

Cultural Values and Economic Development: A Review and Assessment of Recent Studies

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Abstract

Growing interest and controversy regarding the role of cultural values in economic world has been observed in recent years. This paper investigates recent studies regarding the effect of culture on economic growth and development. The independence of an individual could be down played by any sort of continuity and concession to the economic success. It is pertinent to view Western concept of tradition/modernity framework which advocates rejection of traditional cultural structures of developing world to access 'modernity'. However, empirical research indicates the both enormous change in cultural values and the persistence of idiosyncratic cultural traditions even within "developed countries". Similarly, various studies have contended that so-called "modern societies" are themselves entrenched in explicit cultures, although their institutions are following "universal" principles. They demonstrate that "the existence of such cultural continuity does not prevent a succession of forms of social organization in the same country that are different from each other in many respects". It is a matter of fact that causality is a difficult issue, nevertheless, confirmation is progressively in favor of a causal effect from the economic condition to cultural interpretations. Subsequently, the enormous challenge for economic growth and development still needs to view our comprehension that how the varied culture or social organization conversion in a particular given society is pronounced with more strong and resilient reference settings.

Introduction

Culture recognized considerable deliberation within development literature in the field of economic development during the first two decades of the last half of the twentieth century that was dominated by the modernization theory of economic development. The most valued and prominent study was Talcott Parsons' who formulated five sets of outline factors, which introduced plain binary model making distinction between modern cultural values and the values of traditional societies. The rational understanding of modernization theory was a political system of a country and economic proposition that come into existence following World War II. The modernization theory connected the scholar, and the advancement of cultural and technology of the economically successful nations as model that preferred to be matched by the "poorer, less civilized" peoples of the world. The advocate of modernization theory, Huntington (1971), designated that we are in the middle of the post-war modernization theory rendering to the concepts of modernity and traditional culture.

Enlightenment philosophers gave the idea of 'modernity' and in the mid-nineteenth century, the alteration has been taken from enlightenment to religious and then to a secular thoughts that have vision of human history and had become resolute in scientific models of the evolution of human, which nurtured the explanation of culture as the progression of social development of humans. Together with a background of the technology of Europe, and advancement in industrial development and technological and imposing development and enhancement, the idea of culture as a social development drew on scientific models of human evolution. This has been done to illustrate hierarchy values of cultural growth crossways different societies and different groups of social norms. The model of any society which is related with the idea of modernity focuses on the individual autonomy. Individuals are believed to secure and maximize their personals gratification and interests by being substantially involved in predetermined relationships and by formation structures that govern the action of those individuals.

On the other hand, the subsequent model believes about the credence that governs human and individuals, by judgment individual's perceptions of the world, and their social norms and their actions. As a result of this view, traditional cultural values were held to be unpromising to the development of the formal, distanced, rule bound, and transparent social linkages essential for attaining a flourishing market economy and industrial development in a society (Weber, 2004).The opinion from this second perspective, the difference between so-called "underdeveloped" and technologically developed countries is just that the developed countries have already travelled a historical path of economic development and the developing countries will eventually follow the path of developed countries (Rostow, 1960). The historical and best-known definitions of economic development are as a sequence series of different stages through which all region and countries have to inevitably pass.

"Growth" is considered as a self-contained model that is defined by the cultural values of "Western"

societies, also based on the proposition that the economic achievement of any country, the tools of political economy are adequate for any region or country for the accomplishment of economic development. Based on these arguments, one can undertake that the culture, observed as the “essence” of any society, fairly structural conditions or institutions, is responsible for the collapse to develop, and the views that Western cultural traits are loftier the other societies of traditional culture. Consequently, economic development theorists took for contracted that development continues along a single straight, explicit line, from traditional culture to modern civilization.

Among numerous other theories, Modernization theory is mainly admired in American social science, in the beginning post-war period, inclined to consider contemporary Western societies as models of modern values to which developing countries must aspire. Banfield (1958) focused on questions of co-operation and different cultures that preferred more or less compliant attitudes. The important proposition is that modernization must escort to the obliteration of the cultural traditions that comprise the quintessence of societies of the developing nations. Moreover, a renowned scholar such as W. Arthur Lewis and David C. McClelland contended that “less developed societies showed cultural characteristics that established hindrances to development and that interaction with modern societies would accelerate progress in stationary, traditional societies”. The indispensable supposition was that the “underdeveloped” countries had to abandon their own culture and traditions and become westernized. The study by McClelland (1964) recommended that “stronger achievement motivation could be instilled in individuals both through non-authoritarian socialization within the family and through Western-style education”.

Evidently, the modernization theory undertakes that the culture of Third World developing countries is an impediment to modernization. To get economic realization, people in Third World countries were commended to embrace the modern culture, which is known as Western culture. In this concern, the perplexing matter is that, on the one hand, several studies claimed that “the culture to tradition and argue that the cultural traditions of non-western societies must change due to the impact of development, which is conceived in terms of a universal modernity. On the other hand, however, this universal modernity clearly has its cultural roots in the European enlightenment and therefore easily slips into the concept of the West or westernization, even if it is not explicitly recognized in these terms”. The most important consideration of the modernist view is to query about a ultimate relationship between culture principles and economic development avoiding the complex task of identifying and analyzing the convoluted structural and historical inter relations linking the several factors that influence on development. Some writers argue that “economic development brings pervasive cultural change”. Few assert that “cultural values are an enduring and autonomous influence on society”. In both viewpoints, “culture is seen as a single factor explanation of the success or failure of the development process”. These arguments lead to the conclusion that “we can use a country’s culture when it favors economic development, but ignore or repress it when it is deemed to be an obstacle”. Such accounts pointed by various authors lead to an “instrumentalist” and “essentialist” approach to find out the significant relationship between cultural traits and economic growth.

From Economists to Culturist Theories of Development

During the mid-1980s, theory of economic growth began to reduce the thought of impetuous progression in technology as the source for long-term economic growth. Chief upsurge of models of so-called “endogenous growth” (Lucas 1988; Romer 1990; Barro 1991) propose a new notion of capital, encompassing the traditional thoughts of physical and financial capital to take account of human capital. Economic development had cast-off the strait-jacket of shrinking returns (Barro and Sala-i- Martin 1995). Though culture and economic expansion as an intention of wider development has only just been recognized, culture-widely contained as a system of traditions, values, beliefs and comportments of human being present in a given society Sen (2004) has long been acknowledged culture as a significant element of economic growth. The implication that has been credited to it has dappled extensively, on the other hand, ignoring at one end of the continuum to cultural traits being treated as the over-arching estates of variances in global developmental, at the other end. Precocious work within the development theories, the exogenous growth model, for example, unconditionally failed to integrate economic features with non-economic facets to analyze the sources of economic growth. In this respect, Fukuyama (1995: 6) states that “the economy is a realm in which individuals satisfy their selfish needs and desires before retreating back into their ‘real’ social lives”. Some other theorists, like, Nurkse (1953), Lewis (1955) and Solow (1956), among others scholars, accepted only the judgment of the market for competitive capital accumulation. Modern aspects contribute to economic growth, such as “research and development, imperfect competition, information asymmetries, externalities, and technological diffusion” all became noteworthy, as did public action, chiefly, “fiscal policy, provision of infrastructure, and intellectual property, commercial and financial regulation”. Despite these moves, equally, cultural facets persisted insignificant, peripheral to the roots of long-standing economic development.

In contrast with capital accumulation theories, traditional or augmented–other theories have

deliberated on thorough cultural aspects or of culture more frequently, as the indispensable factor to cause of economic growth. Landes, states “the fact that England at that time was a nation with a strong sense of identity and a precocious inclination for political and civil freedom and the security of its people put it in a better position to embrace technological and economic development than Islamic and Chinese societies”.¹ Numerous other authors have used culture to explicate past successes, while others focus on circumstances for future development. In this concern, Landes’s illumination of initial industrialization in Europe and in England primarily, highlights ‘nonmaterial values (culture)’ and institutions Landes (1998) in blend with the institutionalization of technological development.

As the globalization progression, counteracts earlier economic gains linked with geographical location and benefactions and traditional obstacles, standards endorsing affordability become gradually conclusive”. In addition, Porter (2000) determines that “the adoption of this competition culture is not an option but an imperative within the current global context”. Supplementary, the current approaches, such as that of Porter (1990), concentrates on firm and recurrent output growth as the basis of economic development in a global world. His ‘competition paradigm’ contends that “productivity depends not so much on the industries with which a nation competes internationally, but how this nation competes”. Moreover, national culture shows a significant role in a nation’s capability to establish its production efficiently. Other ‘culturalist’ descriptions signify what Sen (2000) calls ‘over-grand’ cultural theories. According to them, “culture is the main single factor explaining worldwide economic, political and social differences. Huntington’s thesis of clashing civilisations, in which individuals no longer identify themselves along ideological lines but as part of cultural groups, is well known”. Huntington (1993) predicts that, “as a result, economic globalisation will lead to a ferocious competition among civilisations and a protracted confrontation among the most prominent cultures”.

Culture in the Development Theories

In concern to view the culture in the development theories, the time period of early 1960s, is crucial where the scholars of West reflect that Asian countries, as well as, African region (with exceptions of Japan and possibly South Africa) as spaces of no future hope ordained to lasting economic stagnation. The most protuberant rationalization on economic growth and development had been found during the same period of time where modernization theory of economic achievements got its extensive collection of advocates (academicians, journalists, politicians, and even laymen) inculcated Asian region to attain succeeding to experiences of progressive paths in the Western region. They often imposed the institutional form of Western style, Western cultural values, and even certain codes of behavior on Asian people.² Practically no solemn scholar, neither Western region nor from Asian countries, seemed to recompense consideration to Asian customs and traditions or values system which were unspecified to obstruct economic development and should consequently be neglected. About hundred years ago, the Western Scholar Max Weber contended religion and cultural values of Asia (mainly Confucianism in China) are not beneficial to capitalist development in this region (Weber 1951).³ Neither did the influential of Meiji reinstatement, which is known as the founders of Japan’s modernization, make out Confucianism as a motivating force to capitalism in the region.

The significant work in this part is Max Weber’s “The Protestant Ethic and the Spirit of Capitalism”, first published in 1904. Weber’s work is noteworthy to show the materialization of the contemporary economic growth and development (in Europe) based on an aforesaid modification in cultural traits and values generated by Protestantism in European region. Nevertheless, Weber’s theory was argumentative from its time of beginning. Critics claimed that “Catholic societies had started to develop modern capitalism long before the Reformation and that it was the Counterreformation rather than Catholicism that led to economic backwardness”. On the other hand, given the late development itinerary of practically almost all Catholic countries by comparing with their Protestant counterparts, numerous philosophers consider that Weber theory was essentially acceptable. Weber published another book, in 1951 “Confucianism and Taoism” in which he pointed that “Confucianism created an environment hostile to capitalist development by emphasizing kinship as the primary source of social relatedness and thereby promoted economically inefficient nepotism”. On the contrary, the remarkable economic attainments of Japan, China and other East Asian countries known as Confucian societies ever since the 1950s has brought into question the Weber’s theory and it appears that the damaging effect of affinity on economic behavior in China and other East Asian countries. This forced some scholars to contend that “the obstacles to development may have more to do with politics and institutions rather than specific cultural factors”.

¹ Material factors also played a role in early industrialization in Europe. Landes identifies “the purchasing power of the lower classes and the wealth of the middle classes as a key factor in the demand for industrialised production.

² Economic aid was often accompanied by specific regulations about what to reform or what to establish (military, education, etc)”. Asian countries had no choice but to emulate the Western system in order to receive aid.

³ In Weber’s view, “Western capitalism substituted rational law and agreement for tradition, while in China the pervasive factors were tradition, local custom and the personal favour of the official (Weber 1951)”.

Following Weber's theory, there were several other studies during the 1950s and 1960s that followed Webbers tradition. The mainstream of these scholars paid attention on the "modernization theory" which connected to modern Western societies as models commendable of simulation whereas portraying the "traditional" cultures in most "Third World" countries in a depressing light and known as contributors to economic backwardness and poverty. Several economists at that time argued that "many less developed countries (LDCs) lacked 'achievement-oriented' cultural characteristics. Thus the prevailing view then was that poor countries must replace the cultural institutions of the established countries in order to move out of underdevelopment". The preliminary issue of first journal on development economics which start published in 1952 was appropriately titled "Economic Development and Cultural Change". However, these studies were contaminated with "ethnocentrism" (eurocentrism or Europeanism) and could not elucidate the economic miracles of East Asia, Japan, South East Asia and China. According to these scholars, the Neo-Marxists argued that "the structure of the world economy reinforced 'dependencia' which they regarded as the main source of underdevelopment of the LDCs (Dependency Theory)". They also emphasized that the "modernization theory neglected the impact of external factors such as colonialism, neocolonialism, imperialism and unequal trade through which the rich (developed) nations exploited the poor (developing) nations". Likewise, there are also some scholars from conventional region maintained that "since there was no empirical proof by those proponents of 'cultural determinism' the theory cannot be taken seriously". Therefore, the "modernization theory" has been declared dead by the economists of early 1970s.

Instead, during the next decade, it was astonishing to the revitalization of "cultural determinism" with the appearance of "Reaganism" and "Thatcherism". Illustrations of these "revivalists" contain Samuel Huntington (1998) who vigorously highlighted the cultural role in economic growth and divided the whole world into eight "cultural zones" based on cultural differences in different regions of the world that had existed for centuries. Other so-called "neo-Weberians" include Holton and Turner (1989), Mann (1986) and Swedberg (1998). Some neo-Weberians scholars like Huntington went as far as to foresee a future "clash of cultures or civilization" on a global level.

In the same decade, it is also realized that rise of "new institutional economics" which standardize the significance of social norms and cultural values in economic life. According to its most subsequent and proponent leading advocates, North (1990), "institutions (i.e. formal and informal rules) were critical in reducing transaction costs and thereby promoting economic efficiency". Generally, institutional economists which are more cognizant about the role of "history, culture and other so-called path dependent" features in determining economic performance and growth. Indeed, the "Asian economic miracle" of the last two decades, over and above the comprehension of transitional economies of Eastern Europe made most of the economists to focus on "cultural and institutional factors" (such as work ethic and deference to state authority) as main descriptive causes of economic accomplishment and successful advancement approaches of economic upshot.

In later determinations, common approaches and theories have been refined to explicate the exceptional economic growth in the East Asia region, as well as the "Marxian dependency theory, world-system theory, neo-classical economics, political theories (authoritarian developmentalism), economic history" (late industrialization) and the rest. The East Asian countries performed as a "laboratory for experimenting and refuting existing theories of development". It is questionably saying that two distinctions of "Marxian dependency theory" (dependent development theory and world-system theory), "neo-classical economics, and authoritarian state theory" appear to stay behind the primary contestants, which debate the progress of East Asia in both hypothetically justification and empirical elucidations. The "World-system theory" explains the rapid economic achievement of East Asian countries by exploratory development from "periphery to semi-periphery" in the "world economic system". The "World-system theory" emphasizes the perpendicular association between the 'center' and the 'semi-periphery' in the development of the development (Chen 1987). Even though, these both theories make out the prospect of considerable economic growth and development in the countries of Third World, they believe a limit to the economic performance of Third World countries, as a result denying the prospect of their inflowing the center. The countries of East Asian, however, have revealed that the success of this region is neither limited nor temporary, and this region also can go into the center as established by Hong Kong and Singapore. Two central questions may possibly be raised in relation to the arguments of "neo-classical economists". First, if the policy of export-orientation were key explanatory factor of the development of East Asian region, then why have other countries adopting same export-orientation policies not been so successful? Secondly, "why and how have East Asian countries initiated policy changes while their Latin American counterparts have not"? The neo-classical economics approach has not provided satisfying answers to these questions.

Contemporary debate extended above; on the contrary, highlighting elucidations of economic attainment of the Third world had shown 'limits and discrepancies' in explanations concerning the experiences of the region of East Asia. The East Asian predicament residue unanswered. This leads researchers to look for a new innovative model to elucidate the rapid economic development of East Asian countries and to build up a

‘cultural approach’ which based on the hypothesis that “those successful Asian countries share Confucianism as a common cultural factor”.

Culture and Economic Performance: Empirical Evidence

Inglehart and Baker practically proposes on the practical evidence that economic development is related with kind of shifts which take away from the absolute values and norms toward those values that are increasingly rational, trusting, tolerant, and participatory (Inglehart and Baker, 2000). For example, the alteration from pre-industrial to industrial society originated thoughtful deviations in people’s daily practices and prevailing outlook (Bell, 1973; 1976; Inglehart, 1988; Inglehart, 1997). As Bell argues (1976: 147), Pre-industrial life was like a “game against nature” in which “one’s view about the world is formed by the changes of the elements, the storms, the seasons, the fertility of the soil, the depth of the mine seams, the amount of water, droughts and the floods.

Contemporary advanced industrial societies have a propensity to have the opposite traits. A self-expression/survival dichotomy is also demonstrated with tolerance, trust, subjective welfare, actively engaging in politics, and self-expression evolving in post-industrial societies accompanied by a sense of higher security. Though, Inglehart and Baker (2000) recognized a conventional cultural form of pre-industrial societies. All the pre-industrial societies, for which the data was accessible to the authors, show comparatively low levels of tolerance for divorce, abortion, and homosexuality; most of them give more prominence to the religion; a predisposition to emphasize male dominance in political and economic life; the importance of family life and veneration to parental authority, ; and an authoritarian political system. Nonetheless this evidence should not be construed as a one-way process as the broad cultural tradition of a society, be it Roman Catholic, Protestant, Confucian, Rastafarian, Hindu, Communist or Islamic, leaves a mark on values that withstands notwithstanding globalization, modernization, and economic development. Different societies go on different trajectories even when they are uncovered to the same currents of economic development, partly because one or more of the multiple situation-specific causes, such as geography, culture, weather, technology etc. also add in the growth of a particular civilization.

Orthodoxly, literature deals with the rudimentary defining factors of cultural and economic growth as distinct elements. One of the chief reasons is the level of analysis used and with this the ultimate suppositions about the basic human conduct and the other is the insufficient appraisal of cultural factors. Former efforts to institute the role of culture in economic development either deduced culture from economic achievements or estimate cultural influences from imprecise historical evidence. Both factors might be important, but unless cultural factors are comprised in a quantitative analysis, this view could not be verified.

Empirically, several studies give credibility to the supposition that informal guidelines and culture play a significant role in economic outcomes (Campos et. Al. 2007; Knack and Keefer 1997; Grier 1997; Duffy and Stubben 1998; Barro and McCleary 2003; Guiso, et al. 2006; Leeson 2007a, b, c; Licht, et al. 2007; Williamson 2009). Tabellini (2009) observed a strong causal association between economic development and culture across different countries in Europe. Williamson and Kerekes (2008) demonstrated empirically that culture can provide better private property rights. Furthermore, Grief (1994), Putnam (1993), and Banfield (1958) accentuated that cultural apprehensions and dogmas should be well-thought-out when articulating strategies for economic progress, for the fruitful execution of strategies.

Several intellectual studies explicitly emphasises on culture and economic performance (e.g., Hofstede, 1980; Franke et al., 1991; Casson, 1993; Sowell, 1994; Gray, 1996; Gorodnichenko, Y. and G. Roland 2011; Minkov, M. and G. Hofstede, 2012; Coyne, (2011); Oyserman, D. 2011). Particularly, the effects of culture on economic growth are thought to be related with the rudiments of culture which affect the production capabilities and investment decisions, effective resource allocation, technological novelty as well as candidness to trade.

Altman (2001), for example, models the influence of culture on economic development by arguing that work effort is optimized when the cultural circumstances stimulate cooperative work that is positively associated with labor efficiency. Likewise, Faria and Leon-Ledesma (2003) pronounce that cultural values which emphasize on productiveness affect labor supply. This theme is modeled by presumptuous that work in fact forms a habit. They validate that labor source in this model is higher as compared with the neoclassical situations and cause an upsurge in consumption, capital stock as well as productivity.

Culture also affects technological novelties according to For Cozzi (1998). He deliberates that culture is not directly involved in the utility by itself and the survival of a new technology is linked to its positive impacts on the productivity. His model sees the technological innovations emerging as externalities by the total investment in the culture going through a growth bubble.

However, Blum and Dudley (2001) presented a non-cooperative game where a small amendment in the idiosyncratic cost of collaborating with strangers can produce a major transformation in trade networks. Therefore, they demonstrate that religious beliefs, such as the Protestant refutation of Catholic’s reparation of penance (whereby an individual could be pardoned for sins committed, so long as that he perform some acts of

reparation) by lessening the probability of evasion in a one-time game of exchange, expands the market connections for the discrete dealer.

In order to determine the enhancement of novelty, Chatterji et al (1993) claimed that liberal political systems permit the freer exchange and delivery of ideas which motivate innovation. They tested this premise by creating a variable that captures the changing degrees of political liberty and find that liberal systems seem to have prospectively high growth rates as compared with the non-liberal political systems. Likewise, Johnson and Lenartowicz (1998) present a basic agenda for testing the relationship amongst cultural values - such as uncertainty evasion, conservatism and grading - economic liberty (which is defined as the capacity of a society to do business in a free manner without government interference), and economic development. They established a strong positive association both between economic liberty and economic growth and between economic independence and weak uncertainty evasion, and high level of individual sovereignty.

It may therefore be comprehended that, as perceived from what is stated above, culture is a broad and complex notion that implicates many essentials and is too general to be seized by a single attribute, idea or object. Whenever one aims to examine the role of culture in economic development, one has to find a proxy for culture.

Research using a variety of backgrounds has shown that national cultural beliefs are associated with workplace behaviors, attitudes and other organizational consequences (e.g., Kluckhohn and Strodtbeck, 1961; Hall, 1976; Hofstede, 1980a; Trompenaars, 1993; Schwartz, 1994; Schwarz and Oyserman (2011). Ronen and Shenkar, 1985; Minkov, M. and G. Hofstede (2012; Hofstede, G., A. V. Garibaldi de Hilal, et al. (2010); Gorodnichenko, Y. and G. Roland, 2011). Maybe the most prominent of the cultural classifications is that of Geert Hofstede. Culture's Consequences was published two decades before: International Differences in Work-Related Values (Hofstede, 1980a), inspired thousands of empirical studies; nevertheless, a comprehensive review of the influence of Hofstede's framework cannot fill this gap, we abridged and manufactured empirical study published from 1980 to 2002 that has applied Hofstede's framework to different organizations. We focus on Hofstede's framework rather than others, according to the evidence that it has had far larger impact (Sivakumar and Nakata, 2001). For instance, the Social Science Citations Index indicates that Hofstede's research is more extensively cited than others (cited 1,800 times through 1999; Hofstede, 2001). Trompenaars (1993), who has a competing framework, credits Hofstede 'for opening management's eyes to the prominence of the [cross-cultural management] subject'. Our purpose is to recapitulate existing research work and to direct and inform future research, rather than providing an in-depth debate of Hofstede's actual study, a critique (e.g., Schwartz, 1994; Smith and Bond, 1999; McSweeney, 2002; Smith, 2002), or a replication (e.g., Punnett and Withane (1990); Shackleton and All, 1990; Merritt, 2000; Spector et al., 2001a).

Concerning to the matter of individualism or weaker economic sectors, Hofstede (1980) determined that the industrialized countries with more economic strength scored higher on individualism than the economically weak developing countries, which consequently lead to the prevalent pronouncement that individualism reasons an increase in the economic progress. Many years later, Hofstede (1997) deliberated that rather than individualism putting the country on the road to economic development, and when the national wealth rises it leads to an increase in individualism in that country. According to this theme when people become affluent, they have the fiscal resource to pick what they want to do, which subsequently leads to social autonomy (Triandis, 1994). On the other hand, (Kennedy, 1988) developed a careful historical study in our view that may not support either of these viewpoints.

The Schwartz Model

Schwartz presents an alternative concept of the structure of cultural beliefs to that developed by Hofstede (1984). Cultures can be tested for by seven fundamental cultural values (Schwartz, 1994): Conservation. Attribute of societies which are based on interdependent social associations, where security, conventionality and tradition are primacies. These values highlight the status quo and politeness, and try to evade actions by individuals that attempt to modify the traditional recognized order (social order, respect for tradition, obedience, family security self-discipline,).

Individualism-collectivism divergence has adored great appreciation in cross-cultural thinking, but all together it has concealed important differences amongst some values which are usually associated with it (Schwartz (1990). Concerning this, he points out three criticisms of why this is not an apposite typology: a) there can be such standards which, because of their basic nature, bring the focus on both personal interests (individualism) and group or collective ones (collectivism). This would be the conditions for those values that share an motivation to examine personal, family or national security; b) the bifurcation is insufficient because it overlooks values that oblige common objectives, but are not evocative of the in-group (i.e., equivalence for all, social justice, preservation of nature, and a world of splendor). The need to cuddle these values is due, according to the hypothesis (Hui, 1988; Triandis et al., 1988), to the fact that often mutualism shows less apprehension than individualists for outsiders. According to Schwartz (1990), if mutualism is defined in function of the in-group, then one should distinguish amid in-group collectivism and universal collectivism; and c) the bifurcation implies

a polar disapproval, and there can be individual and collective efforts that are not provocative. For example, profligacy, self-direction or inspiration, are estimations which assist the concerns of the person but not fundamentally at the outflow of any affinity. Therefore, all these principles can be engaged by leaders or members of a group as objectives for all the concerned individuals.

Western European culture is conspicuously individualist on the one side and completely different on the other. Accentuating the comprehension of values that speculate a vision of an autonomous and voluntary individual as the social system solidifies it “individualist”. Nevertheless, Western European culture gives emphasis to the concern for others, rather than prioritizing egotism, wealth, social strength and determination. This orientation goes against very clearly with the viewing point that individualist cultures always encourage selfishness especially as described by Triadis (1990), but it challenges with Waterman (1981). Using Schwartz’s cultural theory of values, where he compares the hierarchy of values associated to samples of a group taken from the European countries with the value of greatest prominence of countries of the rest of the countries. Similarly, when Schwartz Ros (1996) envisages the values profile of Western European countries with the USA, they found that how individualist and collectivist values contribute in the occurrence of different aspects and signs. On the other hand, priority is given to both values in Europe that not only accentuate the self-sufficiency of the person as self-regulating but also socially liable for others. However, in the USA, primary values are the autonomy of an individual but to some extent, these are connected with the search for pleasure and success along with the standards of sanctuary as well as social order.

Summary

Conclusions

During the last few decades or so, an increasing responsiveness has been observed regarding the role of values for economic development. For various studies, cultures are by far the most important source of values. Hence, the role of culture in the development process is once again on the research agenda. In this respect, this paper has set itself to provide an appraisal of recent studies in this field reviewing both quantitative and qualitative studies. The literature has recognized the numerous ways which shows social aspects of life and cultural traits playing remarkable and illustrious role in economic growth and development. Many perspectives are being distinguished, each of them with a relatively idiosyncratic explanation of the idea of culture. We make out how cultural values are linked to modernization, by instituting the dichotomy of tradition/modernity culture, have had huge effects on the framework in which cultural values have been positioned in the deliberation of economic growth and development. The conclusion may be possible that culture has been recognized as a promising instrument or as a hindrance to the economic development. Almost, more than hundred years ago, culture has been considered as an intrusive cause of “psychological traits, mentalities and attitudes”, which made conditions that how individuals behave and confine themselves to the realm of cultural traditions. On the other hand,, economic growth has often been known as the trade-off between cultural values and entrance to economic progress, which is conceived of in terms of a “universal modernity”. Therefore, it would be hardly astonishment that cultural traditions were frequently considered as impediment to economic development, as cultural beliefs are divergent to modernity and tradition to individual rationality and autonomy which is seen as a provision of a “modern society”. In the presence of these diverse conceptualizations of culture, many thinkers referred to as “ideology”, “informal institutions”, “informal rules”, “lifestyles”, “consensus ideology”, and the notion of culture is strongly connected to the idea of social order. Accordingly, this social order has been imposed by the dominant group, whether inherited or is suspect. The stable and normative aspects have consideration to downplay the inspiration of individuals which cause to hinder economic development.

When cultural values considered as created fundamentally by the scholars, economic development occurs as a consequence of the formation of an enabling atmosphere through which society social structure is changed. Over very long periods of time, any continuity seems unfavorable to economic development since it presupposes lack of the some kind of cultural knowledge or social conversion. Considering culture as a set of social beliefs, values, attitudes and development works, traditional cultures are supposed to be plugged into the emergence of a modern mentality. It is also evident in the literature that this perspective modern mentality offers no foundation for long-term economic stability. It could be assumes that the phenomena competent of engendering continuities. The individual autonomy could be down play by any kind of continuity and concession to the economic success. This literature review describe that the Western concept of tradition/modernity framework, which advocate that the countries from developing world have to discard their traditional cultural structures to access ‘modernity’. On the other hand, empirically research show that the both immense change in culture values and the perseverance of idiosyncratic cultural traditions even within “developed countries”. Correspondingly numerous studies have argued that so-called “modern societies” are themselves embedded in explicit cultures, although their institutions are following “universal” principles. They show that “the existence of such cultural continuity does not prevent a succession of forms of social organization in the same country that are different from each other in many respects”. Consequently, the huge challenge for economic growth and development is still need to

look up our understanding that how the heterogeneous culture or social organization transformation in a specific given society is articulated with more strong and durable reference frames. The important and probable way to conquer this impasse is to make out the “constructedness” of culture and to pay more consideration to how ‘universal principles are understood and interpreted in local contexts’.

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