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## Influence of economic-psychological characteristics of the businessman on payment strategy in small-scale business

*The article reviews the results of an empirical study the effect of economic and psychological characteristics of personality Entrepreneurs (subjective scale of well-being, economic claims, subjective economic status, monetary attitudes) on the strategy op-armor work in small businesses: criteria for evaluating pay competitive pay labor in the foreign market, the structure of the internal market wage.*

**Keywords:** *economic and psychological characteristics of personality, subjective well-being scale, the economic claims, subjective economic status, the strategy of wages.*

In modern conditions of market economy in Russia the employer, and in small-scale business often acts as it directly the businessman, independently regulates questions of payment on the basis of contractual relations with the hired worker. Theories of radical subjectivity of J. Shekla and G.Sajmona's limited rationality enter in the field of theoretical researches concept of the subject of economic activity, thereby, underlining importance of the account of subjective (psychological) features of the person for understanding of the nature of its economic behavior [2].

Studying psychological a determinant of economic activity of the businessman is one of priority directions of development of modern economic psychology in Russia (A.L. Zhuravlyov, V.P. Poznjakov, O.S. Dejneka, A.D. Karnyshev, D.A. Kitova, A.B. Kuprejchenko, M.Ju. Semenov, G.V. Turetsky, V.A. Hashchenko, A.B. Fenko, V.P. Fominyh, etc.). In spite of the fact that a number of researchers (N.A. Volgin, J.G. Gribin, R.I. Kapeljushnikov, etc.) mark value of psychology of the person [1], concerning payment in the organization, theoretical and empirical researches on the given subjects it is not enough making decision both in foreign, and in a domestic psychological science.

We after A.L. Zhuravlyov define economic-psychological characteristics of the person as characteristics of the person which are caused by inclusion of the person in economic activity and which represent itself as subjective reflection of various economic events [3]. Economic-psychological characteristics of the person of the businessman in our research represent itself as the following constructs economic consciousness of the businessman: a subjective scale of well-being, the subjective economic status of the person, economic claims, monetary attitudes.



The choice of the given characteristics is caused by that all of them serve as subjective filters through which the businessman perceives money and the questions connected with them.

The subjective scale of well-being (SSW) is the size of a subjective property distance established by each individual between riches and poverty [5].

Economic claims are claims of the person in sphere of economic achievements; it is defined as a scale which poles are set by the sizes of the minimum and maximum incomes which the person is ready to receive for a certain time interval.

The subjective economic status (SES) persons reflects the psychological relation of the person to the position in the social system, defined by economic signs [6].

Monetary attitudes (MA) are installations of the person in relation to money. In spent research we had been allocated 6 monetary attitudes "Money power", "Savings", «Concern in a financial position, a lack of money», «the Inadequate relation to money», «Expenditure, propensity to impulsive purchases», «Money as a measure of things».

Leaning against understanding of strategy in economic and psychological sciences, we understand the plan, the program of economic activity of the businessman directed on distribution of material means to hired workers according to subjectively significant purposes for the businessman as payment strategy.

According to our model, payment strategy is made by a combination of its three components: criteria of an estimation of payment, competitiveness of payment in a foreign market, structure of home market of payment.

The first component of strategy of payment – criteria of an estimation of payment. The found out criteria of payment as the businessman will allow to understand means of its value judgment, concerning the personnel it is guided by what purposes and problems at distribution of money resources in the organization.

The second component of strategy – competitiveness of level of payment in a foreign market: orientations to an advancing, backlog from competitors or on an alignment on them. The given component is defined as readiness of the businessman to pay certain rate of commission to workers of different administrative levels and reflects orientations to backlog, an alignment or an advancing of competitors.

The third component of strategy defines structure of home market of payment: leveling or differentiated (hierarchical) orientations for payment work of workers, orientation to compensation or punishment of workers through the program of material stimulation, and also availability of questions of payment to workers.

Influence of economic-psychological characteristics of the person of the businessman on payment strategy is presented in the following theoretical model.

We believe that the businessman establishes rate of commission to workers in a range from poverty line SSW till the size of economic claims; hence, level of compensation of workers will be on a piece set by poles – the bottom border (poverty) SSW (A) and a point or an interval of economic claims (EC) (see pic. 1).



**Pic 1.** Economic claims on a subjective scale of well-being  
(A – the bottom border SSW, B – the top border SSW, EC – economic claims).

We believe that degree of differentiation of compensation of workers will depend on the size of the given piece. If the size of piece AEC is small, on it there is not enough place for differentiation of compensations of hired workers, hence, payment home market will be poorly differentiated, leveling. And on the contrary, the big size of this piece gives the chance to high differentiation of payment, hence, the approach here will be hierarchical.

The businessman, independently regulating rate of commission of the workers, thereby defines their property status. We believe that the businessman will aspire to establish such rate of commission for workers that their economic status in his eyes was more low its own. As the payment fund is connected with organization profit, and as consequence with incomes of the businessman, there is a negative dependence between these characteristics. Increasing payment fund, the businessman lowers level of own incomes, and on the contrary. Hence, it agree to our hypothesis, businessmen with high economic claims will minimize own expenses for the personnel, increasing level of own income. Businessmen with low level of economic claims can not so rigidly to become attached to rate of commission of workers.

As have shown numerous researches, MA are a regulator of different kinds of economic behavior [4]. We believe that features monetary attitudes can influence and distribution of money in organizational sphere. In particular, we believe that installations on savings and expenditure induce to businessmen to change towards reduction or increase the size of compensations, and also will influence the program of material stimulation.

To measurement of economic-psychological characteristics of the person of the businessman and payment strategy were applied specially developed set of methodical receptions scaling and the rangings, developed by the author together with V.A. Hashchenko and a questionnaire of the relation to money Fernama adapted by O.S. Dejneka. All set of methodical receptions was made out in the form of the uniform questionnaire which was shown to the respondent. Poll was carried out by a method of the personal standardized interview in the technician “face to face”.

### ***Influence of a subjective scale of well-being on payment of workers***

For hypothesis check about influence of a subjective scale of well-being on competitiveness of payment in a foreign market we used Student’s t-test for independent sampling, allowing to reveal distinctions between groups of businessmen with different SSW on the parameters which are responsible for the second component of strategy of payment.



Independent samples included two groups of the businessmen, different dimension SSW. The first group included businessmen (34 persons), with low on sample by level of poverty lines and riches (percentiles P1-P20) for which poverty lines makes 10 and less, and riches of 150 and less dollars in a week. Businessmen (25 persons) have been included in the second group with high on sample by level of poverty lines and riches (percentiles P81-P100), poverty lines and which riches have made 100 and more, and 1000 and more dollars accordingly.

On a high significance value  $p = 0,01$  distinctions on rate of commission which businessmen for all professional groups of workers are ready to pay have been found out. Businessmen of the first group establish rate of commission for workers in one and a half time less (average value 3378), than businessmen of the second group (average value 5655). Thus, orientation of strategy to competitiveness of payment depends on standards of poverty subjectively perceived by the businessman and riches. The more low the size of borders SSW, the smaller compensation is inclined the businessman to pay to workers and on the contrary, the high size of borders SSW defines high rate of commission of workers.

For check of a hypothesis that the scale of compensation of workers is on a piece set by borders of economic claims and the bottom threshold of a subjective scale of well-being of the businessman, indexes V1 which shows the attitude of the size of economic claims of the businessman to rate of commission of the worker and V2 as the relation of bottom border SSW to rate of commission of the worker have been entered.

If index V1 on sample has values more, or равно 1, and V2 it is less 1 it will testify that rate of commission of workers is in a range that compensation of the worker is on a piece: the bottom border SSW – EC. Indexes V1 have made 8,5 and 4,9 for ordinary workers and heads accordingly, and indexes V2 0,8 and 0,4. This data completely confirms the hypothesis put forward by us.

For check of a hypothesis that orientation to payment differentiation depends on scale of a subjective scale of well-being, the method of one-factorial dispersive analysis ANOVA was used.

As the factor was the variable scale SSW (a poverty and riches distance) is taken. On the given parameter three groups of businessmen have been allocated. 30 persons have been included in the first group, the indicator of scale SSW which was low on sample (percentiles P1-P20), in the second group of 35 persons – with the average level of scale SSW (percentiles P40- P60), in the third 30 persons – with high level of scale SSW (percentiles P80-P100).

Significant distinctions between the given groups have been found out on parameter D1 of intraorganizational differentiation of earnings of workers (the relation of the maximum salary to minimum for one group of workers). Results of the analysis have allowed to draw following conclusions.

The already subjective scale of well-being, the is less scope of differentiation of earnings, both ordinary (Dprivate = 1993), and supervising (Dsteering = 2961) than



workers. And on the contrary, the more widely this scale, the more differentiation of the size of earnings ( $D_{private} = 3550$  and  $D_{steering} = 6335$ ). Hence, the more the distance, the is more than variants for differentiation of levels of payment the businessman sees, the more close line of riches to poverty, the more strongly a leveling tendency in payment of workers.

### ***Economic claims of the businessman***

For check of a hypothesis that rate of commission, and, hence, orientation to competitors in payment strategy, will depend on the size of economic claims of the businessman, the method of one-factorial dispersive analysis ANOVA (tab. 1) has been used.

Table 1

**Average values of economic claims at businessmen  
with different orientations to competitiveness  
in a payment foreign market**

	Average values			
	The bottom level EC of the businessman (in a week, \$)	top level EP of the businessman (in a week, \$)	optimum level EC of the businessman (in a week, \$)	Scale of scale EC
Orientation to backlog from competitors	313,77	641,57	420,14	3,12
Orientation to an alignment	153,72	383,03	237,87	2,26
Orientation to an advancing	176,87	332,39	264,79	2,28
Average on sample (median)	208,95	446,24	307,48	2,45
Significance value (p)	0,04	0,02	0,01	0,2

The received results work on our assumption that high level of economic claims induces the businessman to be guided by fall of payment to workers. High level of economic claims removes rate of commission of workers on SSW towards poverty or even for its limits.

### ***The subjective economic status***

The hypothesis about distinctions in approaches to differentiation of payment at businessmen with different level SES was checked by means of a method of one-factorial dispersive analysis ANOVA. The given researches have shown that the more richly the person considers itself, the more it is inclined to hierarchical orientation in construction of strategy of payment. And on the contrary, the itself the person more



poorly considers, the less he is inclined to spend distinctions between earnings of ordinary workers and heads, is inclined to leveling system.

### ***Monetary attitudes the businessman***

By means of a method of the one-factorial dispersive analysis distinctions between groups of businessmen with different structural combinations MA on average values of parameters of strategy of payment came to light. Significant distinctions have been found out on indicators of competitiveness of payment in a foreign market.

Payment maximum level businessmen with monetary attitudes «are ready to establish Money as a measure of things» and «Expenditure, propensity to impulsive purchases». Low level of payment businessmen with monetary attitudes «Money as influence means» and “Savings” are ready to pay to workers. That is the relation to money as to a control lever people and memory installations induce businessmen to save and on payment of workers.

Summing up research, we will notice that all economic-psychological characteristics of the businessman make essential impact on various components of strategy the payments first of all connected with the sizes and structure of compensation of workers in the organization.

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