



## **Informal Institution on the Extension of Value Transformation: Experiences from Developing Countries**

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### **ABSTRACT**

The purpose of this study is to investigate the substantive impact of how informal institutions regulate and reciprocate the actions of formal institutions in order to determine the extent to which the value transformation of developing countries is maintained across traditional, modern, and post-modern ranges. Using concepts of Inglehart's Evolutionary Modernization Theory and North's Transaction Cost, we have attempted to develop a conceptual framework based on the collinearity, structure, and velocity of value transformation in order to identify subjective preferences for the conformance of the underlying culture and the bargaining nature of informal institutions within the institutional multiplicity. Comparing three developing regions (South Asia, Africa, and Latin America) has allowed us to identify prospective domains and rates for tracking these changes. As a result of this comparison, various socio-cultural scenarios of underlying cultures and political-economic scenarios of the bargaining nature of informal institutions surrounding the transition and sustainability of particular value propositions in developing nations have been found. These scenarios have been found to be influenced by historical path dependency and cultural change agents with varying impacts on informal institutions.

**Keywords:** *Informal institution, value transformation, evolutionary modernization theory, subjective preference, transaction cost*

## INTRODUCTION

The standards or benchmarks to which an organization or group adheres to a set of rules or principles is a definition of their values, potentially related variables include morality, ethics, preferences, and life experience. The transformation of values influences the goals and beliefs of a society. In a society, it may affect how people and organizations perceive and address economic and social problems, as well as how societies react to external economic and social forces. According to the modernization and post-modernization theory postulated by Inglehart (1997), economic growth, politics, society, and institutions all contribute to a shift in the acceptable transition of value transformation. It may change and merge in one or two aspects, ranging from traditional to modern to postmodern. The transition from traditional to modern and postmodern cultures was fueled by modernity and growth. In traditional communities, it stresses hierarchical supremacy, whereas postmodern civilization emphasizes subjective well-being, which was overlooked by modernity. In these junctures, the value propositions of developing nations are inextricably linked to their longstanding culture and the civilizational bloc to which they belong. But when it comes to dictating changes, much depends on how accepting developing nations are of the modern values associated with their overall development.

In a world that views development as a top-down process, formal institutions are essential for direction and assessment. However, global enforcement of norms has not resulted in a shift of universal values because formal institutions cannot operate efficiently unless they reflect the existing values of society. "Informal institutions," as defined by North, "are socially shared rules, usually unwritten, that are created, communicated, and enforced outside of officially sanctioned channels." As a result, it significantly influences the evolution of values in emerging nations. Based on the reduction of transaction costs in practices from the current establishment of formal framework, these institutions have an impact on how individuals and groups subjectively perpetuate economic and social challenges. As a consequence, the informal institution legitimizes the way in which values will govern and influence formal organizations. To comprehend the dynamics of growth, it is therefore essential to comprehend the influence of informal institutions on value transformation.

The central argument of this thesis is that in order to determine the potential domain and direction of value transformation, informal institutions will extract the conforming or bargaining position from the subjective preference based on the incentive gained by the change

and change agents in relation to the transaction costs associated with transformation or resistance. Now, two factors are essential for elucidating the objective of our study:

- It is not to identify the dominant value proposition in a given community; rather, it is to study the domain and direction it is headed in, in the developing countries' context.
- It is a macro rather than a micro representation of the behavioral tendencies of informal institutions.

The paper will begin with a theoretical outline of evolutionary modernization and informal formal institutions with respect to value transformation. In the proceedings, we shall attempt to comprehend their sociocultural, socioeconomic, and sociopolitical dimensions. In continuation, views on subjective preference and its relationship to transaction costs will be studied. Incorporating all of these factors, we will create a conceptual framework from the collinearity, structure, and velocity of value change for the purpose of generating institutional diversity by subjective preference within the aforementioned bounds along with a close attention to exogenous variables. In the following section, we will evaluate the value transformation doctrine and the diverse positions of developing regions from South Asia, Africa, and Latin America, as well as how their culturally formulated actions influence the institutional multiplicity they generate along various dimensions in the context of secondary literatures and the compilation from the World Value Survey database on institutions and value proposition. In conclusion, we will highlight the variety of findings as well as avenues for the exploration of further aspects.

### **Theory of Evolutionary Modernization in Value Transformation**

Ronald Inglehart (1997) argues that as cultures grow more economically developed, their values and beliefs tend to evolve in a predictable manner. This process is described as a change from conventional values, which stress survival and security, to post-materialist values, which promote self-expression and quality of life. A society's culture is molded by the degree to which its members grow up feeling comfortable or apprehensive about their ability to survive. But there is a significant difference between growing up knowing that existence is precarious and growing up with a sense of entitlement toward survival. It presents a revised version of modernization theory called "Evolutionary Modernization theory", which argues that economic and physical insecurity are conducive to xenophobia, strong in-group solidarity, authoritarian

politics, and rigid adherence to their group's traditional cultural norms and that secure conditions lead to greater tolerance of outgroups, openness to new ideas, and more egalitarian social norms (Inglehart, 2018).

In several nations, Inglehart's influential theory has been employed to comprehend cultural and political transformation. However, several detractors argued that the theory is too simple, that correlation does not imply causality, and that economic progress may not be the primary element driving cultural change. From the developing region's standpoint, it is more often not the entire disruption of one value proposition to transform another, but rather how they accommodate in a cohesive fashion, keeping the existential security aspect in check.

### **Informal Institutions and Value Transformation**

The notion of evolutionary modernization posits that economic and social development progresses via a succession of progressive phases as opposed to abrupt and drastic shifts. The hypothesis asserts that cultural and institutional elements significantly influence the rate and course of development. In that process, informal institutions, such as conventions, values, and beliefs, may have a significant influence on how civilizations evolve through time (North, 1990). It is something not weak, not only random behavior or organizations and definitely derived from culture but not the culture as a whole. It is something extremely versatile regarding time, level, environment, and transformation (Helmke and Levitsky, 2004). Specifically, informal institutions constantly exchange how people and organizations comprehend and respond to economic and social change (Giddens, 1984). For instance, cultural norms and behaviors that encourage cooperation and trust may facilitate the collaboration of people and organizations towards a shared objective, such as economic growth.

In reflection of how cultures react to economic and social influences from the outside world, informal institutions influence the effectiveness of formal institutions about building the state, rule of law, and political accountability (Fukuyama, 2001). A society with a strong sense of community and collective responsibility, for example, maybe more willing to collaborate and work together to overcome economic and social difficulties (Hofstede, 2001). Conversely, if a community is more individualistic, it may be more challenging to generate collective action and collaboration. Therefore, state and international organizations may also reform informal institutions via the institutionalization process (Fukuyama, 2014). This refers to the formalization and legalization of informal institutions. For instance, customary law and

conventional norms and practices may be codified into legislation. Eventually, it streams through the cultural, economic, and political dimensions of society.

### ***The Socio-Cultural Dimension***

The socio-cultural dimension of informal institutions plays a crucial role in creating the values and norms of a society, which may have a substantial influence on the manner in which a society evolves through time. Traditional civilizations may be defined by traditional values such as collectivism, religion, familism, and respect for authority and tradition in the context of value transition. These beliefs may foster conformity to existing standards and resistance to change, so retarding economic and social growth. Post-industrial civilizations, on the other hand, are characterized by individualism, secularism, and a propensity for innovation and development. These ideals inspire individuals to question existing conventions and explore new and improved ways of doing things, which may stimulate economic and social growth. According to the notion of evolutionary modernity, these shifts in values and norms are not necessarily linear. As they strive to strike a balance between traditional and contemporary values and practices and to pursue inclusive policies that may encourage both economic growth and cultural preservation, societies often suffer conflicts and inconsistencies (Giddens, 1984). Traditional values and conventions, for instance, may inhibit progress by impeding individual liberty and development, while modernization may be regarded as a danger to traditional culture and identity (Hofstede, 2001).

### ***The Socio-Economic Dimension***

The socio-economic dimension of informal institutions refers to how informal institutions affect a society's economic and social systems. Specifically, it relates to how informal institutions impact the distribution of resources and opportunities within a community and how they shape social and economic relationships (North, 1996). In the context of value transformation, the socioeconomic character of informal institutions may shape the move from conventional to post-industrial values. For instance, if a society is highly reliant on old economic activities, such as agriculture or manufacturing, it may be more challenging to promote the growth of new technologies and sectors (Khan, 2018). This is due to the fact that traditional values, such as family relationships and communal cohesiveness, may prioritize self-sufficiency and the preservation of the local economy, which may stifle individual ambition, a crucial part of post-industrial norms (Inglehart and Welzel, 2005). In contrast, it

may be simpler to encourage global commerce and foreign investment in a society with more flexible and open informal institutions, such as relatively weak familial bonds and relatively loose community cohesiveness (Leftwich and Sen, 2010).

### ***The Socio-Political Dimension***

The sociopolitical dimension of informal institutions dictates the evolution of the regime environment in a community by significantly influencing how people and groups comprehend and participate with political and governmental matters. Traditional forms of governance, such as authoritarian or tribal systems, may come into conflict with the new forms of governance associated with modernization (Khan, 2002; Unsworth, 2010), such as democratic systems, due to political experiences from the character of government, the degree of democracy, the concentration of power, etc. (Huntington, 2006; Jütting et al., 2007; Fukuyama, 2014). Traditional societies may place a strong emphasis on communal decision-making, where leaders are selected based on their ability to represent the community's needs, whereas modernization may encourage individual participation in the decision-making process and representation of the people through the election process.

### **The Subjectivity of Value Preference**

Subjective preferences of individuals and groups may be transformed by the social, cultural, economic, and political characteristics of informal institutions. It is based on an individual's subjective evaluations. Social networks and community norms may impact these decisions in informal groups (North, 1990). Here, the incidence of transaction costs is related to subjective preferences in terms of the level of trust and cooperation between members of society. The term "transaction costs" refers to the expenses incurred during the purchase and sale of goods and services and the establishment of legal contracts (North, 1990). In more trustworthy societies, transaction costs may be reduced, making it simpler for people to participate in economic and social transactions (Wallis and North, 1986; De Soto, 1989).

We can create a non-economic dimension of transaction cost to calculate potential degrees of enforcement or acceptance of modern values by producing behavioral assumptions (Becker and Stigler, 1977; North, 1990). Informal institutions, such as conventions and beliefs, increase the number of behavioral assumptions inside a group, which affects both trust and cooperation (Fukuyama, 1995). In cultures that place a premium on trust and collaboration, individuals and organizations may be more inclined to engage in pro-social action. This shift

may also be aided by informal institutions that provide incentives for individuals to adopt new attitudes and behaviors. Here, the term 'incentive' can be incorporated with the rent seeking behavior assumptions we have discussed earlier, in order to demonstrate a noneconomic point of behavior assumption in terms of the action and responsiveness of informal interaction of institutional setup. Consequently, adjusting the level of incentives and transaction costs in accordance with behavioral hypotheses may influence how people perceive and evaluate their environments.

### **The Extent of Value Transformation**

According to the "subjective preference" theory, an individual's values and preferences are impacted by their upbringing and other informal social factors. This shows that a person's social group and surroundings have a substantial effect in determining the *degree* to which they acquire conservative or liberal ideas (Archer, 1988). However, it may change if there is exposure to new knowledge and ideas, which may be impacted by a variety of factors, including but not limited to the following:

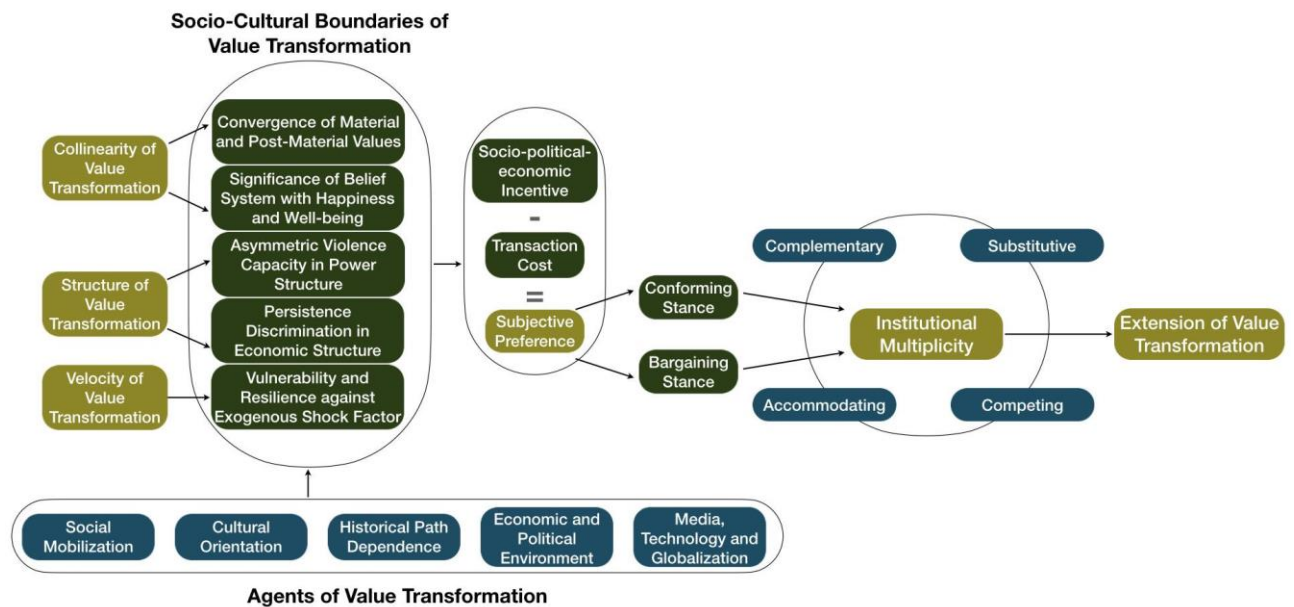
- Individual and organizational receptivity to change may also be influenced by the extent to which people and groups in society trust one another and collaborate. Increased trust and collaboration in both historical and contemporary organizations may be the cause of increased prosocial behavior and social capital, a feature that may be crucial for the formation of the boundaries of new forms of value (DiJohn, 2008).
- The context of history, culture, and society demonstrates that the process of value transformation varies and evolves through time and geography. Civilizations that are resistant to change due to a profound cultural or historical commitment to preserving traditional values (Bauman, 1990) are examples, as are cultures that are receptive to new ideas and experiences and hence embrace contemporary or post-materialist concepts. Between these two extremes is where the dynamic value transformation is determined.
- Changes in political and economic situations may also affect the development of traditional, contemporary, and post-materialist values. For instance, economic and cultural isolation has contributed to the unique stability of the value system, with the new generations reproducing the same value system as the older generations. Societies that are both functioning and stable have the resources and procedures required to convert values and determine their extent.

- Social movements, organizations, and people may all contribute to explore the paradigm of value transformation process as agents of change and opposition (Smith, 1990). For example, inter-generational value shifts are associated with rising demands for participation in economic and political decision-making, which may fast-track the transformation such as democratization of regime (Haerper & Kizilova, 2020). Similarly, due to rivalry between interest groups, power dynamics, and social dispersion, values may shift incrementally.

### CONCEPTUAL FRAMEWORK

Our framework includes two major exceptions. Initially, the collinearity, structure, and velocity of value transformation influence the subjective preference established by informal institutions. Later, in order to determine the possible extent of the transition, it will be necessary to determine how this preference for value proposition interacts with institutional multiplicity from the conforming and negotiating positions of formal and informal institutions. Here, cultural change agents play a significant role in demonstrating incentives from the three parts of value transformation inside the current institutional paradigm, and the transaction cost argument has a decisive impact on the subjective preference obtained from the incentives.

## Conceptual Framework on The Extension of Value Transformation



**Figure 1.** Conceptual Framework on The Extension of Value Transformation



### ***The Collinearity of Value Transformation***

The collinearity of value transformation is the relationship between various types of values and how they influence or are influenced by one another. Here, we will discuss aspects of the convergence of material and immaterial values, as well as the relationship between belief system and happiness and well-being, which are primarily derived from the sociocultural dimensions of informal institutions.

#### ***Convergence of Material and Post-Material Values***

This variable is important because it is essential to realize, however, that the link between economic prosperity and the transition to post-materialist ideals is not always linear, since other variables might impact the relationship. Additionally, not all civilizations will follow the same path, and different nations and cultures may have different growth and cultural change trajectories (Bauman, 1990). According to Inglehart's evolutionary modernization theory, modernization and post-materialism can coexist. Economic progress improves material well-being, allowing people to prioritize self-expression and quality of life over survival and security. Thus, civilizations may have to adopt some elements from both values and undergo a collinear transformation (Inglehart, 2018). For instance, gender equality may be more accepted than gay rights, or community trust may evolve into global trust and cooperation as a symbol of the family or society as a globally diverse organism (Inglehart, 2002).

#### ***Significance of Belief System with Happiness and Well-Being***

The purpose of such a variable is necessary because as communities and people negotiate the shift from traditional to secular-rational values, they must find a balance between old and new pleasures (Inglehart, 2018). People may be torn between fulfilling their duties and pursuing their passions. Some communities may value the traditional path to happiness, while others may prefer the modern one. Furthermore, different cultures handle this balancing act differently. In some societies, tradition prevails, while in others, modernity does. Economic and political growth may coexist in different dynamics despite a predictable pattern. In an expanding self-expression paradigm, we may see significant religion or moral and ethical behavior in a secular context (Breznau, Kelley, Lykes and Evans, 2011). Communities and people may have to compromise between traditional and modern ideals, making this balancing effort difficult.

### ***The Structure of Value Transformation***

The structure of value transformation is a notion that refers to the patterns in which values change over time and the factors that influence the nature of these changes. Here, we will use asymmetric violence capacity in power structures along with the significance of discrimination in economic structure as two variables under the lights of socio-political and socio-economic realms of informal institutions.

#### ***Significance of Discrimination in Opportunities in Economic Structure***

Despite rising economic development, societies with high economic inequality and social discrimination may have a slower rate of value transformation because marginalized groups lack the resources and opportunities to participate (North, 1996; Khan, 2018). Therefore, social discrimination as a variable is needed because informal institutions in such societies may perpetuate these inequalities by influencing value transformation that maintains and accepts the status quo. It can also indicate a fear of outsiders taking resources, jobs, or opportunities from the "in-group" in such societies. However, societies with greater economic equality and less social discrimination may experience a faster rate of value transformation because all members have greater access to resources and opportunities and informal institutions are more representative of the society, resulting in a more inclusive and adaptive value transformation pattern.

#### ***Asymmetric Violence Capacity in Power Structure***

Asymmetric violence capacity in power structure refers to unequal power and violence among groups in a society. A powerful group may use violence to subjugate and impose its culture and beliefs on others (Shepsle and Weingast, 1987). Therefore, asymmetry in violence capacity as a variable may reflect how hard it is for people and groups to reject or challenge the dominant culture or values. This may undermine democracy by limiting political participation and political criticism (Huntington, 2006; Welzel, 2013, Norris and Inglehart, 2019). This may also limit free expression and create a climate of fear, making it harder to challenge the status quo or express alternative value propositions (Fukuyama, 2014). As mentioned, it can be used to maintain traditional values and practices, suppress new ideas which can slow value transformation. However, if different groups can use hybrid violence to compete for power and influence (Huntington, 2006; North et al., 2009; Boege et al., 2009), values can change more quickly or chaotically.

### ***The Velocity of Value Transformation***

The velocity of value transition refers to the rate at which a society or culture's values change. It is a measure of how rapidly a society adopts new values or changes in values. Taking into mind the fragility and resilience of informal institutions, external factors play an important role in the natural structure. In addition, the long-term intergenerational value proposition dictates the importance of velocity.

### ***Vulnerability and Resilience against Exogenous Factors***

Exogenous factors may affect how well people and groups adapt to changing values and norms (Inglehart and Welzel, 2005). This distinctive feature is robust and flexible due to global cultural adaptation and indigenous heritage preservation (Archer, 1990). Natural disasters, economic downturns, and political instability can change intergenerational value proposition dramatically or gradually because these forces may "shock" society, changing its values. For instance, marginalized groups may lack resources and social connections during hardships or low-income communities may struggle to rebuild or move after a natural disaster, weakening their traditions. Similarly, political instability and economic crises may affect cultural norms and customs, eroding trust in institutions (North et al., 2009, Fukuyama, 2014). Conversely, shocks may boost resilience and adaptation. Crises can unite and strengthen traditions. New leaders may inspire cultural value shifts after a natural disaster. Finally, when generations switch places, informal perception tips and values change (Inglehart and Welzel, 2005).

### ***Incorporating Subjective Preference with Institutional Multiplicity: A Determinant of the Value Transformation Domain***

The merging of subjective preference with institutional plurality refers to how the values and preferences of individuals interact with formal and informal institutions. According to our framework, value transformation collinearity, structure, and velocity create social, cultural, economic, and political incentives, and transaction costs affect incentives' subjective preference (North, 1990). In accordance with the efficiency of formal institutions, this eventually results in a conforming or bargaining stance of informal institutions (Jütting et al., 2007, North et al., 2009). On one side, informal institution adhere to official institutions, irrespective of their efficiency. Social norms, cultural traditions, and community values may support those laws and regulations. This connection may help society respect formal institutions irrespective of their appropriation. A disaggregation of defiance and disbelief

norms might contribute to this cohesion. Conversely, institutions may mediate between social groupings due to their bargaining character. In a society with institutional plurality, informal institutions may help groups with differing values and views compromise on governance or social standards. Agression of relativism and skepticism norms might contribute to this dialect. These stances define institutional multiplicity as *Complementary* or *Substitutive* for convergent results and *Competing* or *Accommodating* for divergent results (Helmke and Levitsky, 2004). Finally, historical path dependency and norms that susceptibility to change, may lead to a two-dimensional plain between socio-cultural conformity and political-economic bargaining context as crucial considerations to determine value transformation domains and directions.

## DISCUSSION

### *Socio-Cultural Domain of Value Transformation Collinearity*

In developing countries, it is more of evolution rather than revolution predominated, a different perspective reveals the changes due to informal rules. The informal institutions have marginal decreasing velocity of transformation as the multiplicity has consolidated rather than utter disruption in terms of formal institutional enforcement (Chavance, 2008). Due to such dual track reform evidence, the socio-cultural domain is often dispersed with coexistence of multiple value streamline. For example, Latin American nations are culturally relativistic and respect individual liberty, gender sensitivity, and insurrection limits (Basáñez and Inglehart, 2016) despite their long association with social cohesion and authoritarian leadership. These nations might negotiate relativistic norms better than South Asian and African nations (Escobar, 2010) due to reduced transaction costs. Institutional multiplicity complements or substitutes material and post-material value here. South Asian cultures value authority over freedom and equality (Breznau, Kelley, Lykes and Evans, 2011, Bose and Jalal, 2017). African nations are becoming more conservative on secular values (Hofstede, 2001, Ake, 2022), but they may be able to escape institutional pluralism-induced homogeneity by encouraging self-expression (Norris, 2014; Dalton and Welzel, 2014) due to lower transaction costs. Competing or Substitutive institutional multiplicity determines their domain of transformation.

In relation to that, religion's ethical foundation has led cognition to the secular value revolution (Inglehart, 2021). Secular goals may be too expensive due to the strong correlation between happiness and life satisfaction. This problem's institutional variety emphasizes value transformation's collinearity in all developing nations with different conformance levels create

different projected domains. Religion and ethnicity dominate the belief system paradigm in Africa (Basáñez and Inglehart, 2016, Ake, 2022), polarizing multiplicity into *Accommodative* or *Competitive*. In contrast to Latin America, where religious principles allow more room for relativism (Inglehart, 2018), historical communist values may have created such room in an *Accommodative to Complementary* manner of institutional multiplicity. For South Asia, the setting may have been more agent-specific than institution-specific, but high levels of familial devotion and trust tend to point towards conformity (Bose and Jalal, 2017, Inglehart, 2018), not to mention the bargaining impact from transferring value propositions through generations leading to either *Substitutive* or *Competitive* positions.

### ***Political-Economic Domain of Value Transformation Structure***

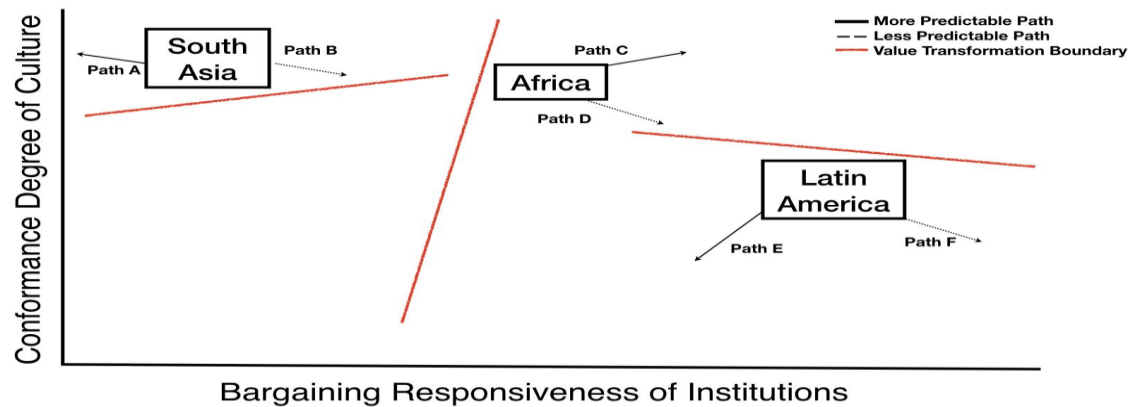
Despite socioeconomic factors of economic growth, economic disparity persists in developing nations. These issues are inspiring post-materialist ideals that will help Latin American economies, transform from Substitutive informal values to Complementary later. Status quo incentives encourage modern to postmodern values in South Asia (Bose and Jalal, 2017; Khan, 2018). Asian values including familism, communalism, authority orientations, and work ethic, which differ by location, also affect the relationship between informal and formal institutions. According to Fukuyama, obedience leads to less trust outside the family and often hinders the growth of large companies and enterprises (Kim, 2010). Because of the patriarchal social structure and reliance on authority, South Asian countries are more affected by this, despite the fact that such consequences are largely absent in other parts of the continent. Due to transaction value, equality is desired here despite discrimination. Thus, *Competing to Complementary* route may appear. Traditional and modern value standards' transaction cost trade-offs cause Africa's highest economic disparity and highly variable subjective preferences. For instance, pre-colonial traditions clash with modern, formal Nigerian federal state institutions, creating negative incentives for economic conduct. It may be effective in regulating social interactions and providing stability to society, but it has a negative impact on transaction costs (Seidler, 2011). Thus, Africa's economic appropriateness values conflict (Khan, 2014, Ake, 2022). Institutional multiplicity *competes, accommodates, and then compliments* due to diverse value transformation.

Similarly, asymmetrically violent institutions may be fueled by political prejudice that permeates developing nations. The "rubber-band effect" of asymmetric violent capability retracting may lower negotiation costs (North et al., 2009). As a consequence, Latin Americans

distrust authority and bargain for *Substitutive* to *Complementary* institutional multiplicity (Escobar, 2010, Alvarez et al., 2018). African nations are indifferently forecasted, but power dynamics may increase transaction costs due to a strong commitment to top-down cultural system agents, aligning with both horizontal and vertical asymmetric violence capacities of informal institutions (Boege et al., 2009, Khan, 2014). Multiplicity favors *competing* over *substitution* because bargaining power overlaps. South Asian nations may have been unable to afford disruptive reforms due to uneven violent capabilities and the incentive to conform (Dalton and Welzel, 2014; Norris and Inglehart, 2019). Competing with formal institutions, they adapt. Despite these perspectives, formal institutions' transaction costs remain a concern, but they have yet to change value transformation dynamics.

## **FINDINGS AND INTERPRETATION**

The value shift will differ in emerging nations compared to industrialized nations and even within developing nations. The figure shows these divergences and shows that developing regions can have multiple value transformation domains (the red lines) and directions (the arrows) based on their conformance to socio-cultural rigidity associated with traditional values and degrees of bargaining natures within the institutional multiplicity with political and economic dimensions of modern values. The five variables we have developed (coexistence of material and post material values, belief-system with happiness and well-being, economic discrimination, asymmetric violence capacity and vulnerability or resilience against exogenous factors) that predict value transformation orientations determine the arrows' slant. However, socio-cultural conformity affects political and economic dimensions, which in turn affect institutional multiplicity and cultural significance.



**Figure 2.** Assumptions of Potential value transformation Route of the Developing Countries based on the Conformance Degree of Culture and Bargaining Responsiveness of Institutions

Due to their close proximity and mutual need to preserve their internal belief system, it is unrealistic to expect it to follow the same growth trajectory as liberal principles in the West. As a consequence, traditional values and modern perspectives may have inspired "Joy Culture" (Basáñez and Inglehart, 2016) in Latin America. They gained independence earlier than South Asian and African regions and has a history of authoritarian solutions. Additionally, communist manifestos suggest that historical path dependency may explain their coexistence (Escobar, 2010). Besides, Latin America has advanced faster toward post-material ascendancy and economic prosperity over the decades (Inglehart, 2018). In contrast, South Asian and African states have taken more linear and incremental paths and now enjoy exponential upsides (Dalton and Welzel, 2014). All of this points to the fact that people in several regions continue to be politically conscious and use violence to protest the many forms of inequality and discrimination they face daily (Norris, 2017). As a result, they chose Path E or F, which are liberal from cultural ethnocentrism, to transition to values with relatively concurrent socio-cultural and political-economic doctrines.

Due to the high level of coherence across South Asia's many belief systems (Rumman, 2016; Inglehart, 2018), its value transformation is culturally skewed by offsetting political or economic perspectives, maintaining socio-cultural stability. The region's subjective preference for "Honour Culture," which refers to satisfaction in authoritative order maintenance (Basáñez and Inglehart, 2016), and "Violence Avoidance," which refers to resistance and accommodation of power divergence (North et al., 2009; Araral, 2015), results in a value transformation that is extremely culturally conscious towards the security-ensuring value's

check. Thus, this region may favor Path A (cultural conforming with less political economic bargaining) over Path B. This causes a gradual shift toward modern or postmodern values.

The most recent phase of the end of colonialism in Africa has caused the most political turmoil, skewing the value transformation politically while other transitory dimensions are relatively offset. Internal tribal and ethnic conflicts exacerbate exogenous causes like colonial ancestors and globalization, which have contributed to the current state of affairs (Boege et al., 2009; Norris and Inglehart, 2019). Thus, the higher-level institutional bargain may control socio-cultural transmission toward Path C or D, torn between two opposing ideals: protecting traditional conservative values by grouping together in the face of uncertainty, and embracing uniqueness in the face of excessive fragmentation and exploitation during preservation (Dalton and Welzel, 2015; Ake, 2022). Thus, Africa experiences inflationary movement of values is higher than in South Asia.

In spite of political and economic failures, the materialization of liberal value transmission via informal institutions in developing countries is of the utmost importance. When this understanding is enhanced, institutional variety will react in greater proportion of subjective preferences for increasing competence of formal institutions (Dalton and Welzel, 2014). In the event that they do not materialize for Latin American countries, it is likely that they will be forced to return to the road of value stagnation, further out-righting the degree of bargaining towards Path E than Path F. In order for the countries of South Asia and Africa to attain outcomes that are converging with those of formal institutions, however, it is vital that informal institutions in these areas first be receptive to the materialization of their self-defined aims (Norris and Inglehart, 2019). Only then will South Asian and African nations be able to attain outcomes that converge with those of formal institutions (transition towards Path B and D respectively).

## **CONCLUDING REMARKS**

The beauty of value transformation is that it develops stability as well as evolving unique traits as people from different cultures interact. In numerous cultural, political, and economic contexts, the transformation of value resulting from the interaction of formal and informal institutions is indisputable. Nonetheless, the velocity and scope of such values have been analyzed in this paper, taking into account the context of developing countries, particularly South Asian, African, and Latin American nations, in contrast to the predominantly western



values. Presumably, these regions share formal institutions and economic conditions such as growth and inequality. In contrast to the preconceived notion that formal institutions promote change while informal institutions resist it, official-informal relationships can be either reciprocal or coercive (Unsworth, 2010). In addition, the effectiveness of formal institutions is more dependent on the culture and responsiveness of informal institutions (Jütting et al., 2007). Thus, the study examines Inglehart's theory of evolutionary modernization, along with socio-cultural, socio-political, and socio-economic contexts, as well as the context of history, organizational receptivity, social movement, etc., and its effect on value transformation as a whole (Inglehart and Welzel, 2005; DiJohn, 2008; Harper et al., 2012, Fukuyama, 2015). Moreover, transaction costs translate between subjective decisions regarding how and where change will take place and the incentives provided by existing limits. Then, a culture's adaptability, whether through bargaining or conforming, stabilizes the transformation of institutional diversity (DiJohn, 2008).

In recent decades, Latin America has made faster progress toward collinearity of material and post-material ascendancy and economic prosperity, according to the study's findings (Inglehart, 2018). South Asian and African states, on the other hand, have followed more linear and incremental paths and now enjoy exponential gains. Supporting sociocultural stability, South Asia's value revolution is culturally influenced by political or economic perspectives (Rumman, 2016; Inglehart, 2018). The region's subjective preference for satisfaction in authoritative order preservation and resistance to and accommodation of power divergence results in a value transformation that is extremely culturally aware of security-enhancing values. In contrast, internal tribal and ethnic conflicts on the African continent exacerbate exogenous causes such as colonial ancestors and globalization. Consequently, in this instance, a higher level of political consciousness may govern socio-cultural transmission that is divided between two competing ideals: conserving old conservative values by gathering in uncertainty and embracing uniqueness in the face of excessive fragmentation and exploitation during preservation.

Some value domains are more unbalanced than others, resulting in the coexistence of fundamentally distinct paradigms alongside the dominant ones. Some historically rigid societies may receive limited responses, but a critical level of fragmentation could reverse this. Thus, value transformation is reliably unpredictable, and inter-institutional contact makes it more resonant, thereby revealing novel and intriguing facets. It provides new research avenues

by conducting micro-level analyses, beginning with countries and concluding with segregated communities and regions. It can also investigate the interaction and coexistence of civilizations. In addition, as the research progresses, it may be essential to evaluate the nature of the agents, their ability to conform or negotiate, and what they bring to a highly interactive environment where norms and perspectives are exchanged. The number of horizontal perspectives can be increased by connecting the dots of transaction cost calculation limitations. This can provide a clearer picture of the institutional multiplicity process, which is related to vertical segregation as stated previously.

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