

Is There Noneconomic Motivation of Russian Entrepreneurs?

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It is widely believed that entrepreneurs work solely for profit. This work only partially confirms this thesis. Various strategies of start-up entrepreneurs and their respective motives for entrepreneurial activity were identified, based on in-depth interviews with owners of small and medium-sized businesses in Moscow.

The study of entrepreneurial motives is relevant in connection with the economic turn of Russia towards small and medium-sized enterprises and in connection with the development of the Russian market in free competition. The significance of the study is due to the implementation of the national project “Small and Medium Enterprise (hereinafter referred to as SMEs - approx. authors) and support for individual initiative”, designed for 2019-2024. Within the framework of this project, an increase in the share of SMEs in GDP from 22.3% to 32.5% is expected, and 481.5 billion rubbles have been allocated for the project. As well, 2020 will be presented as the year of entrepreneurship in Russia.

Thus, without an understanding of the cultural code, which forms the motivational-value structure of entrepreneurs, and the background of existing entrepreneurs, their fears and difficulties that they faced, it is impossible to realize a good project for them. While classic economic theory suggests human beings as selfish, seeking to maximize profits (Mankiw 2014, Mill 1836), social theory suggests that human values control social behavior and this purposefulness. (Weber 1962).

In connection with all abovementioned, the question is – what drives startup entrepreneurs in Russia? Is it only the thirst for profit that drives Russian entrepreneurs, given that employment or top positions in the civil service can also bring extra profit? Who are they – entrepreneurs of the New Russia? This study was intended to answer all these questions.

Methodology

The goal of the research was to investigate motives of doing business among Russian entrepreneurs. To what extent are Russian entrepreneurs guided by non-economic motives when creating a business (or businesses), and can such entrepreneurs be singled out as a separate group?

Accordingly, **the subject** area of this study included the motives that guide entrepreneurs, as well as the reasons that have become the trigger of entrepreneurial activity. **The object** of the study was the owners of SMEs, who live in Moscow.

The objectives of the study included:

- 1) Identification of internal heterogeneity of the surveyed entrepreneurs and connection with non-economic motives (according to their initial life situations, professional experience and the presence of an innovative component);
- 2) Identification of the motivational and value structure of entrepreneurs: evaluation of economic and non-economic component in opening a business among different entrepreneurs. At the same time, by motivation we meant internal and external driving forces that prompted entrepreneurial activity. And under the motivational structure – the ratio of economic and non-economic motives that structure this activity;
- 3) Features of interaction with society and the state through the eyes of entrepreneurs.

This study is based on the results of 15 in-depth interviews conducted from May to September 2019. The study falls under a number of restrictions, such as the sensitivity of the topic, the fear of entrepreneurs for their business and the conviction of entrepreneurs in the futility of dialogue with authorities.

Interviews were conducted with informants who are engaged in business activities at the moment, one interview was also held with an informant who has retired from business. When selecting respondents, the widest possible industry coverage was provided, which included the sphere of educational services, IT, construction, media, consulting, medical services, food and light industry, while their activities were not only limited within Moscow city. The gender and age composition in the design of the sample was controlled in a ratio of 2:1 (10 men and 5 women), which corresponds to the percentage distribution of entrepreneurs by sex in Russia, according to the Mastercard Index of Women Entrepreneurs (MIWE) 2018. By age, the sample of entrepreneurs represents young and successful figures up to 45 years. By marital status, entrepreneurs were represented from wealthy families with initial start-up capital and from the average Russian family without start-up capital.

Main Results

Contemporary Russian model of entrepreneurship was shaped in a series of historical changes that were caused both by the construction of socialism on the territory of the USSR and the construction of capitalism in Russia on the ruins of state property. The unique model of Russian capitalism has determined the special culture among entrepreneurs. The study represents, that for Russians in entrepreneurship, money is only a means to achieve their non-economic life goals but not the goal itself.

At the same time, the core of Russia's entrepreneurial motivation is characterized by the classical values of capitalism: dynamism, innovation, and "creative destruction." But the cultural characteristics of Russians associated with impulsiveness, internal disorganization, are contrary to traditional models of small business. Russian entrepreneurs work more on themselves to mitigate the impact of cultural characteristics on the state of their affairs. The study revealed an internal heterogeneity of entrepreneurship. The most advanced group - the core - are rational innovators who have opened their

own business after lengthy employment. The main motive of rational innovators is to provide socially significant support to the country's population, to improve the life of society, thereby leaving a “mark on history”.

The motivational structure of a rational innovator is based primarily on spiritual and social values. Rational innovator identity is based on values of freedom-responsibility, austerity, dedication in the name of a great cause and meaning, honesty, expertise and public support (respect, recognition, popularity). Thus, we observe a weak demarcation of a rational innovator with his ethic of holism, with an emphasis not on luxury as an end in itself, but on self-realization, creative expression, a desire to go down in history, create a social effect, be a pioneer / innovator, etc.

Self-fulfilling needs can be divided into two areas: the development of creativity and service to the great idea. For entrepreneurs, the realization of creative needs, having interesting work, an inalienable and preferably quick result are very important. It is important for them to see the concrete, considerable, noticeable results of their work. Self-actualization and self-realization by creating a socially important product is important for this group as well. Entrepreneurship for a rational innovator is valuable as an interesting way of life, coupled with overcoming obstacles. The emphasis is placed on the holism and integrity of the personality of the entrepreneur, who creates a social function of "non-monetary profit" from his business – "the hero of our time".

An important aspect is also the fears of entrepreneurs and the barriers that they face, both in the person of the state, as well as representatives of local authorities, just as easily when interacting in society. The pronounced existential needs of entrepreneurs are primarily associated with a lack of confidence in the future, their subjective assessment of the situation in the country as unstable.

This uncertainty is also reinforced by developed bureaucracy, in particular, taxation, as well as pressure from the state. Also the idea of love to their country, idea of charity and investment into national economy is quite common for Russians in entrepreneurship, some of them cannot stand law-making in Russia, what might end in losing their business, leaving entrepreneurship or creating offshores as entrepreneurs suppose.

At the same time, it is worth noting that rational innovators are ready to cooperate with the state in order to scale their business. This is an important result that allows us to route the dialogue of entrepreneurs and authorities in a constructive way, increasing the level of mutual trust.

Overall, people in entrepreneurship in Russia are more likely to be seen as “homo sociologicus” (Avtonomov 1998, pp. 11-80.), while their economic targets are vital as instruments for creating socially important products, self-realization and making a better World. It is also important that Russians in entrepreneurship distinguish themselves from “homo economicus” – Russian businessmen who care only about financial goals.