Aušra Rastenienė, Vincentas R. Giedraitis

Vilnius University, Vilnius, Lithuania

INNOVATION IN THE LITHUANIAN ECONOMY: THE IMPACT OF PUBLIC ATTITUDES IN THE MEDIA ON JOB SELECTION

1. Purpose and overview

The goal of this article is to present a theoretically grounded understanding of society's attitude towards business people and civil servants as one of the important factors of competitiveness through innovation. Society's attitude towards these groups could influence their creativity, the incentives to create their own business, the feeling of common destiny, the interaction between them, and the effectiveness of their work.

The hypothesis, which is going to be tested, is "society's attitude, as measured through the media towards business people and civil servants influences one's choice of job or career, specifically, whether to work in the public or private sector."

We will examine this hypothesis using content analysis of newspapers over a 5 year period as a way to gauge public attitudes towards certain types of professions. We will also analyze secondary data of the labour force structure and its changes. In the conclusion the results of this analysis are compared and the hypothesis will be either supported or denied.

2. Theoretical framework

Because we are interested in the role that the media – an institution – has on people's career choices, the field of institutional economics is especially useful. Institutional economics analyzes the role of institutions, which in turn influences human economic behaviour.

Braudel [1984] has suggested that understanding economic development in the West requires an understanding of changes in consumer behaviour, while McKendrick et al. [1982] point out the so-called "consumer revolution" which indicated the rise of the consumer society around 1750 in England. Such research gives fresh impetus to the historical debate of how the process of consumption should be understood. Considering this context, the neglect of consumption in neoclassical economic theory, and the "production bias" in Marx [1894] and Weber [1923] are noted as a weak point in socio-economic theory. Veblen's [1899] theory of conspicuous consumption is noted as a means to fill this void [Bourdieu 1984].

Veblen's critical ideas in particular are helpful to conceptually explain career choices. Institutional economics has its roots in a criticism of classical economic models of human behaviour, which assumes the human actor as being *homo economicus* (economic human) – rational and self serving. Classical economists, such as John Stuart Mill, were criticized for a reliance on these assumptions [Persky 1995]. Indeed, even before Mill, Smith famously proclaimed "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest" (1776 Book 1, Ch. 2). Much of contemporary economic theory has been built upon the *homo economicus* model; Jevons, Walras, Pareto and others all used mathematical modelling, which is a cornerstone of mainstream economic textbooks today.

Institutional economics developed as a critical response to the *homo economicus* model, and also to the American style capitalism of the early 1900s [Veblen 1899; 1904]. Veblen argues that consumers are not rational, in the way classical economists claimed. Rather, Veblen argues that consumers are heavily influenced by social factors, such as the desire for high status, in their economic decision making. Indeed, Veblen argues that consumers use the economy to attain perceived social status, without taking into consideration their own personal desires or needs for self-realization. What is considered to be high status is well advertised in the media, including the newspaper articles which we are analyzing. If a career is considered to be of high status, it will more greatly be sought after.

One of the sources of criticism for rational behaviour comes from the field of experimental economics. A basic argument in experimental economics is the empirical observation that human behaviour tends to not be rational. Experimental economics has created a methodology to study the means by which decisions are made "in reality" [Cramerer 2003; Kagel, Roth 1995].

The ideas of Joseph Schumpeter [1943] can be drawn upon in the case of Lithuania to emphasize the importance of innovation on the one hand, and the danger of stagnation on the other. Schumpeter suggested that innovation and entrepreneurship act as a sort of engine for economies to remain competitive and expand. National institutions such as the government and economy must create favourable conditions for the entrepreneur to be able to bring new commodities to the market. In such countries as Lithuania, which are still undergoing a post-Soviet

transition from a command economy to capitalism, opportunities abound for new business ideas and entrepreneurs.

Schumpeter popularized the term "creative destruction" by which he meant that innovation by entrepreneurs has the ability to radically change stagnant industries or an entire economy. A current example is the inability of large American automobile industries to rapidly change products under today's market conditions. The American auto industry is faced with short- and long-term dilemmas. In the short term, it has taken such measures as reducing costs by asking employees to take extended vacations.

3. Study design and execution

Methodology for the research is based on qualitative data collection, followed by quantitative analysis of gathered data. We will study whether the tendency changes over time, and if so, how. An initial concern is the units of analysis that we will be using. Because we are interested in the general effect of Lithuanian media on job seekers' career choices, *our units of analysis are the specific articles in newspapers we will study*. We will analyze the newspapers in their original Lithuanian language. The time frame we have chosen for our research is the period of past 5 years (2004-2008).

3.1. Sampling

Types of sampling are numerous, and range from simple random samples to multistage cluster sampling. We are analyzing a 5-year timeframe, and will sample for data twice per year, for a total of 10 points of data collection for each keyword. Rather than studying the physical newspapers, we analyzed digital content from the newspapers' online archives. We retrieved the full text of our data from the Internet using the Lithuanian web portal Delfi [http://www.delfi.lt/] during the period of April 11 to April 18, 2009. The portal includes all major Lithuanian newspapers. The Delfi search engine is able to search the full text of each article, not only the title, adding to the validity of our search. Because we are analyzing several types of newspapers, we take 20 random articles for each keyword, as elaborated below. We try to ensure randomness by selecting every 10th article, starting from the most relevant (i.e. the article which Delfi puts in 1st place). Because there are 2 keywords, 10 data collection dates, and 20 articles per collection date, we will have searched through the text and evaluated a total of 400 articles.

We acknowledge that there are methodological weaknesses to our sampling approach. First, there is the possibility that we under-sampled during the earlier years of our study, because of the growing popularity of the Internet over time; fewer articles were archived earlier. Secondly, our used search engine may not have been able to find all the articles with the listed keywords we search for.

3.2. Conceptualization and coding

Coding is a central part of content analysis. During this stage, we convert our raw collected data according to pre-determined criteria. In this stage of the research process, we created coded categories based on pre-established criteria. Specifically, we are searching for the occurrence of specific keywords in the titles of articles. We determined whether every article paints a positive, neutral, or negative image of the specific type of job in the media. Prevailing norms in society were a basic criteria of what is deemed positive or negative. For example, the word "exploitation" is deemed as negative, while "promotion" has a positive connotation. We will illustrate our points of negative, neutral, and positive connotation with selected textual citations, translated into English. The keywords that we are searching for are: *valdininkas* (the most common word referring to those working in state institutions) and *verslininkas*. English translations of these terms would be civil servant and businessman respectively. Because we plan to analyze our data quantitatively, we converted our collected data into numbers. We use a simple coding system to observe the incidence of occurrence of articles mentioning the words during the 10 chronological sampling points. Quantified collected data are presented in Table 1, located in the Appendix.

4. Analysis and interpretation

We found that a positive attitude is usually expressed using verbs such as the following: "civil servants insisted to solve a problem, suggested the solution, stimulated the solution." Another example: "the businessperson invested and expected, suggested the alternative solution of the problem," "to implement the dream and to be successful." We found that in general a positive attitude towards the civil servant means that he or she is active, honest, and cares about the citizens. When the same attitude is applied towards businesspeople, it means that he or she is innovative, hard working and creative. Even expressing the positive attitude, the media usually stress the problems those businesspeople face during daily activities.

A negative attitude is formulated using such phrases as "civil servants ignore the expectations of society," or "they delay or postpone decisions, and they are corrupted," and "take advantage of one's position." Other examples: "the business-person unfairly benefits from the state" or "buy cheap and sell expensive," "sell bad quality goods," and so on. The underlying quality of negative attitudes is that civil servants are lazy, they cheat and grab money, they are corrupt and not qualified to solve problems. The found qualities of businesspersons are that they are money-grubbers, use power for their own interests, bribe the officer, and so on. Both businesspeople and civil servants are put in confrontation with the rest of society. A neutral attitude often is shown by simply stating facts.

The main findings are presented in Figures 1 and 2 where it is obvious that negative attitudes towards the civil servants prevail all over the 5 years period. The attitude to the businesspersons in general is more favourable than negative. Only during the stage of a heating economy the attitude presented in the media is less positive but nevertheless more neutral than negative.
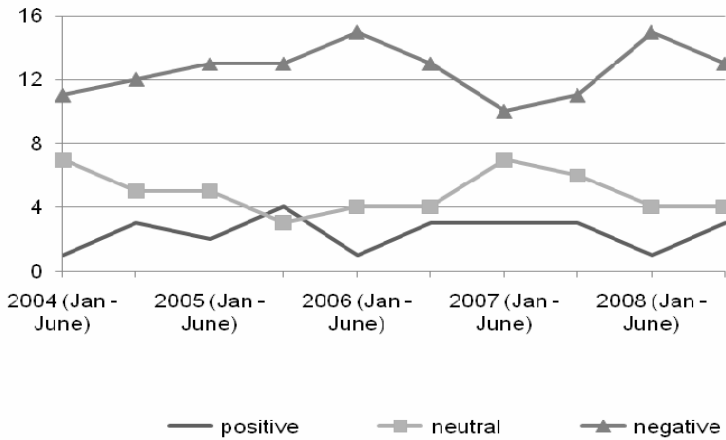

Figure 1. Attitudes towards civil servants in the media (number of articles)
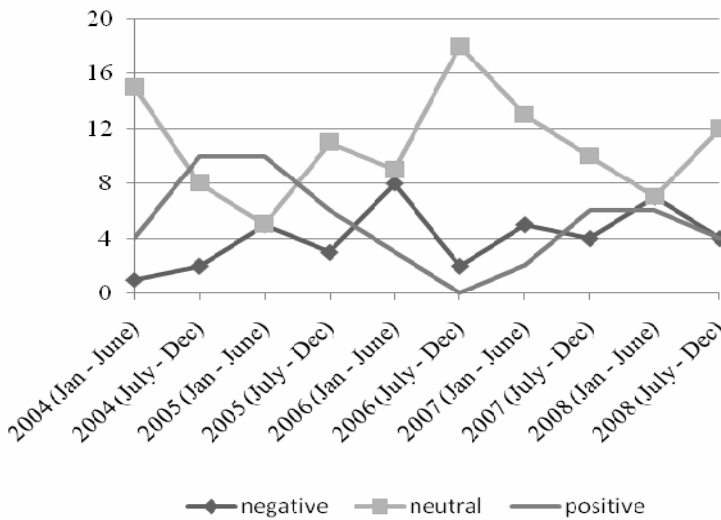
Source: own calculations.

Figure 2. Attitudes towards businesspersons in the media (number of articles)

Source: own calculations.

With such results it could be expected that employed people should be willing to have their own business that is full of challenges and to stimulate the innovation. That would appear to be the rational course of action. However, what is the real situation in the Lithuanian labour market?

The statistical data that are available show that the share of self-employed and employers in the total amount of the employed population decreased every year (from 21% in 2004 to 14% in 2008), at the same time the share of the population employed in the public sector is more or less constant and made up 28% in 2004, 2005 and 2008, while 26% in 2006 and 2007. It is obvious that negative attitudes towards the civil servants do not harm the favourability of those seeking the civil servant position. They have stable and rather high incomes. The average gross monthly income in the fourth quarter of 2008 in the public sector was LTL 2464.6. This was 21% higher than in the fourth quarter of the previous year, in the private sector – LTL 2229.9 and 8.2% higher than in the fourth quarter of the previous year [*Earnings in IV Q 2008...*].

The challenging and unpredictable income situation for businesspeople having high levels of independence does not seem very attractive for Lithuanians. This idea is supported by the findings of the surveys "Competitiveness of the Graduates of Higher education in the labour market" (2002, 2004). The main expectation of one's chosen profession was "a guaranteed well paid position." Therefore it is not too surprising that only 2% of the graduates started their own business.

Are Lithuanians influenced by the media? They do not appear to be, since the media clearly illustrate the negative nature of public sector jobs, and these were chosen overwhelmingly. At the same time, they do not choose the jobs that the media present in a positive light: the field of entrepreneurship. Given the results of our study, we find that our research hypothesis is not supported.

The question about rational choices cannot be answered using the methods we have employed in this research. The fundamental reason for this is that we were not able to observe the actual decision making processes. In future research, the authors intend to draw from the field of experimental economics.

While Veblen focused on the "irrationality" of status-seeking behaviour, Schumpeter argued that the innovative businessperson is an engine for the economy. Conceptually, Lithuania has certain real advantages compared to larger economies in terms of innovation. First, Lithuania's industries are still in a relatively nascent stage. Why build a factory in the traditionally more expensive EU-15, and not in the less expensive business climate of such new member countries as Lithuania? While the economy is under stress, Lithuanian firms could continue to innovate and compete.

The discussion above was a conceptual and hypothetical one. The reality is that Schumpeter's cries for innovation and competition would likely fall on deaf ears in

Lithuania. An interpretation of our research has indicated that thus far, Lithuanians are not quite ready to risk launching their own businesses.

5. Conclusions

Our research has shown the general tendencies in newspapers of how businessmen and civil servants are depicted to the public. Our basic question was whether consumers are influenced by media in making their career choices.

The methodology chosen for our research was a qualitative approach using a Lithuanian web portal to randomly collect articles over a 5-year period. We found that the media presentation of civil servants was overwhelmingly negative, while businesspeople were presented in a rather positive light. According to secondary labour data, a part of those employed in public sector jobs are in stable positions, while the share of entrepreneurs during our research period has declined steadily.

A central question that remains unanswered is the *process* of job selection. Given our data, we are able to make only aesthetic conclusions based on the empirical observations of the media. The relatively new perspectives provided experimental economics show that in order to draw conclusions on whether actors are *rational*, we need to observe the actual *process* of decision making.

We contend that our hypothesis was not supported based on our empirical research results. Drawing upon Schumpeter's emphasis on innovation, the reality in Lithuanian society is that it is not ready yet to foster an entrepreneurial ethic, and therefore the assumed advantages of economies in transition are not supported.

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Appendix

Table 1. Number of keywords found in the years 2004-2008

	2004 (Jan-Jun)	2004 (Jul-Dec)	2005 (Jan-Jun)	2005 (Jul-Dec)	2006 (Jan-Jun)	2006 (Jul-Dec)	2007 (Jan-Jun)	2007 (Jul-Dec)	2008 (Jan-Jun)	2008 (Jul-Dec)
Officer positive	1	3	2	4	1	3	3	3	1	3
Officer neutral	7	5	5	3	4	4	7	6	4	4
Officer negative	11	12	13	13	15	13	10	11	15	13
Total	86	135	197	149	218	258	231	344	310	297
Business positive	4	10	10	6	3	0	2	6	6	4
Business neutral	15	8	5	11	9	18	13	10	7	12
Business negative	1	2	5	3	8	2	5	4	7	4
Total	266	293	402	330	437	369	398	544	662	712

Source: authors' own estimations.