

# Motivation as a Factor in the Formation of Human Capital in Rural Entrepreneurship

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**Abstract**—This article analyzes motivation as one of the components of the formation of human capital. In this work we analyze the cultural and historical, psychological, economic foundations, factors of the formation of motivation for rural (including Siberian) entrepreneurship, on the basis of an interdisciplinary approach. The authors proceed from the assumption that farming, as an entrepreneurial activity, is a way of agricultural life and thought. The farm lifestyle, due to the historical traditions of agriculture and the people mentality, largely determines the stereotypes of economic behavior in the modern period of time. The study examined the mentality of the Russian people, affecting their labor motivation and entrepreneurial activity. The historical material demonstrates the prevailing motives of rural entrepreneurship in Siberia. A comparative description of the role and motives of rural entrepreneurs at the turn of the 20<sup>th</sup>-21<sup>st</sup> centuries is given. Some psychological components of the structure of motivation and their impact on entrepreneurial activity are identified. Conclusions obtained by the authors of the study can be useful in making managerial decisions related to the formation and development of human capital in rural areas, stimulating agricultural entrepreneurship.

**Keywords**—*human capital, motivation, rural entrepreneurship, economic culture, technological structure, stereotypes of entrepreneurial behavior.*

## I. INTRODUCTION

Currently, quality, efficiency and potential of human capital are considered as one of the main factors in the development of a modern innovative economy – the knowledge economy [1].

In the structure of human capital, modern researchers identify, along with the capital of health, education and professionalism, also the capital of culture, which includes upbringing, socio-cultural motivation for development, as well as behavioral capital that embraces prevailing values, the potential for social interaction, and labor motivation [2]. One of the factors in the formation of human capital, including its motivational component, is the sociocultural factor, which includes the economic culture of society, labor archetypes and attitudes, traditions and mentality. According to F. Mamedov, human capital, which forms the basis of the country's national wealth, "its structure, quality and dynamics of development are historically determined by the national characteristics of the development of spiritual culture and civilization of various nationalities and states," as well as "objective historical factors such as natural -

geographic conditions, the genetic code of culture, social environment, historical conditions and cultural exchange" [3]. Therefore, when developing modern strategies for the formation of human capital and its effective management, it is necessary to take into account sociocultural factors. In this context, we can consider the human capital of Russian entrepreneurship, including the rural.

Human capital, combined with entrepreneurial abilities, provides an opportunity to receive income from one's labor activity and creates favorable conditions for future investments in business development [4].

However, entrepreneurial abilities are activated by the corresponding motivation, without which the components of human capital can be lost. The definition of motivation as a set of internal driving forces, aspirations, reasons that motivate people to activity and give it a focus on achieving specific goals is generally accepted. Motivation is formed under the influence of various factors of genetic, social, economic, cultural, etc.

## II. LITERATURE REVIEW

G. Becker (1964) and T. Schulz (1968) are justifiably recognized as the innovators of the concept of human capital. Among modern domestic researchers, one can distinguish Dobrylina A.N., Dyatlova N.E., Kapelyushnikova R.I., Yuryev A.I. and others. A.S. Trostin and R.M. Kamaltdinova are studying the role of motivation in the formation of human capital. Currently, the problem of human capital is studied at an interdisciplinary level by economists, philosophers, psychologists and sociologists, which is explained by the multifaceted nature of the phenomenon.

Both foreign and domestic scientists agree that human capital is one of the key resources that ensure the growth of any economic system. In our study, we share the view of Russian scientists that human capital is a formed and accumulated stock of health, knowledge, skills, abilities and motivations that are expediently used in one or another field. Consequently, the human capital of rural entrepreneurship includes unique abilities for entrepreneurial activity, the opportunities to disclose and apply them in rural conditions.

The theories of entrepreneurship (J. Schumpeter, F. Knight, L. Mises, P. Drucker and others) present us as an entrepreneur with a unique ability to continuously generate and promote innovative ideas that allow finding and effectively introducing a new combination of factors of

production. For the implementation of innovative ideas, in addition to perseverance, an inexhaustible supply of energy, the ability to work and make decisions in the face of entrepreneurial risk, associated not only with a lack of time, information and means, but also with the need to overcome established stereotypes on the way to the new ones; to “swim against the tide” rather than go off the beaten track.

Thus, entrepreneurship plays an important role as the driving force of the economy, since the constant search and introduction of a new, progressive one allows the economy and production to develop, absorbing the achievements of science and technology, as a result of which one technological structure replaces the other.

The founder of the theory of entrepreneurship, J. Schumpeter, identifies three groups of motives that encourage this risky and complex type of activity: firstly, these are motives of power – the need for domination, power, influence, the desire to establish “their empire” or “their dynasty”; secondly, the will to win – success is an important motive; and thirdly, the ultimate motive is joy – to be delighted of creativity and independent conduct of business [5].

Schumpeter calls the “will to win” the second motive of entrepreneurial activity, which consists of the “desire to contest” and the desire “to succeed for the sake of success”, and not for the sake of profit, which is simply a “symbol of victory” for the entrepreneur and a criterion for his success. Unremitting energy is drawn from this motive, which makes it possible to overcome complex obstacles to the implementation of innovative, risky ideas. No wonder V. Sombart sets the qualities of the “conqueror” in the first place as the personal qualities of the entrepreneur, which is manifested through perseverance, willpower and energy.

In addition, V. Sombart and M. Weber bring to the fore the concept of entrepreneurial spirit, as a combination of mental characteristics. J. Thünen, G. Mangolt and F. Knight point out the ability to take a risk as one of the main characteristics. Moreover, according to F. Knight, the risk can be calculated or uncertain. According to D. McClelland, an entrepreneur shows a high level of achievement motivation, and H. Heckhausen distinguishes between the motive for achieving success and avoiding failure.

Sociologists, psychologists, and economists are studying the problems of entrepreneurial motivation in foreign countries. Every year, global monitoring of entrepreneurship is carried out, the motivation of potential entrepreneurs is studied; alongside this – entire research institutes are engaged in this area.

In studies of motivation by Russian scientists, various problems of entrepreneurial activity are addressed, however, there are no comprehensive studies of motivation for entrepreneurship in general, and rural in particular.

### III. MATERIALS AND METHODS

The study is interdisciplinary inherent in institutional economics. It includes economic, historical, cultural and psychological approaches to the analysis of the entrepreneurial motivation issue. The human capital of rural entrepreneurship is considered as an integral sociocultural phenomenon. In addition, comparative, classification and genetic methods were used.

## IV. RESULTS

### A. Historical aspect

A feature of the economic activity of the Russian peasant was a short-term cycle (120-130 days) of agricultural work associated with adverse climatic conditions and the unpredictability of nature. This formed such features in the economic culture of the people as an against the clock type of activity, hope for luck, absence of prudence that is characteristic of Europeans, whose period of agricultural work lasted more than six months, and careful planning. Therefore, for a Russian entrepreneur, such motives of activity as a rationally justified expectation of a result, careful planning, well-defined goals and meticulous calculations were not peculiar. As the Russian philosopher N.O. Lossky: “A Russian person, as a rule, overcomes difficulties not by way of foresight and according to a beforehand worked out plan, but by means of improvisation at the last minute” [6]. At the same time, economic activity in difficult, unpredictable climatic conditions formed the features of entrepreneurial activity in a Russian person such as the ability to flexibly respond to a changing situation and adapt well to it, to take risks, originality in thinking, ingenuity and entrepreneurial attitude. On the one hand, such spontaneity in the activities of Russian entrepreneurs, violation of plans and regulations, can be negatively perceived by foreign partners. On the other hand, universalism in thinking, the ability to take on seemingly unsolvable tasks, the ability to act according to non-standard patterns, are the most important and highly demanded qualities of human capital in the context of the development of an innovative economy.

By virtue of life circumstances, the Russian peasant had an entrepreneurial vein and business qualities. As noted by the writer and publicist I.L. Solonevich: “A Russian peasant is a business man ... The work of a Russian peasant is trivial, sometimes poor. But it is still work. It requires knowledge about people and things, cattle and climate, it requires independent decisions ...” [7]. According to the doctor of historical sciences A.V. Pavlovskaya, “any peasant economy was basically entrepreneurial activity,” the entrepreneurial nature of the peasant’s activity was manifested in industriousness, thrift, the need to constantly coordinate the work of his family members, make important economic decisions, and participate in trade and lavatory industries [8]. It is no coincidence that it was from the peasant milieu, from the fortress village, that the bulk of Russian businessmen left in the 19<sup>th</sup> century.

In Russian culture, the pursuit of wealth was not an effective motive in entrepreneurial activity. Life in harsh natural conditions, frequent numerous wars, shaped the attitude that money is something temporary. Russian proverbs say: “no one can be safe from poverty or prison,” “There wasn’t a penny, but suddenly big money”, “Money is like fluff: only breathe on it and then it is gone”, “Wealth is like the tide: it comes and goes”, “Wealth is overthrowing, and poverty is living”, “The profit and the loss are riding in one sleigh”. The thirst for wealth, the desire for prosperity were seen as something wrong, dishonest, even sinful. Such an attitude to wealth was formed under the influence of the Orthodox religion, which affirmed the superiority of the spiritual over the material. Hence come the widely known motivation and squandering of Russian entrepreneurs. But at the same time, Russian entrepreneurship was always characterized by a social orientation, the desire to somehow

smooth out the sinfulness of possessing wealth through active charitable activities, philanthropy, that is, the return of part of the received income for the benefit of society. Such activities formed a positive image of the entrepreneur in the eyes of the public, was encouraged by the state in the form of various awards, titles and privileges. Public prestige, recognition and encouragement from the state, thus, were an important motivating factor in entrepreneurial activity.

However, power was not an end in itself for the entrepreneur; he needed it as an instrument for the formation of private property, necessary to achieve freedom of activity. An entrepreneur needs independence and creative freedom, without which the realization of new ideas, the constant reproduction of new combinations of resources is impossible.

Similar ideas were clearly expressed among the Siberian businessmen of the 17<sup>th</sup>-19<sup>th</sup> centuries. The stimulating conditions for the development of agricultural entrepreneurship in Siberia were also the absence of serfdom, landlord paternalism and the abundance of free land. This led to a high degree of economic independence and enterprise of the Siberian peasants. As a result, according to V.A. Ilinykh: "The average size of peasant households in Siberia exceeded the size of farms in most regions of the European part of the country ... The pace of gaining wealth in the farms of Siberian peasants was higher as their population increased" [9].

Gradually, rural small-scale industries grew into large industrial and commercial enterprises that entered into economic relations with the central and European regions of Russia and foreign countries. Siberian merchants, having accumulated a small capital in trade, agriculture, distilleries, began to invest it in industrial enterprises. Already in the 18<sup>th</sup> century, the first and still very unstable and not always successful industrial enterprises appeared in the difficult conditions of Siberia, with undeveloped infrastructure and communications, virtually no roads and banks: the Tobolsk glass factory of the merchant Shaidurov, the Telminsky cloth factory of Bobrovsky, the paper factory of the Upper Turks Medvedev merchants, etc. In Eastern Siberia, trade relations with China actively developed at that time through the Irkurst and Kyakhten merchants. Enterprises of this time prepared favorable conditions for the development of a second technological revolution. On the basis of capital, accumulated by several generations, large and stable enterprises grew: leather, glass, distilleries, shipping, flour mills, metallurgical, textile, machine-building. By the end of the 19<sup>th</sup> century, entire dynasties of large Siberian entrepreneurs had already formed: the Cherdyntsevs (Kolyvanovsk), the Sukhovs, Vorsins, Platonovs and Fedulovs (Barnaul province), Aitykins, Mashinsky, Nemchinovs, Nerpins, Pyatkovs, Shansky, Shcherbakovs, (Tarskaya province). Researchers note the innovative type of thinking of Siberian merchants, transforming the Siberian economy, preparing the way for the third technological revolution, "which was manifested in the constantly active search for the most profitable areas of capital investment and in the implementation of innovative entrepreneurial projects" [10].

The desire for independence and the will to win played an important role in the formation of human capital of Siberian agricultural entrepreneurship in the era of reforms of P.A. Stolypin, development, "agro-cultural conquest" of Western Siberia. The immigrants settled entire communities, introduced Siberian lands into circulation, modernized the culture of farming and animal husbandry of the Siberian

hinterland, spreading capitalism from the center of Russia to its outskirts. Intensive agricultural methods began to be introduced into predominantly extensive agriculture using fertilizers, varietal policies, machinery and the best practices of Western Europe.

### B. Current status

Motives that arose on the basis of the need for independence, along with the personal qualities of the converter, the "conqueror" again played an important role in the 90's of the 20<sup>th</sup> century in the revival of rural entrepreneurship. The first farms literally "paved the way", overcoming the resistance of the environment, local authorities and rural society, passive, conservative, hostile to private capital, accustomed to state paternalism and egalitarian distribution. According to L.V. Babaeva, "the importance of the farmer's figure for transforming the social structure of our society goes far beyond its current more than a modest place in the overall composition of the rural population and an even more modest share in agricultural production" [11]. History has made a new round, in the conditions of a new technological revolution, the "desire to contest" and the striving for "success for the sake of success" made it possible for small, unstable, crumbling agricultural enterprises (farms, collective farms and state farms) in a difficult situation, lacking a legal and technical base, missing experience of independent business management, to become large companies, industrial complexes. These enterprises are engaged not only in production, but also in the processing of agricultural products: milk, meat, grain – they produce a wide range of products and use modern technologies. The role of the converter on this has not lost its significance; the motive of the "joy of creativity" also remains relevant, since progress does not stand still and allows entrepreneurs to generate ideas for introducing and implementing the achievements of science and technology, new products and technologies into life.

We have systematized the change in the behavior and prevailing motivation of rural entrepreneurs in table I.

TABLE I. COMPARATIVE CHARACTERISTICS ON THE ROLE AND MOTIVES OF RURAL ENTREPRENEURS AT THE TURN OF THE 20<sup>TH</sup>-21<sup>ST</sup> CENTURIES [12]

Comparison criterion	1990-1994	1995-1999	2000- present
Social and economic features	Revival of entrepreneurs hip, development of farms	Weakening state support, lack of financial resources, reduction in the number of farms	Lack of fixed and working capital, re-registration of farms into private household plots, creation of farm associations
Role of entrepreneurs hip	Source of new behaviors and new strategies, basis for revival of rural areas	Source of developing competitive situation, survival factor of rural families	Basis for innovative development, source of solving the problem of import substitution
Main qualities of an entrepreneur	- overcoming stereotypes, resistance of social forces; - spirit of freedom;	- independence; - responsibility; - personal courage;	- social mobility; - progressive thinking

	- influence on others; - romanticism	- social and cultural sacrifice	
Leading motives	- reluctance for team work; - desire for free initiative (to own a business)	- desire to preserve the farm lifestyle; - desire to have an independent source of funding	- desire for stability; - striving for success; - craving for innovative, advanced, progressive

The theory and practice of entrepreneurship analyze its various aspects, sources and driving forces. Motivation is highlighted as an activating role in the transition of a person from the status of an employee to the status of an entrepreneur. Empirical studies confirm that rural entrepreneurs to a lesser extent manifest such personality traits as achievement motivation, a special attitude for taking a risk, perseverance and initiative. Most entrepreneurs need stability. In this regard, many authors note the presence of negative (pushing) motivation based on negative environmental events (lack of work, financial difficulties). This type of motivation is the basis of forced entrepreneurship.

The entrepreneurial activity scientifically distinguishes two types of entrepreneurs at the present: forced and free willing. Studies show that the proportion of the forced entrepreneurs in Russia has been growing since 2012 [13]. In this regard, the studies of Alexandrova E. A., Verkhovskaya O. R. reveal differences in the structure of their motivation [14].

The motivation of forced entrepreneurs to start their own business is determined by the lack of employment opportunities and decent income. It provides employment, but does not lead to economic growth. For the free willing ones, it is connected with the desire to increase the income, to gain independence and bring an innovative product to the market. According to studies, the motivation of forced entrepreneurship in modern conditions is negatively affected by the complexity and duration of the procedures associated with creating a business and the necessary costs. Difficulties can cause the abandonment of the business, "going into the shadows". Entrepreneurs who free willingly decide to start a business are less sensitive to this factor.

Motivation of entrepreneurs affects the entrepreneurial ambitions. The data shows that, unlike free willing entrepreneurship, participants in forced entrepreneurship "are less likely to work in new markets, create a new product" and they create fewer jobs [14].

An important factor in motivating entrepreneurship is the internal locus of control. There are two types of locus of control: internal and external. Entrepreneurs with an internal locus of control believe that they can control and manage their lives. As a rule, they tend to accept greater responsibility for their actions, whatever the final result.

Entrepreneurs with an external locus of control believe that their successes and failures are determined by the case or environmental conditions. Researchers Brockhaus R., Gasse Y. revealed in their studies that most entrepreneurs have an internal locus of control. So most of the entrepreneurs think that the outcome of an enterprise's business will depend on their own efforts [15-16].

## V. CONCLUSION

The uniqueness of the human capital of entrepreneurship consists not only of special abilities that are rarely found in ordinary people, but also of special motivation, the will to work, characteristic of this business entity. The rural entrepreneur acts as a converter, the driving force of the economy, the owner, the organizer and the executor. In this regard, independence comes to the fore among his motives.

The motivation of modern rural entrepreneurs is determined not only by stereotypes of behavior, but also by a special way of life that has historical roots, climatic, religious and regional characteristics.

A study based on an interdisciplinary approach shows that when analyzing motivation, it is necessary to take into account its structure, its forming factors, Russian mentality; therefore, foreign theories of entrepreneurship must be supplemented by domestic research.

When making decisions aimed at developing of entrepreneurship and farming progress, it is necessary to take into account the peculiarities of the motivational component and the stereotypes of behavior of the Russian rural entrepreneur.

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