

# Chapter 7

## Social and Economic Transformation With the Institutional Economic Perspective

Mehmet Yunus Çelik

 <https://orcid.org/0000-0003-4793-8306>

Kastamonu University, Turkey

### ABSTRACT

*The events and phenomena in the period of the industrial society were explained within the context of the Newtonian paradigm. In today's information society and its economic structure, they are explained within the context of the Quantum paradigm. Nevertheless, the assumption of neoclassics claims that consumers decide independently from each other, which is controversial. Consumers decide in real terms, not independently but under the influence of psychological situation, social environment, and cultural infrastructure. The basic mutual point between the two paradigms is to maximize the benefit from the goods to be consumed when making consumption decisions. To this end, the process of social and economic transformation will first be discussed in the light of paradigm shift and technological improvements. Then, with the institutional economic perspective, the change in consumption understanding will be taken into consideration in the social and economic structure of today.*

### INTRODUCTION

Change and transformation has been generating the essence of presence and history (Hughes, 1995, p. 9). Besides, it has been the constant destiny of social structures (Yazıcı, 2013, p. 1490). The process of change and transformation is an integrated system that includes the technological, economic, socio-cultural and political dimensions, within the historical structure, from being an individual to society. The main technological paradigm, which forms the basis of the social development stage, has moved to a new and higher level each time. This process of change and transformation has sometimes been

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thousands of years according to different periods of social development and structuring and sometimes it is limited to centuries. Today, this process is much shorter than in the past. As humanity reached knowledge, it accelerated the process of change and transformation, but it never prevented change and transformation. It is a fact that the phenomenon of change and transformation will change and it must be accepted that the change and transformation will always remain in existence. The underlying reason for the inability of preventing change is the endless needs of people. Meeting the needs seen infinitely brings the phenomenon of consumption to the fore. The differentiation in the social structure also ensured that the consumption concept differed according to the social structures. In this context, since the early ages, every person who uses innovation and information to dominate nature has shaped his needs and consumption activity accordingly. After that, innovation and knowledge began to dominate people. In order to be able to see this process in a sound framework, it is necessary to explain the change and transformation in societies, the pioneering developments and basic activities, and the reasons for the people's reaction to these developments for years.

In this study, the effects of change and transformation and its impacts on social and institutional structures will be examined in the light of the Veblenist scientific thought, which criticizes the orthodox economic theory and forms the theoretical foundations of institutional economics. Additionally, the effects of social and institutional change and transformation on consumption activities will be analyzed. In this context, it will be explained that traditional understanding is shaped within the framework of Newtonian mechanical thought and modern understanding is shaped within the framework of Quantum thought. As a result, beyond the Newtonian thought, it will be emphasized that Quantum thought should dominate social and institutional life.

## **BACKGROUND**

Demirel and Yeğen (2015) examined the role of the media in the consumption process with the assumption that individuals see consumption as an identity or a means of improving social status. They examined how the media promotes consumption as a consumer promoter. According to Şentürk (2008), every process with economic, social and political content brings its own conditions. The societies that are influenced by the processes they live inform the ideal way of life that differs according to their structural characteristics. This ideal form of life, consisting of a combination of priorities, acceptances and values, has changed from the past to the present. Karakaş (2017), in his study, considers consumption as a form of behavior that provides for a discourse, an institutionalized defense strategy, a form of communication and the integration of the group. It states that the consuming individual has ceased to be a subject at the point of meeting his needs and has changed to the position of the object being dragged into the stream. Halis (2012) discusses the changing meaning of consumption and the means used in consumption from past to present and the social network paradigm that fueled this change. Güleç (2015), based on the opinions of Veblen, which argues that consumption may create waste when it is in the form of conspicuous consumption. In this context, he argued that Veblen stated that conspicuous consumption is a psychological or social status signal. The upper class may use expensive consumptions to show their wealth off. Middle and lower social classes use the symbol products from the upper classes' consumption bundle, to signal the society that they belong to better classes. Yildiz, Kalagan, Yildiz and Cetin (2013) studied the effect of consumption pattern change in the society on consumption behavior of individuals and tried to determine the determinants of irrational consumption. Aydoğan (2009) examined the

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