

A NEW APPROACH TO DEFINING THE INSTITUTIONAL STRUCTURE OF SOCIETY

Contemporary economic crisis is not only a manifestation of the cyclic nature of the economic system but a symptom of deeper contradictions affecting society. This contradiction based on violation of the structure of economic relations, namely, on absolutization single driving force - individual interest. This absolutization is typical not only for economic science but for economic policy and for economic education. At the same time other significant powers - coercion and social norms - moved outside the focuses and considered mostly as some "artifacts" that introduce dissonance into an orderly "economic view of the world."

The reason for this, in our opinion, key advantage of the economics based on the primacy of private interests, which can't overcome none of the alternative theories. This advantage is in the simplicity of answers to the most important questions of economic life: the production, distribution, exchange and consumption. The alternative (heterodox) theories will stay in the underground of economic knowledge until they come down from the "scientific tops" and be able to explain economic behavior simply and logically and offer instruments convenient for modeling and estimation.

We propose to discuss the methodological framework for the integration of fragmented knowledge about society, including economics, sociology, political science, cultural studies, history, in order to build a common "social view of the world." At the bases of our approach is an understanding of society as an institutional system as a set of interlocking types of institutions.

1. Introduction

Fragmentary nature of modern social sciences is similar to the situation in modern medicine, when physicians become "experts in the left heel", that is extremely competent, but hopelessly narrow professionals. And just as they can not heal the human body without realizing it in all its complexity, modern economists are not able to "heal" the economy without having at their disposal a comprehensive understanding of its methods. However, it should be noted that several attempts to overcome the "guild" nature of the social sciences and to offer some general framework for the analysis of society have been done.

The proposed by T. Parsons and N. Smelser (Parson, Smelser 1956) approach to the analysis of the economy as a special case of the social system, subject to the laws of the theory of social systems and, as a consequence, of the general theory of action - the philosophical system created by T. Parsons - should be noted. The economy is one of the four related subsystems of society, specific in adaptive function.

According to Parsons, integrative subsystem is a kind of "core" of society, which provides co-existence and successful functioning of other subsystems. The other subsystems exist autonomously enough, while the integrative subsystem is inconceivable without at least two others. Thus, we can represent the structure of society in the following figure (Fig. 1)

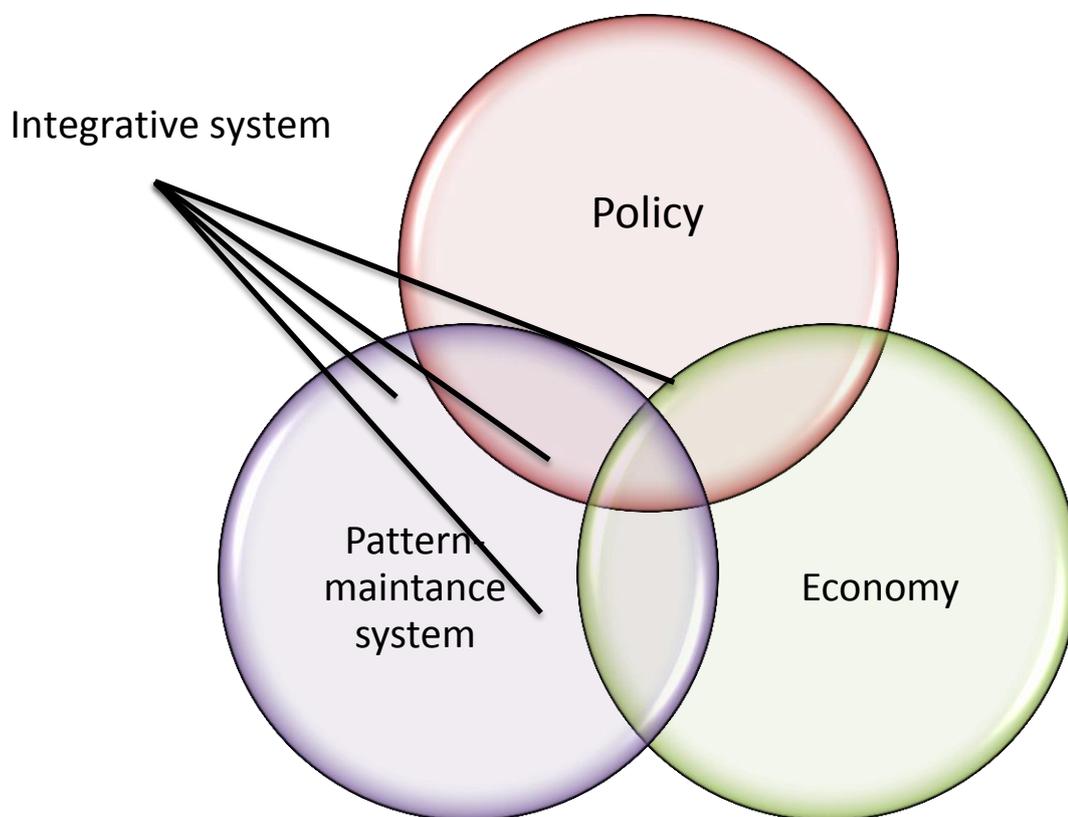


Fig. 1. Social structure of the society (according to T. Parsons and N. Smelser)

The general interaction of the functional subsystems of society is realized by exchanging "input" and "output". The exchange between the subsystems, according to T. Parsons and N. Smelser, is heterogeneous, and is structured in accordance with the qualitative differences within sub-systems (table 1)

Table 1.

"Inputs" and "outputs" of economic subsystem in its interaction with other subsystems of society

№	The subsystem of society	"Input" of economic subsystem	"Output" of economic subsystem	Notes
1	2	3	4	5
1.	Pattern-maintenance	Labour resources	Production of consumer goods and services	In fact, this is a subsystem responsible for the maintenance of stability, is a "society" in the sense that it is given to by the majority of economists
2.	Policy	Capital expenditures	Production volume	Thus T. Parsons and N. Smelser emphasize the politicization of the capital allocation processes, their "non-economic" nature, which is clearly important for understanding modern economic system
3.	Integrative subsystem	Enterprise resource costs	Innovation volume	This subsystem brings together the other three by conjugation with the current system of rules with internal logic of the established collective organization

Thus, the behavior of society subjects - individuals and corporations - is due to its complex structure, in which economic and non-economic motives intertwine, as well as interests, goals and values. However, this approach has not yet become a part of the scientific language of economists, and is more of a beautiful theory than a working tool. We tend to associate it with the original non-economic elements of theory of T. Parsons and N. Smelser, because of what the economists have an understandable rejection of new terminology and methodology.

An alternative attempt to combine knowledge about society was undertaken in line with cybernetics, and with systems theory in general. So, Haken (Haken, 1996), developing the concept of synergy in relation to society, says about such important properties as the pursuit of personal organization. The increasing complexity of technical and informational interactions imposes

new demands for social interaction in the community: new opportunities sharpen and highlight its contradictions and dysfunctions. Administration is not able to effectively perform the function of the organization, and the question of the possibility and limits of personal organizing social systems arises. Haken has a vision of social personal organization in two ways: (1) compliance with the principle of responsibility of H. Jonas (H. Jonas) (when every single subject behaves as if as a part of its own activities it was responsible for the whole), (2) liberalization of economic relations as overcoming of their centralized administration. In this case, liberalization is understood by him in the original sense, as release, "deregulation".

Haken also develops a number of principles in relation to social systems: the subordination of synergy, circular causality and indirect control. The principle of subordination of synergy means that society has a small number of order parameters - such control parameters, certain values of which can lead to sudden changes in behavior. The principle of circular causality means that part of the system may determine the value of its order parameters, that is, to carry out a kind of personal regulation system. The principle of indirect control presupposes the existence of a non-deterministic chain: change of the "directly controlled" control parameters - change of the order parameter - the reproduction of the collective behavior of the system - "highly surprising behavior".

The society, being developed in accordance with the principles of synergy, manifests itself as: (1) "non-linear" control system behavior of which is disproportionate and often unpredictable, depending on the effect of the control parameters, and (2) an open system in which the actors can indirectly influence on the order parameters and, as a consequence, the behavior of the system, and (3) a nonlinear developing system which is characterized by a bifurcation point and the "phase transitions".

In the interpretation of the Haken's concept the order parameter approaches the concept of the institution. For example, he says that necessary for personal organization (society and its subsystems) synthetic forms of ordering (formed on the basis of the order parameters) are ideal social constructs that influence individual behavior. Thus, we can identify the "general plane" of evolutionary and systematic approaches that runs along the lines of "institution - order parameters".

Particular interest is a put forward by E. Schumacher (Schumacher, 1989) idea of the importance of "small", that is, there is a need to investigate alternative to modern Western economies ways of organizing the economy.

He notes that modern society, ultimately, injures a man, turning him into a machine for making money, "digitizing" the environment. E. Schumacher rightly notes that the economy may be "other", and, indeed, in most parts of the world, it is the "other." Modern society is not only the society of the EU countries, the USA and Japan, but also billions of people, organizing their lives differently, that is, different ideas about welfare, purpose of life, interaction and production results.

L. Zsolnai (Zsolnai, 2009) suggested one possible explanation of what the economy can be, if not "Western". It is a model of Buddhist economics. The table shows the main differences between human model in Western society from the model of a man in Eastern, Buddhist tradition (table 2).

Table 2.

The differences between the capitalist and Buddhist economics

	Western economics	Buddhist economics
1	2	3
Figurative name	«Ego-nomics»	«No-self-nomics»
The purpose of entities (people) in the economy	Maximize profit and prosperity	Minimize suffering
Attitude to the needs and desires	Their expansion is encouraged	Their restraint is encouraged
"Recipe" for success	Maximize the markets development (i.e. the ability to exercise personal interest, opportunism)	Minimize violence in all its forms
Relation to STP and its results	Maximize	Minimize
Attitude to personal interest	Requires the fullest satisfaction	Is ignored
The driving force of behavior	Personal interest	Generosity and genuine concern for their nearest
The model of individual behavior	Homo economicus	Homo reciprocans
«Slogan»	«Bigger is better»	«Small is beautiful»

However, so far we failed to answer the question of how to describe this "other" economy, making it a common description for all the social sciences and creating their common cognitive frame. And without such conventional understanding of society in all its diversity it is impossible to develop the reasonable and effective policy which lets to transform society.

2. Triunity of the society institutions

In our view, the evolutionary and institutional paradigm "enhanced" by the operational elements should become the combining the methodological basis for a unified science of society.

We propose to consider the institutional structure of the society in the context of two levels: the level of institutions and the level of routines forming these institutions. An institution we are considering (in continuation of traditions laid by G. Hodgson (Hodgson, 2006) as a totality of economic relations that structuring the specific type of social interaction. Based on the existence of three basic motives of social action: coercion, social norms and individual interests, we offer to allocate the triunity of society institutions: institution of the force, institution of the assistance and institution of the opportunism respectively. The routine is the norm of interaction among its agents entrenched in society which is manifesting in repeated team skills. The routines forms the structure of institutions of the society as its institutional "atoms", and at the same time its forms the link between institutions. Meanwhile, each institution is formed by routines of different types, in the base of its allocation are different reasons for their actualization. This approach is based on proposed by D.A. Pletnev concept of the triad of institutions in the corporation (Pletnev, 2013a, 2013b).

The institution of force can be understood as a totality of economic relations bounded in space and time that structuring the implementation of coercive (domineering) motive of social action. The institution of force in the economy is an institutionalized violence, a manifestation of power that is asymmetrical interaction of subjects. The forms of coercion, which have significant impact on a society, may vary considerably, so in the structure of the institution of force routines of different types exist. We propose to distinguish three types of routines of force: routine of violence (embeds in the society interaction about direct, physical coercion), the routine of pressure (embeds interaction about economic coercion) and routine of conviction (embeds interaction about ideological coercion).

The institution of assistance we consider as totality of economic relations bounded in time and space that structuring the implementation of the collective motive of social action. The institution of assistance includes three types of routines, which differ according to the type of economic relations, mediating community of individuals: the routine of involvement (based on participation, commitment to community action), the routine of

communion (based on culture, the desire for generality of thought), the routine of creation (based on creativity, the desire to share a new discovery).

The institution of opportunism is considered as a bounded in space and time totality of economic relations that structuring the implementation of the individual (self-interested) motive of social action. It is necessary to note what it is proposed to go away from a narrow understanding of opportunism as following its interest with guile (as "cunning" is not amenable to scientific identification and is only an external manifestation of the real nature of the action). Opportunism is considered in its original meaning - as the 'use of opportunities', in fact, we mean the methods of the legitimization of following individual interests in the economy. The institution of opportunism has three types of routines different in the extent to which subjects allow to act "to their advantage": routines of rationalization (corresponding to the legitimization of "simple" following his interest), routine of concealment (corresponding to the legitimization of opportunism by O. Williamson, that is associated with shirking, negligence, etc.) and routine of fraud (reflecting direct and secret profiting from corporations and state as insider's rent).

We can obtain the better understanding of the triunity of the society institutions by considering each of them in the levels and in the degree of purity. In the first case the structure of each institution can be divided into three levels of routines, which differ in their degree of "primacy". The first level reflects the base, originally existed type of social interaction of the appropriate type of routine, the second level includes another type of routine, that based on the first level, and the third level is the most "derivative" type. In the second case the structure of each institution include "pure" routine. For the institution of force it is routine of violence, for the institution of assistance - routine of creation and for the institution of opportunism - routine of concealment. So each institution includes two types of the routines, which is significantly influenced by "neighboring" institution. These arguments conveniently represents in the following table (table 3).

Table 3

#	Element of the institutional structure of the society	Characteristics and designation	Level by "primacy"	Purity
1	2	4	5	
1.	Institution of force (IF)			
1.1	Routine of violence (RV)	"Force through the force", FF	I	Pure

#	Element of the institutional structure of the society	Characteristics and designation	Level by "primacy"	Purity
1	2	4	5	
1.2	Routine of pressure (RP)	"Force through the opportunism", FO	II	Not pure
1.3	Routine of conviction (RCv)	"Force through the assistance", FA	III	Not pure
2.	Institution of assistance (IA)			
2.1	Routine of involvement (RI)	"Assistance through the opportunism", AO	I	Not pure
2.2	Routine of communion (RCu)	"Assistance through force", AF	II	Not pure
2.3	Routine of creation (RCr)	"Assistance through assistance", AA	III	Pure
3.	Institution of opportunism (IO)			
3.1	Routine of rationalization (RR)	"Opportunism through assistance", OA	III	Not pure
3.2	Routine of concealment (RCc)	"Opportunism through opportunism", (OO)	II	Pure
3.3	Routine of fraud (RF)	"Opportunism through force" (OF)	I	Not pure

Is possible to represent graphical the institutional structure of the society by the following diagram (Figure 1), in which three sectors reflect the triunity of institutions. The division the sectors implemented on the principle - closer to the center is the "base" routine, then - secondary and closer to the border - the "derivative". The "purity" of routines is also taken into account. If the corresponding routine tends to a nearby institution, it is represented close to its border.

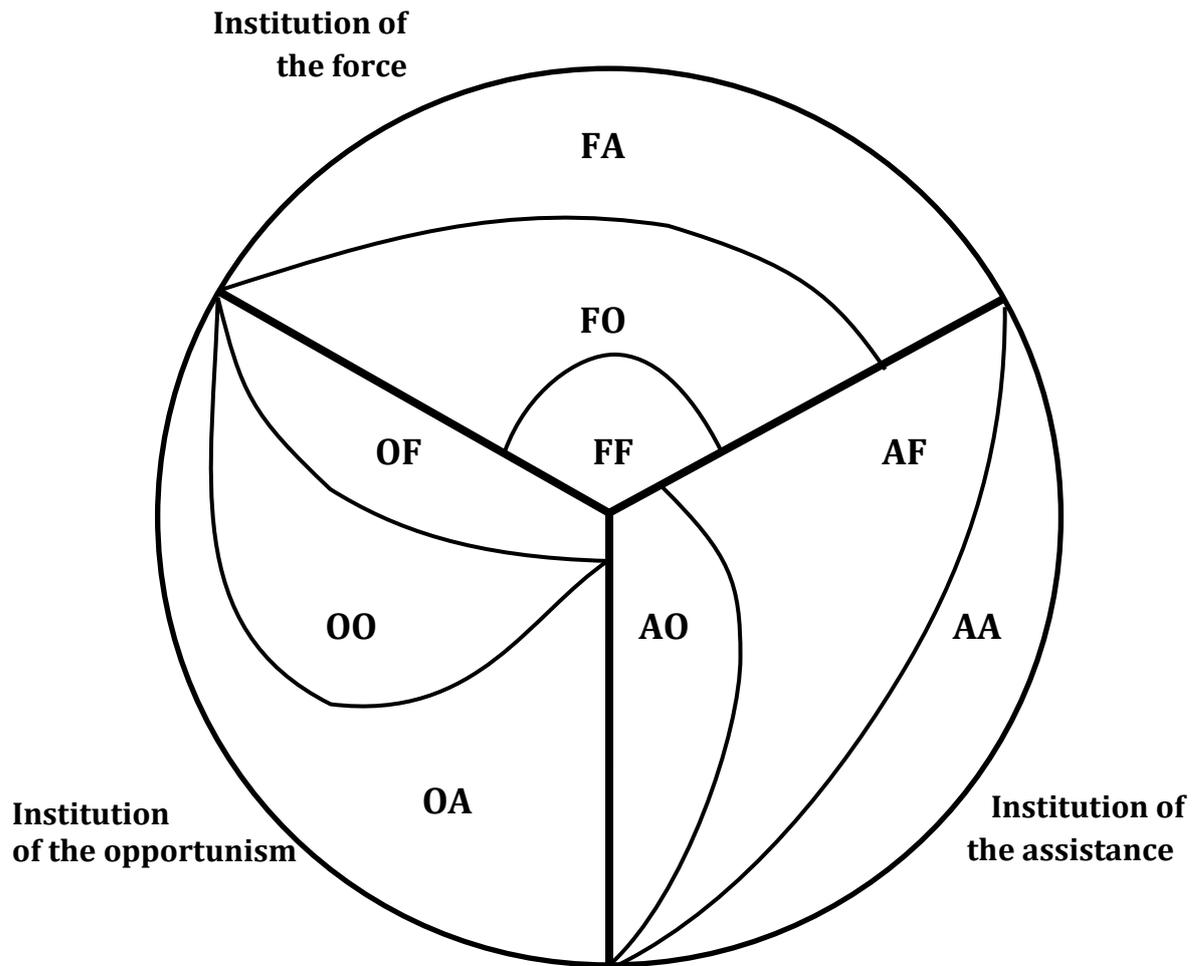


Fig. 2. Schematic view the triunity of the society institutions

The existing forms of society are showing their institutional structure imbalances. In the Western world the institution of opportunism dominates, in most Asian, Latin American and African economies it is the institution of assistance, and in countries with communist ideology this would be the institution of coercion (though in Cuba the routines of assistance are widespread). Sometimes, two institutions of the triad dominate in societies - and then a third institution does not find a place. For example, modern clearly coercive actions of the European Union against parental rights, coupled with the historical sense of opportunism in Europe, alienate from people the most important quality - emergence, the ability to create something surprisingly new in education. Ultimately, this could lead to a complete loss of the educational function of the family and the seizure of it by the society, which has a negative impact on the diversity of society, its sustainability and viability.

Also it is necessary to note that each institution as part of a commensurate structure of the society has a positive impact on its sustainability and development. However, each of the institutions extending further and suppressing other institutions of a society shows its negative side: the institution of force alienates the "emergency" as a property of society, the institution of assistance - purposefulness, the institution of opportunism - integrity.

It is very difficult to observe in practice a harmonious relation between the agents in society that suggests a dynamic balance of each institution. In modern world it can be done for a short time and in local economic conditions. Then we might as well speak about an "economic miracle", as it was in Japan, South East Asia, in modern China, as it is soon likely to be again and again. However, this experience is "non-transplantable" and unstable. One of the reasons is the lack of understanding of the true nature of the relations that are the basis of this impressive dynamics. And such harmony was possible to achieve in some sections of the Soviet Union and in other countries. In our view, the most important task is the selection, description and simulation of "successful" types of routines associated with each institution, so in the future it will be possible to form effective mechanisms of management of social development on their basis.

3. Conclusions

Thus, we propose to consider the institutional structure of the society in the context of two levels: the level of institutions and the level of routines forming these institutions. An institution we are considering (in continuation of traditions laid by G. Hodgson) as totality of economic relations that structuring the specific type of social interaction. Based on the existence of three basic motives of social action: coercion, social norms and individual interests, we offer to allocate the triad of institutions: institution of the force, institution of the assistance and institution of the opportunism respectively. The routine is the norm of interaction between the agents entrenched in repeated team skills.

The routines are an institutional "atoms" of society, and at the same time they form the link between institutions. Meanwhile, each institution is formed by routines of different types, in the base of its allocation are different reasons for their actualization. Thus, the institution of force consists of routines of violence (based on fear of direct physical coercion), routines of pressure (based on economic coercion) and routines of conviction (based on

ideological violence). The institution of assistance is formed by routines of involvement (based on a commitment to joint work), the routines of communion (based on the pursuit of a common culture), and the routines of creation (based on the desire to co-create a new one). The institution of opportunism is formed by routines of rationalization (based on rooting retribution), the routines of concealment (based on rooting opportunism in interpretation O. Williamson) and the routines of fraud (based on rooting explicit forms of secret assignment of income and assets).

Ultimately the variety of social relations, including the policy management, dictatorship, corporate culture, and contractual relationships can be described and formalized in a unified cognitive frame. It will help to create the necessary foundation for building the harmonious scientific theory, which will integrate all the social sciences, serve as a solid foundation for the new "heterodox" economic education, and will structure and explain policy decisions in a new way.

4. References

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