



SOCIAL CAPITAL AND SUSTAINABLE DEVELOPMENT



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ABSTRACT

There has been some debate over the precise definition and measure of social capital. Social capital can be defined as a variety of different entities, which consist of some aspect of social structure. Bonding social capital associates with strong ties in a closed social structure. Bridging social capital, on the other hand, refers to the aspect of social capital that emphasizes on tolerance of different members as social actors. It is usually associated with the openness of social structures. This paper examines the concept of social capital and dimensions of social capital. It spells out the meaning of social capital in terms of human and economic characteristics and deals with social capital in relation with other forms of capital. It discusses the issues in utilization of social capital in natural resource management.

KEYWORDS : *Social, Capital, community, economic, human resources*

INTRODUCTION

“Social capital refers to features of social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated actions”. Sukumaran (2003) viewed that social capital is the totality of actual or potential resources related to the possession of a lasting network of more or less institutionalized direct or indirect social relations”. Coleman (1988) hold the view that the social capital is the component of human capital that allows members of a given society to trust one another and co-operate in the formation of new groups and associations”. According to

Fukuyama (1995), social capital is the ability of people to work together for common purposes in groups and organizations”. Woolcock (1998) viewed social capital in terms of information, trust, and norms of reciprocity inhering in one’s social networks”. According to World bank, “social capital means the institutions, relationships, and norms that shape the quality and quantity of a society’s social interaction. “ OECD (2001) refers social capital in terms of “Networks together with shared norms, values, and understanding that facilitate co-operation within or among groups”



Social capital is broadly defined as 'the institutions, relationships, attitudes and values that govern interactions among people and contribute to economic and social development' (World Bank, 2002). As regards social capital is concerned, it affects economic development in developing countries in three forms, mainly by facilitating transactions among individuals, households, and groups. First, participation by individuals in social networks increases the availability of information and lowers its costs; second, participation in local networks and attitudes of mutual trust make it easier for any group to reach collective decisions and implement collective action – result in more productive use of resources; and finally, networks and attitudes reduce opportunistic behavior by community members through social pressures and fear of exclusion. Social capital is the network that helps create linkages that in turn forge rules, conventions and norms governing the development process at different levels in all societies. It is the network of relationships between the agents within an economy. The greater the stock of social capital, the more developed is the network

Social capital, defined as the commodity which individuals use in non-market social interactions to extract valuable resources, is the network that helps create linkages that in turn forge rules, conventions and norms governing the development process at different levels in all societies. It is the network of relationships between the agents within an economy; the greater the stock of social capital, the more developed is the network. It is argued that social capital facilitates the network of information flows or knowledge flows of interactions between economic agents and as a result of these flows among a larger number economic agents, the potential for sustained economic growth prevails.

DIMENSIONS OF SOCIAL CAPITAL

Density. Density of membership or to be engaged in membership of more than one association indicates bonding and bridging social capital. Having more participation in different local association should favour community efficacy due to the possible learning effect through information transmission and access to it as well as accumulation of social capital (Baland and Platteau, 1997; Pender 1999). In India, density of membership is observed in women self help groups and men self help groups. The members of such groups are organized themselves to achieve the goal of social empowerment, economic empowerment and political empowerment. It could be noted that the more the household is participating in different local association the higher the

likelihood to have the capacity for community efficacy. In this context, development of several grass root level organizations and groups are the noteworthy

Active participation. It has been argued that associations, which follow a democratic pattern of decisions making, are more effective than the others in implementing community oriented activities (Grootaert 1999). Local association is assumed to be the important factor to favour community efficacy in the community. A member of household that is considered to be active in local associations activities are very likely to develop and achieve generalized trust (Fukuyama 1995b; Putnam et al. 1993) and reciprocity, which reduces transaction-costs and coordinates collective action. The active participation of people in development programmes brings sustained development. The active participation of members of self help groups is observed in India. This results in development of self confidence and capacity building among the rural people. The development of micro credit and micro enterprise are the successful outcome of active participation of people in development programmes.

Informal network. The growing body of literature suggests that both formal and informal type of networks promote social capital (Burt 2000; Coleman 1988; Narayan 1999; Richard and Roberts 1998). Informal networks includes network established with friends and family in the community or neighbourhood-related friendships. It provides personal support, a wide range of help and information, and offer channels for community efficacy. Informal network is observed to be important, through increasing access to information and trust, in creating a good atmosphere for the household to participate in community efficacy. Nowadays informal networks have been developed in rural India and they play a significant role in exchange of agriculture and rural development related information among the farmers and among the village people. The informal network has been observed among the members of self help groups. They actively engage themselves in exchange of ideas and values pertaining to their individual development as well as collective development.

Trust variables. Trust is considered as a good lubricant in a given cooperation. It reduces the transaction costs between people, and so liberated resources. Instead of having to invest in monitoring the others, individual are able to trust them to act as expected. It can also create a social obligation; by trusting someone engenders reciprocal trust. There are basically three types of trust: the trust we have in individuals we know which is known as 'particularized trust' (Fukuyama 1995a); and the trust

we have in those we don not know, but the trust arises because of our confidence in a known social structure, 'generalized trust' (Knack and Keffer 1995). And the third one is the type of trust that we have in the formal institutions, which is known as 'confidence in institution'. All trust variables of the household have been taken in the analysis of community efficacy assuming that there will be a positive relationship and the higher the level of trust, the higher the community efficacy would be. The thrust among the individuals is essential to bring collective action at the village level. The participatory rural appraisal activities are the good example of development of trust among the rural people. The success of rural development initiatives depends on people's trust in rural leadership, trust in community leadership, and trust in self help group leadership. The collective action and efforts towards achieving common goal of development depends on possession of habit trust among the individuals and their community efforts.

Reciprocity. Reciprocity and exchanges also increase trust. There are two types of reciprocity (Coleman 1990; Putnam et al. 1993): specific reciprocity which refers to simultaneous exchanges of items of roughly equal value; and diffuse reciprocity refers to a continuing relationship of exchange that at any given time may be unreturned, but overtime is repaid and balanced. Again, this contributes to the development of long-term obligations between people, which can be an important part of achieving positive environmental outcomes. Norms of reciprocity, which entails mutual aid, are dependent on social networks. Bonding networks that connect individuals who are members of a certain group or association sustain particularized reciprocity. Bridging networks that connect individuals who are diverse sustain generalized reciprocity (Putnam et al. 1993). Therefore, it is observed that a high level of reciprocity in a community would increase a community efficacy. The development of reciprocity in terms of exchange of development oriented values and information can sustain social network among the rural people. The trickle down approach of rural development depends on propagation of socioeconomic development information from one social group to another group and from one community group to another community group. The agricultural and rural development extension programmes should follow this path.

HUMAN AND ECONOMIC CHARACTERISTICS

There is a direct relationship between community efficacy and human and economic characteristics of inhabitants in a community. A community with limited

human resources in terms of education, health economic resources and welfare status is less likely to be engaged in locally oriented collective action towards a generalized interest (Parisi et al. 2002). In such conditions, at least theoretically, individuals of a local population are unable to realize the importance of their common values with respect to the well being of the community as a whole (Sampson, Morenoff and Earls 1999). In this respect poor human and economic resources in a local population can translate into a diminished capacity for community efficacy.

Education. Education is an important input for human development. It is observed that the higher the number of illiterates in a community the lower rate of community efficacy would be. This assumption was based on previous result that found poor men and women, in urban areas are often deprived of information and knowledge (Schilderman 2002). Poor illiterate inhabitants, not knowing about their rights, services they could access, plans for their area, or what options there are for tackling certain problems, tend not to favour collective action in the community. Moreover, most of the illiterate people are engaged in subsistence activities, whereby they spend much of their time for it. The knowledge of education and awareness is very essential to mobilize and motivate the rural people towards achievement of common goal. The process of unification and integration of social capital depends on development of education and awareness about their socio economic system and they should aware of existing opportunities and potentialities in government welfare and development programmes and ways and means of utilizing such opportunities and potentialities.

Tenure status. The poor who are unable to gain access to legal shelter with formal title, tenure security and the risk of eviction are of great importance. Informal categories of housing, unauthorised land sub-divisions and houses built or expanded without permits are found across the rural areas. Even on a single plot many forms of tenure exist. For example, tenants let out rooms to sub-tenants to many people to spend the night. It could be noted that inhabitants in the community with tenure status other than owner are very unlikely to favour collective action for mutual benefit of the community. In order to provide permanent shelter in rural areas the government of India has introduced rural housing programmes. Under this programme, free housing pattas are given and house construction subsidies are given. The provision of household permanent tenure status may expected to bring collective action and ultimately mobilization of social capital.

Poverty. The poor are not a homogeneous group: social exclusion affects some people, particularly the very poor scheduled caste and scheduled tribe women, leading to inadequate access to information. Hence it is observed that the household with poor welfare category would not favour collective action. The participation in collective action depends on homogeneity of social group. The presence of social differential, social discrimination and social disparity may prevent collective action of individuals in a given community. Hence there is a need to reduce the social disparity through action oriented socio economic development programmes in rural areas.

SOCIAL CAPITAL AND OTHER FORMS OF CAPITAL

At this point it is useful to assess the status of social capital as a form of capital. Arrow (2000:4) opines that the term “capital” implies three aspects: (a) extension in time; (b) deliberate sacrifice in the present for future benefit; and (c) alienability. The last is not true, as Arrow argues, for human capital and not even entirely true for physical investment. The aspect defined as (a) above may hold in part; building a reputation or a trust relation. But these are not like physical investment; a little trust has not much use. But is especially (b) that fails. The essence of social networks is that they are built up for reasons other than their economic value to the participants. Indeed, that is what gives them their value is monitoring. Thus Arrow did not find any consensus for adding something called “social capital,” to other forms of capital.

Adler and Kwon (2002), on the other hand, point out both similarities and differences between social capital and other forms of capital. Regarding similarities, at first, it is argued that like all other forms of capital, social capital is productive, making possible the achievement of certain ends that would not be attainable in its absence. It means that social capital is a social resource into which other resources can be invested with the expectation of future, albeit uncertain returns. Through investment in building their network of external relations, both individual and collective actors can augment their social capital and thereby gain access to information, power, and identity; and by investing in the development of their internal relations, collective actors can strengthen their collective identity and augment their capacity for collective action.

Second, like other forms of capital, as mentioned, social capital is both “appropriable” (Coleman, 1988) and “convertible” (Bourdieu, 1986). Like physical capital, which can be used for different purposes, social capital is appropriable in the sense that an actor’s network of, say,

friendship ties can be used for other purposes, such as information or advice. Moreover social capital can be converted to other kinds of capital: the advantages conferred by one’s position in a social network can be converted to economic or other advantages. It could be noted that membership in self help groups is beneficial to them to reap the benefits of microcredit. By utilizing the benefits of micro credit they start micro enterprises and thereby they generate income and employment. Thus one position in social network leads to another position.

Third, like other forms of capital, social capital can be a substitute or a complement to other resources. Actors, both individual and collective, can compensate for lack of financial or human capital by superior “connections.” Social capital can more commonly be complementary to other forms of capital. For example, social capital may improve the efficiency of economic capital by reducing transaction costs. The similar view echoes in the following statement of Anthony Giddens. “Social capital refers to trust and networks that individuals can draw on for social support, just as financial capital can be drawn upon to be used for investment. Like financial capital, social capital can be expanded – invested and reinvested” (Giddens, 2000:78).

Fourth, like clean air and safe streets but unlike many other forms of capital, social capital is a “collective good” in that it is not the private property of those who benefit from it (Coleman, 1998). More specifically the use of social capital is non-rivalries- it does not diminish with use but unlike pure public goods its use is excludable- others can be excluded from a given network of relations.

Several differences have been identified between social capital and other forms of capital from theoretical standpoint. One critical difference between human and social capital is that one individual alone, for example in the form of education, can invest in human capital. Social capital, on the other hand, can only be acquired by two or more people and requires a form of cooperation between them (Grootaert, 1998). We regard this as a crucial aspect in the definition of social capital. Portes (1998) observes that whereas economic capital is in people’s bank accounts and human capital is inside their heads, social capital inheres in the structure of their relationship. Scholars emphasise that no individual has exclusive rights to social capital and the strength of social capital is located in the relations between actors and not within the actor themselves (Coleman, 1988; Burt, 1992). Furthermore, when discussing other forms of capital, costs and benefits are crucial factors. There is a growing body of empirical work on the benefits of social capital (Krishna, 2002; Isham and

Kähkönen, 1999; Cummings *et al.* 2003) but few data on the cost side exists. This has partly to do with the difficulties of measuring social capital. Rationally, investments in social capital require a comparison between costs and benefits analysis.

The foregoing discussion makes it clear that the concept of social capital cannot be easily defined and the question is the degree to which the concept can be made operational for the purpose of analysis. There is a lack of clarity in the research on the sources of social capital. However, analysing the definitions of social capital, one can identify several sources of social capital such as: trust, networks, sharing information, norms, social interaction, network ties, shared values and beliefs, and civic engagement.

SOCIAL CAPITAL AND NATURAL RESOURCE MANAGEMENT

Social capital includes 'features of social organization, such as trust, norms and networks of relationship which can improve the efficiency of society by facilitating coordinated actions' (Putnam *et al.*, 1993:36). The idea of social capital and civic participation providing the raw material for successful policy-making soon picked up by influential policy institutions like the World Bank and social capital is assuming an increasing important role in the World Bank's poverty reduction strategy. Building social capital is at core of the empowerment agenda, along with prompting pro-poor institutional reforms and removing social barrier; it is an asset that creates opportunities for enhancing well being, for achieving greater security and for reducing vulnerability (World Bank, 2002:1-2). So far as decentralized common pool resource management is concerned, joint forest management (JFM) has proved a major initiative towards local community involvement in forestry. Empirical study shows

that local level institutions have been more successful than others in managing localized forest resources because of their existence of existing higher level of social capital in the society.

Social capital based on participatory programme in forest management programme like JFM facilitates network externalities in the form of both users and uses of social capital. Social capital in the form network externalities has two indirect effects: if all are connected with the same social network capital, all are connected with each other influencing higher level of social capital in the society; and such social network capital has complementary effect on women wellbeing, human development and social welfare resulting in a broad

network of social capital in the society. As regards the first issue is concerned, aggregate social capital, which is formed out of different levels of social capital possessed by individuals, increases if individual level social capital increases. Social capital under JFM in forest resources first starts from individuals, and afterwards it is extended among households, groups and community.

As regards the second issue is concerned, the complementary effect of network externalities of social capital has indirect effect on other social institutions like women welfare, human development among larger individuals of neighborhood resulting in a more general form of network externalities. As regards the understanding of the gender aspects of social capital manifested in the groups for natural resource management is concerned, it is increasingly well established that social capital, an important factor in building and maintaining collective action in gender differentiated social groups, is fundamental to substantial and long run changes in natural resource management.

The highest is the endowment of social capital if there exists more intensive social ties and generalized trust within a given community. Thus for developmental outcomes to be achieved in forest fringe communities, linkage needs to be combined with integration. High levels of integration or strong intra-community ties can be beneficial to the extent they are complemented by some measure of linkage. The initial benefits of intensive intra-community integration, such as they are, must give way over time to extensive extra-community linkages for development to proceed in poor communities. A community's stock of social capital in the form of integration can be the basis for launching development initiatives. Participatory forest management, therefore, is a phenomenon sapped by social relations and community structure that needs formal and informal institutional arrangements in the management of this common property natural resource.

Structural social capital refers to relatively objective and externally observable social structures, such as networks and associations or the institutional structures that link members (Uphoff, 2000; World Bank, 2002). Cognitive social capital, on the other hand, comprises more subjective and intangible elements such as generally accepted attitudes and norms of behavior, reciprocity, shared values and trust (World Bank, 2002). The latter component allows isolating the elements of social capital based on its scope that can be observed at the micro, meso and macro level. At micro level, social capital is in the form of horizontal networks of individuals and households and

the associated norms and values that underlie these networks. At the meso level, social capital captures horizontal and vertical relations among groups i.e., between individuals and society as a whole. Finally, social capital can be observed at the macro level in the form of the institutional and political environment that serves as a backdrop of all economic and social activity, and the quality of the governance arrangements.

Whether and how household members have worked with other in their community or joint projects or/ and in response to a crisis, and the consequences of violating community expectations regarding participation; *information and communication* – the ways and means by which poor households receive information regarding market conditions and public services, and the extent of their access to communication infrastructure; *social cohesion and inclusion* – the nature and extent of various forms of division and difference that lead to difference among communities, the mechanisms by which they are managed, and every day forms of social interaction; and *empowerment and political action* – household members' sense of happiness, personal efficacy, and capacity to influence both local events and broader political outcomes.

CONCLUSION

There are still many new avenues that could be explored in social capital research. The idea that knowledge has replaced capital and labor as the major factors of production could be used to define knowledge as social and cultural capital. The production of new knowledge is, after all, based on networks of scientists as 'communities of practice'. Research institutions with an abundance of social capital will be most successful in knowledge creation. Growing empirical evidence in social capital research including economic research also indicates that social capital is the best measure that uses a variety of qualitative and quantitative instruments. A tool for measuring social capital that integrated both qualitative and quantitative methods is likely to be more reliable and useful than measures based on only one type of research methodology. The different dimensions of social capital that are captured by the *social capital assessment tool* and qualitatively tabulated across socioeconomic characteristics of the households under the study are provided data for quantitative analysis. The quantitative analysis of social capital data also provides an answer of the question of whether accumulation of social capital by the poor is needed help them escapes poverty or at least provides them with relatively higher returns than other assets. There are instances that the participation of poor households in local community-based organization is a potentially valuable ingredient of poverty alleviation policy.

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