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## 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-

vate 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

capital includes, according to specialists working for the World Bank, various institutions, linkages and relationships, norms and customs that determine the quality and quantity of a society's social interactions. Elements of social capital are the first networks, which are groups of individuals that promote development of personal relationships in order to improve welfare of all their members. Social networks are formed naturally or are created artificially, and include usually individuals with similar interests, personalities, knowledge and beliefs.

Second, such values as trust, solidarity, fairness and egalitarianism because they promote an increase in sense of unity and collective action, equality of treatment and contribute to the fostering greater social inclusion and cohesion among members of the group. Therefore, many authors, like Adam B. Seligman, argue that trust "is not rooting" in hierarchical cultures, based on the cult of the individual and promoting elite thinking.

Third, information and communication technology (ICT) that task is to ensure the flow of and access to information. In this case this technology is primary intended to facilitate collaboration, foster the ability of people to work together without personal contact and increase the transparency of government policies, which should be aimed to develop a common good of the nation.

Fourth, the institutional sector constituting also different types of organizational structures, arrangements and solutions for cooperation between the private and public sectors. This cooperation may include identification and realization of common purposes, for example in the areas such as management and administrative systems of the state and the future directions of employees' education.

All the above definitions indicate that social capital includes the skills of cooperation in order to implement efficiently common purposes of a given community. In these definition strongly emphasis, that this cooperation requires the creation of various types of networks and the development of trust between human capital. A high level of social trust occurs in civil societies which are provided with capital in the form of actively and effectively functioning public and private organizations. Trust, as presented Francis Fukuyama, is existing belief in a given community that other members of that group are characterized by honesty and cooperative behavior based on shared values and principles.

It can be concluded that social capital determines the ability of a country to cooperate and work together, as, for example, affects the effectiveness of implemented undertakings through the drop in transaction costs, reduces the scope of social exclusion, increases the degree of transparency (openness) and accountability of economic policy, including the wider access of enterprises and citizens to information [Majewska, 2012: 205–206; Bumsb, 2010: 3–5, 8; Jantóń-Drozdowska, Majewska-Bator, 2009: 312–313; Jankauskas, Šeputienė, 2007: 132–133; Rothstein, Uslaner, 2005: 45–46; Przygodzki, 2004: 94–95, 98–101; Edvinsson, Malone, 2001: 17, 34–35; Johnson, 2000: 12–13; Fukuyama, 1997: 38; Seligman, 1997: 36–41; Coleman, 1988: 95; <http://web.worldbank.org/topics/social-development>, September 2012].

When examining the relationship between the corruption scale and development of social capital is frequently analyzed the quality of institutional arrange-

ments under which citizens of a given country live, work and doing business. It puts the emphasis on the fact that social capital's growth depends on how many members of the community are willing to sacrifice individual interests in order to realize a common good. In the words of J. Coleman is needed an adequate level of trust among members of a given community and readiness to sacrifice their individual aims for the collective good. So the point is whether various representatives of the state are able to place the public interest above self-interest that means not succumb to corruption. Otherwise, working in institutions designed to multiply the public good, they are guided in deciding their selfish objective function. The problem is concerned, for example, by representatives of public choice theory.

As shown not only the specialists working for the World Bank effective management, commitment to increase the prosperity of citizens and protection of their rights, fair and accountable institutions and appropriate rules of law, all supporting economic development. Robert Putnam believes that societies with a tendency to trust and cooperation, and having common goals are more effective and valuable. Such kind of a society is also characterized by smaller corruption scale, and therefore a higher degree of honesty in mutual relations.

Citizens must indeed trust officials and politicians that respect established law and represent their interests and believe that they have sufficient knowledge and competence to make decisions about the future of a society, which is identified with social capital developed in relations between government officials and other citizens. Then support changes proposed by government and engage more in their implementation and are increasingly convinced that can have an impact on state management. In these conditions may come to cooperation between the public and private sector, what is useful because the private sector is equipped with larger practical knowledge resources (e.g. know-how). This situation reduces the waste of public funds and increases the efficiency of jointly-implemented projects. The need for cooperation between the public and private sector on issues related to the country's development and effective budget revenue allocation, is especially strongly emphasized by representatives of new growth theory, in particular Paul Romer.

Otherwise the situation may look in the case of too strongly developed social capital that connects various personal relationships of government officials and politicians. However, it depends on their value system and the reasons for which they got into power. They can in fact work together to protect their own interests, and the concept of social welfare is alien to them. This type of social network members also show little willingness to cooperate with external environment, what is closely related to preference for nepotism and favoring family members, friends, or persons whose activities may benefit a given interest group.

Then this type of social capital fosters the intensification of corruption, which lowers public sector efficiency and contributes to socioeconomic inequality growth. That is, inter alia, confirmed by the results of Bo Rothstein and Eric M. Uslaner, Donna Harris, Robert Putnam and Francis Fukuyama. In this case, corruption is firstly driven by the need of or compulsion to loyalty towards the

members of such community, rather than loyalty to a society understood as external environment of this network. Secondly, by the necessity to reciprocate services. In this situation may appear the going outside relationship: patron/principal-agent-client. The corrupt leaders reward those individuals who show them loyalty. A patron can be, for example, a minister, an agent a bureaucrat deciding to take a bribe, and a client a company or an interest group represented by a lobbyist.

In such interconnections and relations system follows the transfer of public resources to privileged interest groups. The consequence is usually a decrease in productivity (e.g. due to an increase in transaction costs) and slowing down the economic development rate. It also increases incomes inequality, and a large scale of this phenomenon can lead to social conflicts, and first a trust fall in the so-called elites, and later also in other members of a society. In addition, citizens no longer trust institutions of the state and think they are not equal before the law. According to the analyses presented by Aleksandar Stulhofer in his work, the level of trust in institutions of the state depends on age (younger members of a society are less trusting), education (better educated people are less trusting) and place of residence (citizens living in large communities are less trusting).

Moreover corrupt governments stealing a society usually lower wages in the public sector, especially serial officials. This may be a factor increasing corruption at lower levels of state governance on the principle that “example comes from the top,” and “honesty does not pay”. Citizens are beginning to believe that without knowing the right people and money nothing can be simply and honestly get it.

Finally, the growing conviction that widespread corruption and the fact that wealthy citizens have gained their properties not through honest and hard work will foster demands to redistribute income from the rich to the poor parts of a society, for example in the form of higher tax burdens. It should be stressed at this point that more and more often in the literature appears the idea that the proper income redistribution can reduce corruption. It is related to the relationship between economic development and corruption scale, because wealthier societies are characterized by lower levels of incomes inequality, and their welfare is already higher. Under such conditions, determinants of corrupt behavior are losing their strength [Majewska, 2012: 205; The Global Competitiveness Report 2011–2012: 4; Harris, 2007: 2–5; Rothstein, Uslaner, 2005: 41–43, 50–55; Štulhofer, 2004: 80, 83–84; Bjørnskov, 2003: 2–4; Svendsen, 2003: 6–7; Putman, 2000; Fukuyama, 1997; [http://web.worldbank.org/topics/social development](http://web.worldbank.org/topics/social%20development), September 2012].

## Methodology, material and research results on the relationship between social capital level and corruption scale

The study covered a group of 104 countries included in the rankings of World Bank, World Economic Forum and Legatum Institute. As a research period adopted the years 2009–2010, because for them it was possible obtained the latest

overview of all selected indicators for the analysis of social capital and corruption. Due to the comparison of data from different sources, it was decided to make a compilation of the positions occupied by a given country of concerned rankings. This is the procedure recommended in this situation, and does not require a normalization of the data before performing the statistical analysis.

As synthetic (aggregate) index of corruption in a given country is selected the Control of Corruption Index of the World Bank, because it takes into account a larger number of countries than the other very often used in the research the Corruption Perception Index (CPI) published by Transparency International the global civil society organization to fight against corruption. Transparency International defines corruption as the abuse of entrusted power for private gain. In addition, the World Bank's index covers a broader range of corrupt behaviors than the index of Transparency International. In this case, a given country position in the ranking are set up on the percentile scale reported by the World Bank. However in the situation that concerned countries obtained the same number of points their positions were adjusted by using the estimated value of corruption by the World Bank, ranging from 2,5 to -2,5. It was decided also to take into account two situations classified as corrupt behaviors. There is diversion of public funds to companies, individuals, or groups due to corruption, and irregular payments and bribes connected with (a) imports and exports, (b) public utilities, (c) annual tax payments, (d) awarding of public contracts and licenses, (e) obtaining favorable judicial decisions. The source of those indices was the study published by the World Economic Forum entitled *The Global Competitiveness Report* [The Global Competitiveness Report 2011–2012, World Economic Forum, Geneva 2011; [www.transparency.org/cpi2011/in\\_details](http://www.transparency.org/cpi2011/in_details), September 2012; <http://info.worldbank.org/governance/wgi>, September 2012].

To estimate the social capital level chosen a synthetic indicator published by the independent British research center Legatum Institute. It is a part of the aggregate indicator of economic prosperity and quality of life. The Legatum Social Capital Index measures countries' performances in two areas: social cohesion and engagement, as well as community and family networks. According to specialists working for the Legatum Institute social networks and the cohesion that a society experiences when people trust one another have a direct effect on the prosperity of a country. This social capital index assesses how factors like volunteering, helping strangers, and donating to charitable organizations influence the economic and life satisfaction of the populace as a whole. The index also evaluates the levels of trust in a society and the manner in which citizens believe they can rely on others, and it assesses how marriage and religiosity provide support networks that improve wellbeing. Therefore the Legatum Social Capital Index takes into account such factors as donation, formal volunteering, helping strangers, number of marriages, perception of social support, religious attendance, and trust others [<http://www.prosperity.com/social.aspx>, September 2012].

Also was created own weighted aggregate social capital index based on indicators published in *The Global Competitiveness Report 2010–2011*. It takes into account the following components of social capital: public trust in the ethical

standards of politicians, transparency of government policymaking affecting business activities, cooperation in labor-employer relations, university-industry collaboration in research and development (R & D) and state of cluster development. Each component of own index of social capital assigned a weighting 0,2, which means that it is a symmetrical weighted aggregate index. Countries were ranked according to the calculated total values of social capital index. In own social capital index intentionally puts more emphasis on the issues associated with cooperation in business. It can be thus concluded that the two indexes of social capital included in the study are mutually complementary. It is worth constructing synthetic indicators select variables describing different aspects of the analyzed phenomenon.

In table 1 are presented the positions of researched countries obtained in considered rankings of indexes and indices of social capital level and corruption scale for the years 2009–2010. First place achieved by a country in all selected rankings means or the smallest scale of corruption, or the highest social capital level in comparison to the rest of the researched economies. For example, Poland obtained the best position in the case of the Legatum Institute ranking of social capital, and the worst for the indices of transparency of government policymaking affecting business activities and state of cluster development. This explains much lower position of Poland in the second social capital ranking that takes into account a greater extent of the issues connecting with the development of cooperation by a country.

Table 1

Countries' positions in different social capital and corruption rankings in 2009–2010

Country	Social capital							Corruption		
	LSCI	OSCI	UIC	CLER	SCD	TGPB	PTP	WBCCI	DPF	IPB
Algeria	70	95	96	68	100	94	60	94	50	79
Argentina	22	93	46	100	53	99	103	56	23	22
Australia	4	17	13	33	31	17	14	89	99	87
Austria	15	13	17	10	19	15	19	12	11	15
Bangladesh	103	85	101	63	46	80	84	14	15	16
Belgium	19	28	10	49	23	45	35	91	81	103
Bolivia	74	102	100	93	92	101	80	21	25	21
Botswana	56	34	59	37	90	22	15	90	90	92
Brazil	51	46	31	66	20	68	94	44	26	31
Bulgaria	75	98	89	84	93	100	75	56	91	54
Cambodia	92	59	94	58	44	97	36	37	77	76
Cameroon	97	99	92	72	102	90	72	15	28	20
Canada	8	11	7	21	11	10	17	71	40	47
Chile	60	25	36	31	33	9	24	39	68	63
China	25	22	24	43	15	29	16	20	78	51

Country	Social capital							Corruption		
	LSCI	OSCI	UIC	CLER	SCD	TGPB	PTP	WBCCI	DPF	IPB
Colombia	58	42	42	35	35	43	70	1	4	5
Costa Rica	43	27	26	11	45	41	30	67	100	78
Croatia	39	89	64	101	85	54	69	66	62	48
Czech Republic	30	47	27	39	36	76	89	95	98	81
Denmark	2	5	8	8	18	8	8	46	54	57
Dominican Republic	61	63	77	32	54	44	93	46	21	17
Ecuador	91	101	98	92	91	85	91	17	30	25
Egypt	90	52	97	73	56	51	29	92	39	70
El Salvador	98	62	93	22	68	57	71	73	101	98
Estonia	41	31	33	29	78	13	39	3	5	4
Ethiopia	80	77	83	77	95	75	42	19	20	24
Finland	7	4	3	13	9	7	10	59	51	74
France	40	33	40	97	27	24	22	36	71	71
Germany	16	12	9	16	12	12	20	65	96	68
Ghana	96	68	81	46	76	74	49	23	37	32
Greece	95	94	91	95	80	69	66	5	9	12
Guatemala	45	43	47	24	37	35	98	70	84	82
Honduras	76	72	76	54	65	66	63	2	7	8
Hong Kong	21	7	25	6	7	2	13	80	53	66
Hungary	52	74	29	55	82	72	95	78	44	77
Iceland	14	20	15	4	51	14	32	97	46	52
India	99	40	50	38	26	33	62	10	18	13
Indonesia	42	32	35	36	21	71	38	31	16	6
Iran	100	67	80	88	77	96	28	22	19	14
Ireland	10	26	16	28	28	21	48	52	58	62
Israel	17	29	14	19	58	70	27	28	22	10
Italy	28	50	60	91	1	92	81	54	31	36
Jamaica	47	75	56	86	67	47	78	81	66	96
Japan	29	18	18	7	2	37	44	87	92	95
Jordan	78	49	82	61	62	40	31	9	14	11
Kazakhstan	31	60	90	62	72	58	34	77	73	75
Kenya	73	66	48	60	38	83	96	63	95	102
Korea Republic	55	58	22	103	22	84	76	53	80	72
Kuwait	26	48	79	34	50	91	33	29	41	39
Latvia	87	78	62	52	84	60	87	40	36	40
Libya	93	84	88	47	66	78	102	57	42	41
Lithuania	46	55	32	51	86	34	79	30	59	58
Macedonia	81	64	63	59	88	63	50	60	88	90
Malaysia	85	21	21	14	14	28	25	28	52	38
Mali	53	83	75	82	79	61	68	51	43	43
Mexico	35	53	51	56	43	62	67	38	35	42



Country	Social capital							Corruption		
	LSCI	OSCI	UIC	CLER	SCD	TGPB	PTP	WBCCI	DPF	IPB
Moldova	71	90	99	78	104	50	55	83	82	104
Mongolia	24	96	73	65	101	93	86	62	47	65
Morocco	13	65	86	90	60	59	45	50	74	73
Mozambique	88	57	43	85	81	49	47	64	72	80
Namibia	66	41	68	80	69	30	21	72	93	91
Nepal	79	97	103	102	73	73	97	79	87	67
Netherlands	5	8	11	9	17	16	11	58	33	35
New Zealand	3	9	20	12	49	3	3	88	85	100
Nicaragua	82	88	95	50	75	89	82	13	12	18
Nigeria	84	87	84	83	41	98	92	87	94	93
Norway	1	6	19	3	16	11	4	75	89	84
Pakistan	104	69	69	76	39	88	64	16	8	7
Panama	36	51	71	44	40	38	73	6	1	1
Paraguay	57	100	102	79	96	82	100	85	69	89
Peru	94	70	78	41	64	42	88	48	55	61
Philippines	77	80	72	42	48	95	101	76	104	101
Poland	23	79	54	64	89	86	57	42	65	50
Portugal	59	37	28	70	47	55	43	27	32	34
Romania	89	103	85	96	94	104	85	33	34	28
Russian Federation	49	71	52	87	74	79	51	78	83	85
Rwanda	101	23	55	18	57	19	6	45	61	37
Saudi Arabia	18	16	30	23	24	31	7	35	63	44
Senegal	63	81	45	71	97	77	77	68	13	23
Singapore	50	1	6	1	5	1	1	74	75	69
Slovak Republic	38	73	74	40	55	65	99	4	3	3
Slovenia	37	35	34	67	42	20	52	26	86	55
South Africa	67	39	23	99	34	23	61	34	38	29
Spain	34	44	41	75	32	53	54	69	45	46
Sri Lanka	27	45	44	48	29	81	53	18	27	33
Sweden	11	3	5	5	8	5	2	93	70	88
Switzerland	6	2	2	2	4	4	9	11	6	9
Syria	72	91	104	69	83	102	37	8	2	2
Taiwan	48	10	12	17	3	6	26	55	48	53
Tanzania	54	56	66	74	59	67	46	24	29	30
Thailand	20	36	37	27	30	46	58	82	64	86
Trinidad and Tobago	68	82	58	94	71	64	74	41	60	49
Tunisia	64	24	37	25	63	18	12	61	17	27
Turkey	102	61	70	89	52	39	56	49	56	59
Uganda	62	76	67	45	98	52	65	65	102	94
Ukraine	69	92	61	81	87	87	90	84	97	97
United Arab Emirates	33	14	39	15	25	27	5	47	24	26

Country	Social capital							Corruption		
	LSCI	OSCI	UIC	CLER	SCD	TGPB	PTP	WBCCI	DPF	IPB
United Kingdom	9	19	4	20	10	26	41	96	103	99
United States	12	15	1	26	6	32	40	25	76	45
Uruguay	32	38	49	98	70	25	18	7	10	19
Venezuela	44	104	65	104	103	103	104	86	49	83
Vietnam	65	30	53	30	13	56	23	32	57	56
Zambia	86	54	57	53	61	36	59	83	67	64
Zimbabwe	83	86	87	57	99	48	83	98	79	60

Legend: LSCI – Legatum Social Capital Index, OSCI – Own Social Capital Index, UIC – university-industry collaboration in R & D, CLER – cooperation in labor-employer relations, SCD – state of cluster development, TGPB – transparency of government policymaking affecting business activities, PTP – public trust of politicians, WBCCI – World Bank Corruption Control Index, DPF – diversion of public funds, IPB – irregular payments and bribes.

Source: own calculation on the base of following data: The Global Competitiveness Report 2010–2011: 368, 369, 370, 377, 444, 480, 491, 444; <http://www.prosperity.com/social.aspx>, September 2012; [http://info.worldbank.org/governance/wgi/mc\\_countries.asp](http://info.worldbank.org/governance/wgi/mc_countries.asp), September 2012.

Table 2 presents the results of the research obtained from estimating Spearman's rank correlation between considered in this analysis indexes and indices of social capital and corruption for a group of 104 selected countries in the years 2009–2010. All correlation coefficients are positive and statistically significant on the level 0,05. The values of correlation coefficients show that the higher position of a given country according to the level of social capital, the better place in the considered rankings of corruption. In other words, the above given relationship between an increase in social capital and a smaller scale of corruption has been confirmed by Spearman's rank correlation. Therefore, in the situation when coefficients are positive and statistically significant, we can affirm that social capital development is accompanied by a decrease in the scale of corruption and vice versa. The above relationship between an increase in the social capital level and a decline of the scale of corruption can result from this that countries with well-developed social capital are also economies with higher levels of welfare, and one of the best effective methods to fight against corruption is economic development.

Using the method of linear regression was carried out the analysis for the relationship between the aggregate indexes of social capital and corruption in order to verify that is a two-way relation, and whether there are differences in strength of dependence the corruption scale on the social capital level in comparison to dependence the social capital level on the corruption scale. The bidirectional relationship between the change of corruption and social capital levels has been confirmed by statistical significant regression coefficients presented in table 3. The regression analysis results also suggest that the impact of decrease in corruption on development of social capital may be stronger than the impact of social capital increase on reducing corruption scale.

Table 2

Spearman's rank correlation coefficients across various indexes of social capital and corruption for a group of 104 researched countries in 2009–2010

Corruption	Social capital						
	LSCI	OSCI	UIC	CLER	SCD	TGPB	PTP
WBCCI	0,61	0,67	0,73	0,53	0,53	0,65	0,44
DPF	0,54	0,84	0,68	0,59	0,56	0,73	0,87
IPB	0,59	0,83	0,76	0,59	0,55	0,77	0,72

Note: all coefficients statistically significant on the level 0,05.

Source: own calculation on the base of data from table 1.

Table 3

Results of linear regression analysis across the composite indexes of social capital and corruption for a group of 104 researched countries

<i>n</i> = 104	<i>Regression coefficient</i>	<i>Constant</i>	<i>R</i> <sup>2</sup>	<i>F</i>	<i>p-value</i>
<i>Independent variable</i>	<i>WBCCI – independent variable</i>				
LSCI	0,573*	20,415*	0,373	60,782	0,000
OSCI	0,631*	17,362*	0,453	84,486	0,000
<i>Dependent variable</i>	<i>WBCCI – independent variable</i>				
LSCI	0,652*	19,59*	0,373	60,782	0,000
OSCI	0,718*	16,249*	0,453	84,486	0,000

Note: \*statistically significant coefficient on the level 0,05.

Source: own calculation on the base of data from table 1.

## Concluding remarks

The aim of this study was to explain the relationship between the level of social capital and the spread of corruption and verify by empirical studies the presence of statistically significant relationship between these phenomena, described in the literature of the subject.

Overview of the impact of corrupt behavior on the social capital level and the results of the own research confirm that they are phenomena whose development is linked together and connected cause and effect relationship. This is due to, inter alia, the fact that in both cases is important value system of citizens and representatives of the state, the quality and effectiveness of various government institutions, the reasons for choosing the road of life, which is the management of the state, the sense of responsibility of politicians and other members of a society for the development of social good, the attitude towards observance of the law of all members of a society. Therefore, development economics emphasizes

the need for competent government, which is not alien to the concept of social welfare, taking care that all citizens can live better, also through wise and proper income redistribution in order to reduce inequalities between the welfare levels of state citizens.

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