

Introduction to This Special Issue on Organizations and Social Cohesions

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One lesson from history seems so obvious that it is sometimes ignored. Economic development is made possible through trade. By “trade” I do not mean the exchange of goods across international borders but something more basic: Trade is a proxy for “human cooperation.” Cooperation symbolizes the possibility that individuals and communities will accumulate economic gains that result from their creative entrepreneurial enterprise. In part because of the complexities of measurement, this subbranch of economics, known as *institutional economics*, is not the most well known. Basically, it concerns the study of the mechanisms that underpin human cooperation and how they work (Eggertsson, 1990; Etzioni, 1995; Fukuyama, 1995; North, 1990; Olson, 1965, 1982; Putnam, 1993).

Drawing from this tradition, there seem to be several elements that make trade (human cooperation) possible. Trade is made possible through the influence of organizations. An organization is a group of individuals who come together for a common purpose. The first element that makes cooperation possible concerns *the acceptance of the institutional rules that pertain across organizations within the same category of purpose*. Institutional rules may in-

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clude codes for public conduct, norms for private behavior, manifest statutes, common law, and contracts among individuals and organizations. For instance, the Tennessee Titans and the New York Jets may pride themselves on the style of their management (their “stabilizing” traditions) that they create in order to win. But neither will win by changing the size of the field or the length of the game to suit their advantage. Similarly the management styles of Standard Oil and Shell Petroleum may differ dramatically, as do those of the Red Cross and CARE or the University of Chicago and Stanford, but the success of one does not depend on its being dishonest about its products. The reason there is successful cooperation (trade) is that there is a minimum acceptance of the institutional rules that govern all institutions in the same category. Institutional rules may include codes for public conduct, norms for private behavior, manifest statutes, common law, and contracts among individuals and organizations (see Figure 1).

There are many types of organizations, but in general they can be thought of as falling into four general categories. First are *political organizations*, such as parliaments, courts, and government administrations, which may contribute to social cohesion through honesty, transparency, and responsiveness to public concerns. Second are *nonprofit voluntary organizations*, such as churches and social interest groups such as the Sierra Club. These organizations may contribute through their shared moral principles and public spirited behavior. Third are *economic organizations*, such as busi-

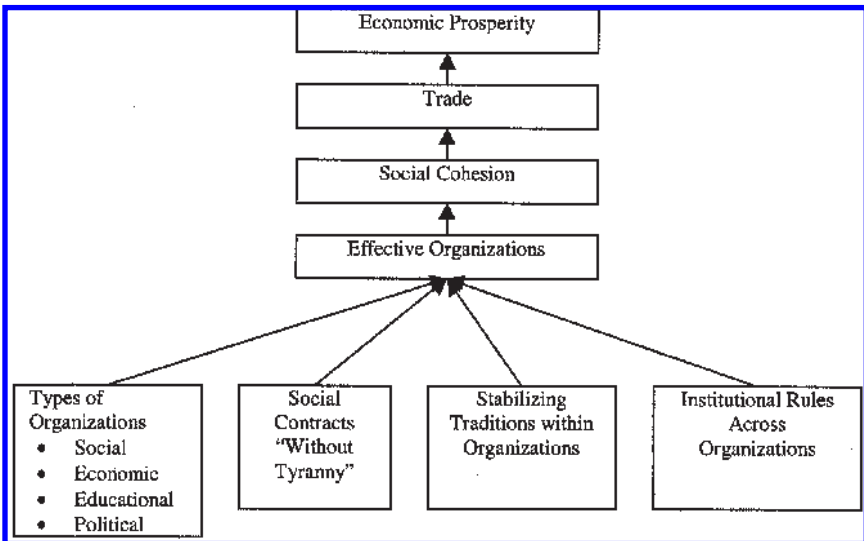


Figure 1. The relationship of social cohesion to economic prosperity.

nesses and farms. These may contribute to social cohesion through the standards of their corporate governance, their honesty in paying taxes, and their adherence to legal procedures when acquiring and promoting employees. Last are *educational organizations*, such as schools and universities, which may contribute to social cohesion through their use of a moral curriculum and a classroom climate underpinning the moral ethic of society (Almond & Verba, 1963, 1965, 1989; Coleman, 1988; Flanagan et al., 1999; Heyneman, 2000; North, 1990; Olsen, 1977, 1982).

Each type of organization makes its own unique contribution to social cohesion (see Figure 2). Political organizations arrange the debate and establish the means for public policy. Economic organizations arrange entrepreneurial endeavors and generate income. Social organizations sponsor altruistic endeavors that bind people to moral norms. Educational organizations pass on to the young the experience of being treated as we would want all to be treated and offer the best and the brightest an opportunity to represent the wider community in positions of power and authority.

But how do educational organizations function, and what is the relationship among human capital, social capital, and social cohesion? Though early theorists (Bowman, 1990; Bowman & Anderson, 1976) would point out that human capital has both psychic (nonmonetary) and monetary rewards, development economics in the 1960s and 1970s emphasized skill formation as the principal outcome of educational investments (Green & Preston, 2001, p. 252; Heyneman, 1995). Although I acknowledge the importance of unmeasured benefits, I characterize human capital productivity as that which is related to the development of knowledge and skills (see Figure 3).

Human capital is correlated with the propensity of individuals and, by extension, the propensity of wider communities to behave differently. It is

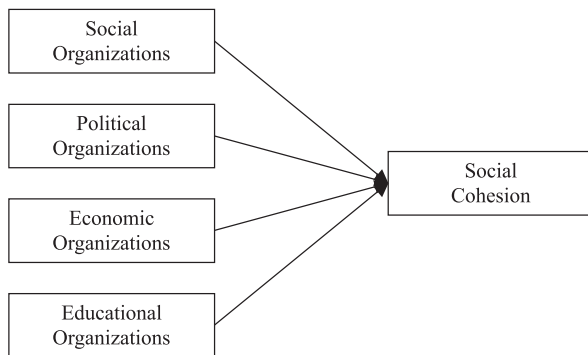


Figure 2. Organizations and social cohesion.

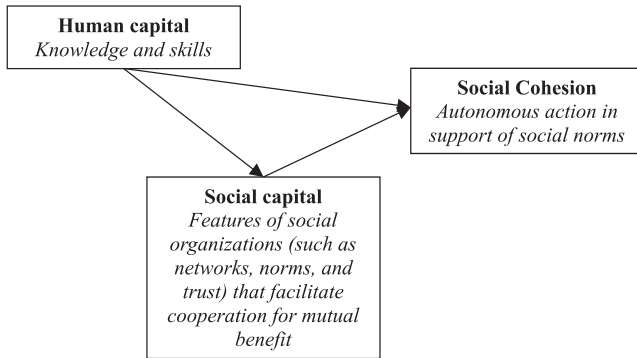


Figure 3. The relationship between human capital, social capital, and social cohesion.

associated, for example, with household efficiency (making better household investment decisions), better choices in public health behavior, ideal family size, and many other things. Human capital is also associated with social capital. Social capital can be recognized by the propensity to belong to social organizations and to support the features of those organizations (such as its networks, its norms, and the trust that emanate from those organizations) that facilitate cooperation for mutual benefit (Putnam, 1995, p. 68).

In turn, the level of social capital influences the level of social cohesion. Social cohesion is the product of both human and social capital. One can recognize social cohesion by the existence of acts of individuals or groups that are “autonomous” and support social norms. Actions that occur under an authoritarian regime (i.e., under tyranny) cannot be considered autonomous because they are made out of fear of sanction rather than free choice. Communities that are governed by tyranny, by definition, cannot be characterized as being socially cohesive. Prison and exile would greet the Soviet citizen who dared to act in support of his national ethnic group against the national will. Therefore, the ethnic “peace” of the Soviet Union, although important, was not based on social cohesion. However, once the terror is removed and arbitrary arrest is no longer considered a significant possibility as a sanction, then one may observe whether acts in support of ethnic identity endanger the heterogeneous ethnic of the larger nation. In the Republic of South Africa, the force for ethnic moderation has been so powerful, in spite of the absence of terror as a sanction, that one can say that South Africa is characterized by a high level of social cohesion. Once the burden of state socialism was lifted from Bosnia and Herzegovina, by contrast, it was common (though not universal) to experience a high de-

gree of ethnic prejudice and conflict that abrogated the previously acknowledged standards of civil behavior. Bosnia and Herzegovina then can be characterized as a society with a low degree of social cohesion.

Social cohesion is rarely a result of a single act. It does not emerge as a result of the influence from a single category of organization. My interest has been in how each of the four categories of organizations acts to influence a nation's social cohesion. What is it about political organizations or economic organizations that underpin social cohesion? How does each make its unique contribution? In what ways might these categories of organizations contribute to the opposite of social cohesion, that is, to social tension and conflict? The extremist religious nongovernmental organization (NGO) might be quite helpful for its members (what Putnam, 1995, called an internal as opposed to a bridging function), but at the same time it may conflict with the norms and goals of the wider society.

This destructive effect has been observed in the case of some religiously based NGOs in India where the penchant to reinstall Hindu honor, on occasion, has acerbated communal tensions and violence. Enron Corporation was profitable for its investors, but its lack of moral standard for accounting profits and losses was not only illegal but laid the foundation for mistrust and apprehension of other corporations. The damage that Enron Corporation did was far in excess of its financial fiduciary responsibility. What about the public administration? When a judge, in Latin America for instance, takes a bribe, this sends a negative message to many who might want to invest private capital in that nation or even in that region. Can a nation with a corrupt judiciary trade on an equal footing with a nation whose court system is widely known to be impartial and fair? And what about schools and universities? In some parts of the world, accreditation is acquired through governmental bribery, and entrance examinations, grades, and graduation may purchased illegally from university faculty or administrators (Heyneman, 2004). Can these organizations be called "universities" in the same manner as the University of Tokyo or the University of Chicago?

Perhaps the most intriguing question has less to do with the institutional rules that pertain across organizations within the same category and more with the institutional rules that pertain across organizations in different categories. The second element that makes trade (cooperation) possible is *the consistency of adherence to institutional rules across different categories of organizations*. There is a relationship between the behavior of the corporation, the NGO, the public court judge, and the educational institution. If these categories of organizations act in a manner that is inconsistent with one another, if one finds moral educational institutions but corrupt judges and corporate governance, it is difficult to imagine that a society will be

characterized by social cohesion. But if there is consistency of behavior across organizational categories, if their contributions to social cohesion are parallel with each other, then one can imagine that their influence would be positive, constructive, and measurable.

The articles in this special issue describe the influence of each category of organization on community social cohesion. Effort has been made to describe the nature of the institutional rules pertinent to each. But in our search for what makes some societies, some nations, more cohesive than others, we must pay attention to the consistency of adherence across all four categories.

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