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## A Survey: Theory of Control and Welfare State Attitudes

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### Abstract

We emphasize the importance of informal institutions, namely trust and control, exploring the public's acceptance of the Welfare State reforms. While the concept of social trust is well elaborated, the concepts on control have remained omitted in economics. The aim of the paper is to provide a survey of psychological and sociological concepts on control being relevant for an analysis of Welfare State attitudes. The paper introduces and compares the concepts of fatalism, locus of control, self-efficacy and autonomy freedom. Finally, it suggests a coherent framework to control covering features of perceived control, agent-ends relations and competence.

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### 1. Introduction

Despite a long and intensive discussion about a future of the Welfare State in Europe, the “demand side” of the Welfare State, meaning the public's acceptance of the reforms, is still under-researched. Generally, three broad groups of factors can form people's attitudes to the Welfare State: individual self-interest, governance quality (formal institutional framework), and informal institutions. Pitlik & Kouba (2013, 2015) emphasize the importance of informal institutions, namely trust and control, exploring the public's acceptance of the Welfare State reforms.

Nevertheless, while social trust is the most frequent and traditional core belief within the thematic literature on informal institutions (Berggren, Elinder, & Jordahl, 2008; Bergh & Bjørnskov, 2011; Bjørnskov & Svendsen, 2012), the concepts related to control have remained surprisingly omitted in economics; in particular, when comparing it to psychology and sociology, where the theory of control has been developing thoroughly for many decades (Rotter,

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1966; Bandura, 1977; Skinner 1996). Despite this neglect, one can find particular economic papers where various derivatives from this concept of control have been used, nevertheless, in our point of view, usually not in an entirely systematic way.

Therefore, the aim of the paper is to provide a survey of psychological and sociological concepts on control being relevant for an analysis of Welfare State attitudes. In following sections 2 to 5, we introduce and compare four concepts: fatalism, locus of control, self-efficacy and autonomy freedom. In section 6, we suggest a coherent framework to control covering features of perceived control, agent-ends relations and competence.

## 2. Fatalism

Finding inspiration from sociology, we want to highlight *fatalism* as a rather promising concept regarding the matter of Welfare State attitudes. Whelan (1996) defines fatalism in a strict way as “a system of beliefs which holds that everything has an appointed outcome which cannot be altered by effort or foreknowledge”. Similarly, according to D’Orlando, Ferrante & Ruiiu (2010:10), fatalism “can be linked with people’s propensity to believe that their destinies are ruled by an unseen power – Fate – rather than by their will”. In sociology, there are two classical theories on the origins of fatalism: structural fatalism by Durkheim from 1897 (republished 1951) and cosmological fatalism by Weber (1930). Recently, using the WVS data, Ruiiu (2012) supported Durkheim’s idea that a more regulated society tends to be more fatalistic as well, which is a direct link to our story.

Regarding economic literature, other involved authors also state that *fatalism* is still a (surprisingly) neglected concept, in contrast to *sociology* (Ruiiu, 2012) or in contrast to *trust* within the literature on institutions (D’Orlando, Ferrante & Ruiiu, 2010). Close to our focus, although rather implicitly (an explicit stress on *luck*), the concept of fatalism can be identified in the texts on redistribution issues by Alesina (e.g. Alesina, Glaeser and Sacerdote, 2001; Alesina & Angeletos, 2005; Alesina & Giuliano, 2009). These papers point out, among other things, the strong positive correlation between the share of social spending on GDP and the share of people thinking that income is determined mostly by luck. This conclusion is again in accordance with our line of reasoning. Furthermore, D’Orlando, Ferrante & Ruiiu (2010) provide an interesting and unique application of the fatalism concept to labour market institutions. The authors emphasize the interaction between culture and institutions in the determination of economic performance understanding culture as a social contrast while understanding institutions as individual beliefs with their roots in social psychology. Similarly to us, D’Orlando, Ferrante & Ruiiu focus on two main beliefs, *trust* and *fatalism* (our control), and find: trust is negatively related to the demand for job security while fatalism has a positive relation to the demand for job security.

Finally, Bernard, Dercon & Taffesse (2012) provide the most coherent theoretical contribution on fatalism and economic behaviour. Their paper focuses on the relationship between fatalistic beliefs and the attitudes towards investment in rural areas of Ethiopia, which is another partial strand of literature on fatalism differing from our scope; similarly, e.g. Shapiro & Wu (2011) focus on the relationship between fatalism and savings. However, Bernard, Dercon & Taffesse go deeper than fatalism – they deal with the psychological concepts locus of control and self-efficacy as well as with the framework of aspiration failure.

In a nutshell, fatalism is a concept that is to a large degree compatible with our theory: people with fatalistic tendencies have a low level of control over their lives, thus, they have a tendency towards (anti-individualistic) pro-Welfare State attitudes. Nevertheless, the delimitation of fatalism (fate, luck) is still rather vague. On the contrary, when analysing literature on psychology, locus of control seems to be a concept closely related to fatalism, furthermore, with a high potential to become a general informal institution that explains many areas of human behaviour, including support for the Welfare State.

## 3. Locus of control

Rotter had already developed the locus of control concept in 1966. Rotter summarizes that (1990:489) “internal versus external control refers to the degree to which persons expect that a reinforcement or an outcome of their behaviour is contingent on their own behaviour or personal characteristics versus the degree to which persons expect that the reinforcement or outcome is a function of chance, luck, or fate, is under the control of powerful others, or is simply unpredictable.” In other words, people who perceive a high internal locus of control believe in people’s ability

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