Module 12: Background Readings for Succession Planning

Reading on Social Capital

What is social capital? Emma Pittaway.

There is much debate about what exactly is meant by the term 'social capital'. In the context of the sustainable livelihoods framework it is taken to mean the social resources upon which people draw in pursuit of their livelihood objectives. These are developed through:

• networks and connectedness, either vertical (patron/client) or horizontal (between individuals with shared interests) that increase people's trust and ability to work together and expand their access to wider institutions, such as political or civic bodies;

• membership of more formalised groups which often entails adherence to mutually-agreed or commonly accepted rules, norms and sanctions; and

• relationships of trust, reciprocity and exchanges that facilitate co-operation, reduce transaction costs and may provide the basis for informal safety nets amongst the poor.

The above are all inter-related. For example, membership of groups and associations can extend people's access to and influence over other institutions. Likewise trust is likely to develop between people who are connected through kinship relations or otherwise.

For example:

• when people are already linked through common norms and sanctions they may be more likely to form new organisations to pursue their interests; and

• strong civil society groups help people to shape policies and ensure that their interests are reflected in legislation.

Why is it important?

Mutual trust and reciprocity lower the costs of working together. This means that social capital has a direct impact upon other types of capital:

• By improving the efficiency of economic relations, social capital can help increase people's incomes and rates of saving (financial capital). (Isolated studies have shown that communities with 'higher levels' of social capital are wealthier – but questions remain about measuring social capital.)

• Social capital can help to reduce the 'free rider' problems associated with public goods. This means that it can be effective in improving the management of common resources (natural capital) and the maintenance of shared infrastructure (physical capital).

• Social networks facilitate innovation, the development of knowledge and sharing of that knowledge.

There is, therefore, a close relationship between social and human capital.

Social capital, like other types of capital, can also be valued as a good in itself. It can make a particularly important contribution to people's sense of well-being (through identity, honour and belonging).

Is it always positive?

Social capital can be used in negative as well as positive ways.

• Those who are excluded from strong groups that convey multiple benefits may be disadvantaged in a variety of other ways (e.g. landless women with few skills).

• Networks may be based upon strictly hierarchical or coercive relationships that limit mobility and prevent people from escaping from poverty.

• Membership of a group or network often entails obligations (e.g. to assist others in times of distress) as well as rights (to call upon assistance). Calls for assistance may come at difficult times.

As well as having its own intrinsic value, social capital may be particularly important as a 'resource of last resort' for the poor and vulnerable. It can:

• provide a buffer that helps them cope with shocks, such as death in the family;

• act as an informal safety net to ensure survival during periods of intense

insecurity; and

• compensate for a lack of other types of capital (e.g.shared labour groups compensating for limited human capital within the household).

Additional References

Comini, Graziella Maria, and Rosa Maria Fischer. "When Cinderella gazes at herself in the mirror: The succession issue in NGOs." *International Leadership Journal* 1.2 (2009): 4-26.

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