

Abstract

The main aim is to explain, why we can observe strong persistence in human or firm behavior despite substantial change of economic environment and why persistence of informal institutions occurs. During recent two decades there were various trials to provide explanation of persistence of behavior based on presumption of existence of path dependency and increasing returns, reflecting findings of experimental economics with methodological background in bounded rationality or using simulations of interactions or networks. My practice is slightly different as I'm trying to incorporate findings of cognitive psychology and social cognitive learning into economics. Cognitive psychology implies that behavioral regularities, routines, are based on subjective mental models. Evolution of behavior can be now understood as evolution of routines and mental models, and thanks to their nature routines have high propensity to long persistence despite changing environment. This approach is applicable to evolution of informal institutions and it allows to explain persistence of them using shared mental models. Then informal institutions are seemed as behavioral regularities used by decisive part of the society and their evolution can be now described as diffusion of new behavioral regularity in the society and modeled using biased transmission approach. Finally formal models of contagion and of cultural transmission are presented and evaluated.