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VALUES OF BALTIC MANAGEMENT STUDENTS

GUNDAR J. KING AND J. THAD BARNOWE,
Pacific Lutheran University;
and DIANA PAUNA,
Stockholm School of Economics in Riga.

This report is focused on management students from the three Baltic states at the Stockholm School of Economics in Riga (SSER).[1] It is largely based on our larger, longer-term study (King, et al. 2000) of work values held by mostly Latvian managers and management students. Our methodology included surveys of over 200 students at the University of Latvia (UL) and SSER, focus group interviews, and observations made during contacts with students, as well as a review of earlier studies, including the original research published in 1992 (King, et al.). The report is based on information from two age cohorts. Our current emphasis on young managers reflects their actual and potential importance for shaping the values and performance of business enterprises and government agencies in the Baltic states. Improved performance depends on value changes, the roles of young managers, and their interaction with other economic players. Although it makes prediction difficult, cultural matters and values do impact work. These conclusions fit with observations made many times: Early on, St. Benedict (quoted in Leavitt, et al. 1973) gently suggested to his abbots that they seek advice from the young on complex issues: "... God often reveals what is better to the younger. "

One of the undisputed ideas of John Maynard Keynes (1936) stands the test of a more recent time. It is often quoted with understanding and approval: "... in the field of economic and political philosophy, there are not many who are influenced by new theories after they are twenty-five or thirty years of age... "

This is true in the Baltic states today, after a decade of political independence and an as yet incomplete transition to a market economy. The uneven ability to change a mentality (as it is commonly called by the Baits) and to adapt to a new environment, is a difficult, ongoing problem that is not easily or quickly resolved.

An Overview of Baltic Managerial Values

Values tend to govern the effectiveness of managers in their adaptation to the transition of whole economies and significant organizational change. Simply put, the decision-makers are not likely to do what they do not believe to be practical, right, or pleasant. Even on this issue, there are notable differences among the Baits (King, et al. 1992). Relatively, Estonian managers are more pragmatic, Latvians tend to be moralistic, and Lithuanians most influenced by their communities.

Baltic managers, both old and young, hold values shaped by traditional cultures and practices. Younger managers also show these influences, as well as a greater impact of ideas from the West. Previous studies of Baltic managers show a strong orientation to work and other individual and group achievements. This positive set of values conflicts with a weak social conscience. It is further twisted by a curious claim to the privileges of position (Clement 2000).

Defined as the patrimonial principle in power relationships, it is found by Clement in all three Baltic states. It is an informal, yet powerful quasi property right that comes with the office. Developed over centuries under foreign rulers, and honed to an art form by the Communist Party, it is readily recognized by most Baits. Uncommon among the common people, this tradition echoes an arrogant Roman proverb: *Quod licet lovi, non licet bovi.*[2] It seems to reverse Lord Acton's famous dictum about absolute power. It suggests to us that those raised corruptly do almost naturally seek power that is illegitimate and morally unacceptable in democratic relationships. This patrimonial principle is very different from the autocratic, yet responsible "master of the house" role on Baltic family farms, where autocratic authority is limited by traditional responsibilities. Interestingly enough, the "master of the house" method is changing to a consultative style of management. The Baits are catching up with St. Benedict's wisdom. Even among the young, there is significant, although uneven, progress.

Desirable Values

A particular mind-set, a culturally specific balance of values is important for management success. Developed with earlier observations of Baltic managers (Barnowe and King 1997), such a structure is available. It is part of G. W. England's (1975) Personal Values Questionnaire (PVQ). Together with programmatic values attributed to Vilis Olavs, a legendary business educator active in Latvia a century ago (Keninš - Kings 1999), it is used in this study for comparison. The desirable values listed below are taken from England's PVQ. Of those, Olavs values are shown in italics

• Organizational goals: *profit maximization, high productivity, competition, organizational efficiency, organizational growth,* and industry leadership.

• Social conscience: social welfare, employee welfare, equality, *compassion, cooperation,* and *tolerance.*

• Personal Achievement: *achievement, success, creativity, autonomy, ability,* and individuality.

• Organizational Relationships: *customers, owners, managers,* my boss, *subordinates,* employees, coworkers, craftsmen, *technical employees, laborers,* and *unions.*

• Extrinsic Satisfaction: *money, prestige,* and leisure.

• Intrinsic Satisfaction: *job satisfaction,* dignity, *honor, rationality,* and emotion. Compliance to Authority: obedience, conformity, and *loyalty.*

• Exercise of Authority: *power, force, authority, and influence.*

• Change: *change,* caution, compromise, *risk,* and security.

• Other values identified as traditionally important include *organizational stability, my company, me, shareholders, office workers, trust, skill, respect, property, and government.*

In the categories of organizational goals and relationships, and with respect to personal achievements, the values expressed as important are virtually identical. Organizational stability, a strong company orientation, established trust and a high level of skills are high on the list. It is apparent that the values held by business leaders in Latvia do not match fully the list of desired values. Business is not considered to be a welfare organization; social conscience is limited to compassion and some measures of help. Acquisition of knowledge and skills promises to be important. It is reflected in the record number of university students currently enrolling in Latvia, reflected also in the low esteem of education among them. At the same time, the benign neglect of higher education by the leaders of Latvian government signals severe limitations to the development of intellectual capital.

The role of government is puzzling. In contrast to official assurances, there is a widely expressed belief that the government, marked with a high degree of alleged corruption, is no longer important in the traditional, positive sense and has become ineffective. One of the consequences is a lack of trust in government. The social capital, measured by trust (Fukuyama, 1999) is low in Latvia. Indeed, a recent UNDP study (1998) and current folklore describe Latvian entrepreneurial managers as autocratic, selfish, uncooperative and socially poisonous individuals of the "lone wolf" type.

Principal Findings

A complete tabulation of processed questionnaires is appended to this report. The respondents are mostly Latvian. They are high-quality students at UL. At SSER, they are even more select and more pan-Baltic. This is especially true of the SSER students. They score high on achievement and drive. This is explained in part by the previous academic success of the applicants (only 115 out of 1, 600 were admitted in 2000). Thus, selection criteria and the admission process determine much of the learning environment at SSER (Pauna 2000). There is, increasingly, a focus on the motivation and values of applicants. They are asked to write an essay on personal values and attitudes on a range of issues, including service to society. Thus, the value profiles of student cohorts change from year to year as SSER seeks students who can temper their competitive ability with a strong measure of cooperation. The moderate internal consistency of these data is typical for a transitional situation. The strengths of expressed value preferences suggest their relative importance.

We believe that the survey responses show fairly accurately the strengths and weaknesses of managers in Latvia today. The strong values related to achievement, suggest that values in related groups can be relatively easy to resurrect. The weak social conscience has, at least, the values of compassion and cooperation as a foundation.

In this context, the top ten values of respondents at SSER include achievement, organizational efficiency, success, cooperation, competition, and skill, while values for creativity, customers, employees, and high productivity are also highly important. Seniors rated individuality and concern for subordinates more highly than the beginning students. The freshmen rated ability and one's own company more highly.

The UL respondents express similar values. Customers, cooperation, my company, profit maximization, high productivity, and achievement are among the top ten values for both seniors and freshmen.

Both, SSER and UL students rate highly the values of achievement, customers, high productivity, and cooperation. This is a very encouraging cluster, very likely to be useful for building *a* new, value-based leadership with a strong consensus on economic issues. It is not known, however, to what degrees these values are shared or opposed by different strata of Latvian society. Thus, in the larger context, institutions of higher learning will have a very important role to play in Latvian national development.

Values Expressed by Baltic Students

Actual and perceived progress in national development is very important in shaping the values and attitudes of Baltic students. Measured against the economic achievements in the recent past, their judgments are accurate. At SSER, Estonians rate the progress of their country at 6.3 points on a 0-10 scale. Lithuanians and Latvians follow with 5.9 and 5.7. Russian students, most influenced by former Soviet leaders, are least optimistic with a 5.0. At UL, the less elitist Latvian students come in with 5.1, while the Russian students lag with 4.0.

The students perceive honesty, cooperation and trust as closely related and increasingly important values. SSER assesses and develops values appropriate to business leaders in both formal and informal ways. The school attaches great importance to the development of ethical values, both at SSER and in contacts with the business world. This is done systematically through the curricula and, implicitly, in residential life at the school.

The most significant aspect of student preparation at SSER is the international environment. Both faculty and students contribute, share and enrich each other through their cultural backgrounds and values. There is progress in this respect. Five years ago, it was difficult to form study teams and cooperative projects. Today, it is much easier to build relationships on mutual trust and respect. Currently, group work is an essential part of the study program. Students cooperate in joint projects and learn quickly that teamwork is built on trust. Twice a year, they are assigned to administratively formed teams; and twice a year, they form their own work groups. In this way, they discover and assess the strengths and weaknesses of their colleagues and learn to handle the "free-riders. " Students no longer divide their peers by nationality. Instead, they form professional rather than merely personal relationships. These professional friendships continue after graduation. SSER is pleased to note that a year ago an investment bank was established by four graduates: two Estonians, one Russian from Latvia, and a Lithuanian.

The international environment promoted by SSER leaves room more for individual than ethnic differences. Therefore, the following characterizations are necessarily of limited validity. Generally, students from Estonia and Latvia perform better academically and are more active socially. Thus, 4 Estonians out of a small group of 10, are among the top 10 performers in a graduating class of 108. The president and vice president of the Student Association are Estonians. Latvian student performance may be different due to part-time work and other local engagements available to them. Russophone students from Latvia also have stronger academic records. They have a more active social life at the school, and they are more likely to be involved in projects of social significance. In this sense, Latvians are more pragmatic and tend to consider social responsibility relatively unimportant. Thus, for the Latvian National Library research project there are three volunteer Russophone students from Latvia, and no ethnic Latvians. Conversely, two Latvian second-year students are already gaining practical experience starting and managing their own companies.

Conclusions

Our surveys and interviews provide strong evidence that widely shared values for achievement, success, high productivity, skills, customers, cooperation and trust are important in the development of a new managerial generation in the Baltic states. Should the future unfold this way, institutions of higher learning will become even more important incubators, enforcers, and refiners in a new value-based Baltic community.

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[2] What is allowed Jupiter, is not allowed a bull.

APPENDIX
Values of Four Samples of Business Students in Latvia, 1998-1999

SSER 1998 (Freshmen)	SSER 1999 (Seniors)	U of Latvia 1998 (Freshmen)	U of Latvia 1999 (Seniors)
Creativity (1. 72)	Achievement (1. 38)	Customers (1.75)	Profit maximization (1. 70)
Ability (1. 76)	Organizational efficiency (1. 60)	Cooperation (1. 84)	My company (1. 80)
Achievement (1. 82)	Success (1. 65)	Me (1. 90)	Cooperation (1. 85)
Cooperation (1. 83)	My subordinates (1. 67)	Skill (1. 96)	Success (1. 90)
High productivity (1. 84)	Individuality (1. 81)	Managers (2. 04)	Organizational stability (1. 90)
Competition (1. 90)	Employees (1. 86)	My company (2. 04)	Trust (1. 95)
Organizational efficiency (1. 91)	Competition (1. 86)	Profit maximization (2. 10)	Ability (1. 95)
Skill (1. 92)	Customers (1. 95)	High productivity (2. 12)	Customers (1. 95)
Success (1. 93)	Cooperation (1. 95)	Achievement (2. 13)	High productivity (1. 95)
My company (1. 96)	Skill (2. 00)	My coworkers (2. 13)	Achievement (2. 05)
Customers (2. 04)	Creativity (2. 00)	Job satisfaction (2. 16)	Autonomy (2. 5)
Employees (2. 06)	Ambition (2. 00)	My subordinates (2. 20)	Individuality (2. 10)
Organizational stability (2. 06)	High productivity (2. 05)	Trust (2. 20)	Me (2. 10)
Me (2. 07)	Money (2. 10)	Individuality (2. 21)	Job satisfaction (2. 10)
Organizational growth (2. 08)	Trust (2. 14)	Ability (2. 24)	Change (2. 15)
Change (2. 14)	Industry leadership (2. 14)	Success (2. 24)	Loyalty (2. 15)
Profit maximization (2. 15)	Property (2. 14)	Property (2. 28)	Managers (2. 15)
Job satisfaction (2. 18)	Risk (2. 15)	My boss (2. 29)	My subordinates (2. 16)
Trust (2. 18)	Profit maximization (2. 19)	Organizational stability (2. 31)	Skill (2, 25)
Ambition (2. 20)	Job satisfaction (2. 24)	Ambition (2. 31)	Creativity (2. 25)
Rational (2. 27)	My coworkers (2. 24)	Dignity (2. 31)	Money (2. 26)
Managers (2. 29)	White collar workers (2. 24)	Employees (2. 35)	Employees (2. 30)
Risk (2. 29)	Power (2.29)	Leisure (2.35)	Compromise (2.32)
My coworkers (2.30)	Me (2.35)	Owners (2.35)	My boss (2.35)
Industry leadership (2.31)	Ability (2.35)	Prestige (2.38)	Employee welfare (2.40)
Individuality (2.41)	Rational (2.38)	Money (2.39)	Honor (2.40)
My boss (2.45)	My company (2.43)	Autonomy (2.40)	Risk (2.40)
Tolerance (2.45)	Dignity (2.45)	Honor (2.48)	Property (2.45)
Liberalism (2.46)	Organizational growth (2.48)	Creativity (2.49)	My coworkers (2.50)
Compromise (2.48)	My boss (2.48)	Industry leadership (2.49)	Security (2.50)
White collar workers (2.48)	Prestige (2.48)	Stockholders (2.49)	Competition (2.55)
Property (2.51)	Social welfare (2.50)	Organizational growth (2.51)	Stockholders (2.55)
Subordinates (2.57)	Loyalty (2.52)	Organizational efficiency (2.52)	Organizational efficiency (2.60)
Employee welfare (2.58)	Tolerance (2.52)	Employee welfare (2.54)	Organizational growth (2.65)
Loyalty (2.58)	Honor (2.55)	Loyalty (2.55)	Owners (2.65)
Honor (2.59)	Liberalism (2.57)	Change (2.58)	Dignity (2.70)
Owners (2.66)	Managers (2.57)	Compassion (2.59)	Power (2.70)
Power (2.69)	Government (2.57)	Power (2.60)	Government (2.75)
Prestige (2.71)	Employee Welfare (2.62)	Security (2.62)	Industry leadership (2.75)
Security (2.72)	Technical employees (2.67)	Force (2.62)	Rational (2.75)
Money (2.73)	Autonomy (2.67)	Authority (2.66)	Prestige (2.79)
Aggressiveness (2.75)	Influence (2.71)	Tolerance (2.68)	Leisure (2.80)
Authority (2.77)	Security (2.81)	Competition (2.70)	Social welfare (2.85)
Conformity (2.78)	Change (2.81)	Laborers (2.71)	Tolerance (2.85)
Autonomy (2.81)	Owners (2.86)	Rational (2.72)	Force (2.85)
Stockholders (2.82)	Compromise (2.86)	Risk (2.73)	Technical employees (2.85)

Dignity (2.82)	Organizational stability (2.90)	Obedience (2.73)	Authority (2.89)
Influence (2.83)	Leisure (2.90)	Labor unions (2.75)	Ambition (2.90)
Laborers (2.85)	Force (2.90)	Liberalism (2.75)	Prejudice (2.90)
Force (2.86)	Conflict (2.90)	Caution (2.80)	Aggressiveness (2.94)
Technical employees (2.88)	Stockholders (3.00)	Prejudice (2.80)	Conflict (2.95)
Government (2.89)	Authority (3.00)	Technical employees (2.82)	Blue collar workers (2.95)
Social welfare (2.94)	Aggressiveness (3.00)	Religion (2.85)	Caution (2.95)
Obedience (2.95)	Compassion (3.00)	Government (2.91)	Influence (3.00)
Conflict (2.99)	Caution (3.05)	Compromise (2.92)	Laborers (3.00)
Compassion (3.06)	Emotion (3.10)	White collar workers (2.92)	Obedience (3.00)
Prejudice (3.08)	Equality (3.10)	Conformity (2.96)	Liberalism (3.05)
Blue collar workers (3.10)	Religion (3.10)	Emotion (2.98)	Labor unions (3.05)
Caution (3.10)	Prejudice (3.14)	Craftsmen (2.98)	White collar workers (3.10)
Leisure (3.13)	Craftsmen (3.19)	Aggressiveness (2.98)	Religion (3.11)
Equality (3.15)	Conformity (3.9)	Social welfare (3.00)	Emotion (3.15)
Labor unions (3..21)	Blue collar workers (3.24)	Blue collar workers (3.08)	Craftsmen (3.20)
Craftsmen (3.21)	Laborers (3.32)	Influence (3.08)	Compassion (3.20)
Conservatism (3.28)	Obedience (3.50)	Conflict (3.08)	Equality (3.47)
Emotion (3.32)	Labor unions (3.52)	Conservatism (3.18)	Conformity (3.50)
Religion (3.39)	Conservatism (3.76)	Equality (3.25)	Conservatism (3.55)

Note 1 : Sample sizes are: SSER freshmen, 83; SSER seniors, 34; UL freshmen, 52; UL seniors, 46.
Note 2: Operative value scores range from 1.0-4.0, a low score indicating a value more likely to be expressed in behavior.