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HOW GEOGRAPHY AND ORGANIZATIONAL EXPLANATION OF DEVELOPMENT ARE MUCH MORE INTERLINKED THAN IT SEEMS - EVALUATION FROM PERSPECTIVE OF HISTORICAL EVIDENCE

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ABSTRACT

The foundational discovery of inversion in wealth disparity among territories that Europeans seized as their imperial power by Acemoglu, Johnson, and Robinson (AJR) is used in this study to assess growth theories in the context of past data. Using the AJR inversion of fortune concept as a reference point, we attempt to discover which greater deters in the non-European universe in the pre-colonial historical past have converted themselves into impoverished communities in contemporary correlation, although some of the poorest areas in the pre-1500 specified timeframe are now considered one of the most developed markets of currently. Our findings show that, while theoretically and empirically proof in the research points to organizational explanations for differences in long production developments, historical and ethnic boundaries must be considered to get a full picture of how various organizational structures have progressed in various locations over time.

1. INTRODUCTION

Why are certain countries wealthy while others are impoverished? Why are there so large income discrepancies across countries? What causes certain places to experience progress and wealth while others suffer from poverty and deprivation? The problems listed above have perplexed philosophers, sociologists, psychologists, entrepreneurs, and laypeople throughout the world and history. Econometric theories and funding agencies have largely been interested in learning more about the growth of the economy. The goal of growing studies has been to identify the essential factors of expansion that can maintain a lot of economic improvement in advanced nations and to suggest strategies to accelerate the confluence of establishing new expenditures with industrialized world earnings (Romer, 1989; Kelly, 1992; Galor, 1996). As a result, scientists have long been concerned about the task of closing the wealth disparity between the world's poor and the country's wealthy, as well as the long-term viability of the approach. In this framework, the growth model has typically characterized output development in a total of increasing returns, investment in education, and productivity, i.e., capital availability and effectiveness, or the reliability with which these services are allocated between many activities (Solow, 1956; Romer, 1986; Lucas, 1989). However, can these variables, like invention, profitability, knowledge, wealth generation, etc., be regarded as the basic reason, or is there a deep force at work behind the worldwide and long-term metropolitan areas that need to be investigated quite far?

In the quest for thorough sources of profitability over the last 2 decades, three potential reasons for variance expansion have appeared: regional, social, and organizational for differential development, with the discussion centered on which reasoning describes global health trends. In this light, we have attempted to add to the discussion over underlying drivers of development in main methods in our present study. We examine whether hypothesis, which is economic, social, and can properly explain such shift in development areas throughout time for the same locations, by first utilizing the concept of Reversal of Fortune as a baseline for the study. Second, we evaluate the projects of researchers and economic experts to see how these greater predictors of development are more interconnected than fulfills the sight, in establishing that these reasons could be seen in solitude and that their close link has also contributed to identifying destiny. According to our findings, the facts presented in Acemoglu, Johnson, and Robinson's (AJR) study and the study that preceded in their food prints are the most compelling of the three descriptions of basic drivers

of growth. However, historical and ethnic boundaries must be considered to have a full picture of how various organizational models have developed in various areas through time. This is a reality that must be acknowledged.

The notion of a reversal of fortune is that the nations that are today regarded as the most evolved have not been wealthy since the start of time, but that there has been a movement of wealth from relatively successful areas to less successful locations in antiquity. In light of current research, he investigates three possible explanations. The discussion comes to a close in the last part .

2. REVERSAL OF FORTUNE

The word "*reversal of fortune"* refers to a significant period in which some of the world's most powerful civilizations in the old period sacrifice their correlative educational control to areas that may not have previously held well-developed communities but now encourage the world's most powerful states in terms of total GDP (Acemoglu, Johnson & Robinson, 2001, 2002, 2004; Engerman & Sokoloff, 1997, 2005a, 2005b; Nunn, 2008a, 2008b][1]. However, both sociologists and financial scholars have recorded this template of global withdrawal in general economic fortunes over time, actual studies for such a transition can be found in the indirect effect among factors of wealth in 1500 (urbanization relationship between population frequency) and factors of the existing level of wealth. developmental levels of then well-to-do regions.

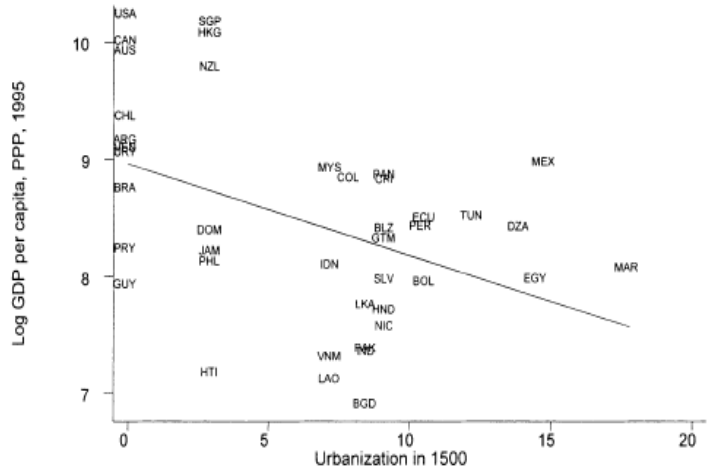
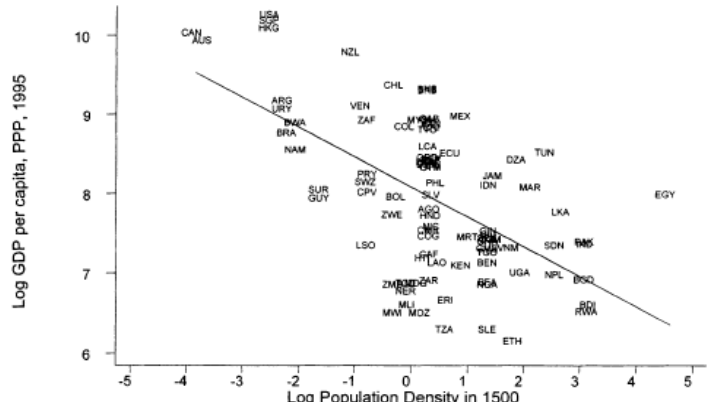


Figure 1: Log GDP per capita (PPP) in 1995 against Urbanization Rate and Population Density in 1500



Source: Acemoglu, Johnson & Robinson (2002)

[1] *Civilizations located in India and China were regarded to be more affluent internationally in the pre-1500 time range, but civilizations based in The U.s., New Zealand, and Australia were considerably less advanced throughout that duration (Acemoglu, Johnson & Robinson, 2001, 2002, 2004).*

Areas that were the most civilized civilizations in the old period, but on the other side, we're unable to know the suitable impulse to propel their society to a better level after 1500 period[2], and thus were unable to retain their old economy in current growth. As a result, global economic patterns indicate that in places where changes have been recorded, not only the merging among nations but also run such divergence among nations. Reverse has been continued to observe in nations that had previously been under colonial rule[3]. This is in line with the theory that the reason for the development reversal may be traced back to the influence of colonialism on these nations. But since such shifts have come about hundreds of years later into a colonial rule, However, given such transformations have occurred centuries after colonization, it seems likely that they are the result of changes inside these colonists rather than a result of their colonization (Reynolds, 1986). To understand how this trend of fantastic shifts in comparative fortunes through these colonies occurred, one must perform an analysis of industrial revolutions that occurred over the years and throughout the time of inversion in such areas during Conquest, as well as the role of agro-industrial revolutions in establishing these various formative patterns. To put the debate in context, consider that per capita GDP has increased at a relatively steady pace for much of human civilization's era, during which birth rate has moved up in lockstep with GDP growth, referred to as an era of extended expansion. The time of intense expansion worldwide that began in the late eighteenth century and was dominated by Western European states is a relatively recent occurrence. This is because their capacity (or lack thereof) to conduct such a procedure has led to the initiation of intensive growth and (or lack thereof) to do under European authority (Cypher & Dietz, 1997, p.75).

Because it is a shred of well-documented evidence that industrialization ushered in a focused era of prosperity, we can infer that reversals in colonial development patterns may have been predicted by technical transitions linked to the industry in these colonies while they were ruled by Europeans. This is because, first and foremost, the inversion cannot be attributed only to the technical transmission of agricultural production expertise, as such techniques were already being disseminated when colonizers established themselves among their colonies. However, the turnaround occurred several centuries, in the late eighteenth and early nineteenth centuries, corresponding with the beginning of the industrial era, showing that colonies' capacity to benefit from industry was a significant factor of inversion (Acemoglu, Johnson & Robinson, 2002). Furthermore, it is evident from figure 2 below that area that did not have much economic stability before 1500 are now fostering one of the world's major zones, such as the United States, Canada, Australia, and New Zealand, and these areas are rising at a much quicker rate than nations such as India, Brazil, and Mexico, which were the major centers of most developed civilizations in ancient times, demonstrating the central role of industrial growth in advancing culture (Acemoglu, Johnson & Robinson, 2002).

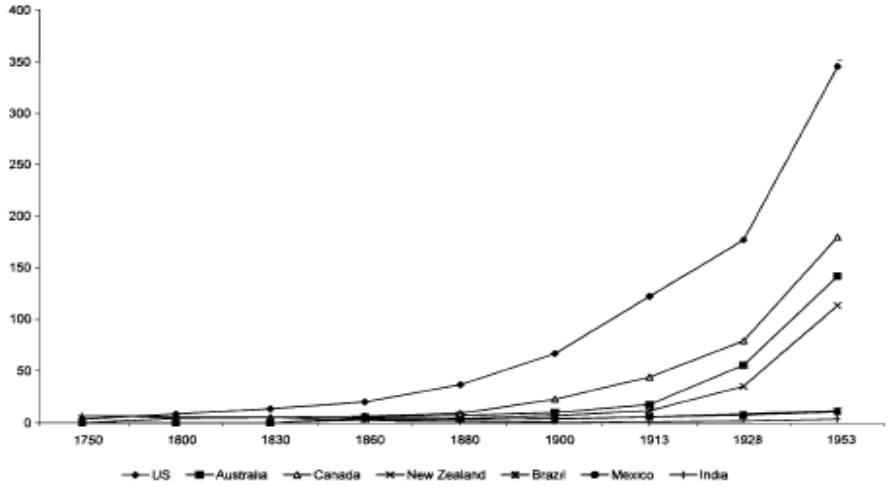


Figure 2: Economic Producer's Growth across India, US, Canada, Australia, New Zealand, Brazil, and Mexico
Source: Acemoglu, Johnson & Robinson (2002)

3. A POSSIBLE CLARIFICATION FOR THE SUCCESS INVERSION

[2] *This could be because such communities became stuck in their pre - historic times balance (which may have been strong by prehistoric standards but not by today's standards) as a result of their failure to acquire or adopt powers that led to modernization, or because their communities were destroyed over time (Lal, 1998, 2004, Acemoglu, Johnson & Robinson, 2002).*

[3] *"The inverse relationship of the urbanization and population density in 1500 with per capita GDP in 1995 for a country was estimated only among the colonized countries but a positive correlation is found for non-colonies (Acemoglu, Johnson & Robinson, 2001, 2002)".*

In this chapter, we'll look at three theories that have been proposed to describe cognitive disparities that have been found in different parts of the world, and we'll see how well they describe the historical inversion phenomena. The first strategy applies to the world's current growth pattern to states' natural origins. The second possibility looks at how social and spiritual elements might cause differing equilibria in various cultures, and has been offered as one potential reason for unequal growth in the research. Lastly, the approach looks for explanations in country-specific structural variations. All of these points of view are examined to see if they may describe the reverse in development experiences among regions through history, as following:

3.1 Geography as Cause of Differential Development

Geographical restrictions affect the structure of choices and opportunities for economic growth among cultures, according to followers of the geographies theory. The school of thinking that emphasizes environment as the defining factor of cross-country expansion places a greater emphasis on the natural limits on human connections. The following is a thorough description of how regional history may produce variety in growth paths across regions:

3.1.1 Climate

The concept that temperature has a direct impact on labor force motivation and productivity was originally stated in the writings of the prominent French philosopher Montesquieu (1752), and later in Huntington's (1915) writings (Hassan, 2007). The basic tenet of this school of thought is that individuals who live in colder regions have greater energy and self-discipline than people who live in considerably warmer climes. People who live in colder climates benefit from the suitable selection of outdoor humidity levels, according to Huntington (1915), which increases their energy and mental stability for making decisions, making them more efficient and realistic in the workplace (ibid). Unfortunately, this understanding is not useful in describing the reversal of fortune in our research since early urban centers of society arose in tropical areas, such as Egypt in the third millennium BC, which had a standard temperature of 74 degrees Fahrenheit (GilFillan, 1920). Consequently, India and China are both located in tropical areas. There is a case that can be made that the tropics' hotter environment was more favorable for the birth of fledgling civilization. However, even if this is true, it does not help us support colonial reversal. Different colonial governments' timelines for establishing industrial technologies in their colonies may have had an impact.

3.1.2 Geographical Conditions Establish Structure In The Economic Sector

This school of thinking emphasizes the importance of geographical variables such as climate and the availability of specific natural advantages in providing a competitive benefit to one location over another. This viewpoint's proponents include significantly (Diamond, 1999; Hibbs & Olsson, 2004). Because of specific ecological variables, Euro-Asia acquired an early edge over Africa, America, and Australia in Diamond (1999). Due to food production, the existence of more domesticated and wild organisms in the Fertile Crescent contributed to the growth of a healthy lifestyle. Africa, America, and Australia, which started behind the Euro-Asian countries, should now catch up. This isn't an actual reality because they're now considerably wealthier. Reversal cannot be related to technical advancements that gave Euro-Asia an advantage in efficient colonization of other places. The Europeans were able to colonize Africa and America because of weapons such as firearms and illnesses. Hibbs and Olsson (2004) found similar results, putting Diamond's (1999) thesis that heterogeneity in early bio-geographic circumstances led to varying timings of transition to sedentary agriculture across different areas of the world, resulting in differing rates of development. Including this argument, all of the nations with the same beginning strength should have followed comparable developmental trajectories, but why some advanced faster than others remains a mystery to this school of thinking.

3.1.3 The Tropical and Climates Geographical Different Developments

Jeffery Sachs and his collaborators wrote Sach (2001), Radelet & Sach (1998), and Gallup, Sachs & Mellinger (1998). (1998). This school of thinking argues that geography plays an important role in understanding global development patterns. Researchers have tried to describe why nations in the tropics are less established than nations in the temperate climate by relating different metrics of wealth to physical and environmental parameters in a series of publications (climatic conditions, disease ecology, and duration from the shoreline, among others). Sach (2001) argues that agricultural production in the temperate zone is significantly higher than in the tropics, based on the fact that soil nutrients are well entrenched below and beyond the surface. Crop yield is also decreased as a result of increased plant respiration rates and water constraints induced by evaporation owing to high temperatures (Sach, 2001). The above thesis is backed up by actual data from Gallup (1998), which demonstrates that agricultural production in the tropics is 30-35 percent lower than in temperate climates. Also, the warm tropical climate being favorable for the diseases like malaria, The cold tropical temperature has been linked to reduced worker productivity in certain areas. Malaria, helminth infections, and yellow fever thrive in a tropical climate that is warm and humid

(Landes, 1999; Gallup & Sach, 2001). As a result, the existence of this energy resource offered temperate-zone countries an early boost in growth owing to industrialization, as well as a technological advantage over tropical-zone countries (Sach, 2001). The fact that transportation costs are significantly greater in the tropics than in the temperate zone has a detrimental influence on growth prospects (Radelet & Sach,1998). However, despite their biological and climatic advantages, high-income nations such as those in North America, Australia, and other temperate zones did not demonstrate high levels of prosperity pre-historically, as explored by Acemoglu, Johnson, and Robinson (2002). The reversal of the industrial era is largely connected to industrialization occurring in nations that have outperformed in terms of per capita GDP growth and a lack of an industrial foundation in countries that have lagged. Agricultural output disparities and infection ecosystem variations between the tropics and temperate zones may have little impact on industrial-technological applicability. Even with these prevalent variations, it is difficult to discover why manufacturing approaches may be effective in climates but not in the tropics, as suggested by Acemoglu, Johnson, and Robinson (2004), and how can this be appropriate for the late emergence of industrial growth in tropical India population. In opposed to colonial India, which had a big population density and agricultural terrain includes natural resources.

3.2 Culture as Cause of Differential Development

The justification for societal development differences is based on how various cultural beliefs lead to different equilibria. Numerous scholars contend that civilizations may cooperate on distinct equilibriums based on their diverse set of values, as given in Grief (1993), and that dual preferences within society might lead to numerous equilibriums, as advocated by Kuran (1995). Through social cooperation on ongoing self-fulfilling ideas that are socially harmful, the economic system may adjust to an inefficient conclusion (Romer, 2003). In this way, depending on their cultural culture and the structure of belief formulation, trade partners may take diverse paths to varying equilibrium. Weber (2009) was the first to provide a conceptual account of the origins of industrialization in Western Europe. According to this argument, Protestant ideology pushed people to use their time effectively and to strive for economic success, but Catholicism opposed capitalism. Thus, the fact that certain societies have more cultural power and hence flourish than others may be traced back to their cultural heritage (Durlauf & Fafchamps, 2005; Knack & Keefer, 1997; Putnam, 1993). Colonialism has a significant impact on the evolution of communities across the world. The amount to which colonial exposure transgressed into a specific society was determined by cultural mores, which were a gradual shifting process with a lot more persistence and network reliance. Furthermore, communities that were radically changed as a result of colonization, such as those in North America and Australia, saw their original populations decimated and isolated. As a result, pre-colonial civilizations that were culturally sophisticated and able to resist European imperialism were able to limit European penetration into their systems to a far greater extent than societies that were simpler (Mohaney, 2010). If cultural factors are to blame for particular regions' poor socioeconomic performance, the question then becomes why such countries have stayed stuck in that terrible equilibrium for so long, refusing to change in the face of economic failures. A reasonable line of inquiry is why failed economies with poor cultural endowments did not alter such cultural traits once they were decolonized. For example, there is factual evidence that British colonialism has a considerably greater influence on the country's legal system than any other colonial power (Jones, 2016a, 2016b; Rappas, 2018). As a result, to infer about the causal factors in the development process, one must dig deeper into the description of the relationship between culture and the formation of administrative, social, and capitalist enterprises, a topic we'll go into in-depth in the following part.

3.3 Different Institutional Heritage As Cause of Differential Development

The organizational culture is emphasized as a crucial factor of growth in the third school of thinking. Proponents of this school of thought believe that rewards produced via different types of organizations in the economic, social, and political realms are more important than a world’s natural resource. Only an asset state may improve its wealth creation if its organizations are very well, particularly those that are crucial to economic results. Investments will not be adequately spent if industries and economies are lacking, and individuals do not have the right to defend their property. Many sections are explained below:

3.3.1 Reversal of Fortune in Context of Orgazinational Perspective of Growth

The concept of fate reversal was initially introduced in Acemoglu, Johnson, and Robinson's landmark book (2001, 2002).[4] This major development trend reversal has been extensively studied. The quantitative study of colonial-institutional reasons of variation in development patterns in the AJR thesis is unique. Angeles (2007), Bairoch (1993), Banerjee and Iyer (2005), Bertocchi and Canova (2002), Engerman & Sokoloff (1997, 2005a, 2005b), Jones (2016a, 2016b), Nunn (2008a, 2008b), are a few examples of papers that have attempted to link post-colonial findings to (1995). We will analyze the causal pathways that have emerged from the AJR study first, and then broaden the AJR thesis to include additional potential aspects to improve our knowledge of complicated historical events. The AJR study looks at how various colonies took use of industrialization prospects. Acemoglu, Johnson, and Robinson (2001, 2002) believe that what decides whether a colony's growth takeoff is the sort of institutional set-up existing at the moment. The level to which colonizers could immigrate their local people determined how they decided to construct what sorts of institutions in their colonies. Areas where a large number of Europeans could settle resulted in the creation of vast "neo-European or inclusive institutions," whereas places where Europeans were unable to settle resulted in the development of extract active institutions. On the other hand, in areas where Europeans have been unable to settle, they have turned to the establishment of "extractive institutions," which aim to transfer as much wealth as possible from natives to colonists and functioning of markets. (Acemoglu, Johnson & Robinson, 2001, p. 1370). The first approach, as emphasized by Acemoglu, Johnson, and Robinson (2001), focuses on the type of disease environment European settlers experienced in other lands. The strength of the population density of indigenous people met by European colonists at the time of the conquest, as highlighted by Acemoglu, Johnson, and Robinson is the second causative aspect examined in AJR works (2001). Both of these channels of influence outlined the net economics and upcoming interests for European settlers when deciding whether to engage in major settlement policies for their newcomers and the formation of European-style institutions in response, as opposed to the formation of or appreciation of a very established extractive economic structure.

The AJR idea that exploitative tactics arose when European colonists were unable to stay or where their reign was brief is strikingly similar to Olson's theoretical concept of "Roving and Stationary Bandits" (2000)[5]. Nunn models a similar explanation of how a turnaround of fortune may have occurred in Africa (2008). Including this logical concept, if a ruler's authority is on a transitory basis for a short length of time (roving bandit), he tries to take as much as he can from his followers, as opposed to a scenario in which a monarch remains stationed for an extended amount of time (stationary bandit). The AJR interpretation of the reversal hypothesis is very much in line with a choice that depends largely on the temporal range of their colonial control (Nunn, 2008a, pp. 160–168).

4. 4. ORGANIZATIONAL TRANSFORMATION AS A RESULT OF REGIONAL AND GEOGRAPHICAL LIMITATIONS

Organizations that promote growth are crucial in interpreting global recent developments. What led to European superiority in the first place, allowing them to put other regions under their colonial control, and why were Europeans placed in this advantageous position? “How did some regions come to acquire specific sorts of organizations?” poses another issue. We know from the writings of Acemoglu, Robinson, and Johnson on colonialism and development that in places where European settlers had a far higher chance of establishing permanently. Social traditions and terrain, as well as other factors such as regional demographics, relative factors, and historical context, all play a role in growth flows. Also included is a comprehensive analysis of how numerous external variables influenced pre-colonial development in Europe and beyond. Institutional evolution is a long-term process that might take hundreds of years to complete. Effective coordination among society members is facilitated by well-functioning organizations that facilitate trade. Organizations are described as a collection of human-made restrictions that govern human relationships (North, 1990). These limitations can be found in the financial, cultural, and political spheres, as well as in the realm of the unofficial, such as societal norms (Lal, 1998; North, 1990). Organizational change is a long-term process that might take hundreds of years to complete. Let us first define what an economist understands by organization and how it evolves before delving into the elements that emerge as methods of strategic flexibility throughout past data.

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[4] “From now onwards we will refer to Daron Acemoglu, Simon Johnson and James A. Robinson as AJR to save space and repetition ”.

[5] Each of these networks are much more connected than they appear, as we understand from Diamond (1999)'s job on historical processes of growth that regions with sparsity populations had neither the capacity nor the power to withstand European military might, whereas areas with higher density native populations had the capacity to keep themselves (2005, p. 510–511)].

The dominant institutions in a society are those that have been agreed upon as a contract between the society's involved participants (North, 1990; Acemoglu, Johnson, & Robinson, 2004)]. This elucidates other element of the organizational creation process, in which there is a fight within society about which sort of organizational order will be implemented, resulting in a latent struggle. This inertia results in path dependency in institutional structure, with today's organizations resembling those of past different eras. One explanation for institutional lock-in is that in order to bring about change, it is necessary to gather together those who are disadvantaged by the current institutional structure for future benefits[6](North, 1990). Social and economic inequality is one route that can function as a uniting force for bringing individuals at the wrong end of the distribution chain together on one platform for institutional change (Tocqueville, 1969). This is because excessive social stratification might lead to considerably larger anticipation of net gains from restructuring (Acemoglu, Johnson & Robinson, 2004).With evidence in the literature as below:

4.1 Limitations Imposed by Geography and their Influence on Organizational Evolution

Geography has historically had a considerable impact on the institutional development process, in addition to acting directly on economic output, as mentioned in section 3.1. For their empirical investigation, AJR researchers used the idea of the settler's ecological habitat as an identifying approach. Other geographical variables, such as economic connectivity and hardness, have been suggested as better predictors of present institutional differences (Easterly & Levine, 2003; Engerman & Sokoloff, 1997; Nunn & Puga, 2012). As a result, geographical constraints in pre-colonial contexts may differ slightly from those in post-colonial ones. As a result, we will start our journey by choosing to focus on geographical features that contribute to pre-colonial agricultural communities, how these geographical restrictions described social and cultural ambiguity in pre-colonial timeframes, and how this influenced colonists' organizational direction, with implications for the institutional system during colonization, as shown below:

4.1.1 The Impact of a Diverse Comparative Advantages Mix on Organizational Formation

The comparative distribution of land to labor in comparison to other elements has significant implications for organizational evolution at every era of human history, whether in ancient times, colonial times before modernization, or post-modern times. Moreover, in pre-modern agricultural communities, its impact on various organizational paths was more noticeable, and it played a major role in the formation of pre-colonial practices of coerced labor, whether in the form of slavery/ serfdom or pre-colonial institutional organization both in the economic and legal circle. Let's take a closer look at a couple of these aspects:

4.1.1.1 Institution of Involuntary Labor Services and Land-labor Ratio

The most popular hypothesis in this respect is the Domar model of slavery, in which the existing land and labor ratio at the time (Domar, 1970) is the primary defining element for the creation of slavery in a competitive labor market. In a scenario where land is abundant and labor supply is determined by a free labor market, non-working property owners will compete for scarce peasant class, driving peasant salaries up to the amount of the marginal product of labor, trying to squeeze the recovery on landholdings to the point where keeping slaves becomes a cheaper option. With the presence of a non-working land-owning class, economic incentives align such elites' interests in such a way that free-functioning land and a functional labor market can not coexist. According to Domar's study, landowners profit from involuntary slave labor because of the high land-to-labor ratio, which results in lower land rent and higher pay. As a result, even in ancient civilizations with a free labor market, landowners in such an agricultural setting were able to exploit the labor force to their benefit. The Domar model predicts that when population density rises compared to available land, involuntary servitude institutions will fade away, decreasing labor's marginal productivity and, as a result, its price. It does not, however, explain how a non-working elite class came to be politically aligned to impose oppressive systems. Recent works by Conning (2004), Lagerlof (2009), and Duleep (2012), among others, the underlying concept is that captivity and compulsion persist as institutionalized political and economic structures because compulsory wages are lower than providing a wage in the face of labor shortages, similar to the Domar concept of slave ownership (1971). However, other aspects are included in these models. For example, according to Lagerl (2009), it is not just the land to labor ratio that is important, but also how fertile or productive the land is about the people it can support. Furthermore, in the overall institutional process, what kind of geographical

[6] *Going against the current order may entail not only the incentive to invest of one's work and resources, but also the loss of one's job, apprehend by governments, and even dying, while the advantages may also include a much more stable retirement for themselves and grand children in the extraordinary scenario of one's execution during the popular uprising, more autonomy of will, and many more possibilities for those who are able to do so.*

features the land possessed and how that led to what kind of labor usage was also highly significant (ibid). As a result, not only is the land-to-labor ratio important but how it is used and for what purpose has always been an important factor in the process of institutional growth. Let's go through this line in further detail.

4.1.1.2 Quality of Land and Population Density Nexus

The importance of the land to labor ratio is not just in terms of quantity, but also in terms of land quality and productivity. The choice is between how land rights evolve first, and then the institution of pressure, and their interplay with the two phases that shaped pre-colonial civilizations' organizational growth path. Furthermore, not only should one consider the organizational influence of how much involuntary servitude arises as a result of the current land-labor ratio, as was done in the Domar model of slavery, but one should also consider how land rights affect servitude. Through the interplay of external soil quality and demography, Lagerlof's (2009) model of slavery and property rights provides a method to determine the presence of land rights and slavery. There are two major choices to make to the land market. The first is whether to enforce an equitable form of state in which there are no land rights or slavery, and everyone is treated equally, with no distinction between non-working and working subordinate classes, or in terms of elites who have access to special soil and privileges to s. The second option is whether to ensure working-class labor through a competitive process or by forced servitude if the institutional route of the private enclosure is adopted, which preserves access to land ownership for privileged elites while keeping the rest of society out of the marketplace. The decision to establish equality vs private enclosure is primarily based on the profit margins for elites in both regimes. The land to labor ratio is not the sole element that determines whether or not a region is appropriate for development; rather, the land to labor ratio and its relationship to property productivity are the most important variables in any ultimate choice about who controls the land.

Within Laurel of's (2009) structure, the second trend linked to whether the economy will develop some form of coercive institution or will let the labor market move legally with better wages both growing population and the quality of attached property play a critical role in this choice for the industry as a whole. Lagerlof's (2009) model adds to the literature by highlighting the function of external soil quality in conjunction with endogenous population pressures as a crucial connection to the understanding of slavery's land and labor ratio. The population channel adds more dynamism to the process since it is organic, meaning it responds to land endowment. For private enclosure to develop, the population must be dense enough that the average product falls below a particular threshold, preventing an egalitarian state from forming. Furthermore, for labor compulsion to become an institution, the population must not be so dense that competitive wages fall below the cost of maintaining involuntary slavery. As a result, slavery as an institution is more likely to arise with an intermediate level of population, whereas land ownership will develop with a more high population occupying the absolute best soil.

4.1.2 Pre-colonial Inhabited Community Diversity and Its Implications for Organizational Development

According to Engerman & Sokoloff (1997-2002) and Mahoney (2010), the extent to which Europeans permeated in terms of management installation, their communities were reliant not only on where they had a good chance of resolving aspects of a favorably diseased environment for their preservation, as recommended by Acemoglu's research, but also on much larger societal, financial, and diplomatic interactions between precolonial indigenous societies and European powers.

4.1.2.1 Resistance and Pre-colonial Structure

Across one point, primitive cultures imply that they were not only logistically but also intellectually weak to defend themselves against alien invasion. In the face of European forces, such cultures either perished or were relegated to such a tiny proportion. Great civilizations, on the other side, with dense populations and divides into numerous social classes and ethnic groupings, found it far more challenging to adapt and change in the face of European contact. European colonists accepted the status quo and exploited the existing culture and social stratification for their gain. . However, the evolution of such pre-colonial cultures in ancient times was determined by the topographical characteristics of the area on which they built their society (Mahoney, 2010).

4.1.2.2 Disease Ecology

The first book on colonialism and growth by Acemoglu, Johnson, and Robinson focused on how disease ecology influenced European policy about colonization and to what degree such imperial powers settle their people in their colonies. According to this theory, wherever Europeans encountered lower survival rates between many of their colonizers, they dominated those regions with their community to a much greater extent, resulting in organizational transfer and construction of such communities based on investment ideas identified in the immigrants' home nations

over time. Instead, in later studies, they concentrated on the indirect effect of settlers migrated[7] on European colonists' organizational paths, rather than on pre-colonial population density as a more important channel of impact for diverse organization formation.

4.1.3 Scale Economies and Their Impact on Organizational Development

Through the influence of variable soil and climatic endowment of the territories that fell under colonial authority, geographic restrictions lead to unequal infrastructure reforms. Sugar plants, cigarettes, caffeine, coca, leather, and fruits are all lucrative crops that need huge economies of scale and labor-intensive processes to cultivate (Engerman & Sokoloff, 1997; Easterly, 2001). On the other side, areas with favorably climatic and soil conditions for fruitful agricultural production of scale-neutral food crops such as wheat, corn, and grains, which could be developed effectively on small plots in the nonappearance of mechanized agriculture, had a moderating impact on land distribution and thus inequality in general (Hayami & Ruttan, 1971). Unequal decentralized order inherited from colonialism, which limited the overall public's political control and restricted their economic potential across highly biased investments against the least privileged as a result of serious natural wealth, by locations for new that harmed the growth of wider parts of the population, operated in the benefit of national leaders (Engerman & Sokoloff, 1997). Morrison's case studies of three African nations with colonial histories, Senegal, Kenya, and Ghana, corroborate this viewpoint (2006). In Senegal, Kenya, and Ghana, differences in natural wealth opened the path for different outcomes. Senegal and Kenya have more uneven income distribution than Ghana, according to the researcher, due to their geographical position. In the case of Senegal, excellent climatic and closeness to the river attracted a significant number of colonists. On the other hand, Ghana's possession of less valued fertile land led to the creation of indirect colonial control, resulting in a far more homogeneous culture at the time of division followed a different institutional path (Morrison, 2006).

4.1.4 International Investment and Its Implications for Organizational Change

The topology of an area has a major impact on the extent to which countries engaged in foreign commerce in ancient times, which has both direct and indirect effects on economic growth through its effects on organizational formation across the period. Exports and imports have influenced the course of organizational development around the world by necessitating certain agreement imposing methods to facilitate remote interactions in far-flung regions, as well as by bringing about political and then economic institutional changes as a result of the equality of the wealthy class in Europe, which had a clear interest in the advertisement.

4.1.4.1 In Europe During The Middle Ages, There was an Economic Transformation

Many European cities became autonomous and reliant on commerce with other European nations after the fall of the Roman Empire. Because of their restricted supply and high population size, several of these regions had to rely largely on commerce with other European countries (Landes, 1999; Lal, 1998; Rogowski & Macae, 2004). As a result, traders played a significant part in the government of these city-states, and trade earnings were critical to their continued independence (Lal, 1998). The “law of merchants” arose as well during the Papal Revolution in the eleventh century. China and India, on the other hand, were more restricted to external commerce in olden history due to Ideals and values in China and the caste system in India (merchants formed the lowest average class). As a result, the traders' interested group's position in China and India was not as important as it was in Europe. Remote areas and the separation of quid and quo in European governments, therefore, limited the possibilities of overseas commerce. This created both a primary agency and a systemic risk issue, both of which had a limit on the extent of commerce (Grief, 1989, 1993). The establishment of trade unions and the establishment of a collective accountability structure were crucial to the development of modern trade. Each community member assumed accountability for each other's credible behavior in the community obligation to act. The next strategy involves dispatching agents to far-flung locations to market items on their behalf. The basic and misleading opportunistic behavior was regulated by a criterion. These basic community-based informal limitations sowed the seeds for a more formalized type of exchange interaction, such as patent laws, joint-stock and insurance companies, and the establishment of banks, particularly in England (North & Thomas, 1973). Also, between the eleventh and fifteenth centuries, this market revolution had a favorable influence on the expansion of European society, laying the groundwork for future wealth (Grief, Milgrom &Weingast, 1994, p. 746).

[7] *“There does exist a few to this thesis where Spanish first developed their settlement in areas which had much higher mortality rates”.*

4.1.4.2 Commercial Alliances as a Reshaping Factor for European Organizational Change

The geography of Europe's inaccessibility to the Atlantic with flows made it possible for them to enter America with its rich natural resources such as precious metals and the expansion of the slave trade (Acemoglu, Johnson & Robinson, 2000, 2005). The monarchy's influence was hampered by the rise of these commercial organizations, particularly in the United Kingdom and the Netherlands. According to Acemoglu, et al. (2005), the relative strength of the crown at the time of the discovery of the Atlantic trade route and the organization of commerce as a result of it had a key influence in defining these various paths of political history. This resulted in a shift in the monarchy's negotiating power to other groups in society, weakening the crown's influence even further in the United Kingdom and the Netherlands throughout the period. Merchants not only became a powerful political driver of change, but they also became a powerful economic force.

4.1.5 The Resources Barrier and Its Implications for Organizational Change

Minerals, forests, and petroleum are abundant natural assets that may function as a double-edged sword for economic growth. There is also the possibility of a negative influence due to the repercussions on institutional development (Moore, 2002). This is because countries with a large share of unearned wealth due to a rich natural resource base may have weaker institutions. There is also a wealth of evidence linking natural resource richness to considerably higher wealth extraction and corruption, both of which have a growing influence on inequality and poverty, as well as a stifling effect on growth (Auty, 2004; Bulte, Damania & Deacon, 2003; Gylfason & Zoega, 2011; Isham et al.,2005; Olsson, 2007; Sachs & Warner, 2001). The aforementioned pattern of weak growth in renewable resource nations compared to their resource-poor equivalents, dubbed "Dutch sickness" in the literature, has historical origins. The development of an institution of oppression and forced labor in some Spanish colonies, such as Mexico and Peru, despite a lack of increased efficiency in the agricultural sector, can be linked to the availability of lucrative natural resources (Engerman & Sokoloff; 1997). Easterly provides more empirical evidence that the availability of natural resources from the goal of colonial extraction may have a limiting influence on colony growth prospects (2001). In Easterly (2001), an attempt was made to link the nations' comparative advantages. Easterly & Levine (2001) use dummies to draw a connection between these factors and middle-class consensus (total income share of three middle quintiles) and academic results. They demonstrate that the influence of the aforesaid variables on per capita GDP is mediated solely by their impact on institutions.

4.2 The Influence of Social Limitations on Organizational Development

Cultural limitations contribute to the formation of particular social norms and conventions, which are relevant to both the old and new schools of thought in organizational economics. While the New Organizational Economy defines institutions as "a set of rules, compliance procedures, and moral and ethical behavioral norms planned to restrict the behavior of individuals in the interest of maximizing the wealth or effectiveness of precepts," North (1990) defines constraints as "*a set of rules, compliance procedures, and moral and ethical behavioral norms designed to constrain the behavior of individuals in the interest of maximizing the wealth or utility of principals*," whereby restrictions can be both formally and informally exist and come into being. This might happen on a conscious or unconscious level, with cultural standards and social values instilling a profound feeling of knowing how to act in market participants. As Chang (2006) points out, institutional structures can only work efficiently with the endorsement of indirect limitations in the form of certain practices and cultural characteristics within a community. Simply planting organizations from enhanced economies in developing countries may not operate these organizations in developing nations. For example, in certain cultures, corruption may have established a well-accepted standard, which, despite its bad repercussions, may function as a lubricant to facilitate the smooth flow of transactions. Also, according to Hicks and Redding (1983), cultural issues may play a significant role in institutional evolution, as evidenced by the East Asian miracle, but which can be described in part by the cultural values embedded in Confucian heritage, which validated the authority rule (Hicks & Redding, 1983). The organizational course that European colonists finally pursued may have been influenced by social and religious activities (Cogneau & Guenard, 2003). The existence of the Hindu caste system on the Indian subcontinent resulted in a stratified society with several degrees of hierarchy, which led to the establishment of an exploitative system.

4.3 The Influence of Conditional Limitations on Organizational Development

In this part, we'll look at how economic accidents and external variables may lead to diverse types of social, financial, and political arrangements. Change organizations as a rational response to changing conditions under which systems operate, whereas, in others, such external adjustments may unintentionally trigger transitions in cultural, financial, and organizational factors. Let's look at some examples of historical accidents and exogenous variables that emerge from historical evidence and their influence on structural adjustment:

4.3.1 External Threat and Its Consequence for Institutional Evolution

A ruler's institutional course of action might be influenced by external influences (Acemoglu & Robinson, 2006). In Taiwan and South Korea, forced industrialization and large investments in education and land reform resulted in very equitable distribution. The danger of foreign forces has been blamed for the rise of manors and feudalism in Europe. Further advancements in military tech had a direct impact on public transformation, with those requiring large sums of money leading to the emergence of extractive frameworks, such as the increase of autocratic regimes, such as the fall of the Roman empire and the rise of Caesuras (professional soldiers' superiority) and new tech (Rogowski & Macae, 2004).

4.3.2 The Impact of Social Transition on Organizational Growth

In Europe, labor shortage was a problem, notably during the Middle Ages, when hunger and the Black Death killed at least a third of the population. Unlike the Hindu caste system in India and serfdom in China, extractive systems do not arise in Europe (North & Thomas, 1973). This resulted in a much higher demand for skilled labor and returns to skills in the urban sector, resulting in much higher wages, as the plague had killed a much higher proportion of skilled craftsmen and merchants in cities, while the value of land relative to labor in the rural sector also decreased due to labor scarcity (Rogowski & Macae, 2004; Hassan, 2004). (2007). As a result of this shift in the relative value of factor endowments, scarce rural workers moved to the city in quest of considerably better pay. As a result of such labor shortages, the feudal grip of the lords is weakened, as they are forced to compete for labor, resulting in the breakdown of feudalism and mannerism throughout Europe (North & Thomas, 1973). This resulted in the disintegration of mannerism, which first arose in Europe during the Middle Ages, in contrast to the development of the extractive system in India and serfdom in China. Such adjustments were suited by other alterations at the period, such as much wider public availability to lay awareness in vernacular languages and much less so in Latin, thanks to the invention of the printing press, which increased people's awareness of equality and empowered the general public with skills that generated much higher returns for their services, ultimately leading to the democracy (Rogowski & Macae, 2004). This understanding of fairness was eventually converted into philosophies proposed by spirituality era scholars over the period, as illustrated by the writings of Hobbes (1588-1679), Marquis de Montesquieu (1688-1755), and Baruch Spinoza (1632-1677), who directly challenged monarchical authority as granted by Heaven's permission, and eventually in the scriptures of philosopher John Locke (1632-1704), who wrote (Khawaja & Khan, 2009).

4.3.3 Innovations and Its Implications for Organizational Change

From the perspectives of both economic theorists and growth empirics, technological advancement through time is the most significant determinant. Due to changes in the organization of both internal and foreign commerce, ancient civilizations that were largely agrarian faced a disadvantaged situation, which eventually led to their demise. Such identity agrarian economies were unable to capitalize on opportunities created by inter-regional and international trade as a result of reduced transportation costs, the introduction of mechanisms to handle effective trading relationships over long distances, designed to allow much larger advantages with a much larger market of interaction through this technological move in the trading market. As a result, access to much larger international and inter-regional markets, which was not a major concern during the evolution of developed agrarian societies, led to institutional failure as technological advancements that emphasized trade integration and relative comparative advantage became the name of the game for productive capacity and wealth.

4.3.4 The Ruler's Organizational Perspective and Its Implications for Systemic Expansion

Many nations had different institutional paths after obtaining independence from colonial control, demonstrating the ideological significance of leadership in shaping institutional trajectories. For example, many countries have a proclivity toward socialist ideology, like Jawarharlal Nehru and Julius Nyerer romanticized the establishment of socialist institutions. However, the long-term viability of inefficient institutions may be attributed to the evolution of institutions in such a manner that they have dispersed in favor of groups who are clinging to the present institutional framework to preserve their power and continue distributing resources. Eventually, how managers perceive what is good for their own culture can lead to unexpected uses of the same assets. For instance, during colonial rule, the same places were used differently at different times under the same imperial power based on their own goals and ideologies for undertaking such missions of the territory of their settlers. For instance, in the late eighteenth century, the productivity of soil for cash crop planting in America was a priority of Spanish colonial operations, which was not the case during the early years of Spanish control. As a result, geography may operate differently in a pre-colonial setting than in a post-colonial setting.

4.3.5 The Exogenous Reasons of Europe's Democratic governance Trend

The democratization movement that began in the eighteenth century and extended over Europe resulted in increased equality in endowments (money, literacy, military participation, and knowledge) as well as social equality (Rogowski & Macae, 2004). This was due to a growth in the value of skilled labor and returns to skill, which resulted in much higher pay. To begin with, as the amount of commerce inside Europe and outside increased, the option of emigration to the New World with high salaries arose. This created a wage floor within European countries and gave the commoners and middle class much greater negotiating power over time. All of these exogenous sociological developments had the effect of empowering wage earners and bringing all sections of society into the political process, even those who were previously excluded, resulting in considerable gains in political enfranchisement over time (Rogowski & Macae, 2004).

5. CONCLUSION

Finally, according to AJR review and studies which view facts of growth: regional, social, or organizational as deeper predictors of growth, some rich areas in 1500 decided to show an inversion in their model of growth compared to regions that were not well off pre-historically over the next five centuries. Therefore, according to our results, organizational theory has a much stronger theoretical and empirical foundation in explaining how reversals may have occurred in literature because of its volatility. Geographical explanations, by their very nature, cannot account for such a shift in development trends in such colonies, and cultural explanations, by their very nature, cannot account for such a reversal on their own, but can only attribute the appearance of such a pattern through its impact on institutional/organizational development. However, the influence of cultural and geographical restrictions, as well as other external variables, cannot be completely ignored in the course of history. Not only did geographical and cultural boundaries play a crucial part in defining colonists' political and socioeconomic interests in their different colonies, but they also aided in the development of a historically favorable position of power for colonists, to begin with.

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Appendix

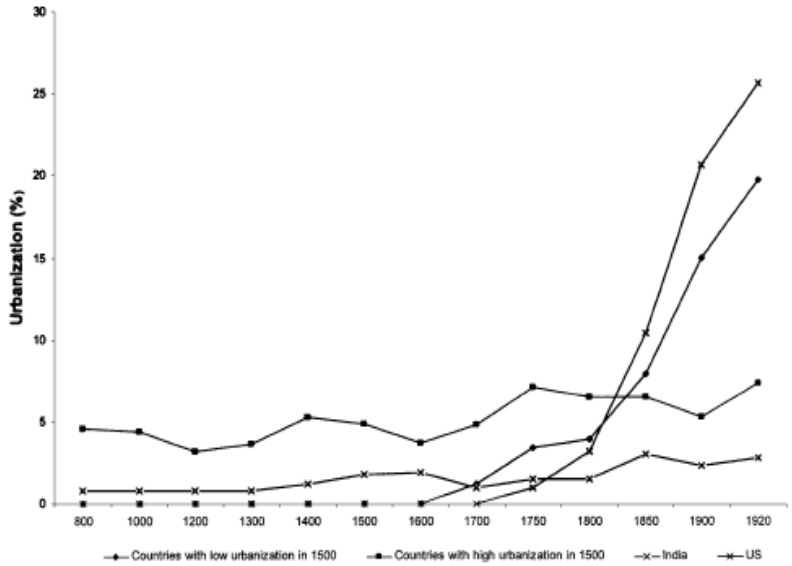

Figure A.1: Evolution of Urbanization Rate across India, U.S and Countries with High and Low Urbanization in 1500
Source: Acemoglu, Johnson & Robinson (2002)