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4 **Abstract**

5 The Enlightenment produced the idea of social progress as a process that has a social  
6 dimension. Theoretical interpretation of social progress is attributed to the abbot of  
7 Saint-Pierre (1737 - France), whose contribution was analyzed in detail by A.Fet. Social  
8 progress has not only a social but also a personal dimension and represents a progress of  
9 personal self-development. While the social progress of society is associated with such social  
10 values as freedom, equality, security, etc., the progress of an individual is associated with its  
11 social component, with assessment of basic human needs, welfare, opportunities, which  
12 together allow to create the index of social progress, whose methodology was developed by a  
13 group of scientists led by M. Porter and presented in 2013 at the UN Ministerial Forum. The  
14 Social Progress Index is based on non-economic dimensions of social activities in terms of:  
15 provision of access to basic knowledge, information, communications, health, and ecosystem  
16 sustainability, which together constitute the basis of well-being and realization of  
17 opportunities (in terms of personal rights) for personal freedom and choice, tolerance and  
18 integration, as well as expanded education.

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20 ***Index terms***—

21 I. Endogenous Nature of Socialization as a form of Social Progress he Enlightenment produced the idea of social  
22 progress as a process that has a social dimension. Theoretical interpretation of social progress is attributed to  
23 the abbot of Saint-Pierre (1737 -France), whose contribution was analyzed in detail by A.Fet. Social progress has  
24 not only a social but also a personal dimension and represents a progress of personal selfdevelopment. While the  
25 social progress of society is associated with such social values as freedom, equality, security, etc., the progress of an  
26 individual is associated with its social component, with assessment of basic human needs, welfare, opportunities,  
27 which together allow to create the index of social progress, whose methodology was developed by a group of  
28 scientists led by M. Porter and presented in 2013 at the UN Ministerial Forum. The Social Progress Index  
29 is based on non-economic dimensions of social activities in terms of: provision of access to basic knowledge,  
30 information, communications, health, and ecosystem sustainability, which together constitute the basis of well-  
31 being and realization of opportunities (in terms of personal rights) for personal freedom and choice, tolerance and  
32 integration, as well as expanded education. The index of society's social progress, as such, is interpreted as the  
33 society's ability to meet people's humanitarian needs, to build a basis for individual citizens and communities to  
34 maintain and improve quality of life, and to create conditions under which everyone can meet their urgent needs.

35 The mechanism that enhances social progress operates primarily through social interactions that occur in  
36 society via the functioning of broadly branched institutions of socialization, which are socially significant forms  
37 of interaction. The degree of density and intensity of interaction in socially significant institutions of socialization  
38 determines, in the end, the level and dynamics of the accumulation of the individual's opportunities, knowledge,  
39 and experience. Together, they are components of the productive force of labor, which transforms reality in  
40 accordance with the social essence of man, who has such exceptional features as consciousness, mind, and  
41 creativity.

42 Social interaction means processes whose action in society, on the one hand, socializes the economy in  
43 accordance with human interests, and on the other -socializes the individual. Socialization of the individual  
44 is a means, as well as an accessible and continuous source of knowledge, skills, and ability to interact in society  
45 on the principles of public access and creative self-realization throughout life. As a result, the archetypes of  
46 individual behavior are preserved and developed due to the universal possibilities of socialization. The latter  
47 ensures emergence not only of people's skills for productive activity, but also of social innovations, which, like  
48 the birth rate, are endogenous.

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49 Socialization is a socio-psychological way of influencing the individual's consciousness, and, since, according to  
50 Yu. Habermas, the individual's socialization ensures his economic activities in society, economic development as  
51 a process, almost exactly according to Boulding, occurs almost entirely in the human mind. One can agree with  
52 this statement because economic development includes people's subjective activities, which are the result of their  
53 conscious activities. In turn, the person's internal psychological that is formed as a result of internalization takes a  
54 pronounced form through exteriorization. Exteriorization of internal potentials formed as a result of socialization  
55 comes into conflict with the surrounding social environment. The result of resolving this contradiction is social  
56 innovation. Socialization occurring with the help of internalization forms in each subject an individualized  
57 character reflecting the existing features of the social environment.

58 Socialization whose components are quite diverse, encompasses society, the state, business and public  
59 organizations, and forms a social reality and at the same time is a means of realization of this very reality,  
60 thus combining the process and result. Socialization, as a process, first of all, is a sociopsychological means of  
61 assimilating both images and patterns of human life and behavior. Such socialization is a process of socialization  
62 of the individual. At the same time, the result of socialization of the individual can be manifested as development  
63 of new ideas, methods, and mechanisms aimed at solving the individual's socio-economic problems in terms of  
64 health care, education, combating poverty, alcoholism, homelessness, etc. This aspect of socialization combining  
65 its results and relevant initiatives is associated with the improvement of individual's social status, and represents  
66 a traditional way to engage mechanism of combating social ills in terms of poor living standards. This is all  
67 characteristic, first of all, for welfare state. In our case, we are talking about those ways of socialization and  
68 corresponding social innovations, which involve renewal and revival of the life of the individual or individual team,  
69 who in turn generate initiatives. The latter are due to social innovations that emerge as a result, as mentioned  
70 above, of resolving the contradictions between the individual's internal potentials and the surrounding social  
71 environment. Social innovations of this nature, being implemented in public life, create not only the ability to  
72 act, which in itself is a competitive advantage of the individual, but also the ability to generate social innovations.  
73 The latter is another form of accumulation of intangible assets, which are known to exist in the form of human  
74 capital skills. Such skills are competitive and exclusive, which characteristics together are perhaps the most  
75 important conditions of endogenous nature in the model of economic growth. Human capital skills are intangible  
76 assets whose combined use can yield significant economy.

77 Socialization in the economy means at the same time three things:

78 ? Development of human abilities necessary for productive activities, ? Transformation of the nature of work  
79 in the process of human development, ? And redistribution of the created product in order to reduce inequality  
80 and attain justice (in the interests of man).

81 In the process of internalization and exteriorization, man creates an economic reality that begins to dominate  
82 him. This is a phenomenon of alienation, while socialization is a process of "removal" of alienation, and this is  
83 the highest sense of socialization, relative to all the above mentioned ones.

84 "... the interaction of society and the individual as a process of socialization transmits through this process, and  
85 the individual learns and transforms norms, values and patterns of behavior. Reproduction of the social occurs  
86 in the actual unity of traditions and innovations, and as a result "other" is formed in the mind" (Bogdanova,  
87 V.V. 2009) According to J. G. Mead, reproduction of the social occurs in the actual unity of traditions and  
88 innovations, as a resulting phase of socialization. Such is the algorithm of functioning and reformatting of the  
89 social due to the formed "other". According to T.Ford, an individual who resolves the contradiction between  
90 internal potentials and the social environment tries to create and change sociality based on social innovations  
91 as deviations from the strict repetition of previously learned norms and values. Ultimately, this means social  
92 evolution. Regarding social interaction and, accordingly, social evolution, J. Habermas wrote about a principles  
93 guided moral consciousness shaped under the action of recursive traditions and standards that in turn changes  
94 the pattern of socialization. Presently, we realize that every innovation, including social, has not only positive but  
95 also negative consequences. The entity that generated and initiated it in the process incurred certain costs, which  
96 should be compared with the expected benefits. In addition, a positive result for one entity can incur losses for  
97 others, so there is a problem of comparability of costs and results, which market interaction can and really does  
98 successfully solve, if the ownership relations according to the condition of Coase's theorem are properly regulated.  
99 Otherwise, the imbalance will be resolved with the help of state institutions by other means of regulatory policy.

100 The ability of an individual to live both in society and in economy, and his ability to generate social innovations,  
101 which are formed as a result of socialization is both competitive and exclusive. Paul M. Romer mentions the  
102 function of rivalry that makes human capital exceptional. "Conventional economic goods are both rivalrous  
103 and excludable. They are privately provided and can be traded in competitive markets". (Romer, 1990) And  
104 so is human capital (resulting, among other things, from the implementation of knowledge and skills through  
105 socialization and social innovation)." Using the appropriate preconditions created in the model of growth with  
106 endogenous technological changes, the socialized personality generates social innovations which, as in the case  
107 of technological actions arise "in large part because of intentional actions taken by people who respond to  
108 market incentives" (Romer, 1990) Therefore, there is every reason to believe that the model in which individual's  
109 deliberate actions are performed as a result of his social actions (which are a form of intangible knowledge), is a  
110 model of endogenous social change. Socialization and social innovations as mentioned above cannot be considered  
111 as non-competitive or nonexcluded, because in our case they are sold privately and can be traded.

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112 The quality of human capital to which the endogenous model of economic growth is sensitive is not only the  
113 result determined by systemic education, the state of markets, etc., but also, as shown above, the socialization of  
114 the individual and social innovations that at the socio-psychological level have partial excluded nature, because  
115 "The process of socialization involves, above all, some qualitative advancement of man in culture, as a result of  
116 which he finds the necessary experience and properties that allow him to take place in the space and time given  
117 to him as a whole and unique personality." (Sikorskaya L.E. 2009) personality has the property of exclusivity and  
118 can be realized in the labor market in accordance with his so-called unique qualities, which are formed partly  
119 (and sometimes exclusively) as a result of socialization.

120 We proceed from the statement that social innovations and social technologies have, like technological  
121 innovations, the property of exclusivity, which is an indisputable condition of the endogenous model of economic  
122 growth. The exclusivity of social innovations and innovative social technologies is also proved by the fact that users  
123 of these technologies cannot be deprived of the opportunity and right to consume benefits in the form of social  
124 innovation, which is generated them and not used by them. For example, this may be an innovation generated  
125 by an individual, or one developed by a workforce or group. In the way of the spread of social innovations, there  
126 are so-called distribution barriers, which are similar in form to the so-called mobility barriers that protect against  
127 competitors. Barriers to the spread of social innovations are the presence in their creators of stable characteristics  
128 obtained individually in the process of socialization due to differences in the social environment. They include,  
129 for example, regional and sectoral differences and many, many others. Such exclusivity is often in itself a barrier  
130 to overcome which is necessary to spend time, organize specialized training, and raise resources, which together  
131 can be incomparable with the obtained gains. To some extent, exclusive innovations can include even those  
132 made within the policy of the welfare state, which realizes certain public good via social innovations, which are  
133 mastered or being mastered by an individual through one or another way of accessing the good, which generates  
134 innovation. Note that public goods are not always and everywhere available in full, even to those who need them.  
135 They become available to most members of society only over time, and sometimes only in the long run.

136 During training, retraining, participation in master classes, etc. in addition to acquiring professional skills,  
137 socialization processes also take place. Thanks to the latter, the individual has the opportunity to take a higher  
138 place in the social hierarchy and act in a social group with a real opportunity to realize his abilities resulted from  
139 socialization. In this case, social benefit obtained through social innovation as a result of socialization is partially  
140 exceptional. And so are social benefits obtained via technological innovation, which in Romer's theoretical model  
141 makes it possible to ensure endogenousness in the model of economic growth.

142 Socialization, which occurs at every stage of society and results in social innovations, is similar to technological  
143 development, which is exceptional for most people in a particular period. This gives a monopolistic right to use  
144 it; and only over time, socialization becomes public, and at the same time implemented at the discretion of the  
145 individual person. In the same way, social innovations only over time become generally available as a result of  
146 a new stage of socialization, which contributes to social development due to the complex and socially organized  
147 structures in society, which represent the institutions of socialization. Previously the author revealed common  
148 and different trends in the activities and development of socialization institutions in Ukraine and in the European  
149 Union in 2010-2011.

150 Secondary socialization of an individual is an endogenous phenomenon, as it is a consequence of his choice  
151 under the influence of circumstances and conditions that vary depending on the hierarchy in society, or service  
152 hierarchy, or his origin, of his residence, etc., which change social environment. Man, by investing resources in  
153 his knowledge, uses the opportunities of the new living space to which he has moved. Due to this change, but  
154 not only, a person has the opportunity to generate both ideas and/or actions.

155 It should be noted that during the life of the individual, the nature of the uniqueness of social innovation is  
156 formed and maintained, the results of which are used by the individual in the group, who generated the idea  
157 and realized the opportunity to generalize the experience of group life. And then, through social interactions,  
158 knowledge and emotions are transmitted, and there is an opportunity to use this innovation. Social innovations  
159 are based on sociopsychological basis and significantly differ from physical innovations. The latter, as is known,  
160 through the patent give the innovator the right to develop production based on the use of his invention, which  
161 is reflected in the endogenous model of economic growth. Social innovations are not patented, but this does  
162 not mean that they do not have the character of exclusivity, which can not be used in the labor market by the  
163 individual. The latter has the opportunity to perform activities in his interests, including self-affirmation, at  
164 least for work based on non-standard opportunities generated and demonstrated by him.

165 Society, the state, and business, in contrast to the patent approach, for the deployment of new activities based  
166 on physical innovations, recognize individual's social innovations and enable him to take advantage of them.  
167 Such opportunity is realized by providing him not only standardized abilities, i.e. those required by particular  
168 activity, but also opportunities of an exclusive nature for completing this activity. This creates the individual's  
169 competitiveness in the labor market and gives him the possibility to use it not as an open but a closed source.  
170 Innovations that have a social purpose are not patented as are physical ones, but in socio-psychological terms  
171 are intangible and can be successfully used in the market because they are one of the intangible assets.

172 Continuity of socialization of the individual in society is achieved by its secondary component, which allows him  
173 to join the process of mastering skills without the so-called separation from production. This makes it impossible  
174 to fall. As a result, there is an effect of interaction in the synergetic interpretation and synergetic Volume XXI

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175 Issue II Version I 27 ( H ) manifestation, because, as proved by E. Glaser, team members in the process of  
176 interaction (or cooperation) maximize their individual incomes making such interaction useful. Each of them,  
177 according to game theory, optimizes interaction, maximizing the effect of interaction that occurs when there is  
178 inclusiveness and its corresponding institutions. Otherwise, extractivity allows a particular group to benefit, and  
179 creative activity goes into the shadows without creating new technologies (including social ones) thus hindering  
180 economic growth. The question of the content and role of institutional change and related reforms, in particular  
181 in the natural state with limited access (since they play an important role in economic growth) was considered  
182 by the author in his previous works.

183 The above allows us to say that the process of socialization and, accordingly, "learning in the process of life  
184 in society" is an important addition to K. Arrow's theoretical concept of "learning by doing" (Arrow, K. 1962),  
185 which overcomes the declining return that gives endogeneity to economic growth models. The above allows us  
186 to talk about the endogenous nature of economic growth through skills acquired as a result of socialization that  
187 occurs in the social space.

188 Social norms are not inviolable, but, on the contrary, are variable, which creates a potential for development  
189 of the social field, where culture plays not the least role. Since cultural heritage is a long-lasting phenomenon,  
190 omitting from the content of the reform policy the conditions created by cultural heritage put such a policy on  
191 the path to failure. "A typical mistake of reformers (hence the economic downturn and instability of growth -VH)  
192 is that they try to introduce advanced institutions that do not meet the technological, resource, cultural, political  
193 or institutional constraints. As a result, transplanted institutions appear to be dysfunctional; while deforming,  
194 they create institutional traps that hinder further development." (Polterovich, V.?. 2016)

195 The failure of the reforms that have taken place over recent 30 years, in particular in Ukraine, is fundamentally  
196 related to the inconsistencies in the cultural areas of the countries chosen as a model and stage of human  
197 emancipation. K. Weltzel's research on this topic showed, in particular, that Ukraine, which belongs to the  
198 Orthodox Union, is at the lowest level of the three possible so-called grave ones, which corresponds to a moderately  
199 low stage of human emancipation. At the same time, most European countries, whose experience was used to  
200 select components of reform policy, are in the prosperous stage. These are the so-called countries of the Old West  
201 and the countries of the Reformation West.

202 To further clarify the impact of such differences and opportunities for their use for socio-economic development  
203 of Ukraine, the Institute of Economics and Forecasting, where the author works, in 2014 completed the project  
204 on "The socio-cultural dimension of Ukraine's modernization". This project analyzes the cultural dimensions  
205 of society in accordance with the approach of G. Hofstede. According to the results of the analysis of indexes  
206 and a number of macroeconomic indicators, we obtained results that indicate a significant impact of cultural  
207 values on the nature and success of modernization. In particular, the long-term orientation inherent in Ukrainian  
208 culture can be used to build institutions conducive to the growth and reproduction of human capital. However,  
209 the high distance of power (an indicator that characterizes how great inequality in the distribution of power the  
210 natural subjects in social institutions and organizations expect and agree to accept -VH) and the predominance of  
211 collectivism (an indicator that characterizes the degree of personal responsibility -VH), and, to a lesser extent, the  
212 very high avoidance of uncertainty calls into question the rapid rise in economic productivity and the establishment  
213 of democratic and properly accountable political institutions.

214 Based on the fact that such a result of reforms reflects the long-term dependence on cultural heritage, it is  
215 further important to assume that reforms should focus not only on the economy, which is only part of the social  
216 system, but on those changes that develop individual consciousness. The formation of consciousness is under  
217 the direct influence of socialization that occurs via appropriate institutions, which is especially important in  
218 transitional societies where the role of the state and civil society is significantly changing, especially in terms of  
219 their impact on socialization. This will be discussed in the next section of this work.

220 For transitional societies that are transformed, as a rule, activities that do not meet the requirements of the time  
221 are typical, especially in Ukraine, because the old institutions no longer operate, and new ones are not yet formed,  
222 or they are characterized by extractive activities. This is a long-term process associated with the internalization  
223 of the human psyche, which results in the assimilation of external social standards (via socialization). We must  
224 take into account that economic development, resulting, among other things, from conscious individual activities  
225 can intensify if the country is dominated by inclusiveness. The initial conditions are "... secure private property,  
226 an unbiased system of law, and a provision of public services." (A?emoglu D., Robinson J. 2012) In observing  
227 compliance with the relevant conditions, the leading role is played by the state, which creates an environment  
228 for gradual revival of initiative to boost innovation based development with the use of social innovations. The  
229 effective operation of socialization institutions is influenced, on the one hand, by the historical traditions of public  
230 life, and on the other hand, by the state and civil society. This will be discussed in the next section of this article.

## 231 1 II. The Influence of the State and Civil Society on Socializa- 232 tion

233 The author of this article first wrote about the real state of affairs in the formation of civil society and the  
234 possibility of using its resources for economic development in 1995, considering the formation of a model of

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235 statehood and prospects for the development of civil society taking into account internal and external economic  
236 and political factors, in particular in Ukraine.

237 Public policy, in particular in Ukraine at present, is mainly influenced by groups for which the interests of  
238 the consumer predominate in words, but real policy is controlled, according to P. Heine, by the interests of  
239 the producer. This means that public policy is determined not so much by public interests as by an infinite  
240 row of exclusively private interests. At the same time, due to the existence of selfish interests of civil servants,  
241 it becomes clear why the formation of private property in Ukraine occurs with a constant violation of public  
242 interests and in favor of the official establishment. The latter is often motivated to privatize the state itself. As  
243 a result, the system-forming factor that underpins the democratic coexistence of the state and civil society is  
244 strongly influenced by private interests, which are often contrary to public interests. Under such conditions, the  
245 development of civil society and of statehood are influenced by a dominant negative strategy, while economic  
246 growth does not receive a stable resource in the form of social progress and related social innovations.

247 It is often believed that in order to create conditions that would ensure the development of trends that make  
248 the above mentioned negative situation impossible, it is necessary to regulate everything with the help of laws.  
249 Attempts are often made to put this into practice, but, as our experience shows, the power of private, selfish  
250 interests of both the state establishment and business is much stronger. Besides, the generalized experience  
251 (acting as a theoretical postulate, as it originates from the practice of prosperous countries, from the rights and  
252 freedoms of citizens and from statehood) shows that in general attempts to regulate all processes are futile. On  
253 this occasion, Alexis de Tocqueville writes in *Democracy in America*: "There is no country in the world in which  
254 everything can be provided for by the laws, or in which political institutions can prove a substitute for common  
255 sense and public morality" [43 P. 141] (Tocqueville Alexis De. 1984). That is why socialization is a powerful  
256 source, which allows to overcome that part of uncertainty in public life, which can not be regulated by law.

257 The process of transformational change was dominated by the idea of liberalization, which in the social  
258 dimension democratizes life, and in the economy autonomizes and revives the behavior of individuals.

259 Due to the natural selfish interests of the individuals, their behavior, in particular in Ukraine, was materialized  
260 as much as possible and was motivated to easy enrichment. This led to the formation of the shadow economy.  
261 The individual obtained the opportunity, on the basis of his selfish interests to generate those "innovations" that  
262 allowed in the quasi-market environment to deviate from previously learned norms and values characteristic of the  
263 planning and distribution system towards the path of personal enrichment. Research on how the above processes  
264 affected the economy and its development, in particular, by R. Inglehart, gave grounds to a negative assessment  
265 of the evolution of the post-reform Russian society. A similar thing happened in Ukraine. The appropriation  
266 of wealth by the political and economic elite was the result of the accumulation, which was definitely unfair,  
267 especially in moral and psychological terms. As a result, extractive institutions were formed, which continue to  
268 dominate even after 30 years of transformation, as confirmed in our research on Ukraine that we have completed  
269 at the Institute for Economics and Forecasting of the National Academy of Sciences of Ukraine. The research's  
270 results state that, although signs of inclusiveness are present in more than 800 of Ukrainian laws, because of the  
271 poor practical implementation of those laws, in reality, extractivity still prevails.

272 For a large number of people in the new conditions, their previously acquired skills related to those institutions  
273 of socialization that were inherent in the ideology of the previous economic model, became unnecessary and  
274 unacceptable. Normal stability was lost. Rights and freedoms often became impossible to exercise due to their  
275 declarativeness or due to the inability of relevant government extractive institutions to ensure legal and economic  
276 stability in society. Citizens were caught in a vicious circle of uncertainty and unresolved issues. This is on the  
277 one hand, and on the other, there is a nostalgia for the past, as it sometimes seems that the old institutions and  
278 the content of social life were more understandable and effective.

279 Such expectations are irrational today, although the following data from sociological monitoring in Ukraine  
280 confirm their existence. In particular, sociological studies of nostalgia for the past in Ukraine showed that,  
281 answering on economic management in 2017, 28.0% of the population believed that it was necessary to return  
282 to the planned economy, based on state control and accounting. In 2002, such opinions were shared by 29.3%.  
283 That is, for 15 years the situation remained almost unchanged. In 2017, 56.9% were against the privatization of  
284 large enterprises, and 64.5% were in favor of returning large state-owned enterprises to state ownership. 63.9%,  
285 were against the permission to buy and sell agricultural land in Ukraine, and only in 2020 with great effort,  
286 strikes and political pressure the Volume XXI Issue II Version I 29 ( H ) law was passed allowing to create a land  
287 market in Ukraine with little-known consequences. 67.5% of the population do not hope for elections, because  
288 according to their opinion, the elections' results will not change their lives, although 59.4% of the population  
289 agree that democracy provides the greatest opportunities for a person. As for the behavioral standards, the  
290 share of respondents who believe that Ukrainian traditions and values are most close to Western European ones  
291 is 16.5%, 14.6% believe they are more Western European than East Slavic, more East Slavic than Western Europe  
292 -14.8%, and mostly East Slavic -19.8% of the respondents. In general, against this background, dissatisfaction in  
293 society is clearly increasing, which provokes tensions. This is the opinion of 55.9% of the respondents (Ukrainian  
294 society: monitoring of social change, 2017).

295 Sociological surveys of the Institute for Economics and Forecasting conducted in May 2020 showed that 69.9%  
296 of respondents believe that Ukraine is moving in the wrong direction, while more than half of respondents rated

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297 the political situation in Ukraine as tense (55.8%), and 14.1 % -as explosive, which together makes up a total of  
298 69.9% of respondents.

299 Ukrainian sociologists have shown in their research that there is a society without trust in Ukraine, and as  
300 for values, they are far from being postmaterialist. That is why, in our opinion, the movement in the opposite  
301 direction, according to R. Inglehart, did not lead to stable economic growth, while the institutional opportunities  
302 in this country are rather extractive than inclusive. The activities of such institutions are dominated by combined  
303 interests of the present government elite, the former party elite, and the establishment of formerly state-owned  
304 enterprises that have been privatized and continue to be privatized in their own interests. This was the part  
305 of society that was given the opportunity to appropriate material goods, mostly in illegal and/or immoral way.  
306 Later, on this basis, a system of corrupt control over the material and financial resources of the country was  
307 formed. These developments took place as a result of certain changes in the economy and social space.

308 Despite the fact that Ukrainian society and Ukrainian economy on the eve of reforms had a high, according  
309 to European indicators, level of education, and the economy was technologically quite developed and able to  
310 produce even world-class missile technologies and owned nuclear technology, subsequent market oriented economic  
311 development was unsuccessful. The main reasons for such a failure include social relations in the social space,  
312 which leads to the conclusion about the necessity of reorganization of the socialization institutions in Ukraine,  
313 whose content and nature were revealed by author in the previous section of this work and whose guidelines were  
314 substantiated by him in his previous works.

315 The question is legitimate: can technological acquisition positively affect economic growth in the absence of  
316 appropriate support for social capital, which is formed, among other things, as a result of socialization, which  
317 allows to learn standards and rules of conduct corresponding to the new socio-economic and societal life models.  
318 We find the answer in the works of Yu. N. Harari, who notes: "... The Chinese and Persians lacked technical  
319 inventions, like steam engines (which could be freely copied or bought). They lacked the values, myths, judiciary,  
320 and sociopolitical structures that had formed and matured over the centuries in the West and which could not be  
321 freely copied and quickly adopted. France and the United States quickly followed in the footsteps of Britain, as  
322 the French and Americans already shared key British myths and social structures, but the Chinese and Persians  
323 could not react so quickly because they thought and organized their societies quite differently" [31, p. 353]  
324 (Harari Y.N. 2016).

325 The social order that is the result, first of all, of socialization (though not only), which are realized through an  
326 extremely wide range of activities of socialization institutions on a mass scale, and are reformed rather slowly.  
327 As proved above, in Ukrainian society we are speaking talking about at least one generation, who will undergo  
328 the processes of socialization inherent to market relations in the economy and democratic freedoms in society.  
329 As a result, the conditions for stable economic development will be created, which will lead to economic growth  
330 with the use of opportunities beyond the technical and economic paradigm.

### 331 III. Socialization as a Way to Accumulate Social Skills to Work as a Source of Economic Growth

332 Assessments of the individual in relation to effectiveness of his actions are not exclusively an economic category,  
333 because they are both the result and the feeling of change in his condition, social satisfaction, and social well-  
334 being. In reality, studies on the formation of the index of social progress, in particular in 2019, showed that  
335 "... the relationship between economic development and social progress is not linear ... the world as a whole is  
336 unfavorable in many aspects of social progress in relation to economic resources measured in GDP per capita ...  
337 " (Social Progress Index 2019).

338 Under such conditions, the individual throughout life will reduce the feelings of dissatisfaction if he has not  
339 only a constant desire, but also a real opportunity to be included in the continuous process of social life, because  
340 the factors determining the dynamics of social progress are largely beyond economic development. This is due to  
341 the fact that because to internalization, i.e. the transfer of external Volume XXI Issue II Version I 30 ( H ) level  
342 (social forms of activity) to the internal level (the formation of human psyche, internal patterns of activities, etc.)  
343 a cultural form of personal behavior is created. The latter first emerges as a form of imitation and cooperation  
344 with other people. This is exactly what is characteristic of socialization. In Durkheim's sociology, internalization  
345 was first considered as an element of socialization, because as a result of internalization, the human psyche  
346 is formed and socialization of the individual takes place (among other things, as a result of activities of the  
347 individual who generates social innovations). It is through socialization that dissatisfaction is reduced and the  
348 individual's condition is improved.

349 A number of studies, in particular, a Cathy O'Neill's work are the evidence base for assessing the practical  
350 significance of socialization, in particular, as to on the results of economic activities. To the above we can add the  
351 results of studies cited by M. Janhonen and JE. Johansson. They testify "... that through interpersonal social  
352 interaction, the diverse knowledge and experience of people from different functional areas can be collected,  
353 integrated and used to perform specific tasks. It follows that the structure of a team's social networks can be  
354 an important indicator of its efficiency" (Janhonen M. and Johanson J.E. 2011) and accordingly further argue in  
355 the same work that the communication network can support the process of socialization and thus, according to  
356 Cathy O'Neill, increase the team's efficiency.

357 Undoubtedly, the success of a competitive strategy for an individual business is in the maturity of its  
358 development. Besides, it is important to use intrinsic motivation to encourage employees by welcoming  
359 greater socialization among employees, which is emphasized by O'Neill. In our opinion, encouragement for

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360 greater socialization should be carried out throughout the life cycle of business, because the implementation of  
361 internalization, i.e. transition from the outside to the personal psyche, leads to exteriorization. As a result, the  
362 individual's inner psychological life obtains an outwardly expressed form of existence, and thus he is preserved  
363 as employee who does not leave the company, but continues to participate in maintaining competitiveness and  
364 supporting business development. In fact, the author of the competitive strategy essentially argues this.

365 Due to the process of socialization, which is, according to Durkheim, the result of internalization, the company  
366 has personal and psychological barriers indicating that the difficulties of leaving the business, according to M.  
367 Porter, are not related to purely economic factors, but indicate psychological attachment and business devotion.  
368 And this, among other things, is the result of socialization, because as a result, the individual masters the  
369 standards, values, and culture, which are inherent in the company and its management and which strengthen  
370 cohesion.

371 It is important to note that the results in the development of a single business are achieved by various  
372 methods aimed at the expanded reproduction of its capital, including through the accumulation of both material  
373 and intellectual and spiritual values, while qualitatively transforming them. Business functions largely due to  
374 socialization, which allows to consider the latter a form of intangible asset. Socialization (to a great extent as  
375 a form of organization) actually provides necessary developmental change within a business entity affecting the  
376 personnel's behavior and thinking. Such an evolution provides a basis for the development of appropriate models  
377 to forecast the effects of socialization in the development of both the individual organization and economy as a  
378 whole. The latter is the subject of the author's further research.

379 The process of socialization of the individual, within the activities of an individual organization, as evidenced  
380 by examples in the researches, can be seen as a way to accumulate the ability to productive activities and,  
381 accordingly, increase their efficiency, which allows the subject to obtain the so-called producer effect. Since the  
382 processes of socialization are continuous, if socialization is institutionalized or is undergoing institutionalization  
383 in the social dimension, economic growth has a permanent effect of influence. The subject in the process of  
384 socialization gets the opportunity to realize his potential in the market, which has expanded for him due to the  
385 emergence of a new position that can ensure success and thus provide access to increasing his income and income of  
386 a particular business. They also grow for the individual, as they satisfy useful motives and personal interest and,  
387 accordingly, promote endogenous economic growth through the use of socialization methods. Thus, socialization  
388 is a set of ways to form the transfer, assimilation and accumulation of opportunities for both conscious and  
389 subconscious life, relationships and interactions of people, including the formation and development of abilities  
390 capable of generating social innovations that are formed and mobilized in addition to labor and physical capital  
391 as an intangible asset to serve as a source of economic growth.

## 392 2 IV.

## 393 3 Closing Remarks

394 I have tried to expand my understanding of how, among internal (endogenous) factors, socialization as a process,  
395 and as a result, affects economic activities and, consequently, economic growth. An expanded understanding  
396 of the endogenous nature of the driving forces of economic growth in this direction is necessary, first of all, to  
397 improve further reforms and relevant socioeconomic policies that will overcome such cultural features, including  
398 those of the Ukrainian society, as Volume XXI Issue II Version I 31 ( H ) alienation and high distance of power,  
399 as well as the dominance of collectivism and the desire to avoid uncertainty, which limits the manifestation of  
400 individualism and initiative among the general population in market conditions.

401 The population, purposefully socialized in society, is reoriented to minimize both these and other limitations  
402 characteristic of the nation's cultural code, which allows not only to overcome the long-term inertia of civic  
403 culture, but also to achieve its inclusiveness and accumulate social skills as invisible assets serving as sources of  
404 economic growth. <sup>1 2 3</sup>

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<sup>1</sup>( H )

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### 3 CLOSING REMARKS

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