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# The Invisible Roots of Community Resilience



By [Henrich Greve](#) , INSEAD Professor of Entrepreneurship

## **Why some communities pull together in the wake of disaster, and others fall apart.**

The true test of togetherness for any community is how it responds when disaster strikes. In the face of a crisis, close-knit communities pull together and deliver help where needed, whereas people who are neighbours in name only will focus on their own welfare. Consequently, social cohesion is a key determinant of community resilience.

But what determines social cohesion? My prior research found that in the United States, local banks' response to [the financial crisis of 1907](#) was greatly informed by their communities' reaction to a similar collapse 14 years before. Specifically, banks that had been run on in 1893 turned more towards other banks for support during the later crisis; those that had avoided a run trusted the community enough to issue IOUs. The conclusion was that crises, despite their infrequency, cast a long shadow, altering community dynamics in ways that may not be apparent until the next crisis hits.

In other words, communities' present-day resilience is determined by their history of past disasters, sometimes stretching back generations. In a new paper (co-authored by Hayagreeva Rao of Stanford University), forthcoming in *Academy of Management Journal*, we argue that not all crises impact resilience equally. In addition to its magnitude, the presumed origins of a crisis shape its eventual effects.

## **The Spanish flu**

Our focus was on the effects of the devastating Spanish flu epidemic of 1918-19 on rural communities in Norway. We chose that particular country because it suffered less than average—losing 0.6 percent of its population, while losses to the total world population have been placed as high as five percent. Its communities certainly were badly shaken but not crippled. For Norwegians, the flu was less of a singular calamity and could be better situated on a historical continuum of crises.

Local data from the Cooperative Association in Norway enabled us to gauge communities' social cohesion—and therefore resilience—down through the decades. Retail cooperatives started springing up in the Norwegian countryside in the 1870s, as farmers tried to break the perceived stranglehold of the largely urban private merchant class. Though Norway's cooperative economy is robust today, accounting for one-quarter of grocery sales by revenue, its beginnings were touch-and-go, not least because of fierce legal resistance from the merchants. In the early decades, farming communities with a relatively high concentration of cooperatives tended to have tight social bonds and high capacity for collective action, so cooperative formation indicated community resilience during this period.

## **Lingering effects**

Analysing the cooperative formation data alongside Spanish flu mortality rates for each community, we found that community flu mortality reduced cooperative formation for about 20 years post-epidemic. After the late 1930s, the effect of the flu on cooperatives became weaker, presumably as interpersonal and institutional networks completed their slow work of restoring social ties.

We also found that Spanish flu mortality had the strongest effect on subsequent cooperative building in communities that, prior to the epidemic, lagged behind in civic capacity, as shown by their inability to keep pace with

the cooperative movement as it spread through the countryside. These communities had the fewest savings banks, village fire mutual insurers and other collective organisations leading up to the outbreak. By contrast, communities with a wide variety of such organisations before the flu were in better shape as a collective in the aftermath. So the proper preparations can indeed lessen the severity of a disaster's impact.

### **Spring frost**

Further, we discovered that the enormity of the Spanish flu epidemic was not the only reason it had such pronounced and long-lasting repercussions. As the first wave of the disease ravaged Europe, newspapers filled with alarmist accounts and death notices sparked international panic. In the early 20th century, there was widespread understanding of how contagion worked, and thus of how one's neighbours could pose a mortal threat. Fear and distrust of others ran high.

A contagious disease such as the Spanish flu therefore is more destructive to the social fabric than, say, a natural disaster, which only the most superstitious among us could blame on other people. We verified this by comparing the Spanish flu's effect on the development of cooperatives to that of the spring frost. Colder than average temperatures in April were especially damaging to crop yields, arriving as they did at the very start of the growing season. The ensuing economic hardship was a well-known hazard of agricultural life at the time.

Norwegian farmers in more collective-minded communities could offset their vulnerability to spring frost by founding cooperatives such as community grain banks and insurance organisations. And that is exactly what they did. The short- and long-term effect of the frost was to foster cooperative institution-building, while communities touched by the Spanish flu were still recoiling two decades later.

### **Classes of disaster**

A disaster's impact on the community isn't solely based on how bad it is. You should also consider how community members will process it emotionally. A crisis viewed as universal and unavoidable may end up strengthening communal ties, assuming a reasonable level of social cohesion is already present. In the case of disease outbreaks, the long-term ramifications may be worse than initial signals suggest.

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