ACTA UNIVERSITATIS LODZIENSIS FOLIA OECONOMICA 105, 1990

under sich einer Statisten im Altanen Mitchelt

Tomasz Domański*

CONCEPT AND ROLE OF PRIVATE ENTERPRISE AND ENTREPRENEURSHIP IN CENTRALLY PLANNED ECONOMY (Case of Poland)

1. INTRODUCTION - CONCEPTS OF ENTREPRENEUR AND ENTREPRENEURSHIP

Concepts of an entrepreneur and entrepreneurship do not have a standard definition. The most classical concept is considered to be that of J. A. Schumpeter, according to which a characteristic distinguishing an entrepreneur is his readiness to undertake innovations (J. A. Schumpeter 1934). The main functions of an entrepreneur are perceived quite broadly by Schumpeter and he includes to them: introduction of new products, new production methods, development of new markets, creation of new sources of supply, and reorganization of industrial structures (J. A. Schumpeter 1934 and 1947). Even though Schumpeter referred his deliberations primarily to production enterprises, applying today the product strategy concept we may find elements of innovative activities in trade and service enterprises as well.

Not questioning a significant role played by innovativeness, many authors while defining an entrepreneur place an increasingly bigger emphasis today on the very fact that an individual takes a decision to start an independent profit-oriented economic activity. According to J. L. Komives "each individual starting an independent economic activity" may be considered an entrepreneur (J. L. Komives 1969). This concerns also independent agents operating on the basis of agency, franchising and other agreements.

Assistant professor of marketing in the School of Economics and Sociology of The University of Łódź, Łódź, Poland.

[209]

Tomasz Domański

In turn, K. H. Vesper believes that "an entrepreneur is each individual, who organizes and manages economic activities undertaking a risk of running an enterprise" (K. H. Vesper 1980). On the other hand, some authors define entrepreneurship as "purposeful activity to initiate, maintain and develop a profit oriented business" (H. C. Livesay 1982). Thus, according to it, entrepreneurs are also these owners of enterprises who do not undertake innovative activities. While bringing into focus the role of an ownership factor this definition omits also persons being innovators, i.e. entrepreneurs in Schumpeter's interpretation, and working for big enterprises ("internal entrepreneurship"). A. Martin, criticizing this views for "dimming the difference between an entrepreneur-innovator" and "a pure administrator" claims that some persons possessing their own enterprises may be considered only to be administrators and not true entrepreneurs (A. Martin 1982). According to A. Martin "the undertaking of a risk connected with investment of capital does not lead automatically to treating a given individual as an entrepreneur and only as an investor". He goes on to say that persons introducing innovations in a big enterprise, that is holding a position of a "paid manager" should be treated as entrepreneurs, because making a decision about introduction of an innovation they place their own jobs at stake.

Realizing well that a polemic concerning the concepts of an entrepreneur and entrepreneurship has not been settled as yet, in the present article devoted to Poland entrepreneurs will be considered persons conducting their independent economic activity oriented at profit and incurring a risk. Such understanding of an entrepreneur identifies him with an owner of a private enterprise or a private investor. Thus, the article places the main emphasis on readiness of an individual to undertake an independent economic activity in the form of a private enterprise. Alongside overt entrepreneurs, the analysis encompasses also covert entrepreneurs i.e. the so-called "shadow economy". This aspect of entrepreneurship corresponds to the concept of equilibrating activity as proposed by Marshall (H. S. Levine 1984). The above: definition does not stress the role of innovativeness although the author considers it to be a desirable factor for each entrepreneur. Agreeing with a possibility of performing the role of entrepreneurs also by employees of big socialized enterprises ("paid innovators or managers"), which is especially important in

the centrally planned economy, the problem of "internal entrepreneurship" has been excluded from the present analysis. It deserves to be discussed separately.

2. ROLE OF PRIVATE ENTREPRENEURS - VARIANT APPROACH

The centrally planned economy does not represent a uniform model and it undergoes a constant evolution. This concerns, in particular, the role of private entrepreneurship and private entrepreneurs. The antagonism between the concept of centrally planned economy and development of private entrepreneurship seems to be diminishing a little at present and this trend has a permanent character. Antagonizing concepts based on an assumption about "purity" of a system are being replaced by organic concepts stressing complementarity of private entrepreneurship and socialized sector.

2.1. PURE MODEL OF CENTRALLY PLANNED ECONOMY (VARIANT I)

The basic assumption of this concept is a uniform character of ownership forms and principles of management of the economy. Such an approach assumes complete elimination of private enterprises. It is characterized by its negative attitude to private ownership as hard to control and hardly possible to be encompassed by central planning. A desire to ensure "purity" of a system tends to fall wide sometimes of criteria of effectiveness of applied solutions and differentiation of needs and preferences of consumers. A consequence of this approach is reduced assortment of products and services accessible in the market, a marked drop in entrepreneurship, effectiveness and innovativeness of the economy. "Internal entrepreneurship" is also hampered by high risk aversion of employees of big enterprises. It is a peculiar paradox that arguments in favour of introducing the "pure" model of centrally planned economy were sought mainly in the market economy in the fifties, because this model constitutes a specific copy of the corporation system. Observing the concentration process of enterprises occurring in the market economy at that time it was concluded that "taking into account the restriction of private initiative, spirit of entrepreneurship and risk of an individual man in highly-developed capitalist countries, private initiative

becomes all the more useless in a centrally planned economy" (L. Lipiński 1957). This variant in its pure form has never existed in Poland.

2.2. MIXED - "TRANSITIONAL" MODEL (VARIANT II)

Ineffectiveness of pure models released a search for mixed models. The basic assumption of the "transitional" model is temporary presence of small private enterprises in the centrally planned economy system. This assumption ensues from a thesis that socialized enterprises are not fully prepared to implement effectively the functions performed by private enterprises hitherto. It is assumed that after a transition period socialized enterprises will be ready to implement the same functions. The thesis can be disputed due to difficulties connected with replacing the sum of individual entrepreneurship (dispersed entrepreneurs) by the sum of concentrated entrepreneurship. Differences with regard to these two aspects of entrepreneurship will always be of qualitative character despite the fact that the guantity of manufactured products may be similar. Inequality of these two types of entrepreneurship is also largely due to high risk aversion typical for employees in the socialized sector. An erroneous assumption of this variant continues, thus, to be the treating of private and socialized (internal) entrepreneurship as substitutional and not complementary forms. A real threat for this variant is uncertainty of private enterpreneurs as regards length of the transitional period. This factor exerts its negative influence on readiness of private entrepreneurs to take risk involved by new investments, development of an enterprise and introduction of innovations.

Certain superiority of variant II above variant I ensues from the fact that decisions about socialization or liquidation of private enterprises, at least in some cases, were based on effectiveness criteria. This variant existed in different situations in Poland during the postwar period.

2.3. MIXED MODEL - "ORGANIC" MODEL (VARIANT III)

Unlike in the "transitional" model, the private enterprise and private entrepreneurship are considered in this model to be

an advantage and strength of the economic system and not its weakness or shortcoming. However, also in this case development of private enterprises proceeds in a controlled manner, although the scope and forms of this control are elastic, which creates a chance for owners of small enterprises to play the role of small entrepreneurs. Stability of the environment has a positive impact on their readiness to undertake risk and introduce innovations. Nonetheless, a crucial and still unsolved problem of the organic model continues to be determination of elastic limits for development of small private enterprises and control forms. Sources of the model should be sought in insignificant elasticity of the economy and demystification of large scale economies already quite common today (J. Naisbitt 1984; E. F. Schumacher 1973). It was a mistake of variants I and II that they failed to perceive a synergetic effect between small private enterprises and large socialized firms.

In the organic model, private entrepreneurship is not denied to have its social usefulness while an entrepreneur's profit is treated as "payment for a function indispensable for the society" (E. Lipiński 1981). Increasingly more common acceptance of assumptions of the organic model as well as other mixed models ensues from recognition that "history of developed societies knows no pure systems" (E. Lipiński 1981). The organic model concept corresponds to the new paradigm. Its basis are values serving development of an individual and the society, while the concept of entrepreneurship in its broad sense may promote realization of these values. Private entrepreneurship in the centrally planned economy has in this concept its chance for functioning in a new dimension and it is to be closer linked with general social goals than it is the case in the market-oriented economy.

Implementation of assumptions of this model calls for restoring a disturbed equilibrium between integration and individualism (F. Capra 1987). What is meant here is especially too small share of an individualistic element in the economic system, also in the form of internal entrepreneurship. For this concept to succeed it is necessary to create firm foundations for diversity and changeability of behaviours of economic entities and individuals paving the way for enhanced adaptability of the entire system. These conditions have not been created as yet.

In its conceptual layer, this variant corresponds to general

assumptions of the target project of the second stage of economic reform¹.

3. OVERT ENTREPRENEURSHIP AND COVERT ENTREPRENEURSHIP

3.1. OVERT ENTREPRENEURSHIP

This type of entrepreneurship involves the making by an individual or a group of persons of a decision about conducting profit-oriented economic activity at their own risk in the form of a registered private enterprise.

This decision is affected by the following factors:

a) Existing System of Values

Establishment of a private enterprise must be a socially credible decision. The credibility depends, in turn, on acceptance of the entrepreneurship concept and values connected with it by an individual's closer and further cultural environment.

In the past, the image of a role played by a private entrepreneur in the centrally planned economy was of a pejorative character. That had a strongly unfavourable impact on possible inflow of new entrepreneurs (negative selection) and, consequently, it led to development of the shadow economy. A part of all individuals for whom social credibility of performed function was important were suppressing their readiness to perform an entrepreneur's role.

A negative influence of the environment on development of entrepreneurship can be also observed, although to a somewhat different extent, in the market economy countries as well (A. Shapero 1980).

As it has been revealed by the latest sociological studies conducted in Poland, social perception of a private entrepreneur and acceptance for private entrepreneurship tend to change slowly. The survey entitled "Poles 84" (W. Adamski 1986), which was carried out on a representative sample, revealed that almost 60%

¹ "The programme aims at creating stable conditions of activity and development for enterprises and firms of the private sector...". (Programme of Implementing..., p. 6).

of the respondents were "positively in favour" or "rather in favour" of increased possibilities of the private sector functioning in the economy, while 28% were against (answers "rather against" or "positively against"), with 13% having no clear opinion on this subject (answer "hard to say"). Simultaneously, however, the same respondents would most frequently classify private entrepreneurs among "people with undeservedly high incomes". This negative appraisal concerned particularly craftsmen, owners of private stores, private agents running stores and owners of foreign firms operating in Poland (L. Dorn 1987).

In our own studies² carried out in Łódź in 1987 among owners of private handicraft firms involved in export production, it was found that most of them continue to evaluate attitude of the society to private entrepreneurs as negative or ambivalent (T. Domański, E. Lipińska 1988).

A high declared index of readiness to perform the role of an entrepreneur seems to be, however, a positive and stable phenomenon observed in Poland in the period of 1981-1987. In the international comparative survey carried out in 1986, 39% of the respondents in the Polish sample declared that "if they could they would set up their own private firms" (B. Cichomski 1986). That was the highest share among all the samples under survey (three socialist countries, three developed capitalist/ countries, and three developing countries). The index recorded in the Polish sample was, among others, higher than corresponding indices for Italy, Hong Kong, and Hungary. However, although many individuals declare their willingness to establish their own firms only few make such a decision. This is due to the fact that in practice many forces and factors keep a man in an inertia state. Such state may be strengthened and petrified by the environment if novelty (changeability) does not represent a highly valued element in it.

The fact is that the centrally planned economy system did not stimulate novelty for a long time (see: variants I and II) and

² 42% of interviewed craftsmen defined attitude of the society to them as "unfavourable", 54% consider it to be ambivalent, i.e. differentiated according to social groups and environments, and only 4% classified it as positive. According to the respondents, these evaluations result mainly from a myth about "undeservedly high incomes", while simultaneously there is passed unnoticed readiness of an entrepreneur to incur risk and additional outlays of capital and time (T. Domański, E. Lipińska 1988).

it rather strengthened inertia (petrification of established structures, behaviours and values).

b) Administrative-legal Determinants

In the centrally planned economy, entrepreneurship takes a form of "controlled entrepreneurship" as different from the concept of "spontaneous entrepreneurship" existing in the market economy. The restrictive variant predominant in the past caused that shortlasting periods, during which barriers to development of private entrepreneurship were mitigated coincided with attempts at reforms of the economic system (1956, 1970, 1980). However, observation of the latest statistical data (for the period 1980--1985) explicitly testifies that the present development of entrepreneurship is of a stable character and it is more dynamic than at any other time in the past (Tables 1 and 2). Still statistical data do not reflect fully the real entrepreneurship and they only reflect changes in administrative-legal instruments used by the Centre, which regulate access to the market.

Table

| Items | 1981 | 1982 | 1983. | 1984 | 1985 | 1981 | 1982 | 1983 | 1984 | 1985 |
|-------------------------------------|-----------------|--------|-------|-------|-------|--------------------|-------|-------|-------|--------|
| | Number of units | | | | | Number of employed | | | | |
| Total | 357.1 | 392.3 | 438.2 | 469.5 | 481.7 | 654.1 | 720.6 | 813.8 | 897.2 | 955.7 |
| Handicrafts | 242.6 | 265.4 | 296.4 | 315.8 | 325.8 | 507.4 | 548.4 | 606.4 | 663.4 | 707.1 |
| Passenger and cargo transport | 86.0 | 92.2 | 101.5 | 108.5 | 108.0 | 89.4 | 95.2 | 104.6 | 111.2 | 111.0 |
| Trade and catering | 27.3 | 33.1 | 38.3 | 42.1 | 43.9 | 49.3 | 59.9 | 68.3 | 73.6 | 76.1 |
| Department stores | 0.1 | 0.2 | 0.2 | 0.2 | 0.3 | 1.0 | 1.0 | 1.0 | 1.3 | 1.4 |
| Service centres | 1.0 | 1.1 | 1.3 | 2.3 | 3.0 | 1.4 | 1.6 | 1.9 | 3,0 | 3.9 |
| Sea fisheries - | | Alla . | | | - | 2.1 | 2.1 | 2.1 | 2.0 | 1.9 |
| Foreign firms 0.1 | | 0.3 | 0.5 | 0.6 | 0.7 | 3.5 | 12.2 | 29.5 | 42.7 | . 54.3 |

Non-agricultural non-socialized economy (in 000)

S o u r c e: Statistical Yearbook, Central Statistical Office, Warsaw 1986, p. 403.

Table 2

| Items | 1970 | 1978 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 |
|---|------|------|------|------|------|------|------|------|
| Total output (current prices) | 2.2 | 1.8 | 2.3 | 3.0 | 2.8 | 3.3 | 3.7 | 4.0 |
| Employment | 2.6 | 3.1 | 3.5 | 3.8 | 4.1 | 4.6 | 5.1 | 5.3 |
| Investment outlays (current prices) | 6.2 | 5.9 | 6.1 | 7.7 | 11.0 | 11.1 | 10.0 | 9.6 |
| Gross value of fixed assets (current prices) | 6.5 | 5.3 | 5.3 | 5.4 | 5.7 | 6.1 | 6.2 | 6.2 |
| Net output (current prices) | 3.7 | 3.1 | 4.0 | 5.3 | 4.5 | 5.1 | 5.2 | 5.7 |
| Sales of services for population (current prices) | 22.6 | 23.4 | 25.0 | 26.0 | 29.8 | 29.0 | 29.7 | 30.1 |
| Retail sales of goods (current retail prices) | 1.2 | 1.4 | 1.6 | 1.7 | 1.8 | 2.1 | 2.3 | 2.5 |

Share of non-agricultural non-socialized economy in the national economy

Source: Statistical Yearbook, Central Statistical Office, Warsaw 1986, p. 402.

The assumptions of programme of the second stage of reform in Poland (Programme of Implementing the Second Stage of Economic Reform 1987) contain, however, proposals concerning removal of bureaucratic barriers hampering creation of small private enterprises. This concerns especially:

- Principles of establishing new private enterprises (Notification versus Licence)

The institution of a licence issued by the administration to a candidate for an entrepreneur is to be replaced by notifying the administration by an entrepreneur about commencing economic activity by him (entry to a register). This alteration will remove a bureaucratic barrier in access to the market and will make an entrepreneur an entity deciding independently about establishing an enterprise in accordance with the valid system of law.

- Object and scope of activity of a private enterprise (Changeability versus Unchangeability)

The previous licences strictly determining the object and scope of activity of a private enterprise caused that it was a static unit. Postulated freedom of choice and changes in the object of activity will make a private entrepreneur an elastic, and innovative entity promptly responding to changes in the environment.

- Size of employment (Controlled Expansion versus Stagnation) The previous individual, maximum employment limits fixed at a low level by an administrative decision were suppressing entrepreneurship, restricting increase of turnover and, in consequence, they were diminishing innovativeness. Not questioning a need for control over development of private entrepreneurship in the centrally planned economy, there is assumed a necessity of applying elastic employment ceilings. Increase of employment is an indispensable condition for launching certain innovation investments and for their profitability.

<u>Economic Determinants (Rewarded Entrepreneurship versus Pe-</u> nalized Entrepreneurship)

A condition for stimulating entrepreneurship is application of such a set of economic-financial instruments by the Centre which reward and not penalize it. The tax system used in the past was closer to the concept of penalizing private entrepreneurship (J. Nowak 1986). It resulted in deliberate lowering of turnover by private enterprises in formal reports, concealing a part of turnover within the framework of the so-called shadow economy, high risk aversion, low investment propensity. The last was most frequently replaced by consumption propensity (forced substitution). These factors favoured appearance of the so-called "self-censored entrepreneurship" or self-controlled entrepreneurship accompanied by expansion of the shadow economy.

The tax policy pursued towards the private sector in the past was characterized, moreover, by primacy of the fiscal function over the regulatory and stimulating function. Disturbance of equilibrium between these functions caused that private enterprises existing today continue to be for their most part very small (average employment in the handicraft sector amounted to 2.2 persons per one firm in 1985), while the rate at which new firms are established is too low in relation to existing needs. The tax system and the control system were, moreover, rather unstable in the past, which was increasing the role of uncertainty factor, and that should be evaluated more critically than the level of taxation itself. At present, the situation in this field conditions is to be improved and promote stabilization of in which private enterprises operate.

The previous tax system caused that activity of most small

private firms has aimed so far mainly at maximization of a family's income (motive of family consumption). Only such construction of the economic-financial policy which will be rewarding the owner of a private firm for his "readiness to take risk" may transform him from a craftsman into an authentic entrepreneur.

The seller's market and supply shortages resulting from it cause, however, that decisions about establishing a small private firm still carry much smaller risk in Poland than in the market economy countries. Innovativeness of an entrepreneur, revealed at the moment of establishing his firm (concept of a product, service or a group of services) allow him in most cases to occupy a position of a monopolist or guasi-monopolist on the local, regional or even national market. Pressure of competition is limited, and the main source of uncertainty are the elements of non-market regulation mentioned above. The credit policy is evaluated positively by owners of private firms although many of them do not have precise information about principles of granting credits.

d) Entrepreneur's Motivations

Establishment of a small private enterprise is an activity of an individual entrepreneur in most cases. In the centrally planned economy, an individual's readiness for activity seems to be playing a relatively bigger role in the process of establishing a private enterprise than possessed capital. Readiness for activity is simultaneously very strongly connected with an individual's desire to obtain independence (R. Rothwell, N. Zegveld 1982). Among factors "pushing" individuals to establish private enterprises, a very important role is also played by dissatisfaction with work hitherto performed. The role of this factor seems to be equally significant in Poland as in the market-oriented economies (A. Shapero 1980). A source of frustration besides inability to realize one's ideas are low incomes.

In our study (T. Domański, T. Modrzejewski 1988) carried out among owners of private stores it was revealed that ca. 95% of the respondents had been working in the socialized sector previously. Almost 80% evaluated their degree of satisfaction with previous work as small or none, and only 15% considered it to be high or very high; 70% of the respondents claimed that their previous work had not proved helpful for them in running their private firm (store), while the remaining 30% among benefits derived from their previous work listed: acquiring additional qualifications, obtaining necessary rights to conduct a private business, or skill of keeping their accounting books.

Among most often guoted motives for opening their private stores, the respondents would give: (1) desire to be independent (92% of indications); (2) willingness to increase their incomes (72%); and (3) desire to create someting of their own (52%). These data testify about existence of explicit motivation. There are the three motives of independence, improved financial situation and creativity combined with an element of privateness. It can be supposed that the role of financial motive is somewhat less stressed by the respondents due to their unwillingness to disclose this type of motivation (especially in the centrally planned economy). These findings, although they cannot be excessively generalized, reveal with a much bigger force the role of the first two motives than in the market-oriented economy (D. S. Watkins 1976). It seems that with passage of time the role of crea tivity motive (self-realization) will be also growing in Poland although already today it is very big.

Since 1982 there can be observed among young people in Poland a marked growth of interest in establishing small private firms in trade, services and handicrafts. By way of an example it could be said that 65% of the respondents - owners of private stores opened after 1982 - were under 40 years of age, with 70--80% of them running their stores during a period not longer than 5 years. Inflow of new groups of entrepreneurs confirms a strong motivation "to work in one's own business" (J. Nowak 1987).

3.2. COVERT ENTREPRENEURSHIP - SHADOW ECONOMY

By "covert entrepreneurship" I mean the conducting of profit--oriented economic activities in the form of an unregistered enterprise by an individual or a group of persons. Such activity is incompatible with the valid law.

This type of entrepreneurship has been further developed recently and it calls for a separate analysis. It is determined by the following factors:

(a) Role of overt enterpreneurship:

Development of covert entrepreneurship is directly dependent upon conditions of development of overt entrepreneurship. Each economic system demands existence of a definite sum of decentralized entrepreneurial behaviours to preserve its internal equilibrium and indispensable adaptability. The imposing of constraints to development of overt entrepreneurship (also in the form of "internal entrepreneurship") leads inevitably to development of complementary entrepreneurial forms in the shadow economy carrying characteristics of an equilibrating force.

(b) Small stability of elements of the environment:

Uncertainty of individuals with regard to stability of "rules of the game" applied towards private enterprises promotes inevitably development of covert entrepreneurship.

(c) Social acceptance of covert entrepreneurship

Common character of various forms of covert entrepreneurship has ensured in some cases a more common acceptance of it than of overt entrepreneurship. Consumers treat this form of entrepreneurship as highly useful and an expression of individuals resourcefulness (quasi-entrepreneurs).

(d) Access of guasi-entrepreneurs to deficit resources

In the situation of economics of shortage individuals employed in the socialized sector sometimes become exclusive or quasi-exclusive controllers of goods and resources left in their charge. These individuals undertake covert "entrepreneurial" activities and act in their dual role of: employees of socialized enterprises and "quasi-entrepreneurs", because certain resources (machines, equipment, industrial supplies) are inaccessible in the market for individuals being overt entrepreneurs. The scope of activities performed by a "guast-entrepreneur" may include: acting as an illegal middleman in trade in industrial supplies facilitating conclusion of specific transactions, or providing certain services. There could be advanced here a thesis that the scope of covert entrepreneurship is directly dependent on the level of market disequilibrium and shortage of industrial supplies, consumer goods and services connected with it.

(e) Absence of alternative sources of purchasing

Unavailability of definite products and services in official trade channels forces consumers to seek them in the shadow economy.

(f) Quasi-entrepreneur's interest

A quasi-entrepreneur as a person controlling deficit goods strives to maximize his own incomes, while market risk typical for an overt entrepreneur is very limited in his case.

(g) Difficulties in controlling the shadow economy

It is much more difficult to control covert economy than overt economy. In economics of shortage, its usefulness appears to be high both for a quasi-entrepreneur and for a consumer (guarantes of a purchase). Thus, both partners of a transaction are interested in its existence.

Not questioning the social harmfulness of covert entrepreneurship, it should be underlined that it is a result of a specific state of market disequilibrium and forces hampering development of overt entrepreneurship. From the viewpoint of adaptative processes within the economic system it constitutes an equilibrating force in the situation of imperfect operation of market mechanism and other automatic regulators. In the situation of economics of shortage in the centrally planned economy there exist certain difficulties connected with transforming covert entrepreneurship into overt one. Within the socialized sector, the process of eliminating covert entrepreneurship will depend mainly on development of mechanism of internal entrepreneurship type consisting in creating additional possibilities for individuals to increase their incomes in socialized entreprises. On . the other hand, in the private sector transformation of covert entrepreneurship into overt entrepreneurship will depend on the policy of constant liberalization of principles according to which new enterprises are established and on diminishing scope of market disequilibrium.

4. CONCLUSIONS

The process of stimulating the private enterpreneurship in Po land should be taking place in two parallel dimensions guaranteeing creation of stable conditions:

a) for establishment of new firms

b) for development of already existing firms.

In the centrally planned economy where the private entrepreneurship has and will always have a character of "controlled entrepreneurship". It concerns especially the limit of emploees: This limit fully corresponds to the definition of a small enterprise in all highly developed countries and it is also compatible with the concept of private enterprises not encompassed by nationalization in Poland. Simultaneously, this limit will allow private enterprises to utilize all advantages typical for small sca le entities such as effectiveness, innovativeness, elasticity and adaptability to conditions of the environment. Taking into account constraints in accessible resources and predispositions of enterpreneurs themselves it should be expected that small family firms employing from 2 to 5 or from 2 to 10 persons would most probably be a dominant model in the private sector.

Private and socialized enterprises due to differences existing between them, perform complementary and not competitive functions in the system of the centrally planned economy. This fact itself points at a restricted role of the private entrepreneurship in the centrally planned economy. Within the environment of socialized enterprises there is acutely felt absence of a number of small specialized private enterprises ready to fulfill functions of cooperating entities. Stimulation of entrepreneurship may contribute effectively to satisfaction of the need of self-fulfillment and creativity of individuals ("homo-creativus"). This need all too often supressed previously, may be satisfied in the form of "internal entrepreneurship" for employees of socialized enterprises and in the form of the private entrepreneurship for owners of private firms. The private entrepreneurship understood in such a way becomes an inalienable right of an individual ready to assume a risk involved by conducting an autonomous economic activity.

BIBLIOGRAPHY

A d a m s k i, W., Report on Survey - "Poles '84", Dynamics of Conflict and Consensus, University of Warsaw, Warsaw 1986, typescript (in Polish).

Capra, F., The Turning Point. Science, Society and the Rising Culture, PIW, Warsaw 1987, (Polish translation), p. 73.

- Cichomski, B., Address to the Polish Sociological Association Presentation of unpublished research findings, Warsaw 1986 (quoted after L. Dorn 1987, p. 17) (in Polish).
- Domański, T., Lipińska E., Studies on Export of the Handicraft Sector, Lodz 1988, unpublished typescript (Formal Deep Interviews, 30 respondents) (in Polish).
- Domański T., Modrzejewski T., Survey among Owners of Private Food and Industrial Products Stores (50 random chosen respondents, Method of formal deep interviews), Lodz 1988, Unpublished research findings (in Polish).
- Dorn, L., Consciousness Dimensions of Private Ownership, Warsaw 1987, mimeograph, p. 17 (in Polish).
- Komives, J.L., Proceedings of the First K. A. Bostrom Seminar In the Study od Enterprise, Center for Venture Management, Milwaukee, Wisc. 1969.
- Levine, H. S., On the Nature and Location of Entrepreneurial Activity in Centrally Planned Economies: The Soviet Case, [in:] Entrepreneurship, Prentice Hall, London 1984, p. 235.
- L i p i ń s k i, E., Private Venture (first published in 1957), [in:] Problems, Questions, Doubts, FWE, Warsaw 1981, p. 304 (in Polish).
- L i p i n s k i, E., Chances for Economic Growth (Handicrafts and Small Scale Industry), [in:] Problems, Questions, Doubts, PWE, Warsaw 1981, p. 473 (in Polish).
- Livesay, 'H. C., Entrepreneurial History, [in:] Encyclopedia of Entrepreneurship, Prentice Hall, London 1982, pp. 7-14.
- Martin, A., Additional Aspects of Entrepreneurial History, [in:] Encyclopedia of Entrepreneurship, Prentice Hall, London 1982, p. 16.
- Naisbitt, J., Megatrends. Ten New Directions Transforming Our Lives, Macdonald, London 1984, pp. 11-38, 97-130.
- Nowak, J., Report for the Polish Sociological Association, mimeograph, Warsaw 1987, p. 8 (in Polish).
- Programme of Implementing the Second Stage of Economic Reform Draft, PPW, "Rzeczypospolita", Warsaw, October 1987 (in Polish).
- Rothwell, R., Zegveld, W., Innovation and the Small and Medium Sized Firms. Their Role in Employment and in Economic Change, Frances Pinter, London 1982, p. 87.
- Schumacher, E.F., Small Is Beautiful. A Study of Economies As If People Mattered, Blond, London 1973.
- Schumpeter, J. A., The Theory of Economics Development Harvard University Press 1934.
- Schumpeter, J. A., Capitalism, Socialism, Democracy, Harper and Brothers, 2nd ed., New York 1947.

- Shapero, A., The Entrepreneur, the Small Firm and Possible Policies, Six Countries Programme, Workshop on Entrepreneurship, Limerick, (Ireland) 1980.
- Vesper, K. H., New Venture Strategies, Prentice Hall, New Jersey 1980 p. 2.
- Watkins, D.S., Entry into Independent Entrepreneurship, EIASM SEMI-NAR, Copenhagen, May 1976.

Tomasz Domański

ROLA PRYWATNYCH PRZEDSIĘBIORSTW ORAZ PRZEDSIĘBIORCZOŚCI W GOSPODARCE CENTRALNIE PLANOWANEJ (przykład Polski)

Artykuł stanowi próbę wariantowego ujęcia roli prywatnych przedsiębiorstw w gospodarce centralnie planowanej. Rola ta podlega ciągłej ewolucji i zależy od przyjętego modelu gospodarki oraz od zakresu wprowadzanych reform. Prywatny przedsiębiorca jest utożsamiany z właścicielem przedsiębiorstwa. Zakłada się, iż przedsiębiorstwa prywatne winny pełnić rolę komplementarną w stosunku do przedsiębiorstw uspołecznionych oraz mieć organiczne miejsce w systemie gospodarki centralnie planowanej. Ocenie poddano uwarunkowania ekonomiczne, kulturowe, prawne oraz motywacyjne tworzenia prywatnych przedsiębiorstw. Obok przedsiębiorczości jawnej zaprezentowano uwarunkowania rozwoju przedsiębiorczości ukrytej w II obiegu gospodarczym. Przedsiębiorczość wewnętrzna ("internal entrepreneurship") w przedsiębiorstwach uspołecznionych nie stanowiła przedmiotu rozważań.

and the second second second second

a standard the second second second second