

Fundamentals of Social Capital

Introduction

The concept of social capital has numerous connotations to explain a variety of human social, economic, and political behaviors. It is a term that is increasingly used in academic literature, government social policies, international agency economic and social initiatives, private foundation projects, and NGOs. Despite the growing popular use of the term, there is no uniform definition of social capital. Indeed, it has multiple interpretations.

Social capital is a utilitarian approach which draws on social network and social resource theories. Three perspectives that have been particularly influential in developing current conceptual frameworks reflect the thinking of Pierre Bourdieu, James Coleman, and Robert Putnam which have been summarized in terms of definition, purpose, and analysis, as follows:

Definition, Purpose, and Analysis of Social Capital

	Definition	Purpose	Analysis
Bourdieu	Resources that provide access to group goods	To secure economic capital	Individuals in class competition
Coleman	Aspects of social structure that actors can use as resources to achieve their interests	To secure human capital	Individuals in family and community setting
Putnam	Trust, norms and networks that facilitate cooperation for mutual benefit	To secure effective democracy and economy	Regions in national settings

Source: Ian Winter. Towards a Theorised Understanding of Family Life and Social Capital. Working Paper, 21, 2000. Melbourne, Australia: Australian Institute of Family Studies.

Current Definitions

Social capital is “the institutions, relationships, and norms that shape the quality and quantity of a society’s social interactions.” (World Bank (2000). Social capital for development. <http://www.worldbank.org/poverty/scapital/index.htm>.)

“Social capital refers to those stocks of social trust, norms and networks that people can draw upon to solve

common problems. (Networks) facilitate coordination and communication, and thus create channels through which information about the trustworthiness of other individuals and groups can flow, and be tested and verified.”(Civic Practices Network.(2000). http://www.cpn.org/sections/tools/models/social_capital.html)

Social capital “__ involves formal and informal social networks among individuals who share norms and values, especially the norm of reciprocity (mutual assistance). Two types of social capital are distinguished: localized social capital, found among people who live in the same or adjacent communities; and bridging capital, which extends to individuals and organizations that are more removed.” (Wallis, A.(1998). Social capital and community building. National Civic Review, 87(4), 317-337).

Social capital is “__ the mutual relations, interactions, and networks that emerge among human groups, as well as the level of trust (seen as the outcome of obligations and norms which adhere to the social structure) found within a particular group or community. There is an implicit understanding that social capital will be useful for enhancing some other feature such as learning, social mobility, economic growth, political prominence, or community vitality.”(Wall, E., Ferrazzi, G., & Schryer, F. (1998). Getting the goods on social capital. Rural Sociology, 63(2), 300-322).

“...social capital [consists] of two main components: sociocultural milieu and institutional infrastructure. Sociocultural milieu is quite similar to the bonding capital outlined by Putnam. Institutional infrastructure has strong similarities to bridging capital.”(Temkin, K., & Rohe, W. (1998). Social capital and neighborhood stability: An empirical investigation. Housing Policy Debate 9(1). Cited in Gittel, R., & Vidal, A. (1998). Community organizing: Building social capital as a development strategy. Thousand Oaks, CA: Sage Publications).

Common Features

It has been suggested that despite the variations on specific characteristics of social capital, all perspectives have three common features.

All link economic, social, and political spheres and implicitly recognize that social relationships influence how markets and states operate.

All focus on relationships and the ways in which reliable, stable relationships among actors enhance the effectiveness and efficiency of both collective and individual action and interaction.

All presuppose that social capital can be strengthened, and that the process requires resources.

A conceptual framework for distinguishing between different dimensions of social capital has recently been developed by the World Bank. The framework suggest that there are three basic aspects of social capital: bonding social capital, bridging social capital, and linking social capital.

Bonding social capital refers to the strong ties connecting family members, neighbors, close friends, and business associates.

Bridging social capital implies horizontal connections to people with broadly comparable economic status and political power.

Linking social capital is a third dimension which in the past has been largely ignored. This refers to the vertical ties between poor people and people of influence in formal organizations. The dimension is critical to developing a sustainable social capital approach as it addresses the problem of exclusion (by overt discrimination or lack of resources) from the places where major decisions relating to welfare are usually made.

Influence of Robert Putnam

Recent social policy literature reflects the ideas of Robert Putnam who conceives of social capital as a product of group-based interactions of people in a community. People establish a community identity, establish community norms, learn to trust each other, and commit to providing benefits for each other which leads to a strong civic consciousness.

Social capital, like financial capital, is a resource that is drawn upon by a community to “purchase” community cohesion.

Economic Perspective

The field of economics has also been an important source of concepts of social capital which have influenced social policy.

Loury notes that investment in *human capital* is often believed to be the way out of poverty and deprivation for individuals through the formation of community social conditions that significantly shape opportunities for employment and quality of life improvements.

Poverty

The impact that social conditions have on access to human capital development opportunities is also a central theme of the economist Amartya Sen.

Sen argues that poverty is the absence or limited access to opportunities for human development rather than merely as low income.

It is the deprivation of social arrangements and community relations (i.e., social capital) such as medical coverage, public health care, school education, law and order, prevalence of violence and other “freedoms” that lead to poverty and deprivation.

Private Foundations and NGOs

Private foundations subscribe to the notion that “(p)ersistent urban poverty is not just about money, but also about relationships” which require building social capital in order to improve economic opportunity through “comprehensive community initiatives.”(Walsh, Joan 1997. Community Building in Theory and Practice: Three Case Studies. National Civic Review, 86 (4) Winter: 291-314).

There are numerous examples to strengthen self-sufficiency at the community level which are often the result of initiatives sponsored by private foundations.

NGOs contribute to social capital by increasing the level of involvement of a broad spectrum of a community in the establishment, funding, and implementation of social services.

Organizational Interactions

Social capital reflects partnerships and collaborations among organizations (government, business, and nonprofit) in terms of norms of behavior, trust, and reciprocity.

Acting under the assumption that they can capture resource economies and scale up program effectiveness, organizations of the three sectors join with each other to deliver services and foster community development (social, economic, and political).

Examples of Collaboration in the United States

Welfare Reform

The Temporary Assistance to Needy Families (TANF) program under the Personal Responsibilities and Work Opportunities Act of 1996 has led to increased efforts of inter-agency collaboration.

Social capital policy is also reflected in welfare reform through state contracts for providing social services through private or community agencies.

Empowerment Zone & Enterprise Community

The EZ/EC programs facilitate local economic development under the Department of Agriculture’s National Rural Development Partnership (NRDP) which mandate the development of partnerships that form the basis for collaborative community social service programs.

Eligibility for funding is based on the community's ability to demonstrate a high level of cooperation and solidarity among multiple sectors of the community.

School-to-Work

- The School-to-Work Opportunities Act is aimed at systemic change in which there is structured interaction that fosters collaboration and new models of partnering among employers, labor, community groups, educators, professionals, civic leaders, parents, and students at the local level.

Concerns and Risks

The effort to increase collaboration, networks, and social capital is not without concerns or risk. Among the most often cited issues are:

Social exclusion of certain populations when participation in a collaboration is restricted.
Lack of transparency in collaborations which are not accountable to a board of directors composed of a broad spectrum of the community or region.

Unrealistic expectations from communities or regions which have inadequate material resources or are restricted by barriers related to culture, history, marginal education (literacy and skills).

Risk of collaborations being dominated by political elite or powerful (and unrepresentative) groups.

Policy Research

From a policy research perspective, four key problems have been identified that contribute to confusion about the meaning, measurement, outcomes and relevance of social capital. These are:

Social capital measurement and “practice” is rarely theoretically informed.

Empirical work rarely understands social capital properly as a resource to collective action.

There is a general failure in empirical work to recognize social capital as a multidimensional concept.

There is a general failure to recognize that social capital will vary by network type and social scale.

Exercises

Conduct a group discussion on which of the definitions of social capital best fit the goals and objectives of social assistance programs in Albania.

What are the strongest features of programs relative to social capital?

What are the weakest features of programs relative to social capital?

Group discussion on how any of the definitions of social capital in the outline pertain to collaboration between GASS and NGOs.

What aspects of social capital could be strengthened in the GASS - NGO relationship?

What action is required to strengthen the relationship?

How do the formal and informal networks *among* NGOs differ from the formal and informal networks *between* GASS and NGOs?

Each participant should make a list of government and NGO activities which they believe contribute to social capital.

Discuss individual lists in a group format.

Rank order the most effective activities.

List the characteristics of the most effective activities.

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