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The Basic Tenets and Main Critiques of the

Social Capital Theory

Theories of Social Transformation Essay 2

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Contents:

Abstract:

Building relationships of trust and promoting networking are key foci in addressing the legacy of poverty and societal breakdown in South Africa. This essay describes the Social Capital Theory in order to grasp an understanding of the theory in a context of the authors own experience in the Greater Cape Town Area. This study reveals that the greater the social capital, the easier it is to mobilize support for solutions to societal problems.

Introduction:

The main theme and application of the Social Capital Theory in this study is in the context of the authors experience in building city wide networks of faith based NGO's in the "children at risk" development sector. In this study we observe the basic tenets and the critiques of Social Capital Theory, these are reflected against the authors experience and it concludes with a summary of the potential for a positive outcome of social capital in development. The observation on the tenets includes: definition of Social Capital, history – including the evolution through four approaches, defining relationships of trust, and defining networks- including bonding, bridging and linking networks. The critiques touch on counter-productive networks such as gangsterism and croydism. The authors experience is described in relation to the definition of networks with a key focus aimed towards development.

Basic Tenets of Social Capital Theory:

Definition

"It is who you know, not what you know" this aphorism sums up much of the thinking behind social capital theory. Social Capital refers to generalised trust within a community and the networks and norms that facilitate movement of resources inherently in social relationships that form the platform for people to act collectively. An important feature of the theory is

reciprocity and trust. Reciprocity encourages bargaining, pluristic politics and compromise[1]. Social capital theory provides us a way of considering how resources are mobilised and distributed in communities through providing access to diverse social classes and groups. Culture is an important ingredient of human and economic development.

History

The theorists, the time frame and the views of Social Capital Theory give a brief contextual history. There are three main theorists of the Social Capital Theory[2] namely Bourdieu, Coleman and Putnam. **Bourdieu** argued that social capital is the collective of the actual or potential resources linked to a network of institutionalised reciprocal relationships. **Coleman** argued that social capital is a variety of different entities have two common characteristics: they all have an aspect of social structure and they facilitate actions of individuals within the structure. **Putnam** argued that social capital refers to properties of individuals and connections among individuals that form the norms of trustworthiness and recipocracy. Social capital must have some civic virtue.

Social Capital Theory became prominent across social science disciplines in the 1990's. The evolution of Social capital research traced by its authors pertains to economic development and is traced through four approaches namely: communitarian approach, networks approach, institutional approach and synergy approach.

Communitarian Approach defines social capital in the context of organisations, clubs civic groups and associations. The more of these groups in a community the better their presence always has a benefit to the community well being. Dordick (1997) notes that "the poor have something to lose-each other"[3] this approach recognises the social assets of the poor.

Networks View accounts for the upside and the downside of social capital. This view emphasises the importance of horizontal and vertical relations between people. It recognises that intercommunity ties can prevent success as well as create success, it refers to

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[1] Garson, GD 2006 . Social Capital Theory: Key concepts and terms

[2] Smith, M 2000-2009. Social Capital. T*he Encyclopaedia of Informal Education*
[3] Dordick, G 1997. *Something Left to Lose*: *Personal Relations and Survival among New York's Homeless*

entrepreneurs, business groups and information brokers it recognises bonding (with immediate neighbours and friends) and bridging social ties. The challenge of the networks view is to identify and harness the positive aspects and integrity of bonding social capital among poor communities to help them have access to formal institutions (2000:234)[4]

"A network is a group of individuals or organizations who come together around one or more clearly defined commonalities to exchange information and/or undertake joint activities and who organize themselves in such a way that their individual autonomy remains intact" Starkey, P (1999.14)[5]

Institutional View argues that the survival of civil society and community networks is the product of the legal, institutional and political environment. The Institutional view states that the capacity of networks and social groups to act collectively depends on the standard and quality of the formal entities in which they reside. This view addresses macroeconomic policy concerns but it lacks the microeconomic components. It involves private and public sectors.

Synergy view identifies the extent and nature of relationships within a community and formal institutions and looks at the relationship between them. It assesses complementary participations between these groups and creates linkages to enhance and scale of local organisations.

Evidence shows that of the four the *Synergy View* has the most empirical support, as it emphasizes the different dimensions and levels of social capital theory. It recognises the positive and negative outcomes that are generated through Social capital[6] (2000:234) The authors of the theory argue that the virtue of Social capital is that it helps to bridge divides among practitioners, scholars and policymakers.

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[4] Woolcock, M, Narayan, D 2000. Social Capital: Implications for Development Theory, Research and Policy. *The World Bank Research Observer*
[5] Starkey, P 1999. *Networking for Development*
[6] Woolcock, M, Narayan, D 2000. Social Capital: Implications for Development Theory, Research and Policy. *The World Bank Research Observer*

Types of Social Capital

Michael Woolcock, a social scientist with the World Bank (and Harvard)[7] distinguishes between:

Bonding social capital which denotes the construction of social relationships between people in similar situations, such as neighbours, close friends and immediate family. They are highly personalised with strong ties. These networks have internal trust ad are driven by values and voluntary interests.

Bridging social capital encompasses distant ties of like persons, for example workmates and loose friendships. They are horizontal relationships that are more impersonal than bonding relationships. Bridging social capital creates relations between heterogeneous groups.

Linking social capital, is vertical in relationship and reaches out to unlike people in different situations, such as those who are outside of the community, this enables members to leverage a wide range of resources than are available in the bonding community. The key function of linking social capital is the ability of the community to leverage resources from formal institutions.

Relationships of Trust

Machiavelli sums up the beginnings of the development of trust in this quote: "There is nothing more difficult to carry out, nor more doubtful of success, nor more dangerous to handle, than to initiate a new order of things. For the reformer has enemies in all who profit by the old order, and only lukewarm defenders in all who would profit by the new order. The luke-warmness arises party from fear of their adversaries, who have the law and tradition in their favour, and partly from the incredibility of mankind, who do not truly believe anything new until they have actual experience of it." (1513).[8]

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[7] Smith, M 2000-2009. Social Capital. T*he Encyclopaedia of Informal Education*
[8] http://www.famousquotessite.com/famous-quotes-1927-machiavelli.html

Trust does not exist in the context of this quote and is not yet an absolute concept. However once the stakeholders experience the new order and share the benefits of it, trust and belief in it starts to develop. Trust is key to any development or business practice, without shared values, people cannot trust each other[9]. Human relations and trust can be transformed into assets and levers for material gain.

A recent study on several successful development networks linked with Viva and Worldvision (Devilliers and Thomson) revealed that the role of a dedicated Network Coordinator is central to successful outcomes of the network. Without someone drawing stakeholders together for identified common need and shared vision, to facilitate partnership activities and develop trust, partnerships seldom get off the ground. The research proved that certain character traits and competencies were common among the successful network coordinators, including interpersonal skills, attitudes and motivation are foundational to building trust but was not enough to carry partnerships through.

According to Dr. Karen Stephenson: "trust is the glue that makes networks work". *T*rust between network members, and between a coordinator and members, makes collaborative work possible. Most of the work of the Network Coordinator is related to trust building. The one to one relationship that a Network Consultant has with network members is important. (2011)[10]

It is important to note that trust develops over time, for example in their study on *Social capital in Stutterheim*, Nel and McQuaid noted that through the "passage" of time , their people centred approach to development built the Social capital in Stutterheim, they recognise that people centred development is not short term but a drawn out long term and time consuming process[11] (2002.28).

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[9] MSME Foundation 2010. Trust Building for Cluster Development
[10] De Villiers, K, Thompson, K 2011. *Building Competence in Local Partnering*
[11] Nel, E, McQuaid, R 2002. The Evolution of Local Economic Development in South Africa

Main Critiques of Social Capital Theory

The main critiques of Social Capital Theory are linked with counter-productivity e.g. gangsterism, cronyism and the inability for social capital to address major social ills on its own. There are many benefits associated with membership to a integrated community, and there are also significant down sides. The cost of social capital can far outweigh the benefits. Networks that are limited in outlook or scope, working at cross-purposes or are isolated from collective interests of the society, can be counter - productive in a society, which hinders development, for example in drug cartels, ghettos and gangs. In referring to Colombia, Rubio (1997.29)[12] describes such scenarios as "perverse social capital which greatly hinders development". In Latin America and Russia it is said that organised crime syndicates have negative effects on society such as: lost lives, pervasive uncertainty and wasted resources.

Croynism describes the practice of favouring friends, especially in politics.[13]Crony capitalism is where favouritism for position is offered regardless of qualification or capabilities. It is associated with financial corruption, especially as relations in networks go along with bribes and payments of bribes. Crony Capitalism was said to be the cause of the downfall of the South East Asian crisis in 1997[14] (2009. 817)

In his conclusion Portes[15] (1998.21) notes that Social Capital is a new name for a concept that has been studied for years and is just a means of presenting them in a new and appealing "conceptual garb". He also notes that there is not much evidence to provide proof that social capital will remedy major social problems.

Reflection of the Authors Experience

 The author is Director of a network of 98 Faith Based organisations in the Greater Cape Town Area, together working in different areas of assisting women and children at risk. A flagship

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[12] Rubio, M 1997. Perverse Social Capital: Some Evidence from Colombia

[13] http://dictionary.reference.com/browse/cronyism
[14] Virginie, V 2009. *Social Capital Uncovered: Entrepreneurship Networks and Cronyism Effects on Indonesian Manufacturing Wealth Creation, Destruction and (Re)-Distribution*
[15] Portes, A 1998. SOCIAL CAPITAL: Its origins an Applications in Modern Sociology

network with a growing track record of almost a decade. The common denominator or "Bonding Social Capital" between the members of the network is their shared faith which is the societal "glue" that holds them together, each one realising they have a valuable position of worth in society. Different people accomplishing different things for a common purpose. They organise themselves in "Bridging Social Capital" groups such as Churches, working groups, NGO's, Projects or in a network setting, each of these require relationships of trust to work alongside each other, realising that they can accomplish more together than they can alone. Together the network addresses five societal problems in Cape Town, namely Violence, Limited Education, Teen Pregnancy, Orphans and Vulnerable Children and Sexual Exploitation. They have had good success as result of working together namely advocating for change in the termination of pregnancy Bill of 1997, media and education mobilisation campaign against Human Trafficking during the soccer world cup in 2010. Each collaborative success strengthens the confidence and trust among members. Now seven years after conception, the network is on the brink of developing a major solution based strategy which will include vertical relationships to city leaders, government and business partnerships also known as "Linking Social Capital". It is valuable to note that intentionally developing this network has been a drawn-out, long-term and time consuming process. Among other benefits, the initial stages of relationship building had tangible results such as resource mobilisation, mobilisation of volunteers and capacity building. The network is positioning itself as a national development agency built on the foundations of social capital.

Conclusion

Aside from the negativities of perverse related networks, the Social Capital of any network can be leveraged and used efficiently in favour of the poor especially regarding protection, solidarity functions and risk management. They can be leveraged for the non poor for the advancement of material interests. In the scenario mentioned above, networks of the poor partner with networks of the non-poor for the common goal and benefit of development. Social Capital generated by trust and solidarity are at the core of any groups economic advance. In describing the main tenets and critiques of Social Capital Theory there is a recurring

observation that social capital is not viable in a vacuum. It exists within a socio-politico and economic environment. The argument is supported by the evidence that Social capital can be used to undermine or promote social good.

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