

# **SOCIAL CAPITAL RESEARCH: A CONTESTED STATE-OF-THE-ART**

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## **Summary**

The concept of social capital has migrated from sociology into the development field, and has gained a newfound currency in the language of scholars and policymakers. Definitions and usages are still contested, however. While alternative definitions of social capital have been forwarded across the disciplines –and used in everything from cross-country growth comparisons to household poverty surveys – there is no single conceptual umbrella or unifying approach pulling together the disparate ideas and frameworks associated with it.

This chapter addresses three aspects of the burgeoning social capital literature as they relate to the frontier of development work:

- 1) the conceptual debate emerging from the new institutional perspective;
- 2) the empirical record, reviewing the micro, macro and meso-level evidence on causes and effects;
- 3) some of the implications of this body of conceptual and empirical research.

## 1. Introduction

The social capital literature is only starting to recover from the conceptual, empirical and policy boom of recent years. From the sociological work of Pierre Bourdieu, Glenn Loury and James Coleman to the development agendas of the World Bank and other multilateral development agencies, social capital has gained newfound currency in the language of scholars and policymakers in the development field. As the boom subsides, many analysts have begun to ask whether the term has been used “to explain too much with too little” (see reviews by Woolcock 1998 and Portes 1998). While alternative definitions of social capital have been forwarded across the disciplines –and used in everything from cross-country growth comparisons to household poverty surveys— there is no single conceptual umbrella or unifying approach pulling together the disparate ideas and frameworks associated with it.

This chapter addresses three aspects of the burgeoning social capital literature as they relate to the frontier of development work. The first part addresses the conceptual debate, as it emerged from the new institutional perspective, with sociological and political critiques that illustrate the contested nature of the state-of-the-art. The second part focuses on the empirical record, reviewing the micro, macro and meso-level evidence on causes and effects. A final section discusses some of the implications of the conceptual and empirical research, and considers whether “one or many social capitals” will shape research efforts in the future.

## 2. The Conceptual Debate

The social capital literature grew out from a rich and long-standing sociological debate, rapidly expanding onto the research and policy agendas of political scientists, economists, anthropologists, historians and interdisciplinary development practitioners. The stream of conceptual innovation that followed from this wave of interest, has stubbornly defied disciplinary capture. Alternative definitions and typologies have continued to expand the frontiers of generality, aggregation and applicability of social capital analysis. However, the new “plethora of capitals” may have also led to an overextended use of the term (see Baron and Hannan 1994). This section addresses the dilemmas posed by competing conceptual claims on social capital, and reviews the frontiers of recent applied development research, as well as sociological and political science critiques of such approaches. Rather than adopt a unifying approach, the section aims to illustrate the scope of present conceptual usage and offer a critical reading of how the social capital debate has evolved.

### 2.1. New Institutional Approaches

*Like other forms of capital, social capital is productive, making possible the achievement of certain ends that would not have been attainable in its absence... Unlike other forms of capital, social capital inheres in the structure of relations between persons and among persons.*

James Coleman (1990:302)

*Social capital [ ] refers to features of social organization, such as trust, norms and*

*networks that can improve the efficiency of society by facilitating coordinated action.*

Robert Putnam (1993:167)

*Social capital is the shared knowledge, understandings, institutions, and patterns of interactions that a group of individuals brings to any activity...[ ] It can be based on the evolution or construction of norms or rules for how [these] will be carried out and for how commitments will be monitored and sanctions imposed.*

Elinor Ostrom (1997: 158)

The most widely disseminated discussions of social capital have emerged from new institutional and rational choice perspectives, as forwarded by James Coleman (1988; 1990), and Robert Putnam (1993; 1995). Although each has forwarded a distinct conception of social capital, they share a common methodological framework, which relates back to collective action as coordination or cooperation problems. Coleman has forwarded perhaps the best-known definition, anchoring his concept in three controversial claims. The first is that “social capital is defined by its function” (Coleman 1990:302). For Coleman, social capital is best conceptualized as a set of “social-structural resources” that act as a lubricant to solve coordination problems relating to rules commitment, monitoring and sanctioning. The functional definition of social capital has led critics to question Coleman’s definition as tautological, as the aspects of successful collective action (outcomes) not explained by rational interaction could be attributed to the presence of those very same outcome-producing resources. A second aspect of Coleman’s definition relates to social capital’s public good aspects. Coleman suggests that “a major use of the concept of social capital depends on its being a by-product of activities engaged for other purposes’ (Coleman 1990:312). The public good characteristics, argues Coleman, suggest that social capital will be systematically underprovided. There will be no rational incentive for individuals to produce a non-excludable public good, particularly when the production itself is subject to a second-order public good problem (see Dasgupta 1997 for a critical discussion of this claim). A third claim relates to the limited fungibility of social capital. “Unlike other forms of capital, social capital inheres in the structure of relations between persons...[ ] It is lodged neither in individuals nor in physical implements of production” (Coleman 1990: 302). The limited degree of fungibility suggests, to Coleman, that a given form of social capital that is valuable in one circumstance may be useless or harmful in others. It also brings to question whether the contingent stock-building characteristics of social capital should be regarded as constituting a form of capital at all.

Putnam’s analysis of the determinants of government performance in Italy hinges on Coleman’s “social capital as lubricant” conception, but elaborates further on two features of social organization that produce social capital: norms of reciprocity and networks of civic engagement. For Putnam, the social capital embodied in repeated social interaction in civic life such as participation in a soccer club or singing choir can spill-over to other arenas of social and civic life. Putnam distinguishes between horizontal and vertical networks (choirs versus firms), and argues that the former are more likely to be social capital-producing than the latter. Horizontal associations “bring together agents of equivalent status and power” while vertical associations “link unequal agents in symmetric relations of hierarchy and dependence” (Putnam 1993: 173). Putnam’s analysis of social capital has attracted much praise as well as critical

assessment. Two aspects of his analysis have pushed the frontier of social capital analysis forward within the new institutional literature. First, Putnam has called attention to the institutional sources of social capital. Boix and Posner argue that the key analytical feature that Putnam addresses, but fails to spell out, is that private-good producing and public-good producing associations are likely to have a very different effect over social capital production. Private-good producing associations (such as singing choirs or soccer clubs), are unlikely to produce as much social capital as a public-good producing associations (such as a neighborhood watch committees or parent-teacher associations). The presence of an excludable benefit, like singing or playing sports, suggests the former type of association is less likely to need as much “lubricant” for collective action than the latter (Boix and Posner 1996: 8).

Second, Putnam’s analysis has also called attention to the effects of social capital. The institutional mechanisms by which “groups such as bird-watching societies and soccer clubs lead to a high level of civic engagement, democratic politics, and high quality government performance” (Levi 1996: 46) are problematic, and need to be grounded on more explicit behavioral or institutional assumptions. Elinor Ostrom’s research on common property resource problems suggests that the structure of the institutional games that link social capital to different types of market and non-market outcomes is vitally important for disentangling cause from effect. Ostrom notes that “when participants are characterized by substantial heterogeneities of capabilities and interests, the rules that are adopted substantially affect the distribution of outcomes. If participants are faced with cross-cutting and offsetting differences, however, a configuration of rules can enable participants to generate mutually productive outcomes over time” (Ostrom 1994: 559). Social capital may act as a lubricant for cooperation in response to bridging institutional contexts, but not in others.

Paul Collier (1999) forwards a more formal account of how social capital is produced, what effects it has, and how it raises incomes. He observes that social capital is characterized by a triple involvement with externalities. “First, the initiation of social interaction always involves an externality (“it takes two to tango”). Secondly, the social interaction has an economic effect which is not mediated through the market. Thirdly, usually, this economic effect is not the primary purpose of the social interaction, but is incidental or even unintended (Collier 1999: 2).” Collier analyzes four types of social interaction that produce social capital by contrasting one/two-way social interactions with spontaneous/organized forms of collective action. His analysis yields a two-by-two matrix covering an array of institutional scenarios: (1) one-way relations between agents, (2) two-way reciprocal relations between agents, (3) clubs characterized by excludable benefits and (4) hierarchical organizations. By integrating the production and effects of social capital into a single microeconomic framework, Collier pulls together a vast literature on non-market institutions and market failure. The author distinguishes between government and civil society sources of social capital, so as to exogenize those aspects of social capital production that depend on government intervention such as education or training (knowledge diffusion), commercial and criminal law (opportunism) or taxation (collective action). This account is potentially the most comprehensive within the new institutional literature, as it addresses both sources and effects, suggests micro-macro linkages and addresses the state-society debate over social capital production.

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