Preface

In all societies, systems based on social norms or networks – alternatively referred to as informal institutions and sometimes referred to as ‘culture’ – are a central means of facilitating economic transaction, social behaviour and interaction.

In all developing countries such norm-based institutions are very important for the poor, who often lack formal alternatives. Informal rules and regulations are obeyed by people – both poor and non-poor – because there is a penalty for social action. The informal institutions also supplement or supplant laws and formal rules. But sometimes both informal and formal institutions need to be amended for the society and the market economy to function better. Sometimes, when some social and economic practices become discriminatory, the relevant societal norms may have to be explicitly supplanted rather than amended. Many successful institutional arrangements have flourished in many countries because of their ability to harness or adapt to prevailing norms. Hence building bridges between existing formal and informal institutions is an effective means of ensuring the success of government efforts to achieve human and economic development. However, since the early 1990s, international formal rules and regulations have been greatly influencing the formal and informal institutions within each country. Therefore there is now the need for every country to build bridges between domestic and international institutions.

This volume examines at the theoretical and empirical level, the role of informal and formal institutions in development in a number of selected countries, and how the forces of globalisation are influencing the domestic social and economic institutions and thereby the process of empowerment of people in these countries. Some chapters included in this volume were previously published as papers in refereed international journals. The other chapters were independently reviewed before being included in this volume.

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