

Reading Summary for Network Organizations, Theories of Collective Action

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Dr. Philip Howard

Macur Olson, The Logic of Collective Action, Chapters 1 & 2.

The central thesis of Olson's Logic Of Collective Action is that larger groups are less likely to achieve their goals than smaller groups. He offers an important definition of a collective good that many future authors will work with: "A common, collective or public good is here defined as any good such that if person X . . . in a group consumes it, it cannot feasibly be withheld from others in that group." Since the goal of a group is to further the interest of its members, the competition of individual and common interests in an organization mimics that of a free market: people always maximize self interest in a rational way. He argues against the popular idea that humans have an abstract and innate 'propensity' to organize. To support his thesis, Olson presents several key qualitative and quantitative differences between large and small groups.

Large Groups. In large groups each person gets proportionally smaller benefit from a collective good. Since the individual only gets a tiny fraction of the benefit, the individual also contributes little to the organization. One member of a large group will rarely act to secure collective benefit for the group unless the individual return is sufficient to cover the individual costs of action. In fact, without the oligopolistic leadership of a few key members, larger groups are unlikely to act aggressively. The organization of a large group will also cost more than that of a smaller group. Because larger groups have a broad, inclusive mandate, they must often provide sanctions and incentives to ensure the loyalty of members who might otherwise identify strongly with small groups. While larger groups provide collective goods to their membership, they must also offer non-collective goods to attract new members.

Small Groups. In contrast, smaller groups are more viable because the costs of organization are less, and each member receives a more substantial portion of the collective good. However, small groups will never operate perfectly because the distribution of goods and the distribution of burdens between members will always be unequal. The collective good is provided by the voluntary, rational, and unilateral action of one or two members who find that their reward for providing the good is easily more than the costs they bear. Since any member can consume the good once it has been provided, some members of small groups see no incentive to provide the good, and they end up exploiting the few members who do act.

Olson creates a typology of groups to help explain why they function the way they do. In a *privileged group* a few of the members have an incentive to provide the collective good for all. No formal organization is needed because many different psychological, social, and economic incentives can motivate members. In an *intermediate group* there are so many members that a free-rider is not noticed and therefore no subgroup has an incentive to act on their own. Thus, institutions are necessary to help identify psychological, social, economic and psychological incentives for members to act. In a *latent group* there are so many members that neither the action nor inaction of any particular member would

help provide the collective good. The only set of incentives -- if they ever appear -- are economic in form and are rarely enough to motivate collective action.

Although his study helps explain some of the successes and failings of different organizations, the weaknesses of Olson's approach is like that of other overly rationalist approaches. He acknowledges that organizations can have an ideological or emotional appeal to its members, but he holds that this appeal is still rational because people make a rational choice to satisfy a personal need. However, ideologies can overpower the rational individual, and while Olson's typology of groups may well explain the workings of established groups like firms, unions and some political parties, it may not help us understand groups that arise out of broad yet vibrant social movements. Furthermore, Olson's model only allows for collective benefits that can be broken down and distributed to members who make an informed rational choice to associate with the group. Since the environment provides indissoluble benefits that can accrue without the conscious knowledge or decision of an individual (i.e. future generations), Olson's model would not explain why we have collective action on environmental issues.

Russell Hardin, Collective Action, Chapters 1-3.

As a critique of Olson's text, Hardin's Collective Action is concerned with the internal incentives that motivate groups to act. He acknowledges that some kind of social pleasure may be derived from the solidarity of a group, and suggests that Olson's main conclusion should be modified. Latent groups will not always fail, according to Hardin, because of three mitigating factors.

First, *political entrepreneurship* may bring a collective good to the group. This occurs when people act in their own career interests: they motivate organization and take on any unusual burden in providing a collective good. For example, candidates for election sometimes provide collective benefits to latent groups. The reward to such people is usually distinct from the collective good itself. Second, a latent group will use *selective incentives* to maintain its organization long after the inciting incident that first brought it together. It will provide its members with goods that are ancillary to the collective goods it is supposed to seek. For example, unions will provide a range of services to attract new members, services that may be unrelated to the function of lobbying for the workers' interests. Third, *extrarational behavior* will sometimes stimulate group organization. This occurs when the unselfish motives of members bring about a collective good. For example, fervent nationalism might inspire a group to organize a political party.

Perhaps Hardin's most important contribution is his use of a non-additive model. Olson distinguishes groups by the sheer number of members and divides the collective good by the number of members. In contrast, Hardin distinguishes groups by the subgroup that barely benefits when it brings about a collective good. This subgroup is not motivated by the amount of benefit divided among all members, but by the ratio of benefit to cost for the subgroup. In other words, the subgroup will act as long as it barely benefits by bringing the collective good. Using Olson's terms, Hardin defines a privileged group as having a subgroup of one member, an intermediate group as having a subgroup of a few members, and a latent group as having a subgroup of many members.