

SOCIAL REGULATION MECHANISMS IN THE POST-MODERN CHANGING WORLD

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The paper deals with the analysis of changes in the regulative mechanisms in the modern world. The societal transparency and the principle of spontaneous equity play a key role in the up-to-date governance, on micro level of organisations and macro level of nations.

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Confence participants,
National championship in the scientific analytics

There are some myths in the social and economic sciences about cultural basics of regulation. According the stereotype, normative regulation in the Western civilisation is codified in the sophisticated texts (continental Roman Law) or in the sophisticated set of precedents (Anglo-Saxon case Law), and in the Eastern society, is reflected in the vague mirror of informal practices and usages. But, Alfons Trompenaars¹ identified cultural dimensions by 40 countries' analysis and demonstrated the connexion of behavioural preferences with more diverse socio-cultural foundations, than the dichotomy East-West. This research is one of a wide range of sociological and managerial studies on the cross-cultural diversity during the end of 20th – beginning of 21st century, which testifies that the regulative mechanisms in different parts of the world differs from one another, and also from our stereotypes. i.e., there is a conventional wisdom, that a traditional culture, based on contextual background, is less adoptive, than a modern rule, based on formal texts. But, we also watch out the economic leadership of Japan or South Korea, with traditional culture and advanced producing and managerial methods.

In our innovative changing society, we observe the dynamic dimension as one of the key-factors of success, on organisational, regional

and national level. This paper shell pick out the only one dimension – dynamic characteristic of creating and spreading the new – new functions and content, model of a product or service, technology, societal organising and governing mode, etc.

Today the regulating models of economic and organisational behaviour reflect not only the specific features of national cultures, but are determined by the stage of informational and communication development, when innovative labour is the crucial factor for business success and economic growth. In the post-modern² (post-industrial³, new industrial⁴, information society⁵) the cultural diversity should, theoretically, dissolve with the globalisation. But in the reality we see, that the social networks and the spread of subcultures is a spontaneous way to survive for the social diversity in the same sense, as the mutation is the way of biological evolution. The cyber-space gives a new interesting solution to the standing sociological debate of structure and agency (nature and nurture) with the “recurrent patterned arrangements” broadened out almost to an infinite and unconstrained wide set of choices.

The term “post”-modern means not only the temporal succession (after modernity), but also the semantic and essential overcoming of modernity – from the technocratic industrial rationality towards revitalising the

community relationship, human values and franc initiative action.

Textual prescriptions took their predominant place in the regulating working process after the Weberian formalisation and depersonalisation⁶ (disenchantment of the world). The legal legitimating and the written transfer of instructions date about a century: on the largest territory of Western Europe until the XIX century the decisions were made by sovereign, and the literate workers and masters were too rare. The elite tradition of governance in represented today in the expertise authority, which is based on knowledge and abilities, experience and competence. The modernist change imposed the legal ideal-type of authority⁷ and the rational bureaucracy.

With the producing technologies development and saturation of markets, the basic needs of surviving are satisfied, ceding the place to the non-material needs: “The passage to postindustrial society takes place when investment results in the production of symbolic goods that modify values, needs, representations, far more than in the production of material goods or even of ‘services’”⁸. Changes in industrial relations during last decades were related to the deep evolution of the content of labour: innovative creative economy needs the entrepreneurial activity and constant inventing, as well in technology (widely understood as the

1 Trompenaars F. *Riding the waves of culture*. London: Nicholas Brealey Publishing Ltd, 1993. ISBN 1 85788 0331 ; Trompenaars F., Hampden-Turner Ch. *Riding the waves of culture. Understanding cultural diversity in business*. N.-Y.: McGraw-Hill, 1998. ISBN 0 7863 1125 8.

2 The term is introduced to the social science by: Toynbee A.J. *A study of History*. - Oxford University Press, 1939; and developed by: Giddens A. *The consequences of Modernity*. - Cambridge: Polity press, 1990.

3 Bell D. *The coming of post-industrial society: A venture of social forecasting*. — N.Y.: Basic Books, 1973.

4 Galbraith J.K. *The New Industrial State*. - Boston: Houghton Mifflin, 1967.

5 Toffler A. *The third wave*. - William Morrow, 1980.

6 Weber M.K.E. *Wissenschaft als Beruf // Gesammelte Aufsätze zur Wissenschaftslehre*. Tubingen, 1922. – pp. 524-555.

7 Weber M.K.E. *Wirtschaft und Gesellschaft*. Tübingen, J.C.B. Mohr (P. Siebeck) 1925.

8 Touraine A. *Return of the Actor*. Minneapolis. University of Minnesota Press, 1988. – P. 104.

model of creating value chain), as in everyday perception (especially for new products, but also in social behaviour and initiatives).

The problems of creativity management are considered differently by executive bodies in enterprises, by workers and their families, by trade unions, by local and national government, by non-governmental organisations and other stakeholders.

The choice between short-term or long-term, normative or situational regulation is related also to the problems of sustainable development, which requires special treatment of innovative and creative human resource, the individual motivating approaches, etc. The virtual working forms also influence the labour relations, the functioning of trade unions, the correlation of forces between employer (capital) and the value's creator (labour).

Normally, the "capital" party in the industrial relations is oriented to acting in uncertain environment and getting profit as the reward to risk; the "labour" prefers stability and guaranteed recompense to reproduce the desired life level. In the social-economic environment, where the capital tries to shift the risk on the "innovative" labour, the labour also wants a part of added value in the firm as a value chain. Now, the labour contract includes not only the working hours that the employee should pass at his or her job, but the results, the invention and even the increasing profit, and instead of a fixed wage the contract provides for the stock-options or profit sharing. N. Alter demonstrated the specific approach of innovator⁹ as everyday routine, B.E. Kaufman analysed the evolution of labour relations in the global innovative economy¹⁰ (sometimes compared with idea of the "End of history" of Francis Fukuyama) and underline the work vales, the equity as one of regulators.

In developed countries we can

see this changing process during about half a century: since in 1960-s the corporations had been compelled to re-think the organisation of labour. In Russia, we could re-act to such a pressure after the start of "perestroika" in 1985-1986, when the soviet industrial giants were forced to create their own system of marketing (sales, in particular) instead of planned administrated organisation of supplies from a factory towards shops. Specific features in Russian industrial relations are based on the very fast transition to the market economy. During the first decade – 1986-1996, we knew the rising of entrepreneurship, almost without any regulation. The analogue period in Western Europe or in Northern America took a century or even several centuries. And the post-industrial changes of the labour content took place in Russian economy within the last 20 years, since the beginning of 1990s. The case of spacecraft Proton-M, which was loaded with too much fuel due to the erroneous engineering calculation and was lofted into non-targeted orbit, so the three satellites crashed into the Pacific Ocean (5 dec 2010)¹¹, and followed failures (5 from 32 launches in 2011; 3 in 2012) demonstrated the necessity of the re-conceiving all the system of Human resources management in Russian high-technology sectors, including the space industry. The equity question plays core role in this problem: the 30-50 times difference in the salary of engineers and managers (in favour of the last ones) does not contribute to motivating engineers to correct work.

We see the importance of informal rules and practices also in the famous case of "rogue trader"¹² Jérôme Kerviel at Société Générale, the analysis of his book¹³ showed, than the trader was not "rogue" but conform to the normative practice of fraudulent deals: "Rogue"

trading is the new normal in a barely regulated City"¹⁴. His image as "an anti-establishment hero"¹⁵ was an interesting defense which permitted to share responsibility with the system – the lack of regulation is filled up with social norms in the financial world.

An interesting approach is implemented by the inviting the population to the control system, i.e., the USA Nuclear Regulatory Commission has a new oversight and assessment process for nuclear plants to ensure safety, it now has a better-structured process to yield publicly-accessible information on the performance of plants. Performance against each indicator is reported quarterly on the NRC web site according to whether it is normal, attracting regulatory oversight, provoking regulatory action, or unacceptable, and all stakeholders, the inhabitants or the journalists have the access to this information and can take part into the control procedures. The transparency is the principle which assures the access to the information for everyone interested, and informed people can act on the basis of understanding and calculating parameters concerning them.

We should also mention the influence of global and regional integration in the field of regulation¹⁶: interdependence of United States of America and European Union represents special regulatory relations, which has important implications for the entire global social-economic system.

The modern industrial society was obsessed with the idea of economic growth, the linear positive yield curve. Innovative economy should assure the leap of profitability, but it also put a number of problems, such as environment, search for resources (including the resource of creativity), reproducing the society (i.e., family, children, culture). The labour must become the object of a new

9 Alter N. *L'innovation ordinaire*. – Paris: PUF, 2000.

10 Kaufman B.E. *The global evolution of industrial relations: Events, ideas and the IIRA*. – Geneva: International labour Office, 2004. – ISBN 92-2-114153-5.

11 RIA Novosti: <http://ria.ru/spravka/20120807/718113728.html>.

12 *The Guardian* 25 Oct 2012: <http://www.guardian.co.uk/business/jerome-kerviel>.

13 Kerviel J. *L'engrenage, Mémoires d'un trader*. – Paris: Flammarion, 2010.

14 *The Guardian* 16 Sep 2011: <http://www.guardian.co.uk/commentisfree/2011/sep/16/shock-rogue-traders-city>.

15 *BBC* 24 Oct 2012 : <http://www.bbc.co.uk/news/business-20067510>.

16 Vogel D. *Barriers or Benefits? Regulation in Transatlantic Trade*. Washington, D.C.: Brookings Institution Press, 1997. – P. 3.

governance, deeply different from the usual industrial relations' system.

When we see the co-operation between the trade unions of Russian Ford factory and their USA colleagues (i.e., for the famous strike on the 2007-Nov-20), we understand, that the trade unions are still representing the important actor in the field of industrial management. But we hardly can imagine the same situation, i.e., in a Russian branch of Google. An intellectual creative professional activity, especially, performed in the virtual world, in a network enterprise, requires the auto-organisation of employees to protect their interests and does not include the trade unions as a real actor. Today, to impose the conditions of employees by group action is less efficient, than to impose the expectations of a key competent professional, who represents the core competitiveness of an enterprise. The enterprises, especially in high technology sectors, are interested in two contradictory aspects: a) how to attract the most creative labour, b) how to make people to bear responsibility for the routine in innovation. The team as a horizontal matrix auto-management relationship uses the delegation of responsibility without delegation of resources to perform the task – because the essential resource is the human competence.

So, the post-modernist reasoning should overcome the narrowness of industrial expansion with rational linear logic in making-decision process and generate new system of economic regulation. The world financial crisis (2008-2010) or meltdown in Fukushima (Mar 2011) demonstrate the necessity to re-think the formal rules' and procedures' global regulating architecture, but also the essential principles of the implementing these rules. To be able to assure the long-term and responsible management and sustainable development, this system must rest upon the cultural background with informal patterns and requirements.

The spontaneous and dynamic social mobilisation as the "Occupy

Wall street" or as the mass protests against the austerity cuts and a massive sell-out of State assets in a privatisation (in indebted countries such as Greece, Spain, Portugal) showed the ability of people to make purposeful and deliberate opinions and decisions. So, the crowd in the sense of G. Le Bon is now really replaced by the public in the sense of G. Tarde.

Our research demonstrated, that the socio-cultural regulators play the important role in the social and economic behaviour, but in another way, than it is usually understood. In Japanese or Korean modern regulation we can find the sophisticated rational procedures, in the same time, in British making decisions, even judicial ones, the important place is taken by the principle of "what is reasonable"¹⁷. The basics of law-enforcement and of implementing the rules and procedures, used in Anglo-Sax practice, represents a "natural" (value-based, culturally embedded) way to humanise social and economic life. According the proof of R. Coase¹⁸, a precedent usually is ranking with general principles, as a private case of implementing common law. The role of communication and information technologies in the mobilising "jasmine revolutions" on the North of Africa since Dec 2010 (14 Jan 2011, president Zine El Abidine Ben Ali fled Tunisia) is an evidence of the new level of the coincidence between the sophisticated tools and the social substance: when the group interests and purposes find the match in the means. The social institutional framework (networks) helped to break the existing political or economical institutions.

The post-modern regulation is based on the complex social tissue of relationship and interests, based on the background, but grown out of the regulative mechanisms as religion or law. Today we assist at the captivating process of the birth of new regulating system, which should take into account the new level of complexity of individual wills and freedoms.

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¹⁷ The phrase is taken over from an Interview with respondent – accountant, carried out citizens' duty as juror. Interview get 21 Jun 2012. The interview is the part of the Research on Regulative mechanisms in social-economic governance, carried out by the "Humanitarian Fund" (Saint-Petersburg, Russia) as a longitudinal study since 1994.

¹⁸ Coase R. The Lighthouse in Economics // The firm, the market, and the law. Chicago, 1990. P. 187-214.