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INSTITUTIONAL AND CULTURAL FACTORS AS ECONOMIC DETERMINANTS

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Summary. Problems of the relationship and mutual influence of cultural factors on economic development are investigated in the article. It is noted that the motivation of economic behaviour is due not only economic interests but also the cultural teachings and philosophical values, which in turn

is the basis for the functioning of the institutional environment. This economic growth is explained by differences in economic institutions and features of the government's economic policy, focusing on cultural factors.

Key words: *economic development, institutions, institutional environment, cultural factors of economic behaviour.*

A large number of reputable economy scientists reasonably criticized neoclassical firms and households limited "rational thinking and behavior". After all, no doubt that business processes are continuously influenced with rules and regulations governed by cultural values. This is confirmed with many international cultural values research correlated directly with socio-economic indicators of economic development. It is noted that the relationship between cultural values and economic development is not a direct one-way and the same in different countries and in different time of economic history. Also it is important to consider the fact that countries are quite different in their history, in the mentality of population and specific culture, in view on the prevailing values and economic interests. Because of that a large part of the economic research community recognizes that the use of effective models of foreign economic transformation is more effective in the case of institutional adaptation to the cultural environment.

The purpose of the article is determined by the need of the following proposed research structural and logical elements analysis: economic behavior is not the independent factor of economic development, culture is one of the key regulators of the economy; through the mechanism of motivation, spiritual values and cultural norms really regulate economic behavior of firms and households and is a concrete benchmark of economic choice and rational procedures used in terms of achieving specific economic goals; defining the policy of economic development, stages of economic reforms must also take into ac-

count the socio-cultural, value features, economic mentality formed in Ukraine for long time, as the foundation, which has guided the market mechanism. And, within the very institutional approach framework the relevance and importance of cultural factors influence on economic behavior of firms and households research is marked and attention is focuses on the role of cultural factors in shaping the institutional environment in terms of economic revitalization of economic actors.

Being based on the research made, the success or failure of a country economic development should be explained taking into account such factors as: social and economic institutions and cultural factors as well as features of the state policy. The countries which the property rights are not specified well, which have excessive bureaucratic administration of entrepreneurial activity, which don't have responsible monetary and loans policies are not able to achieve stable economic growth. It is also needed to recognize that the basis of economic development are cultural factors that directly and significantly affect the "rules of the market game" that determine the nature of the interaction of economic actors and motivate their behavior in the use of resources and assets. At the same time in the economic activity research the following cultural factors deserve special attention: trust, cooperation, historical background of the political development of the country. The latter is of primary importance about the possibilities of restricting the government in its pursuit of opportunistic and rent-seeking behavior. And in conclusion we emphasize

that cultural factors are directly related to features of the institutional system for the generation, promotion and dissemination of scientific and technological innovation, which ultimately provides effective economic development. Finally, we emphasize that

cultural factors are directly related to the institutional system capabilities to generation, promotion, and dissemination of scientific and technological innovation which ultimately provides an effective economic development.

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