

# Economics and Business Review

Volume 2 (16) Number 2 2016

## CONTENTS

### ARTICLES

**Testing the weak-form efficiency of agriculture's capital markets**

*Binam Ghimire, Kolja Annussek, Jackie Harvey, Satish Sharma*

**The risk of the increasing divergence of the eurozone and the problem of macroeconomic imbalances in a three-gap model**

*Jacek Pera*

**Structural barriers to research and development activities in emerging markets: the case of Poland, the Czech Republic, Slovakia and Hungary**

*Anna Odrobina*

**Relationships and trust in perceiving price fairness: an exploratory study**

*Michael B. Hinner*

**Comparing consumers' value perception of luxury goods: Is national culture a sufficiently explanatory factor?**

*Beata Stępień, Ana Pinto Lima, Lutfu Sagbansua, Michael B. Hinner*

**Attitude toward luxury among Polish and Portuguese consumers**

*Wioleta Dryl, Arkadiusz Kozłowski*

**The institutionalization of practice: a processual perspective on value co-creation**

*Zofia Patora-Wysocka*

**The value of trust in inter-organizational relations**

*Małgorzata Chrupała-Pniak, Damian Grabowski, Monika Sulimowska-Formowicz*

**Improving student outcomes through the well designed use of computer technology in university business classes**

*Wendy Swenson Roth, Deborah S. Butler*

### BOOK REVIEWS

Robert B. Cialdini, Steve J. Martin, Noah J. Goldstein, *Mała wielka zmiana. Jak skutecznie wywierać wpływ [The small big. Small changes that spark big influence]*, Gdańskie Wydawnictwo Psychologiczne, Sopot 2016 (*Henryk Mruk*)

Rodrik Dani, *Economics Rules. The Rights and Wrongs of the Dismal Science*, W.W. Norton & Company, New York 2015 (*Marzena Brzezińska*)

### **Editorial Board**

*Ryszard Barczyk*  
*Witold Jurek*  
*Cezary Kochalski*  
*Tadeusz Kowalski* (Editor-in-Chief)  
*Henryk Mruk*  
*Ida Musiałkowska*  
*Jerzy Schroeder*  
*Jacek Wallusch*  
*Maciej Żukowski*

### **International Editorial Advisory Board**

*Udo Broll* – School of International Studies (ZIS), Technische Universität, Dresden  
*Wojciech Florkowski* – University of Georgia, Griffin  
*Binam Ghimire* – Northumbria University, Newcastle upon Tyne  
*Christopher J. Green* – Loughborough University  
*John Hogan* – Georgia State University, Atlanta  
*Bruce E. Kaufman* – Georgia State University, Atlanta  
*Steve Letza* – Corporate Governance Business School Bournemouth University  
*Victor Murinde* – University of Birmingham  
*Hugh Scullion* – National University of Ireland, Galway  
*Yochanan Shachmurove* – The City College, City University of New York  
*Richard Sweeney* – The McDonough School of Business, Georgetown University, Washington D.C.  
*Thomas Taylor* – School of Business and Accountancy, Wake Forest University, Winston-Salem  
*Clas Wihlborg* – Argyros School of Business and Economics, Chapman University, Orange  
*Jan Winiecki* – University of Information Technology and Management in Rzeszów  
*Habte G. Woldu* – School of Management, The University of Texas at Dallas

### **Thematic Editors**

**Economics:** *Ryszard Barczyk, Tadeusz Kowalski, Ida Musiałkowska, Jacek Wallusch, Maciej Żukowski* •  
**Econometrics:** *Witold Jurek, Jacek Wallusch* • **Finance:** *Witold Jurek, Cezary Kochalski* • **Management and Marketing:** *Henryk Mruk, Cezary Kochalski, Ida Musiałkowska, Jerzy Schroeder* • **Statistics:** *Elżbieta Gołata, Krzysztof Szwarc*

**Language Editor:** *Owen Easteal* • **IT Editor:** *Marcin Reguła*

© Copyright by Poznań University of Economics and Business, Poznań 2016

Paper based publication

**ISSN 2392-1641**

POZNAŃ UNIVERSITY OF ECONOMICS AND BUSINESS PRESS  
ul. Powstańców Wielkopolskich 16, 61-895 Poznań, Poland  
phone +48 61 854 31 54, +48 61 854 31 55, fax +48 61 854 31 59  
www.wydawnictwo-ue.pl, e-mail: wydawnictwo@ue.poznan.pl  
postal address: al. Niepodległości 10, 61-875 Poznań, Poland

Printed and bound in Poland by:  
Poznań University of Economics and Business Print Shop

Circulation: 300 copies

Rodrik Dani, *Economics Rules. The Rights and Wrongs of the Dismal Science*, W.W. Norton & Company, New York 2015: 253, ISBN 978-0-393-24641-4

“Economics rules. The Rights and Wrongs of the Dismal Science” – Dani Rodrik’s book published mid-2015 has been proclaimed by pundits as one of the best books of 2015. What makes it worthy of our attention? It is the economy itself with all its successes, contradictions, failures and unanswered questions since its emergence. Rodrik’s book has been written in the aftermath of the recent economic crisis (2008) and its implications on the world economy. Those events raised people’s concern about the credibility of economists e.g. Alan Greenspan’s lack of capability to foresee the upcoming banking collapse and economics as such.

Rodrik – a Harvard professor, a so called “revolutionist among his folk”, in his excellent book takes his readers on a tour of the “pro and contra” arguments of the conventional wisdom. He possess the all credentials to ponder over the “dismal science” due to the versatility of his activities – amongst them advisory work and contributions to strategies for developing countries. He is also the author of two books on globalization and a lecturer at world’s most famous universities.

Being at the forefront of political economy and globalization issues his central message is that economics consists of a range of models which need to be applied and interpreted according to the circumstances. He utilises contra-model arguments: “95 percent of economics is common sense – made to look difficult, with the use of jargon and mathematics” – against the arguments for the models which are “absolutely essential to understanding the workings of society” and argues that models reflect only a part of real-

ity. However they are indispensable when applied in a given context. So the range of the arguments continues: maths in economics against social science, simplicity versus complexity and finding analogies between models and fables: “They are simple and are set in abstract environments. They make no claim to realism for many of their assumptions (...).”

*Economics rules* is definitely an American-centred book: the storyline as well as a large number of “characters” are placed in US. Following the footprint of economic thought there is not much evidence of great European economists or their theories such as Hermann Gossen who in his pioneering work *Die Entwicklung* developed mathematical formulations of economic theory or Ragnar Frisch who warned against excessive formalization of economics already in the 1960s. Therefore considering the role of maths in economic science Rodrik did not invent anything new. It is the aspect of THE model – that makes the entire book exciting. The complete storyline is about THE model versus A model which makes the difference. Rodrik is a supporter of THE model which applies in certain scenarios only and is simple: “Selecting the right model to apply is key.” He argues that economics as a science cannot rely on assumptions and a question “what if” or “just imagine” only. He expounds the behavioural pattern in science which is subject to psychology and irrational choices of people. Thus, to my mind, he replicates the great heterodox economists from the Austrian School such as Eugen von Boehm-Bawerk and Friedrich von Wieser who had already taken the be-

havioural aspect into consideration when formulating theories. Rodrik was able to fill his book with thought provoking ideas whilst defending the science from critics. He subtly looks into the subject of theories vs. models. One might think there is no difference between a model and a theory as both rely on hypothetical assumptions. Rodrik argues that “Theories don’t deliver what they promise. They are a scaffolding” whereas a model “scrutinizes the consequences of a particular case.” And yes, economists can be wrong. Rodrik discusses the Washington Consensus and the financial globalization case where economists mistook A model with THE model which resulted in the financial crisis. The several digressions formulated as a hoax make the story even more fascinating and give it a whiff of pragmatism. To my mind Rodrik convinces with the intertwined analysis of versatile factors which represent economics as such. Perhaps his ambivalence lies in his inclination against normative economic principles and thus goes beyond it which requires skill to handle. I could not agree with him more in his request to engage more foxes than hedgehogs in economic science.

Those who seek explanation of recent global events such as the economic crisis in 2008, the shift in the geopolitical order and the rising inequality gap between rich and poor might find Dani Rodrik’s book a panacea to soothe the evolving disbelief in economics. I like his structured approach, from the table of contents – characterized by perfect conformity with (typical for Dani Rodrik) simplicity, logic

and the ability to illustrate economics and facts – until the last chapter which contains commands addressed to both non-economists and economists. The well defined concepts are complemented with richly elaborated footnotes and make the book accessible for economic laymen as well as professionals. He makes the reader comfortable with the navigation without getting lost in the jungle of models, theories, facts and for some – fables. A downside is that there is a scant evidence of the contribution of female economists to the economic science in his book. The important work produced by Joan Robinson “The economics of imperfect competition” is not mentioned. It might reflect the fact that female economists have risen to prominence in economics only during the past couple of decades. There is little mention of Central European economists who started the international debate on the socialist system. In this context issues relating to China and the modern world systems are missing. China is a good example of ambivalence and opposes Rodrik’s argument on carbon emission and its efficiency. It is neither a moral nor an incentive matter – it is a political issue.

All in all Rodrik’s book is a page-turner carrying important and memorable messages. The material covered is substantial and, most importantly, Rodrik is a pioneer in popularizing a maverick policy discourse. Eventually, as Rodrik claims, “In economics context is all.”

*Marzena Brzezińska*  
Poznań University of Economics and  
Business, Poland

## Aims and Scope

Economics and Business Review is the successor to the Poznań University of Economics Review which was published by the Poznań University of Economics and Business Press in 2001–2014. The Economics and Business Review is a quarterly journal focusing on theoretical and applied research work in the fields of economics, management and finance. The Review welcomes the submission of articles for publication dealing with micro, mezzo and macro issues. All texts are double-blind assessed by independent reviewers prior to acceptance.

## Notes for Contributors

1. Articles submitted for publication in the Economics and Business Review should contain original, unpublished work not submitted for publication elsewhere.
2. Manuscripts intended for publication should be written in English and edited in Word and sent to: [review@ue.poznan.pl](mailto:review@ue.poznan.pl). Authors should upload two versions of their manuscript. One should be a complete text, while in the second all document information identifying the author(s) should be removed from files to allow them to be sent to anonymous referees.
3. The manuscripts are to be typewritten in 12' font in A4 paper format and be left-aligned. Pages should be numbered.
4. The papers submitted should have an abstract of not more than 100 words, keywords and the Journal of Economic Literature classification code.
5. Acknowledgements and references to grants, affiliation, postal and e-mail addresses, etc. should appear as a separate footnote to the author's name<sup>a,b,etc</sup> and should not be included in the main list of footnotes.
6. Footnotes should be listed consecutively throughout the text in Arabic numerals. Cross-references should refer to particular section numbers: e.g.: See Section 1.4.
7. Quoted texts of more than 40 words should be separated from the main body by a four-spaced indentation of the margin as a block.
8. Mathematical notations should meet the following guidelines:
  - symbols representing variables should be italicized,
  - avoid symbols above letters and use acceptable alternatives (Y\*) where possible,
  - where mathematical formulae are set out and numbered these numbers should be placed against the right margin as... (1),
  - before submitting the final manuscript, check the layout of all mathematical formulae carefully (including alignments, centring length of fraction lines and type, size and closure of brackets, etc.),
  - where it would assist referees authors should provide supplementary mathematical notes on the derivation of equations.
9. References in the text should be indicated by the author's name, date of publication and the page number where appropriate, e.g. Acemoglu and Robinson [2012], Hicks [1965a, 1965b]. References should be listed at the end of the article in the style of the following examples:

Acemoglu, D., Robinson, J.A., 2012, *Why Nations Fail. The Origins of Power, Prosperity and Poverty*, Profile Books, London.

Kalecki, M., 1943, *Political Aspects of Full Employment*, The Political Quarterly, vol. XIV, no. 4: 322–331.

Simon, H.A., 1976, *From Substantive to Procedural Rationality*, in: Latsis, S.J. (ed.), *Method and Appraisal in Economics*, Cambridge University Press, Cambridge: 15–30.
10. Copyrights will be established in the name of the E&BR publisher, namely the Poznań University of Economics and Business Press.

More information and advice on the suitability and formats of manuscripts can be obtained from:

### **Economics and Business Review**

al. Niepodległości 10

61-875 Poznań

Poland

e-mail: [review@ue.poznan.pl](mailto:review@ue.poznan.pl)

[www.ebr.ue.poznan.pl](http://www.ebr.ue.poznan.pl)

## **Subscription**

Economics and Business Review (E&BR) is published quarterly and is the successor to the Poznań University of Economics Review. The E&BR is published by the Poznań University of Economics and Business Press.

E&BR is listed in ProQuest, EBSCO, and BazEkon.

Subscription rates for the print version of the E&BR: institutions: 1 year – €50.00; individuals: 1 year – €25.00. Single copies: institutions – €15.00; individuals – €10.00. The E&BR on-line edition is free of charge.

Correspondence with regard to subscriptions should be addressed to: Księgarnia Uniwersytetu Ekonomicznego w Poznaniu, ul. Powstańców Wielkopolskich 16, 61-895 Poznań, Poland, fax: +48 61 8543147; e-mail: [info@ksiegarnia-ue.pl](mailto:info@ksiegarnia-ue.pl).

Payments for subscriptions or single copies should be made in Euros to Księgarnia Uniwersytetu Ekonomicznego w Poznaniu by bank transfer to account No.: 96 1090 1476 0000 0000 4703 1245.