

Influences of informal institutions in rural communities: the case of the rise and fall of the cooperative of grape growers in the region of São Paulo Jales¹

Summary

The evolution of research around the informal institutions shows that there is a concern of science to understand the informal rules of the game. The territorial context that emphasizes the relationships and transactions involving individuals maximizing their utility provides a new institutional environment analysis. Research on informal institutions in rural communities is justified by understanding how actors relate within their own rules. The problem studied was the influence of informal institutions in the rise and fall of the cooperative of grape growers in the region of Jales-SP. The research method used to assess informal aspects that guide the development of the community of farmers of Jales was the integrated analysis. The empirical results showed that some producers of entrepreneurship made possible the construction of the cooperative, but was shown how the institutional environment directly influences the rules of conduct of people. In reporting the cause of disaffiliation and stop the activities of the cooperative, producers said they missed some union to continue the collective bargaining agreement. Finally the results showed that when the collective and informal rules are not respected by at least one of the individuals in the community, it is excluded from group activities, reducing their reputation with the leading group and in the case of cooperative venture of the decay Jales collective and breach of trust between the actors of the community.

Keywords: informal institutions, farmers, cooperative, informal rules of the game.

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1. Introduction

The evolution of research around the informal institutions shows that there is a concern of science to understand the informal rules of the game. The territorial context that emphasizes the relationships and transactions involving individuals maximizing their utility provides a new institutional environment analysis. In proportion as the benefits of cooperation between actors of a territory is reached and the result of a collective and individual gain, suggesting the influence of informal rules of the game as a parameter to limit the actions of individuals in relation to the collective.

The transaction costs involved in collective relations may be reduced or minimized when the system or analysis environment creates rules that serve to safeguard transactions without formal contracts that burden and in many cases do not protect effectively the actors involved. Informal institutions privilege environments where the customs, culture, family ties, the convergence of ideals and the frequency with which actors relate become possible natural laws and institutional rules that promote strong local development.

Research on informal institutions in rural communities is justified by understanding how actors relate within their own rules. In the case of rural communities was found in several studies that the informal rules are stronger than formal rules, making the bond of solidarity between the actors is more efficient than formal contracts. In this context the impact or the influence of informal institutions is of great value to advance the study of institutions for the development of communities and regions that are part of agri-food systems.

The problem is to study the influence of informal institutions in the rise and fall of the cooperative of grape growers in the region of Jales-SP. This problem want to answer what was the role of informal institutions in the cooperative life cycle, evidence of how informal institutions dictate the rules of conduct of the community.

2. Theoretical Review

Economic development depends on the agents that are inserted and the institutions that constitute the environment. For Azevedo (1996), one of the support of the New Institutional Economics (NIE) is the recognition that the performance of an economic system is limited by the set of institutions that regulate the economic game. Conception

(2000) notes that theorists of cultural evolution of an institution called the "culture" or aspects of culture that affect human action and organizational.

The New Institutional Economics (NIE) provides as evolutionary theory, the increase in their formal theoretical framework. Opening his arms as the Transaction Cost Theory (TCT) for new traits and characteristics that contribute to new theoretical approaches. In this context the integration of theories of social capital, institutions and economy of transactions is a challenge in the article. The notion of building the social fabric provided by the game rules developed by the conventions of human relations originating increasingly widespread theory approaches by North, Nelson, Williamson and Ostrom on institutions.

As a theoretical basis and the second North (1991, p. 97), "Institutions are constraints (rules) built by human beings, which structured social interaction, economic and political. They consist of informal constraints (sanctions, taboos, customs, traditions and codes of conduct) and formal rules (constitutions, laws and property rights). "Institutions are therefore the 'rules of the game' (North, 1994, p.13), the game is economic, social, political, and institutional is the game itself.

It is, therefore, a comprehensive definition, which tries to cover all manner of social elements that acts as wrapper for economic activities, social or political. It is not necessary to assume that the institutions have the sole purpose of restricting human interactions, but it is important to recognize that they play this role effectively, and with it, affect these interactions (Azevedo, 1996).

The concept of institution as a set of norms, rules, habits and their evolution, espoused by North (1990) and Nelson (1995), can be added to the notion of culture (Schein, 1985 and DESREUMAUX, 1993), which is the set the fundamental assumptions that a group has invented, discovered or was during the learning process for the resolution of their adjustment problems related to their environment. These assumptions must have been sufficiently tested to be valid and must be taught to new members of the group as the appropriate way to perceive, feel and think about the problems.

In rural communities, local productive arrangements and studied in Brazil, Europe and Canada, it was noted that informal institutions have greater value in the relationship

between actors and analysis of contracts rather than formal institutions. These contracts that form a set of transactions between individuals, organizations and society.

Other authors focus their studies on the informal relations between ethnic groups, runaways, indigenous, and communities who live far from large urban centers, providing a different look on their way to create rules of the game.

In his description of the institutions, Williamson (1996), also deals with informal aspects dealing with this article, and the six institutional factors described by the author of three of them rely on informal institutions:

a) Culture of society: the influence the degree by which its members have a propensity to adopt opportunistic behavior;

b) Professional development: the fact of belonging to a particular type of activity, such as lawyer, doctor, etc..Delimits codes of conduct and ethics known to all. There should be penalties for failure to comply;

c) (Network): belonging to an ethnic, religious or professional allows you to establish rules that must be respected by all.

Informal institutions can establish relationships of trust, which facilitates the coordination between actors and decreases the risk associated with transactions.

There is a strong link with the informal institutions of territoriality of the place, especially with the culture. The informal rules, culture and the notion of trust is reflected by the development of conventions, modes of cooperation between actors that do not pass a mandatory written contracts (VILPOUX, 1997).

Institutions allow us to understand how society acts as its natural process of development. It is important to understand the informal aspects to measure the contribution of capital and conventions existing in society studied.

Cooperation among individuals is a natural action of solidarity or individual utilitarianism? The question tries to instill new conclusions about the theoretical framework of the NIS, putting a further element of analysis in the rules of the game. Thus proposing a discussion on the influence of social capital (KS) when its stock may say that an increase in KS provides greater efficiency in the results of transactions

between individuals, firms and communities, providing stronger institutions. Among several theoretical discussions about what kind of capital we are talking about, this article delimits between two streams, Coleman and Bourdieu. The basic difference and breaks down and provides new discussions are thought to divide the utilitarian collective Coleman and Bourdieu's habitus, the first in the American view of cooperation to result in comparable gains, and the French vision of the second involves the cooperation and solidarity as a factor Common daily habit of living in collective vision.

Finally, the study of institutions and integration with social capital, determines a non-trivial approach the reality of collective and individual transactions, in the view of the natural environment of informal rules that limit individual actions. The customs, culture and historical features of the site allowed members regulate the dynamics and economics. A researcher worked and is working on the analysis of coordination modes within or between organizations / communities and on cooperation between individuals. These coordinators, also called systems of governance and institutional arrangements are very important because they define the vertical and horizontal relationships between the different participants in a system.

Bourdieu (1980, 1986), describes social capital as "... the feature set that is connected to the possession of a durable network of more or less institutionalized relationships." For the author, informal networks are "... the social structure of reference on which the capital is built." Coleman (1990), Putnam (1996 and 2000) and Fukuyama (1996) provide good evidence that social capital is an important aspect to promote cooperation between individuals and, consequently, between organizations. In the works of Coleman (1990) and Putnam (1996), social capital emerges from the features of social organization which the authors emphasize trust and standards. These features contribute to increase the efficiency of society by facilitating coordinated actions.

Fukuyama (1996) defines social capital as a set of informal norms that promote cooperation between two or more individuals. For the author, the norms that constitute social capital can range from simple rules of reciprocity between two friends to complex and elaborate doctrines like Christianity or Confucianism. So is the existence of these standards and share the confidence that arise between individuals and networks.

Fukuyama (1995) considers that the ability to cooperate depends on social habits, traditions and previous standards, elements that integrate informal institutions.

3. Research methodology

The research method used to assess informal aspects that guide the development of the community of farmers of Jales was the integrated analysis. This research uses empirical support, which is the study of certain individuals, institutions, groups or communities in order to in-depth information, resulting in the perception of the elements surveyed about the events of interest. For the collection of data and information relevant to the investigation and understanding of the issues proposed, documentation techniques were used directly and indirectly. The indirect documentation was grounded in archival research and literature. For Lima (2004, p. 39), the literature is the activity, location and query of diverse sources of written information guided by explicit purpose of collecting materials more general or more specific as to a theme.

The population of the municipalities surveyed were chosen by the importance in the production of grapes. According to data from CATI / Regional Jales (2005), the region has 650 producers and vineyards occupy 1,091 ha of vines. The APL is mainly composed by wine-growing districts of Jales, PalmeiraD'Oeste and Uranus are of great importance in the production of grapes, both fine and coarse. These three counties, representing 72% of the total regional Jales, were visited in April 2008. From the sample of 650 producers, only 50 participated in the cooperative until 2004, these 40 were interviewed at random.

The field research was used to ensure awareness and recognition of the place and its dynamics. For Lima (2004, p. 51), field research involves the apprehension of the facts investigated, exactly where, when and how they occur. It is therefore important to systematize the methodological resources, both quantitative and qualitative, register them, select them and organize them without any kind of manipulation, without trial. As a technique for data collection was the structured questionnaire used in a survey of qualitative and quantitative nature, the questionnaire is the result of the formulation and implementation of an ordered series of questions related to the topic searched.

4. Results

The relationship between actors in rural communities work in a productive way when respect for rules of conduct inside and outside this community. In the case of the rise and fall of the cooperative of grape growers in the region of Jales northwest of Sao Paulo, the intent was to determine the influence of informal institutions in the rural community about this issue. To assess the influence of informal institutions and know the true story of discontinuity of the cooperative.

The survey of 40 producers that were part of the cooperative and participated in its construction, all, or 100% are still in the region and sell fruits, including grape, orange and banana.

The informal institutions in North apply fully in transactions of this community of actors, because the informal rules are essential for the proper performance of social and economic relations of individuals.

In the case of the cooperative have two streams of discussion:

- i) The original purpose of creation.
- ii) The cause of disaffiliation with the cooperative.

The empirical results showed that some producers of entrepreneurship made possible the construction of the cooperative (i) because they understood that the temporal and locational specificity of the grape of the region were high, and have high potential for export. With this potential in place, public organizations such as Embrapa, Rural Development Office, City Hall and others, supported the idea of producers to participate in this new market, thus providing the promotion of dialogue and the beginning of the collective activities of the cooperative. With the European market focus, the problem was the scale, the survey showed that producers understand the importance of delivering the product in the cooperative to ensure the minimum amount possible to sell in Europe.

Because nearly 90% of producers living in the region to more than 20 years, and 70% participated actively in the cooperative, it was noticed a trusted environment for trade conferences. The data that allowed us to assess a high degree of social capital was the way the transactions occurred. The producer gave their products without any formal

contract price, quantity or value. The informal rules safeguarding interpersonal relationships, with no further transaction costs.

In the second line of discussion (ii) the survey revealed a trace of how the institutional environment directly influences the rules of conduct of people. In reporting the cause of disaffiliation and stop the activities of the cooperative, farmers (100%) said they missed some union to continue the collective bargaining agreement. With the fragility of the scale of the grape, one of the producers in a given year did not deliver their production to the cooperative, selling to a middleman, resulting in an impediment to exports, making unviable and breaking the link, the rule, the informal contract with the cooperative.

As the region is composed of a few producers, misconduct, or opportunistic behavior of an individual reversed the collective environment and protected by informal rules in a hostile environment, individualism and mistrust.

The results showed that when the collective and informal rules are not respected by at least one of the individuals in the community, it is excluded from group activities, reducing their reputation with the leading group and in the case of cooperative Jales the decay of collective enterprise and breach of trust between the actors of the community.

The game rules of the community of farmers in the region of Jales is riding on trust between the actors. The formal contracts are not very efficient regarding compliance with the rules. In the case of informal institutions expect a stronger influence, which can lead to two important questions:

- The creation of the cooperative was a collective strength of informal institutions in the community, and
- This same collective force, provided the fall and crash of the cooperative for non-compliance with informal rules that involve the concept of cooperatives.

Thus, empirical research can convey the true results that demonstrates the life cycle of the cooperative, from the theoretical framework of the institutions in the agricultural environment.

5. Conclusion

The dynamics of the New Institutional Economics theory does not define their field of study, in contrast, allows you to incorporate new methodologies, new approaches and provide new empirical results for compilations.

When trying to integrate much of the theoretical framework of New Institutional Economics (NIE) with the Theory of Capital (TKS) can present a new look to the informal rules of the game. The dynamics of transactions allows us to understand the behavior of individuals and firms in institutional environments fostered by cooperation and the competitiveness of the market. However you need to assess these dynamic points of view, nonlinear and mischaracterize paradigms.

Rural communities represent broad applicability in applied social sciences, allowing understanding the performance of regions, places, cities and countries. Taking hold of empirical elements capable of imparting theoretical enrichment to national and international calls.

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