CORRUPTION AND SOCIAL CAPITAL DEVELOPMENT

Abstract

The aim of the work was to present the relationship between the development of social capital and corruption on the basis of new growth and knowledge management theories. Corruption was regarded in this work as a brake on the country’s productivity growth through its impact on the rate and quality of structural changes in an economy, and therefore its welfare. The article discussed possible damages caused by corruption to the efforts in the development of social capital, especially in public administration, which could include, for example, fall in different types of standards and mutual trust of social life participants. Based on the studies of international institutions as World Bank, World Economic Forum and Legatum Institute was also analyzed the relationship between selected indicators of corruption and social capital levels on a group of 104 countries by means of statistical methods in 2009–2010. The results confirmed the presence of co-dependence between an increase in social capital level and a decline of corruption scale in the surveyed countries.

Key words: social capital, corruption, welfare

Introduction

In this paper the issue is continued, already considered in earlier studies of the author, which concerns the development of a knowledge-based economy. Social capital is regarded as an important component of a country’s soft environment, which determines the further increase in the welfare level of a knowledge-based economy. Social capital is meant to facilitate collective action, so that the public can continue long-term economic development. A knowledge-based economy should have a good quality social infrastructure, identified with soft environment that positively influences country’s productivity. It is all about stimulating cooperation institutions within the country and with its international environment, in other words, the development of social capital.

Corruption is detrimental for all types of enterprises and according to the World Bank Institute more than $1 trillion dollars (US$ 1,000 billion) are paid in bribes every year. Eliminating corruption within and between the public and pri-
Private sectors has become one of the leading problems for businesses and governments as well as international organizations and institutions [UNIDO-UNODC, 2007: 1–3].

The aim of this paper is to present the relationship between the development of social capital and corruption on the basis of new growth and knowledge management theories. Corruption is regarded in this work as a brake on the country’s productivity growth through its impact on the rate and quality of structural changes in an economy, and therefore its welfare. Corruption may in fact, inter alia, lead to a reduction in the level of cooperation and provide a barrier to establish, and subsequent strengthening of productive activities and relationships, which in the new growth theories means decreasing the rate of technological progress.

The first part of the work presents the notion of social capital, which is helpful in explaining the later choice of indicators used for its measurement. Then the possible impact of corruption on the dynamics and directions of social capital development is described. The second part of the paper focuses on the description of the methodological assumptions, the materials and the results of own research, which was conducted to identification the mutual interaction between corruption and social capital of a country. Based on the studies of international institutions as World Bank, World Economic Forum and Legatum Institute is analyzed the relationship between selected indicators of corruption scale and social capital level in the group of 104 surveyed countries by means of statistical methods in the years 2009–2010.

**Impact of corruption on social capital development**

Social capital is an element of intellectual capital. Intellectual capital researchers usually divide it into human capital, structural capital (or organizational), and just social capital, of which an important part is relation capital. Currently, we have a lot of definitions of social capital, as it is a complex and multidimensional phenomenon. However, many of these definitions refer to the understanding of social capital presented by established scholars of this issue Pierre Bourdieu, James Coleman and Robert Putnam. Pierre Bourdieu defines social capital as the bonds and obligations based on reciprocity relations of human beings, which may be institutionalized in the form of social trust. R. Putman also defines social capital as connections between individuals, norms and trust that arise from these relationships and can increase the productivity of a society by facilitating the coordination of activities. For J. Coleman, social capital is primarily a social structure (network) made up of a variety of communities, which helps to achieve the objectives and benefits of their members. In other words, it is the ability of people to cooperate in achieving common goals.

The World Bank also defines social capital as part of the new program carried out by this institution entitled Social Capital Implementation Framework. Social