

Organizations as Diverse Communities and Social Entities

As an Environmental Planning and Policy student with a background in social anthropology and little international research experience, prior to this semester, most of my awareness of the issues we have been discussing in class came from popular journalism, casual conversations, and some ethnographic studies of international environmental movements. Because of this, many of the basic points in our readings thus far have surprised me and altered the way I think about international development.

First of all, while there is a growing trend in anthropology to “study up,” most ethnographies still privilege small communities and local knowledge, consequently treating large established organizations as, essentially, black box systems with one unified culture and clearly defined (if often politically obscured) goals. I was therefore surprised to find out there is such a vast literature on the inner workings of organizations and the ways that workers at different levels can change and contest the aims of these organizations. Joshi’s article on Joint Forest Management (2006) is probably the best example of how a closer look at organizational functions altered my understanding of a particular situation. In an anthropology class on the “Politics of Nature,” I had previously read an analysis of JFM in West Bengal as a case study in development and democracy (Sivaramakrishnan, 2000). Like many ethnographies, Sivaramakrishnan’s study of JFM privileged the local communities as the important units of analysis; in contrast to the nuanced analysis of communities, Sivaramakrishnan noted that there was a “general lack of forester support,” thus lumping all levels of Forest Service into one unified group of actors. Reading the Joshi article made me realize the importance of unpacking the politics and actions of a large organization. By comparing the Sivaramakrishnan and Joshi articles, I realized that, in practice, the impact of an organization is actually the cumulative

effects of a collection of multiple actors working in varying conditions, and that these conditions profoundly affect the workers' beliefs and goals. Joshi's explanation of why groups of actors can come to be chronically neglected in development theory continues to serve as a reminder to me to read other case studies of development initiatives with an awareness of which groups are lumped together and stereotyped and which are given nuanced consideration.

Not only have I learned that it is important to look inside organizations, but I have also become much more aware of the porosity of boundaries between organizations and local communities. Bunker (1985), Goetz (2001), Joshi (2006), and Crook and Ayee (2006) all expanded my understanding of program successes or failures by demonstrating how relationships between "street level" workers and their social environments profoundly influence the ways they approach their jobs. For example, I would never have thought to study corruption at the detail of project agents' lifestyles, as Bunker (1985) does in his analysis of Brazilian colonization projects, through which he notices that differences in basic daily activities such as housing arrangements and access to recreation affect the professionalism of different projects. Similarly, Goetz (2001) changed my understanding of microcredit from a simple business plan to a complex set of social relationships between lending agencies and local recipients in her observations that the gender and socioeconomic background of the field worker changed the ways in which he or she was able to establish rapport with potential borrowers.

Portes (1995), Perry and Maloney (2007), and Fajnzylber (2007) also broadened my understanding of organizations as dynamic systems in their discussions of the constant interplay between the formal and informal sectors. My prior conception of the informal economy was that it was "synonymous with poverty" (Portes, 1995), a completely separate sphere of business from the formal sector, and mostly either in the developing world or attached to the "criminal

economy” of industrialized countries (Portes, 1995). I was surprised by Perry and Maloney’s explanation of the informal economy as a “multidimensional phenomenon” through which companies weave in and out, depending on a large variety of factors ranging from the current political environment to particular business needs to worker preferences. The scope of informality in sectors I had previously thought to be formal, such as the electronics industry (Portes, 1995), also changed my understanding of the way organizations operate. As Perry and Maloney phrase it, there is a much larger “gray area between the extremes of full compliance and noncompliance” than I had imagined, and the informal and formal sectors are not competing but rather complimentary frameworks. Firms can (and very frequently do) occupy both sectors at once.

Having learned about the intricacies of intra-organizational diversity in the above articles, DiMaggio and Powell’s study of “institutional isomorphism” (1991) changed the scale of inquiry on the behavior of organizations and again challenged my understanding of what an organization is. I had been willing to accept that organizations are made up of diverse actors, but I still believed that their main goals should be rational and business-oriented, whether they achieved them efficiently or with dissent and corruption, legally or evading taxes and regulations. However, DiMaggio and Powell ask that the reader imagine the organization as itself a social entity operating within a larger network of social organizations. As a social entity, they argue, organizations are influenced by each other to reorganize in ways that may actually have negative effects on organizational efficiency, but make them more attractive within their larger political and institutional environments (and thus more likely to establish strong business relationships and hire talented professionals). Not only are organizations complex, DiMaggio and Powell’s article shows that they are also susceptible to peer pressure!

DiMaggio and Powell's social situating of organizations relates back to lessons learned from Portes (1995) and Saavedra-Chanduvi (2007) about the strong social ties and norms that uphold the informal economy. Whereas the word "informal" seems to imply a loose and malleable set of activities, Portes writes that the more developed the informal sector becomes, the more it relies on dependable personal ties and firm systems of "mutual trust" within a defined community, with real social sanctions for violators. Whereas Portes highlights the necessity of conformity and dependability for successful informal organizations (just as DiMaggio and Powell do for formal sector organizations), Saavedra-Chanduvi documents the power of social pressure in driving firms towards or away from the informal economy. Much like the institutional isomorphism that DiMaggio and Powell observe molding similar institutions into similar institutional structures, Saavedra-Chanduvi notes a bandwagon effect at play in Latin American informal sectors, which results in what he calls a "culture of informality." The combination of DiMaggio and Powell's observations of institutional social behavior and Portes' and Saavedra-Chanduvi's discussions of the creation of informal economies combine to form a strong argument: organizations must be analyzed as social entities within their broader context of interactions. Without this situated understanding of inter-organizational culture, it is very likely that individual organizations' actions will seem irrational or inefficient to the observer.

Flexibility, Adaptability, and Education

Given the dynamic and flexible nature of organizations and their environments in the above articles, it has become clearer to me why many of our course readings highlight the importance of adaptability. Adaptability is a strong theme throughout our readings, explaining successes and failures at all scales of activity, from the individual Bangladeshi woman participating in the GrameenPhone Village Phone Program (Shaffer, 2007) to teams of Ghanaian

Environmental Health Officers responding to organizational reform and privatization of sanitary services (Crook and Ayee, 2006) to U.S. international policies governing intellectual property rights (Evans, 1997). These examples and others (Bruton, 1998; Eicher, 2003; Huang, 2006; Tendler, 1994) have taught me that attention to change and ability to adapt are often more vital to the success of individuals, programs, firms, or states than are any professed ideals or “tried and true” methods. After all, Shaffer’s (2007) examination of GrameenPhone demonstrates how a celebrated poverty alleviation strategy can go from stunningly successful to barely profitable in a single decade because of a lack of attention to changes in the larger society (in this case, the dissemination of technology). By contrast, Tendler (1994) shows how flexibility that is developed by necessity when the stakes are high (as for disease and pest campaigns in Northeast Brazil) can offer valuable lessons for more quotidian program activities. Similarly, Crook and Ayee (2006) demonstrate that destabilizing changes can be mitigated by a culture of adaptability. They argue that the “strong sense of team identity and group solidarity”, “good relations with the public”, and “positive local management style” of the Ghanaian Environmental Health Officer groups in their study allow the EHOs to adjust (as best they can) to radical organizational and structural changes in sanitary services and decreases in their power as workers to address continuing problems. These testimonies to the power of flexibility in the face of change also find purchase in Tendler’s earlier argument (1975) that “what is needed” for development aid organizations to be more effective is a strengthening of their ability to deal with “the uncertainty of the recipient world [such that it] does not threaten the organizational health of the donor entity.”

Evans (1997) discussion of globalization and state response not only reaffirms the importance of adaptability; he carries his examination further by analyzing different ways of

adapting and demonstrating that adaptation can be reactive and destructive as well as positive. Evans writes that, while globalization may seem to deny the possibility of a strong state, it really just changes the nature of what needs to be governed. He argues that states can respond to the “threat” of globalization by either taking a proactive approach to the new international business environment or by responding with “negative and defensive” regulations that attempt to reinforce their dominance. “While globalization does make it harder for states to exercise economic initiative,” Evans observes, however, “it also increases both the potential returns from effective state action and the costs of incompetence.” One of Evans’ examples of success, U.S. international policies over intellectual property rights, serves as a clear message that states that recognize where their power lies within the current global market can make themselves stronger. “While other forms of regulation are in disrepute,” Evans writes, “this particular kind of policing is now treated as one of the cornerstones of economic civilization.”

The formalization of adaptation in society is education and institutional learning. Bruton (1998), Huang (2006), Mead and Liedholm (1998), and Eicher (2003) all reinforced my understanding that development aid and local initiative follow the proverb: *Give a man a fish, and he will eat for a day. Teach a man to fish, and he will eat for a lifetime.* For example, Bruton’s (1998) analysis of Taiwan’s and Korea’s economic successes in the 1960s begins with the period of Japanese colonial rule, during which time Taiwan and Korea received major infrastructure and technology investments in addition to professional training for Taiwanese and Korean workers. He highlights this rapid professionalization and knowledge transfer as endowing Taiwan and Korea with “flexibility and responsiveness” as well as a commitment to learning from trial-and-error that served them well in later decades. In the same vein, Huang (2006) praises India’s commitment to education and support of trial-and-error entrepreneurial

learning. Huang argues that this investment in human capital is changing India from a country of cheap labor to a country of profit and enterprise. “Soon, ‘Made in India’ will be synonymous with ‘Made by India,’” Huang writes. Finally, Mead and Liedholm (1998) summary of the findings of micro and small enterprises (SME) studies indicate that vocational training, prior business experience, and completion of secondary education are significant factors for predicting SME expansion and success.

Eicher (2003) provides a complimentary counterpoint to the above articles by arguing that the *lack* of investment in education and professional development has depressed growth in post-colonial Africa. In contrast to Bruton’s analysis of Taiwan and Korea, Eicher notes that colonialism in Africa suppressed education, functional learning and skill-building, and knowledge-transfer within local communities. He further observes that investment from international donors in African professional education has been inconsistent, yet the resultant chronic failures of African development aid initiatives have perplexed the international community. “Food aid and post-conflict aid may keep people alive,” Eicher muses, “but they do not increase crop yields and earnings capacity.” Jenkins’ (2003) analysis of the effects of globalization in different national contexts offers a good supporting example of Eicher’s concerns about education in Africa. Jenkins observes that, while globalization has brought employment to uneducated workers in other cultural contexts, in South Africa, “globalisation has been associated with a pronounced skill bias, so that the employment effects of export growth have been very limited as far as unskilled workers are concerned.” Jenkins’ observations indicate that, if countries like South Africa want to use the opportunities of globalization to their advantage, they will have to either focus more on professional education or learn how to attract industries with employment opportunities for unskilled workers. In summary, Bruton (1998)

gives perhaps the most succinct and eloquent observation of how education and flexibility are key factors in development success stories: “That a single policy package would fit all the countries is unlikely,” he writes, “except that of learning from one’s mistakes.”

How Programs are Explained versus How Programs Really Work

Another theme in our readings that has made me rethink my understanding of development approaches is the recurring discrepancy between how programs are publicized and how they actually work. I am surprised to learn how often celebrated successes in development policy are explained popularly one way, but a careful scholarly assessment of their specific functions contradicts the popular stereotypes. The following are cases where I believed the standard popular explanations and was convinced to change my mind after reading about them:

Microcredit: Before the semester started, my understanding of why microcredit has been successful closely followed Jain and Moore’s (2002) description of the standard popular explanations – namely, *social collateral* (borrowers are compelled to repay loans due to community pressures and social obligations), *borrow participation* (loans are made case-by-case for specific entrepreneurial activities valued by the borrowers), and *absence of subsidy* (microcredit programs are sustainable because they are profitable, so microcredit is not just a form of aid but also a good business model). Jain and Moore’s subsequent discussion made me realize that there is a practical reality of implementation behind such claims. For example, while microcredit programs do create strong social and moral incentives within the borrower groups to pay back loans on schedule, Jain and Moore explain that they also have “systems of personnel management and motivation” that keep program workers in tight control of the borrower groups. Similarly, Jain and Moore observe that the ideal of customized loans is inefficient in practice,

while providing a “narrow and standardised range of services” helps to keep organizational costs low and efficiency high. Finally, they note that every single one of the microcredit programs they examined for their article relied on government subsidies to get started.

While Jain and Moore offer an analysis of how practice is often less romantic than the celebrated theory behind development programs, Goetz (2001) offers an explanation of how meaning-making can go the opposite way as well, and decisions made for practical reasons can be reinterpreted for the public as the intentional promotion of a development ideal. I was surprised to learn from her article that microcredit programs directed at women for the nominal purpose of women’s “empowerment” in fact owe their existence to programs’ observations that women borrowers tend to be more “obedient” about following organizational guidelines and concerned with “maintaining family honour and propriety by keeping up loan repayments.”

Informality: Common explanations of the benefits of informality tend to focus on the ways organizations avoid taxes and regulations intended to benefit the larger society in which they operate. In contrast, Fajnzylber (2007) offers the unexpected explanation that some firms opt to stay informal because they would otherwise be subject to the whims of corrupt governments. He writes, “in countries where formal firms face a high risk of being extorted by corrupt officials, entrepreneurs may decide to operate informally exactly to reduce their vulnerability to extortion.” While before I had viewed the informal sector as an understandable but ultimately irresponsible avoidance of civic obligations, Fajnzylber extended my view of the interplay of firms and regulators, and made me sympathetic to the idea that a valid motivation “for firms’ going underground is to ‘dodge the grabbing hand.’”

Agrarian Reform: Tito Bianchi's (2002) study of the success of Italian agrarian reform found that, contrary to political beliefs of the time, "owner-operated farming" was not as important as guarantees of security for tenant farmers. His study shows that more effective reform could be realized, not by dividing up larger farms and uprooting current systems of ownership, but by focusing on infrastructure, environmental improvements, and technology transfer. Tellingly, Bianchi suggests that many of the Italian agrarian reforms of the 1950s were only possible because the agronomists were politically savvy and took advantage of a favorable moment in Italian governance.

In contrast, consensus among articles covering more recent events indicates that agricultural policy elsewhere has been sorely neglected to the detriment of local economic development (Eicher, 2003; Haggblade, Hazell, and Reardon, 2005; Haggblade, Hazell, and Reardon, 2007). Eicher (2003) explains that policymakers and international donors in Africa have tended to neglect agricultural reform in favor of industrial development and diversified "people-centered" aid, and Bianchi (2002) argues that "the development community has lost confidence" in agrarian reform. In sharp contrast to the unpopularity of agricultural reform in development agendas, there is much concrete evidence supporting getting agriculture back on the agenda. For example, in their study of "economic growth linkages" in poor agrarian communities, Haggblade, Hazell, and Reardon (2005) observe that *consumption* linkages (consumer spending by farm families) account for the overwhelming majority (80%) of agricultural demand linkages – that is to say, the money farm families have to spend in the local economy is one the strongest factors behind local economic growth or stagnancy. They additionally cite evidence that improvements in agricultural productivity lead to "political stability" and "higher productivity of capital and learning by doing by both governments and

firms.” Huang (2006) explicitly draws a connection between China’s economic success in the 1980s and its focus on agricultural reform.

Lessons learned from the neglect of the agricultural sector clearly show the dangers of working by development ideals rather than being attuned to and learning from development realities. Haggblade, Hazell, and Reardon (2007) and Eicher (2003) argue that development aid given for nonfarm activities in stagnant rural communities is, at root, unsustainable, because it fails to address the underlying factors perpetuating poverty in these communities. These articles clearly demonstrate the point that, unless development aid includes “a profitable core economic activity to finance social and agricultural services after donor aid [is] phased out” (Eicher, 2003), giving aid for businesses for which there is no sustainable market will “merely redistribute poverty” (Haggblade, Hazell, and Reardon, 2007). Haggblade, Hazell, and Reardon acknowledge that it is a common “myth” that rural aid should focus on the nonfarm economy, but they argue that often the best opportunities for targeting rural growth are in agriculture. Before investments can be made in industry, Eicher (2003) argues, it is necessary to invest in the “prime movers” in the agricultural sector, which, similar to Bianchi’s (2002) focus on infrastructure and knowledge transfer, he defines as “human capital, [agricultural] technology and institutional innovations.”

The above examples of how the realities of implementation tend to be different from public explanations raises questions for me about the relationship between theory and practice in international development as well as the value of ideals in development planning. For example, when are publicizing ideals necessary and when do they hinder progress? Also, how does one distinguish between means and ends? It seems that publicized objectives are often actually pathways to broader goals – for instance, the ideal of redistributing land ownership is actually in

the service of improving the agrarian economy, and the ideal of women's empowerment is actually in the service of poverty alleviation. By my reading, increased clarity about which goals are actually end targets and which are intermediate steps seems to dramatically improve the efficacy of development programs. The take-away lesson is that secondary ideals should not be held sacred if, by compromising them for other less fashionable but more practical methods, organizations can more effectively or efficiently achieve their real goals.