

ON INTERCONNECTION OF SOCIAL CAPITAL, ORGANIZATION CULTURE AND LEVEL OF ECONOMIC DEVELOPMENT OF NATIONAL ECONOMY

Osik Yu.I., Aimagambetov Ye.B.

*Karaganda Economical University of Kazpotreboyz
Karaganda, Kazakhstan*

The matter of economy development level and informal institutions – components of organization culture - interconnection has been investigated. With this purpose the relations between social capital and organization culture based on their common traits: the multilevelness, distribution through social networks, function of information distribution and information asymmetry elimination, have been considered. The possibility of the organization culture estimation through quantitative characteristics of social capital has been substantiated.

In present-day economical science the so-called “non-economic” development factors attract more and more research workers. Among them the first place is taken by social variables bringing more and more evidences for the fact that a profitable development of the economy doesn't seem to be possible without consideration and cooperation with not only political, but first of all social institutions. The expectations, that for providing a sound socio-economic development a set of ambitious scientifically grounded and successfully realized government programs is enough, are left in the past. Certainly, we can't do without them, especially in the first stages. But the formation of healthy and dynamically developing civil society for achieving this aim is not less important. The role of the state at that retains, but is modified and is in creation of favourable conditions for the formation of the mentioned society.

The functioning in real conditions civil society always rests on human traditions, customs and ethical standards which are the manifestations of culture in national, ethnic, religious and other levels, inclusive of the world's one. Administrative and political measures are able to influence the civil society only indirectly and most often require careful nurturance with special care and respect to national and other cultural peculiarities [1, p.16].

It does not admit a doubt that the importance of cultural differences in the age of globalization will only grow as the world is moving towards a collision, to a competition

of not ideologies, not economies, but cultures, which are becoming the elements of both primary human self-definition (according to S. Huntington [2]) and protectionism. By virtue of the abovementioned a new subject of the research in the economic theory becomes the organization culture as a certain cultural construct.

In works of Kazakhstanian and foreign researchers there are no methods of measuring the organization culture economic parameters. One of the main reasons for it is the fact that the organization culture influences the economy not directly, but indirectly. It seems to us, that solving this problem is possible if considering the organization culture in the context of institutionalism. For the majority of foreign research workers the identification of institutions and organization culture doesn't seem to be possible. One can suppose, that this discrepancy is partly caused by the term's “institution” comprehension duality – as game rules in the society and as the organization (structure) providing these rules' implementation. If we take the institution for the structure, and the institutes – for the “game rules”, this contradiction can be solved. Then the organization culture – some rules of conduct and actions can be presented as the system of different nature and hierarchy level institutes. But for the studied by the institutional economics institutes there are correspondent (objective) institutions, and for the organization culture there are no such ones. How are the “game rules” distributed within the organization culture if not through institutions? There are two prin-

cial directions of information distribution: horizontally and vertically. Vertically the information is distributed in hierarchy structures, the majority of formal organizations representing them. In the informal entities the information is distributed preemptively horizontally – through social network. It brings together the organization culture and social capital. But, when meaning an aggregate of institutes representing certain “game rules” by the organization culture, the social capital is seen as a resource found through using these rules via the aggregate of the social networks, which are used by individuals for private and collective profit. The social network concept is the most natural for the description and building a social structure.

There are various definitions of the “social networks” notion. Networks are stable structures of direct interaction between people; institutes are the rules by means of which such interactions are carried out (a set of interdependent norms), and confidence – is the expectation that the other will act in our interests [3]. In the extensive treatment of this term the “social network” is defined as a plurality of points (or members of a social system) and the aggregate of the relations depicting the communicative transactions between these points. The social network can be considered as an integral one, where the complete structures of the role relations in a social system are described, i.e. the networks of the whole community restricted by formal and informal frames are regarded simultaneously. The social network can be considered as a personal one, where an individual, other individuals, who he is having relationship with, and communicative transactions between these individuals, i.e. only personal relations of an individual are regarded and the studied network is limited by the informal frames of a concrete individual’s personal relations. A personality’s or a group’s behaviour is explained as a derivative of the social networks, the elements of which it appears. In both prospects the investigation of social networks is of practical importance, as, finally, one can define their

role: the influence on the process of socialization, self-identification and mechanisms of social activity. It contributes to a deeper understanding of not only the interactive activity of individuals, but also the social structure as a whole.

The network analysis school developed on the basis of A.R. Radcliffe-Brown’s works in western science. Further on, the notion of social network was actively used by E. Bott, F. Meyer, B. Poe, A. Meyer, M. Shrivani, A. Betey-Barnes and a group of investigators known as the Michigan School of Socio-Network Analysis [4].

As F. Fukuyama believes, the networks’ features are in the fact that their participants share special norms and mutual help values, whereas the hierarchically built organizations are founded on the deprived of these norms formal authoritative vertically built relations [1]. The similar norms and values lay in the organization culture [5].

For the socially structured processes study M. Granovetter has worked out the social networks analysis method, hypothesizing about the “weak relations” great importance (strength of “weak relations”) for the information and influence distribution compared to “strong relations” – (kindred, friendly ones) [6]. In “thick” networks, “weak relations”- mediated, the information concerning an individual’s behaviour is distributed more quickly and effectively. At that, there are more possibilities for the behaviour shaping left, inclusive of those owing to generation of standard, symbolic or cultural structures, which influence the behaviour. One of the principal ideas of M. Granovetter lies in the fact that “weak relations” are vital for the integration into the modern society. Thus, “weak relations” are the organization culture bearers in the broad sense of the word, i.e. not only at the level of organization, but also in the meso- and macrolevel.

It should be emphasized that social networks are not only the source of information, means of its asymmetry remedy, but also the source of confidence and the channel, through which the realization of economical,

cultural, social and symbolic capital and their conversion are effected. It is possible to say that “weak relations” form the one informative confidential field. But with no “weak relations” the social structure elements are dissociated, quantified, and the one informative confidential field in such a social structure lacks even with a great number of “strong relations”.

Up to the present day the organization culture in the economic science, particularly in management, was considered at the micro-economic level – at the level of a firm. In this narrow-minded, original sense of the word it had been interpreted. It was meant, that the investigation of another main economic agent – housekeeping (family) – is a sociology object. The informal relations appearing at the macrolevel, for example, at the national level, out of formal organizations, were also referred to sociology.

We confirm the following: by means of the organization culture the kindred and friendly social relations (“strong relations”) form economic contacts in elementary units of social environment – in families, among friends, relatives, i.e. at the microlevel. By means of the organization culture the “weak relations” form economic contacts at the macrolevel. At the first approximation this is the national level, but taking into account that the organization culture formation is founded on the positive ethics, wherein we offered the meso- and macrolevel distinction [7], one can mark some sublevels of the organization culture realized by “weak relations” – ethnic, religious, branch, etc.

The organization culture is realized through social capital and determines the resource residing in the relations (networks), which we support. Not incidentally its operationalization takes course via the “social network” category. Which is to say, it is equal to the sum of relations of an individual with other individuals and is a mediator for other resources’ mobilization. This is social networks, where the conversion of the social capital occurs (its transformation into other nonmaterial and material forms), and also its

measuring, which is made by means of the degree of involvement into some or other networks of relations and characteristics of these networks themselves.

The consideration of different countries’ organization culture social networks’ influence on the development of these countries’ economies allows interpreting some significant characteristics of the organization culture differently, “individualism – collectivism”, in particular. According to G. Hofstede’s [8] research the Japanese organization culture is characterized by the high level of collectivism; moderate individualism, which is expressed most strongly in the USA, is peculiar to the employees of Western Europe countries. Taking into account the indisputable fact of the collective labour privilege over the individual one, the results of the above-mentioned author’s research don’t shed fresh light on how such an “individualistic” country as the USA have reached the highest level of its economic development and goes on keeping it for a protracted period of time. We maintain that the consideration of organization culture through social networks, wherein its main resource – confidence – is being converted through the immaterial form of the capital – social capital – into its other material forms, is of great importance as it casts light upon the nature of individualism-collectivism. It is also worth paying attention to the conformity criterion used in sociology and not used in the economic science so far.

In the being below quoted politico-economical investigation “Confidence: social virtues and avenue to prosperity” [1, p. 108] on the ground of apprehension the essence of social transformations in the societies of some countries interrelated with economic growth F. Fukuyama brings out clearly that the family accommodates the economic growth not always. He not only appeals to the minds of social scientists of the past, who included the strong family in the number of the economic growth deterrents, but also confirms it by means of historic-economic research of some countries’ development. “... in China or some regions of Italy the family

means much more than other culturally enrooted forms of human association, and the specified circumstance influences greatly on the economic life of these societies. As recently started accelerated development of the economy of Italy and countries of Chinese culture has shown, if the rest cultural values are in good and due form, the very domesticity is neither the barrier for industrialization nor for the rapid growth. However, domestic-

ity does influence the character of this growth, and namely on the available forms of production organization and what branches of the world's economy the country can occupy its niche in. Family oriented societies undergo serious hardships while creating large economic institutions, and it, in its turn, restricts the possibility of field choice in the global market." The above said can be illustrated by Table 1.

Table 1. Interconnection between the ways of socialization manifestation, business function type and level of economic development

Socialization way	Organization business activity type	Economic growth favour	Large enterprises' creation favour	Long-term development favour
Through family and kindred (informal networks with "strong relations")	Family business	In initial stages of development	-	-
Through voluntary associations of unrelated type (informal networks with "weak relations")	Corporate enterprise with professional managerial system	In all stages of development in long-term period	+	+
Through government (formal networks)	Governmental or financed by government enterprise	In short-term period	+	-

Note: composed by the authors on the ground of: Fukuyama F. Confidence: social virtues and avenue to prosperity. – Publishing House AST "Yermak", 2004 – p. 107.

Both in the West (from M. Weber to C. Clark) and in the East it was popularly believed that the role of a strong family in the development of "high" economy was categorically negative and weakening of family unity was a precondition of the economical progress. Soviet, Chinese and other communists hoped to weaken strong positions of the family by means of stimulation and inculcating other forms of devotion – to the commune, party, state. However, the idea of the only path of socio-economic development of the society under modern conditions of economic activity globalization – through nuclearization and family decay – doesn't find prevalence. For the substantiation of this opinion F. Fukuyama makes reference to the Historian of Economics Gershenson A. who noted that the model of comparatively late modernization of Japan and Germany essentially differs from the earlier one put into the

effect in England and the USA: "in stimulating the development of the first two mentioned countries the most active role was played by the government [1]. Other Historians testified that the "nuclear" family had been far more widely popular in pre-industrial societies, than it had been thought earlier. Somewhere the kindred groups fell to pieces, first, but then, with the industrialization, they were restored again [9]".

The consideration of organization culture through a system of networks allows finding cases for the thesis that not the criteria of the absolute level of family development (from highly structured, 3- and 4-generation family – to the nuclear one) determine the potentiality of socio-economic development of the Nation, but its position in the hierarchic system "family – intermediate formal and informal institutions – state". If the priority of the family provides the initial

push towards economic development, the priority of the state and formal economic institutions provides the economic development in the short-term period and up to a defined limit, then the priority of the civil society provides the highest result – the sustainable development in the long-run period, but upon the condition of the proper sophistication of the two previous forms of socialization.

Let us consider the organization culture conversion into the material form – economical goods.

F. Fukuyama gradually and demonstratively lets us down to the fact that the hegemony of the family (and, in a certain sense, generation) over the other social institutions puts a range of restrictions on the economic development of such culturally having so little in common countries as China and Italy.

The Chinese enterprises are small-sized, are usually in the ownership of a family and are managed by it as well. A strong familism of the Chinese society, the principle of equal inheritance distribution between the sons, lack of adoption mechanism and distrust to strangers – the combination of these factors has led to the formation in traditional China of a certain economic activity system, which in many instances anticipated the business relations culture in contemporary Taiwan and Hong-Kong. There were no big estates in the rural area – only microscopic allotments keeping on dividing in the following generations. The families were constantly going through periods of rise and fall. The hardworking, economical and talented made fortune and moved upwards the social ladder. However, in the next generation the family property could disappear after its being divided between the sons. H. Baker, an anthropologist and explorer of Chinese rural living, noted: “No one family in our village was able to own one and the same amount of land longer, than in three generations.”

The reasons of this phenomenon can be excluded neither from the present-day Chinese societies’ development level nor from the lack of modern and legislative financial

institutions, as other societies could come out the boundaries of the family in their business life organization, even having a far more low level of development and far more weak institutions. Here F. Fukuyama finds the explanation, which is difficult to contradict: the Chinese business modern structure roots in extraordinary position of the family in Chinese culture [1, p. 160].

In some regions of Italy, as in Chinese societies, family connections turn out to be stronger than the other ones not based on social relations types’ kindred, whereas the quantity and the role of associations taking the intermediate position between the state and the individual turn out to be comparatively insignificant, that testifies to a steady distrust to the people, who are not the members of the family. Consequences: the private sector enterprises retain their small sizes and remain under the control of one or another family; large-scale firms need a constant governmental support.

A social life description in a South Italian town of Kiarment is the confirmation of the above said. “The most reasonable attitude to the people who don’t belong to the family – is suspiciousness. Any head of the family knows that other families will envy his family, be afraid of its prosperity and seek for an opportunity to work a mischief to it. Therefore, he should be afraid of them and be ready to make harm to them, diminishing their chances to harm in the future, as well [10]”. There is also a phenomenon observed in other atomistic societies with relatively underdeveloped middle level organizations in South Italy: the most powerful associations are crime families.

D. Lendes maintained that France owes its relative underdevelopment against England, Germany or the USA to the predominance of such a traditional form of job management as family business in it [11, p. 623].

Let us consider forms of labour organization in another couple of countries – seeming to be antipodes from the point of view of culture and socialization – Japan and the USA. In economical patterns of these coun-

tries the predominance of large corporations, government owned or sponsored only occasionally, is in common. They were formed comparatively early: at the beginning of 1830-s – in the USA, in the last decades of the XIX century – in Japan. The direct opposite of Japan and the USA is a myth as F. Fukuyama maintains. And he gives evidences to it. So, A. de Torquille recorded in the 30-s of the XIXth century: “Against the background of the other Western countries the USA show up the existence of the voluntary organizations’ branching network: churches, professional federations, charities, schools, hospitals, universities, saying nothing of the economics with its strong private sector. If it is needed to inspire some ideas or encourage some feelings by virtue of a good exercise, they (Americans) make a society right away. Here and there, where at the lead of a serious undertaking you see the government in France and a made man – in England, you are sure to find a society in America [12]”. At the end of the same century M. Weber announced that “the sign of the very American democracy had been the fact that it had connoted not an accidental gathering of individuals, but a lively active complex of voluntary – though eagerly protecting their autonomy – societies [13]”.

The following coincidence appears to be interesting: though Americans do not give up their habit to unite into voluntary organizations, both traditional forms of voluntary associations and the family have been remaining in stable decline in the last decades. Evidently, there is an interrelation between the first and the second. Here it is pertinent to note that M. Granovetter offered a quantitative characteristics of the social capital at the National level, the main variable of which is the reduced quantity of social organizations [6].

If we get down to facts, then it appears that the role of the government in Japan is a priori corrupted and exaggerated. That is not the case that the government in Japan allows itself tampering with the life of the society more often than in the USA, but the case is

that the society itself, from corporative associations to average citizens, regards the governmental resolutions with a greater respect. And over the period of many years the Japanese index of the public sector contribution to the GDP is the lowest one among the OECD member countries and is lower than in the USA [1, p. 96].

The data testifying to the doubtfulness of the thesis about the steady Japanese uniqueness, insularity from the Western culture are given. The Japanese uniqueness is initially far more flexible and “isomorphic” to the West, than it is thought about. For example, “the essence of samurai spirit in modern corporative association – the attitude to one’s own concrete work as to a creation” [14, p. 85] looks like an analogue of Protestant work ethic. The likeness deepens by the tradition of systematic self-trial: the Protestantism contains a drive to constant trial, but the Japanese perceive the effort, tiresome performance of duties and hardships as character strength test: those who turn out to be the most tolerant and devoted to their own work are considered suitable for forge appointments. As one more of the Japanese development traits one can mark their “adoptibility”, desire to study foreign experience. Already at the beginning of the XXth century “an amazing gift of the Japanese to adapt European Science and establishments to their needs” [15, p. 26] was a matter of common knowledge. The father of a well known “Japanese” system of quality circles was an American W. E. Deming, and the emphasized as a modern Japanese economics feature principle “a firm is a family” has firmed itself up due to the life-time hiring system, which, according to the estimation of the “Sony” Company President Akio Morita, “was actually enforced... by the labour laws established by the occupation authorities, when from the USA to Japan for the purpose of demilitarization and democratization of the country many cost controllers holding to liberal leftism were sent [16, p. 193]”.

In the light of such inconsistencies between the ideas about collectivism – indivi-

dualism, the organization culture dynamism prevailing in the USA and Japan, formed by G. Hofstede on the ground of the developed by him methods and a range of other research workers on the one hand, and the factological material given by F Fukuyama and the fore-quoted other authors on the other hand, the position of the last appears to be more reasoned and deeply investigated one. Besides, it is in agreement with our idea about the organization culture macrolevel, the possibility of introduction of more readily available, comprehensible and unsophisticated criteria of its estimation, especially through the social capital determined using the idea about the structure of social networks and quantitative criteria of its determination. In the social networks' structure the quantified "strong relations" and the continuous field of "weak relations" are distinguished.

Thus, the organization culture and social capital have some traits in common: multilevelness, distribution through social networks. They perform the function of information distribution and information asymmetry elimination. They are closely connected: following the complex of rules (institutes) within the organization culture at the communication by means of social networks leads to the social capital cumulation. The last, as the non-material form of the capital can be transformed into other forms, monetary-material one among them. The organization culture development level estimability through the quantitative characteristics of the social capital follows thence.

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