

# SOCIAL CAPITAL AS THE BASIS FOR THE FORMATION OF SOCIO-ECONOMIC SECURITY IN RURAL AREAS

Andrii SUKHOSTAVETS<sup>1</sup>

Sumy National Agrarian University, Ukraine

**Abstract.** Social capital is the basis for the definition of the future concept of rural areas management. Therefore, one of the most important tasks is to determine the various factors of existence, development, and formation of social capital. One of these factors is the security of rural areas and the definition of how *social capital* affects it. The analysis of the available scientific works in various areas reveals the lack of consensus in the definition of the category “socio-economic security of rural areas”. This is due to the fact that the definition of social and economic security of rural areas is identified with such concepts as the ability to provide resistance to various internal and external environmental influences. The purpose of the study is to determine the nature of social capital, as well as to study its impact on the socio-economic security of the state. The methodology of the research is based on the monographic method, the method of dialectic cognition, the scenario methods used to find the optimal scenario implementation option; SWOT-analysis is used to assess the positive or negative impact of social capital on the socio-economic security of rural areas. Understanding the essence of socio-economic security has led to the conclusion that it consists of economic, social, environmental and other types of security. The term “social security” in the understanding of researchers usually has two interpretations: traditional (absence of threats to the society) and alternative (absence of threats from the society). It is proved that the social security of the region should be focused on ensuring primarily human rights and freedoms, namely, personal, political, social, economic, cultural, environmental, and family ones. Social and economic security should also provide social standards and guarantees, as well as norms. The economic basis of the security of rural areas is manifested in the development of market relations, infrastructure, material and technical base, natural conditions, etc. A market-oriented regional economy does not always ensure the growth of the well-being of all segments of the population in conditions of social and economic stability. Inevitably generated unemployment, social problems and other consequences of the competition can cause social fallout. Social threats are closely related to each other, while one generates another, forming a vicious circle. But at the same time, the socio-economic security of the society should be considered as the primary one. On the basis of the foregoing, we believe that the social capital of rural areas provides the basic social norms of citizens, which results in the provision of rights to communicate, found organizations, unions, cooperatives; and its high level leads directly to the increase in the *socio-economic security* of rural areas. Directions of our further research will be focused on the development of proposals concerning state support for activities related to the formation of social capital.

**Key words:** capital, social capital, security, socio-economic security.

**JEL Classification:** H82, O21

## 1. Introduction

Social capital is the basis for the definition of the future concept of rural areas management. Therefore, one of the most important tasks is to determine the various factors of existence, development, and formation of social capital. One of these factors is the security of rural areas and the definition of how social capital affects it. The analysis of the available scientific works in various areas reveals the lack of consensus in the definition of the category “socio-economic security of rural areas”. This is due to the fact that the definition of social and economic security of rural areas is identified with

such concepts as the ability to provide resistance to various internal and external environmental influences.

The purpose of the study is to determine the nature of social capital, as well as to study its impact on the socio-economic security of the state.

The methodology of the research is based on the monographic method, the method of dialectic cognition, the scenario methods used to find the optimal scenario implementation option; SWOT-analysis is used to assess the positive or negative impact of social capital on the socio-economic security of rural areas.

*Corresponding author:*

<sup>1</sup> Department of Economy, Sumy National Agrarian University.

E-mail: 9264374@gmail.com

## 2. Socio-economic security in rural areas

The concept of sustainable development determines the structural balance of the socio-ecologinomic system of rural areas. Considering the fact that the system has a large structure of hierarchical levels, the main security signs extend to different levels of the system.

Understanding the essence of socio-economic security has led to the conclusion that it consists of economic, social, environmental, and other types of security.

The economic security in rural areas is a systemic concept with inherent features of integrity, synergy, hierarchy, and other properties of the systems' existence and development. Ensuring economic security at all levels is achieved through the implementation of the economic strategy, the success of which depends on the stable functioning, reproduction and development, and harmonious interaction with the external environment. The economic basis for the security of rural areas is manifested in the development of market relations, infrastructure, material and technical base, natural conditions, etc.

The most common approach to isolating the components of economic security at the microlevel is the functional one. So, A.V. Arefieva and A.V. Vasiliev (Arefieva, 2001, Vasiliev, 2013) identify such components as intellectual, personnel, financial, technical-technological, political and legal, environmental, information, and power. Some researchers also add a market component that characterizes the interaction between counterparties. In our opinion, economic security is a combination of the following components, namely, production and financial ones, and the part that characterizes the social aspects should be singled out as a separate component.

The social component is closely connected with the economic one and can manifest itself in the form of social relations, which, in turn, lead to real or potential conflict situations. In this case, if any crisis arises, the social sphere in the first turn becomes a destabilizing factor. These processes, in our opinion, require diagnostics and constant monitoring and, in the case of a specific situation, the introduction of immediate enforcement actions.

The term "social security" in the understanding of researchers usually has two interpretations: traditional (absence of threats to the society) and alternative (absence of threats from the society). The social security of the region should be focused on ensuring primarily human rights and freedoms, namely, personal, political, social, economic, cultural, environmental, and family ones. Social and economic security should also provide social standards and guarantees, as well as norms.

The analysis of the available scientific works in a specific area reveals the lack of consensus, and for the most part of the specific scientific publications on the category of "social and economic security in rural areas". We believe

that the social keynote becomes the most important goal of the security assurance processes at all levels and functional areas of activity. The development of the economic and social sphere forms a single interdependent process, whereby the impact on the parameters of national security over the entire range of manifestations of the human transformative activity is made.

The social component of economic security is a prerequisite for ensuring the high level of development of productive forces and production relations in accordance with the fundamental principles of the existence of society and its interests. The objects of social security are people, their communities and relationships, relevant social needs, human socialization systems and social infrastructures: education, upbringing, culture, commerce, health care, a way of living. Thus, social security is a reliable protection of the vital interests of social agents and groups at the macro and micro levels, preserving and development of human potential, sustention of the effective stimulation of people's activities, their socialization and life support systems.

The high level of social security indicates that the state implements measures to develop the social sphere in accordance with the system of recognized national interests.

The most important national interests of Ukraine in the social sphere are:

- guaranteeing of human rights and freedoms in accordance with the constitution;
- development of society, institutes, and institutions;
- development of spirituality, high moral principles, intellectual potential, the health of the nation, formation of ethical standards;
- creation of a competitive, socially oriented market economy and ensuring a stable growth of living standards and welfare of the rural population;
- ensuring environmental and technogenically safe conditions for the society's existence.

Thus, social security emerges as a social phenomenon in the process of resolving the contradiction between such objective reality as danger and the need of the social individual, social groups and communities to prevent it.

Therefore, there is an acute need for a scientifically grounded study of the level of social security and its establishment in a system of parameters capable of performing the function of directing practical measures to achieve security objectives in the social sphere.

## 3. The social capital of rural areas

Social capital is a concept introduced for the first time by Pierre Bourdieu in his article "The Forms of Capital", where he used it to refer to social ties that can act as a resource for obtaining benefits (Bourdieu, 2002). The concept of "social capital" is a word combination that

has a special intra-phrase unity, which is characterized by certain grammatical features and a semantic meaning resulting from its components. By studying origins of words “social” and “capital,” one can arrive at the following conclusions: firstly, the analysis of the word social says: social, relating to the life of people and their relations in society, and the capital is “an accumulated economic resource that is included in the processes of reproduction and the rise in value through mutual conversion of its various forms.”

In the works of the researcher Francis Fukuyama, social capital is limited by the level of public trust (“trust”). According to the scientist, social capital is the norms (both formal and informal) or values that make possible collective actions of groups of people (Fukuyama, 2005). In his book “Trust: The Social Virtues and Creation of Prosperity,” Francis Fukuyama shows that it is trust that is the key characteristic of a modern developed society. These aspects, according to the scientist, apply to both the individual and the social level (trust in public institutions and the state) (Fukuyama, 2004).

Analysis of the understanding of the bulk of scientific works on the definition of the essence of social capital shows the following: James S. Coleman believes that social capital, like other forms of capital, is a productive force, through which it is possible to achieve results that otherwise could not be achieved (Coleman, 2001).

Robert D. Putnam writes: “The central idea of social capital is social networks and norms of mutual assistance that have value for individuals in networks and have external effects” (Putnam, 2001). Considering the concept of social capital, it is also necessary to consider what place the social capital occupies in the overall structure of capital. Thus, P. Bourdieu identifies in the article three basic forms of capital: economic capital, cultural capital and social capital. He believes that social capital is “total actual and potential resources linked to the possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition, in other words, membership in a group” (Bourdieu, 2002).

P. Bourdieu and J. Coleman in their studies identified the distinguishing characteristics of social capital in comparison with its other forms. Social capital, unlike other types of capital, is an integral element in the structure of social relations. The concept is that having social capital, people interact with other individuals who are the direct sources of benefit to many (Bourdieu, 2002).

W. Woolcock, a social capital researcher on the World Bank program, proposed the concept of the idea of “vertical component” of social capital that he added to the existing dichotomy (bonding and bridging – the binding and horizontally linking capitals of R. Putnam) the third dimension of the vertically linking social capital, which is a specific case of horizontally

linking social capital (Woolcock, 1998). According to the scientist, the main property of vertically linking social capital is that it creates opportunities for exchange and relations based on trust and respect between the individuals-representatives of local communities and other corporate agents within a particular civil society, as well as beyond its limits.

In 1990, Baker gives the following definition of social capital as “a resource that actors derive from specific social structures and then use to pursue their interests; it is created by changes in the relationship among actors” (Baker, 1990).

“Social capital” as a complex definition is interpreted by M. Schiff: “social capital is the set of elements of the social structure that affects relations among people and are inputs or arguments of the production and utility function” (Schiff, 1995).

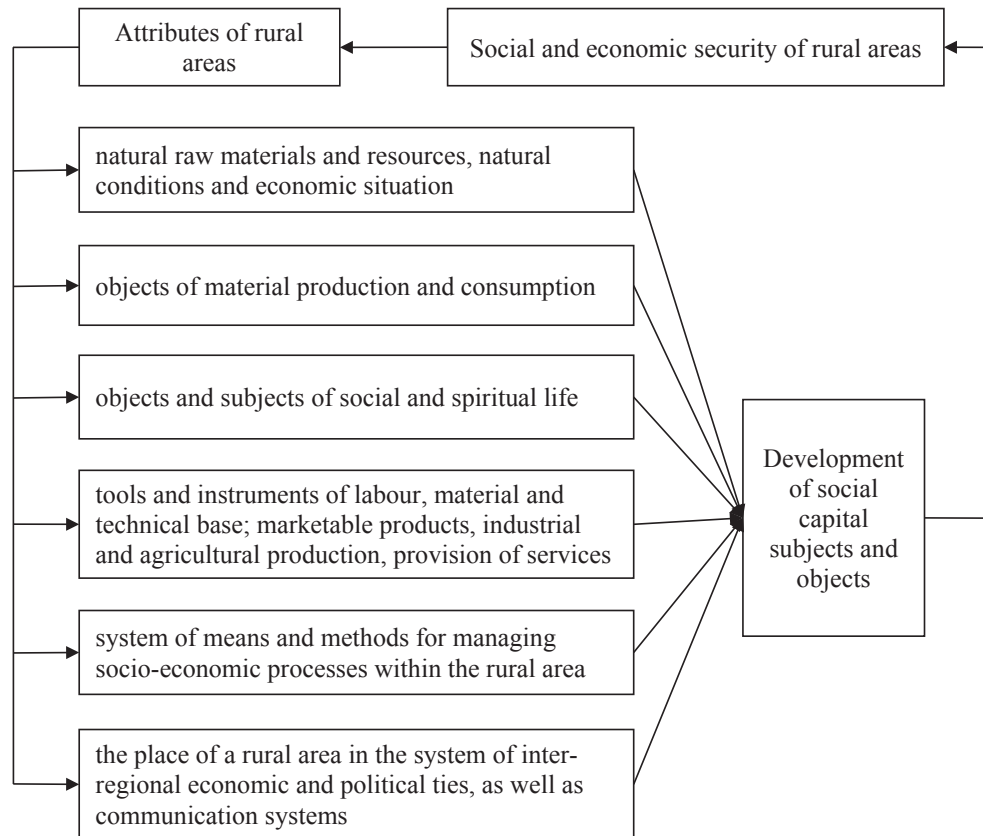
The economic usefulness of social capital lies in its ability to reduce costs on the transaction, innovation, technology development, information asymmetry, which is achieved through the effective returns from the quality of education, relationships, the improvement of social injustice, the integration of vulnerable segments of the population into public life. Social capital, as the basis of the public good, is considered by such scientist as E. Slavkova (Slavkova, 2010).

Definitions of social capital indicate that it has the same components as the concept of social security and can be a part of the social and economic security in rural areas.

#### **4. The impact of social capital on the social and economic security in rural areas**

A market-oriented regional economy does not always ensure the growth of the well-being of all segments of the population in conditions of social and economic stability. Inevitably generated unemployment, social problems, and other consequences of the competition can cause social fallout. Social threats are closely related to each other, while one generates another, forming a vicious circle. But at the same time, the socio-economic security of the society should be considered as the primary one.

Considering social capital as the basis for the formation of social and economic security in rural areas, it is principally necessary to characterize the attributes of rural areas. It is necessary to start with natural raw stock. For rural areas, the prominent feature is the land and its characteristics, as well as environmental conditions and the economic situation. Next is the presence of subjects of material production and consumption, as well as social and spiritual life, which include the demographic component, the human capital of the area, employment, the availability of social infrastructure (institutions of education, culture, physical education, public amenities, retail, etc.).



**Fig. 1. Social capital as a basis for the formation of social and economic security in rural areas** (developed by the author on the basis of (Krivorotov, 2011, Antoshkin, 2014))

Tools and instruments of labour, material and technical base; production; agricultural produce, provision of services can be referred to the third characteristics. The fourth feature is a system of means and methods for managing socio-economic processes within the rural area. The system of means and methods of managing social and economic processes within the rural area includes economic mechanisms, the degree of development of market relations, the efficiency of socio-economic policy (including legal protection of human rights and freedoms and the development of measures to prevent the emergence of destructive factors), the development of local government, public organizations, unions, cooperatives, etc.

The fifth feature is the place of a rural area in the system of inter-regional economic and political ties, as well as the development of communicative systems (Figure 1).

The basis of social capital is the formation of groups and trust, which leads to better health and social well-

being of people. The development of organizations can also become an important factor in improving the quality of people life in a particular community. Also, education obtained in groups improves the quality of life, develops social ties, creates additional skills and connections, and thus affects social and economic security.

## 5. Conclusion from the conducted research

On the basis of the foregoing, we believe that the social capital of rural areas provides the basic social norms of citizens, which results in the provision of rights to communicate, found organizations, unions, cooperatives; and its high level leads directly to the increase of socio-economic security of rural areas. The directions of our further research will be focused on the development of proposals concerning state support for activities related to the formation of social capital.

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## Андрей СУХОСТАВЕЦ

### СОЦИАЛЬНЫЙ КАПИТАЛ КАК ОСНОВА ФОРМИРОВАНИЯ СОЦИАЛЬНО-ЭКОНОМИЧЕСКОЙ БЕЗОПАСНОСТИ СЕЛЬСКИХ ТЕРРИТОРИЙ

**Аннотация.** Целью исследования является определение сущности социального капитала, а также исследования его влияния на социально-экономическую безопасность сельской территории. *Методика.* В основе методологии исследования лежат монографический метод, метод диалектического познания, методы сценария, пространственно которые использовались для поиска оптимального варианта реализации сценариев; SWOT-анализ использовался для оценки положительного или отрицательного влияния социального капитала на социально-экономическую безопасность сельских территорий. Социальный капитал является основой формирования будущей концепции управления сельскими территориями. Поэтому одной из важнейших задач является определение различных факторов существования, развития и формирования социального капитала. Одним из таких факторов является вопрос безопасности сельских территорий и определение, каким образом на неё влияет социальный капитал. Проведённый анализ доступных научных работ в разных плоскостях обнаруживает отсутствие консенсуса в определении категории «социально-экономическая безопасность сельских территорий». Это связано с тем, что определение социально-экономической безопасности сельских территорий идентифицируется с такими понятиями как способность обеспечивать отпор различным внутренним и внешним воздействиям окружающей среды. Осмысление сущности социально-экономической безопасности привело к выводам, что она состоит из экономической, социальной, экологической и других видов безопасности. Термин «социальная безопасность» в понимании исследователей обычно имеет две трактовки: традиционная (отсутствие угроз для социума) и альтернативная (отсутствие угроз со стороны социума). Доказано, что социальная безопасность региона должна быть ориентирована на обеспечение в первую очередь прав и свобод человека, а именно личных, политических, социальных, экономических, культурных, экологических, а также семейных. Социально-экономическая безопасность также должна обеспечивать социальные стандарты и гарантии, а также нормы. Экономическая основа безопасности сельских территорий проявляется в развитии рыночных отношений, инфраструктуры материально-технической база, природные условия и т.д. Рыночно ориентированная региональная экономика не всегда обеспечивает рост благосостояния всех слоев населения в условиях социальной и экономической устойчивости. Неизбежно порождаемые ею безработицы, социальные проблемы и другие последствия конкурентной борьбы могут вызвать социальный взрыв. Социальные угрозы тесно связаны друг с другом, при этом одна порождает другую, образуя замкнутый круг. Но при этом первичной следует считать социально-экономическую безопасность для социума. *Значение/оригинальность.* Исходя из вышеизложенного мы считаем, что социальный капитал сельских территорий обеспечивает основные социальные нормативы граждан. Они выражаются в обеспечении прав на общение, создание организаций, союзов, кооперативов и его высокий уровень ведет непосредственно к повышению социально-экономической безопасности сельских территорий. Направления дальнейших наших исследований будут направлены на разработку предложений, которые касаются государственной поддержки мероприятий связанных с формированием социального капитала.