

# Social capital and poverty alleviation

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## Abstract

Social capital is a vital asset for those in poverty since it can provide access to that which is lacking: capital. Poverty is a state or condition in which a person or community lacks the capital required to meet their needs. Clearly the poor would benefit from more of all forms of capital. However, social capital is not like other capitals; the 'capital' in social capital is more analogous with tangible and intangible resources, benefits, productivity and savings. As such, it is a metaphor rather than representing the standard economic definition of capital.

*Keywords:* social capital, development, poverty, poverty alleviation

## Introduction

A simplified view of social capital could be described as social setting or factors that mobilise *capital* (hereafter italicised as a reminder of its metaphoric meaning). This *capital* could be information, equipment or physical assets; finance and lending; social networks and membership; various efficiencies and savings; innovation, creativity and problem solving; belonging, solidarity and resilience; and many other factors that can be accessed or that arise by virtue of social setting or social factors.

Therefore, from an individual perspective, social capital could be simply explained as social relationships, that are positive and imbued with solidarity, that facilitate the mobilisation of *capital*. From a community perspective, social capital includes the social processes and structures that shape the quantity and quality of a society's social interactions.

For those in poverty there may be no lack of positive social relationships and solidarity, but the people in their social network likely lack *capital*, so it cannot be mobilised through these relationships. If your social contacts don't have the information, skills, techniques, equipment, resources, finance, social networks, etc you require then this *capital* cannot be mobilised. They cannot give or share what they do not possess.

Having said that, social capital is incredibly important for those living in poverty. It is essential for *getting by* and there are many extremely important benefits that flow from social relationships and solidarity. However, it may

not be sufficient to change their circumstance and lift them out of poverty, i.e. to facilitate *getting ahead*. For that, they need social structures and connections that can provide access to the required *capital*.

In this way, social capital is not like other forms of capital. It facilitates and mobilises other forms of capital (human capital, financial capital, physical capital, etc), as well as various other benefits and savings (that collectively represent the capital metaphor).

The concept of social capital can provide a framework for understanding the social processes involved in poverty and can guide poverty alleviation initiatives. It can focus our attention on the importance and role of social structures such as institutions and the resulting roles, rules, laws, and norms and their enforcement. As well as the social networks, and the nature of these relationships, that provide *capital* for those who need it most.

We cannot assume that social capital is equally available to everyone. Power and status make social capital unevenly distributed and unevenly accessible, and prejudice and discrimination can be significant barriers that can perpetuate and reinforce inequality.

We can also not assume that all social networks are win-win relationships. People living in extreme poverty may have very little opportunity to reciprocate social exchange, necessitating altruism. From an understanding of social capital, it is obvious that the poor need more *bridging and linking ties* with individuals who have more *capital* to mobilise. However, we must question how and why these relationships would develop and what structures can encourage and facilitate these types of interactions.

We can also not assume that individual gains, interests, and profits are synonymous with group gains, interests,

and profits. This ignores inequality and may reinforce the divide between the rich and the poor.

Social capital has both individual and collective properties. Individuals can control some aspects of social capital that relate directly to themselves and their relationships. An individual can develop a prosocial reputation (for example for trustworthiness, goodwill, compassion, giving, caring, helpful, etc) and can establish and nurture social relationships with others. An individual does not fully own this individual social capital since it resides primarily in their social relationships, however, an individual does have some control over these aspects of social capital.

Poverty alleviation projects can directly influence these individual level aspects of social capital. This can be done by creating opportunities for social interaction (especially with people who have access to *capital*), opportunities for membership and belonging, and by creating social structures and roles.

Social capital also has collective properties that influence the actions of all community members. Social capital relates to how people interact and exchange with each other. It is the institutions, relationships, attitudes and values governing interactions amongst people (Iyer, Kitson, & Toh, 2005 p.1016). It is the potential willingness of citizens to cooperate with each other and to engage in civic endeavours collectively (Stolle, 2003 p.19). There are a wide range of factors that contribute to these attitudes and values that influence the potential willingness for cooperation that can be shaped by interventions that aim to alleviate poverty.

Social capital can provide a framework for understanding the broad social processes involved in poverty and its alleviation. Social capital is a lens for exploring important social issues. Although seeming to have an economic focus, social capital can be a deeply social tool when the 'capital' is understood as a metaphor. Social capital can focus attention on important social factors and processes at a strategic program level and can be an important tool to shape project design. For poverty alleviation projects social capital can illuminate potential risks and opportunities that can have significant implications for overall project success.

## References

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