Deformations in Economic Consciousness of Children Raised in Orphanages

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Abstract
The aim of the present work was to study the deformations of economic consciousness in adolescents raised in orphanages. It was found that, due to deprivation of economic and social experience, children who were raised in orphanages have a high risk of deformations in economic consciousness, which can be represented by delayed formation of economic consciousness components in comparison with age norm, or distorted contents of economic consciousness components incompatible with social norms. The findings showed that the deformations of economic consciousness in adolescents raised in orphanages are deformation of the cognitive component—underforming of most economic concepts; deformation of the motivational-value component—corresponding to a lower (pre-conventional) level of moral consciousness; and deformation of the behavioral component—corresponding to Homo Economicus type, which seeks to maximize self-interest.

Keywords
economic consciousness, children in orphanage, deformations

Introduction
Market economy grows increasingly important in every sphere of life in present-day Russia. This certainly affects one’s attitude toward property, money, economic risk, and other economic entities and phenomena.

One’s reflection of existing economic relations is studied in psychology as “economic consciousness.” Economic consciousness and its structure were addressed in the works of Philippov and Kovalyev (1989), Zhuravlev and Poznyakov (2004), and so on. Economic consciousness is usually seen as a complex psychological formation acting to control one’s economic behavior and comprising the following interconnected components: cognitive, motivational-value, behavioral. The cognitive component of economic consciousness is responsible for one’s informational sensitivity toward the economy, which is expressed in awareness of economic reality. The motivational-value component reflects the importance for an individual of economic reality, the degree of balance between economic and moral values. The behavioral component is responsible for practical interaction with economic entities (Golubeva & Istratova, 2013).

Economic consciousness is the latest formation in ontogeny and is formed during the period when a person gets involved in (or affected by) various phases of reproduction: production, exchange, distribution, and consumption; however, its elements begin to form as early as preschool age (Fenko, 2000; Schedrina, 1991; Webley, 2002). Therefore, one of the areas of psychological research of immediate interest is to study the specifics of attitude of children and adolescents to economic entities and phenomena.

The prerequisites for economic consciousness originate in one’s family. As children grow, they learn the tenets of work, earning and spending strategies, property, and money principally from their families. By discussing economic subjects with their children, engaging them in moderate housework, giving them pocket money and helping to plan their spending, parents promote the development of basic economic concepts in their children, development of children’s attitude to economic values, gaining of initial economic skills.

Children from disadvantaged families need particular attention in this context. Not just are they deprived of mother love and care, which severely affects their entire personal development, but they also have no parents to help them to adapt to their surrounding environment. Involvement of children as they grow in the economic life of the society is an important aspect of such adaptation. Children from disadvantaged families, families in socially insecure situations, are

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often placed in special-purpose facilities. A number of researchers (Abasian, 2014; Bettmann, Mortensen, & Akuoko, 2015; Disney, 2015; Kuvshinov, 2012; Rajan, Shirey, Ostermann, O’Donnell, & Whetten, 2014; et al.) deal in their studies with problems of children raised in orphanages.

Children in orphanages require particular attention in the context of economic consciousness. Social orphans raised in orphanages receive economic education from orphanage personnel. This circumstance does not facilitate the formation of the useful skills of reasonable household economy, which will become necessary in the life ahead, because orphans have no experience of using money, buying essential goods. For example, according to N. V. Prisyazhnaya, only 60% graduates of correctional orphanages think they are able to allocate their budget; the rest lack the relevant knowledge and skills. Seventy-five percent of experts believe even this subjective estimate of graduates’ ability to allocate their budget is largely overestimated (Prisyazhnaya, 2007).

It was found that the conditions of economic–psychological socialization in orphanage facilities allow for the learning of some economic knowledge, but at the same time, they do not provide for the practical use of this knowledge. One study showed low social and personal activity, low social competence, inability to make economic decisions, to assume responsibility for one’s own choices and life in children raised in orphanage. The children lacked a mental set for economic independence and creation of a material basis for a potential family. They had no basic skills of planning and managing their own budget, although economic education in family is focused on these problems (Drobysheva, 2013).

In addition to the unformed knowledge and skills in the economic sphere, the following economic tenets are typical for children raised in orphanages. The phenomenon of public property is expressed in the fact that children in orphanages own nothing by which they could assert their existence in the world: The rooms where they live are shared, as well as furniture, books, toys, clothes. Children in orphanages perceive not just all things and rooms in orphanage but also all events and all human relations as shared (Astoynats, 2006; Radina, 2006). The majority of children in boarding schools have strong dependency mentality: Less than a half of them (40%) acknowledge the importance of state support; long background of living on full state support makes them think the state and society owe them some kind of debt (Prisyazhnaya, 2007).

According to A. V. Abelbeysov, when children in orphanages are raised with full state support, it guarantees equal external protection for all of them but does not motivate them to understand their rights, while the responsibilities forced on them are not related to rights. On graduating from an orphanage, children often refuse to fulfill any responsibilities, both to themselves and to the state. State benefits and allowances, which are intended not only to support the living standards of orphanage alumni at entering the individual life but also to stimulate their drive to move on and progress, are taken by orphans for granted and promote a welfare mentality (Abelbeysov, 2010).

Considering the above, children raised in orphanages have a high risk of deformed economic consciousness. Deformations in economic consciousness can be as follows:

- Delayed formation of economic consciousness components: cognitive (lack of necessary economic awareness), motivational-value (unformed evaluation of economic reality), and behavioral (lack of age-specific forms of economic behavior in the background) as compared with what is normal for the respective age;
- Disrupted or distorted contents of economic consciousness components incompatible with social norms: cognitive (distorted economic awareness), motivational-value (“biased” evaluation of economic reality toward “self-interest”), and behavioral (adverse forms of economic behavior, such as thievery, and so on, in the background).

Such deformations could be caused by the specific conditions of growing up in an orphanage, including limited age-appropriate experience of economic relations, common property set, and the specific welfare mentality in children raised in orphanages.

Thus, the aim of our research was to study the deformations of economic consciousness in adolescent children in orphanages.

The general hypothesis of our study was stated as follows: Adolescent children in orphanages have deformations in economic consciousness as expressed in delayed formation or distortion of components thereof as compared with adolescents raised in families.

### Participants and Method

The study involved 45 pupils of eighth to ninth grades from the schools of the city of Taganrog, Rostov region, Russia, aged 14 to 15. Twenty of them were teenagers raised in orphanages, 25 raised in families. The children raised in families and those raised in orphanages went to the same schools. Unequal subsample sizes are due to the actual number of children of the age 14 to 15 in those schools, but this does not prevent from using our intended statistical procedures on the resulting data.

The study covered children of two orphanages. In total, these orphanages housed 45 and 48 children aged between 3 and 18, of which about 70% were children who lost parental care, and 30% were orphaned children. Each orphanage had four mixed-age groups of 10 to 12 children. In each group, there were three teachers. Also, there were educational psychologist, counselor, and supplementary education teachers working with the children. The children who were studied have been in the orphanage for 3 to 9 years. Thus, the conditions in which the children grew up in the orphanage were...
substantially different from family conditions, and the length of them being in the orphanage was enough to affect their personality.

Deformations in the economic consciousness were studied using the following methods and techniques:

a. The cognitive component of economic consciousness in adolescents was studied using economic problems by Siegler and Thompson (1998), Jahoda (1981), and Fox and Kehret-Ward (1990) adapted by E. V. Golubeva.

A. “One day it was a holiday and a lot of people were out of town, so not as many people as usual walked down Kathy’s street. Do you think Kathy sold more, or the same, or less cups of lemonade than she usually did?”

B. “Usually John’s lemonade stand was the only one on the block. But one day, both kids who lived next door to John decided to run lemonade stands too. Do you think John sold more, or the same, or less?”

C. “Three friends open a bicycle shop and need to set a price for each bicycle. The friends all have different ideas about how the bicycle should be priced: one believes that price should be based on size, another on the amount of work that went into making them and the third on customers’ preferences. Whose pricing scheme was a good one and why?”

D. “A grocery store has sold out all its bread, so the store owner had to order more bread from the bakery. The bakery charged him 10 rubles per loaf for the bread. What price should the store owner charge his customers for the bread? Why such price?”

E. “A bank offers 10% interest rate on deposits, i.e. if somebody deposits 10,000 rubles, then upon maturity he or she would get back 11,000 rubles. Also, the bank gives loans, i.e. if somebody takes a loan from the bank, at a later date he or she would have to repay it with interest. What interest should the bank charge on loans? Why such interest?”

The results were then processed by checking for correct answers, indicating what economic perceptions (demand, supply, price, profit, bank) have been developed in the participants and the overall number of developed perceptions.

b. The motivational-value component of economic consciousness was identified using moral dilemmas by Kohlberg (1976), in which economic values (property, profit, etc.) are set against moral values (life, friendship, etc.).

A. “Joe is a 10-year old boy who wanted to go to summer camp very much. He decided to earn money for the summer camp himself. Joe worked hard and saved enough money to go to the camp. But shortly before he was about to go, his friend asked Joe to give him the money because this friend wanted to buy a ticket to the show of his favorite band. Joe was not going to abandon his camp trip and was going to refuse his friend. Should Joe give the money to his friend?”

B. “Two young men, brothers, had got into serious trouble. They were secretly leaving town in a hurry and needed money. Karl, the older one, broke into a store and stole a thousand dollars. Bob, the younger one, went to a retired old man who was known to help people in town. He told the man that he was very sick and that he needed a thousand dollars to pay for an operation. Bob asked the old man to lend him the money and promised that he would pay him back when he recovered. Really Bob wasn’t sick at all, and he had no intention of paying the man back. Although the old man didn’t know Bob very well, he lent him the money. So Bob and Karl skipped town, each with a thousand dollars. Which is worse, stealing like Karl or cheating like Bob?”

C. “In Europe, a woman was near death from a special kind of cancer. There was one drug that the doctors thought might save her. It was a form of radium that a druggist in the same town had recently discovered. The drug was expensive to make, but the druggist was charging ten times what the drug cost him to make. The sick woman’s husband, Heinz, went to everyone he knew to borrow the money and tried every legal means, but he could only get together about a half of what it cost. He told the druggist that his wife was dying, and asked him to sell it cheaper or let him pay later. But the druggist said, ‘No, I discovered the drug and I’m going to make money from it.’ So, having tried every legal means, Heinz gets desperate and considers breaking into the man’s store to steal the drug for his wife. Should Heinz steal the drug?”

Each dilemma is accompanied with several questions aimed to ascertain test participants’ position. The results were processed by matching the answers with Kohlberg levels of moral development:

- pre-conventional (morality determined by rewards and punishment);
- conventional (morality based on the value of interpersonal relationships, law, and order); and
- post-conventional (morality based on individual principles of conscience).
c. The behavioral component of economic consciousness was studied using the Ultimatum Game experiment developed by Guth, Schmittberger, and Schwarze (1982). In this game, two players interact to decide how to divide a sum of money that is given to them. The first player proposes how to divide the sum between the two players, and the second player can either accept or reject this proposal. If the second player rejects, neither player receives anything. If the second player accepts, the money is split according to the proposal. The players can follow one of the two behavior models: Homo Economicus (which seeks to maximize self-interest) and Homo Reciprocans (which is more cooperative).

Results and Discussion

Study of Deformations in the Cognitive Component of Economic Consciousness

The cognitive component of economic consciousness, or economic awareness, is the idea of a person as a social participant of economic phenomena.

The specific features of orphan development include lack of adaptive capacity of family and deprivation of social and economic experience (Radina, 2006). Therefore, we hypothesized that children from orphanages had a lower degree of economic awareness than children raised in families.

Overall, children raised in orphanages statistically significantly (Rank Sum 1 = 368.5, Rank Sum 2 = 666.5; \( U = 158.5; \) \( p \) value = .038) had fewer formed economic concepts (see Figure 1). This may be due to both the specifics of mental development of children in orphanages and lack of experience of interaction with the reality of economic life, as well as lack of assistance from adults in understanding economic categories. For example, when trying to solve a problem, “Usually John’s lemonade stand was the only one on the block. But one day, both kids who lived next door to John decided to run lemonade stands too. Do you think John sold more, or the same, or less?” children from orphanages were more likely to answer wrong, for example, “The same, because he still has the same quantity to sell.” Children raised in families were more likely to answer correct: “Less, because he’s going to have less customers” or “Less, because customers will turn to John’s neighbors and forget about John.” Thus, children raised in families had a wider set of economic perceptions. This could be due to them having some experience of interacting with economic entities (by shopping on their own, managing their pocket money, etc.) and their parents helping them to understand this experience and adjusting any incorrect economic perceptions, while children raised in orphanage are unlikely to receive such help from adults.

For a more detailed analysis of exactly what economic concepts were better formed in children raised in orphanages and in families, the data for each individual concept were examined (see Table 1).

Table 1. Comparison of Formed Economic Concepts in Children Raised in Orphanages Versus Children Raised in Families.

| Concept  | Demand | Supply | Price | Profit | Bank |
|----------|--------|--------|-------|--------|------|
| ϕ        | 0.92   | 1.96   | 1.18  | 2.88   | 2.51 |
| \( p \) value | >.05  | <.05*  | >.05  | <.01*  | <.01* |

Values marked with “*” are statistically significant.

Statistical testing showed that the concepts of supply, profit, and bank were better formed in children raised in families. However, some results were not consistent with the hypothesis (see Figure 2). Specifically, concepts such as price and demand were better formed in children raised in orphanages. This can be due to the specifics of orphan development. Childhood at an orphanage can result in some material needs not being met, which leads to formation of the concept of demand (as a need for anything). The concept of price is formed because children in orphanages have a stronger sense of the value of goods or services. It should be noted that these differences were not statistically significant.

Thus, the deformation in the cognitive component of economic consciousness of adolescents raised in orphanages can be defined as a delay in comparison with the age norm, lack of the necessary economic awareness. This could be due to their lack of parental help in understanding new information about economic relations, timely adjusting of such perceptions, and identifying connections between existing perceptions and those that are just being developed. Because of this, children in orphanages have a narrower set of economic perceptions than children raised in families.

Study of Deformations in the Motivational-Value Component of Economic Consciousness

The motivational-value component reflects the importance of economic entities, the degree of balance between economic and moral values.
We hypothesized that the motivational-value component of economic consciousness in children from orphanages corresponds to a lower level of moral consciousness in comparison with children raised in families.

The hypothesis was confirmed statistically ($\phi^* = 2.42, p < .01$). The majority of adolescents raised in orphanage were on the pre-conventional level of moral development (see Figure 3). The basis of their moral choice was either fear of punishment or self-interest. For example, when solving a Kohlberg dilemma, the one about two brothers, one of whom cheated, and the other who stole money, and answering the question, “Why shouldn’t someone steal from a store?” children from orphanages often answered, “Because you will be put to prison,” while children raised in families often answered, “Because it’s bad” or “Other people might get hurt, the store owner will have to pay,” which means they were guided by social norms, law, and order, and showed conventional level of moral consciousness.

Thus, the deformation in the motivational-value component of economic consciousness of adolescents raised in orphanages can be defined as a delayed transition from pre-conventional (based on punishment and reward) to conventional level (based on adherence to social norms) of moral consciousness. On one hand, this can be due to adults giving inadequate attention to the moral evaluation of economic categories by children in orphanages. On the other hand, children in orphanages have no personal belongings, no material values, making this category particularly important for them. Therefore, the value of property has priority over other values, and it does not allow children to advance from self-interest to higher level thinking.

Study of Deformations in the Behavioral Component of Economic Consciousness

The behavioral component of economic consciousness is responsible for practical interaction with economic entities.

According to A. A. Parkhimovich, achieving material well-being was important for about a half of adolescents who lost parental care. That is, material possessions are valued by a major portion of children in orphanages (Parkhimovich, 2008).

We hypothesized that the behavioral component of economic consciousness is mostly of Homo Economicus type (which seeks to maximize self-interest) in children in orphanages and Homo Reciprocans type (cooperation-driven) in children who are raised in families.

Experiments showed that adolescents raised in families and in orphanages displayed similar behavior when playing the first player in the Ultimatum Game, in which they divide a sum of money between themselves and the second player. Both mostly (60% family-raised and 55% orphanage-raised children) chose Homo Reciprocans type, proposing equal share to the second player. When playing the second player in the game, children from these two groups in question displayed different behavior. Children raised in orphanages mostly chose Homo Economicus behavior, accepting any non-zero amount, while children raised in families remained committed to Homo Reciprocans behavior, which presumes punishment of those breaching the principle of cooperation even at the cost of self-interest. They were more likely to reject any proposal if it was less than 50% of the original sum (see Figure 4).

Our hypothesis was partially confirmed (see Table 2): The behavioral component of economic consciousness in adolescents raised in orphanages mostly corresponded to Homo Economicus type, and in adolescents raised in families—to Homo Reciprocans type in the scenario of offering of material values but not in the scenario of their distribution.

Thus, the deformation in the behavioral component of economic consciousness of adolescents raised in orphanages can be defined as a “bias” toward self-interest in the prejudice of the principle of cooperativeness. This could be caused by inability of orphanage personnel to fully meet the material needs of children, which in this situation becomes determinative of children behavior. Children raised in families have
their material and spiritual needs basically met, and also attention is paid to establishing cooperation, both between family members and with other people.

### Conclusion

Thus, the overall hypothesis of our research was confirmed. Adolescents raised in orphanages have deformations in their economic consciousness as expressed in delayed formation or distortion of economic consciousness components in comparison with children raised in families. The deformations of economic consciousness in adolescents raised in orphanages are deformation of the cognitive component—most economic concepts are underformed; deformation of the motivational-value component—corresponding to a lower (pre-conventional) level of moral consciousness; and deformation of the behavioral component—corresponding to the “Homo Economicus” model. The deformations could be caused by lack of concern by adults with economic education of children, insufficient experience of dealing with economic entities in practice, limited capability of orphanages to meet material needs of adolescents, and specific mind-sets that are formed in children raised in orphanages, particularly the mind-set of common property and welfare mentality.

The practical importance of our study is that its findings and recommendations based thereupon can be put into the practice by orphanage teachers, psychologists, and tutors. In particular, based on the findings of this study, E. Golubeva (2015) has developed a program for development of economic consciousness prerequisites. The program aims to prevent and correct any deformations in economic consciousness prerequisites of children. The program has been developed with account for principles and stages of group psychocorrection for children. The objectives of the program are accomplished through mutual forms of story role-play, perceiving of fiction, discussions, and so on. The program uses psychological correction methods of game therapy, art therapy, mental gymnastics, and training. The psychocorrection program was field-tested in a rehabilitation facility for minors and has proven to be efficient in its primary applications.

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