

Growth, Institutions and Business Culture (GIBC)

IBS Research Group led by Attila Bartha

Work Plan for 2012-13

I. General aims

The project aims to explore the particular relationship between the ‘informal institutions’ – the culture (norms and values) guiding behavioural patterns of business actors – and the formal rules and organisations. In addition, we intend to analyse the formal and informal institutions’ effect on economic growth and business success.

The project has three **major aims**:

1. contribute to institutional economics’ literature with new evidence about the impacts of business culture on economic growth;
2. provide knowledge for policy makers about the growth opportunities and limits of macro-level cultural determinants in a European comparative perspective;
3. connect macro- and micro-level components of business culture and their impacts of economic performance in the Hungarian economy.

II. Expected results

The findings of our empirical research can valuably contribute to the understanding of business culture impacts’ on economic growth. In addition we may identify the peculiarities of the Hungarian business culture in this context.

Expected empirical research products:

- one publication in a Hungarian peer-reviewed journal (plan: Közgazdasági Szemle or Külgazdaság)
- one publication in an English-language international journal (plan: peer-reviewed regional journal, e.g. Europe-Asia Studies)
- one publication in a respected Hungarian journal (plan: Vezetéstudomány)

III. Detailed Research plan including methodology

At present, practically nobody questions in economics that institutions are among the fundamental causes of long-run economic growth. The intellectual and empirical debate is rather about the relevant institutions and the mechanisms as well as the

time horizon of their impacts on growth. Our approach intends to understand the role of the informal institutions of business culture. Although we follow the stream of the contemporary mainstream institutional economics, we expect that some of our empirical results will challenge the actual consensus, especially regarding the most efficient formal institutions in less stable economic environment.

At the level of the analysis, we plan to apply both macroeconomic and organisational approach. Methodologically we will use both descriptive and explanatory statistical analysis (at macro level) and qualitative type organisational research (in certain sense, the 'business anthropology of coaching').

Data collection:

- a) Macro-level research: building our own database from relevant international surveys (World Economic Forum Global Competitiveness Report, IMD World Competitiveness, World Value Survey) and macroeconomic performance indicators (GDP, consumption, overall competitiveness ranking)
- b) Micro-level research: conducting our own survey among Hungarian enterprises about dominant business norms

Data analysis:

- a) comparative descriptive and explanatory statistics
- b) empirical case study about the dominant business norms of Hungarian enterprises

In addition, we also intend to analyse the secondary database of corporate business ethics (collected by IBS students about 150 companies under the professional supervision of Katalin Tardos).

A. Summary of key activities

Timeframe	Activity to be carried out
1 May- 30 June 2012	Clarification of the theoretical issues, database building

1 July- 31 December 2012	Literature review, empirical data processing, preparation of papers of the empirical findings
1 January- 30 June 2013	Submission of papers, presentation of the results at workshops and conferences

B. Detailed description of each planned research activity, including necessary resources and expected outputs

1. *Clarification of the theoretical issues, database collection:*

1 May – 30 June 2012

- clarification of the theoretical frame (institutional economics related to the growth accounting approach and micro-level organisational approach)
- elaboration of the research questions and the general hypothesis
- preliminary data collection and empirical research design elaboration (both macro- and micro-databases)
- preliminary operationalisation of the key variables

Necessary resources: involvement of senior and junior researches (overall personal costs of 1.5 month for junior researchers and 1.5 month for senior researchers)

Expected output: preliminary macro- and micro-level databases

2. *Literature review, empirical data processing, preparation of papers of the empirical findings: 1 July – 21 December 2012*

- literature review: growth and business culture
- data processing (a): latent variable analysis (principal component analysis) at both macro-and micro-level
- data processing (b): explanatory regression models, dependent variables: growth at macro-level and profitability at micro-level); independent variables: components of business culture

Necessary resources: involvement of senior and junior researches (overall personal costs of 3 months for senior researchers and 3 months for junior researchers), purchase of literature

Expected output: completed data analysis, draft results, preliminary working paper

3. Submission of papers, presentation of the results at workshops and conferences: 1 January – 30 June 2013

- one publication in a Hungarian peer-reviewed journal (plan: Közgazdasági Szemle or Külgazdaság)
- one publication in an English-language international journal (plan: peer-reviewed regional journal, e.g. Europe-Asia Studies)
- one publication in a respected Hungarian journal (plan: Vezetéstudomány)
- one workshop (planned to be organized at the IBS)
- three conference presentations at respected Hungarian and International conferences

Necessary resources: involvement of senior and junior researches (overall personal costs of 1.5 months for senior researchers and 1.5 months for junior researchers), costs of conference participations, costs of workshop organisation

Expected output: completed papers, presentation of the research findings