

The promise of social capital theory

Or the dominance of economic discourse and triumph of capitalism?

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Abstract

Social capital theory has emerged as a significant conceptual innovation, challenging the dominant paradigm of individualism and economic rationalism. Social capital theory seeks to reverse the undersocialised view of humans as solely rational and self-interested actors by emphasising the social dimensions of human experience. This article explores the rise of social capital theory and its potential to address social issues alongside economic factors, reshaping decision-making processes. It highlights the historical neglect of social factors in favour of economic considerations, which resulted in an incomplete understanding of human behaviour. While social capital theory provides a framework to prioritise social factors, its application requires a multidisciplinary approach that transcends disciplinary boundaries. It has the potential to foster trans- and inter-disciplinary research, promoting a deeper understanding of complex social phenomena. Despite its potential, social capital theory has faced criticism for its misuse and lack of theoretical rigour. The amalgamation of sociological factors under the umbrella of social capital has sometimes resulted in oversimplification and inappropriate assumptions about causality. The long-term role of social capital theory remains uncertain. Merely adding social capital as another form of capital does not guarantee a shift in behaviour or decision-making processes. Genuine change requires a deeper examination of the underlying values that shape our current system. Social capital theory holds promise, but its effective use necessitates a comprehensive and critical approach, moving beyond token inclusion and embracing a broader understanding of human social interactions.

Introduction

Social capital theory has been heralded as a very important conceptual innovation (Adam and Roncevic 2003). It emphasises social dimensions that have typically been marginalised by the dominant paradigm of individualism and economic rationalism. It helps to reverse the undersocialised view that assumes that humans are rational and self-interested, and largely beyond the influence of social factors. This classical and neoclassical economic view has increasingly pervaded human discourse over the last 100 or more years and created numerous problems.

The rise of social capital theory shines light on social issues and the role of social setting. It forces them into consideration along with economic factors. It attempts to make the intangible more tangible in modern discourse by casting it as 'capital' and therefore giving it a footing in decision making along with other forms of capital. It allows sociologists to play in the same sandbox as economists (Fischer 2005).

The fact that social factors have been framed as 'capital' is an indictment on our modern system and values.

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Throughout human history the importance and value of social relationships has been intuitively understood and nurtured. However, in the ego-driven, individualistic, self-interested, and radically rational 20th century the importance and value of social factors was consistently underestimated, undervalued, and underprioritised.

In many traditional cultures there was little concept of an individual self that was separate from the tribe. Our sense of belonging and purpose was thus deeply embedded within this collective context. However, as we became more individualistic, we changed this dynamic by setting ourselves apart from others as somehow special, important and different. This led to the development of social status and rank hierarchies that were based on control as a means to exert oneself over others — humans over nature, men over women, kings over peasants, peasants over slaves, civilised over primitive, etc. This effectively decoupled the individual good from the collective good. This changed us into homo economicus — the consistently rational and narrowly self-interested modern human who attempts to maximise benefits for themselves (Lewandowski 2012). Under this mindset wealth and power became all-important and social factors were increasingly insignificant or irrelevant unless there were tangible economic consequences.

It was not just the 'social' that was neglected, the importance and value of the natural environment was

also been systematically ignored. The sustainability movement has attempted to gain a foothold for environmental considerations, while simultaneously espousing the importance of social issues, through the core principle of the triple bottom line (TBL). The TBL states that there is not one bottom line (fundamental and most important factor), which has traditionally been economic, but three bottom lines that should all be included in decision making. While the TBL may have had some impact in gaining awareness of environmental issues, it resulted in little change in attitudes towards, and consideration of, social issues. The 'social' component of the TBL seemed too difficult for environmental scientists and decision makers. It was difficult to identify and even more difficult to value.

Social capital theory has given social issues a framework and general rubric (Ostrom 2003). Social capital is not a single specific concept but an "umbrella concept" that brings together numerous important sociological ideas (Adler and Kwon 2002). While environmental issues started to gain attention from the 1970s through the concept of sustainable development, it was not until the 1990s that social capital did the same for social issues. The rapid and widespread application of social capital theory across virtually every discipline and subdiscipline of the social sciences is evidence of the vacuum that existed towards the end of the century (Mayer 2003). Its popularity underlines the urgent need for reclarification and reframing of social and environmental problems beyond the normally narrow scope of economics. There was, and still is, considerable demand for tools and approaches that can change the dominant paradigm.

Increasingly we became aware that purely economic or purely political perspectives and interventions have limited value in the face of repeated market and state failure. We knew (perhaps with the exception of those blinded by economic pursuits) that social issues were of critical importance, but we didn't have the tools to give them precedence in an asocial economic and political system. Lip service was paid to the importance of culture, social inclusion, belonging, and social support, and the problems of social isolation, distrust, and disempowerment. However, these types of social considerations were typically outside the purview of economic development and wilted under the lens of economic rationality that lacked an epistemological basis for understanding their role and importance.

By considering benefits of sociability as a form of capital the importance of social issues could be understood and considered in decision-making processes that were dominated by economic rationality. Using the phrase 'social capital' allowed sociologists more access to the "ears and wallets" of decision makers than using terms such as trust, social networks, and social norms (Fischer 2005).

What followed was a widespread, mostly uncritical, embrace of the concept (Fine 2002b). Social capital was used by economists to colonise what was previously sociological topics. In many cases social capital was not

used to widen economic considerations to include sociological factors but represented a *reduction* to economic thinking (Haynes 2009).

However, this was not the 'social capital' that Bourdieu envisaged. It is a version of social capital that was hijacked by economics. The 'social' was reified and reduced to characteristics of something else that has little to do with sociology (Latour 2005). Examples of this oversimplification and reductionism include treating trust as social capital, or associational membership, or any other single or small collection of factors. Further discussion of this can be found in the criticisms article.

Despite this, the concept of social capital has great potential to reprioritise and revitalise how we think about the multiple facets of human economic activity (Lynch et al. 2000). It can illuminate the role of nonmarket relationships in determining individual and collective behaviour that has been underemphasised by economists (Durlauf 1999). The vacuum in the current political and intellectual climate has been partially filled by social capital as a 'third way' that seeks to connect 'the economic' with 'the social' (beyond market and state).

As an umbrella concept, social capital brings together numerous important sociological concepts that alone may be too specific or abstract to compete in the modern paradigm dominated by economic priorities. Together the sociological factors underpinning social capital have more clout, potentially rescuing them from the margins and giving them a spotlight in the economic development process (Evans and Syrett 2007).

Unfortunately, the amalgamation of sociological factors under the umbrella of social capital has often significantly weakened the validity and theoretical rigor of the constituent parts. There has been a tendency to oversimplify complex sociological phenomenon and apply inappropriate assumptions about the nature of causality between different factors. This is not a weakness of social capital theory per se, instead it is a criticism of the way in which social capital theory has been applied in many cases.

From a research perspective, social capital is an unusual combination of macro- sociological structures with micro-level mechanisms (Rothstein 2003). It provides great opportunities for trans- and interdisciplinary research across the social sciences that may help to break down the discipline barriers that limit new ways of understanding social phenomenon. Since social capital involves a range of sociological factors, a multidisciplinary approach is required to rigorously study or apply the concept. In some cases, this may have even resulted in economists and sociologists working together and speaking the same language. Almost any social science discipline is potentially relevant to the study and application of social capital and can include sociology, economics, psychology, cognitive neuroscience, political science, law, philosophy, theology, anthropology, urban planning, and architecture.

For policymakers social capital has become a non-

economic or low-cost solution to many problems (Mayer 2003). In some cases, it has highlighted the benefits and importance of sociological factors and supported calls for investment in a wide range of projects designed to invigorate civil society. However, it has at times been used as scapegoat to avoid scrutiny of repeated failed projects and interventions. Unfortunately, its application in policy making is often little more than token inclusion to create the appearance innovation. There is often little understanding of the term and its components, and even less commitment to the principles it represents.

Social capital as a term and concept has been tarnished by widespread, uncritical, and inappropriate use. In academic circles there has been extensive 'vulgar scholarship' where it has been used with little regard for its theoretical foundations (Fine 2002a). Much of the published peer-reviewed literature on social capital is incapable of withstanding even rudimentary scrutiny. Yet, this should not be an indictment on the theory or taken as an indication that the theory is not urgently needed to reframe economic debate. Instead I believe the theory continues to have great promise. What is needed is a more rigorous application of the theory. This, however, seems beyond the capacity of most people who either get stuck on the capital metaphor or lack the patience to appreciate its multidimensional and intangible nature. There is nothing quick and easy about social capital theory. Much of the deep understanding is locked away in sociological, philosophical, or other discipline-specific theory and terminology – loaded with meaning and significance such to be unintelligible to those outside the academic discipline.

This can make social capital theory seem like an ivory tower, impenetrable except by those who possess the keys. Yet the truth is that social capital is intuitively understood by all humans since we are fundamentally, to our core, social. Our entire experience is social and with reflection we should be able to easily understand the core themes of social capital. Unfortunately, many modern humans lack the background context to understand it. Individualism, competition, and ego have disconnected us from the reality of our 'socialness'. We are blind and numb to how important being social is to our existence. Afterall, our identity is socially derived. Our language exists to allow social interaction and provides the basis for our thoughts and our actions. We feel good when we help others, we feel bad we exploit others, and our experience of life is inseparably linked to others.

Sociability is intrinsically linked to our understanding of what it means to be human (Bruni and Sugden 2000). Humans develop in coexistence with others – in the context of social relationships, social rules, and social consequences. To develop in isolation is to not be human as we know it. Sociability and the capacity to participate in social life is a defining human characteristic.

This understanding and underlying value systems have been transformed by modernity. Individualism has narrowed our moral framework, our values, and our understandings to the level of the individual. Historically

moral considerations included values of the public virtue, character, duty, community and care. Now discourse tends to focus exclusively on individual rights as our primary moral consideration. Individual rights, however, tells us little about how we should act towards others and how we ought to act for the collective good, including other animals and future generations.

We act like we don't need others and are not influenced by others, and we are primarily care about ourselves and our own interests, yet our experience of life is inseparably linked to others and collective outcomes. For many people this creates a contradiction or a tension. For others their wealth, power, status, and even self-identity is derived from ignoring this tension.

In this article I have discussed many of the promises of social capital theory, but often, even in the same sentence, I've mentioned the problems of the concept. Social capital theory can highlight the benefits and importance of sociological factors but can also represent a reduction to economic thinking. Often this stems from the nature and quality of its application.

Is social capital as a concept useful? Does it transform industrial capitalism into a more moral form of capitalism? Or do non-economic forms of capital, such as social capital, reinforce the current system by reducing all social action to the accumulation of capital to give the individual or organisation a competitive advantage? If so, does the concept of social capital illustrate the dominance of economic discourse and the triumph of capitalism?

The underlying issue is the nature of modern moral values. Simply adding social capital to the mix of other capitals does not change the moral values that underpin the system. The value of social capital could be added to a balance sheet somewhere, but does it change behaviour, does it change decision making, does it make the social factors underpinning social capital valued?

The long-term role of social capital theory remains to be seen. Its promise and problems seem to stem from how it understood and used. This means the concept itself is loaded with opportunity to make positive change – if used appropriately and if accompanied by value change, not token inclusion in analysis.

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