations have become annoying to most entrepreneurs. They state: “It's a disaster that law is not given once and for all (...) It can't be that one year you can buy a car small equipped with a cargo partition and deduct the price as the business expense, and the following year you can't, and later you can. Something is wrong. The regulations should be adopted once and for all- either something is permitted or forbidden” (Bukowski, Gadkowska, Prawo, 2014, p. 80). Krzysztof Pawiński in 2019 appealed (...) “let the legislative diarrhoea finally ended. I wish I were not made happy with the stream of legal acts that one cannot even read. Let us implement something rational, for instance: when we adopt a new act, the old one is withdrawn” (Jak podtrzymać polski cud gospodarczy - How to support Polish economic miracle, 2019, p. 101). Observing the abovementioned phenomenon, Zbigniew Jakubas noticed “seems like there is no continuity of Polish state” (Co zmienić w polskim systemie podatkowym - What should we change in the Polish tax system, 2019, p. 107).

As regards to legal stability, Wiesław Podraza, owner of Sanplast, indicates that fiscal errors committed by entrepreneurs are often faultless. They are committed as a result of constantly changing legal regulations: “Our companies employ entire finance and accounting departments just to have the record kept properly. The problem in errors is not at all the ill will. As the regulations change so frequently, the errors just might happen. However, fiscal offices do not give us the opportunity to clarify. An average medium-sized company has no tools to defence against the fiscal officers.” (Co zmienić w polskim systemie podatkowym - What should we change in the Polish tax system, 2019, p. 107). Entrepreneurs claim that “content of current legal regulations is getting less clear, and the incoming amendments complicate them even more. (...) We must not demand from citizens, including entrepreneurs, that they act in 100 percent according to the fiscal regulations, if the latter are subject to such frequent changes as they do in Poland” (Raport, 2018, p. 12).

Predicting future is made by entrepreneurs on the basis of current legal regulations binding on this day. Lack of permanent statutory solutions is unacceptable. Instability of legislative acts disturbs the vision of future. Making decisions, entrepreneurs enter the risk zone often within the several-year span. It is impossible to start investments in one legal order and complete it in another. Correct reading and understanding this problem by politicians are the keys to creation of atmosphere of optimism and trust among entrepreneurs. Stability in legal space is a guarantee of trust building.

Local self-government

Entrepreneurs constitute one crucial factor of internal development of local self-government units, especially districts. They stimulate local economy, create workplaces, influence the level of local income. Therefore, they are most welcome by local authorities who, owing to entrepreneurs, stimulate qualitative changes in local space. Practice of everyday life, however, proves that even in a small local space, where relations and values are preserved to integrate local community, culture of distrust is an extraordinarily strong resource. Many empirical examples prove it. In 1998 in Łomża, indignant and surprised by the information on planned increase in rates of local taxes, the entrepreneurs started their protest. The entrepreneurs who lost their trust in local authorities pointed to the fact that they paid taxes on real estate equal to the amounts paid in huge agglomerations. Because of fiscal policy run by the authorities of Łomża the entrepreneurs were inclined to shut down their companies and were unwilling to invest. In the petition they submitted it was stated “they felt financial support of the town rests on their companies”, and “criteria for determining amounts of fees are detached from local reality” (Es, 1998). As the above example shows, breaking the thin line of trust leading from entrepreneurs to local authorities who, probably without consultations decided to increase the fees, shows how important, when managing local communities, is a dialogue based on substantive arguments.

Local provisions set up by local governments must, similarly to the national ones, be stable. The largest barrier to start investments, following from negligence of local authorities, is the lack of complex plan of spatial planning. From experience of entrepreneurs, it follows that changes in local spatial planning are standard. This was observed, for instance, by creator of cosmetic brand BANDI, Bogda Draniak. In 2016 she recalled the year 2004 in the following way: “We wanted to construct a new plant, but suddenly everything got complicated. We had bought the ground, a fenced plot near Janki (nearby Warsaw), and had almost ready architectural design. Unexpectedly, the spatial plan was changed, and our area was excluded from industrial use. Asia (successor of the company, Joanna Draniak-Kicińska - author's remark) involved herself in the fight with certain offices. (...) Joanna suggested that, despite huge investment expenditure, we should withdraw from the dispute with the authorities and focus on searching for a new, ready-to-use facility (...). She considered time more valuable than money” (Draniak, Draniak-Kicińska, 2016, p. 56).

A gap in communication between a large group of entrepreneurs and local authorities follows from the lack of dialogue on local level. Entrepreneurs are ambushed with decisions on repairs of communication routes in towns that block access to their companies. The repair works crucial, for effective operation of the urban tissue, generate loss for entrepreneurs. People who run their own economic activity point to the fact that local authorities never make any attempt to compensate for the generated loss. Only sometimes is the offer made in the form of decreasing local charges, but to unsatisfactory amount.

Deficit of trust is efficient cause for perceiving the environment, where a particular entrepreneur operates, as a field of battle. There are no stable, permanent, fundamental rules of games set by law.

Social dialogue

In modern economy, one of the ways of constructing the culture of trust is developing the culture of dialogue. The dialogue should particularly comprise space where the governing bodies and entrepreneurs exchange their opinions. Unfortunately, this space requires tweaking. In December 2004 Henryka Bochniarz claimed that dialogue between entrepreneurs and governing authorities did not exist. “How can one manage a private sector in a country that builds market economy without a dialogue with those who are in the sector?” (Bochniarz, 2004, p. 6). According to Henryka Bochniarz, the governing authorities were not able to start a constructive, open, and honest dialogue with that professional group. Lack of dialogue, or a fake one, can be considered a permanent state. Experts state that political discourse in Poland is in its rhetoric characterized by a tendency of emphasizing differences and symbolic discreditation of opponents (Hausner, Marody, 2001, p. 135). Legal regulations set up in an open social dialogue conducted between governments and entrepreneurs, potentially by anchoring them in traditions and customs or the universally understood culture, will be more likely acceptable by the interested parties, and thus will be followed. This is called direct

involvement and social participation mechanism, which means an impact of the interested parties on legislative procedures.

Deficit of dialogue and public consultation observed in our state is noticed in strengthening of phenomenon referred to as the fast-track legislation. Barometer of stability of the legislative environment in Polish economy monitoring the abovementioned phenomenon does not lie. In 2019: “the average period of work on an act was only 69 days. This beat the record of 2016 which was 77 days. That was exactly by 30 days shorter than in 2018 and almost three times shorter than the average time for drawing up an act in 2000” (Barometr stabilności otoczenia prawnego w polskiej gospodarce - Barometer of stability of the legislative environment in Polish economy, 2020). In 2000 one act was proceeded for 201 days in average, in 2006 that lasted only 198, whilst in 2010 the period shortened to 170 days. Within the following years a constant decrease of the period was observed: in 2014 up to 151 days, in 2015 - 122 days, and in 2016 - only 77 days. In 2016 the time for proceeding an act increased up to 106 days and dropped to 69 days in 2019 (Barometr stabilności otoczenia prawnego w polskiej gospodarce - Barometer of stability of the legislative environment in Polish economy, 2020).

Table 3.

Length of legislative procedure in Polish Parliament within 2000-2019

Year	The average period on proceeding an act (in days)
2000	201
2006	198
2010	170
2014	151
2015	122
2016	77
2017	106
2019	69

Adopting legal acts by the Polish Parliament through the fast-track legislation has become a standard. This fact has considerably limited substantive discussion on the adopted acts. As a result, each amendment or revision of law referring to entrepreneurs provokes resistance of the latter. The entrepreneurs are suspicious, search for legislative traps set by governing authorities. There is no so-called integration of trust and regulation (Galbraith, 2016, p. 68). And these two spheres should not be parted. In 2019 Mariusz Książek observed: “If we look from the perspective of the last three decades, we notice that only in first two of them politicians created any simplifications for entrepreneurs, and later they only tightened the legislative screw. I cannot recall any implemented solutions that would support businesses. But - as I said - this is the entrepreneur who must adjust to the situation” (Książek, 2019, p. 31). Within the context of the above-quoted statements of entrepreneurs we see that strengthening the resource of trust of entrepreneurs in this important institution through the legal regulations does not look hopeful.

Judicial authority

Personal experience of an entrepreneur is, among others, influenced by his or her contact with judicial system. Duration of judicial process determines entrepreneur's subjective assessment and is a factor that supports or weakens the resource of trust.

Table 4.

Average duration of judicial process in business court cases in both instances within 2007-2018 (months)

Year	Average duration of judicial process in business court cases (months)	
	District Court of First Instance	Regional Court of First Instance
2007	13	22.4
2008	10.2	16.0
2009	9.4	13.5
2010	10.4	14.2
2011	10.6	15.1
2012	12.5	15.8
2013	14.5	15.8
2014	16.3	19.1
2015	13	22
2016	5.6	8.7
2017	6.5	9,2
2018	6.71	9.98

Source: Raport 2018, Związek Przedsiębiorców i Pracodawców, Warunki prowadzenia firm w Polsce./Union of Entrepreneurs and Employers. Conditions for Conducting Business in Poland. Raport 2018 rok, s. 13; <http://isws.ms.gov.pl/pl/baza-statystyczna/opracowania-wieloletnie/>, 28.02.2021.

Objective evaluation of the quality of operation of judicial system is provided by the World Bank who, in the year 2018, placed Poland on the 55th position among 189 countries in category of time necessary to enforce contract at the court. In Poland that time was 685 days and cost 19.4% of the value of object of litigation. In case of Poland this position has not changed since 2016 (Raport, 2018, p. 12). This is not an optimistic picture, like the report of Global Competitiveness, according to which in the ranking of judicial independence of 2017 Poland was classified on the 99th position among 137 countries, whilst a year earlier - on the 81st position out of 140 countries (Raport, 2018, p. 13). The quality of operation of judicial system worsens in Poland if we measure duration of judicial processes.

Level of trust - index of economic freedom

Index of Economic Freedom is an external measure of the degree of economic freedom in the world's nations. Among the states with the highest number of points in that list there were: Singapore - on the first place with 89.7 points of 100, New Zealand with 83.9 points (fall by 0.2 p.), Australia 82.4 of 100 (fall by 0.2 p.), Switzerland with 81.9 of 100 (fall by 0.1 p.), and Ireland - 81.4 of 100 (increase by 0.5 p.). Among the "mostly free states" in Europe there were: Great Britain 78/100 (fall by 0.9 p.), Estonia 78.2 (increase by 0.5 p.), Denmark 77.8/100 (fall by 0.5 p.), Lithuania 76.9/100 (increase by 0.2 p.), and Bulgaria

70.4/100 (increase by 0.2 p.). In this ranking Poland was considered “moderately free” and was placed on the 41st position with the index of 69/100 points (increase by 0.6). In the same group as Poland there were also: Spain - with index of 69.9/100, Romania - 69.5/100, Hungary - 67.2/100, Slovakia 66.3/100, France - 65.7/100 and Italy - 64.9/100. (<https://www.heritage.org/index/ranking>).

4. Discussion and Conclusions

All conclusions following from the entrepreneurs' experiences constitute a good base for catalogue of faults that amplify distrust of entrepreneurs in the institutions of public administration and judicial authorities. The faults, referred to above, include, first of all, lack of permanent cross-party strategy of economic policy, designed and executed by subsequent governing groups. The next fault is fake and fading social dialogue between entrepreneurs and the governing bodies. The dialogue should be conducted on every level of authority, national and local. The constructive, open, and rational dialogue supported with reasonable arguments is the only chance for mutual agreement and understanding intentions of both parties. Another fault follows from the previous ones. The quality of law implemented in Poland is dependent on consultation with entrepreneurs. They are the group that shall apply the legal regulations in practice. Respect to legislation is built through entrepreneurs' participation in its formation on every stage. The abovementioned faults lead to another one: overregulation and unexpected changes and amendments of legal regulations. Constancy and stability of legislation constitute the basic demand of entrepreneurs. Perspective of legislative stability enables entrepreneurs to create a certain idea of how the company shall operate within a longer timeframe. The next fault, which has not been referred to herein, is the need to build respect for entrepreneurs' work. Mass media and governing bodies cannot perceive entrepreneurs as potential frauds. When referring to entrepreneurs, politicians must not use the language full of distrust and suspiciousness.

Further research of trust as the informal institution and economic resource can be based on the Balanced Development Index (BDI) (Noga, Koźmiński, Piotrowska, Zagórski, 2020, 2022). The Index reflects emotional factors that affect intensity of investments and may provide answers to question, why entrepreneurs refrain from investing even though the conditions are favourable. BDI takes into consideration, among others, public trust in parties, in legal system, in politicians, and in courts, political stability, fight against corruption, and the law and order.

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