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Article

Perception of sources of private wealth: A qualitative study of perceptive schemes of Western and Eastern Bloc students

International Journal of Management and Economics

Provided in Cooperation with:

SGH Warsaw School of Economics, Warsaw

Suggested Citation: Pietrzak, Joanna (2021) : Perception of sources of private wealth: A qualitative study of perceptive schemes of Western and Eastern Bloc students, International Journal of Management and Economics, ISSN 2543-5361, Sciendo, Warsaw, Vol. 57, Iss. 2, pp. 138-150, <https://doi.org/10.2478/ijme-2021-0008>

This Version is available at:

<https://hdl.handle.net/10419/309733>

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Empirical Paper

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Perception of sources of private wealth. A qualitative study of perceptive schemes of Western and Eastern Bloc students

<https://doi.org/10.2478/ijme-2021-0008>

Received: September 19, 2020; accepted: March 20, 2021

Abstract: Over the recent years, money has become one of the most compelling topics in modern societies. Consequently, financial literacy turns out to be an indispensable ability in today's complex reality. Numerous studies reveal that the level of financial literacy is dependent on the socio-economic context in which the financial experience is formed. Against this background, this study aims to verify how the specific socio-economic context affects the perception of students with regard to the main sources of private wealth in the Western and Eastern Bloc countries. The research problem focuses on the following question: Do students' perceptions precisely reflect the economic reality in their countries? Data from 115 essays written by students from Poland, Austria, Russia, The Netherlands, Germany, Sweden, and Ukraine were analyzed using directed qualitative content analysis. A structured matrix of four predetermined sources of wealth – CEO compensation, financial trading, entrepreneurship, and inheritance – was developed and subsequently compared with students' observations. As a result, two conceptual models were developed presenting differences in the perceptive schemes of Western and Eastern Bloc students. Then the perceptions were compared with empirical data from the Forbes list of billionaires. This paper provides an example of how essays written by students can become a source of empirical research. Its added value lies in showing the usefulness of directed qualitative content analysis in socio-economic studies.

Keywords: wealth, income, financial literacy, socio-economic differences, directed qualitative content analysis

JEL Classification: Z1, F6, I3, J7

1 Introduction

The incessant concentration of private assets in the hands of wealthy families and individuals has become one of the most noticeable trends both globally and in Europe. In the wake of steady economic growth, the number of rich people began to increase not only in traditionally prosperous Western European countries but also in transforming post-communist ones, such as Poland, Russia, or Ukraine [World Wealth Report, 2020, Capgemini Research Institute]. The emergence of a distinct social group of wealthy individuals has been brought to public attention by virtue of mass communication and social media, putting the lavish lifestyle of the rich and influential in the center of social interest. Accordingly, money has become one of the most compelling topics in modern societies, and materialistic attitudes seem to overrun other, more altruistic demeanors [Hurst et al., 2013]. Materialism is one of the distinctive characteristics of modern economies, making proper money attitudes and financial literacy an indispensable ability to navigate in today's complex reality. Financial literacy is more than the sum of financial education and knowledge

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[Huston, 2010]; it is the capacity to use that knowledge in a specific economic context and is contingent upon one's individual experience developed in the very early formative years [Gurney, 1988].

The idea of different socio-economic backgrounds leading to different levels of financial literacy is central to this study. The aim of the present study is to verify how the specific socio-economic context affects the perception of students about the main sources of private wealth from different economic blocs. Consequently, this research seeks to understand the mental reality of students from two groups of countries: Western and post-communist ones. The juxtaposition of the Western and Eastern Bloc countries is intended to discover whether there are two different perceptive schemes concerning sources of wealth, resulting from different determinants in which the students' experience is anchored. The main research problem focuses on the following question: Do students' perceptions adequately reflect the economic reality in their respective countries? Do they properly understand the mechanisms of acquiring wealth in their societies? To achieve the study's aim, a directed qualitative content analysis was applied, utilizing a structured matrix [Elo and Kyngas, 2008]. Four predetermined high-income categories, such as CEO compensation, financial trading, private entrepreneurship, and inheritance, based on the study by Sussman et al. [2014] were put into the matrix and taken as grounds for further elaboration. The research was focused at finding whether all the four categories would be reflected in students' opinions and whether there would be any specific connotations reflecting the different socio-economic environments in which students' observations were made. The data were derived from a purposive sample of 115 essays written by students from Poland (39 essays), Austria (22), Russia (16), The Netherlands (16), Germany (9), Sweden (8), and Ukraine (5), studying at Vorarlberg University of Applied Science in Dornbirn (Austria) and the University of Gdańsk in Sopot (Poland) in the years 2015–2018. The research results are presented in the form of two different perceptive schemes, elaborating the meaning of a country-specific experience and its potency to shape views on wealth-creating mechanisms. In a further step, students' observations were matched with the empirical data derived from the Forbes list of billionaires [Forbes, 2020], which reflects the real composition of sources of wealth among the richest people in the analyzed countries. The study demonstrates the additional value of proving the usefulness of directed quality content analysis in socio-economic studies.

2 Materialism, money attitudes, and financial literacy – Theoretical background

Over the past decade, most countries of the world have experienced stable economic growth, followed by the rapid accumulation of wealth by private individuals. Although Europe lost its leading position in wealth creation several years ago, it is still a region of significant private wealth concentration. In the years 2013–2019 the total wealth of European adults rose from US\$86 trillion to approximately US\$89.7 trillion [Statista, 2019]. The emergence of a distinct social group of wealthy individuals attracts interest from the media, making the process of individual wealth creation even more spectacular for an outside observer. The omnipresent interest in money has become a hallmark of our times and a key feature of most market economies. As social psychologist David W. Krueger observed, “money is probably the most emotionally meaningful object in contemporary life: only food and sex are its close competitors as common carriers of such strong and diverse feelings, significance and strivings” [Krueger, 1986, p. 3]. It is acknowledged that materialism is on the rise both globally and as an individual phenomenon [Ghadrian, 2010; Lim et al., 2012]. Moreover, since money has been established as a powerful motivator of human behavior, materialism is regarded as a central driving force in modern consumer society [Looft, 1971]. Numerous definitions of materialism have been proposed; in the context of this study, two of them need to be mentioned. The first definition presents materialism as “the importance a consumer attaches to worldly possessions” [Belk, 1984, p. 291]. The second views materialism as a system of personal values and defines it as “a set of centrally held beliefs about the importance of possessions in one's life” [Richins and Dawson, 1992, p. 308]. These two approaches can be differentiated as *personality materialism* versus *personal values materialism* [Ahuvia and Wong, 2002]. Yet another approach connects materialism with Maslov's hierarchy of needs theory and views it as a mechanism for coping with unsatisfied needs [Inglehart, 1990]. It is not my intention to discuss

whether materialism is bad or good – a dilemma contemplated by many scholars [Swagler, 1994; Larsen et al., 1999; Twitchell, 1999]. Neither is it my aim to analyze the implications of a materialistic attitude on personal satisfaction or dissatisfaction (for more on this subject see Ahuvia's article, *If money doesn't make us happy, why do we act as if it does?*, Ahuvia, 2008). Rather, I take a neutral stance and consider materialism as a complex phenomenon which is prevailing in most developed economies and is therefore worth academic deliberation.

One of the aspects related to materialism is money attitude. As many studies reveal, attitude toward money is an important factor in determining a person's financial management and level of financial prosperity [Joo and Grable, 2004; Shim et al., 2009]. Moreover, since money attitudes precede money behavior, they may be treated as a signal or an indicator of future money-related decisions. Nelson et al. [2006] highlight the impact of social class background: Children raised in a poor working community acquire the skills necessary to navigate in that environment, but they probably do not learn the skills necessary to advance into more privileged classes. The significance of personal experience is also emphasized by Gurney [1988], who argues that money attitudes begin as early as in childhood as we observe our parents' behavior, and remain practically unchanged in adult years, affecting all our decisions concerning money.

All circumstances connected with money attitudes and behaviors add up to the general concept of financial literacy. There have been many attempts to conceptualize financial literacy to distinguish it from financial education and financial knowledge. One of the most comprehensive definitions was presented by The Organization for Economic Cooperation and Development [OECD, 2012], in which financial literacy is portrayed as a combination of the consciousness, knowledge, ability, attitude, and behavior that are necessary to make financial decisions and, accordingly, to achieve individual financial wealth. Thus, financial education is a process of knowledge and ability development, and financial literacy is the capacity to use that knowledge and abilities in real-life situations. Financial literacy has two dimensions: understanding and use [Huston, 2010]. Although it is a multidisciplinary concept, the research so far has focused mainly on the instruments used to measure this phenomenon and to enable its modeling [Chen and Volpe, 1998; Murphy and Yetmar, 2010; Rooij et al., 2011; Potrich et al., 2016]. This paper presents a different approach. I perceive financial literacy as a specific type of capital which is acquired through social observation and financial education and is further shaped by subjective experience resulting from one's socio-economic context. It starts with the understanding of local mechanisms of gaining wealth and based on this understanding it may be used in a successful fashion.

3 Main sources of wealth – An overview

Following the discussion on money and wealth, it is essential to identify the key factors influencing the process of private wealth accumulation. At this point, it is necessary to separate two concepts that are often misinterpreted, namely, income and wealth. At the simplest, income is a flow of money, whereas wealth is a stock concept – the difference symbolically exemplified by Kennickell [2008] in his metaphor of “ponds and streams”. Income represents the flow of cash that one earns every year, whereas wealth is the total stock of assets that one owns, either through accumulation or inheritance. Although income is the primary source of creating wealth for individuals, it is, however, not wealth itself. Moreover, generating income does not always lead to wealth creation. There are other differences, too. Whereas income streams mostly take the form of cash, the wealth components are much more diversified and include both financial and non-financial assets. Wealth is also an important metric since it can be inherited, unlike income. Wealth can determine which opportunities individuals have to make profitable investments, gain proper education, and pursue different occupations [Roine and Waldenström, 2014; Pistor, 2019]. The commonly accepted definitions of wealth focus on assets that are marketable and thus possible to sell or purchase at a marketplace. Related to this is the concept of income-generating assets, that is, assets that have a base value and, at the same time, the ability to produce additional funds beyond the inherent value for the investment holder. As Kennon [2019] observed, rich people use a disproportionate percentage of their income to acquire productive assets. By doing so, they multiply their chances to garner substantial revenue from capital gains.

Both literature studies and real-life examples indicate that the accumulation of wealth can be driven by entirely different mechanisms and can thus consist of a mixture of different income streams. It is therefore justified to make a short overview of the main sources of income that can contribute to one's stock of wealth. The selection of high-income categories was based on the typology proposed by Sussman et al. [2014] and comprises the four most powerful sources of wealth: CEO compensation, financial trading, entrepreneurship, and inheritance. There are, of course, other sources of income streams, such as money made by artists, sportsmen, media celebrities, and so on, not to speak of criminal activities. Narrowing them to just four most powerful categories was intended to make the final picture as clear as possible. The analyzed sources of wealth are described in brief below.

3.1 CEO compensation

This is a strong wealth-creating factor due to the huge disparity between the salaries of top executives and the average wage level in big companies. This phenomenon, reaching its extreme in the United States, is commonplace also in Europe. In 2018, the pay ratio between the CEO and the average worker was 201 in Great Britain, 171 in the Netherlands, and 136 in Germany [Statista, 2020]. Such a huge wage gap is often attributed to globalization and technological revolution. Globalization extends substantially the market reach for corporations' products, and technological change increases the wage differences between skilled and unskilled workers. As Rosen [1981] points out, a combination of technology and market size gives top executives excessively large rewards, creating the “superstar” model of the economy in which the income distribution is dramatically skewed toward the most talented people in the activity. Many markets have become “winner-take-all-markets”, providing disproportionate gains to the largest and most productive firms and their executives [Frank and Cook, 1991]. However, Bivens and Mishel [2013] argue that the dramatic increase in the salaries of top executives is not the effect of competitive markets rewarding skills or productivity based on marginal differences, but is rather driven by the creation of economic rents. CEOs and top executives receive performance-based compensation which includes not only large salaries but also bonuses, stock options, and many other financial and non-financial benefits, constituting a significant income stream to accumulate wealth. At the same time, a large fraction of regular employees are paid merely the market rate wages, that is, the lowest rates that can be accepted by an industry group.

3.2 Financial trading

This type of income results from successful capital market operations and can take the form of dividends or capital gains. Purchasing shares can significantly contribute to the financial success of an individual, regardless of whether the goal is a cash income from dividends or a long-term appreciation in stock value. If one can afford to buy a large portfolio of stocks that regularly pay dividends, dividend income may become a stream of cash to be reinvested or used for consumption without decreasing the value of one's wealth. However, financial trading as a way of getting rich is not easily available to everyone. It involves high risk and requires a substantial degree of knowledge concerning financial instruments, not to mention capital resources necessary to start the investments. These criteria pose a serious psychological and educational barrier and result in perceiving capital market operations as a source of income available only to knowledgeable investors and wealthy people with abundant capital reserves. According to Piketty [2014], the key reason underlying the extreme concentration of wealth in the hands of privileged groups is the increasing return to capital versus labor. Petras [2014] goes so far as to say that the original source of private wealth is the exploitation of labor by capital, which results in the accumulation of huge amounts of private wealth at the expense of wages, salaries, public welfare, and state revenues.

3.3 Entrepreneurship

Studying the list of the richest people in the world [Forbes, 2020], it is easy to notice that a great majority of them are business owners. Therefore, many people think of moving to this category at some stage of

their career and make plans of launching a business of their own sometime in the future, recognizing its potential as a powerful wealth-creating mechanism. Income from entrepreneurship refers to money one can earn by selling goods or services for more than it costs to produce them. To realize profit, a business owner or an entrepreneur needs to come up with the right idea of a product or service, find customers with the relevant needs, cope with the competition and legal business environment, and be able to engage in many other time-consuming activities. Once profits are made, they may be invested in various income-generating assets which contribute to the overall stock of wealth. Starting an own business, however, requires an entrepreneurial spirit, the courage to take additional risks, and above all, initial investment capital which can be either accumulated in advance or inherited.

3.4 Inheritance

Households and individuals may acquire wealth in two ways: (1) by accumulating the net surplus of earnings over consumption or (2) by receiving transfers of cash and assets from other people, mainly members of the family. According to the European Central Bank, study inheritance plays a decisive role in defining the relative position of households in the distribution of wealth across all countries using the Euro [Fessler and Schurz, 2015]. Other studies [Feiveson and Sabelhaus, 2018] reveal that inheritance recipients tend to be wealthier, more educated, and able to acquire higher income than the average person in the economy. Korom [2016] openly uses the phrase “inherited advantage”, pointing to various advantages that go beyond money transfers and comprise investment in education, engaging heirs in lucrative family businesses, providing connections leading to better paying jobs, or providing financial expertise that leads to higher returns. Knowledge and networks are thus a form of social capital systematically passed from the older generation to the younger, allowing children of the wealthy to take a higher position in the social hierarchy and providing “wisdom about how to advance educationally or economically, social contacts that facilitate advancement, and knowledge about how to work within social systems” [Bubolz, 2001, p. 130]. In consequence, intergenerational transfers, whether they take the form of financial or social capital, are powerful factors of wealth creation and wealth concentration.

4 Research method

The aim of the present research was to verify whether students from different economic and social backgrounds are familiar with the commonly known sources of wealth (mentioned above) in equal measure, and to find out how the personal context of these students affects their understanding of wealth-creating mechanisms. The complementary aim was to confront students’ perception schemes with the actual composition of sources of wealth of the richest people in their respective countries. The specific research questions were formulated as follows:

1. Are there differences in understanding the role of the respective sources of wealth between students from Western and post-communist countries?
2. In which income categories are the differences most visible and how can they be explained?
3. Are there any country-specific perceptive schemes that apply solely to the unique social and economic contexts of these countries? If so, how can they be interpreted?
4. How adequate are students’ perceptions in confrontation with real sources of wealth of the richest persons in their countries?

Given the exploratory nature of this study, a qualitative content analysis was used following Marshall’s [1996] view that the qualitative approach is most useful in understanding the humanistic “why?” and “how?”, rather than the mechanistic “what” questions, which are usually answered by quantitative methods. Qualitative research methods are particularly relevant in the case of seeking the understanding of the problem from the perspective of the local population and are especially effective in obtaining culturally specific information. Of the three approaches to data analysis (conventional, directed, or summative),

the *directed* qualitative content analysis of textual materials was chosen, as “a research method for the subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns” [Hsieh and Shannon, 2005, p. 1278]. Data were derived from a purposive sample of 115 students’ essays written during financial courses taught by the author in the years 2015–2018 at Vorarlberg University of Applied Science in Dornbirn (Austria) and the University of Gdańsk in Sopot (Poland). All the essays had the same topic: *What are the main sources of private wealth in your country?*, and were written by students representing the following countries: Poland (39 essays), Austria (22), Russia (16), The Netherlands (16), Germany (9), Sweden (8), and Ukraine (5). Such sample composition made it possible to compare the opinions and observations made by students from developed Western countries (Austria, Germany, The Netherlands, Sweden; 55 essays altogether) and those from post-communist or transition economies (Russia, Ukraine, Poland; 60 essays altogether). All students were 19–23 years old, had a bachelor’s degree, or were undergoing bachelor study. The deductive approach was applied to this study. Based on the research by Sussman et al. [2014], a structured categorization matrix containing four major sources of wealth – CEO compensation, financial trading, entrepreneurship, and inheritance – was determined as the framework for data collection and analysis. Accordingly, only aspects that fit the matrix were chosen from the data and coded for further analysis [Patton, 1990]. Coding was done separately for essays written by Western and post-communist students, and manifest rather than latent content was taken into consideration. The process of the analysis is presented in Table 1.

The analysis resulted in the elaboration of two conceptual models showing differences in the perception of sources of wealth between the Western and Eastern Bloc students, featuring socio-economic backgrounds underlying the students’ perspective, and identifying most typical associations pertaining to the four analyzed high-income streams.

5 Sources of wealth – Western students’ perspective

Figure 1 presents the perception scheme of Western students. Due to the socio-economic background of developed economies, traditionally wealthy societies, and the longstanding functioning of financial institutions, all major sources of wealth—with the corresponding associations—were reflected in their essays.

5.1 CEO compensation

Whenever an income from employment was mentioned in Western students’ essays, it was typically associated with a CEO or other top position in a corporation. The students were aware that income from a job could contribute to building one’s wealth only if it was related to a high position in the corporate hierarchy. Here are the relevant quotes: “To work as a CEO in a publicly traded company, to get bonuses and dividends” [male, Austria, 19 years]; “To be skilled worker, go to the top of corporate ladder” [male, Germany, 20 years]; and “To get well paid jobs: security broker, CEO, chief of research & development” [male, The Netherlands, 20]. Western students also seemed to realize that income from regular work could

Table 1. Directed content analysis process (deductive approach)

Phase of analysis	Steps
Preparation	Selecting unit of analysis (single essay) Reading all essays and selecting the most meaningful ones
Organizing the research process	Developing structured analysis matrix Data coding according to predefined categories Separating essays written by Western and Eastern Bloc students
Reporting and results presentation	Finding typical quotes for each predefined category Elaborating conceptual models of perceptive schemes of Western and Eastern Bloc students

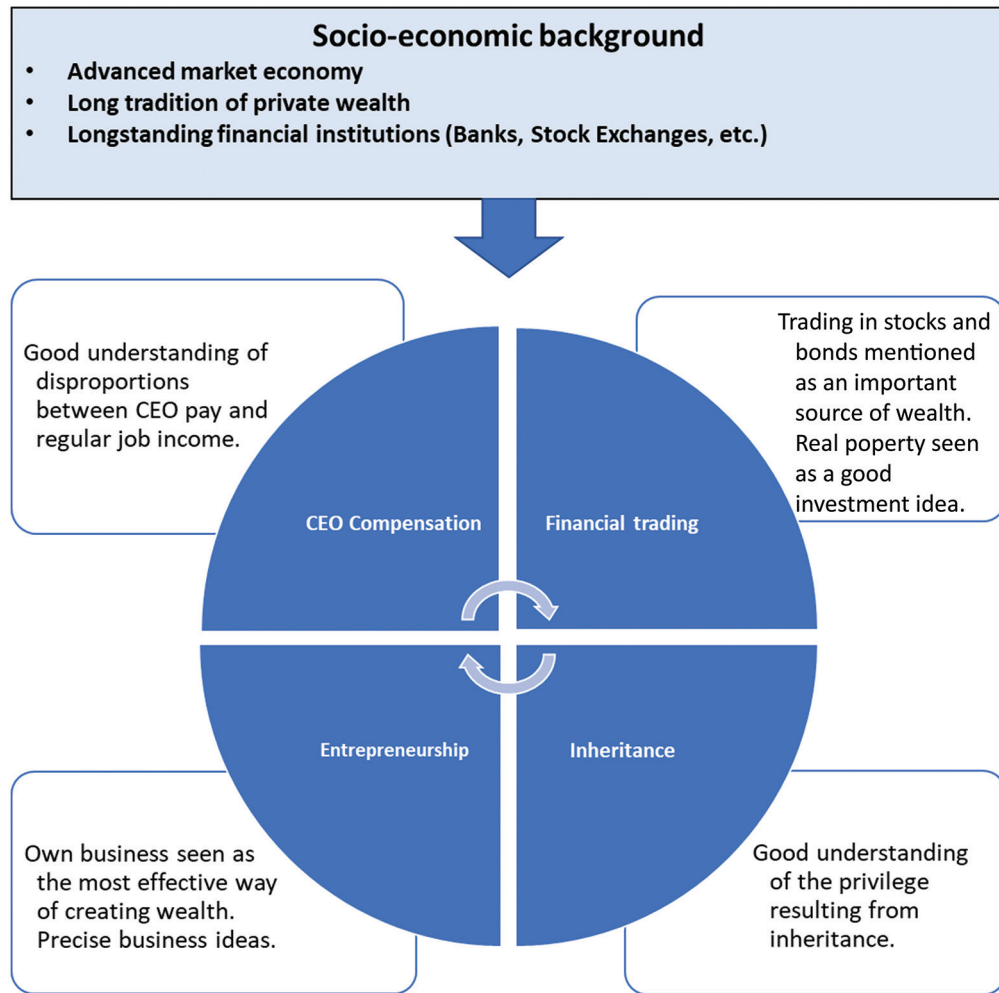


Figure 1. Conceptual model of Western students' perception scheme of sources of wealth; comments to each identified source of wealth with adequate quotes are given below.

not be considered as a substantial source of wealth, as in the following quotes: “It is very hard to get rich in Austria just as a normal worker or an employee in some company” [male, Austria, 19]; “In Sweden it is hard to become very rich as an employee, even if you do a great career” [female, Sweden, 21]. Some opinions underlined the role of taxation as follows: “Taxes make it difficult to become rich just by earning salary or doing a wage-based work” [female, Sweden, 20].

5.2 Financial trading

This income stream was usually mentioned by Western students in the general context of trading in financial instruments, mainly on a stock exchange. Typical associations pointed to the risky nature of securities and further investing possibilities resulting from capital gains. Specific quotes were as follows: “To invest in stocks and bonds, especially on a long-term basis” [male, Germany, 21]; “To buy shares of successful companies” [male, Austria, 19]; and “To invest in projects of building companies” [male, The Netherlands, 20]. Western students were very precise in indicating further investment possibilities, highlighting real estate as the most effective form of financial engagement. They pointed to specific real-estate projects, for example: “Investing in property market supported by tourism industry” [female, Austria, 20] and “Investing in real estate in megacities in Austria or Germany” [male, Austria, 19]. Furthermore, income from property trading and rental income were perceived as meaningful contributions to their retirement provision, which proves their good understanding of financial matters in a long-term perspective.

5.3 Entrepreneurship

Entrepreneurship was by far the most mentioned source of wealth in Western students' essays. Although many opinions were of a general nature, the awareness of special abilities and predispositions necessary to start one's own business was manifest in their essays, as in the quotes: "It takes innovative spirit to start own business" [male, The Netherlands, 20] and "To make quick money you have to be creative programmer or web developer" [male, Germany, 21]. There were also several more precise ideas of running an own company, indicating the areas in which the newly established businesses could operate: "To be an entrepreneur in internet business, ex. gaming industry" [male, Austria, 19]; "To be entrepreneur in construction sector, real estate or finance" [male, The Netherlands, 21]; and "To bring innovative spirit in engineering, shipping industry" [male, The Netherlands, 20].

5.4 Inheritance

Inheritance was mentioned by almost all Western students, as a reflection of the economic reality in which they live and which they can therefore observe and interpret in a correct way. The relevant quotes are as follows: "To be born into rich family" [female, Austria, 19]; "Inherit the business and develop it" [female, Sweden, 21]; and "Inherit property, money or participation in family-owned company" [male, Germany, 21]. The last quote is particularly meaningful, since it reveals the understanding of both material and social leverage resulting from intergenerational transfers or from being born to a wealthy family.

6 Sources of wealth – Eastern Bloc students' perspective

Figure 2 presents the perception scheme of Eastern Bloc students featuring their vision of sources of wealth. Different socio-economic backgrounds of emerging economies transforming from centrally planned to market rules had a visible impact on their understanding and interpretation of various ways of getting rich. In general, opinions of this group of students were rather vague or sketchy, such as, if the concept of private wealth was a sort of a distant category for them. A very meaningful quote proves this assumption: "Just imagine your whole life without even knowing that you can buy things bigger than a bicycle, and now you can own flats, houses or even factories" [female, Russia, 19]. Two important sources of wealth – income from financial trading and inheritance – were practically not recorded in Eastern Bloc students' essays,

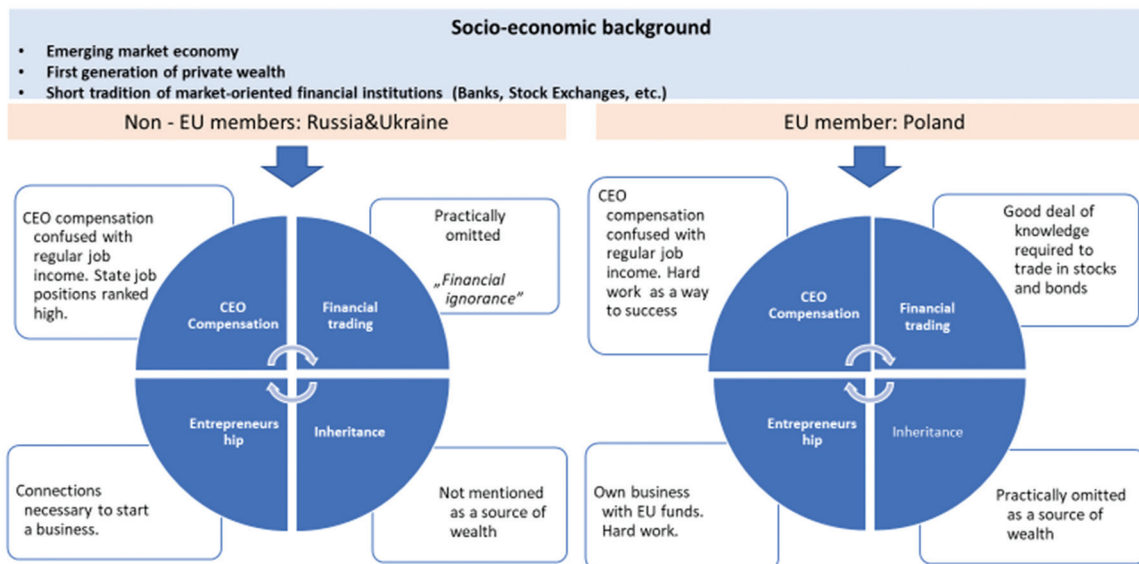


Figure 2. Conceptual model of Eastern Bloc students' perception scheme of sources of wealth.

and the connotations referring to the remaining sources displayed a typically country-specific perspective. There were also differences distancing the opinions of Polish students from their peers, based on Poland's membership in the European Union (EU).

6.1 CEO compensation

Income from a job was perceived by this group as a very important factor contributing to private wealth, but only occasionally was it associated with a high managerial position. Contrary to their Western peers, students from post-communist countries seemed to have a vague cognizance of the weak position of labor income versus capital-based income streams. There was only one case in 60 essays from Eastern Bloc students in which the skepticism toward income from regular work was expressed: "It is difficult to make serious money while being employed" [male, Poland, 23]. Otherwise, economic security resulting from employment was perceived as a good starting point to wealth accumulation. Polish students referred to income from employment in the context of hard work: "Working hard" was a typical combination of words whenever employment was considered, sometimes articulated as "commitment and hard work," "taking extra work," or "workaholism". In singular cases, however, there was a reference to the position in corporate hierarchy: "To have high position in IT and finance" [male, Poland, 22] and "To develop a professional career, take high managerial position" [female, Poland, 22].

In the case of Russian and Ukrainian students, high regard for state job positions or employment by state-owned companies could be observed, corroborating the notion of economic security as a highly appreciated social value in post-communist countries. Here are the relevant quotes: "To get an executive position in a big state company" [female, Russia, 21] and "To work for extraction industry" [male, Russia, 21]. In general, a great majority of the opinions of Eastern Bloc students seemed to suggest that if one worked hard enough or had a stable job position, income from employment may be quite an effective way of accumulating wealth.

6.2 Financial trading

Only in five essays by Polish students was there a clear reference to capital market operations as an effective path in pursuing wealth. The students seemed to be realistic about the necessary knowledge required to use financial instruments and benefit from this income stream. Here are some typical quotes: "To know the basics of management and investments" [male, Poland, 22] and "Invest on a stock exchange, have the knowledge of investing instruments" [female, Poland, 22].

In contrast, there was no reference to stock trading as a source of wealth in the essays by Russian or Ukrainian students. Two comments appeared in Russian essays instead, both critical and skeptical, namely: "There is little stock exchange activity" [female, Russia, 22] and "Financial ignorance" [female, Russia, 21]. The latter statement was supposed to describe the generally low level of financial literacy among the Russian population. Although there are stock exchanges operating in Moscow and Kiev, the participation of individual investors in the capital market in both countries is very small, and the knowledge of financial instruments among ordinary people is rather negligible.

6.3 Entrepreneurship

This income stream revealed profound country-specific differences both in relation to Western students' opinions and within the Eastern group itself. Entrepreneurship as a path to building private wealth was mentioned explicitly only by Polish students. Some comments were of general character and alluded to the predispositions of a would-be entrepreneur: "To set ambitious goals, distinguishing goals from dreams" [female, Poland, 22]; "Building own business from scratch, taking risks" [male, Poland 22]; and "To use the combination of external factors and the ability of Poles to take chances, work hard, take risks" [male, Poland, 22]. The motto of "hard work" appeared time and again in the context of entrepreneurship in Polish students' essays. Since Poland is the only member of the EU in the analyzed Eastern Bloc group, the

conditions fostering own business were perceived in strong correlation to this fact, as in the quotes: “To set own business with the use of European funds” [male, Poland, 22]; and “To use the opportunities of EU membership and transformation” [female, Poland, 22].

Quite different opportunities for launching a private business were mentioned by Russian and Ukrainian students, highlighting the specific perception schemes resulting from the economic situation in these two countries. To start with, an open critic of the state of local entrepreneurship was expressed in one of the essays, and it is worded as follows: “There is no strong entrepreneurial spirit in my country” [female, Russia, 21]. As for the potential business areas, the market deficit of certain goods was referred to as a good opportunity to develop private initiative: “Importing computers, consumer goods” [male, Ukraine, 21]. There were also some specific comments concerning the use of the international experience in local domestic conditions, as in the quotes: “Getting education in Europe, understanding European way of earning money” [female, Russia, 21] and “Adapt ideas which are successful abroad and develop them in Russia” [female, Russia, 21]. Another interesting feature that kept appearing in the essays from Russia and Ukraine was the importance of the right connections for any business activity. This was phrased as follows: “To know the right people” [female, Russia, 21]; “To have political connections” [male, Ukraine, 21]; and “To have connections with the government” [male, Ukraine, 21]. This perceptive scheme can be explained by the oligarchic structure of both the Russian and Ukrainian economies, where big fortunes were made as a result of the privatization of state enterprises and passing down the public assets into the hands of private individuals connected to the ruling circles.

The difference in the attitude to private entrepreneurship between Russia and Ukraine on one side, and Poland on the other, requires further clarification. The communist command-and-quota economic system was imposed on Poland after 1945, but has never been accepted as a natural social and economic order by the Polish society. Therefore, the transition to a free market economy in the early 1990s could proceed relatively quickly, giving the Poles an opportunity to develop their entrepreneurial skills. As Prof. Dieter Bingen, Director of the German–Polish Institute in Darmstadt, observed, “It was fascinating how poorly rooted communism was in Poland” [Jarosz, 2011, p. 8]. The situation in Russia and Ukraine was different; a centrally planned economic system was sustained in the Soviet Union for years (Ukraine was a Soviet republic till 1991) with the help of a vast range of rigid social and economic rules. Therefore, the system in which the society had become very reliant on the state is deeply rooted in Russian and Ukrainian culture.

6.4 Inheritance

This part of the research revealed the most significant differences between the Western and Eastern Bloc students’ observations. Inheritance was mentioned only in one case, in a Polish student’s essay, and was limited to a single mention with no further elaboration. No reference to intergenerational transfers was found in the essays by Russian or Ukrainian students. The reason for these discrepancies between the Western and post-communist perspective is rather obvious: Poland, Russia, and Ukraine entered the path to a market economy barely 30 years ago, starting from a very low level of GDP per capita and an unusually scarce amount of private wealth. There is just the first generation of millionaires in the whole region, the population of wealthy individuals is scanty, and the effects of inheritances are not yet visible on a social scale.

7 Factual data vs. students’ perceptions

In the next phase of the research, students’ observations were confronted with the real conditions of accumulating wealth in their relevant countries. To that end, the empirical data from the Forbes list of billionaires were taken as a ground for further analysis. In March 2020, when the list was completed, there were 2,095 billionaires worldwide [Forbes, 2020]. The list comprises each billionaire’s name, nationality, and total value of assets, as well as a short biographical note which enables inference about the origins and main source of their wealth. Out of 2,095 billionaires listed by Forbes, 89 were from Russia, 85 from Germany, 29 from Sweden, 11 from Netherlands, 8 from Austria, and 5 from Poland and Ukraine (Table 2).

Table 2. Billionaires and their main sources of wealth in analyzed countries

Country	Main source of wealth				
	Total number of billionaires	Own business	Inheritance	CEO position	Financial operations
Germany	85	30	46	7	2
Sweden	29	7	16	4	2
Netherlands	11	7	2	-	2
Austria	8	5	1	1	1
Russia	89	25	-	13	51*
Ukraine	5	2	-	-	3*
Poland	5	3	2	-	-

*Specific financial operations connected with “loans-for-shares” auctions in post-Soviet privatization transactions

Source: own elaboration based on “Forbes List of Billionaires 2020”, <https://www.forbes.com/billionaires/>

Considering the distribution of the sources of wealth in the Western billionaire group (Germany, Sweden, Netherlands, Austria), it becomes clear that in developed economies there are two most powerful drivers of wealth: own business and inheritance. Both sources were strongly emphasized in Western students’ essays and described as very important. The relatively lesser role of the CEO position and financial operations in building one’s fortune was also well reflected.

The comparison of Eastern Bloc students’ perceptions with factual data proved to be much more complicated and ambiguous. The first thing that comes as a surprise is the very high number of billionaires in Russia – a country of relatively low GDP per capita (approx. US\$11,000) as compared with Germany (US\$47,000) or Austria (US\$51,000). Second, the way in which huge resources previously owned by the state got into the hands of private individuals remains not entirely transparent, since the emergence of oligarchy has taken a very specific path, which is typical mainly to Russia and Ukraine. Most of the Russian and Ukrainian billionaires amassed their wealth during the process of economic transformation following the collapse of the Soviet Union in the 1990s, which resulted in one of the fastest redistributions of assets in history. As Guriev and Rachinsky [2005, p. 138] explain, the oligarchs owe their fortunes to the “loans-for-shares” auctions held by the Russian government in the mid-1990s. An auction was organized to allocate the controlling stake of a large natural resource enterprise in exchange for a loan to the federal government. The price of the controlling stake was usually set at a very low level; this resulted in the transition of assets taking the form of a privileged financial operation. Further, prior to the transition, many of today’s billionaires were either managing the respective enterprises or working in government agencies supervising the enterprises, and when the Soviet-era firms were privatized, they converted their *de facto* control into ownership rights. Having all this in mind, it was difficult to find an adequate name for the origin of wealth in the case of most Russian and Ukrainian billionaires. Therefore, “financial operations” were chosen as the most appropriate name, although those post-Soviet “financial operations” differ significantly from the conventional meaning of financial trading operations in a market economy. The fact that this specific type of transactions was not mentioned by Russian and Ukrainian students proves the difference between their perceptions and reality, and indicates a rather poor understanding of the real mechanisms of acquiring wealth that have been in vogue in their countries. On the other hand, remarks about the need for proper connections to start a business seem to have corroboration in the reality characterizing the Russian and Ukrainian business environment, since several billionaire businessmen from these countries have such connections mentioned in their respective biographical notes.

8 Conclusions

The present study began with the assumption that the question of wealth is likely to be in the center-of-interest of most young people, regardless of their economic and cultural backgrounds. It was interesting to ascertain whether the knowledge of wealth-building factors was available commonly and in equal measure

to everyone. The presupposition highlighted in the literature review—that the availability of financial knowledge does not automatically translate into a proper understanding of the financial mechanisms—found an empirical corroboration in this study. The research findings revealed that socio-economic conditions result in different perceptive modalities between Western and Eastern Bloc students concerning the identification of the most powerful sources of wealth. The research findings may be concluded as follows:

1. There are differences in understanding the role of the respective sources of wealth between students from the Western- and Eastern-European countries.
2. Western students have produced a better observation scene, which is likely to be a consequence of the advancement of the market economy. The variation in the observation scene, resulting from the above-mentioned differences in understanding, was reflected mainly in their understanding of two main wealth categories: inheritance and income from financial trading.
3. Eastern Bloc students lack proper understanding of the difference between the income from a job and CEO compensation, indicating their confusion in this area.
4. Concepts related to private entrepreneurship are more precise in Western students' views; the ideas of Eastern Bloc students are vaguer and reflect many country-specific circumstances.
5. The perceptive schemes of Western students reflect their economic reality in a fairly precise way. In the case of Russian and Ukrainian students, there is a deficit in understanding of the process of transfer of assets that took place in the post-Soviet transformation period.

9 Limitations

This study is exploratory and descriptive in nature. Due to the specific data source, it is fragmentary and its findings cannot be generalized. I am also aware of the limitations resulting from the subjective character of the analysis – a feature that is characteristic of many qualitative studies. Further research projects could take the form of a quantitative analysis to find a statistically significant ranking of the analyzed sources of wealth in two different groups of respondents from Western and post-communist countries.

Conflict of interests

I have no known conflict of interest to disclose.

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