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Article:	Moderation Effects of Institutional Quality, Diversity, Income inequality and Globalization on Social Cohesion: An Empirical evidence.				
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#### Abstract

Social cohesion is both an end, as well as a mean, to achieve other economic and developmental goals. As an end, a more cohesive society can be thought of as a peaceful place to live in. As a mean, social cohesion has various economic and developmental implications. Therefore, nurturing social cohesion can be a desirable objective and knowing about different determinants of social cohesion can be helpful in this regard. Ethno-linguistic diversity and socioeconomic deprivations have been identified as such determinants in the existing literature. Well-functioning institutions can also be good predictors of social cohesion in a society. They can help to mitigate the negative effects of diversity on social cohesion. However, hardly any study has empirically investigated the moderating effects of institutions on social cohesion. The current study has tried to fill this gap. For this purpose, a cross country analysis has been done by employing the Least Squares Dummy Variables (LSDV) technique for empirical estimations. Institutional quality has been measured with the help of an index that has been constructed by taking into account the political, legal, and economic dimensions of institutional quality. The results suggest that diversity, income inequality, and globalization have negative whereas institutional quality has positive effects on social cohesion. The use of the interactive term of institutional quality with diversity, income inequality, and globalization reveals that institutional quality works to nullify the negative effects of diversity, income inequality, and globalization on social cohesion.

**Keywords**: Social cohesion, Institutional quality, Diversity, Income inequality, Globalization.

#### Introduction

Social cohesion has been a subject of many multidisciplinary debates for the last few decades. Previously, it was mainly discussed in the writings of sociologists and psychologists and was conceptualized and studied as per the assumptions of their own disciplines (see for example Bollen and Hoyle 1990; Etzioni 1995; Gough and Olofsson 1999; Lockwood 1999; Putnam 2001; Paxton 2002; Hulse and Stone 2007; Rajulton et al. 2007; Janmaat 2011; Dickes and Valentova 2013). Now it is also widely discussed in economics and other fields of social sciences. As social cohesion is multidimensional and multidisciplinary, it is defined in different ways by different researchers and academicians. Fonseca, Lukosch, and Brazier (2019) defines social cohesion as "The ongoing process of developing well-being, sense of belonging, and voluntary social participation of the members of society, while developing communities that tolerate and promote a multiplicity of values and cultures, and granting at the same time equal rights and opportunities in society".

The terms social capital and social cohesion are closely related and generally used interchangeably. Dayton-Johnson (2003) differentiates the two terms like "Social capital is an individual's sacrifices (time, effort, and consumption) made to promote cooperation with others, while Social cohesion is a characteristic of society which depends on the accumulated social capital". Hence social cohesion can be understood as a macro level whereas social capital can be perceived as a micro-level, community-level or meso level phenomenon.

Social cohesion is both an end, as well as a means, to achieve other economic and developmental goals. As an end, a more cohesive society can be thought of as a peaceful place to live in. As a means, social cohesion may have various economic and development implications (Pervaiz and Chaudhary, 2015). Social cohesion enhances growth through different channels. More commonly described channels in literature are reduction of transaction costs, facilitation of collective action, boosting physical and human capital

accumulation, dissemination of information, innovation, management of conflict, maximization of allocative efficiency, and generation of economies of scale and positive externalities. In more cohesive economies, there is an environment of trustworthiness, such an environment is more conducive for exchange which leads to a reduction in transaction costs. There is less need for written contracts, so fewer resources are required for the enforcement of contracts and for the protection of property rights. Co-operation among people and organizations leads to economies of scale. In more cohesive societies, there is less likelihood of occurrence of crimes and conflicts and political stability is more likely to persist, as a result, such societies are more attractive for investment. More financial development takes place due to the fact that the volume of informal lending is higher. Altogether, more economic activities take place which leads to more economic growth (Akcomak and Ter Weel, 2009; Coleman, 1988, 1990; Collier, 2002; Collier and Gunning., 1999; Easterly, Ritzen, and Woolcock, 2006; Fukuyama, 1995; Helliwell & Putnam, 1995;

The prevailing literature related to social cohesion highlights the importance of diversity and socio-economic deprivations in determining the level of social cohesion in a society. As per the diversity thesis, diversity is expected to be harmful to social cohesion due to the fact that people usually like to trust and meet with those people: who are like them, belong to the same caste/tribe, use to speak the same language, and share a common culture (McPherson, Smith-Lovin, and Cook, 2001). The opposing argument is also available which suggests that diversity itself is not bad for social cohesion but socio-economic deprivations and fair treatment for all the segments are more important for determining social cohesion in a society (Breton et al., 2004; Gijsberts et al., 201; Letki,2008; Van Staveren and Pervaiz, 2017). Social cohesion relies more on contextual variables as compared to diversity (Breton et al., 2004) for example education and income level, may have more influence on social

Knack and Keefer, 1997; Pervaiz and Chaudhary, 2015; Temple, 1998).

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relations (Tolsma et al., 2009). Globalization may affect social cohesion, the course of globalization and its related economic vagaries are expected to weaken social cohesion (Chan-Tiberghien, 2006; Chiesi, 2004; Hulse and Stone, 2007; Jenson, 2010; Mitchell, 2000; Touraine and Macey, 2000).

However, the probable harmful effects of diversity and socio-economic deprivation can be mitigated by a better institutional environment. If institutions are strong, they can support to enhance the level of social cohesion by providing an inclusive environment. Such an inclusive environment may help to mitigate the effect of various socio-economic inequalities. So better quality institutions may enhance the level of social cohesion directly and by moderating the negative effects of diversity, inequality, and globalization. On the other hand, a fragile institutional environment may lead to bad policymaking, inefficient allocation of resources, inefficient public service delivery, and lack of proper law enforcement. Consequently, these factors may lead to an increase in the hardships of the poor people in the economy and may create socioeconomic deprivation, which deteriorates the social cohesion in a society. However, the moderating role of institutional quality in determining the level of social cohesion in a society is not very much investigated. So, the basic objective of the study is to fill this gap and explore the moderating effect of institutional quality with diversity, income inequality, and globalization on social cohesion.

### **Model Specification and Data Collection**

The theoretical background of the model specification to be used in the current study is based upon the discussion in the previous section. The dependent variable of the model is social cohesion. As for as the choice of independent variables is concerned, we are guided with diversity thesis, according to which social cohesion is determined by diversity in society (Alesina and LaFerrara, 2002; Delhey and Newton, 2005; McPherson et al., 2001; Messick and Kramer, 2001; Miller, 1995; Putnam, 2007; Quillian, 1995). So, the first independent variable is ethnic diversity. Income, as measured by GDP per capita, is our second independent variable. The role of economic prosperity may be important for having a higher level of social cohesion. If there is economic prosperity in the society, the people will be meeting their basic needs and there will be less socioeconomic misery and the society may have a higher level of social cohesion. The third independent variable is education which can also be another possible predictor of social cohesion. Education plays an important role in the collective human virtues and enhancement of logical and technical skills. It also creates a sense of civicism, makes people conscious about their rights and social responsibilities, and increases their abilities of conflict management. Increased consciousness about rights can lead to social equity and social justice which can help societies to be more cohesive. Globalization is another factor that can affect social cohesion. Besides diversity, it is argued that socioeconomic deprivations and inequality/equality in the society are also important in determining social cohesion (Breton et al., 2004; Gijsberts et al., 201; Letki, 2008). So, the next independent variables are income inequality, and gender equality to cover this aspect. Globalization is the sixth independent variable. It is an factor that can affect social cohesion. In this era of globalization, there can be hardly any sector of the economy left unaffected by the process of globalization. The phenomenon of globalization is also perceived to be a threat to indigenous cultures by many people. If the potential benefits of globalization are concentrated on a limited number of people and its cost is incurred by the masses then it can lead to the deterioration of the cohesiveness of communities and societies. Thus, it qualifies to be an important possible determinant of social cohesion. Institutional quality is the seventh and last independent variable used in the model. The potentially harmful effects of diversity and socio-economic deprivation on social cohesion can be mitigated by a better institutional environment. If institutions are working effectively, they can support to enhance the level of social cohesion by providing an inclusive environment.

Keeping in view the points discussed above, the model used in the study may be written as

Social cohesion  $_{it} = \alpha + \beta_1$  diversity  $_{it} + \beta_2$  Income  $_{it} + \beta_3$  education  $_{it} + \beta_4$  Income inequality  $_{it} + \beta_5$  Gender equality  $_{it} + \beta_6$  Globalization  $_{it} + \beta_7$  Institutional quality  $_{it} + \epsilon_{it}$ 

here t denotes the time dimension and i represents the cross-section dimension of the variable.

For our analysis, panel data (five-year averages) from 1990 to 2010 (1990, 1995, 2000, 2005, and 2010) has been used. As per the availability of data, 135 countries have been included in the study (see appendix for the list of the countries). In addition to the abovementioned econometric regression, we have also used the interaction terms<sup>1</sup> of institutional quality with diversity, income inequality, and globalization in different regressions. These regressions have been run to study the moderating effects of institutional quality, diversity, income inequality, and globalization on social cohesion.

A brief description of the variables and data sources is as follows. The Intergroup cohesion index has been used as a proxy for social cohesion which is the dependent variable of our model. The value of the index ranges from 0 to 1 where a higher value means a higher intergroup cohesion. The index has been constructed by the database of Indices of Social Development based at the International Institute of Social Studies (ISS), The Hague<sup>2</sup>. In the construction of the index different variables related to conflict, ethnic strife, and social harmony have been used. Our first independent variable is diversity. The index of ethnic fractionalization measured on a scale of 0 to 1 (Alesina et al., 2003) has been used as a measure of our variable of diversity. A higher value of ethnic fractionalization index corresponds to higher diversity. The next independent variable is income level which has been measured by GDP per capita (constant US dollar) and its data has been taken from

<sup>&</sup>lt;sup>1</sup> Interaction term is simply the multiplicative product of two variables.

<sup>&</sup>lt;sup>2</sup> https://isd.iss.nl/

World Development Indicators<sup>3</sup>. Education, the third independent variable, has been measured by average years of total schooling, data for which is from Barro & Lee (2013). Income inequality has been measured by a standardized Gini coefficient on a scale of 0 to 100 where a higher value implies higher income inequality. Data of the Gini coefficient has been taken from Solt (2019). Gender equality is also an index with a range between 0 and 1 and a value closer to 1 indicates higher inequality prevailing in the society on the basis of gender. Data of the index is also from the same source of Indices of Social Development from where the index of intergroup cohesion has been taken. KOF index on a scale of 1 to 100 has been used as a measure for globalization where a value closer to 100 means high globalization. Data has been obtained from Gygli et al., (2019).

The last independent variable of the model is institutional quality. The quality of institutions is a multidimensional phenomenon and can hardly be captured by using a single indicator. A holistic approach covering different aspects related to the functioning of institutions in the political, legal, and economic arena can be a good approach to judge and measure the overall quality and working of institutions in a society. Hence, an index of institutional quality has been developed by applying Principal Component Analysis (PCA) on the indices related to the quality of political, legal, and economic institutions. The use of this method is very common in literature where different variables having a high correlation can be used to construct a unitary index. Although such an approach has also some potential disadvantages because it conceals the relative importance of different indicators used to construct some unitary index. In our case, combining the quality of political, legal, and economic institutional quality will not tell us that which type of institution matter more for social cohesion. Nevertheless, we are interested to see that how the overall functioning and quality of institutions is relevant to the phenomenon

<sup>&</sup>lt;sup>3</sup> https://databank.worldbank.org/source/world-development-indicators

of social cohesion, therefore, our index will serve the purpose for which we are going to use it. Data used in the construction of the institutional quality index is taken from (Kuncic,2014).

For the estimation of panel data, the fixed-effect model is commonly used in the disciplines of economics and political science. It is so frequently used in these disciplines that it's considered a "gold standard" default (Schurer and Yong, 2012). The random effect model can also be an appropriate estimator for panel data if the assumptions of the random effect model are true. The assumptions of the random effect model consisting of the exogeneity of covariates and the normality of residuals, are as reasonable as made by the fixed effect model when the specification of the model is correct. However, the use of correct specification is too rare (Fairbrother, 2011).

The basic reason for the use of the fixed-effect model is simple and convincing. It is used to get rid of the issue of heterogeneity bias. As the fixed effect model estimates the within effects, so there is no such issue of heterogeneity bias. In situations where such heterogeneity bias is not present, a random effect model is more suitable. It is general practice before applying a fixed-effect or random-effect model such bias is investigated. The test used for this purpose is known as the Hausman specification test (Hausman, 1978).

#### **Empirical Results**

The descriptive statistics of the variables included in the study are provided in table 1.

Variable	Obs	Mean	Std.Dev.	Min	Max
Social cohesion	473	.593	.099	.183	.789
Diversity	670	.44	.274	0	.93
Income	656	8.299	1.62	5.019	11.54
Education	565	6.585	2.992	.277	13.27
Income Inequality	488	39.649	9.123	17.964	63.934
Gender equality	650	0.688	0.101	0.212	1.00
Globalization	668	54.543	16.233	22.433	89.699
Institutional quality	634	.942	.32	.1	1.635

# **Table 1 Descriptive Statistics**

The number of observations, mean value, standard deviation, minimum value, and maximum values have been reported. The highest standard deviation has been observed in the case of globalization.

The pairwise correlation between the variables is given in Table 2 below.

# **Table.2** Correlation Matrix of Variables

			Gender		Income	Social		Institutional
	Diversity	Education	equality	Income	Inequality	Cohesion	Globalization	quality
Diversity	1.000000							
Education	-0.456909	1.000000						
	(-9.499278)							
Gender equality	-0.403617	0.653521	1.000000					
	(-8.158214)	(15.96721)						
Income	-0.392819	0.701617	0.573369	1.000000				

	(-7.899495)	(18.20938)	(12.94212)					
Income Inequality	0.410183	-0.443807	-0.264354	-0.630750	1.000000			
	(8.317529)	(-9.158832)	(-5.069083)	(-15.03200)				
Social Cohesion	-0.282934	0.421351	0.514640	0.481522	-0.354118	1.000000		
	(-5.455283)	(8.592096)	(11.10017)	(10.16037)	(-7.002539)			
Globalization	-0.459954	0.816558	0.641944	0.776087	-0.530830	0.470398	1.000000	
	(-9.579480)	(26.15930)	(15.48300)	(22.75889)	(-11.58350)	(9.857949)		
Institutional quality	-0.466476	0.788662	0.646207	0.803101	-0.491497	0.552720	0.830331	1.000000
	(-9.752777)	(23.72200)	(15.65915)	(24.92592)	(-10.43701)	(12.26541)	(27.55481)	
	I							

In parenthesis () are t values

The pairwise correlation matrix shows that social cohesion is negatively correlated with diversity and income inequality whereas it is positively correlated with income, education, gender equality globalization, and institutional quality. There is a negative correlation between income inequality and globalization. Diversity has a negative correlation with all of the variables of the model except income inequality with which it shows a positive and statistically significant correlation. Income is noted to be positively correlated with education and gender equality. Education is positively correlated with gender equality, globalization, and institutional quality whereas it is negatively correlated with income inequality. Income inequality is negatively correlated with globalization and institutional quality. A positive correlation between income inequality and diversity has been found. Furthermore, gender equality and per capita income are negatively correlated. However, it has a positive correlation with globalization and institutional quality. A positive correlation between globalization and institutional quality has been observed. The regression results of effects of diversity, income inequality, and institutional quality on social cohesion are reported in table 3.

## Table 3: Diversity, Income Inequality, Globalization and Social Cohesion (Dependent

	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
Ethnic Diversity	-0.524	0.117	-4.50	0.000	-0.754	-0.295	***
Income	0.128	0.036	3.55	0.000	0.057	0.199	***
Education	-0.001	0.008	-0.11	0.915	-0.017	0.015	
Income inequality	-0.005	0.001	-3.27	0.001	-0.008	-0.002	***
Gender Equality	0.389	0.082	4.77	0.000	0.229	0.550	***
Globalization	-0.003	0.001	-3.24	0.001	-0.005	-0.001	***
Institutional Quality	0.153	0.044	3.48	0.001	0.066	0.239	***
Constant	-0.036	0.202	-0.18	0.860	-0.433	0.361	
R-squared		0.683	Number	of obs		333.000	
Hausman test Chi2	37.63		Prob	0.000***			

Variable: Social Cohesion)

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

The reported results show that ethnic diversity has a negative relationship with social cohesion. It indicates that if there is an increase in ethnic diversity in a society, it will lead to a lower level of social cohesion in the society. As previously explained, diversity is supposed to lower the level of social cohesion due to the fact that people usually feel alienated towards the people who belong to different identity-based groups. They may feel more comfortable interacting with people who are similar to them on the basis of language, ethnicity, caste, and culture, etc. while they feel less comfortable while interacting with people who have different ethnolinguistic or cultural identities and do not belong to their own ethnic or linguistic group, etc. The chances of conflict may also arise in a society where different ethnic groups exist. Hence, ethnic diversity may lead to a lower level of social cohesion in a society.

The income level (per capita income) is a measure of economic prosperity in the society. The coefficient of our variable of income is positively and significantly related to social cohesion. It indicates that if there is an increase in the average income level, there will be an increase in the level of social cohesion as well. It may be due to the reason that besides other factors, a reasonable level of income in a society can be helpful to lessen the grievances of people. Thus, if there is economic prosperity in the society, the people will be able to not only meet their basic needs but also to maintain a good living standard. Hence, there will be less likelihood of grievances among the masses. It will strengthen their sense of belonging and hence society will become cohesive. Education level can be a possible predictor of social cohesion in a society, however, in the present case, the results indicate that it does not have any significant impact on social cohesion. To represent the level of relative socio-economic deprivation, we have used income inequality as a proxy variable. The regression results depict that if there is an increase in income inequality, there will be a low level of social cohesion in the society. It is consistent with the existing literature and it may be due to the reason that relative deprivation creates the perception of unjust treatment among the deprived segments of the society, which may create feelings of hatred towards the well of the segment of the society. Consequently, income inequality leads to a lower level of social cohesion. The variable gender equality has been used to depict an egalitarian environment in a society. The empirical results show that this variable has a positive relationship with social cohesion. It indicates that if an egalitarian environment prevails in a society, it will lead to strengthening the social fabric in the society. The coefficient of globalization has a negative sign and is also statistically significant. It indicates that as the level of globalization is increased in a society, the result will be a decrease in the level of social cohesion. It may be due to the reason that the process of globalization is associated with different changes in society. For example, as a result of globalization, technology transfer will take place. The technology transfer may have negative implications for the labor class through different channels. It may lead to less demand of labor and labor may be replaced with technology, resultantly layoffs may take place, secondly, the technology transfer may increase the demand and reward of skilled workers which may create wage inequality and relative deprivation, resultantly lower level of social cohesion. However, the complete mechanism of social transformation through globalization is much more complex and multidimensional. In short, if the social gains of globalization outweigh the social costs, globalization may enhance the level of social cohesion otherwise it may lead to a lower level of social cohesion in a society. The coefficient of the institutional quality variable is positive and statistically significant which indicates that if institutional quality increases, there will be an increase in social cohesion as well. Our index of institutional quality is comprised of political, legal, and economic aspects of institutional quality. An increase in the value of the index indicates that the overall working and effectiveness of institutions has improved. Such improvement makes people feel that they are secure in political, economic, and legal spheres of life. They feel that their economic, political, and legal rights are well protected through the enforcement of effective laws. It lessens the likelihood of grievances among the masses and hence makes society cohesive.

In order to check the moderation effect of institutional quality with ethnic diversity on social cohesion, an interaction term of our variables of diversity and institutional quality has been used. These results have been reported in table 4

	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
Institutional	0.264	0.086	3.05	0.003	0.093	0.434	***
Quality*Ethnic Diversity							
Income	0.132	0.036	3.65	0.000	0.061	0.204	***
Education	-0.001	0.008	-0.16	0.874	-0.018	0.015	
Income Inequality	-0.004	0.001	-3.05	0.003	-0.007	-0.002	***
Gender Equality	0.384	0.081	4.73	0.000	0.224	0.544	***
Globalization	-0.003	0.001	-3.19	0.002	-0.006	-0.001	***
Constant	-0.487	0.196	-2.48	0.014	-0.872	-0.101	**
R-squared		0.682	Number	of obs		333.000	

## Table 4: Moderation Effects of Institutional Quality with Diversity on Social Cohesion

\*\*\* *p*<0.01, \*\* *p*<0.05, \* *p*<0.1

Our results reported in table 4 indicate that the negative effect of ethnic diversity is outweighed by the positive effect of better institutional quality and the net effect is positive on social cohesion. Thus, the better quality of institutions helps to reduce the negative effects of diversity on social cohesion.

After analyzing the moderation effect of institutional quality with ethnic diversity on social cohesion, now we are going to investigate the moderation effect of institutional quality with income inequality on social cohesion. The results are reported in table 5.

	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
Institutional	0.004	0.001	3.89	0.000	0.002	0.006	***
Quality*Income Inequality							
Income	0.133	0.035	3.81	0.000	0.064	0.202	***
Education	-0.001	0.008	-0.11	0.912	-0.017	0.015	
Income Inequality	-0.008	0.002	-4.99	0.000	-0.011	-0.005	***
Gender Equality	0.388	0.081	4.79	0.000	0.229	0.548	***
Globalization	-0.004	0.001	-3.49	0.001	-0.006	-0.002	***
Constant	-0.358	0.193	-1.86	0.065	-0.737	0.022	*
R-squared		0.688	Number	of obs		334.000	

## Table 5: Moderation Effects of Institutional Quality with Income Inequality on Social

# Cohesion

## \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

It is evident from the results that the negative effects of income inequality are outweighed by the positive effect of better institutional quality and the net effect is positive on social cohesion. In nutshell, in a society where high inequality prevails and at the same time the institutional mechanism to curb the negative implications of income inequality is weak, such a society is more likely to face the challenge of social integration. On the other hand, well-functioning institutions can be helpful to reduce the negative effects of income inequality on social cohesion.

Table 6 contains the results of moderation effects of institutional environment with globalization on social cohesion.

#### Table 6: Moderation Effects of Institutional Quality with Globalization on Social

#### Cohesion

	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	sig
Institutional	0.003	0.001	3.67	0.000	0.001	0.004	***
Quality*Globalization							
Income	0.128	0.035	3.69	0.000	0.059	0.196	***
Education	-0.003	0.008	-0.38	0.702	-0.019	0.013	
Income Inequality	-0.005	0.001	-3.45	0.001	-0.008	-0.002	***
Gender Equality	0.371	0.077	4.80	0.000	0.219	0.523	***
Globalization	-0.005	0.001	-4.53	0.000	-0.008	-0.003	***
Constant	-0.334	0.188	-1.78	0.077	-0.705	0.037	*
R-squared		0.686	Number	of obs		334.000	

\*\*\* *p*<0.01, \*\* *p*<0.05, \* *p*<0.1

The results show that institutional quality outweighs the negative effects of globalization on social cohesion and the net effect of the interactive terms is positive on social cohesion. Hence, a society with a high degree of globalization but having a better institutional mechanism can cope with the negative implications of globalization successfully. On the other hand, the economies which are more open to the international market and have weak institutions are more likely to face the challenges of social integration. It is so because weak institutions fail to ensure that the benefits of globalization are not only concentrated to a limited number of people.

## **Conclusion and policy suggestions**

Social cohesion is both an end, as well as a means, to achieve other economic and developmental goals. As an end, a more cohesive society can be thought of as a peaceful place to live in. As a mean, social cohesion has various economic and developmental implications. Therefore, social cohesion can be considered a desirable phenomenon. In order to have a higher level of social cohesion, it is important to know about the major determinants of social cohesion. Fractionalization and socioeconomic deprivations have been identified as important determinants of social cohesion in the existing literature. The current study has identified some other important factors which can also be important for social cohesion. It has also found that how institutional quality is helpful to curb the negative implications of diversity, income inequality, and globalization for social cohesion. The concept of the welfare state and its social policies are facing new challenges in the contemporary world. Cultural, social, political, and economic dynamics are continuously changing as the world is becoming more globalized. Rising gaps between rich and poor particularly in ethno-linguistically diverse societies can pose a great threat to social integration, peace, and harmony. Better and well-functioning institutions of a country may be very important to cope with these challenges. Such institutions can mitigate the negative effects of diversity, income inequality, and globalization on social cohesion by ensuring an inclusive environment in which different segments of the society have equal rights and opportunities. So, building institutions of good quality should be at the top priority of the policymakers if they want to develop peaceful and cohesive societies.

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Appendix (List of countries included in the					
Afghanistan	Dominican Republic				
Algeria	Ecuador				
Angola	Madagascar				
Argentina	Malawi				
Australia	Malaysia				
Austria	Mali				
Bahamas	Malta				
Bahrain	Mauritania				
Bangladesh	Mauritius				
Barbados	Mexico				
Belgium	Morocco				
Benin	Mozambique				
Bolivia	Myanmar				
Botswana	Egypt, Arab Rep.				
Brazil	El Salvador				
Burundi	Ethiopia				
Cameroon	Israel				
Canada	Italy				
Cape Verde	Jamaica				
Central African					
Republic	Japan				
Chad	Jordan				
Chile	Kenya				
China	Korea, Rep.				
Colombia	Kuwait				
Comoros	Liberia				
Congo, Dem.					
Rep.	Luxembourg				
Congo, Rep.	Hong Kong, China				
Costa Rica	Hungary				
Cote d'Ivoire	Iceland				
Cyprus	India				

Appendix (List of countries included in the study)

Denmark	Indonesia
Dominica	Iran, Islamic Rep.
Lesotho	Iraq
Togo	Ireland
Tonga	St. Vincent and the Grenadines
Trinidad and	
Tobago	Sudan
Tunisia	Suriname
Turkey	Swaziland
Uganda	Sweden
Nepal	Senegal
Netherlands	Seychelles
New Zealand	Sierra Leone
Nicaragua	Singapore
Niger	Solomon Islands
Nigeria	Somalia
Norway	South Africa
Oman	Spain
Pakistan	Sri Lanka
Panama	St. Lucia
Papua New	
Guinea	United Arab Emirates
Paraguay	United Kingdom
Peru	United States
Philippines	Uruguay
Poland	Vanuatu
Portugal	Venezuela, RB
Rwanda	Tanzania
Samoa	Syrian Arab Republic
Saudi Arabia	Switzerland