



## PRESS RELEASE OF THE WORKING PAPER 5.3

### SOCIAL CAPITAL AND ATTITUDES TOWARDS MONEY

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#### OBJECTIVE

Purpose of the research presented in this report is to find out psychological mechanisms by which social capital influences economic behavior, as well as the study of the influence of individual values on social capital. The study, presented in the report included two parts. The relationship between social capital and monetary attitudes was explored in the first part (634 respondents). The impact of social capital on the behaviors is considered to be one of the possible mechanisms of its functioning. The second part is a cross-cultural research (on samples of Russian, Chechen and Ingush), dedicated to the study of the impact of individual values (by S. Schwartz) on social capital. The results of a research which is presented in these working papers, can be used for the formation of social capital in the ENP area.

#### MAIN RESULTS AND POLICY IMPLICATIONS

Working paper 5.1.1 (A. Tatarko and P.Schmidt ‘**SOCIAL CAPITAL AND ATTITUDES TOWARDS MONEY**’) presents effect of social capital on an individual’s economic attitudes. Specifically, we examined three individual level components of social capital: trust, tolerance and civic identity. A total of 634 Russian adults (aged 20-59 years) completed measures assessing the three dimensions of social capital (perceived social capital, civic identity, generalized trust) and monetary attitudes (Russian version of the Money Beliefs and Behavior Scale, MBBS) A structural equation model relating trust, tolerance, and civic identity with economic attitudes was specified and tested while controlling for age, gender, and education. We found that higher levels of trust, tolerance, and civic identity were associated with adverse monetary attitudes. Attitudes towards money as a means of influence and of protection and the desire to accumulate it reflect a personal sense of dependency on money and lead to constant concern about money. Greater social capital, by providing social support that serves as an alternative source of security, influence, and protection, may reduce this dependence on money. An important finding of our research is that the component of social capital that was associated most frequently and strongly with monetary attitudes was civic identity. Generalizing from our findings, we postulate that the negative association between monetary attitudes and trust, tolerance, and civic identity suggests that when social capital decreases, people try to compensate by accumulating financial capital.

The mathematical modeling has demonstrated that social capital influences

people's economic attitudes. The study results, in particular, are indicative of the negative effects of social capital on the monetary attitudes that characterize the desire to accumulate money and the use of money as a means of influencing other people or for one's own protection. In other words, social capital gives people a sense of confidence and security and impedes desire to accumulate money by any means with the compensatory aim of seeking protection.

Thus, the intended formation of social capital is pivotal in the European countries where it is low. The targeted increase of social capital will reduce the number of economic crimes and the number of offenses against the person.

Working paper 5.1.2 (A. Tatarko 'ARE INDIVIDUAL VALUE ORIENTATIONS RELATED TO SOCIO-PSYCHOLOGICAL CAPITAL? A COMPARATIVE ANALYSIS DATA FROM THREE ETHNIC GROUPS IN RUSSIA') presents a cross-cultural analysis of the impact of value orientations on socio-psychological capital has been performed. Based on a sample of 3 ethnic groups (Russians, n = 103; Chechens, n = 100; Ingush, n = 109), it has been demonstrated that although the impact of individual values on socio-psychological capital obeys logic, it may be culture-specific. Individual value orientations have impact on socio-psychological capital. Thus, the influence of individual value orientations on socio-psychological capital is not decisive but is essential. Generally speaking, we can conclude that **Self-Transcendence** values have positive impact on socio-psychological capital, and **Self-Enhancement** values have negative impact. **Openness to Change** values positively influence civic identity, but negatively affect perceived social capital. **Conservation** values also demonstrate a positive relationship with civic identity. However, in this study, this effect was manifested only in the Ingush sample. Individual value orientations, dominant in members of society, have an impact on socio-psychological capital. Therefore, the imbalance of the dynamic structure of value orientations (growing importance of certain values) can on the whole have a negative effect on social capital. Of course, social capital will not "suffer" if values of Benevolence and Universalism increase in society, but the increase of the importance of other values may negatively affect social capital.

The mathematical modeling (on the data from a socio-psychological survey of 3 different cultural and ethnic groups in Russia) highlighted that value orientations exercise similar influence on social and psychological capital (the relationships that serve as basis for the formation of social capital) in representatives of different ethnic groups. At this stage, three facts have been discovered:

- a) Value orientations are related to social and psychological capital;
- b) There are clear trends in the impact of value orientations on social and psychological capital;
- c) There are cross-cultural differences in the impact of individual values on social and psychological capital;
- d) The variance proportion in social and psychological capital is explained by value orientations and ranges from 8 to 32% on different indicators in different ethnic groups.

Hence, it can be assumed that the formation of social capital may be possible by means of value orientations of citizens. Political authorities, by forming in citizens certain value orientations that contribute to the development of social capital or by reducing the popularity of values that hinder the development of social capital, can attain partial increase of social capital. Social capital, in its turn, will stimulate economic and political development.