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Weber, Marx, and work values: Evidence from transition economies



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ABSTRACT

Are work values a cause (Weber) or consequence (Marx) of the economic environment? The collapse of the Soviet Union at the end of 1991 provides a unique opportunity to investigate this link. Using data collected from an employee survey conducted in over 340 workplaces in Armenia, Azerbaijan and Russia, we investigate generational differences in adherence to the Protestant work ethic (PWE). Our results indicate that Marx was 'right' about the link between work values and economic environment. That is, despite economic and cultural differences emerging during the transformation process, in all three countries, participating workers born after 1981 adhere more strongly to PWE than workers born before 1977. Moreover, the estimate magnitudes are very similar across these economically and culturally diverse countries. More generally, PWE adherence is stronger among participating workers with an internal locus of control and among supervisors. PWE adherence also tends to be stronger among participants with high relative earnings, as well as among those working in organizations that reward hard work with the chance to develop new skills or learn new things.

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1. Introduction

Prior to the publication of *Weber's Protestant Ethic and the Rise of Capitalism (1904–1905/1958)*, one of the more detailed descriptions of the emergence of capitalism was found in *Marx's Capital (1867/1976)*. Interestingly, although both Marx and Weber were influenced by German social thought

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generally, and by Hegel in particular (Birnbaum, 1953; Mommsen, 1977; Mueller, 1986), they differed in their assessment of the role of values in a society. According to Marx, societies are in a continual, inevitable process of change. At any given time, a society is characterized by a set of economic institutions defined by that society's production technology, and one's position in the economic structure accounts for one's values. Thus, Marx implies that values depend upon and are defined by the existing economic environment (Anthony, 1977).

In contrast, Weber focused on how values contribute to the emergence of a particular economic environment (Hill, 1996). More specifically, how the adoption of and adherence to the 'Protestant work ethic' (PWE) – where PWE encompasses a general orientation toward hard work, industriousness, individual gain, need for achievement, as well as a negative attitude toward time waste (Furnham and Rajamanickham, 1992; Johassen, 1947; Jones, 1997) – contributed to the rise of the particular economic structure of capitalism.¹ While recent studies provide mixed results regarding the causality suggested by Weber (Arrunada, 2010; Becker and Woessman, 2009, 2010; Cavalcanti et al., 2007; Delacroix and Nielson, 2001; Doepke and Zilibotti, 2008), no study examines whether Weber or Marx was 'right' in terms of the causal link between work values and economic environment. Somewhat ironically, the collapse of the Soviet Union at the end of 1991 provides a unique natural experiment to investigate this link.

Ideally, longitudinal panel data collected from a representative sample of workers in the pre-transition, transition, and post-transition economies which included information on a wide variety of worker characteristics and work-related values would be utilized to analyze the link. Since such data are not available, testing explicitly for a causal link between work values and economic environment is not possible. However, we are able to investigate in some detail whether differences in work ethic among those with and without work experience in the socialist economic system are consistent with results that would be predicted regarding the link between work values and economic environment if Marx were 'right' or if Weber were 'right.' Moreover, we document the extent to which our results have internal validity. Thus, while rather exploratory in nature due to the quality of the data actually available, this study takes a preliminary step in investigating the link between work values and economic environment by examining whether the results are consistent with the position held by Marx or the position put forth by Weber.

The transformation of socialist economies to capitalist economies at the end of the 20th century was nothing like the rise of capitalism described by Marx and Weber. Their analysis relates to the gradual emergence of capitalism from a feudal society. Even though both socialist and feudal societies are considered collectivist in nature (Hofstede, 1980), the socialist economies that initiated the transformation to market-oriented economies in the early 1990s were not feudal societies when the transition began, nor was their transformation as gradual as the emergence of capitalism in the 17th century. However, given that transition economies are currently populated by individuals both with and without work experience in the former socialist economy, it is possible to empirically investigate the link between values and economic environment.

If Marx is 'right', in transition economies, *older* generation workers (individuals who were trained and worked in the former socialist economy) would have a different work ethic than *young* generation workers (individuals whose training and work experience is limited to the market-oriented economy). In particular, *older* generation workers would likely adhere less strongly to a 'capitalist' work ethic, such as PWE, characterized by individual gain associated with hard work. *Older* workers' experiences and values were formed in the socialist economy, where pay differentials were modest and opportunities to generate wealth severely restricted. In socialist economies, the economic and workplace environment is often characterized by "we pretend to work, and they pretend to pay us"

¹ Numerous studies indicate that PWE is not unique to Protestants (Abdalla, 1997; Arslan, 2000, 2001; Furnham and Muhiudeen, 1984; Furnham et al., 1993), but that it does appear to be stronger among individuals who adhere strongly to religious beliefs (Ayun et al., 2008; Giorgi and Marsh, 1990). Although not focused explicitly on PWE, Torgler (2011), using 1999/2000 European Value Survey data for 16 Western European countries and 15 Eastern European countries, finds a positive link between Protestantism and "work should always come first," and documents a positive link between religiosity, more generally, and work centrality.

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