

Value orientations in business community as a modernization factor in modern Russia

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Research problem

- The prospects of modernization are largely dependent upon motivation and value system of business community.
- Business is not the sole actor of modernization. At the same time its role in the modernization process is very important. Hence it is crucial to evaluate if Russian business community is capable to comprehend the modernization orientation. More specifically we are interested which groups of business community share modernization values to the most extent. These should be the actors who are oriented on **acquiring new knowledge and skills**. In other words, representatives of business community who are actively investing into their human capital.
- Russia has Soviet background and a long and controversial history of shadow business. Now business tends to be better organized than it used to be and business ethics increases in importance as compared to 10-15 years before.

Research problem

- Human capital accomplishment contributes to both technical and social modernization.
- Technical modernization: growing knowledge, qualification, hence improving quality of doing business.
- Social modernization: realizing of importance of ethical norms, leading to changing of conscience and behavior.
- Hence, those representatives of business community who are oriented on life-long (continuous) learning should be one of the most perspective bearers of modernization potential. Business education students refer to this group.
- One of the key aspects of modernization is formation of norms and values, that must be shared by business community, emergence and development of trust which results in decrease of level of uncertainty and informal agreement upon perceptions of social ideals.

Theoretical background

- Modernization theory, transition to emancipative values (Inglehart, Welzel)
- “Plethora of capital” theory (Bourdieu, Becker, Coleman, Schultz)
- Success and career goals (Heslin, Hay, Hodgkinson, Judge, Cable, Boudreau, Bretz, Sutin, Baruch, Peiperl, Lau, Shaffer, Au)
- Business ethics (Cacioppe, Forster, Fox, Carmeli, Neubert, Sheaffer, Petersen, Vredenburg, Crane, Siu, Lam)

Theoretical background (Russia)

- Research of values and modernization in Russia (Magun, Lapin, Auzan, Tihonova, Yakovlev, Dolgopyatova, Ivasaki, Vozmitel, Swader)
- “Plethora of capital” theory (Kapelushnikov, Radaev)
- Managerial culture and business ethics (Chirikova, Naumov, Petrovskaya, Kondrashova)
- Business education (Shabanova, Zaslavskaya, Krylatyh, Filonovich)

Research methodology

- **The objective** of research is to reveal to which extent the values of the Russian business community are in line with modernization.
- **Empirical object:** business education students as representatives of business community.
- **Subject:** modernization potential of business community.

Main tasks

- Elaboration of methodology of revealing modernization value orientations in business community.
- Revealing basic values (including work values) of the selected group of business community and their modernization potential.
- Finding out, to what extent perceived effective means of achieving success go in line with the aims of modernization in Russian society.
- Bringing to light the degree to which ethic of selected group corresponds to the issues of modernization of Russian society.
- Revealing which characteristics of business community influence modernization potential.

Hypotheses

- Both traditional values (family, material well-being, friends) and work values are important to business community.
- Russian business community perceives as important not only human capital but also social and symbolic capital.
- Orientation on ethic behavior is not enough present in Russian business community.
- There is a group among business community whose values are more in line with modernization than of others.

The Sample

222 persons in 3 Russian well-known business schools June-October 2010

Justification of empirical object:

- Willingness to take part in business education programs means the aspiration of accumulate different forms of capitals, to improve and renew one's qualities (forms of capital).
- Business education students could be called successful actors. Business education (MBA programs) is expensive. Hence, business education students have either earned for education or were selected by their company.
- Business education students are relatively young (88% are younger than 40 year old), hence they will be actors in the business world for a long time

Characteristics

- 67% are men,
- 68% are married
- Basic education: 38% - economics or related fields, 47% - technical or natural education, 15% - in humanities.
- 80% are managers, among them 37% are senior managers
- Education of 34% is at least partly financed by the firm

Value orientations

Three aspects:

- basic values (including work values)
- perceived means of achieving career success
- orientation on ethic behavior

Basic values

Which of the Values From the List Below Do You Personally Consider the Most Important?

- Values related to professional activity:
 - Career success (aiming at being successful);
 - Interesting job (indicator of job satisfaction);
 - Professionalism (aiming at being professional at one's domain).
- Autonomy, independence. Reflects to some extent existential security and emancipative values (Inglehart) and demonstrated readiness to modernization. Security, stability, on the contrary, mostly reflect survival values.
- Life in accordance with moral norms. The selection of this value demonstrates that for the individual moral problems are as important as basic. This is of special importance to business community because business leaders face moral concerns quite often.

Basic values – work values

Job preferences – important work characteristics

- A. 1 – higher position in a less prestigious company
2 – lower position in more prestigious company
- B. 1 – higher career position and less free time
2 – lower career position and more free time
- C. 1 – higher income and less free time
2 – lower income and more free time
- D. 1 – more authority and lower income
2 – less authority and higher income
- E. 1 – more prestigious company and less autonomy in work
2 – less prestigious company and more autonomy in work
- F. 1 – higher income and less interesting job
2 – lower income and more interesting job
- G. 1 – better career prospects and less interesting job
2 – worse career prospects and more interesting job
- H. 1 – career of a hired manager
2 – independent business of your own

Basic values (work values)

- Putting emphasis on job content
- Preference of higher position / higher income to more free time
- Diverse career success criteria
 - including interesting work or high skill level)

Perceived means of achieving career success

- Human capital
- Social capital
- Symbolic capital
- Adherence to business ethics

Perceived means of career success

Combination of factors that are in line with modernization

- High skill level
- Life-long learning
- Good education
- Respect for business ethics
- Socially responsible business behavior
- Ability to understand alternative point of view
- Sociability, amiability, ability to make contacts

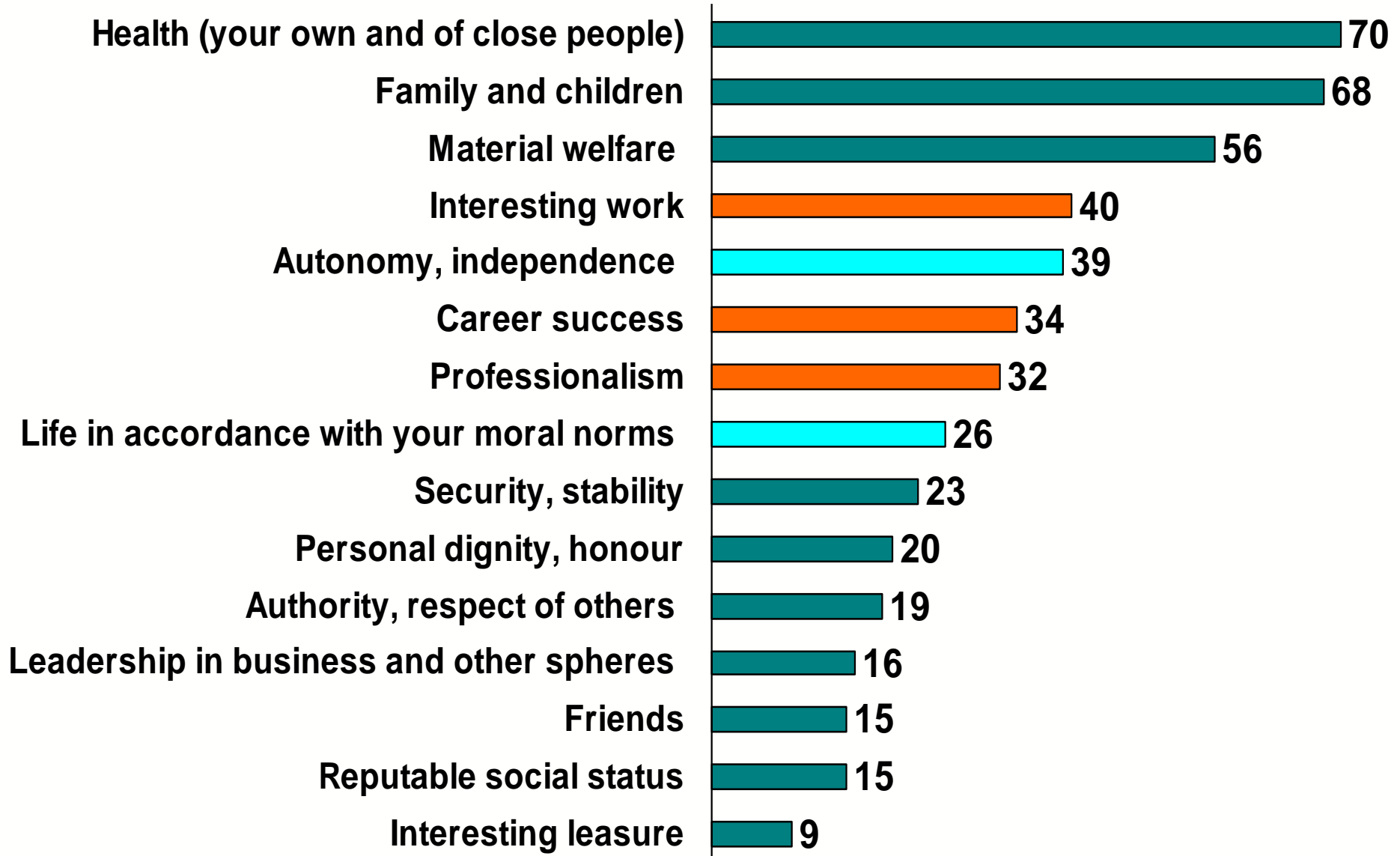
Other determinants that are not so much connected with modernization

- Prestigious diploma
- Social ties
- Being flexible with law
- Good luck
- Disposition to leadership
- Non-standard problem solving

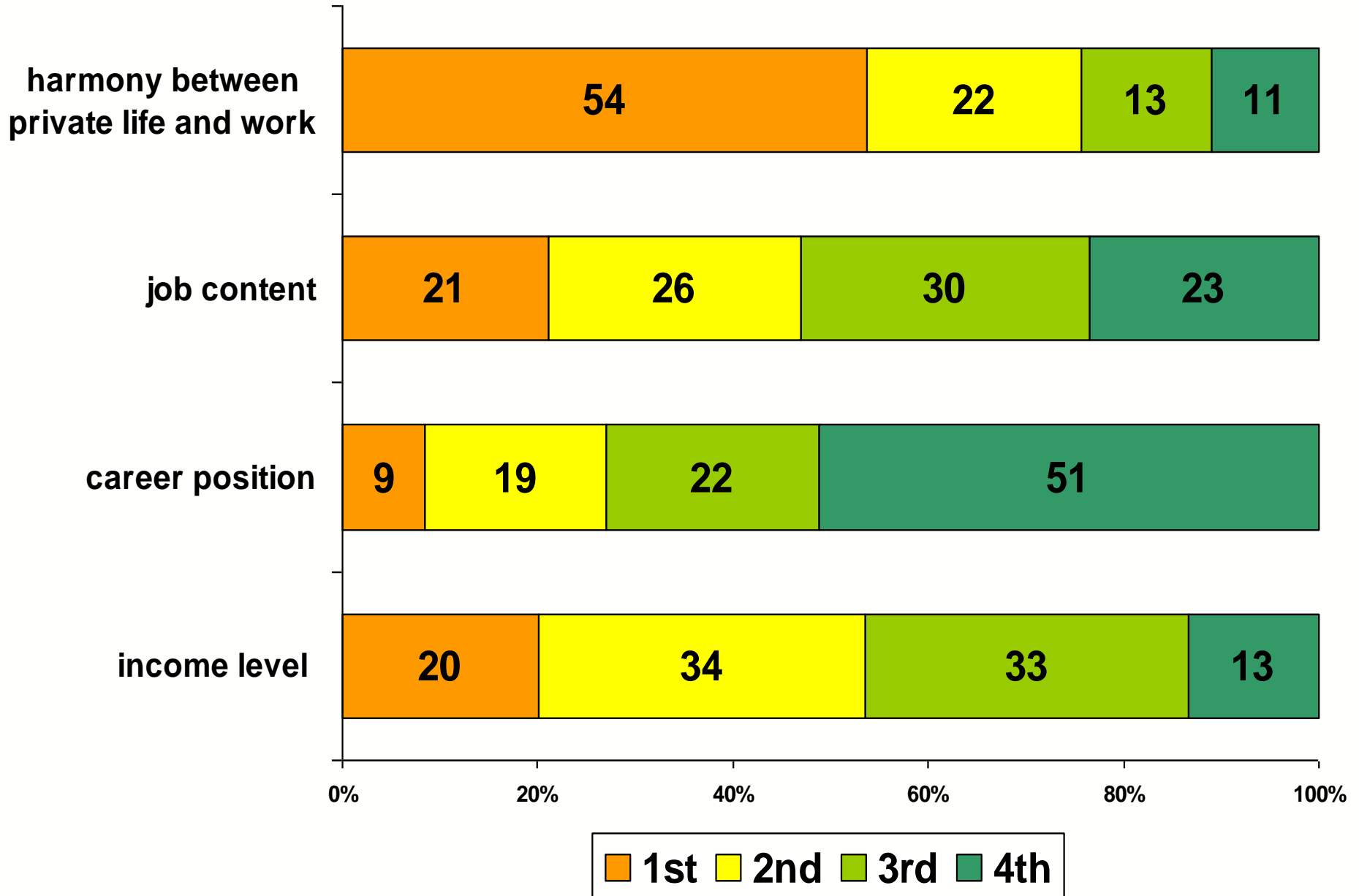
Orientation on ethic behavior

- Main business ethics criteria
- Taking account business ethics when choosing a place of work
- Intention on working in the company
 - Not adhering strictly to business ethics
 - Not entirely respecting ecological standards
 - Producing goods harmful for health (cigarettes, alcohol)
 - Not adhering strictly to law
- Special attention is drawn to the role of law

Which of the Values From the List Below Do You Personally Consider the Most Important? (%)



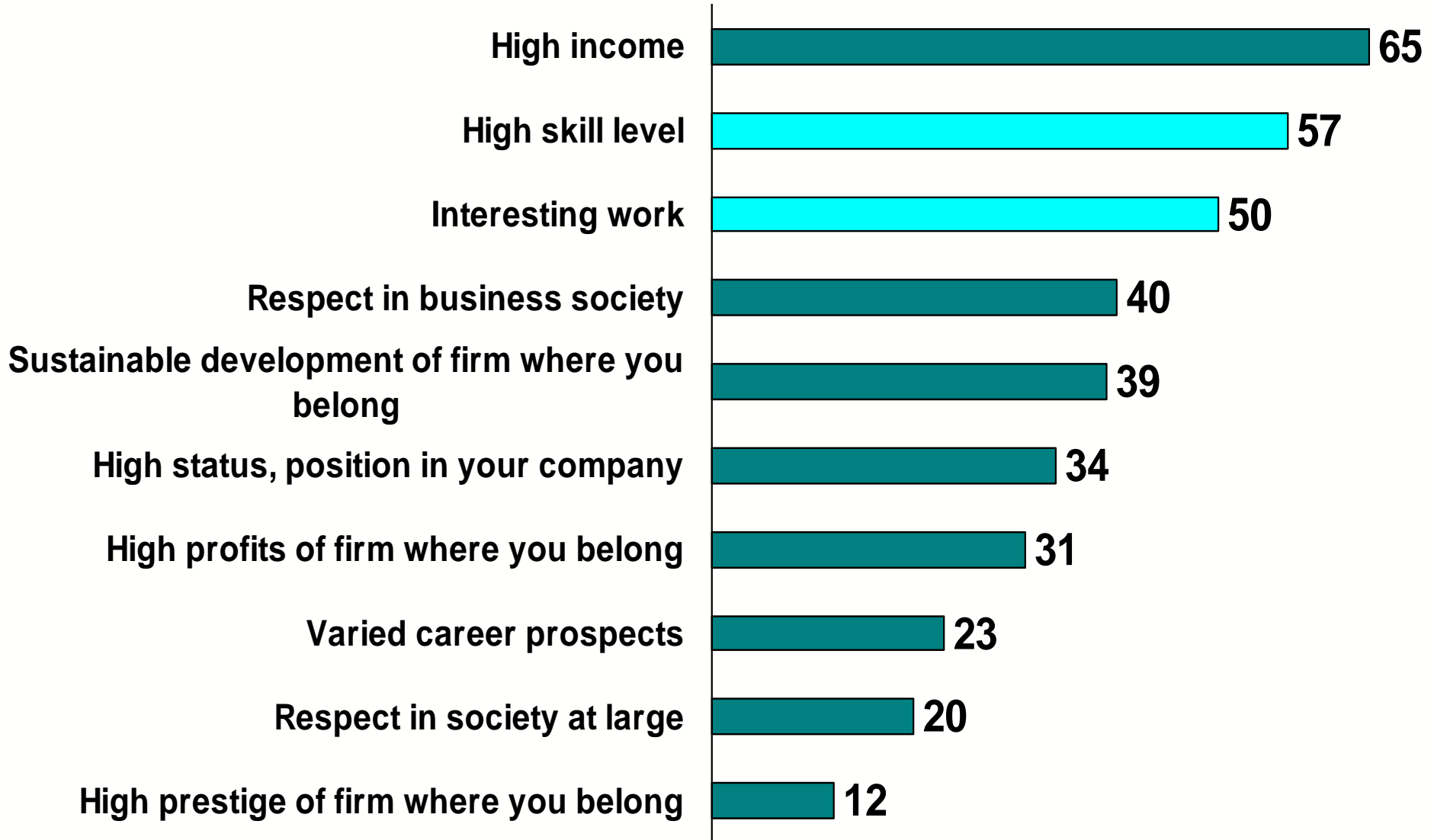
Job priorities



Job priorities

1st alternative	% of respondents who have chosen the 1st alternative	% of respondents who have chosen the 2nd alternative	2nd alternative
higher position in a less prestigious company	52	48	lower position in more prestigious company
higher career position and less free time	73	27	lower career position and more free time
higher income and less free time	78	22	lower income and more free time
more authority and lower income	40	60	less authority and higher income
more prestigious company and less autonomy in work	25	75	less prestigious company and more autonomy in work
higher income and less interesting job	36	64	lower income and more interesting job
better career prospects and less interesting job	53	47	worse career prospects and more interesting job
career of a hired manager	50	50	independent business of your own

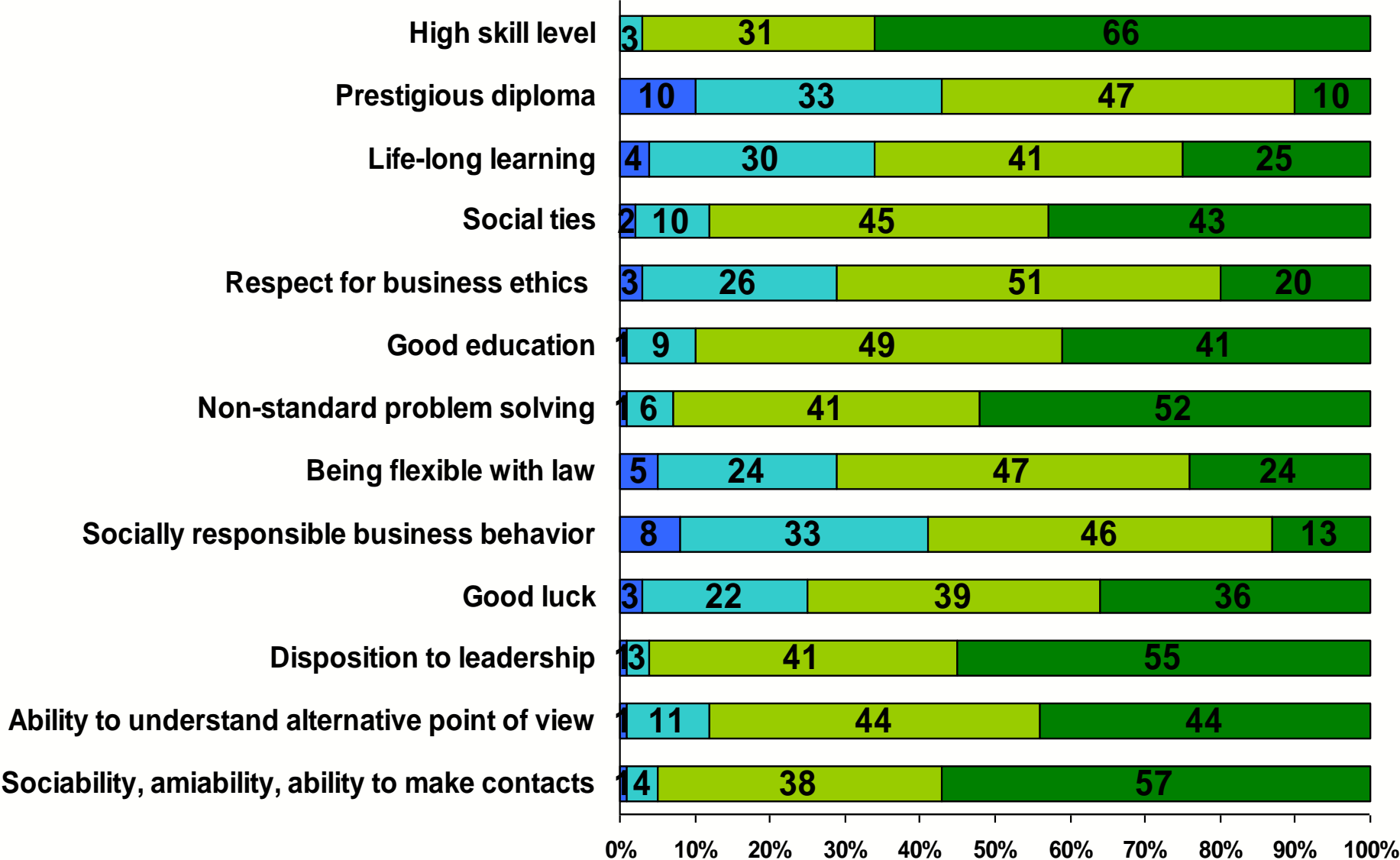
What does 'career (business) success' mean for you personally? (%)



Basic and work values

- 75% of respondents find at least one of the work values important, 26% have selected more than one
- Business owners attach relatively more importance to autonomy, independence and relatively less – to interesting job. Value of professionalism is especially important to those who do not occupy managerial positions yet. Autonomy, independence is also of more value to those who work in small companies.
- We could observe a dissonance between several level of values. When we take an abstract level such traditional values as family, health, work-life balance turn out to be the most important. On the specific level, however, there is a shift to values which are somehow connected with professional activity. Selected group of business community is not only ready to sacrifice not only free time but also material wealth for the sake of future career success. At the same time individual value systems are of great diversity

Perceived means of achieving career success



■ Not important at all
 ■ Of little importance
 ■ Rather important
 ■ Very important

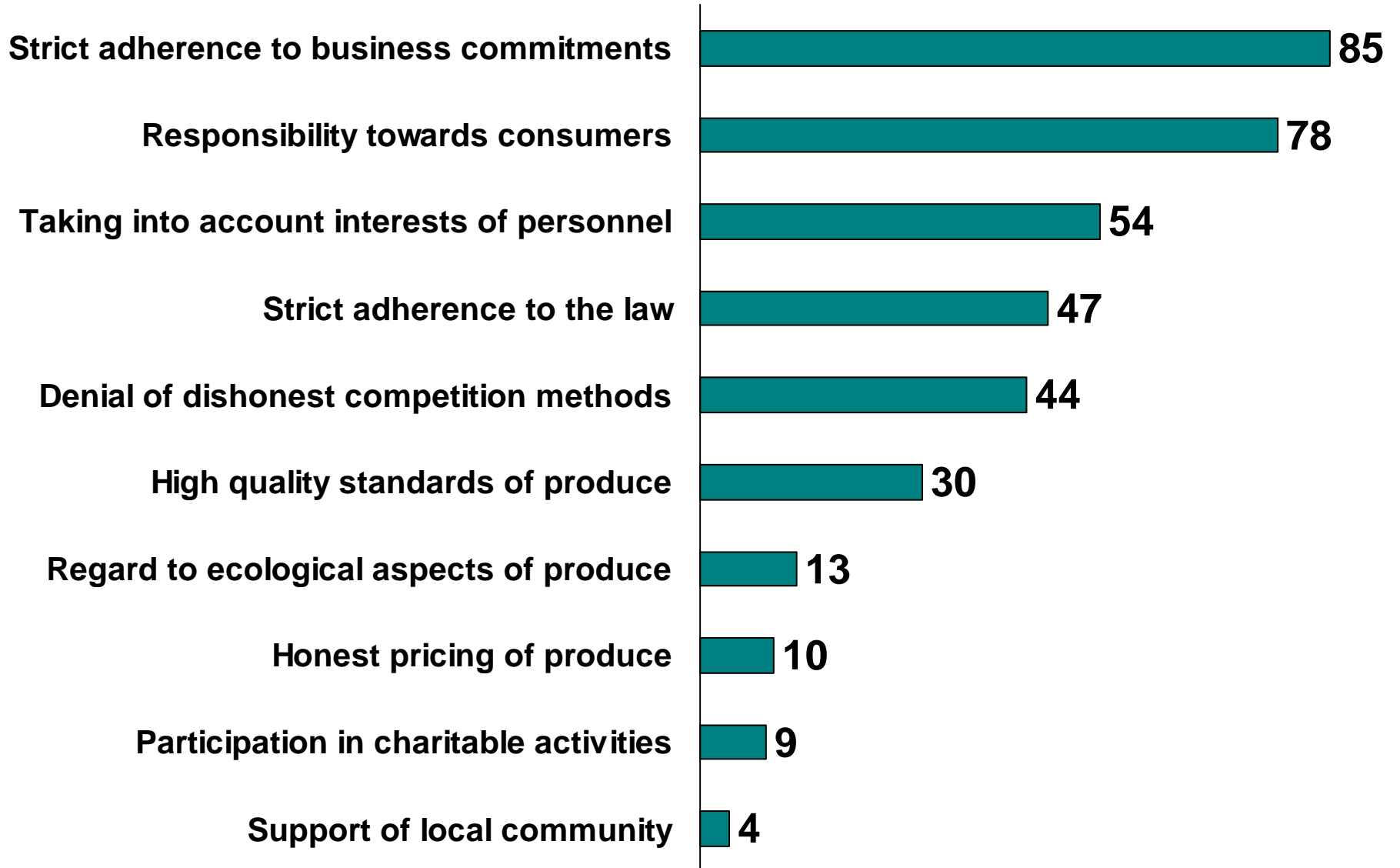
Perceived means of achieving career success: factor analysis

- **Modernization orientation:** respect for business ethics, socially responsible business behavior, life-long learning, good education, ability to understand alternative point of view **vs.** good luck.
- **Social capital (positive form) vs. symbolic capital:** disposition to leadership, ability to understand alternative point of view, sociability, amiability, ability to make contacts, non-standard problem solving **vs.** prestigious diploma.
- **Institutionalized human capital vs. social capital:** high skill level, good education, prestigious diploma **vs.** social ties
- **Antimodernization orientation:** good luck, being flexible with law, social ties.

Relation between values and perceived means of success

- **Autonomy, independence.** Those who share this value put more emphasis on social capital and leadership skills. There is almost no correlation to modernization or antimodernization orientation. Possible explanation: here is the high share of business owners.
- **Job content:** modernization orientation is more expressed, social capital, leadership qualities and institutionalized form of human capital are more important.
- **Income level:** antimodernization factor is more evident, modernization factor – less evident.
- **Career position:** put more emphasis on prestigious diploma and social ties, antimodernization factor is less evident.

In Your Opinion, Which of the Following Aspects Refer to Main Business Ethics Criteria? (%)

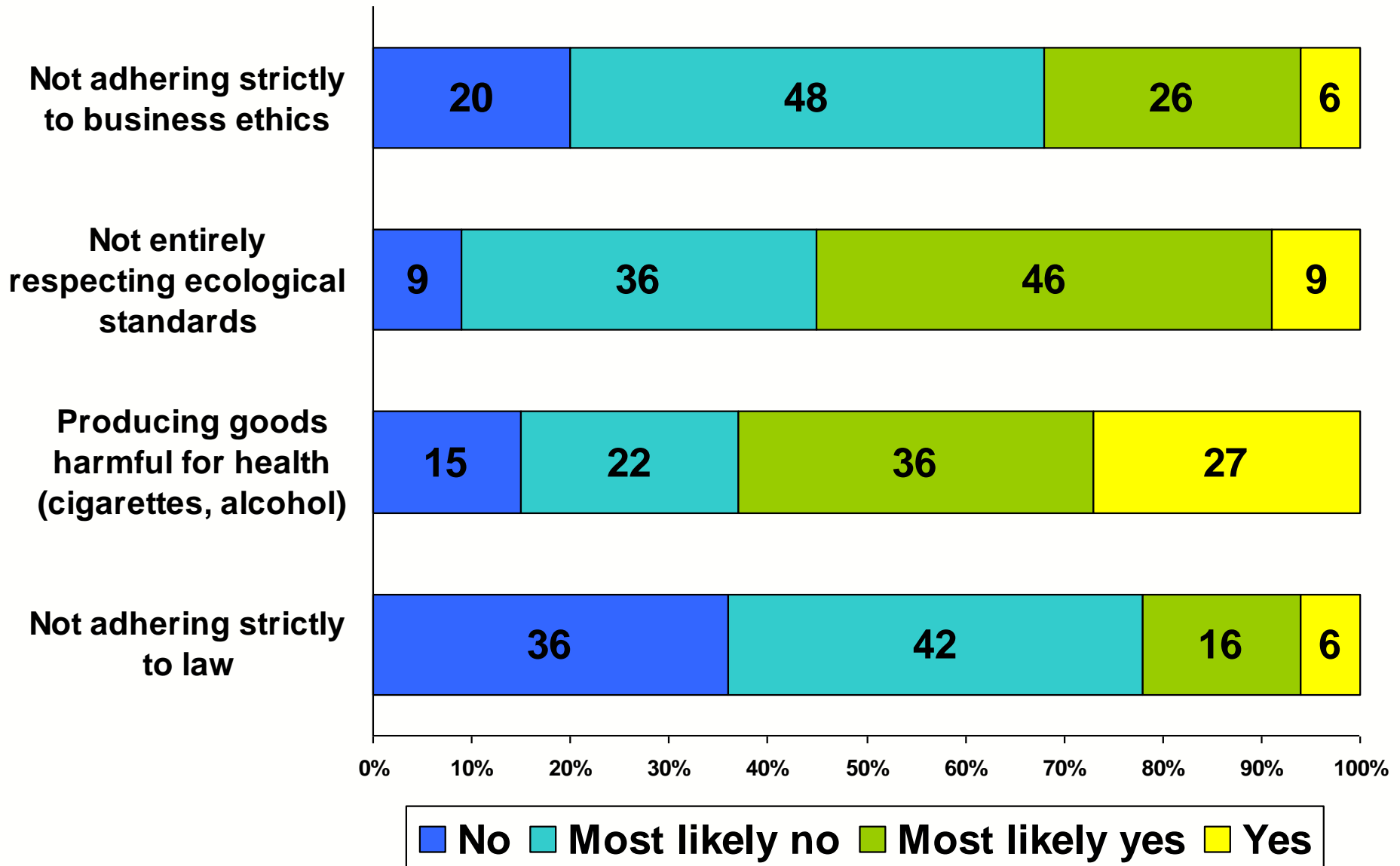


Business ethics and law

47% refer strict adherence to the law one of business ethics criteria. Among them:

- Lower share of business owners (32%), senior managers (38%), higher share of non-managers (64%)
- Lower share of those with humanitarian background (31%)
- Higher share of those who work in foreign company(57%)
- The share is growing with the company size: small business – 37%, medium business – 44%, huge companies– 54%

The Share of Students Who Would Agree To Take a Job in a Company



Business ethics and law

- **58%** would most likely disagree to work in a company not adhering to law and business ethics. Only **12%** would definitely disagree to work in such a company
- **20,5%** would most likely disagree to work in a company not strictly adhering to law but would most likely agree to work in a company not strictly adhering to business ethics
- **10,5%** would most likely disagree to work in the company not strictly adhering to business ethics but would most likely disagree to work in a company not strictly adhering to law
- **11%** would most likely agree to work in a company not strictly adhering to law and business ethics

Which of the Following Characteristics of the Company You Take into Account When Choosing Your Place of Work? (%)



Relation between attitude to law and perceived means of achieving success

- Those who consider law as one of the business ethics criteria show more orientation on modernization, to institutionalized form of human capital (compared to social capital).
- Those who would completely disagree to work in the company not strictly adhering to law stronger express modernization orientation.
- Those who take into account transparency, absence of shadow activity while choosing a company to work in stronger express modernization orientation and weaker – antimodernization orientation. Institutionalized form of human capital is also important for them.

Main findings

- In general the selected group of business community possesses modernization potential only to some extent.
- On one hand, they consider business activity as important, have diverse career goals and are ready to work more. They regard human capital not only obligatory means of achieving success but also as a value itself.
- Human capital and social capital are considered to be the important means of success by the selected group of business community. At the same less importance is attached to life-long learning. Business ethics and social responsibility do not refer to main means of achieving success.

Main findings

- The selected group of business community realizes the importance of business ethics and tries to take it into account in their business activity. At the same time only a small share of respondents by no means would not work in a company not strictly adhering to law and business ethics.
- Only about half of the selected group of business community associate strict adherence to the law with business ethics.
- In general business owners and senior managers more often share the value of autonomy and independence. Those who do not occupy managerial positions yet are more often ready to act in compliance the law. In this a question could be raised: will this attitude change with occupying a higher position?

Thank you!