MAX PLANCK INSTITUTE
FOR SOCIAL ANTHROPOLOGY

Moral dilemmas of family capitalism in provincial Russia

Author: Daria Tereshina

January 2, 2017

"*I believe that relatives should not work together at the same… not even in different departments of the same firm*." This was how Mikhail, the owner of a small-scale enterprise in Smolensk, phrased his 'iron tenet' (zheleznyi princip) regarding the recruitment of kin at his firm. Elaborating on this general norm, which he claimed never to have violated in the course of his entrepreneurial career, he explained why owners are averse to any form of family involvement in their businesses:

When you need to take some unpopular decisions, you will probably have to drop them, because you are depend on these people, socially and morally. Really, never hire your relatives in your firm.

Framed in this way, his argument is consistent with the Weberian differentiation of value-spheres, each with its specific modes of orientation (Terpe 2016). According to Mikhail, family commitments, dictating one set of moral orientations, would inevitably bind and restrict his entrepreneurial action, presumably guided by rational, profit-maximising considerations, fully legitimate within business sphere but questionable and even shameful when juxtaposed with the language of family values. When the boundary between work and family is not respected, Mikhail knows from the examples of entrepreneur friends that relations with close relatives are sure to be damaged.

This seemingly common sense wisdom is widely diffused not only among business owners but among ordinary people. It is backed up by the authority of popular business literature that praises personal responsibility and independence and enshrines the principle of maintaining a clear-cut boundary between work and family (and sometimes friendship) as a dogma.[1]

Before setting up his own firm in the legal and business services sector in 2009, Oleg had been working as a top-manager in various banks and manufacturing companies in Smolensk and St Petersburg. After obtaining his university degree in economics, he began an extra mural MBA course, before dropping it after two years of study, dissatisfied with the quality of the

education offered. Like Mikhail, Oleg held that neither relatives nor acquaintances should ever be hired. Echoing Mikhail's concerns about the 'tough decisions' that a boss had to take in the course of his managerial duties, Oleg projected his concerns into the domestic sphere. He argued that the overlapping of work and family would inevitably be to the detriment of *family* relations, especially for a couple: '*A woman at work and a woman at home – these are two different things. You would cease to perceive your wife as a woman. Besides, when you get home, it would be difficult to switch from daily mode into the evening.*' The irony of Oleg's situation is that his wife in fact works alongside him, with responsibility for the second office of the company. Responding to my astonishment over this gap between theory and practice, Oleg serenely admitted that this was certainly an exception to his rule, but it was purely temporary. He explained that it was his own initiative to offer this job to his wife when a regular employee took maternity leave. He thought that this would be a good opportunity for his wife to get to know the company, which might became crucial one day if some misfortune were to happen to him ('an air disaster or something else'). Driven by a very practical concern to secure income for his wife and their two pre-school children, Oleg was ready to put his managerial principle on the back burner.

A baby clothes firm managed by a married couple; in addition to manufacturing, the business includes a small retail chain.

Oleg's case is far from exceptional. Many small business owners express similar concerns about family involvement, but rely nonetheless on the assistance of close kin, in their search for trust and desire to prevent theft and cheating among their employees. Entrepreneurs feel constant anxieties when conflicts emerge around property rights, the division of income, or of job responsibilities. In the light of a high divorce rate[2], accompanied by a general disdain for marriage contracts, conjugal involvement in running businesses is both very fragile and yet widespread in Russia. Mikhail and Oleg, who are in their early 40s, are in their third and second marriages respectively. The penalty of having to divide the business assets, coupled with alimony payments if there is a common child, represents a major financial burden. Some entrepreneurs reduce their risks through well-known schemes to disguise the value of their assets. These typically involve immediate family members - parents or siblings. As a result, the morality of familism, underpinned by the imperative to defend kin resources, comes into

conflict with affinal alliance (see, for example, the story of Nikolay divorce at my previous blog post, dated August 19, 2016).

I intend to devote a chapter of my PhD to documenting practices among small enterprises where “kinship sentiments operate both as forces for the continuity of family firms and forces for their demise” (Yanagisako 2002, 77). Family enterprises are a new phenomenon in Russia. Although dynasties formed among the wealthiest manufacturers in the late imperial era, the economic and social transformations of the Soviet period ensured that there could be no continuity between the industrial capitalism of the Russian Empire and its post-Soviet forms. Entrepreneurs born and socialized in the period of late socialism are now in their 50s and 60s and concerned with the transmission of their firms to a second generation. While probing these processes of consolidation on the basis of my fieldwork data, I am especially interested in the influence of Orthodox teachings, with their strong emphasis on family values, patriarchal modes of family life, and the irrevocable essence of marriage.[3] The message of the Russian Orthodox Church contrasts sharply with the social reality of today's Russia, which is marked by increasing rates of divorce, unregistered marriages, and extramarital births, while gender norms and expectations are evolving in the opposite direction from that urged by the Church (Kazmina, Pushkareva 2004, 212-219). Paying particular attention to the religious dimension, I shall explore whether an Orthodox identity makes any difference to small-business outcomes in the dynamic configuration of capital and kinship in post-Soviet Russia.

References

Terpe, Sylvia. 2016. Max Weber's "spheres of life": a tool for microsociological analysis. Working Paper, MPI for Social Anthropology.

The population of Russia 2009: Seventeenth annual demographic report [electronic resource] / 2011 Ed. A.G. Vishnewski. Moscow: Publishing House of the Higher School of Economics.

Yanagisako, Sylvia. 2002. *Producing Culture and Capital: Family Firms in Italy*. Princeton, New Jersey: Princeton University Press.

Kazmina, Olga, and Pushkareva, Natalya. 2004. Brak v Rossii XX veka: tradicionnye ustanovki i innovacionnye jeksperimenty [Marriage in Russia in the 20th century: traditional approaches and innovative experiments]. In *Semejnye uzy: Modeli dlja sborki, edited by Serguei Oushakine*, 185-218. Moskva: Novoe literaturnoe obozrenie.

Notes

[1] My sample of 50 includes a variety of small businesses and businesspeople but I acknowledge a bias towards those who can be loosely classified as educated entrepreneurs (not strictly according to educational qualifications but certainly with regard to what my

informants call the goal of 'self-development', typically marked by the consumption of business literature and by involvement in various forms of business training, ranging from local seminars to MBA courses. Compared to those lacking such training, these educated entrepreneurs were generally more enthusiastic about my research and hence more open for collaboration.

[2] According to official statistics, after legislative reform in 1966, the rate of divorce increased steadily, reaching 5.9 per 1000 persons at the turn of the century. (See The population of Russia 2009, pp. 58-83).

[3] See The Basis of the Social Concept of the Russian Orthodox Church. Accessed December 26 http://www.patriarchia.ru/db/text/141422.html.

All names have been changed for protection of personal data.