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## **The Institutionalization of “Cashless Poland.” Values, Norms, Sanctions and Grand Narrations in the SMEs’ Perspective on the Adoption of Cashless Payments**

*Abstract:* As more and more societies are transforming into cashless economies, questions about the social nature of this transformation are arising. With this paper we present specific insights into the process of the institutionalization of cashlessness in Poland. The process is analyzed from the perspective of Small and Medium Enterprises (SMEs). We advance the idea that the institutional field of cashlessness is emerging with similar pressures. In this field—as we argue using the concept of Powell and DiMaggio—SMEs experience a coercive institutional isomorphism. We show that the complex impact of interlocked social interactions, financial sanctions, narrations, values and norms are creating the matrix for SMEs’ decision whether to implement cashless payments into their business. The analysis is based on 74 individual in-depth interviews with SMEs owners. The paper is grounded in qualitative research design and the theory of neo-institutionalism.

*Keywords:* cashless payments, neo-institutionalism, institutional isomorphism, firms, social norms, values

### **Introduction**

The number of payment cards and the range of their acceptance in Poland has changed dramatically over the sixteen years since the accession to the European Union, which has brought many modernization pressures and new operating conditions for SMEs on the single European market. In mid-2004, only 15.2 million debit and credit cards had been issued, whereas by mid-2020 that number had risen to 43.2 million. At the same time, the level of acceptance of card payments by merchants, i.e. retailers of goods and services, increased significantly. As recently as in mid-2004, there were 41,000 card merchants who owned 92,000 EFT-POS<sup>1</sup> terminals, and now there are 432,000 entities and 993,000 EFT-POS terminals. The ultimate confirmation of the great change that has taken place during these sixteen years is the whopping 28-fold increase in the number of card payments. Meanwhile, the number of cash withdrawals made with cards in Poland grew until 2014, but has been falling slowly for the last six years (Narodowy Bank Polski [National

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<sup>1</sup> Electronic Funds Transfer at Point of Sale.

Bank of Poland] 2021). These numbers indicate that the Polish market is under a sort of “cashless revolution” which is changing consumers’ behavior as well as enterprises’ payment strategies. Certainly a great part in that process is played by the payment card organizations Mastercard and Visa, acquirers and commercial banks that are still putting great pressure on the market (both for customers and Small and Medium Enterprises—SMEs) to increase the number of cashless transactions constantly. Nonetheless, there are other social factors that vie for this paper’s focus.

Our study advances the idea that cashless payment is more and more taken for granted, and that institutional isomorphism of SMEs is an important part of that process. As this study is quite preliminary and explorative, the paper will refer to three research questions:

RQ1: What social factors enable or constrain the cashlessness’ institutionalization?

RQ2: Are SMEs adopting a similar approach towards cashless payments?

RQ3: What role do SMEs play in the cashlessness institutionalization?

The article presents the institutionalization of cashlessness through the eyes of small and medium enterprises’ owners, as it captures their attitudes and perception of cashless payments as an expression of greater social change. We have decided to pick—as the main analytical categories—interactional practices (as behavioral aspects of institutions), norms, values expressed through attitudes, and perception of social sanctions. To reach our objectives, we use empirical data collected in the research of the SMEs’ sector in Poland, with 74 individual in-depth interviews with owners of SMEs conducted. The empirical data comes from the research funded by the Polska Bezzgotówkowa Foundation program<sup>2</sup>.

The analysis of this material reaches for the approach called rational-action neoinstitutionalism (RAN) (DiMaggio 1998), which supports the idea that rationality within the economy is channeled through “rules of games” like law, cultural norms, organizational structure, or transactional costs. The paper follows also the recommendation formulated in the article by Leca, Battilana and Boxenbaum (2008), which states that: “...it seems important to develop a more fine grained analysis that will account for the actions and values of all the agents involved in the process of shaping institutions.” Here, we point to the issue of values, norms, and sanctions that influence the final business decision whether to adopt cashlessness.

The neo-institutional perspective is used in our analysis to show how macro-level processes that finally lead to institutional isomorphism (DiMaggio, Powell 1983) are manifested in the experiences of meso-level actors (SMEs) who are forced into everyday managing the tensions between elements of social and cultural inertia that support the continuation of older institutions and newly arising social and institutional forces. We are integrating the sociological research of cashless payments with neo-institutional

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<sup>2</sup> The Foundation was launched at the beginning of 2018, under an agreement between the Polish Bank Association, the Ministry of Finance and Development, and the largest card issuers. The programme is addressed to small and medium-sized enterprises, including micro-enterprises, and consists of the Foundation covering the fees paid by the entrepreneur related to the acceptance of card-based instruments. The subsidy covers the costs related to the installation of the terminal and to the cashless payment commissions for a period of 12 months. To evaluate its impact, the Foundation funded the project for quantitative and qualitative research, which aims at discovering objective and subjective obstacles to the adoption of cashless payments in the SMEs sector in Poland. The qualitative part, which provides its empirical data to this paper, is currently a work-in-progress, with a goal of 140 IDIs with owners of small firms until mid-2021.

perspective in order to discuss a broker-like position of small firms within a complex landscape of contradictory incentives and pressures. With this, we fulfill the research gap in the sociological analysis of the process of cashless societies' development.

### Theory and Literature Overview

The issue of money has been interesting for sociology for quite a long time. Starting with the classical work by Simmel (2011), through modern and influential explorations (Ingham 2004; Ingham 2007; Dodd 2014), up to recent publications about new forms of money (O'Dwyer 2019; Vasantkumar 2019), credit cards markets (Guseva 2005) or on the financialization of social relations (van der Zwan 2014; Halawa, Olcoń-Kubicka 2018) and changes of capitalism (Kuźniarz 2018). The issue of cultural values, or material aspects of money have been quite often explored; however, the category of “cashless society” or “cashlessness” is only getting more attention from sociologists<sup>3</sup>. Up to now, there have been no studies that would systematically analyse the emergence of a cashless society from the sociological, and specifically institutional perspective within a specific country (although it should be emphasized that there are works that describe the rise of “cashless society” in a different, more historical context—(see: Bátiz-Lazo et al. 2014) or with a concentration on consumers and their needs (Loix et al. 2005).

In the economic studies cashless transactions are treated as an indispensable element of the cash flow in a modern economy and by this, as a crucial factor of an economic development (Hassan, Schneider 2016; Jakubowska 2017). Therefore there are many economic analyses exploring the issue of cashless payments. Due to the fact that the payment services market is a two-sided market, consisting of two groups of entities: payment instrument holders (consumers), and payment acceptors (merchants), research was carried out on both these sides (McAndrews, Wang 2012; Rysman 2009; Chakravorti, Roson 2006). However, by now the conditions for owning and using electronic payment instruments are better understood on the part of consumers (Humbani, Wiese 2018), and the merchant side of the market is much less studied, both in Poland and abroad. To the authors' knowledge, quantitative research on the acceptance of cashless payment instruments by companies on a global scale has only been carried out by: Bounie et al. (2017), Jonker (2011), as well as Polasik and Marzec (2018).

The perspective of cashlessness in economic studies is rooted in ontological and hermeneutical assumptions that treats interests and effectiveness as the center of explanations, and therefore views rationality as the resultant one. In our analysis, we would like to present a different approach that follows the concepts of new institutionalism.

New institutionalism, as a broad area of concepts that have found applications to studies in different fields of interests (Alvesson, Spicer 2019; Pawlak, Srokowski 2014; Sadowski 2014), is very familiar with economic issues and is often used for explanations of processes within economic systems (see: Bukowski et al. 2014). However, an application of neoinstitutional theories and concepts to the issue of cashless payments cannot be a simple

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<sup>3</sup> For example, the term “cashless” is right now almost obsolete in such international, sociological journals as the *American Journal of Sociology*, *American Sociological Review* or *Sociology*.

reference to the studies conducted before, as there are no such studies. So it rather must be an application of the basic neoinstitutional assumptions about the nature of social actors and institutions and an application of concepts regarding the institutionalization to the area of cashless payments.

From this broad area of theories and concepts three basic assumptions—identified by Ingram and Clay (2000)—were selected for the further analysis in this article:

1. Actors are rational, but have limited capacities and limited knowledge;
2. Institutions are rules that set constraints;
3. Constraints influence individual choices of actors so that these choices are consistent with the collective good—though this does not mean that institutions are ideal or even ethical.

### *Actors*

The new institutionalism treats actions, visible practices as the basic forms of society and as embedded in greater social structures (Abrutyn, Turner 2011). In this light, rationality is very much socially constructed. Norms and values often help to define what “being rational” means. Nevertheless, as some norms seem to oppose self-interest, and some seem inefficient from a rational point of view, all norms should be treated as part of a greater, cultural complex. By doing so, one can reveal the deeper meanings behind certain behaviours and practices (Granovetter 2017: 135). New institutionalism sustains the concept that actors’ options are limited, changed or sustained by rewards and by (negative) sanctions. Through norms and values, individual preferences are shaped in a way that keeps social order (Meyer, Rowan 1977). But even in this perspective, actors have a certain level of agency (Meyer, Jepperson 2000), which can be an endogenous factor of an institutional change (Dacin et al. 2002). The concept of “institutional entrepreneurship” brought by DiMaggio (1988) addresses the issue of “organized actors with sufficient resources to contribute to the Genesis of new institutions in which they see an opportunity to realize interest that they value highly” (Leca et al. 2008). Agency is gained through the development and realization of interests. Therefore an actor who is carrying a specific interest, achieves a certain level of agency and the power to change institutions.

### *Institutions*

Institutions are perceived in neoinstitutionalism as cognitive frames or as the combination of material activities and cultural frames (Alvesson, Spicer 2019). For example Scott (1995: 33) defines institutions as “cognitive, normative and regulative structures and activities that provide stability and meaning to social behaviour.” And for Crawford and Ostrom (1995) institutions are rules that create incentives for behaviour in repetitive situations. These rules are usually taken for granted, they not only exist, but also must be enforced, usually in the form of more or less formal sanctions (fines, penalties, awards, etc.) (Ingram, Clay 2000).

As societies develop, they become more complex, and collective action requires more institutions. The process of institutionalization is a formation of solutions that direct social

behaviours on a big scale. In this process, repeatable ways of doing things are forming a specific vision of social relations and are embedded within the responsible organizations (Meyer, Rowan 1977). It is therefore an extremely complex, multidimensional process and it encompasses phenomena like organisations, actors, interests, values, norms, convictions or sanctions.

In the process of institutionalization actors are starting to adopt, emulate the behavior and attitudes of others. And as an outcome, very similar organizations with similar strategies are formed. DiMaggio and Powell called this process “an institutional isomorphism” (1983) and distinguished its three forms: coercive, mimetic and normative. Coercive isomorphism results from “...both formal and informal pressures exerted on organizations by other organizations upon which they are dependent and by cultural expectations in the society within which organizations function” (DiMaggio, Powell 1983: 150). Mimetic type arises in the situation of uncertainty, when actors decide to model their behavior on others, because they lack other leads or pressures. Normative isomorphism stems from professionalization, pressure of formal education and cognitive frames of specific professions. All these three processes lead nevertheless towards an organizational field with great similarities between organizations, their strategies and institutional practices.

Although there is a consensus on what institutionalization is, there are still doubts or at least different strategies on how to capture the ongoing process of institutionalization (Barley, Tolbert 1997; Czarniawska 2009). Also in many papers this notion is not even ultimately defined, even though it is used frequently by the authors (see Sillince, Barker 2012; Alexander 2005). Neo-institutional literature gives many research approaches and different methodological assumptions on data, analytical categories and methods that should be applied when institutionalization is investigated (Jose, Thibodeaux 1999; Symon et al. 2008; see: Sillince, Barker 2012). Our proposal of methodology is presented in the next part of the article.

### *Constraints and Collective Good*

Institutional constraints influence individual choices of actors so that these choices are consistent with the collective good. However it doesn't mean that the visible solutions are the best ones in terms of ethics or optimal efficiency. Social institutions are giving patterns for solving specific problems. But it is possible that more than one solution may be relevant or suitable for certain actors. Therefore, these actors might be considering different options and pick different ways of solving the same problem (Granovetter 2017).

### **Institutional Context**

In order to achieve a broader perspective of the central subject of our analysis, we present here crucial data and facts that describe an institutional context. Firstly, it must be noted that the institutional field of cashless payments in Poland encompasses few types of organizations—banks, cards issuers (Mastercard and Visa mostly), acquirers (firms like for example Polcard that mediate in transfer money via electronic terminals from retail

and service points to the banks), acceptors (companies that accept card payments from their customers) and, governmental and non-governmental organizations that promote and support cashless solutions in the economy. The joint work of all these actors has resulted in a quite developed payments market.

Although Polish consumers for a number of years experienced what is called the “love of cash” (Maison 2017), at the end of the last quarter of 2020, there were 43.7 million payment cards on the Polish market, of which 38.4 million were contactless cards (the share of contactless cards in the total number of payment cards was 87.8% in previous quarter 2020). The number of active payment cards held by both business and private customers amounted to 29.6 million, which accounted for 67.8% of all issued cards, but in 2020, for the first time in history, cash ceased to be the method most often chosen by consumers at physical points of sale (Narodowy Bank Polski 2021).<sup>4</sup>

The Polish market is dominated by two card corporations—51.3% of all cards are VISA, 48.1% are Mastercard. In the fourth quarter of 2020, a single transaction made with a payment card amounted to an average of PLN 69,2 (ATM withdrawal excluded). Cashless transactions accounted for 92.2% of the total number of all card transactions (7.8% were cash transactions, i.e. ATM withdrawals, withdrawals at bank cash desks or store withdrawals (cash-back)). In the fourth quarter of 2020, 43.05 million transactions were made with online payment cards, i.e. more by five million compared to the previous quarter (increase by 13%). At the end of 2020 the number of merchants equipped with POS terminals increased to 493.075. (increase by 3%) and the Polish market offered access to 1,027,490 POS terminals (i.e. 34.500 more than at the end of September 2020). Exceeding the threshold of one million available terminals confirms the dynamic development of the payment card market in Poland. This trend—Poles using less cash—is accompanied by a slow decrease of the number of ATMs. At the end of December 2020, there were 21,829 ATMs in Poland. During the three quarters of 2020, the number of ATMs decreased by 705 devices (a decrease of 3%) (Narodowy Bank Polski 2021).

The payment market is also developing in terms of adapting mobile payments to the use of smartphones by customers. The use of contactless payments by telephone (NFC) was indicated by 19% of respondents (an increase by 5 pp. from the previous year).<sup>5</sup> As in the case of payment cards, the use of mobile technologies is more often observed among the younger Poles, with higher education, living in larger cities.

One can safely assume that at the moment in Poland cashlessness is supported by activities of 35 main commercial banks on the market, 14 firms that act as acquirers (some of them are also banks), 6 NGOs and also by governmental institutions like the Ministry of Finance. Their support relies on the active promotion of payment cards and cashless transactions through financial incentives, creation of legal boundaries, public advocacy, education programs or public campaigns and commercial financing. The above organizations share common interest in spreading cashless transactions as they generate profits and lower the costs for the biggest actors in the field (banks). Together they create

<sup>4</sup> Cf. *Payment habits of Poles—breakthrough year 2020*, Conference materials of IX Cashless Congress, June 8–9 Warsaw 2021. <https://www.cashlesscongress.pl/> (access: 20.06.2021).

<sup>5</sup> *Payment habits of Poles—breakthrough year 2020*, Conference materials of IX Cashless Congress, June 8–9 Warsaw 2021, <https://www.cashlesscongress.pl/> (access: 20.06.2021).

social and legal, formal structures for cashless transactions in Poland, like for example the strategy for a development of cashless turnover introduced by Narodowy Bank Polski with coalition of commercial banks and card issuers in 2009<sup>6</sup>.

The ‘receivers’ of these activities (in terms of communication and institutional pressure) are individual customers and mostly firms, SMEs among them. In Poland SMEs are—as in all EU—an important part of the national economy. About 30% of Poland’s GDP is created solely by microfirms. More than 22% of these companies operate in retail business (PIE 2020) which relies greatly on fast and convenient payments. Taken the aims of this paper, it is important to underline here that the SMEs sector in Poland is characterized by general risk avoidance (Dankiewicz, Ostrowska-Dankiewicz, Bulut 2020) and extreme financial caution (PIE 2020). Micro and small firms are usually holding back from investments and are treating the economic environment as rather difficult in terms of costs and bureaucratic formalities (Samitowska 2011). Since the beginning of economic systemic transformation, SMEs have been also a part of the vast ‘shadow economy’ in Poland, which however is getting smaller every year also thanks to cashless payments. These attitudes and practices nevertheless are also the reason for the “small-scale trap” that many firms in Poland have fallen into (Czerniak, Stefański 2015).

Taking the specificity of Polish SMEs and payments market in Poland, we have assumed that our study should concentrate on ways that SMEs react to different pressures that together push consumers and businesses into cashless solutions. Therefore the three research questions presented in the Introduction are grounded both in the institutional context of the subject and in the literature review regarding the sociology of money and cashless payments itself. The official data (Narodowy Bank Polski) clearly shows that there is an ongoing process of a great change in payments and money flow. Our study aims at identification of factors of that change that are possible to catch at the basic level of the market—in retail and service shops.

## Research Design

The study presented here is explorative and interpretive in nature. Our empirical research is based on the qualitative methodology design, which means that collected data is organized from the “bottom up” into more abstract units of information. We have focused on the meanings that participants hold about the issue. The research has “emergent design” as we

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<sup>6</sup> *Strategia rozwoju obrotu bezgotówkowego w Polsce na lata 2009–2013*. 2009. Narodowy Bank Polski, Związek Banków Polskich Koalicja na Rzecz Obrotu Bezgotówkowego i Mikropłatności [https://www.zbp.pl/photo/koalicja/Strategia\\_rozwoju\\_obrotu\\_bezgotowkowego\\_w\\_Polsce-wersja\\_dla\\_MF.pdf](https://www.zbp.pl/photo/koalicja/Strategia_rozwoju_obrotu_bezgotowkowego_w_Polsce-wersja_dla_MF.pdf) (access: 22.06.2021). Central state institutions act as regulators in the cashless payment system. Through the acts, they shape the standards of non-cash payments in the country, set the standards of legality and illegal activities—see: <https://sip.lex.pl/akty-prawne/dzudziennik-ustaw/uslugi-platnicze-17734563/dz-3> (access: 28.06.2021); <https://www.money.pl/banki/finanse-zroboiles-przelew-na-rownowartosc-15-tys-euro-urzed-skarbowy-bedzie-o-nim-wiedzial-6612401824132000a.html> (access: 28.06.2021). In addition to shaping the basic statutory legal framework, state institutions are gradually introducing various sanctions and standards regulating the behavior of actors in the payment system. An example is the 2017 draft law introducing financial penalties for the lack of a terminal—<https://www.pit.pl/aktualnosci/kary-za-brak-terminali-platniczych-przy-kasach-fiskalnych-915478> (access: 28.06.2021).

learn about issues from the participants and in order to do that, we have been constantly reforming our analytical categories (Creswell 2009: 175–176).

The phenomenon chosen for the study presented in this paper embraces many actors—both collective and individual—like consumers, banks, shops, service industry, FinTech companies, state institutions and even NGO’s. This makes the whole study more complicated and is forcing the research team to make certain choices in the process of collecting data, such as the need to eliminate and reduce some issues and factors. It was assumed that for the examined problem of institutionalisation, the most crucial role is played by consumer transactions. Research to date has shown that up to 75% of all payment transactions are carried out by consumers in stores and other physical service outlets (Polasik 2013). Therefore, in this paper, the concept of cashless transactions is used in the narrow scope concerning card payments at the EFT-POS terminal, and bank transfers and other cashless payment instruments are only the background for the conducted considerations.

To analyse patterns of activities and patterns of perception that create structures of signification/legitimization around cashless payments in Poland, we have chosen individual in-depth interviews as the method of empirical data collection. Finally, for this study 74 individual in-depth interviews with owners of SMEs were conducted between September 2018 to May 2019. IDIs were recorded, transcribed and analysed, employing MAXQDA software. All IDIs were subject to coding. A code book contains 27 main codes. Each interview also has an additional “ethnography-like” description prepared by the moderator—a short note describing the “look” of the company, how its space is organized, the quality of equipment, general tidiness, marketing strategy visible on signboards and the like. With the consent of the owners, pictures of the firms were taken. The research was conducted in different firms from all kinds of economy branches—both small retail (23 cases) and service companies (51 firms). Respondents come from different types of business such as food stores, flower shops, law firms, and small construction companies, and are placed in 16 different voivodeships of Poland, in small and big cities. A research sample was divided equally into two parts—firms that do not accept payments with cards (called *non-users*) and firms which have had terminals for at least 6 months and these devices were funded by Polska Bezgotówkowa [Cashless Poland] Foundation’s program (called *users*).

Such a division of the research sample can be justified on two levels—the dynamics of Polska Bezgotówkowa impact and the accuracy of respondents’ experiences. The Non-users were selected to explore objective obstacles and subjective fears that still stop firms from accepting cashless payments. The Users group was selected to identify a general experience of firms with payments via terminals. The construction of the Users sample is influenced by an impact that Polska Bezgotówkowa Foundation has on Polish payment market. The Foundation provided over 354.000 terminals for 253.000 micro-entrepreneurs from 2018 to the end of 2020. This means that out of the total increase in the number of payment terminals in Poland in 2018–2020, as much as 90% were provided solely by the Foundation. The remaining 10% are new terminals within the companies that accept cards, including big retail chains. Virtually all companies starting to accept cards in Poland, including newly established startups, benefited from the Foundation’s support. This means that, in practice, it was impossible to find and include entities in the survey that started acceptance in the last 3 years and were not participants in the Cashless Poland Program. So in that context, for



many firms in Poland the relation with the Foundation<sup>7</sup> is a valid part of their experience with cashless payments. Thus, concentrating a part of our research sample on the firms that received the support from the Foundation, is justified on the ground of this scale.

Additionally, we assumed that taking too long a time horizon into consideration could have disturbed the veracity and accuracy of response given in the IDIs. In order to identify motivations, we asked firms' owners to reveal their opinions and memories. However, experiences of firms that started accepting cards before 2018 might reflect a different stage for Polish payment market. The last three years have been a time of substantial changes of economic and technological conditions in Poland. Banking has become more digital, mobile payments market share has grown and consumption patterns are changing (for example related to an e-commerce). Therefore we limit our research sample to firms that got terminal no more than in 2018, as it reflects the specificity of the current Polish payment market and its institutional pressures. That specificity is to a great extent influenced by the presence and activity of the Foundation, which has changed conditions for card acceptance for SMEs.

There were in fact some substantial differences between questionnaires used in the research, as certain issues very exclusively addressed firms that own payment terminals (factors that persuaded owners to start accepting cashless payments, changes they see in their firms after the installation of a terminal, their evaluation of impact of the device). On the other hand, among Non-users, the questionnaire concentrated on factors that prohibit owners from introducing cashless payments (obstacles they perceive as objective and overwhelming, fears and risks they associate with cashlessness). In both groups we asked about the perception of market pressure (local market competition) and of cashlessness itself (as a trend in commerce and as a solution promoted by the Foundation). A great part of the interviews concentrated on the problem of possible connections between personal preferences of owners (personal attitudes) and their choice to start accepting cards in their firms. Users and Non-users talked about their attitudes towards cards—whether they like paying with them, if they prefer paying in cash, etc. We also asked about their everyday business practices—how they work with clients, how they cooperate with suppliers and deliveries; their relations with their bank. As a result, the IDIs have brought up the following themes in relation to cashlessness:

- (1) interactions relating to cashless payments,
- (2) great narrations, norms and values expressed as subjective obstacles and challenges,
- (3) sanctions relating to cashless payments,
- (4) subjective perception of actors' interests.

The IDIs were conducted “on site” accordingly with a qualitative with qualitative design concept—in firms and in shops—not in any “neutral” surroundings (Creswell 2009: 176). Our analysis is qualitative, therefore in the following part of this paper we present our results with reference to direct quotes taken from IDIs, as is typical for this kind of analysis (Gilmore et al. 2001; Kabanda 2011). The interviews were conducted in Polish, and for the purpose of this paper we present the direct translation into English.

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<sup>7</sup> Like a perception of its financial and organizational support, the quality of equipment, troubles with signing an agreement, etc.

## Material, Results and Analysis

The paper takes SMEs' perspective as the core of analysis. We have concentrated on the following categories of analysis:

1. interactions—everyday practices related to making and accepting payments in SMEs,
2. great narrations—broad cultural patterns related to setting up and running a business,
3. norms and values—attitudes towards social relations, obligations and formal institutions,
4. sanctions—objective and subjective incentives and penalties related to payments.

### *Interactions*

We have analysed how different interactions that actors (firms) experience, influence their attitudes and perception of cashless payments. In the interviews, owners express experiences of having frequent and important interactions within dense networks of different actors. There are at least four types of interactions that SMEs are experiencing—relations between:

1. Individual consumers and shops/firms,
2. Shops/firms and banks,
3. Shops/firms and acquirers,
4. Shops/firms and state institutions (specifically revenue offices).

However, it is quite clear that within the field of cashless payments there are also intensive interactions between other actors—specifically banks and card issuers/card associations, consumers and banks, even between consumers and card issuers (in this case there are non-direct interactions, but advertisements serve as the propagator). These interactions, however, are only partially being investigated in our study—that is in the case when SMEs' owners were asked about their experiences as individual consumers.

Our study shows that the perception is shaped greatly through interactions between consumers and shops/firms. Clients are creating a substantial, rather overwhelming pressure on small firms and their owners:

R<sup>8</sup>: What has persuaded you to start accepting payments with terminal?

O: *Clients. Pressure of clients.*

R: More clients are asking...?

O: *Yes, it was weird for them that they can pay with a card everywhere, but not here. [IDI13 — User]*<sup>9</sup>

Owners are experiencing questions coming from their clients almost daily. These interactions underline that cashless payments are the trend in commerce:

R: Do you know what expectations your clients have?

O: *Yes, most people would like to pay with cards. We have had these signals for quite a long time. [IDI21 hairdresser—User]*

Ever more interactions with clients, especially with potential new customers are *marked* by questions about the possibility to pay without cash. These interactions have created the social norm of a possibility to choose how one would like to pay (card or cash).

<sup>8</sup> We use R for „researcher” and O for „owner.”

<sup>9</sup> Each quote has a reference to the number of the interview and a type of owner (User or Non-user).

Institutions are generally sustained by everyday practices. We see an introduction of certain questions into a sale process, which change interactions with clients and sustain the conviction of cashlessness’ omnipresence. Respondents-Users say that the questions like “*Contactless?*” or “*How would you like to pay?*” are now a great part of their interactions with customers. It is worth mentioning that other practices have also arisen, like the presence of the stickers with credit card logos on the shop door. These have become a natural part of the sale process:

*O: Clients see the sticker on the door and they know what to expect inside [IDI3 flower shop—User].*

The second place—when considering the most often mentioned type of interactions—is taken by interactions with banks. Users in our study have expressed the opinion that many and repeatable contacts with their bank (where they have a firm’s account) have persuaded them to accept cashless payments solutions. Banks are an active player in promoting cashlessness. They organize special meetings for medium companies, where they introduce acquirers, and they advertise terminals as a device important to boosting a company’s cash-flow:

*O: It was the contact with the bank. They have encouraged us for a long time, but we were very hesitant. [...] Among many things, they have encouraged us to use these new terminals. But it took quite a long time. [IDI25 butchery—User].*

SMEs are also experiencing interactions with acquirers who promote their products (terminals and payment services). But these contacts are not that visible in the everyday practice of firms. Our respondents did not mention them. The reason for this is that they mistakenly take acquirers as bank agents. They take agents of clearing agencies as simply “salesmen” of banks’ services.

The last type of interactions that we will take into consideration here are SMEs’ owners’ contacts with state institutions. The state is an important actor in our field of interests, as it promotes cashlessness and encourages firms to card acceptance (as we will present in a further part of this paper). However, all firms in our study see the state mainly through revenue offices. They pay taxes and with that they “interact” with the state. The state institutions are seen as distant from their everyday practices.

### *Norms and Values*

The interactions described above are a behavioral, visible consequence of deeply internalized social norms and values. The evaluation of interactions (post-factum opinions of owners) comes from values and great narrations they feel are present in the social sphere. In our study, some topics in the IDIs helped us to catch these issues indirectly. These were questions about the types of clients owners see most often, a typical process of sale, reasons for starting their company, expectations for the future and their perception of competition. Together these questions are indicators for the perception of entrepreneurship and business itself, and show which norms and values actors associate with the process of running a company.

The research on connections between the values of entrepreneurs and firms’ performance is vast (Tomczyk et al. 2013). It is not our goal to discuss this topic, however, we

accept the assumption that this connection is crucial for SMEs. In our study, owners are self-made-men. They have started their business in order to create revenue for their families, to make a living or to do something creative, on their own. In our study, the owners represent three types of business career—businesses that started more than 20 years ago and are slowly collapsing (owners are more than 60 years old and plan to close firm in the next 3–5 years), businesses that started more than 20 years ago and are slowly evolving, and new businesses (started less than 5 years ago, whose owners are quite new in the entrepreneurship field).

The readiness to accept cashless payments is related to certain norms and values shared by SMEs' owners. Norms concerning the firm-client relationship together with values like effectiveness and integrity are creating a ground for the decision to start accepting cards. However, the impact of these norms and values is ambiguous. Some of them are boosting cashlessness, but some are building obstacles.

As the report of Polish Economic Institute (PIE 2020) shows, Polish microfirms generally share a rather good opinion about their services including customer service. In our interviews, no matter the background or financial condition of their firm, owners confirm this observation. All owners in the research sample declare putting clients at the centre of their activity and treating clients' needs as a priority. Owners talk about their attempt to treat clients individually, to advise them as much as they can. The norm of being *helpful but not imposing too much* is common for the perspective of micro firms. It plays a rather positive role in the institutionalisation of cashlessness, because cards are treated as a tool to fulfil customers' needs. Therefore their introduction is not contradicting any existing norm. Owners feel that cashlessness is what clients want, and that they should give it to them. Certain practices related "naturally" to payment cards, like visible card stickers on the door, are also coherent with the norm of *being helpful but not imposing*.

But IDIs also revealed that owners express the belief that interactions with customers can be close and even familiar (the norm of *familiarity*). Interviews conducted in small towns show that owners of micro-firms know their clients by name and are on rather friendly terms with them. We see a connection between that norm of *familiarity* and a reluctance towards cashlessness. When owners know their regular clients well, the pressure to introduce cashless payments drops:

O: *In my shop everyone is practically a friend, because this is a small town; we know each other. My clients and I—we are on a first-name basis [...]*

R: Does it often happen that clients ask about card payments?

O: *Here not often, because like I said, all my clients know that I do not have a payment terminal.* [IDI2 flower shop—Non-User]

Familiarity is the norm, which is used as an explanation for not changing the firm's infrastructure and ways of operating.

A similar influence on cashlessness institutionalization has the norm of *privacy*. We asked owners' about their knowledge of other, similar firms on their local market (the issue of market competition)—IDIs revealed the norm of a peculiarly understood notion of "privacy." Respondents pointed eagerly to big retail shops as their main competition and reference points (they talk in details about lower prices, better access for clients or other

features of big retail chains), but when it comes to smaller, similar firms, they expressed an aversion to talk about details:

O: *We've got several shoe shops in our town. But we do not think about competition, because if we do, then we will be gone, before we even start anything [...].*

R: Do other shoe shops have payment terminals?

O: *I don't know. [R: really?] Really, I don't know.* [IDI4 shoe store—Non-User]

Almost all owners share this norm of *privacy*. They keep their knowledge about other firms in the neighbourhood to themselves. They do not want to talk about the ways their competition runs its business. This attitude was visible in the repeated expression: *I just mind my own business*. They expressed strong convictions (which is quite in contrast with common knowledge about business), that each company should concentrate on its own issues and ways of operating.<sup>10</sup> The norm of *privacy* is keeping SMEs from developing, as owners are not openly collecting data about their competition and have reservations to express any structural knowledge in that field. A lack of knowledge on issues of card acceptance also lowers the pressure to start accepting cashless payments.

Our respondents share a similar set of basic values—effectiveness and integrity. Integrity appears in a few contexts, the first being that of taxes and other formal obligations like social security:

O: *When you run a business, you have to pay social security on time. It does not matter that you are sick, you cannot have any delay, because you will get a fine. Certain dues must be paid.* [IDI14 greengrocers shop—Non-user]

We didn't find any evidence that owners choose payment terminals because they want to be more transparent or more fair to the government. This is not their aim nor their perception. However, a few expressed openly that they don't want a payment terminal because of a fear of disclosing too much to the “outside world.”

The second context of *integrity* value is related to B2B relations. Owners talk about paying on time to suppliers, not having any overdue obligations. Many B2B transactions that respondents have are fast and cash-based activities. So accepting cashless payments does not support the value of *integrity* in this context. It even makes the opposite and contradicting value of *effectiveness*, as cashless payments are treated by some owners as an obstacle, or even as a problem. Owners are buying supply wholesale and on the commodity exchange market where you must pay in cash. So when shop owners are receiving a part of transactions from customers via cards straight to the bank account, they see it as a hassle; as a challenge to the effectiveness of their everyday practice.

O: *We would probably also have this terminal, but it is just that the money from the terminal takes a long time. Not only does it cost you, but you don't have the money right away, but it is only after a few days and it is quite irritating and burdensome for us. And [...] we are not too keen on it, because we bear the costs and we are waiting for money.* [IDI13 car wash—Non-user]

The cash needed for their suppliers now has to come from an ATM, which takes time and requires additional activity. These transaction costs are perceived by some owners as an argument against cashless payments:

<sup>10</sup> This particular norm is probably related to the rather low level of social trust in Poland.

O: *I always pay cash. Nobody wants anything else...you pay with cash on the market. No one pays with cards there. [...] We all know each other. [...] I've been coming there for over 30 years and I make deals with them. So I can even come without cash and they still will sell me. But I'm trying to pay on time, only with cash that I have and I never take anything more.* [IDI1 flower shop—User]

Interactions with suppliers are also sustained with bank transfers, another cashlessness dimension. We have not explored this topic in our study, however owners sometimes mentioned that this is the form of payment they use in transactions with other firms. In that context, Non-users also prefer cash over bank transfers, as they feel that cash requires less effort:

O: *[...] I pay in cash and wholesalers prefer it that way. Because he has to wait for the bank transfer to go through. For me cash is better because I don't buy many goods. These are not big numbers or amounts. I sell, I restock what I need. So when I pay cash, the wholesaler already has my money, he doesn't have to wait two weeks. And many times when I took something with the intention to pay via bank, I put the invoice somewhere, I forgot, and then they call me that I owed them money. It is easy to get into trouble like that. Even with one, unpaid invoice.* [IDI1 household goods shop—Non-user]

So when *effectiveness* is seen from a perspective of everyday practice—getting things done on time—cashless payments are treated by some owners not as an opportunity or innovation, but rather as a transaction cost and even as a threat for *integrity*.

### *Grand Narrations*

The neo-institutional perspective brings social communication, ideas, and grand narrations as factors that shape institutions and influence individuals' behaviour (Schmidt 2010). Discursive institutionalism shows that ideas that circulate in the public sphere must be taken into account, when the institutionalisation process is analysed. At least three major narrations support the idea of cashlessness. These are *entrepreneurship*, *modernity*, and *innovation*.

Since the beginning of economic transformation, Polish society has been put under great pressure to abandon the state domain (public companies, public institutions) and shift to private ones fast. *Entrepreneurship* as a “way of life” was put into the center of public life as a reference point for many people (Marsh, Pete 2017; Michalewska-Pawlak 2012).

Owners who have started businesses 20–30 years ago mention how they have seen being in business as a chance to create a better life during that time in Poland. For some of them, having their own firm was the only choice to survive in hard transformational times. Becoming entrepreneurs was their rational choice at that time:

O: *I think that there was no other idea for life* [IDI22 retail shop—User].

They have tried to adopt to their changing environment, and cashlessness is another step in that process. They feel that giving clients the option to pay cashless is equal with being modern, with keeping up with the trend:

O: *This is a necessity of modern times. It's just such a tendency. Almost everyone, even small shops, terminals are everywhere* [IDI15 grocery shop—User]

Entrepreneurs in Poland are under constant pressure to be innovative. The state has been promoting many programmes since EU-membership that use the notion of *innovation*

and *innovative*. One example is the “Innovative Economy” programme supported with EU funds (2003–2007). So the media and public discourse are creating the conviction that being an entrepreneur is equal with being innovative.<sup>11</sup>

The financial industry has been consistently communicating through commercials that cashlessness is a great part of being *modern, innovative* and in the case of firms, being truly *entrepreneurial*. Companies like Visa or Mastercard are frequently using images of young, happy people as a symbol of changes in ways we pay for things we need.<sup>12</sup> Commercials present the possibility of cashless payments as a way that modern firms fulfil clients’ needs.

The “Polska Bezgotówkowa” Foundation [Cashless Poland Foundation] also supports the vision of *modernity* as being equal to cashlessness. Commercials produced by the foundation, broadcast via TV and Internet (as pop-up ads), use images of mostly young (25–35) or middle-aged people who look rather modern. The commercials present the perspective of both customers and firms’ owners. In both cases, the image is definitely positive and supports the concept of up-to-date people and places.<sup>13</sup>

The Polish state also plays a great part in the creation of institutional structures that support cashlessness, as was mentioned in the previous part of the paper (*Institutional context*).<sup>14</sup> Currently—starting from January 2019—payment terminals are being introduced in central public offices, such as revenue offices. Many local governments already have terminals in their offices to make it easier to pay local taxes and other fees. So citizens are encouraged to use cards or mobile phones to pay when interacting with state/public offices. This opportunity is also being presented as part of Poland’s modern and innovative approach to technology and banking.

Our study shows that these grand narrations of modernity, innovation and entrepreneurship have their impact on SMEs’ owners. Narrations influence the final decision as SMEs’ owners feel that without cashless payments they are not modern—not good enough.

R: And do you have a feeling that you should set a terminal for cards here?

O: *Maybe I should, maybe I would have been more modern then.* [IDI19 retail shop—Non-user]

They feel that their companies will be left behind if they do not give clients the opportunity to pay cashless:

O: *Yes, especially when you don’t have the terminal today, it is like a complete backwater.* [IDI22 retail shop—User]

Users think about cashlessness as an obvious part of doing business. Respondents that have started their firms a few years ago almost immediately thought about terminals as a natural instrument:

O: *Oh no, I cannot imagine a shop without a payment terminal these days.* [IDI15 grocery shop—User]

<sup>11</sup> See the website of Polish government supported „Innovation Portal”: [https://www.pi.gov.pl/eng/chapter\\_95918.asp](https://www.pi.gov.pl/eng/chapter_95918.asp) [access: 20.03.2021].

<sup>12</sup> See: <https://www.pb.pl/jesli-nie-karty-to-co-946522> [access: 20.03.2021].

<sup>13</sup> See the example: <https://www.youtube.com/watch?v=gIHJOGldgSQ> [access: 20.03.2021].

<sup>14</sup> <https://www.gov.pl/web/finanse/rozwoj-platnosci-bezgotowkowych--porozumienie-podpisane> [access: 20.03.2021].

The belief that cashlessness is a strong trend in modern business was common for both of our respondents' groups—Users and Non-users. The difference is that Non-users mostly have not decided yet to do anything with this feeling.

### *Sanctions*

Social sanctions—understood here as both awards and penalties—play an important role in any institutionalization process (Kosfeld et al. 2009; Lawrence et al. 2001). Our study shows that cashlessness is developed and sustained greatly because of specific sanctions and incentives implemented by different actors that interact with SMEs.

Respondents have referred mostly to the issue of negative sanctions they meet. A sanction that was most often mentioned are the higher bank commissions on cash payments in banks, where firms have accounts. Owners who want to have money in their bank account (for making bank transfers, for paying taxes etc.) face additional financial costs when bringing cash to the bank. So banks are making cash transactions more and more expensive for firms. As banks are interested in lowering the amount of cash transactions within the economic system (cash is expensive for banks because it generates costs of transport, protection, and storage), they create institutional incentives or, as SMEs' owners see it—sanctions—to push transaction in commerce into cashlessness.

On the other hand, firm owners are talking about negative sanctions from clients. Clients simply stop buying goods and services in firms without terminals. Having fewer clients is the greatest sanction for SMEs for not having a payment terminal. Owners of shops must deal with clients that leave products at the cash register, and even face interactions with customers that strongly reject them, which is very unpleasant and brings a belief that their business is going to fail soon. Respondents say that they are losing above all younger clients, who prefer cashless payments. So refusing to introduce such payments brings the negative sanction of an important market section turning their backs on the shop. Owners also bear transaction costs (time) in greater amounts than is necessary. It is because owners waste time for the service of clients who in the end don't finalize the transaction. Retail shops have all experienced a *devouring* ATM—when clients without cash were directed to the nearest ATM and never came back to the store:

*O: Smooth talkers are everywhere. He says that is going to an ATM... and he is gone. Shoes are waiting, but the client is nowhere to be seen. [IDI4 shoe store—Non-user]*

Service firms are experiencing fewer negative sanctions in the form of rejection (when clients refuse to close the deal). In the context of services (like hairdressers, car repair, legal advice, medical services) people choose them not because of the form of payment, but because of other qualities (a renown, a recommendation, proximity etc.). Therefore, even when they have to pay by bank transfer or by cash, this is not treated as a big problem (at least firms' owners don't experience many negative reactions).

On the side of positive sanctions, there is the Polska Bezgotówkowa Foundation which has created very attractive offers for SMEs. The coverage of costs for a whole year is a very strong incentive to start accepting cashless payments. All our respondents react very positively to the idea of having terminals for free. Users underline that a “zero cost”



terminal was the most important factor that made them decide in favour of cashlessness. For the group of Users who have been in business for quite a long time, this factor was the decisive argument that persuaded them to change their opinion about cashlessness. Those who had previous experiences with terminals (had paid for them with their own money, but for financial reasons stopped using cashless solutions), the return to cashlessness was possible because of the Foundation offer. For Users who are relatively new in business, the “Cashless Poland” programme was greeted as a welcome addition to their operating expenses:

O: *And this kind of help, this year for free, is very helpful.* [IDI1 haberdashery—User].

As for the Non-users, the incentive in the form of lowering financial costs makes some of them “think about change.”

### *Discussion*

The paper has started with three research questions:

RQ1: What social factors enable or constrain the cashlessness’ institutionalization?

RQ2: Are SMEs adopting a similar approach towards cashless payments?

RQ3: What role do SMEs play in the cashlessness institutionalization?

The analysis of collected materials leads us to the general conclusion that the process of cashlessness institutionalization is mediated by specific norms, values, sanctions and interactional practices of SMEs. The factors that have been analysed can be divided into enabling and constraining ones. The enabling factors are sustaining the conviction that cashlessness is the right, ‘rational’ choice for SMEs and these factors are slowly building cashlessness as ‘the rule of the game’ in business. The constraining factors are pulling in the opposite direction.

Most of these factors constitute the enabling role in the implementation of cashlessness. Only 3 out of 14 factors can be interpreted as obvious constraints, and the values of efficiency and integrity have a rather ambiguous role, as their impact depends on the particular business strategies of a given firm/owner.

The enabling factors are all more *external* to the person of the owner. The owners have internalized key ideas and concepts important for the adoption of cashlessness, which is a sign of institutional isomorphism. The constraining factors are on the other hand more, although not entirely, *internal* in character. Here, certain norms, values, and specific interactional practices in relations with suppliers are at play.

In most cases, for our respondents, the implementation of cashless payments is the right (rational) choice., i.e. it is consistent with their personal preferences (values, norms), with interactional practices and efficiency (seen also a point of financial and transaction costs). When external actors push for cashlessness and external sanctions are supporting a reduction of cash usage, then owners decide that it is rational to implement cashless payments. It must be underlined here that for the Users, their decisions were more rational because of these sanctions and pressure, than it was rational because of some well-thought-out calculation of possible losses and profits. Rationality is also channelled through values and norms described in our study. Norms of *familiarity* and *privacy* are making cashless

Table 1

**Enabling and constraining factors of cashlessness' institutionalization**

Factors		Enabling	Constraining
Norms	Being polite, helpful	×	
	Familiarity		×
	Privacy		×
Values	Efficiency	×	×
	Integrity	×	×
Sanctions	Financial, negative	×	
	Financial, positive	×	
Grand narrations	Modernity	×	
	Innovation	×	
	Entrepreneurship	×	
Interactions	Clients	×	
	Financial sector	×	
	State institutions	×	
	Suppliers		×

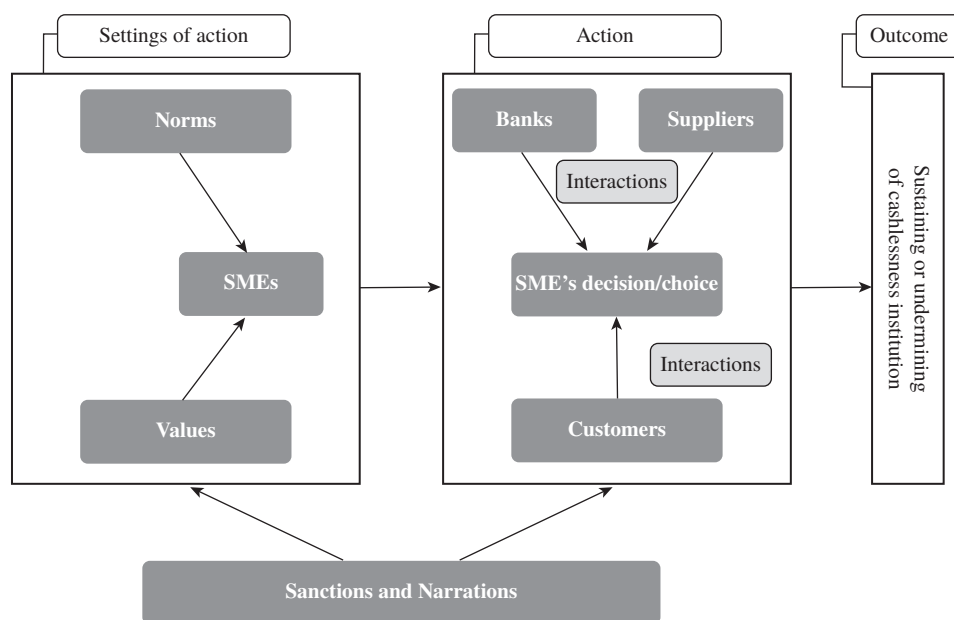
payments less attractive for shop owners. Strong habits of keeping close relations with a close customer base, and restraining from regular research on their competitors, are persuading owners that any investment in new technology is unnecessary (so incurring costs is irrational). Finally, rationality in the case of cashlessness is supported by grand narrations of modernity, entrepreneurship and innovation. By creating a feeling of a prevailing trend, these narrations are making the choice of cashless payments a rational one.

Second research question concerns SMEs' strategies and attitudes (RQ2: Are SMEs adopting a similar approach towards cashless payments?). Taking together the institutional context and materials gathered in this study, we came to the conclusion that SMEs in our sample are experiencing the process of coercive institutional isomorphism. The discovered similarities between approaches of SMEs towards cashless payments—succumbing to customers and banks pressure, a *weight* put on relations with suppliers, attempts to sustain integrity and efficiency—makes us conclude that SMEs are experiencing the coercive type of institutional isomorphism (DiMaggio, Powell 1983). The observed situation does not fit a mimetic or normative type of isomorphism—as defined by DiMaggio and Powell. The environment for retail and service firms is rather stable in terms of organizational structures, legal structure in Poland and that excludes the mimetic type. A diversity of fields that interviewed SMEs are operating in, makes it impossible to refer to the normative type, as it is used for specific professional fields. Firms—that took part in the study—have faced similar, formal and informal pressures exerted by other organizations such as banks, suppliers, acquirers, public institutions and NGOs. In some cases, interviewed firms are partially dependent financially on these pressures (aspect of bank commissions, financial help from NGOs or loss of customers), in others they feel that there are some specific cultural expectations in the society, certain standards that they would like to achieve (innovation, modernity). Altogether they either already have adopted cashless payments or they are considering this change and want to start to emulate practices typical for firms that accept cashless payments.

The third question—RQ3: What role do SMEs play in the cashlessness institutionalization?—refers to the overall look at the process of cashless transactions dissemination. The process that is described in our study, can be captured in a scheme, which illustrates relations between crucial factors in the process of cashlessness institutionalization. The scheme is inspired by the *Institutional Analysis and Development Framework* concept by Elinor Ostrom (2011: 10), as it also presents actors, rules (here—norms, sanctions) and their relations to the potential outcome, which is the formation of an institution.<sup>15</sup>

Figure 1

The „choice-within-constraints” scheme of SME’s role in cashlessness institutionalization



The SMEs in this scheme are presented more as receivers than creators or institutional entrepreneurs (DiMaggio 1988). Economic actors are more likely to act as such entrepreneurs and to support the emerging institutional field, when the endogenous factors (norms, values) are coherent with the exogenous factors (interactions, grand narrations and sanctions) and with this are creating the perception of rational choices. However, even if SMEs are the key point for institutionalisation of cashless payments, they are not fully institutional entrepreneurs. Our study shows that they often lack certain assets (social, economic, or cultural capital) and therefore are unable to play a more active role in the process. They act rather as receivers of pressures and influences that are formulated by different organizations and social actors. As our interviews show, practices and actions taken by SMEs

<sup>15</sup> Although our study has not referred more to the collective action theory or IAD framework, we see a great potential in analyzing institutionalization of cashlessness with these concepts. However such a study would require analyzing not only SMEs, but also other actors like banks or state institutions.

are limited by norms and values, sanctions and narrations that originate as external pressures. In the later stage of the process, SMEs' decisions are co-formed by interactions with other actors (banks, suppliers, clients). As an outcome, the final decision is formulated. Therefore we came to the conclusion that small, micro firms even when they carry a specific interest (which is typical for *institutional entrepreneurs* as DiMaggio shows), don't achieve a certain level of agency or the power to change institutions.

Our study shows that the choice of SMEs, their final decision whether to start accepting cashless payments, is the outcome of a two-stage process. First, norms and values create a solid background for the evaluation of costs/profits experienced by SMEs and in a second stage interactions with three types of actors (customers, banks and suppliers) are a visible action which finally leads to a decision. The whole process is influenced by sanctions and can be supported by specific narrations. The final decision is a visible action, which takes place because of social settings and the outcome of this decision can be the sustainment or rejection of the institution. In the studied case, it is mainly the sustainment of cashlessness institution.

### **Contribution and the Outline for Further Study**

The SMEs owners' decisions are not based exclusively on their economic calculation of costs and profits. Social factors like norms, values, and grand narrations are playing a great part in the individual's subjective understanding of the meaning and significance of economic situations. Actors in the field of our research are rational, but have limited capacities and limited knowledge. Some firms/owners have been persuading themselves that being outside of the dominant economic trend is "rational." The institution of cashlessness, which is being shaped into its mature form, sets constraints and has the impact on the individual choices of actors. As we see, even if cashlessness is promoted by powerful actors (the financial sector, the state), who are persuading firms that it is the right, "obvious" choice, it is still not chosen by all firms. SMEs are in the position of having to "broker" between countervailing social forces, and navigate a complex landscape of sometimes contradictory incentives and pressures.

Our study confirms that an institution—in this case cashlessness—can be consistent with the collective good, understood here as the general development of the economy (in terms of state revenues, transparency of business relations, convenience of shopping practices, profits for firms etc.), but even then, this institution's development might be slowed down. Therefore, cashlessness is constructed with interactions (that are also intermediated with technology), and with the group of sanctions, grand narrations, values and norms. It is influencing individual choices of how to cooperate with customers, with suppliers, with banks and even with the state. Our study shows that there is a visible interplay between individual action (micro or meso-level) and social institution, which is considered by Granovetter (2017) as one of the goals for new institutionalism research on economic issues.

SMEs have a free choice whether to implement cashlessness into their practice or not. But this is definitely "a choice-within-constraints." Financial and emotional sanctions that

firms meet on an everyday basis, are making this freedom of choice rather weak. Cashless payments are taken-for-granted in a society. Clients and more and more firms are treating cashlessness as the obvious choice and natural solution. They almost stop calculating costs and profits. They simply accept the idea of cashlessness, and look less strategically at sanctions.

Many aspects of our research require further study. The institutionalization of cashlessness is an ongoing process which engages many actors. The picture of constraining and enabling factors that was captured with our study, should be expanded with the research of “institutional work” that banks, acquirers, and credit card issuers do. This study has concentrated on firms only, as we treat companies as the institutional entrepreneurs and the lens for different interactions and impacts. But definitely the study of banks as institutional entrepreneurs should be conducted, with the same concepts of analysing norms, values, interactions and interests that play such a substantial role in the process of legitimization and creation of the institution of cashlessness. Another important direction of future studies will be to learn about the conditions of the reverse process, i.e. de-institutionalisation, which applies to cash payments in countries like Sweden, where the use of banknotes and coins has already begun to disappear. It is also worth emphasizing at the end of our analysis, that in Poland the year 2020 has brought a surprising turn of Narodowy Bank Polski attitudes towards cash. In November 2020 NBP announced the commencement of work on a “national cash security strategy,”<sup>16</sup> which was inspired by many changes caused by COVID-19 pandemic and a fear that a phenomenon of financial exclusion might become too extensive. This change will definitely shape the near future of an institutional work of NBP and will influence the process of cashlessness institutionalization.

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<sup>16</sup> [https://www.nbp.pl/home.aspx?f=aktualnosci/wiadomosci\\_2020/strategia-bezpieczenstwa-gotowki.html](https://www.nbp.pl/home.aspx?f=aktualnosci/wiadomosci_2020/strategia-bezpieczenstwa-gotowki.html) (access: 20.06.2021).

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