

What is Social Capital?

A Brief Literature Overview

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Some Definitions of Social Capital

The concept of social capital is currently receiving a lot of attention from development agencies and research institutions. Part of the attention has been on its definition. The following provide a sample of some of these:

“...features of social organisation, such as trust, norms [or reciprocity], and networks [of civil engagement], that can improve the efficiency of society by facilitating co-ordinated actions.”

Putnam, Leonardi and Nanetti (1993) *Making Democracy Work: Civic Traditions in Modern Italy*, Princeton University Press, Princeton, USA.

“...the institutions, relationships, and norms that shape the quality and quantity of a society’s social interactions.”

World Bank (2000) *What is Social Capital?* from www.worldbank.org/poverty

“...the rules, norms, obligations, reciprocity and trust embedded in social relations, social structures and society’s institutional arrangements which enable members to achieve their individual and community objectives.”

Narayan (1997) *Voices of the Poor: Poverty and Social Capital in Tanzania*, World Bank, Washington D.C., USA.

Many definitions define what social capital is and what it does. In fact, there seems to be broader agreement in the literature about what social capital does, than what it is! In particular, it is widely agreed that social capital facilitates mutually beneficial collective action.

Five mechanisms for how social capital affects outcomes

Narayan and Pritchett (1997) describe five mechanisms for how social capital affects outcomes. They are:

- **Improve society's ability to monitor the performance of government**, either because government officials are more embedded in the social network or because monitoring the public provision of services is a public good:
- **Increase possibilities for co-operative action in solving problems** with a local *common property* element;
- **Facilitate the diffusion of innovations** by increasing inter-linkages among individuals;
- **Reduce information imperfections** and expand the range of enforcement mechanisms, thereby increasing transactions in output, credit, land and labour markets;
- **Increase informal insurance** (or informal safety nets) between households, thereby allowing households to pursue higher returns, but more risky, activities and production techniques.

Collier (1998) differentiates between *government social capital* (e.g. enforceability of societal contracts, rule of law, and the extent of civil liberties) and *civil social capital* (e.g. common values, shared traditions, norms, informal networks and associational membership). In societies where government social capital is limited, a large proportion of contracts may depend on civil social capital and trust. Rose (1999) in a social capital study in Russia found that individuals invoke networks that involve informal, diffuse social co-operation to compensate for formal organisation failure.

Social capital may produce either a positive or a negative output. For example, Olson (1982) argues that groups may be willing to impose costs on non-members to achieve their goals. In contrast, Putnam et al, (1993) argue that co-operation among members of a group creates habits and attitudes towards serving the greater good that carry over to members' interactions with non-members.

Creating (and Destroying) Social Capital

If social capital is beneficial, is it possible to create more? Equally, can social capital be destroyed? Do external agents have a role to play in creating social capital?

Putnam (1993) argues that social capital in Italy is a legacy of long periods of historical development, and therefore it cannot be added to in the short-run. This prognosis is challenged by a number of recent empirical studies (Schneider et al, 1997). For example, it has been shown that changing the structure and composition of school boards can enhance significantly the level of parental involvement in school-related activities and in turn help build social capital. Others present similar conclusions about the design of irrigation projects (Ostrom, 1994 and Lam, 1996). Many people would argue that it is possible to create social capital, although the

process is incremental. Furthermore, they would argue that social capital can be eroded faster and more easily than it can be created.

Falk and Kilpatrick (1999) argue that the accumulation of social capital is the outcome of the process of *learning interactions*. Learning interactions require a *learning event* (an actual occasion) and occur in a contextual dimension (the broad, socio-cultural and political frame of reference). A precondition to building social capital is the existence of a sufficient quantity and quality of learning interactions. For example Falk and Kilpatrick suggest that quality learning interactions includes an historical context, external interactions, reciprocity, trust, shared norms and values. The planning and implementation of community projects may be one such learning interaction.

Uphoff (1999) distinguishes between *structural* and *cognitive* social capital. Structural social capital involves various forms of social organisation, including roles, rules, precedents and procedures as well as a variety of networks that contribute to co-operation. Cognitive social capital includes norms, values, attitudes and beliefs. Structural and cognitive social capital are complimentary: structures help translate norms and beliefs into well co-ordinated goal-orientated behaviour.

Other authors (Sabel, 1994) argue that social capital builds up as a result of all actors committing themselves to ongoing negotiations based on shared understanding of common goals. Hechter (1987) suggest a multistage process for building group solidarity. Having joined together members must devise rules and procedures, which get institutionalised over time. Internalising rules and procedures, members moderate their behaviour so that these correspond to the expectations others have. This build up of social capital – of formal rules and mutual expectations – facilitates extending group activities into previously unexplored areas.

It is argued by a number of practitioners that people's participation rarely happens spontaneously, but rather involves *social preparation* (Albee & Boyd, 1997). This is a process of supporting people to:

- **Gather information** about their circumstances and resources;
- **Analyse** the situation;
- **Prioritise** actions they wish to pursue;
- **Join together** into a group or an organisation of their own choosing; and
- **Work-out** the means to implement these actions

Such social preparation necessitates a systematic pattern of action-reflection-action, and is the fundamental core practice of participatory development (Albee & Boyd, 1997).

Intervening to Strengthen Social Capital – Self-help groups

What types of intervention have been used most successfully to promote participation? A synthesis by Oakley et al (1991) proposes the following six dimensions.

Animation	Assisting local people stimulate their own critical awareness, to examine and explain issues in their own words, and to realise what they can do to bring about change.
Structuring	The development of internal cohesion and solidarity among people, and some form of structured organisation.
Facilitation	A service role which assists people to undertake specific actions; these actions include the acquiring of particular technical and managerial skills, gaining access to available resources or translating their own ideas into feasible projects.
Intermediary	To serve as a go-between in relation to other external services. To establish contacts with existing services and introduce people to the procedures and mechanisms for dealing with these services.
Linking	To help develop links between people in similar contexts and facing similar problems.
Withdrawal	A progressive redundancy of external intervention.

Participating in a group is costly for members in terms of time and labour, and resources. Munkner's (1979) literature review of self-help groups finds *the introduction of groups without prior assessment of genuine local demand for these groups* is a common policy mistake. Kabubila's (1994) evaluation for GTZ Village Programme in two districts of Tanga (Tanzania), states that many group members did not know why the *group approach* would help them. Uphoff (1999) says that the strategy, in the Gal Oya irrigation systems in Sri Lanka, was *to work first, organise later* so as to demonstrate the benefits achievable through collective action. This created a demand for local organisation, rather than starting by creating a supply of organisation for which there was no clearly felt need.

Some people argue that external agents should not create groups. One option is for the external agents to support only groups with a certain history. In practice, it may be difficult to support groups without, at least indirectly creating them. However, the mere announcement that a donor or NGO will provide support to groups meeting certain criteria leads to the creation of these groups. The difference between support and creation (animated mobilisation) may be that support programmes reach the well informed and connected (the non-poor) whereas mobilisation may be capable of reaching the marginalised and vulnerable. One motivation for village group formation in Tanzania today is the access this provides to donor support.

Research in Tanzania has found that the very poorest and marginalised women are under-represented in women's organisations in one village on Mount Kilimanjaro (Mercer, 1999). It can be argued that the use of participatory methods does not guarantee the inclusion of the vulnerable. Hume (2000) argues that best practice – open and public meetings, regular elections, financial training for leaders, the inclusion of women – does not necessarily stop elite capture of local organisations or the creation of new elites. He argues that stakeholder analysis is one way of exploring such issues.

Social capital is both affected by and affects social power structures. The ability to create or destroy social capital will depend on how power structures and traditional norms of association are engaged by field staff of external agencies. Social divisions have to be overtly recognised, actively negotiated and represented if there is to be inclusion of hitherto excluded individuals.

Social and power structures also emerge externally. Groups created as *implementors* of community development may be perceived mainly as part of some external development agency's system or project. Linked to this are concerns about *mining* social capital: using existing stocks of social capital to achieve other (external) aims and, in the process, depleting the initial stock.

In general, there is no one model for social capital formation or the creation or strengthening of local groups. Albee & Boyd (1997) argue that *there is no single answer or model to promoting participation ... there are only frameworks and guiding principles*. Pantoja (1999) argues that instead of one particular model of local organisation, a wide variety of community organisations should be promoted. There needs to be an individual, participatory approach to each intervention.

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Further Information

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