Changes in the Understanding of Religious and Cultural Components of Human Capital

Askadula Sabirov
Department of Philosophy and Sociology, Elabuga Institute of the Kazan (Volga) Federal University, Elabuga, Russia

Konstantin Sokolovskiy
Department of General Subjects, Humanitarian and Technical Academy, Kokshetau, Kazakhstan

Egor Gromov and Lilia Sabirova
Department of Philosophy and Sociology, Elabuga Institute of the Kazan (Volga) Federal University, Elabuga, Russia

Abstract: This research identified structural differences between the religious and cultural components of human capital in Western and Russian intellectual traditions and created a specific holistic structural conceptual framework based on which further research can be carried out, or decisions can be made about determining human capital for scientific and public policy purposes. Experts selected research texts for examination, and their structural-semantic analysis was used as a research method. A group of 32 authoritative Russian university experts was formed to select the most significant and influential studies of Western scholars on human capital and changes in the attitude towards assessing its religious and cultural components. The selected works were analyzed to determine common concepts for which semantic relationships were established. As a result, a structural diagram of Western research's main ideas concerning the religious and cultural components of human capital was created. Among the totality of basic ideas that define the Western paradigm, there is a generally negative assessment of religiosity as a component of psychology that influences productive forces; a high level of religiosity is rarely correlated with economic prosperity and is not necessarily associated with high levels of morality or health. The novelty of the study is due to the fact that so far no attempts have been made to highlight the most important features of the Western paradigm of understanding the role of a religious or cultural component in the development of human capital and to apply it to determine the differences and possible strategies for the development of the individual economy (in our example, the Russian one). The paper also analyzed the essence of the contradiction between Western and Russian concepts of human capital. This study could serve as a foundation for further developing a strategy for identifying and using human potential to determine public policy for cultural and economic development.

Keywords: cultural values, economic development, human capital, religious values.

1 Correspondent Author E-Mail: sabirovask@rambler.ru
Introduction and Literature Review

Human Capital and Its Concepts

According to humanist ideals, the central priority of state policy of any modern country is the welfare of the society reflected in the development of the economy. The understanding of changes in human capital is crucial for designing domestic and foreign policies. Currently, a shift of emphasis is occurring from human capital as a means and motive of the innovation economy to human capital as a target of socio-economic activity. From this perspective, the upward changes in the potential of human capital and its dimensions represent the fact that national and social development efforts are focused on human well-being (Nemeth, 2017).

This study is not intended to address how the religious and cultural components of human capital manifest themselves. It focuses on the hermeneutic aspect of identifying the essence of the concepts that describe this connection and on assessing their applicability and benefits in the Russian context and possibly in the context of developing countries as a whole.

The study uses the concepts of "Western thought" and "Russian thought" in the meaning of the existing system of concepts, views, research methods that are characteristic of research carried out in Europe and the United States and, accordingly, research carried out by Russian and Soviet scientists and published by Russian scientific publications. As will be shown, these two paradigms of thinking in the field of defining human capital exist and differ from each other in several essential conceptual ideas.

The idea of human capital was generated in the 1960s and became a part of the established conceptual framework describing an economy. Although the idea facilitates the correlation between religiosity and eco-space factors, Western authors tend to overlook this relationship. Human potential has been considered within the framework of quantitative research, which made it possible to empirically measure the impact of various factors such as labor productivity, investment in education, and work stability (Nemeth, 2017). Many authors who have studied economics and human capital development in Asia and Latin America insist that linearity is a false route to explain the relationship between human capital and the economy because of cultural differences (Hayek et al., 2016; Watson, 2016). Indeed, recent studies have shown that changes in human capital are region-dependent and should be considered about local characteristics (Marginson, 2019; McCleary & Barro, 2019).

Until now, studies on the religious and cultural components of human capital and the concept of human capital as a whole most do not contain elements that can be further compared. Scientific papers are predominantly devoted to understanding and using human capital in the context of various cultures and the interpretation of the characteristics of a particular discourse. For example, Western studies do not consider any concepts developed in East Asia, the Arabian Gulf, and other regions that are different from the Western ones. At the same time, human capital is crucial for the practical formation of national economic and social policies in all countries. Its discursive differences affect the implementation of the current state policy in a particular area.

Consequently, it is essential to find common views and develop methods for adapting advanced concepts in different national discourses. This study is intended to fill this gap in research concerning the Russian Federation. The urgent need for such a review is caused by implementing the human capital concept in the Russian Federation’s legislation and economic life and the discussion arising around this introduction.

Human Capital Interpretations

Because the concept of human capital is rather narrowly interpreted in Western thought as an educational investment in a person’s job experience and skills, the concept in the process
of constant rethinking. In the wake of today’s social and economic development, multiple human needs emerge. These include, among others, approval in social networks, possession of electronic communication means, self-realization in managing one's own life and time, and achieving a longer life and stable health. Most of these needs are unrealizable and even unimaginable without technologies and opportunities that have emerged over the past three decades (Abdelmajied & Safijllin, 2018).

For this reason, the notion of human capital is supplemented with more and more new components based on new experience and skills of workers associated with a greater degree of social freedom, freedom of movement, access to information and an increase in the speed of learning, the spread of digital literacy, increased flexibility of thinking and mastering of several professions. (Andryukhina et al., 2020). Initially, the Theory of Human Capital implied that two factors, the marginal productivity of labor and earnings, drove investment in education (Marginson, 2019). Investments in human capital have a more significant impact on non-managers, rather than individuals holding a management position as it increases skills and develops the capabilities of personnel, which increases their value and level of earnings (Hayek et al., 2016; Watson, 2016). However, such a linear understanding failed to withstand criticism and explain the current relationship between education and labor productivity. Previous research has shown that high earnings are generally not associated with education investments (Bilan et al., 2017). Studies on the human capital outside of the Western cultural context indicate that labor productivity is only a partial mediator in developing human capital.

The economically oriented misconception of human capital implies that human economic behavior follows a linear pattern. However, studies have shown that this behavior varies in response to many variables. The most meaningful among them are cultural and religious components of the human experience (Abdelmajied & Safijllin, 2018; Marginson, 2019; Nayar & Wright St.Clair, 2020). Belonging to a specific culture and religious communities can dictate values and needs and the primary choice of methods to satisfy those needs. The influence of these factors should not be made absolute, but they show the potential to define how national economies differ in terms of development and strength (Abdelmajied & Safijllin, 2018).

**A Religious Component of Human Capital in Western Thought**

The possibility of including a religious component in the context of human capital is controversial, which many European and American researchers of the phenomenon of human capital dispute (Paul, 2009; Stastna, 2013; Beck & Gundersen, 2016; Portilla, 2019). In the Russian cultural discourse, the concept of religious values, as a potential component of human capital, is understood as a synonym for cultural (humanist and moral) values. Korchagin (2012) emphasized the importance of the influence of Orthodox Christianity on the formation of the national culture and mindset and gave insights into the history of this process. Another illustrative example in this context is Pivovar (2014), where the potential revival of religious values (as values primarily of the national culture) is also given considerable attention. The author insists that the human capital concept is gaining attention within the context of the Russian economy and society.

An increasing number of Western scientists have investigated the correlation of religion and culture and the role of spirituality in a socio-cultural context as its creative component (Portilla, 2019). Some of them have underlined a more progressive effect of Protestantism on society’s economic development compared with Catholicism. The studies have focused on the impact of Protestant Christianity on the welfare of modern European countries and the social life of North and South America and have become more widespread (Beetham, 2018; Portilla,
2019). Hence, interest has grown in analyzing the relationship between culture and religion and their influence on each other (McCleary & Barro, 2019).

The relationship between a nation’s religiosity and its material welfare is also the subject of study in the Western scientific community. Starting from the last decade, many researchers have investigated the correlation between a low level of social development and a high religiosity level (Crabtree, 2010; Damian et al., 2018; Paul, 2009; Roser, 2013; Stastna, 2013). As the research material, these Western scholars use data from first world countries and states with developing economies.

Understanding human capital through measurable values is often faced with misunderstanding among scholars and leaders of countries with a high degree of religious commitment or a socio-economic theory that is not traditional for the Western academic world (Schipkov, 2018). In this alternative context, studies on the role of human capital performed by Western researchers often receive a negative assessment or may even be regarded as an attempt to impose a particular way of perceiving reality.

This state of affairs remains an extremely controversial issue that mostly lies outside the current research scope. In contemporary philosophy, there is a discussion between two main approaches to assess the effectiveness of the human capital: the Western one, in which the evaluation is primarily based on economic criteria, and the Russian one, which includes the use of moral factors (such as the value of labor, firmness of agreements, values of cooperation and mutual support). This division is conditional. It has historical roots and can be defined as two different paradigms of understanding the significance of the human factor in assessing the development of society and its productive forces. The split into Western and Russian traditions of evaluating human capital reflects the existing scientific knowledge concerning this matter.

To a considerable degree, academic works remain independent of each other in trying to make sense of the correlations between economic, moral-religious, cultural, and other spiritual factors. Over the past decade, many studies devoted to human capital development have been performed (Watson, 2016; Zimmer et al., 2019). In many sources (Gertner & Kitov, 2017; Goldin, 2016; Paul, 2009), these examinations are codified and compared. The analysis is carried out concerning the characteristics of individual countries or the interaction of the spiritual components of society and its well-being. The present paper offers a holistic concept of religious and cultural components of human capital in Western studies to provide a deeper understanding and structuring of conclusions, ideas, and hypotheses, rather than the existing works in this field.

Among the most challenging research issues are difficulties in formulating a study methodology to assess the role of moral values of a society in its prosperity and economic development. In the past, the values of societies were diverse, and prosperity was not always crucial (Mokyr et al., 2019). Even today, communities exist where economic growth and material well-being are not universally recognized as significant (Beck & Gundersen, 2016; Goldin, 2016). Western scholars often ignore this point of comparative ethnology and anthropology.

A Religious Component of Human Capital in Russian Paradigm

Russia has developed its own paradigm of economic thinking and beliefs on the role of culture and religion in socio-economic processes (Biniukova, 2016; Korchagin, 2012; Mamedov, 2012). To ignore these prevailing views means to create additional difficulties on the path towards socio-economic reforms. Therefore, this article lays the foundation for understanding existing studies concerning human capital from the viewpoint of current Russian traditions.

In recent decades, the importance of the cultural component in human capital and the inclusion of moral and ethical aspects in this sphere have prevailed in Russian discourse. The
concepts of human capital and human itself are separated. Russian researchers insist on integrating cultural values to improve the quality of the country’s human capital because investments in culture and art in Russia are significantly lower than in developed countries.

The empirical study of factors defining the impact of human capital on economic, political, and social spheres provided researchers with the understanding that the cultural and religious dimensions of the human capital were the major force of influence (Bilan et al., 2017). This fact naturally leads to consideration of this phenomenon from an appropriate point of view. Gertner and Kitov (2017) expressed a need for a philosophical and cultural approach to studying human capital, and they demonstrated the prospects for analyzing this phenomenon in the specified context. In turn, Mamedov (2012) recommended using the Cultural Pyramid method to investigate the cultural influence on human capital.

Today, the question about what criteria can enhance cultural and religious investment in social capital remains not fully disclosed in Russian or world philosophy. Examples of harnessing the potential of such cultural investments to introduce significant social change are already presented in several studies (Mutiyev et al., 2018). However, their effect is still unexplored. This research aims to identify such understanding the structure and components, particularly religious and cultural, of human capital in Western thought, that could be used effectively in specific Russian conditions for the benefit of society. The novel contribution of the research is the definition of a significant contradiction between the prevailing Western and Russian paradigms of understanding cultural and religious components of human capital. This knowledge is necessary to formulate the general principles of the social and economic policy of the state and its strategic priorities.

Research Structure

This paper is organized as follows. The introductory section provides a brief overview of the human capital concept and its historical background necessary for further research. It also presents various interpretations of human capital, the history of its study, its understanding from the perspective of different countries, and the assessment of the role and place of the religious and cultural components in this concept. The methods section describes the principles for selecting the works, and the methods for analyzing their key ideas are outlined. The results and discussion section reviews the central ideas extracted from the texts and their structural relationships. Then, a framework of semantic connections between the main text ideas is graphically presented. The last section summarizes the study’s outcomes.

Case and Methodology

The starting point of the study was the contradiction between an absolutely positive assessment of the potential cultural and religious components of the human capital in Russia and their interpretation by Western European and American scientists. Concepts based on fundamentally different approaches were comparatively analyzed to identify changes in the understanding of human potential. These concepts emerged in distinct political and economic contexts and reflected different relationships between human capital (its cultural and religious components) and social processes. The study proceeded from the fact that cultural and spiritual values are positioned as axiologically synonymous concepts based on the morality principle and constructive ideals of humanism. This point of view is admissible if we proceed from an understanding that the religious tradition of Western countries and Russia was built around Abrahamic and Christian doctrines that have seen many years of deep interaction and information exchange. This fact makes the cultural context largely homogeneous and acceptable for research purposes.
The study included only those scientific papers that met the following requirements: a high citation rate; the work makes up the framework of modern research on human capital and its religious and cultural dimensions; the study discussion relates to the role of the religious component in generating human capital. Thirty-two Russian specialists in human capital who were teaching at 18 Russian universities were selected to select the most relevant in terms of influence on the Russian paradigm of understanding this study’s problem. These experts had been working on this issue for at least five years, had the title of professor, and had publications on human capital or related topics in scientific journals over the past five years. For further analysis of key ideas, only those works were selected that were unanimously recognized by all experts as grounded in and giving an idea of the main trends in foreign scientific thought against the research field for the last ten years. The study of the correlation of various countries’ welfare with their religious consciousness was particularly highlighted. Works were selected that were all experts highlighted, and, at the same time, met the requirements set out above. As a result, a total of 13 scientific papers were selected.

The study draws on the sources of selected authors, which are most often cited in newer papers by other researchers and which have not been republished at a later time. It is also important that the sources on which the study is based contain conclusions and ideas that their authors did not abandon in the future, and that did not undergo significant rethinking in their subsequent works. As far as they know, the approach proposed by the authors in the proposed form has never been used before and therefore requires further study and testing. This method is beneficial in that it allows, on the one hand, to minimize the field of the investigated sources, on the other hand, to explore the most modern sources that have recorded the valuable and most influential ideas underlying the understanding of a certain area of scientific interest.

Applying the methods of comparative and systematic analysis, the reconciliation of the central positions of these studies with further identification of the main trends in Western scientific thought was performed. In the studied texts, key concepts were highlighted, which are the final evidential result of the corresponding text. Experts defined key concepts. The key concepts identified during the analysis of the studied texts by individual experts were compared and, if there were differences in their understanding, were discussed until a consensus was reached on the understanding of such a key concept. Interpretation of the concept was considered acceptable if it were articulated as closely to the original narrative as possible. This process was used to generate a summary of the research results (see Figure 1).

Results and Discussion

Main Tendencies in Western Thought

The process of studying scientific papers revealed the following tendencies:

1. Four of the reviewed works (Crabtree, 2010; Paul, 2009; Roser, 2013; Stastna, 2013) formulated identical hypotheses and almost identical conclusions about the thesis: economic prosperity in the society is usually associated with a low level of religiosity and vice versa. The research of Baumard et al. (2015) was an alternative to these studies with an opposite thesis: economic prosperity leads to the emergence of morality and religions.

2. Five scientific papers (Beck & Gundersen, 2016; Damian et al., 2018; McCleary & Barro, 2019; Portilla, 2019) discussed the impact of religion on the economy and culture of the society. The following thesis unites them: the process of secularisation (lowering the level of religiosity) leads to the growth of the economy and welfare. In two works of this group (McCleary & Barro, 2019; Portilla, 2019), Protestantism was positioned as a decisive driving factor in this socio-economic process.
3. Subtopics supplemented the above two core research groups: 1) the correlation of religion and the moral health of the society, and 2) the influence of religion on the physical health of society members (Zimmer et al., 2019). Both works were written in a similar context. The main idea of the first-mentioned work was that a high level of religiosity in the country does not necessarily imply the moral health of society. The main idea of the second study was that religion is not always a guarantee of an individual’s physical health (arguments are given accordingly).


The Holistic Concept of Religious and Cultural Components of Human Capital in Western Studies

The current study considered the holistic concept of religious and cultural components of human capital in Western studies due to the analysis. The current proceeded from the definition that a concept is a complex of views on something phenomena related to each other and forming an interconnected system; it is a certain way of understanding, interpreting any phenomena in some field (Vinner, 1983). The concept determines the strategy of actions; the purpose of this study was to contribute to the formation of a strategy for solving the problem of the development and use of human capital. This study created a holistic concept as a complex of interconnected views and core interpretations of relations between welfare and religiosity that can be presented schematically (see Figure 1).

Figure 1
Main Conceptual Trends of the Latest Western European and American Studies
Thus, based on Western publications’ analysis, the study formulated the following fundamental theses that united their concepts:

1. Negative assessment of the phenomenon of religion and religiosity;
2. Religion can serve as a powerful factor influencing culture, economy, morality, and physical health, but there is no complete certainty that this influence will be positive; and
3. Today, the state of the development of democratic values in Russia cannot ensure the proper economic growth, which is related to the specific historical development of Russia.

**Living Standards and Religiosity**

Researchers of the last decade showed an inversely proportional relationship between living standards and religiosity. However, they focused exclusively on first-world countries and proved a persistently weak religiosity of their inhabitants. Paul (2009) centered on the statistical study of Second and Third World nations due to the peculiarities of their development. In Second World countries (post-Soviet states), a direct relationship between the level of welfare of the society and attitude to religion was infringed because of the dominance of atheistic doctrines.

According to the Gallup organization from 2009 to 2018, the same situation can be observed in 114 countries. Nations with low economic development are distinguished by the highest religiosity (Crabtree, 2010; Newman & Graham, 2018). From this perspective, the United States of America is an exceptional country, where high GDP is a good match for high religiosity. What is notable, according to the data above of the Gallup, is that most people belonging to nations of the former Soviet Union with a long-term dominance of an atheistic worldview (Russia, Estonia, and the Republic of Belarus) indicate an insignificant role of religion in their life. To the question Does religion occupy an important place in your life?, 34% of respondents from Russia and the Republic of Belarus answered positively, while in Estonia, their share constituted only 16%. Such dependency is relevant in all former states of the USSR.

Among them is Kazakhstan, which now is a secular state with a very high human development index (0.800) and with a GDP of $508.642 billion ($27.549 billion per capita). In Vietnam, religiosity was also suppressed. The outcomes mentioned above are supplemented by works that focus on not only the countries of the First but the Second and Third Worlds.

The assumption that developed countries are less religious and the development of the economy is inverse to the level of religiosity does not quite correspond to the observed data. However, the level of religiosity has undoubtedly been steadily declining throughout the entire period after the Second World War. Given the Gallup data for 2012 and the results of statistical calculations that Norris and Inglhart made (Paul, 2009) based on the information from the World Values Survey for 20 years, the level of religiosity in developing countries remains high. In conformity with these sources, in agricultural countries, 44% of the population attends church at least once a week. In industrial societies, their share equals 25%, while in post-industrial society – only 20%. Besides, from 1947 to 2001, the number of believers decreased by 33.6% in Sweden, by 19.9% in Australia, and by 7.2% in Canada (Stastna, 2013).

**Human Capital Development and Economic Growth: A Religious Component**

Given the relationship between human capital development and economic growth and prosperity, the expectation is that the high status of religious values as a component of human capital should also influence economic development. The Western paradigm considers
religiosity precisely as a component of human capital, which is directly measured by economic indicators and should be reflected in them, as the concept presented in Figure 1 shows.

As can be seen in Figure 2, most of the world's income is concentrated in Christian countries, and this trend will continue the correlation of the processes of secularization and economic growth (Navarro & Skirbekk, 2018). Researchers concluded that economic development is probably impacted not by secularization processes but by increasing tolerance towards human rights and achievements in higher education.

Figure 2
*Income Distribution by World Religions; For Two Periods*

The impact of Protestantism on society’s economic development is justified historically as more progressive than Catholicism (Portilla, 2019). Scholars believe that the central role of Protestantism is to shape democratic awareness based on personal freedom (Maira, 2019).

A common weak point of the mentioned concepts is that their authors ignore other factors of the economic welfare of the society and state, apart from cultural and religious ones. Furthermore, the reviewed works did not account for many other facts, such as, for example, sharp fluctuations in the economic growth of the United Kingdom in the 1970s – 1980s during the secularization advancement. Thus, the phenomenon of prosperous countries with a high level of religiosity remains insufficiently explained.

As for the United States, another version of the interpretation of this phenomenon exists (Provonsha, 2019). A high level of religiosity in the country is not always associated with a healthy moral climate. Interpreting the concept of a healthy moral climate concerning countries, this current study suggests a high level of life satisfaction, a relatively low crime rate compared to the average level among most countries, a low suicide rate, a stable but not necessarily high birth rate, and a level of expectations from life above the world average (Bennink, 2012). In European countries, the rapid economic progress with a relatively high level of secularization can be noted. Provonsha (2019) points out higher homicide rates and more frequent cases of early pregnancies and abortions in the more religious countries like the United States and Portugal, compared to the more secular ones – Denmark or Norway. Nevertheless, no statistics exist on the religiosity of the subjects with deviant behavior. Other factors influencing these phenomena (the nature of social differentiation and the number of firearms in circulation) were not analyzed.

**Conclusion**

The research results present a holistic cognitive model of understanding the religious and cultural components of human capital in Western thought. The essence of categorical differences in understanding the content of the concept of human capital and its structure in the Western and Russian research paradigm has also been established. A significant contradiction is present between Western scientific thought and Russian social and philosophical tradition regarding the interpretation of cultural and religious values as potential human capital components. As a result of an integrative study of general features of the works of researchers representing the Western model of understanding human capital, semantic relationships between the fundamental ideas were identified.

Within the present study, the scheme of the main conceptual trends of the latest Western European and American studies was created. This allowed highlighting the central differences in understanding the role of religiosity and cultural values as a component of human capital in Western and Russian scientific traditions. The essence of the contradiction between Western and Russian concepts stems from the thesis that the key effect of any investment in human capital should be the growth of economic well-being. In Russia, the prevailing scholarship assumes that the impact of any investment in any area should be assessed by numerous parameters, not merely economic indicators. The origins of this contradiction require additional research.

Throughout its history, Russia has witnessed a stable cultural duality: the intention of the Russian intellectuals to focus on Western European values contradicts the desire of most of the society to follow the path of original cultural development. The limitations of the study are manifested in the fact that the entire volume of scientific texts devoted to the topic of human capital or its components were not subjected to analytical research. Only a representative sample that had a significant impact on the comprehension of the concept of religious and cultural components of human capital were studied. Further research should expand the range of studies studied to include in it works on human capital, carried out by influential researchers
from Asia, Latin America, and other regions within their own scientific traditions. The practical application of the results lies in creating a conceptual framework for the formulation of general principles of the social and economic policy of the state and its strategic priorities.

**Research Limitations**

The study was deliberately limited to a selection of sources and did not set the task to cover the entire completeness of research devoted to the religious and cultural components of Human Capital. The study also used strictly limited econometric data, which require a broader comparative study in the context of the relationship between the level of economic development and the cultural characteristics of a country or a specific region.

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**Notes on Contributors**

Sabirov Askadula Galimzyanovich is a Doctor of Philosophical Science, Professor of the Department of Philosophy and Sociology, Elabuga Institute of the Kazan (Volga) Federal University, Elabuga, Russia. Research interests: human capital, religious values, socio-economic activity, human well-being, human potential.

Sokolovskiy Konstantin Gennadyevich is a PhD of Juridical Sciences, Associate Professor of the Department of General Subjects, Humanitarian and Technical Academy, Nur-Sultan, Kazakhstan. Research interests: human capital, domestic and foreign policies, public policy.

Gromov Egor Valerievich is a PhD of Philosophical Sciences, Associated Professor of the Department of Philosophy and Sociology, Elabuga Institute of the Kazan (Volga) Federal University, Elabuga, Russia. Research interests: human capital, religious values, socio-economic activity, human well-being, human potential.

Sabirova Lilia Andreevna is a PhD of Philosophical Sciences, Senior Lecturer of the Department of Philosophy and Sociology, Elabuga Institute of the Kazan (Volga) Federal University, Elabuga, Russia. Research interests: human capital, religious values, socio-economic activity, human well-being, human potential.