SYNTHESIZED CAPITAL AND MODERNIZATION OF SOCIETY

Definition of the category of "modernization" has been given, development of modernization school has been represented. It was found that in social sphere social and demographic aspects of modernization are described by the concept of "social mobilization", and in economic sphere they are accompanied by technological growth, the principles of which are scientific knowledge.

It has been proved that at the macro and mezolevels the capitalization process is seen as industrial consupption of the national income and regional revenue as a whole. It has been proved that capitalization is a system entity that provides increment of assets, both material and other ones, promotes growth of national economy, and as a general indicator of capitalization not only describes the state of management object, but also determines the rate of the economy growth as a whole, level of welfare and living standards.

It has been emphasized that the sustainable development of a country, a region, a company within modernization is possible due to capitalization, causing the processes associated with transferring synthesized capital, increasing relative value added. We suppose that capitalization should be seen as a strategic direction of country modernization.

Key words: synthesized capital, modernization, capitalization, knowledge management.

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Ключові слова: синтезований аналіз, модернізація, капіталізація, управління знаннями.

СИНТЕЗИРОВАННЫЙ КАПИТАЛ И МОДЕРНИЗАЦИЯ ОБЩЕСТВА

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Представлено определение категории "модернизация" и развитие школы модернизации. Установлено, что в социальной сфере социально-демографические аспекты модернизации описываются понятием "социальная мобилизация"; в экономической сфере – сопровождаются технологическим развитием, принципами которого являются научные знания. Доказано, что на макро- и мезоуровнях процесс капитализации рассматривается как производственное использование национального дохода и доходов региона в целом. Доказано, что капитализация – это системный объект, который обеспечивает приращение активов, материальных и других, что способствует росту национальной экономики; также то, что общий показатель капитализации не только описывает состояние объекта управления, но и определяет скорость роста экономики в целом, уровень благосостояния и уровень жизни.

Подчеркнуто, что устойчивое развитие страны, региона, компании в условиях модернизации стало возможным благодаря капитализации, которая обусловливает процессы, связанные с передачей синтезированного капитала, увеличением относительной добавленной стоимости. Авторы полагают, что капитализация должна рассматриваться как стратегическое направление модернизации страны.

Ключевые слова: синтезированный капитал, модернизация, капитализация, управление знаниями.

At present in Ukraine, the processes of integration and globalization are deepening, as the impact factors of knowledge economy in all spheres of life have increased, and an innovative investment model of development has been formed in the state. Theorists and practitioners pay special attention to the modernization of the system that promotes renewal, recovery and acquisition of new features of the society; its economy must be competitive. Modernization provides qualitative restructuring of the society, which is determined by several factors, among which one should indicate the level of development and use of human, intellectual and social capital, synthesized capital components of the society. Thus, the research issues related to synthesized capital in the context of modernization meet modern challenges of national scientific thought; taking into account the fact that capitalization of synthesized capital can increase its overall value and be regarded as a means of modernizing the society, which reflects the importance and urgency of this work.

The works of foreign researchers who have begun to examine the issue of modernization in the twentieth century are devoted to this issue. The recent works include the ones by George Burley, H. Bleklendu, K. Chinu, J. Meyshyonisu and others. In Soviet theory and practice, the research of this problem originated in the late 90’s and continues up to these days. Modern works are presented in the writings by V.Golovko, G. Zelenko, E. Libanova, M. Mikhailchenko and others. The leading scientists have also initiated the case on modernization of the national economy, in connection with capitalization that will ensure growth and sustainability of macroeconomic indicators of socioeconomic development of Ukraine. Despite the research results, modernization can be considered in the synthesis of human, intellectual and social capital, and with the view of the necessity to restructure the national economy and renew social modernization in Ukraine, it should be based on democratic principles and social responsibility, requiring consideration of constructing and modernizing society development model to create conditions for capitalization growth.

The above mentioned led to setting research objectives, which are to establish the scientific and theoretical principles of synthesized capitalization as a means of society modernization.
Target setting caused the following objectives:

- introducing a definition of the category of "modernization" and defining the stages of modernization school;
- defining the essence of synthesized capital and justifying its place in modernization of the national economy;
- proving that capitalization of synthesized capital is a mean of society modernization.

Increasingly, the scientists, elaborating the category of "modernization", pay attention to its sense load. Most researchers agree that there is no single approach to the perception of modernization and it is considered through the prism of various scenarios for the future of every society and is associated with the emergence of a stable political, legal, democratic state with a high-tech economy and developed social sphere. Thus we consider that modernization should be regarded as one feature that should provide the most valuable impact on Ukraine's position in the global environment.

The classical works describing the theory of modernization are by Auguste Comte, Herbert Spencer, Marx, Weber, E. and F. Dvurkheymu Tonnisu. The most classical concepts of modernization are aimed at the formation of industrial society. Modernization is often viewed as a process parallel to industrialization, which is associated with the transformation of a traditional agrarian society into an industrial one, i.e. it is viewed in the light of transformation of the economy, technological weaponry and organization of labour.

The cycle of social science defines modernization as a process that provides the evolutionary transformation from traditional to modernized society that provides upgrading by operating evolutionism theories.

The scholars [1, p. 146] determine the existence of four stages of modernization schools' development: 1) the late half of 1950s – early 1960s – the period of birth and rapid growth of modernization processes' research, 2) late 1960s – 1970s – the critical period during which the concept has been established under the influence of critical perception of the modernization by the founders of the lagging theory (the dependent development), Microsystems Analysis (I. Valerstayn), neomarxist and 3) since the 1980s, there has been a postcritical period of regeneration of the research of modernization, when namely, "new modernization shtudyi" appeared (E. Sow) – convergence trend of modernization schools, dependency and microsystems analysis, 4) the late 1980s – 1990s – formation of neomodernization and postmodernization analyses was significantly influenced by the grand transformation in Central and Eastern Europe and Eurasia. We believe that the development of our modernization school undergoes the fifth stage characterized by rapid changes in growth at the macrolevel (the system prior to the crisis of social and economic sustainability in the most economically developed countries, the crisis is accompanied by the aggravation of contradictions in society, increasing social transformations, change of social matrices con-

figuration), which corresponds to the postmodernizational analysis in the post-crisis period.

The scholars proposed a number of models, which stimulate the definition criteria of modernization and are formed on the principle of clarity of the society development. S. Eyzenshtadt, in particular, offers a linear model of modernization and identifies specific events and signs that accompany it [2]. Thus, socio-demographic aspects of modernization describe the concept of "social mobilization", and economic ones are accompanied by technological growth, the principles of which are scientific knowledge, that leads to a rapid transition from industrial to postindustrial society. The Principles of scientific knowledge are, in turn, processes of formation, accumulation and use of intellectual, human and social capital, that are synthesized components.

Handling the categories of "human capital", "intellectual capital" and "social capital" lies beyond the scope of a comprehensive approach, which leads, in our opinion, to the necessity of introduce the category of "synthesized capital" category introduction, which is generated by the country's human resources and accumulates the above mentioned types of capital.

Synthesized capital is owned by a person who, at the macrolevel, is seen through the prism of the country's human resources. On the one hand, taking into consideration the significant amount of people in a state, we can assume that labor has more capacious potential, that allows to consider it as less limited than others, provided that limitless resources do not exist. On the other hand, basing on the fact that people live, learn and work in different conditions, get and generate information in different ways, have unequal abilities, skills, creativity, we believe that the process of synthesized capital accumulation is uneven: it is more intensive in big cities with a greater number of higher educational establishments than in small towns and rural areas. Of course, this accumulation is exposed to certain logic: there is no targeted distribution of college graduates and there is low level of both tangible and intangible incentives to highly-qualified employees in small towns and rural areas, etc.

Capitalization, in its turn, is a complex and multiaspect category. Although the definition of capitalization as a process of surplus value transformation in "The Capital" proposed by Karl Marx and modern economic characteristics determine the newest view of capitalization and enlarge this notion. This is due to the fact that the evolution of society is accompanied by proliferation of the main capital goods representations. Along with land, labor, and capital the following component as human, intellectual and social capital emerged. Considering the issue of limited material resources and increase in their value in the world draws attention to these types of capital either separately or in a synthesized form. The fact that our society is in transition to the knowledge economy, when synthesized (human, intellectual and social) capital, embodied in technology and business processes, creates a framework to
increase the level of non-material production in the country.

According to the Dictionary of Economics capitalization is defined as transformation of surplus value into capital, calculation of property values for the income that it brings, converting income into capital, i.e. the use of income for business expansion, attributing costs to assets’ capital growth, not the costs of the reporting period [3]. Focus on the transformation of surplus value into capital is at stake and the use of the revenue for business expansion, due to synthesized capital formation. Its efficient use is a subject of continuous development of labor potential (education, training, acquisition of competencies, learning), a framework for enhanced reproduction by increasing the cost of living and salaries, improving the regulatory and legal framework of the society.

At the macro-and mezolevels the process of capitalization is seen as production of the national income and income of the region as a whole. We assume that capitalization is an economic system that provides advanced rendering assets, materials etc. that promote the growth of the national economy [4, p. 90]. Capitalization as a general indicator does not only describe the state of management object, but also determines the rate of the economy as a whole, the level of welfare and the quality of life.

Thus, successful implementation of the country and its regions’ development strategy predetermines the conditions for such capitalization, which provides the most efficient use of existing synthesized (human, intellectual and social) capital. The above mentioned issue has been embodied in terms of development strategy, particularly relating to the necessity of development and capitalization of human potential areas.

Contemporary domestic theorists and practitioners point out that Ukraine still maintains strong research complex, which includes 1378 scientific organizations of various subdivision types and is capable of generating world-class results [5]. However, almost one fifth of this potential deals with foreign customers, and 90 % of financial resources stand for execution cost aimed at the development of technical science, industrial sector and support of institutions subordinated to the Ministry of Industrial Policy, i.e. domestic science generally provides intellectual services to other countries. The above state of national science results from insufficient funding of scientific and technical areas, low level of innovative activity, lack of motivation to use own human, intellectual and social capital effectively, as evidenced by the following data.

Thus, the costs per a scientist in Ukraine are almost 3 times less than in Russia and 70 times less than in the U.S.A. Research intensity of GDP, which is defined as the weight of the research and development cost in GDP, in Ukraine fell to 0.95 %. At the same time in the U.S.A. and Germany the figure is 2.7 % [5]. Taking into account that Ukrainian economy may lose its competitiveness in the Programme for Economic Reforms in 2010 – 2014 the goal is to enhance innovation processes, as well as fully use Ukraine’s scientific potential within the process of national economy modernization [5].

Owing to this, let us recall the tasks of the new public governance, country costs in particular, as a businessman determines company value, following the principles of social responsibility. This policy at the state level should ensure gradual growth of its prestige and raise the level of socio-economic indicators. Creation of this value at the state level provides development and effective use of human, intellectual and social capital, i.e. the development and effective use of synthesized capital of the country is at stake.

It has been suggested to trace capitalization of knowledge economy (only constant exchange of knowledge leads to the effective use of intellectual capital, which is closely related with the quality of knowledge management), delivered at the level of government, but the basis for transition to knowledge economy is initially formed at enterprises, and also regional and national levels. Thus, at the enterprise level knowledge is used to create intellectual property. In the process of knowledge management its inner organizational transfer, plays a crucial role: initiation, movement and integration included. The effectiveness of knowledge transfer is determined by the influence of factors depending only on the subject of knowledge, namely a man and his environment. The influence of each factor depends on the knowledge transfer phase [6]. Without any doubt one of the most important factors influencing the knowledge transfer is motivational support and trust of its owners and carriers, that provides effective personnel management. In addition, we emphasize that individual staff knowledge is transformed into organizational one in case of people socialization within the performance of common tasks, projects, etc. Therefore, the cycle of organizational knowledge circulation is proposed to be considered relating to express or implied knowledge of the staff. Circulation of organizational knowledge begins with investing in training, followed by formation, accumulation, storage, use, transfer and finishes with the reinvestment of funds gained from the successful exploitation of knowledge [6].

Thus, capitalization of knowledge that leads to an increase of added value due to the creation of intellectual property provides conditions for development and effective use of intellectual capital at the enterprise level.

Starting with microlevel intellectual property objects pass to the mezolevel, playing a leading role in the knowledge capitalization. All this is accompanied by accumulation of synthesized capital at the regional level, the use of which will create an effective investment and innovative model of regional governance, in which capitalization takes the central place.

Capitalization of knowledge at the macrolevel is provided by the research activity and intensity of the idea generation. But, above all, the intensity of the processes
that affect formation and use of intellectual capital is reflected in the increasing amount of intellectual property. For example, in postindustrial countries, the frequency of protective documents applications related to intellectual property objects in 2005 in Germany was 22,618.95, in the United States – 33,121.87, in Japan – 21,989.49. In comparison, in 2005 in Ukraine there were 7,034 applications. The share of sales of innovative industrial products in total sales volume in postindustrial countries was as follows: in Germany – 19.7 %, in the UK – 19 %, in Italy – 18.3 % in 2005. In Ukraine the figure was 4.67 % [7]. These data confirm the existence of extensive approach to the development and use of intellectual capital of the nation.

It should be noted that the current processes that take place in the world and affect the environment of Ukraine, are connected with the global factors that ensure its integration into the global environment. It is stated in the Strategy for Economic and Social Development of Ukraine for 2004 – 2015 survey "Through European Integration", which sets the main priorities of foreign public policy, proposes certain benchmarks and appropriate measures that can help to speed up the integration into the global economic system. The question about the urgency of the domestic enterprises, organizations and institutions adaptation period to the requirements of the integration environment still remains open. To speed up these processes it is necessary to develop and use the adaptive model of economic mechanisms as an inherent part of capitalization.

In turn, when determining the configuration of the socio-demographic factors of modernization, capitalization should be one of its factors, and, therefore, it is appropriate to consider capitalization as a strategic direction of Ukrainian development within the postcrisis period.

Existing problematic factors and analysis of their effects justify the need to determine copyright claims, to provide efficient after-the-crisis modernization.

We propose the following:

- accumulation of synthesized (human, intellectual and social) capital of the country, followed by its distribution and redistribution;
- creation of conditions for capitalization of synthesized capital (e.g. capitalization of knowledge, that forms intellectual, human and social capital);
- a framework for the transformation of synthesized capital into geo-economic capital of the country;
- improvement of labor market control and regulation to ensure efficient allocation and reallocation of synthesized capital in postmodernization conditions;
- a socio-economic mechanism of efficient use of synthesized capital in postmodernization (this mechanism includes state, market and organizational impact levers in the process of synthesized capital formation, the efficiency of which is determined by capitalization).

Considering the above mentioned in order to provide the socio-economic development of a country in the modernization conditions it is necessary to focus on distribution and redistribution of synthesized capital to achieve the uniformity of its accumulation and, consequently, the development of rural and other "unsightly" areas (administrative-territorial reform in Ukraine provides integration of the communities and "unsightly" areas by reorganizing the corresponding items), promotion of regions and countries innovation development in general, creation of conditions for the intellectualization of labor at all, not only of top or "branded" enterprises of Ukraine. Efficiency of synthesized capital, as noted above, is determined by capitalization, calculation methods of which are presented at the company level. At the meso- and macroeconomic level the index method that will identify trends of synthesized capital use can be applied.

Conclusion. Thus, continuous development of a country, region, an enterprise within modernization is subject to capitalization, causing the processes associated with transfer of synthesized capital, increasing the relative value added. We believe that capitalization of synthesized capital should be seen as a means of modernization of the society and should lead to:

- accumulation of synthesized (human, intellectual and social) capital of the country, followed by its distribution at the national level (creation of national and regional integrated structures, which may include universities);
- provision of conditions for the transformation of synthesized capital into geo-economic capital of the country, which should ensure efficiency creating both innovative models of an enterprise development and socio-economic development of a country.

Considering the author's calculations along with updating capitalization of synthesized capital enables to specify strategic directions of development towards sustainability of socio-economic configuration through modernization.

References:

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