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Growth of economic potential in the context of the development of social capital

Abstract

The subject of the study. In an open economy, achieving a high level of development of an inclusive society, strong institutions and healthy, educated and socially adapted, constituent people, the nation will flourish, which is the basis of social capital, which through the formation and support of social relations aims to create social good and increase welfare, based on mutual social relations and trust, affects the development of the economy, namely, it promotes the creation of new forms of business financing and reduces transaction costs, improves the investment process of the enterprise, and controls the corruption of government and civil servants. Socio-economic relations and interactions not only of economic entities, but also of individual structures, organizations or individuals create the need to address and use social capital, combining concepts such as trust, values, social ties and norms, as well as to study and analyze their role in economic development. *Research methodology.* The purpose of the work and research in the article is to analyze previous, already formed theories and existing world practices of the modern vision of this direction. The article explores the formation and rapid development of social capital and its integral components (trust, norms, networks and social structures). The article considers the methodological basis for the formation of social capital: different definitions of this category, structural analysis and disclosure of the interaction of all areas of research, the relationship with the socio-economic phenomena of our time, traced the attempt of a comprehensive view of social communication as one of the tools of social capital in the formation of modern public space. *Purpose and conclusions of the study.* Social capital has been on everyone's lips for a long time, but the new life and the need to study and disseminate its possibilities, with subsequent use, has recently been widely publicized, gradually developing with its research papers and directions. Social capital affects the conditions, efficiency and productivity of economic activity, which contributes to the well-being and prosperity of society, which in turn increases the standard of living of people, which is the main task of today.

Keywords

Economic policy, social capital, social capital measurement, social capital levels, inclusivity of economic growth

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1 Introduction

Economic growth and its essence, in recent times, with the development of innovative technology and information, increased innovation and a clear change in the operating environment, requires in depth and thorough scientific analysis based on knowledge and practice, study and further application of research and new technologies. The system of social processes of production, exchange, distribution and use of material and spiritual goods, relations between economic entities originating from the individual, small groups (family, firms), where empirical research reveals the problems of demand, conservation, decision-making on family budgets, economic socialization of children in the family, the relations and interaction between seller and buyer, tax official and taxpayer, studying

the concept at the micro-level, growing to large social categories (organization, enterprise, ethnos, state), which is inherent in the macro-level of economic direction, which has the main sphere of interaction between the individual and society. One of the breakthrough areas of modern economic activity is the study and improvement of the theory of social capital.

There are many critics of the theory of social capital, the main criterion is a complete separation from economic science, that is, there can be no social capital at all, and the phrase "social capital" is unrelated and anti-economic, carries no deep scientific force, but only informational laying of behavioral aspects (Fine, Milonakis, 2010). The term "social capital" was popularized by French sociologist P. Bourdieu, adapting real, accumulated human relations, arguing that "the components of social capital are

trust, connections, and norms" (Bourdieu, 2002). J. Coleman significantly expanded the one-sided understanding, the need for further development and vector depth of the theory, essence and methodology of the individual and collective direction of social capital, focusing on the rationality and calculability of behavior or action. "Social capital includes the following elements – obligations and expectations that depend on the reliability of the social environment, the ability of the social structure to convey information flows, and the norms that come with sanctions." (Coleman, 2001) "Social capital includes social connections, networks of social activity, norms of reciprocity and trust. Relationships and resources, whether micro-, meso- or macro-level, are common elements in various definitions of social capital. Our relationships matter and give us access to a set of resources that can be used for personal and collective benefit" (Putham & Leonard & Nanette, 2001) There is a belief among social capital researchers that people who have come to significant achievements, results, and success are better connected. Researcher Gonzalez-Brambila argues that " the main advantage is quick and easy access to information" (Gonzalez-Brambila, 2014). Social capital is of interest not only to international researchers, but also to Ukrainian scholars, who are beginning to delve into understanding and systematizing the definitions of the new theory, studying and implementing social connections and relationships for economic benefit and competitive advantage, although the first steps are always cautious and hesitant and "highlight the difficulties in measuring social capital, which to some extent complicates the research process." (Fine B. 2001) Although "there is a position on the importance of social capital in achieving positive results in the economic and business activities of any organization" (Bernardes, 2010).

2 The function of social capital in the development of the economic system

Forecasting perspectives, development of programs, plans of public administration at different levels, from macro to micro level, from public institutions to the entrepreneur, contribute to the anticipation of changes, the definition of methods and goals, objectives, strategies and set of issues to solve problems in the economic and social sphere, which restores the dialogue between representatives of all branches of government, business, society and restores confidence in the state. "The basis of socio-economic development is the promotion and implementation of progressive implementation of all theoretical processes and models of the energy vector, which in recent years is gradually increasing the pace of development and optimize structural changes, volatility and variability of the

economy. The system effects are integrity, energy, integration, structuralism, functionality and homeostaticity" (Kalach, 2017).

The investment policy of social capital is divided by levels of the socio-economic system, where calculations and measurements of investment and return determine the research perspective of the concept. "Social capital is a rather complex and multifaceted concept with the potential for synergy with other material resources, thanks to which its ability to develop and efficiency of use can be increased. However, like most other economic resources, it requires attracting investments, including financial ones, and creating appropriate conditions for its formation and development" (Nagorichna, 2020).

Analysis of research and literature of social capital of public institutions, unfortunately, shows that today there is no scientific and methodological technology, no formed assessment of existing results, no reasonable diagnosis of production and innovation to understand the actual level of the concept, the development of innovative programs and strategies, use and assimilation in the practical component. Economic, social and statistical methods, which are based on the material component and are the basis of the classical sciences, cannot be fitted to all standards of social capital, because it is "a set of tangible and intangible assets, stating the formation of socio-economic support." (Shykulyak, Mazur, 2014).

New qualities of the economic system arise due to the group activity of people, economic subjects in their social interaction, where the occurrence of unforeseen (unpredictable) events of the economic system is called the behavior of subjects. The study of behavioral aspects of economic actors in a competitive market is based on psychological factors and ordered preferences that can influence people's decisions in various economic situations, changing the economic system itself (Hurochkina, 2020). All these processes and developments can be traced to a fairly new concept of economic science, as social capital, whose theory states that trust, connections, participation, relationships, cooperation will help citizens to be active and concerned with the present. All levels of the economic life of society reveal diverse and vectorial approaches to development, which require analysis and study, directly, of the directions and dimensions of social capital.

3 Measures of Social Capital

It is not possible to cause a result of the social capital to be drawn by the development of the vectors, it is not possible to cause a consensus of downtime and conduct one formula with a chi algorithm.

The great uncertainty of the theoretical component, characteristics, methodology, and practical

manifestations of social capital pushes scholars to devote to its structure (trust, rules, social relations, shared norms, and social networks) and the measurable (structural, cognitive, and relational) of this social phenomenon. The absence and confusion of a fundamental basic concept of the structure of social capital, detached from the methodological and practical component, makes it difficult to measure. Combining and comparing the empirical measurements of modern researchers, diagnosis of the data obtained, the conclusions of the programs of the World Bank and the European Commission to study the quality of life and social cohesion in European countries, in the perspective of obtaining a final generally accepted methodology for use in practice. Social capital, in parallel, along with the development of man, his outlook, expanding opportunities and prospects increases the democratic orientation of the system, and its pressure leads to irresponsibility, misunderstanding and corruption of the public sector. "The problem with developing a democratic state is that social movements can be organized in a short time, and the values and behavior of society on which democracy relies cannot arise spontaneously. On the contrary, they must be acquired, distributed, and historically accumulated as social capital as a result of long-term social activity." (Merkel, 2004) "Considering specificity of functioning of social capital in countries of the former system of state socialism, in our opinion, the study of another form of capital, namely social capital, connecting individuals in society, comes out. It is the latter form which is widespread in societies with a developed network of family and kinship relations, which include post-Soviet societies and Ukrainian one in particular." (Kovyazina, 2012) "Among the many factors influencing economic growth, economists distinguish such specific factors as the state of social relations, the nature and quality of relations between different economic entities, the characteristics of the business reputation of economic entities, the level of trust on the part of customers and partners. In general, all this can be represented as social capital." (Vlasova, 2012) "The general condition for the emergence of social capital can be considered changes that over the past decades have occurred in the structure of productive forces and production relations under the influence of NTP and STT" (Zaitsev, 2002). Observing the development of prospective capital, which "is not subject to strict definition" (Coleman, 2002). It is possible to have and use the experience of past years, to process databases of customers and taxpayers, but progress is not standing still and it is constantly necessary to update and expand technical capabilities, ways of interaction and information. All economic subjects (state, enterprises, firms, individuals) are interconnected and carry out joint development of social capital in the system of

economic and social relations (cooperation, mutual assistance and interaction, common trust, interpersonal (collective, business, group, family, personal) relations, etc.) for mutual benefit. Communication, roundtable discussions, dialogues, sharing experiences and knowledge, and openness allow for increased social learning. "All of our intellectual advantages are knowledge transmitted by society, obtained in the process of socialization, integration into the system of social relations. This knowledge characterizes the social intellectual level or social qualification." (Vlasova, 2012) Social learning takes on a wide range of meanings, including self-development, self-control, integration and the experience of personal exploration and self-learning through new social networks and connections, creating external and internal structures within the economic entity. Information capacity, reproducing formed structures for the future, together with social memory and the foundations of social knowledge ensure the transmission and development of social information and accumulation for the survival of society in advanced years. Positive social capital forms ways of collectivism, understanding, cooperation and unity, because it is a public good, the negative consists of a lack of trust between people, business, government, abuse and criminalization of the economy, corruption and lobbying, etc.

4 Social capital during a pandemic

It can be seen that there is an increase in the role and importance of social capital in a country during a pandemic, when the level of trust, consciousness and solidarity does not trace progressively, and the preservation of social ties and interactions becomes key to the establishment and functioning of the working regime, remaining a key source of economic and social development. The circumstances of the COVID-19 pandemic reduced and sometimes postponed innovation and investment projects, forced downsizing and loss of certain skill levels, damaging human, moral and physical capital. "Social capital is the glue that holds communities and nations together. Under the right conditions, multiple and mutually beneficial social interactions lead to rapid economic growth, better health, and greater stability." (Campanella, 2021) Social capital was the first step in overcoming economic confusion and uncertainty, an important line of defense against the viral threat, to preserve the social good by cutting off or reducing the impact of the virus, thereby reducing the likelihood of people becoming infected. Cities with active and high social capital have been shown to be more economically advanced than isolated areas, so they have been quicker and earlier in implementing official government directives. By developing mobility and social contacts, improving the tools and knowledge

of innovative digital technologies to maintain communication, enhancing professional behavior and ethics during months of quarantine and remote work, tax units have also activated the boundaries of spontaneous distant relationships and layers of public culture.

5 Conclusions

Modern economic development is impossible without the exchange in the information space between the producer and the consumer, the civil servant and the common person, the taxman and the taxpayer, which is formed on a platform of trust and reputational ethics. There are no constructive methods and recommendations yet, so let us try qualitative and quantitative assessments of social capital at the level of measurement, namely structural, relational and cognitive operation. "Social capital is a phenomenon that exists both in economic space (the system of reproduction of material and financial capital) and in social space (the system of relations and interactions of team members" (Doronina, Nechepurenko, 2006).

Social capital, like a pocket, increases and spreads when used, and disappears when not replenished,

requiring constant investment in the form of social connections and relationships, maintaining trust. Only principled actions can improve the national social capital of a country such as " application of an integrated approach to the formation and development of social capital at the micro-, meso- and macrolevels; ensuring sustainable development of science, education, culture as basic spheres that form social capital and contribute to its influence on economic development; recognition of the priority role of the state in the formation and reproduction of the social capital of the nation" (Vlasova, 2012).

To the extent that a person has created social capital, that is how much he can use it in the future, although under certain conditions it is not cashed out by card at an ATM. Social capital does not belong only to one person, group or organization and can be an investment in social relationships, a sense of inclusion that will bring trust and reciprocity to strangers. Social goods (trust, solidarity, willingness to help and sympathize, hospitality, courtesy and friendship, etc.) are interdisciplinary intangible assets for studying social capital. Social capital is extremely difficult to assess because it depends on many factors of each citizen.

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