January 12th 2010

The Logic of Collective Action

A paradox exists in regard to collective action due in part to the general notion that large groups that share similar goals do not organize effectively, even though at first glance one might believe that the shared mindset would be enough to unify the group. Because smaller groups have a tendency to form easier than larger groups, collective action has been shown to happen more often in the groups consisting of less individual 'thought-processes" and not necessarily less individuals; a collective of five corporations has millions of employees. When someone feels that they are being 'ripped-off' by contributing and not seeing return on their involvement in a collective action, they are less likely to proceed with further action in the future, unless a 'selective incentive' is provided.

The paradox has shown that many groups are unable to organize effectively. Due to the constant 'free-riding' as said by many other economists, including Olson in different terms, it is more beneficial to let someone else (or multiple individuals) in the collective take responsibility for solving the problem. The individual that did not contribute still receives their one stock-value of the collective. As an ultimate result, though, no incentive exists for any particular individual to do the necessary task for the sake of the collective, thus the collectives goal is not achieved. A way of fixing this problem is by, through a consensus, providing some sort of selective incentive.

Selective incentives exist to motivate individual members of a collective, or to provide an incentive, for the betterment of the overall 'mission' of the organization.

Multiple specific incentives exist, but the ‘blanket’ incentives come in a few broad forms. Positive, negative, and social incentives, in some cases, are commonly attributed with working within the constraints of forming consensus among a collective.

First, the positive incentives provide benefits to the members of an organization or a union. For example, the members of a farmers organization, that are contributing their dues to the organization, may not only receive the implied benefits of the collective, but also could receive a ‘free’ magazine subscription containing articles that would be of interest to the farmers. In reality, the farmers are actually paying for the publication and production of these magazines and any associated distribution costs. Even though it might not seem like much, it is useful for the helping individual who is apart of the collective by showing that the farmer will always be receiving a tangible reward, other than their stock-share, for the contribution to the collective.

Second, a negative incentive can be applied to help the individual understand the importance of contribution. What can arguably be seen as ‘quasi-voluntary,’ the individual understand that they receive some sort of penalty for not contributing. Even though they still have the choice of ‘free-riding’ the agreement of a collective, they realize that the penalty exists and are therefore willing to comply. In the same example of the farmer organization, a fine may be enforced for the late payment of dues in the form of either monetary or other tangible methods.

Finally, incentives can be in the form of a social acceptance, but this method only works in smaller organizational structures where the numbers of individuals in a group are smaller. Motivators, like ‘specific incentives,’ help to increase the effectiveness of any collective, and help to increase the likelihood of success of the larger collectives.