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SOCIAL CAPITAL AS AN ENDOGENOUS FACTOR OF LOCAL DEVELOPMENT

KAPITAŁ SPOŁECZNY JAKO ENDOGENICZNY CZYNNIK W ROZWOJU LOKALNYM

Key words: social capital, development factor, local development

Słowa kluczowe: kapitał społeczny, czynnik rozwoju, rozwój lokalny

Abstract. The interest in immaterial values has recently increased in economy, and the concept of social capital grew in importance. It has been increasingly used in the analysis of the competitiveness of local government units and in the analysis of conditions for development, especially at the local level. Various approaches presented in literature were used in the article: they served as the basis for defining the role of social capital as an endogenous factor in local development. Social capital, understood as a social network connecting various subjects, cultural traditions, norms of social behaviour, and common positions favouring cooperation, constitutes the key factor of the competitiveness of local government units and determines the use of available resources.

Introduction

The interest in immaterial values has recently increased in economy. Immaterial values are used in the analysis of the socio-economic reality, especially in order to explain the differences in development between various organisations and communities. Hence, apart from resources measured quantitatively (the traditional understanding of capital), human, social and cultural capital (assessed mainly in terms of quality) is listed among factors determining the functioning of economy and conditioning the economic development of the country or other territories. The frequently used concept of social capital constitutes the missing link in the process of explaining a rapid development of some regions and communities as opposed to backwardness of other regions and communities.

Thanks to its interdisciplinary character, the notion of social capital became enormously popular not only in social sciences. It has been analysed in different contexts and constitutes the object of interest of researchers in many fields: sociology, history, cultural studies, political science, urbanism, and economy. Economists, just as sociologists, perceive the concept of social capital as useful to explain economic success and failure, competitive and innovative capacity, both at the micro- and the macroeconomic level.

The aim of the paper is to present the importance of social capital for local development from a theoretical point of view.

Social capital as a development factor

Social capital is an interdisciplinary concept, and therefore there exist diverse definitions of social capital in literature. Theoretical approaches and empirical studies concentrate on various elements of social capital [Wojewódzka 2006, Sarraciono 2009], depending on the discipline they pertain to. Social capital is mentioned in the analysis of conditions for development, especially at the local level [Wojewódzka-Wiewiórska 2011]. It is seen as an endogenous factor of development, specific to a given territory, community, or group [Wojewódzka 2010]. It is worth mentioning that literature ascribes a growing importance to internal factors which are perceived as the driving force of development. The concept of social capital draws attention to collective action, in relation to which tools of purely economic analysis and theory often prove insufficient.

In the present article, the author adopted a definition of social capital which is connected with the economic side of life to a considerable extent, and embraces all hereditary social habits which stem from cultural affiliation. Social capital is “the ability of people to work together for common

purposes in groups and organizations, (...) the ability to form groups in order to realize goals” [Fukuyama 1997]. In this approach, the key category is trust, which has an important economic value. Every society has a unique set of cultural norms and values, within the limits of which the economies of these countries function. Trust is also a cultural feature. Trust, complemented by norms of reciprocity, loyalty, honesty and reliability, constitutes the fundamental component of social capital and becomes transformed into the ability to cooperate, to take common action, and to create lasting relationships within the whole society or its part. Lack of trust leads to rapid destruction of social relationships, conflicts, social isolation, and results in disregard for the law and authority. Trust deficit deepens economic uncertainty, because one cannot expect beneficial behaviour from a contractor.

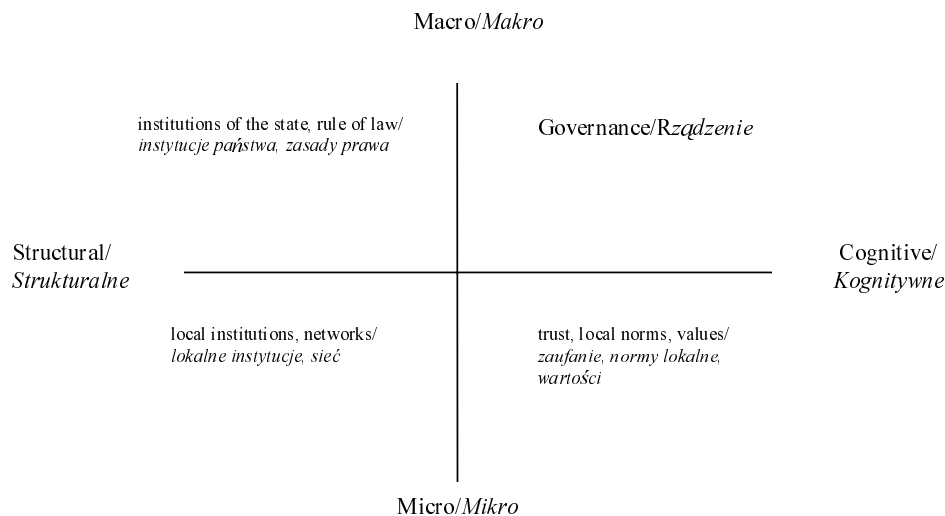


Figure 1. Dimensions of social capital

Rysunek 1. Wymiary kapitału społecznego

Source/Źródło: Grootaert, Bastelaer... 2002a

Two types of social capital are distinguished in literature: structural and cognitive [Krishna, Uphoff 2002] (Fig. 1). Both of them fall within the scope of social relations and influence them. The structural type enables beneficial collective action through roles and social networks (both formal and informal) [Kaasa, Parts 2007] reinforced by rules, procedures, and precedents. Cognitive capital includes common norms, values, attitudes, and beliefs, which produces a tendency to take mutually beneficial collective action. There exists cooperation between these two forms, and they reinforce one another, however, they differ in several respects. There is no consensus as to the roles of these forms. They can – but they do not have to – complement one another. For example, cooperation between neighbours can be built on personal intellectual relationships, which do not have to be externalised in the structural system. Structural capital is relatively objective, because it includes externalised elements, which can be observed. On the other hand, cognitive capital is internalised and therefore subjective, and can easily be changed [Krishna, Uphoff 2002]. These two forms are capitals, because they require investments. It has to be underlined that the division into these two aspects of social capital is made mainly for analytical purposes; in reality, they are closely interconnected and interdependent.

Although social capital is not well-established in economic theory, researchers are increasingly using this concept to analyse socio-economic phenomena and to formulate conclusions [Antoci et al. 2009]. Attempts to define the meaning of interpersonal relationships, and the influence of group characteristics on individual actions, supplement the traditional scientific approach. Nevertheless, the value of the concept of social capital and the possibility of its wide use are sometimes questioned in literature owing to its ambiguity and lack of systematisation, to the fact that it has been popularised as a fashionable concept, and to the lack of evaluation criteria which would enable differentiating between social capital as a positive and negative phenomenon. Moreover, difficulties relating to the measurement of social capital are also mentioned [Westlund 2006].

The importance of social capital for local development

In analyses of the conditions for development in the context of regional policy, more attention is devoted to intangible assets, including social capital. It is stressed in literature that the notion of territory denotes not only the physical space in which an activity is based, but also an area inhabited by a specific community, where institutions and subjects are interconnected by specific relationships.

It is precisely social capital – understood as social networks between actors of the local scene, cultural traditions, norms of social behaviour, and common positions favouring cooperation, long-term collaboration, deepening economic relations, and creating trust – that constitutes the key factor of the competitiveness of local government units. “It is hard to describe the influence of social and cultural phenomena on the processes of local economic development without referring to the notion of social capital” [Grosse 2002]. Social capital is the effect of the existence of relationships between various autonomous partners: inhabitants, businesses, officials, and others, and of interactions occurring between them. Taking into consideration literature and opinions of individual authors, one can state that social capital fulfils the following roles in development:

- it enables the circulation of the so-called tacit knowledge, i.e. knowledge which has not been codified and which is not subject to market mechanisms, but placed in the “memory of the territory” [Pietrzyk 2000],
- it is important in the process of collective learning, and knowledge accumulated in one environment facilitates the diffusion of knowledge, skills, and innovation outside the market,
- in the face of the constantly changing environment and growing competition, it increases the competitive capacity of the local environment, especially by augmented innovation capabilities of the local government,
- it covers characteristic social networks between companies, and therefore produces economies of scale and creates new knowledge and innovation, thus becoming the main factor determining the region’s competitiveness,
- by “producing” social norms connected with the sense of belonging and identity, it enables the reduction of transaction costs, it facilitates cooperation without the need to use costly and often inefficient mechanisms of formal social control [Kiersztyn 2004],
- it facilitates decision-making at various levels and makes people’s reactions easy to predict [Kostro 2005], it also shortens the duration of various actions and human activities (making decisions, contracts etc.),
- it provides a standard of behaviour, and allows people to identify persons who do not conform to the standard or try to use the community to reach their private goals, and to exclude such persons from the community; therefore, it can serve as a substitute for laws (it curbs the phenomenon of fare evasion and rent-seeking) [Platje 2003],
- it reduces the risk connected with running a business. This results in an increase in economic activity and consequently, in an increase in social prosperity [Matysiak 1999].

Social capital mainly facilitates the flow of information, which contributes to the reduction of transaction costs. Social capital is also a factor promoting the elimination of existing and potential conflicts, and prevents destabilisation of social life. It increases the efficiency of all social and economic activities. The economic role of social capital boils down to the fact that capital understood as repetitive interactions has a positive effect on solving many problems connected with social life and local development, because it increases the chances of success of an individual’s actions.

It is worth emphasising that entrepreneurship determines the quality of social capital. Entrepreneurs and organisations influence the development of social capital to a great extent by contributing to the creation of new relationships or interdependencies.

The main function of social capital is to reduce uncertainty in social and economic life [Matysiak 1999]. Furthermore, the genesis of economic rationality can be found in social capital. Social capital is the basic factor of success of collective action. It influences social activity to a considerable extent, and thus it has a major impact on the possibilities of economic development. The lack of social capital, seen as the lack of trust and reluctance to take collective action, is reflected in a number of various policies: social, economic, education, etc, and in the effectiveness of implementing reforms. This is due to the fact that the quality and the intensity of spontaneous social behaviour influence economic efficiency to a significant extent.

Despite the fact that social capital is a complex, vast and inhomogeneous notion, it is counted among factors of importance for regional and local development. In particular, it is an important tool to stimulate rural development. The popularity and the rapid diffusion of the term prove that there exists a clear need to analyse social capital in scientific research.

In Polish literature, the discussion about the role of social capital is connected also with the integration of Poland with the EU. It is pointed out that chances related to the integration cannot be fully utilised without a major breakthrough in quality improvement and without strengthening the creative participation of human factors and social capital. The accumulated material resources are not the prerequisites for success. People, their skills, entrepreneurship, tendency to organise themselves and to cooperate – these are the essential prerequisites for success. Social capital together with human capital will enable an effective use of resources, including the flow of funds connected with the integration.

Conclusions

Territorial units compete between themselves, and the issue of competition and competitiveness has become highly popular in literature and constitutes the object of interest for numerous theoretical and practical studies. The use of material and immaterial resources in proportions that reflect the requirements for achieving competitive advantage is an important matter. Particular attention is paid to the growing meaning of immaterial resources (intellectual infrastructure, i.e. people and their qualifications and knowledge), which constitute the main vehicle for development at the macro-, meso-, and local levels. Having taken into consideration such an approach, one can state that local development consists in actions aimed at a creative, effective, and rational use of material and immaterial resources of a given territory in order to create conditions to overcome existing and potential barriers.

In literature, in deliberations on the sources of development, among internal factors conditioning the competitiveness and the development of a given territory, social capital is listed more frequently alongside other factors, e.g. human capital, institutional and technical infrastructure. There has been a change in approach in this regard. In literature, authors initially underlined only the importance of intangible assets in regional policy, thus adopting a corporate governance perspective. Later there appeared discussions about the importance of trust and formal and informal relations for development. Nowadays, social capital is analysed as one of the factors of development, and it is increasingly mentioned among the most important ones. Research is carried out at different levels and planes: it concerns enterprises, communities, and rural areas. Although theoretical deliberations increasingly connect local development with social capital, there are still too few empirical studies on the importance of social capital in development processes and on creating measures reflecting the level of social capital.

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Streszczenie

W ostatnim okresie w ekonomii nastąpił wzrost zainteresowania wartościami niematerialnymi, co spowodowało że koncepcja kapitału społecznego zyskała na znaczeniu. Jest coraz częściej wykorzystywana w analizach konkurencyjności jednostek terytorialnych i uwarunkowań rozwoju, szczególnie na poziomie lokalnym. W artykule wykorzystano różne podejścia badawcze prezentowane w literaturze. Na ich podstawie określono rolę kapitału społecznego jako wewnętrznego czynnika w rozwoju lokalnym. Kapitał społeczny, rozumiany jako powiązania sieciowe między różnymi podmiotami, tradycje kulturowe, normy zachowań społecznych i wspólne postawy sprzyjające współpracy, stanowi kluczowy czynnik konkurencyjności jednostek samorządu terytorialnego i decyduje o wykorzystaniu posiadanych zasobów.

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