
Social Capital – A Research Agenda

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Abstract: *There are four forms of capital which contributes to the success of any activity. They are financial capital, natural capital, physical capital and human capital. But apart from these four forms of capital, there is one more invisible form of capital that also contributes to the success of the activity/programme i.e. Social capital. Today, the concept of 'Social capital' gained a momentum in the research field and widely discussed by the scholars and considered as a sustainable development of Common Property Resources. By reviewing the literature, this paper explains the concept of social capital, its forms, dimensions and impact.*

Key words: *Social capital, common property resources, dimensions, impact*

Introduction

In recent years the concept of 'social capital' has been seriously considered as one of the determining factors in economic growth and development and reduction of poverty (Knack and Keefer 1997). The concept traces its origin in the West but found its application mainly in the Third World countries especially through the World Bank. Now, it is a widely used buzzword in the current discourses on development and is mentioned as the "missing link in development" by the World Bank literature (World Bank, 2000).

Though social factors play a significant role in everyday life of the people in India, very little research has been done to examine the way they are linked to livelihoods of people (Platteau, 1994a, 1994b; Nandakumar, 2007). Government policy, which aims at the socio-economic development, increases the investment in physical infrastructural facilities without considering the role of social institutions prevailing in the community/sector. Lack of recognition of these institutions is one of the important reasons for the failure of the project.

Objectives of the study

1. To clarify the concept of 'social capital'.
2. To provide an empirical evidence about the potential benefits of social capital.

Social Capital: Conceptual Framework

The term social capital was first used in 1916 by L. J. Hanifan, a state supervisor of rural schools in West Virginia, U.S.A. who saw regular contact between neighbours as an accumulation of social capital (Conard, 2008). Hanifan (1916) described social capital as those tangible substances [that] count for most in the daily lives of people: namely good will, fellowship, sympathy, and social intercourse among the individuals and families who make up a social unit.... If an individual comes into contact with his neighbor, and they with other neighbors, there will be an accumulation of social capital, which may immediately satisfy his social needs and which may bear a social potentiality sufficient to the substantial improvement of living conditions in the whole community (Cited in Woolcock and Narayan, 2000 pp. 228-229).

The concept of social capital did not get much recognition and popularity for several decades after Hanifan. But it was reinvented during 1950s and 1970s by sociologists, economists and political scientists. The first systematic analysis of social capital was produced by Bourdieu (1986), (Jong, 2010). However, it was the work of Coleman (1988, 1990) on education and by Putnam (1993, 1995) on civic participation and educational performance, thrown light on the importance of the concept (Woolcock and Narayan, 2000). Robert Putnam's book *Bowling Alone* presented a compelling account of American's dramatically declining social capital over the latter half of the 20th century (Conard, 2008).

Among the various theories, the works of the three 'key players' in the development of social capital, - Bourdieu (1986), Coleman (1988), and Putnam (1995 and 2000) have significantly influenced the theoretical development of social capital (Bruniea, 2008). We present below important theories that relate to different aspects of social capital.

Point of difference Definition	Bourdieu (1970 and 1980) (French Sociologist)	Coleman (1980) (Sociologist)	Putnam (1990) (Political economist)
Definition	... aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalised relationships of mutual acquaintance and recognition or membership in a group-which provides each of its members with the backing of the collectively owned capital, a 'credential' which entitles them to credit, in the various senses of the word (Bourdieu, 1986, pp.248-249).	Social capital is defined by its function, it is not a single entity but a variety of different entities, with two elements in common: they all consist of some aspect of social structures and they facilitate certain actions of actors-whether persons or corporate actors-within the structure (Coleman, 1988, p.95).	"... features of social organisation such as networks, norms and social trust that facilitate co-ordination and co-operation for mutual benefit" (Putnam, 1993, p.67). Putnam (2000) extended the definition of social capital as social capital is closely related to what some have called 'civic virtue'. The difference is that 'social capital calls attention to the fact that civic virtue is most powerful when embedded in a network of reciprocal social relations. A society of many virtuous but isolated individuals is not necessarily rich in social capital (p.19).
Unit of analysis	Individual/ family	Individual/ family (Field 2008)	Community/regional level as a collective asset.
Characteristics	Part of other capital resources, accumulated in the process of development (Bourdieu, 1986).	Included in the relations such as obligations, expectations, trust etc. (Gupta, 2008).	Reciprocity, co-operation, trust, historical roots at the community/regional level (Schuller, Baron and Field, 2000 cited in Warwick-Booth, 2008).

Relationship with other resources	Cultural and economic capital integrated with social capital (Bourdieu, 1986).	Independent social relations, network, support etc. are prioritised (Gupta, 2008).	Positive and direct relationships between social capital and economic growth and political integration. (Warwick-Booth, 2008).
Substituted with other capital	Substitution is possible among the other resources depending on area of application and cost of transaction (Bourdieu, 1984, cited in Hauberer, 2010).	Substitution is not possible.	Ethical dimensions of social capital are independent and hence cannot be substituted. However, human capital is integrated with it (Putnam, 2000).
Components	Credentials, network along with economic variables	Social relations, trust, capacity of flow of information, and norms. (Gupta, 2008).	Trust, norms, networks, reciprocity. (Putnam, 1993).
Type of good/services	Network as a public good	Public good (Warwick-Booth, 2008).	Public and private good (Hauberer, 2010).
Origin of theory	Marxism (Gupta, 2008).	Liberal socialism	Collectivism

Dasgupta (2000) defined the social capital as “something that encourages us to amalgamate in commensurable objects, namely (in that order) beliefs, behavioural rules and such forms of capital assets as interpersonal links, without offering a hint as to how they are to be amalgamated” (p.327).

According to Uphoff (2000) all forms of social capital represent assets of various kinds of yielding streams of benefit. The ‘income stream’ that flows from the social capital is analysed here as mutually beneficial collective action. The analysis delineates two main categories of social capital: structural: (roles, rules, precedents and procedures) and cognitive (norms, values, attitudes and beliefs) A continuum of social capital is presented in terms of people’s orientation towards positive-sum outcomes and towards positive interdependence of utility functions (p.215).

The World Bank (2000) defines social capital as “the institutions, relationships and norms that shape the quality and quantity of society’s social interactions . . . social capital is not just the sum of the institutions, which underpin a society-it is the glue that holds them together” (World Bank, 2000 p.1). The World Bank social capital scholars “treat” social capital as a genuine asset that requires investment to accumulate and that generates a stream of benefits (Pawar, 2006). According to Serageldin (1998)

Social capital refers to the internal social and cultural coherence of society, the norms and values that govern interactions among people and institutions in which they are embedded. Social capital is the glue that holds societies together and without which there can be no economic growth or human well being (forward by Serageldin in Grootaert, 1998, p.2).

Social capital refers to trust, networks and norms shared by a group of actors that enable them to act together effectively to pursue shared objectives. It is a resource - a capital - that consists of relations people have with other people. The broad complex of social interactions, norms, rules and institutions are known as social capital (Woolcock, 1998; Ostrom, 2000). Organisation for Economic Co-operation and Development (OECD) (2001) defines social capital as the “networks together with shared norms, values and undertakings that facilitate co-operation within or among groups” (quoted in Office for National Statistics, 2001 p.8) Ostrom (2000) writes, Social capital is the shared knowledge, understandings, norms, rules and expectations about patterns of interactions that groups of individuals bring to recurrent activity ...When they face social dilemmas or collective-action situations...participants must find ways of creating mutually

reinforcing expectations and trust to overcome the perverse short-run temptations they face (p.176).

The broad complex of social interactions, norms, rules and institutions are known as social capital (Woolcock, 1998; Rudd, 2000; Woolcock, and Narayan, 2000).

The above discussion depicts that social capital has been variously defined from being a resource embedded in social relations that permits individuals and/or communities to achieve desired goals (Coleman, 1988) to features of social life-networks, norms, and trust-that enable participants to act together more effectively to pursue shared objectives (Putnam, 1993). All these definitions of social capital highlight elements such as trust and associational linkages, although they give different weightage to their importance. The different definitions also emerge from a variety of sociological tradition. We can conceptualise social capital as networks of social relations which are characterised by norms of trust and reciprocity, and which facilitate co-ordination and co-operation for mutual benefit. All definitions are based on the principle that social capital provides advantage to those who have access to it (Burt, 1997). In nutshell social capital can be summed up in two words: relationships matter (Field, 2008).

Social Capital: Bridging, Bonding and Linking

Different combinations of network characteristics affect the overall capability of social capital. In the social capital theory distinctions have been made on the basis of different combinations of network characteristics, ‘bonding’ ‘bridging’, and ‘linking’ social capital (Gupta, 2008). According to Woolcock and Sweetser (2002,) bonding social capital refers to connections to people like you [family, relatives, kinship]...bridging social capital refers to connections to people who are not like you in some demographic sense,” and “linking social capital pertains to connections with people in power, whether they are in politically or financially influential positions (cited in Adhikari, 2008, p. 4).

Bonding social capital describes close association among people such as friends or members of particular subgroups, who are likely to have similar outlooks and objectives (Plummer and Fitzgibbon, 2006).

Bridging social capital refers to relation with distant friends, associates and colleagues. It is the capacity of people to develop relationship among individuals of greater social distance such as colleagues or other

community members, who may have different views (Plummer and Fitzgibbon, 2006). Bridging Social capital is generated when we connect with people who are outside the circle of our natural or instinctive acquaintances. The difference might be of class, ethnicity, religion, education and income (Gupta, 2008).

Linking social capital refers to relations between individuals and group in different social strata in hierarchy where power, social status and wealth are accessed by different groups (Woolcock, 2001, cited in Office of the National Statistics, 2010). It describes the ability of groups to engage vertically with external agencies, either to influence their policies or to draw on useful resources (Pretty and smith, 2004). It involves social relations with those in authority, which may be used to garner resources or power.

Dimensions of Social Capital

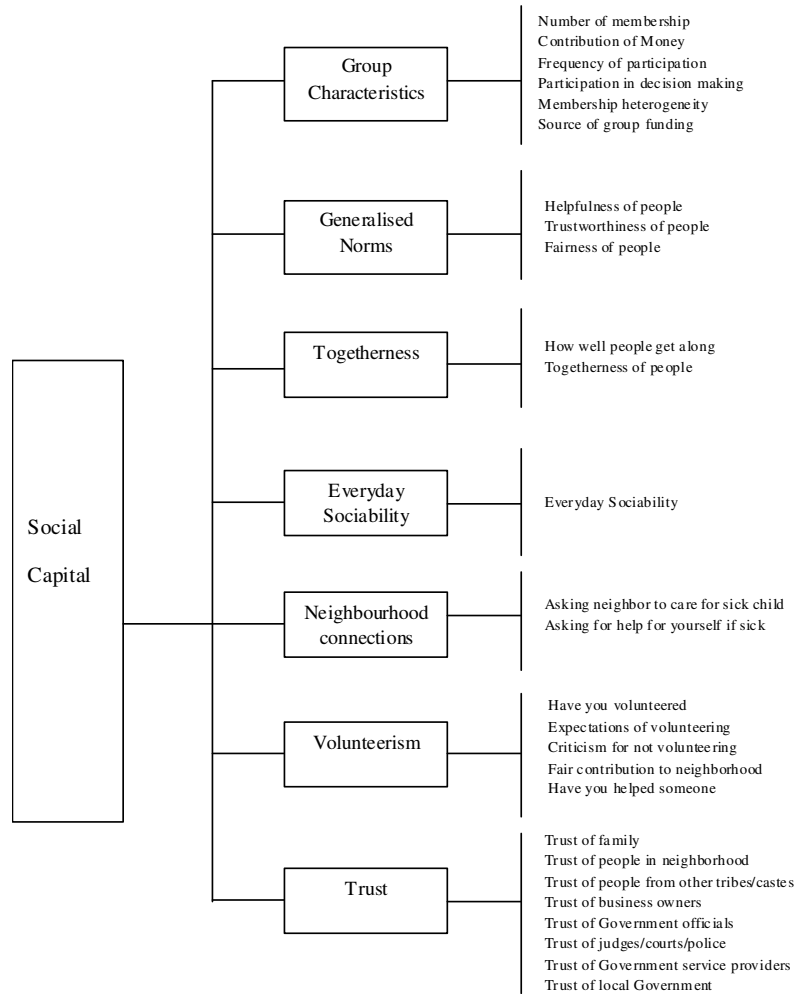
It is widely accepted that human capital cannot be measured directly. Education level can be used as one of the proxies for its measurement. Similarly, social capital can be measured by some proxy variables. Since social capital is a complex concept comprising large array of concepts and micro, meso and macro levels, we have to identify the suitable variable(s) in each dimension for its quantification. According to many scholars, social capital comprises social networks, norms of reciprocity or social support and social trust. Most of the definitions revolve around three elements: social networks, norms of reciprocity and trust (Ferlander, 2003). As the social capital is multidimensional, it is difficult to state the universally accepted dimensions to assess the social capital. Hean, Cowley, Forbes, Griffiths, and Maben (2003, p.1062) cited the following dimensions of social capital:

1. Trust (Coleman, 1988; Collier, 1998; Putnam, 1993)
2. Rules and norms governing the social action (Collier, 1998; Coleman, 1988; Fukuyama, 1999; Portes and Sessenbrenner, 1993).
3. Types of social interactions (Collier, 1998; Snijders, 1999).
4. Network resources (Kilpatrick, 2000; Snijders, 1999) and
5. Other network characteristics (Putnam, 1995; Kilpatrick, 2000).

The World Bank (undated) suggested four dimensions for measuring the social capital. They are groups and networks, trust, collective action, and information and communication.

Figure 1 illustrates the dimensions identified by Narayan and Cassidy (2001 cited in Claridge, 2004).

Figure 1: The dimensions of social capital



Source: Social Capital and Natural Resource Management (Claridge, 2004).

Impact of Social Capital

There is growing theoretical evidence that social capital can have an impact on development outcomes, including growth, equity, and poverty alleviation (Grootaert, 1998; Dasgupta, 2000). Social capital generates wide range of future benefits. The benefits include information sharing and matching of people to economic opportunities, mutual aid and insurance, as well as effective collective action (Chou, 2006). Social capital benefits both individuals as well as society at large.

Social capital also improves individual awareness of ways in which human fate is linked, allowing people to become more tolerant, less cynical and more empathetic to the needs of others. The participation by individuals in social networks increases the the research according to Fafchamps and Minten (1999) shows that better-connected Madagascar traders have access to more accurate information on prices and credibility of clients, resulting in higher profit margins. They pointed out that social networks enabled traders to reduce transaction costs. Further the agricultural traders in Madagascar ranked the importance of relationships for success in business, higher than input prices, output prices, and access to credit or equipment. Krishna and Uphoff (1999) describe how farmer groups in the Indian state of Rajasthan use local structural and trust capital to build consensus on the use of watershed land, resulting in more productive use of these lands, as well as improved outcomes for broader development services. Pai (2001), by means of extensive empirical analysis, examined the impact of social capital on democratic functioning of panchayat institutions in two districts in Uttar Pradesh. The study shows that social capital exists within, but not between, segments in rural society. She summarises the problem: “Group . . . identities have the potential to create strong reservoirs of social capital within segments, but they do not facilitate – and in fact inhibit – the creation of a more broad based . . . social capital, which has the capacity to ensure responsive democratic government” (p. 652).

Conclusion

Very few Indian studies have thrown light on how to quantify social capital to assess its impact on the wellbeing of an individual/household at micro level. The review shows the existing research gap in the empirical estimation of social capital as there is no consensus on how to define the social capital comprehensively (Bjornskov, 2004). The theoretical framework presented in this chapter shows that in order to assess the extent of success of any project social capital needs to be properly understood. However, there is no

uniform method of conceptualising the social capital, since it encompasses broader spectrum of variables from trusts and beliefs to reciprocity. Most of the empirical studies (*for e.g.*, Putnam, Leonardi and Nanetti, 1993; Narayan and Pritchett, 1999) measure social capital through “indirect” indicators, like crime rates, blood donation, teenage pregnancy, participation rates in tertiary education etc.

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