Institutionalized Values and Cultural Dimensions in Development of Societies

Růžena Krninská, Markéta Adamová

Abstract: This article aims to find shared values in communities, which may manifest as institutionalized features of societies associated with „rules of the game” existing within these communities and try to define them by means of cultural dimensions and to analyse their significance from the point of view of the know of the knowledge economy.

This paper presents one of possible approaches to cultural dimensions of Geert Hofstede (1999, pp. 34 - 44) and directs their application to determine the state of societies and their shared values to shift to the knowledge economy at both surveyed villages, as well as in small and medium-sized enterprises of the South Bohemian Region. Finding the shared values in enterprises is associated with the detection of the state of corporate culture.

In the South Bohemian Region there were selected two villages with similar fundamentals of cultural traditions, but with different socioeconomic characteristics. They differed significantly in the state of material security and municipal infrastructure. In both villages a quantitative research was conducted by means of a questionnaire method to determine a state of the local communities. In addition a qualitative research using the Test for colour semantic differential (TBSD) was conducted. It can be modified to reveal shared values in the community. For the purpose of this research the Hofstede VSM 94 questionnaire was used.

The development of societies (communities) at any level - business, community, region - is linked to their quality and their development depends on the values shared in these communities. The shared values also indicate the cultural dimensions and are embodied in institutions - the "rules of the game" existing in a particular society (community).

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Key words: Institutionalized Values · Shared Values · Cultural Dimensions · Corporate Culture · Small and Medium-Sized Enterprises · Rural Communities

JEL Classification: R19

1 Introduction

The end of the twentieth century can be associated with the diminishing importance of the positivist-scientific paradigm, which had come to the top of the “industrial” world from the economic point of view. The reason for this approach is the globalizing world of the third millennium. The contents of the revolutionary tendencies of globalization can be compared to the changes that took place during the Industrial Revolution (Truneček, 2004). Gibson (2007) states that the world is entering a “new economy” – “the knowledge economy” – associated with the use of human and intellectual capital, which emphasizes the ability to put knowledge into a new context, together with understanding and skills as the driving forces of change, innovation and competitiveness. It is thus possible to observe an emerging paradigm of the new “post-industrial” world, where apparently the basis for the economy will not be founded on land, money and resources, but intellectual capital (Holátová, Krninská et al., 2012).

One of the academics who were promoting new approaches was Professor Elinor Ostrom of Indiana University in the USA. This Economist takes the approach that – „Institutions matter“. These institutions can be understood as „rules of the game“ (resp. limitations) that regulate interpersonal interaction. Institutions are distinguished: they can be formal - laws (starting with the constitution), social norms – and casual: emerging spontaneously and historically - such as customs, traditions, conventions, morals, ethics, language, money, market. One can talk about certain plains of culture. Institutions influence actions of individuals and can largely shape their expectations and goals (Holátová & Krninská, 1997).

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2012). The method which had developed Ostrom & Ahn (2003) - the method of institutional analysis - became the basis for a new school of thought - i.e. Institutional ecological economics.

According to Hofstede & Hofstede (2005, 15-16) we perceive values as a general trend to differ some facts from other states, and thus it is possible to define the heart of the culture. Values are associated with feelings that have a specific direction, a positive or negative aspect, and indicate what surrounds a human in the categories of "good or bad, true or false, beautiful or ugly, rational or irrational"; they provide the possibility of orientation in the world by the fact that the social reality is structured in terms of importance and corresponding hierarchy. Cultural dimensions according to Hofstede (1999, 34-44), Hofstede & Hofstede (2005, p. 23), based on similar contradictions, will be described in detail in this study.

For an easier understanding of the different indexes and cultural dimensions that are included in these indexes, the authors present a simple overview, taking the bold dimensions, which are, according to the authors, desirable for corporate culture in the knowledge economy.

<table>
<thead>
<tr>
<th>Name of index</th>
<th>Value of dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power distance (PDI)</td>
<td>Small distance</td>
</tr>
<tr>
<td>Individualism vs. Collectivism (IDV)</td>
<td>Collectivism</td>
</tr>
<tr>
<td>Masculinity vs. Femininity (MAS)</td>
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</tbody>
</table>

Resource: Krninská, Duspivová (2013, p. 143)

2 Methods

This article aims to find shared values in communities, which may manifest as institutionalized features of societies associated with „rules of the game” existing within these communities and try to define them by means of cultural dimensions and to analyse their significance from the point of view of the know of the knowledge economy.

Both quantitative and qualitative research was conducted at two villages in order to determine the state of the local communities and shared values manifesting in cultural dimensions selected by Hofstede (1994).

The first village is a larger one, it has about 1 500 residents, lies about 30 km from the German border on the international highway connecting the capital of the Czech Republic with a major border crossing. The village belongs to the historical territory of Prácheňsko. It doesn’t belong to communities near the border, which have been significantly colonized by Germans in the past. The village is accessible to all the usual types of transportation - bus and rail. There is also an industrial production. In addition, the village has a relatively good infrastructure (including sidewalks and a waste water treatment plant). The size of the village is related to existence of a primary school with lower and higher levels of education and to existence of a kindergarten. The village provides a permanent GP.

The second village is smaller, it has fewer than 500 residents, it has important cultural traditions and is located at a distance of 20 km from the regional capital, where sources of employment opportunities can be found. Insufficient number of bus lines is focused only on the county seat. Due to its smaller size, this village has an insufficient amount of funding to ensure good technical infrastructure. The village has a school with only lower level of basic education. Medical care is associated only with a doctor's field office during certain hours and days of the week.

The quantitative research of villages was carried out via the questionnaire (with 36 questions). The selection of the sample for the quantitative research of villages was conducted by random sampling of households. The size of the selected sample was adequate to the size of the complete sample. Questionnaires were distributed to selected households. And their return was 34.8% in the smaller village and 25.8% in the larger village. Obtained information was about the mobility of human resources, possible forms of employment, amenities, satisfaction with living in the village, interpersonal relationships within the community and compliance with customs and traditions in the village and the relationship of these inhabitants to these customs, traditions and the local natural environment.

A qualitative research of villages using the Test for colour semantic differential (TBSD) has been also conducted in both villages. It can be modified to reveal shared values in the community, which are a prerequisite for the institutional aspects in a society. TBSD is included among the methods used in the Czech psychological diagnosis and belongs to the association of chromatic experiments. In can be considered as a projective test of personality, which combines several methods of capturing researched reality: approaching verbal associative experiments, as well as the group of color tests and using also a procedure for an own judging range. TBSD can be effectively used in all fields of psychology, where it is necessary to diagnose personality. And can be used especially for capturing the social relationships of human, including his individual value system. With TBSD one can evaluate the hierarchy of values, both conscious and unconscious aspects of individuals and society (Šepichin et al, 1992). It is therefore useful in the field focused on society and cul-

Table 1 Overview of the indexes of contrasting cultural dimensions with relevant values

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</table>
ture in identifying shared values in societies (community), which are the basis of the institutional aspects. TBSD was submitted to probands subsequent to the questionnaire survey, but only to a representative sample (qualitative research) to determine values in the context of cultural dimensions, which are shared within the two selected societies (communities). The manual requires to use 12 colors from each other well recognizable, naturally occurring and 60 symbols (incentive words), which were divided into cultural dimensions according to Hofstede (1999): large power distance, low power distance; individualism, collectivism; masculinity, femininity; short-term orientation, long-term orientation, certainty, risk. Respondents were asked for assigning each incentive word three colors, then sort these colors from the most sympathetic one to the least sympathetic. For every word colors have been replaced by the number of color (according to the hierarchy of colors) from 1 to 12 and these numbers were summed. The arithmetic average of summed numbers was calculated for the society, which reflects the hierarchy of words (symbols) in society (community). The hierarchy of symbols becomes a scale of values, arranged in a sequence, according to the sensitivity of perception and acceptance of the community (in the first place the highest rated, the last place the lowest rated incentive word - symbol).

For the processing of data obtained from TBSD a VADIM computer software and a TBSD Result Appraisal 2.0b have been used. With their contribution the most often associated symbols (stimulus words) in society have been found, which express commonly shared values of the community.

Furthermore the questionnaire VSM 94 (hereinafter referred to as VSM 94) was used for the quantitative research of enterprises. VSM 94 was filled both with executives (managers, owners, directors, personnel managers) and employees of the same small and medium-sized enterprises, as the structured questionnaire. VSM 94 was evaluated according to the methodology for data processing of VSM 94 (Hofstede, 1994). According to this methodology, individual indices of the dimensions take values from 0 to 100, but it is not an exception that it takes lower or higher values. Individual indices implies two contradictory cultural dimensions, the first one is achieved when the results are in the range from 0 to 50 and the second dimension is achieved when the results are in the range from 50 to 100, see Table 1. According to the authors the middle values (about 50) are in a gray zone, also called the transition zone, where it is not clear to which dimension the company adheres to. For this reason, the intervals of evaluation are distributed as follows: (-∞, 40) for the first cultural dimension, (41, 60) for the so-called gray or transition zone and (61, ∞) for the second, opposite cultural dimension. Questionnaires were completed in 105 small and medium-sized enterprises of the South Bohemian Region. These businesses were composed of 32% of micro-enterprises (enterprises with 1-9 employees), 40% of small businesses (businesses with 10-49 employees) and 28% of medium-sized enterprises (enterprises with 50-249 employees). These categories of enterprise sizes defined by the number of employees was carried out by Commission Regulation (No. 800/2008).

3 Research results

3.1 The results of the research of cultural dimensions at the local level in municipalities in connection with institutionalized aspects.

Large power distance versus low power distance
Symbolic stimulus words representing power are perceived rather positively in the greater village compared to the small village where they are perceived rather negatively. In the larger village within the stimulus words representing of power distance within the value order is the word power highest in ranking. In the smaller village is institutionalized low power distance with the institution of trust, which is for them very high in the ranking order.

Individualism versus collectivism
In the larger village the individualism is rather institutionalized. In contrast, in the smaller village the society (community) is oriented to collectivism. It is demonstrated by following stimulus words: society, love, friends and cooperation, which are very positively shared by the community and are also very positively perceived at the very top in the hierarchy of values in the following order: friends, society, love, cooperation. A stimulus word company is in the first place in the ranking order of shared values, therefore it is the most shared symbol of the community. A stimulus word friends is also in the first place in the ranking order of shared values.

Masculinity versus femininity
The larger village could be described as a community presenting itself as a tolerant, rather masculine society. The smaller village acknowledges feminine values much stronger and also gives less importance to masculine values. In the smaller village there is feminine cultural dimension institutionalized. Very surprising is the finding that the village once famous for the miraculous painting of the Madonna is still sharing and experiencing the symbol of mother (after the word society it is the most shared symbol), which is thus institutionalized in this community.
Figure 1 The order of shared values (associated symbols) in the community of the larger village

Source: authors
**Figure 2** The order of shared values (associated symbols) in the community of the smaller village

Source: authors
Short-term orientation versus long-term orientation
Both societies in both villages are rather long-term oriented, more significantly the smaller village. The small village community is strongly institutionalized to long-term orientation dimension. The results show a surprisingly unambiguous conclusion, that a strong link with the traditions predetermines a long-term perspective of life in the future. It confirms the reality of this village that the community lives very intensely in the area linked to strong millennial traditions in connection to the natural order and the natural environment (which the results of the survey confirm).

Strong uncertainty avoidance (certainty) versus weak uncertainty avoidance (risk)
In the larger village a cultural dimension of certainty is rather institutionally accepted. But taking risk is not strongly negatively avoided. In a small village it is specific to reject risk in the sense of mere risk-taking, along with the rejection of restrictive rules that would suppress creativity, which opens to the community a suitable way to solve a problem. It is kind of a proven good middle way, where through creativity it is possible to accept changes and solve problems when at the same time rejecting major risk and rigid rules.

3.2 The results of the survey by questionnaire method to determine the objectivistic state of the communities in the surveyed villages.
Interview conceived all major areas of rural life. The introductory part contained identification data, followed by seven thematic areas: mobility of human resources, employment, education, civic amenities, including transport services, interest in culture, satisfaction with the appearance of the village and interpersonal relationships in the village.

Table 2 Summary of factors of socioeconomic characteristics of selected villages

<table>
<thead>
<tr>
<th>Selected factors of socioeconomic characteristics of municipalities</th>
<th>Rating of the factor strength1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Smaller village</td>
</tr>
<tr>
<td>Job opportunities in the village</td>
<td>insufficient</td>
</tr>
<tr>
<td>Transport services</td>
<td>weak</td>
</tr>
<tr>
<td>Technical Infrastructure</td>
<td>insufficient</td>
</tr>
<tr>
<td>Civic amenities - education</td>
<td>weak</td>
</tr>
<tr>
<td>Civic amenities - Medical Care</td>
<td>insufficient</td>
</tr>
<tr>
<td>Satisfaction with interpersonal relationships</td>
<td>strong</td>
</tr>
<tr>
<td>Link to the traditions</td>
<td>strong</td>
</tr>
<tr>
<td>Link to the natural environment</td>
<td>strong</td>
</tr>
</tbody>
</table>

Source: processed data of Popeláková (2009)

Despite the smaller village suffers all the drawbacks of material-technical elements, its residents are much happier with interpersonal relationships (Table 3).

Table 3 Evaluation of human relationships in communities

<table>
<thead>
<tr>
<th>Rating</th>
<th>Results in percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Smaller village</td>
</tr>
<tr>
<td>Very good</td>
<td>18</td>
</tr>
<tr>
<td>Rather good</td>
<td>65</td>
</tr>
<tr>
<td>Rather bad</td>
<td>7</td>
</tr>
<tr>
<td>Bad</td>
<td>0</td>
</tr>
<tr>
<td>I’m not interested</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: processed data of Popeláková (2009)

Benefit of this research is the finding that the connection of culture, traditions and natural environment with interpersonal relationships is significant and has an overall stabilizing effect on rural communities. The smaller village suffering of poor material-technical factors becomes due to the strong cultural traditions more stable than the larger village with sufficient material and technical base. Old folk customs unite the people, improve interpersonal relationships and are transferred to the village sociality, because the culture is an accumulated experience of the social whole and acts as a controlling component of any social system.

Figure 3 shows the results obtained using the VSM 94, which show the condition of cultural dimensions small and medium-sized enterprises. In this research sample in this research clearly prevails the cultural dimension of small power distance – PDI (59%), femininity – MAS (57%) and long-term orientation –LOT (56%). Companies more incline to individualism -IDV. Absolutely clear is the inclination to the cultural dimension of the strong of uncertainty avoidance -UAI, to which leans 71% of surveyed small and medium-sized enterprises and which is related to problems with adapting to changes of the globalized society, avoiding the uncertainty and fear of risk-taking, but also blocking the path to the knowledge economy.
For the societies of different levels (enterprises, municipalities) shared values of cultural dimensions can be found.

**Figure 3** Percentage distribution of SMEs in particular cultural dimensions and their intervals

![Percentage distribution of SMEs in particular cultural dimensions and their intervals](image)

Source: authors

### 3.3 Discussion

Together with the power of shared cultural traditions in the country are appearing principles of cohesion in the community and in relation to this area.

Inhabitants of the small village with strong traditions and customs, who collectively participate in a traditional rural social life, are considerably satisfied with the interpersonal relationships in the village. Strong millennial traditions persist as institutionalized and affect the people today as well as the previous generation in the small village.

Dealing with the stability of rural space and rural communities, it will be necessary to apply a stronger connection of material and technological background with intangible elements such as cultural traditions, the shared values determined by cultural dimensions, and their effects on our present existence. Working with cultural memory and cultural capital therefore means to count with open, lively, institutionalized and "meddling" past that is becoming an important factor, which is shaping our presence.

According to Mlčoch in Hudečková, Lošták & Ševčíková (2006) institutional arrangements inside and outside of the society have a direct impact on regional development from the perspective of regional economics. Social institutions are connected with the local culture, customs, traditions and other established ways people interaction that get an institutionalized form as a family, various clubs, associations, etc. The way regional authorities work, in other words which cultural norms are embodied in institutions in a particular area (for example people consider it normal to work without a contract), gives a space to the institution of illegal employment or to the black market, underground economy, etc. What is the role of family and what are the positions and activities of NGOs, of the civil society, all of it affect the development of the region.

The effectiveness of institutional structure of certain region or of the whole country is becoming more and more recognized as an important factor for regional development. This factor has at least the same effect on the development of the region as traditionally presented material factors such as infrastructure (Hudečková, Lošták & Ševčíková, 2006).

If a responsibility for regional policy is to have a real chance of success in post-communist countries, it is necessary to create institutional and structural assumptions. It is associated with the creation of natural communities and supports their development, whose absence hinders the possibility of shifting in a new direction. Local or regional self-governing bodies and other entities must obtain a space for communication and meaningful cooperation, including contact with European institutions and effective participation in the regional and the structural policy of EU. (Krninská & Duspivová, 2013).

### 4 Conclusions

In summary, the community of the larger village has rather large power distance with the institutions of power, then there is individualism institutionalized. The community of the larger village lies rather in at the interface between the more feminine and the more masculine cultural dimension (masculinity is associated with tolerance and understanding). Then there is institutionalized the dimension of rather long-term orientation and cultural dimension of certainty. The institutionalization of rather large power distances and individualism may explain the dissatisfaction with interper-
sonal relationships, which among other things result in tendencies of the inhabitants to leave the village (found out by the questionnaire survey). Though all material values including good infrastructure are secured in the village.

In contrast, in the smaller village, where ensuring of material values and provision of infrastructure is missing, its residents do not think about moving from the village. The community of the smaller village has institutionalized a small power distance with the institution of trust, collectivism with institution of society sharing and strongly institutionalized feminine society (trust and understanding), strongly long-term oriented, with the institution of traditions. Refusing cultural dimension of risk in the form of rules is associated with strongly perceived creativity as it is a way leading to certainty. Tradition and old folk customs shared throughout the society of the whole community unite the residents, improve interpersonal relationships, and shape the community of the village and its link to the natural environment. Community cohesion is more important than material deficiencies. Residents of the smaller village are not thinking about leaving the village as opposed to residents of the larger village. The community in the smaller village is also documented by the coexistence of the two generations. The younger generation have to convey a contact with the 20 km distant city (substitutes some of deficiencies in the village - pharmacy, doctor) for the older generation. All generations of the smaller village should be interested in revival of the extinct traditions.

The survey results show that the importance of lived cultural traditions in rural areas emerge in the context of cohesion of its societies (communities) and they act as a stabilizer of social and economic development (also of the communities) and its sustainability in the particular area.

It can be concluded that the link of the economy (from the institutional view) and the social system is going through cultural dimensions, which are actually culturally shared values and are embodied in institutions - "the rules of the game", existing in the community (municipality, enterprises). Direct and indirect influences on the economic and social development of society are associated with the state of culturally shared values of society at all levels, starting at the level of local community municipalities or enterprises. The created institutions associated with symbols – created by the shared values (e.g. cultural values knowledge economy) forming "rules of the game", which then influence the behaviour of individuals and the whole society in this local institutional level. For supporting the development of the societies it is necessary to work with the fact that the institutionalized values of higher societies (global community, state, region, municipality, enterprises) are affecting the lower societies. Assuming that the global community is not shifting towards the knowledge society, it is appropriate to strive for the institutionalization of the desired cultural dimensions by Hofstede, which are supporting the transfer of knowledge at all levels.

References