

The Shaffer Star: Society

When using a systems approach to reflect on community economic development it is useful to have a paradigm to organize one's thinking. Ron Shaffer offered a six point paradigm which we call the "Shaffer Star": decision-making, resources, markets, society, rules, and space. Shaffer maintained that nearly every issue a community may face falls into one of these components or elements of the community.

The society node of the paradigm is focused on the cultural dynamics of the community. The actions of a community are influenced not only by formal rules that are written and can be altered, but also unwritten and informal rules that define behavior within the community. Society/culture is to a large extent defines acceptable and unacceptable behavior. Culture consists of that collective system of societal characteristics, relationships, and processes that are slow to adjust because they are highly durable (i.e., almost constant) on a time scale that is pertinent to intergenerational 25 years decision making. Culture defines what behaviors are acceptable and is often referred to as social norms. Institutions/rules place into law those social norms. Some communities embrace change and look for challenges. Others communities resist change and discourage community members from undertaking new ventures, such as starting a business, or ways of doing things. In other communities and societies people who start small are viewed with some skepticism about their motivations and the rules and culture in place hinder small business start-ups. The society node speaks to what is and is not socially acceptable behavior by individuals or businesses.

As economists, this dimension of community economic development is perhaps the most difficult to conceptualize and analysis. Many economists avoid working on the societal or cultural side of the community economic development problem because, as it has been referred to, is "soft", "squishy" and "unmeasureable". In neoclassical economics economic agents (consumers and businesses) are rational and well-behaved seeking to maximize profits and what economists call utility. Informal cultural or societal rules governing behavior and attitudes simply do not exist.

But economists realize that to fully understand economic behavior one must acknowledge and understand the social structure in which economic agents act. Economic agents do not operate in a social or cultural vacuum but rather within the social and cultural context of their community. The society node speaks to the social and cultural rules that dictate acceptable behavior. This field within economics is sometimes referred to as behavioral economics.

At a higher level does society take an individual or communal perspective? An individualistic society would essentially place the individual at the highest and most dominant role in evaluating goals and values. This type of society might choose not to have any type of community economic development except as you would as an individual. This would be a libertarian view of the world. The other extreme is the communal society that essentially locks itself into a communistic/socialistic approach that says all values must be considered and effectively no local decision can be made until everyone is satisfied. For example, is investment in education yield a purely private or public return? An individualistic perspective would argue that education yields private returns to the individual in the form of higher incomes. As such those investments are the responsibility of the individual and not the community. If education yields public returns through more informed community decision making, engaged leadership and volunteerism then there is a public good or community element to education and moves beyond the responsibility of the individual.

In community economic development we see this with the attitudes of businesses within the community. If individual businesses view other businesses within the community as competitors, then the notion of working within a network of businesses is counterproductive to their own best interests. If, on the other hand businesses are of the opinion that they are “in this together” and that as the community goes there goes their individual businesses then there is a stronger potential for cooperative action that aids individual businesses. For example, is there a viable chamber of commerce or business association that provides more than just a social gathering service? Does this business group provide professional training and development opportunities, networks to local and state governments or links to the resources of the university?

Some have referred to culture as social infrastructure which includes local social institutions and quality of social networks. Local social institutions are social organizations that provide services essential to the maintenance of physical, social, and cultural needs of the community. These include police and fire protection, churches, healthcare, community kitchens and homeless shelters. Social networks are webs of relationships that link individuals within a community. The quality of the social network affects the community’s ability to effectively gain control of their social and economic development. Communities that have high levels of these qualities are called entrepreneurial communities. Characteristics include depersonalization of politics, development of extra community linkages, diverse community leadership, and a broad definition of community. One could also think in terms of social capital which involves social networks that allow for civic engagement. In this context the social/culture node hinges on: (1) trust, (2) ease of cooperation, and (3) networks. Here networks include notions of binding social capital which is strength of ties within groups and bridging social capital which is strength of ties across groups.

The problem is that from a purely positive economic perspective is it difficult to conclude that a community should change its culture for the better. That is a value laden statement and borders on requiring the practitioner or Educator “passing judgment” on the community. Regardless, many researchers and practitioners have observed that a minimal level of social infrastructure is necessary before economic development can take place. This returns us to the question if all communities are ready for economic development.