



## The Relationship between Social Capital and Opportunistic Behavior

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**ABSTRACT:** The article examines the mutual influence of social capital and opportunistic behavior of economic agents. Based on the application of the phenomenological method, the analysis of scientific sources, own research and author observations, they showed that greater social capital allows its subject-owner to implement opportunistic behavior in additional part of benefits redistribution in his favor due to a stable opinion of his greater rights during benefit distribution as compared to a subject with less social capital. The article studies for the first time, using the set of classical methods, the relationship between the level of social capital and the manifestations of opportunistic actions from a theoretical point of view. The practical significance of this study is explained by the fact that all main provisions and conclusions of the article can be used in scientific and pedagogical activity when they consider the issues of communication process trend nature and development, manipulative technologies, and will become the basis for the further development of methods for the quantitative assessment of social capital and the costs of economic agent opportunistic behavior. The results of the study can be used to improve the measures of state economic policy.

**Keywords:** microeconomics; opportunistic behavior; social capital; communications; benefits; costs; contracts; institutions.

### I. INTRODUCTION

Despite the lack of a strictly accepted definition of social capital, there are numerous studies of its form and content [1], as well as the attempts to measure and analyze dynamics, etc., and determine the connection between social capital and other processes, such as the process of product innovation, income inequality development, etc. [2].

In the framework of this work, special attention will be paid to the analysis of the relationship between social capital and the opportunistic subject behavior of a particular system of socio-economic and economic relations. The analysis of numerous publications on the problems of opportunistic behavior shows that issues related to its manifestations are the focus of attention among the representatives of various economic schools and trends. Besides, the studies of opportunistic behavior, as well as the studies of social capital, are interdisciplinary in nature, due to the complexity of the phenomena under consideration. The attempts to take into account the influence of such complex categories on economic processes will allow us to understand their inner essence more clearly for the subsequent development of control actions.

The most common interpretation of opportunistic behavior as an economic phenomenon is considered to be the definition given by Williamson, who meant by opportunism the following of own interests, including fraudulently, including such obvious forms of deception as lies, theft, fraud, but hardly limited to them [3]. Some authors [4] consider opportunism as the violation of contractual obligations using the example of banking product markets (primarily loans), and the construction services market (construction is considered as one of the industries where the manifestations of opportunistic behavior are found often).

And some authors consider the manifestations of opportunism at the level of international monetary and financial relations [5].

We interpret opportunistic behavior as widely as possible, as a direct or a hidden violation of previously assumed obligations by the counterpart in the course of interaction with other economic agents within the framework of formal or informal contractual relations in order to obtain one-party benefits.

Some authors point out that after the conclusion of a contract, the reduction of transaction costs mainly implies the reduction of opportunistic behavior costs [6]. On the other hand, some researchers note that if individuals with predatory or opportunistic psychology capture key positions, no institutional constraints can restrain this predatory behavior [7], therefore, opportunistic behavior should be considered as a significant factor in economic relation development.

From the point of view of the institutional approach, individuals, groups of individuals, along with the general institutional interest, have private institutional interests, which are in conflict with each other sometimes. Following their private institutional interests, individuals in the course of interaction may harm each other when they fail to implement their formal and informal obligations, and contracts. In this case, opportunistic behavior can be considered as a deliberate failure to fulfill previously formal or informal obligations [8].

At the same time, the possibility for a subject not to fulfill his obligations depends on external factors on which the subject cannot or can influence only indirectly, and on internal factors characterizing the social environment in which it interacts with other economic agents. And one of the significant characteristics of this social environment is just social capital: the social capital of the group and the individual social capital of the subject. This work is aimed at this relationship study.

## II. METHODS

The representatives of leading economists and the experts in the social sciences performed the systematization of "social capital" and "opportunistic behavior" terms. The dialectical approach was applied to the knowledge of economic and social phenomena, which allows to analyze them in historical development and functioning within the context of objective and subjective factor combination. The dialectical approach determined the choice of specific research methods: discursive, formal-logical, and phenomenological.

## III. RESULTS AND DISCUSSION

Social and kinship ties, reputation, and other components of social capital and the possibilities of its subsequent monetization are individual for each person, which suggests that there is not only group social capital (this is a classic interpretation of social capital as a collective resource, public good), but also an individual social capital.

For example, practice has repeatedly shown that the benefits of higher education also differ depending on the social capital of a student's family, what environment he falls into and on his first job. The following factors are also important: the emotional intelligence of a student, his soft skill development degree, which will enable him to accumulate and realize individual connections, reputation and other components of social capital faster or slower. In this case, we are talking about individual social capital.

Individual social capital is an extension of human capital concept, one of the forms of its implementation in the social environment. And of course, like human capital, individual social capital has the economic effect of its existence and use, because it allows you to achieve better working conditions, the working conditions with counterparties and increase the effectiveness of an individual in other types of economic and business relationships.

At the same time, the border between individual and group social capital may be explained by the fact that if a subject acts/makes decisions on his own behalf, it is mostly individual social capital that participates in this process. And if actions taken on behalf of a company, an organization or the instructions of any group of persons, the interpretation of these actions by other subjects will occur under the influence of group social capital.

By individual social capital, we understand the totality of social contacts of an individual (which he can use as a resource to achieve his goals), which are interpreted by other members of the social environment as an individual's power and influence.

By group social capital, we understand the totality of interrelations between a group of individuals, which are interpreted by each of them as a resource, the use of which is possible to increase their own benefits.

Similarly, opportunistic actions also depend on the individual qualities of an individual, also on the social capital of an entity that implements the actions which are interpreted as opportunism. The actions can be interpreted as opportunistic if committed by one subject (an individual personally or as a representative of some organization/firm) or a group of subjects (part of society, a group of persons, a company). In the first case, in our opinion, we talk about individual opportunism in order to redistribute the benefits in favor of one person, and in the second - about group opportunism and the desire to

redistribute the benefits in favor of a group of people (up to the country population).

At the same time, group opportunism can manifest itself at the international level (for example, NATO expansion to the East: positioned to the EU as an action that does not threaten the borders of any particular country, but from the standpoint of Russia interests, these actions are interpreted as an opportunistic orientation), macroeconomic (sanctions for companies), mesoeconomic (regional lobbyism for the deployment of infrastructure projects), and municipal (distribution of tax revenues).

An example of opportunistic relations at the mega-economic level may be the system of international financial relations. So, according to Glukhov V.V. [5], the modern view of international finance should be considered as a modified form of finance, as a financial simulacrum, in the process of which the private interests of the opportunistic countries of the global financial market become dominant, rise above the interests of the world community. The significance of national currencies is still preserved, but their volume is gradually decreasing in financial cross-border transactions. The money itself also changed its essence significantly, becoming mostly virtual [9]. This is confirmed by the dominance of US companies in the international financial market, as well as by the fact that the volume of issued derivatives has exceeded the value of real capital available all over the world over the past decades.

Glukhova V.V., Ostanina V.A., Rozhkova Yu.V. call this behavior of the leading players in the international financial market geo-financial opportunism. From our point of view, geo-financial opportunism is one of the manifestations of group opportunism at the mega-economic level. This is an example of group opportunism, since in this case, the existing system of relationships is not focused on benefit redistribution in favor of any individual or a company, but in the interests of the whole professional community or the population in a particular territory / region / national economy.

We agree with the position by V.V. Glukhov, V.A.Ostanin, Yu.V. Rozhkov that national economies in these conditions become more vulnerable, partially losing economic sovereignty and falling into the orbit of influence and becoming increasingly dependent on political and economic will of more developed, economically powerful countries.

Similarly, the examples of group opportunism manifestations at the mega economic level are the so-called trade and sanction wars, the implementation of investment attraction policy while using the power of military blocs and geopolitical tools.

And if the measures to combat individual opportunism are based on institutional changes related to social justice increase (by public participation, civil institutions in public life regulation increase [10], then they can apply the measures to create economic blocs and alliances can be applied to combat public opportunism, to create counterbalances to opportunistic forces (for example, the development of the SCO, ASEAN and other regional associations).

Thus, by individual opportunism, we mean individual actions aimed at obtaining additional benefits due to non-fulfillment of contract terms (mainly implicit (behavioral, informal)). By group opportunism, we mean making decisions by one or a group of persons about taking actions aimed at additional benefit obtaining for a group of persons at the expense of non-fulfillment of

contract terms and, accordingly, unduly diminishing the contractual relation benefits of other participants.

#### IV. CONCLUSIONS

Like the category of "social capital", the concept of "opportunistic behavior" is often difficult to identify and difficult to measure. This is a complex concept, which entails the complexity of this phenomenon study.

Social relations also allow to gain access to this or that information [11], which often causes a positive economic effect in the future, since additional information allows us to simplify production and other activities in the future. At the same time, the access to certain valuable information can be one-sided, reinforcing the asymmetry of information, which is the basic condition for the implementation of actions that can be interpreted as opportunism/opportunistic behavior. The focus of the subject actions on the search for opportunities to implement opportunistic actions can be considered as the strategy of opportunistic behavior, which in some cases (significant information asymmetry, insufficiently formalized conditions of implicit contracts, a low level of trust, poorly developed institutions of interaction) may be dominant for the subject.

The accumulation of social capital is a long process for both an individual and a group of individuals, which is formed as the result of a large number of interactions/ transactions between a specific group of subjects.

Social capital is interrelated with such concepts as power and influence. And in our opinion, social capital is more likely not only a resource for an individual or a group of individuals, but also a stable opinion about the presence/absence of certain resources and the possibilities of their use to achieve certain goals of an individual or a group of individuals. On this basis, a higher level of social capital means a greater influence of the subject on the course of certain economic relations.

In this case, it can be argued that, at other things being equal, greater social capital allows its owning entity to implement an opportunistic behavior strategy to redistribute an additional portion of benefits to its own benefit at the expense of a stable opinion about greater rights during the distribution of benefits as compared to a subject with less social capital.

For example, when making decisions, particular deputies can be guided not only by public interests, but also by their own (which can be interpreted as opportunism, since it leads to the redistribution of benefits in such a development of events in their favor). Or leaders of public organizations, can also lobby decision-making based on their own interests at the expense of their higher social status (and therefore social capital), which can also be interpreted as an example of opportunism. For example, there are the facts in mass media about the opposition of groups of residents to the construction of an incineration plant, the pickets against the construction of roads on the territory where the houses are built without appropriate permits.

Proceeding from this, it can be concluded that greater individual social capital allows an owner to implement both the strategy of individual opportunistic behavior and the strategy of group opportunistic behavior to redistribute an additional part of the benefits to their personal benefit due to the stable opinion of greater rights in the distribution of benefits as compared with a subject of less individual social capital.

And the larger group social capital allows an owner-subject to implement the strategy of group opportunistic behavior to redistribute an additional part of the benefits

in his favor at the expense of a stable opinion of greater justice in the distribution of benefits as compared with a subject of less group social capital.

In the event of unfavorable institutional factors, there will be the reorientation of subjects from innovative rent and production growth to other sources of individual utility increase [7]. Such sources can be a gain of benefits as a result of the implementation of actions that can be interpreted as opportunistic. There will be an increase in the share of income derived from information asymmetry and opportunism, and the reduction in the amount of income from increased social productivity. In this case, the expansion of social conflict zone will lead to the reduction in group social capital. At that, the change in individual social capital will depend to a greater extent on the subjective perception of benefit distribution fairness.

#### V. SUMMARY

Thus, based on the application of the phenomenological method, the analysis of scientific sources, they showed that greater social capital allows its owner-subject to implement opportunistic behavior in an additional part of the benefit redistribution in his favor due to a stable opinion of his greater rights during the distribution of benefits in comparison with a subject of less social capital.

They presented the arguments in favor of the expediency of social capital division into group and individual, and opportunism division into group and individual. They showed the relationship between these categories.

By individual social capital, we understand the totality of social contacts of an individual, which are interpreted by other members of the social environment as the presence of an individual's power and influence. And by group social capital, we understand the totality of interrelations between a group of individuals, who are interpreted by each of them as a resource, the use of which is possible to increase own benefits.

By individual opportunism, we mean an individual committing the actions aimed at additional benefit obtaining through non-fulfillment of contract terms.

By group opportunism, we mean making decisions by a person or a group of persons about taking actions aimed at additional benefit obtaining for a group of persons at the expense of non-fulfillment of contract terms and, accordingly, unduly diminishing the benefits of other participants in contractual relations.

This separation was the result of opportunistic behavior manifestation analysis in the system of economic relations (the practice of contractual relation implementation). They revealed the significant influence of high social capital on the ability to implement actions that can be interpreted as opportunistic and can be directed to the redistribution of benefits in favor of one person or a group of individuals.

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