

ROLE OF SOCIAL CAPITAL IN RURAL SPACES

GÁBOR BODNÁR

Szent István University Faculty of Economics
Agriculture and Health Studies – Békéscsaba
bodnar.gabor@gk.szie.hu

ABSTRACT

Rural areas have a number of unique features which make it noticeably different from urban areas. This fact is also shown by the presence of certain processes. Furthermore, not only in urban areas but also in rural ones relevant economic changes have taken place in the last few decades, which fact perfectly reflects that is a current issue nowadays. As a result of the above mentioned processes rural areas must face new challenges which have definitely affected the functions of such areas. It can be concluded that the generally revaluated social capital has special significance in reference to rural areas.

Revaluation of social capital is perfectly demonstrated by the rapidly and constantly growing amount of papers of social work in the field. This subject matter was mainly dealt with by sociology, but it has already become one of the most important issues targeted and examined by economics as well. Closely connected to the latter field, we cannot ignore spatial dimensions of social capital for which matter regional science also has responded. While I primarily focus on a special segment of space, in my work, I give a brief overview of the connection between social capital and spatiality by relying on and reviewing academic literature.

Keywords: social capital, spatiality, rural areas

INTRODUCTION

Physical and human capital together with an important element, social capital, makes up the assets owned by a community (BASILE-CECCHI, 2005). BASILE and CECCHI (2005) were led to the conclusion that capital, that comprises various parts, owned by a community (by individuals or by the community as a whole) contributes to the better understanding of the development level reached by the community itself. To put it another way, in economics, similarly to other social sciences, we cannot ignore the social dimension of capital in order to explain the performance shown by a community and the outcomes that the community expects.

When studying the interrelation between rural areas and society it is worth noting that the latter subject has a constantly growing rich and extended list of literary resources, especially on social capital – this is one of the most important multi-and interdisciplinary subject matters (KHAN ET AL, 2007). KHAN and his co-authors (2007) refer to a survey on 29 market economies which supports the idea of social capital's positive contribution to measurable economic performance. The latter conclusion is true especially for farms with low income.

SOCIAL CAPITAL

It is a less and less common view that capital merely represents infrastructure and machines used in the course of production. As a more valid approach, we could state that it is rather an abstract, non-market feature of high value - such as natural assets or factors of standard of living (SHAFFER ET AL, 2004).

LENGYEL (2012) describes that in economics human capital has gained importance besides technology. The author relies on LIN'S (2008) ideas which differentiate neocapital theories – concepts of human capital, cultural capital and social capital – from the classical Marxist concept of capital. Although a number of works are available on the subject of social capital,

no one and widely accepted definition of it has been formulated. As a Brook Lyndhurst paper (DEFRA 2010) mentions in an article, approaches in general share similar conceptual basis to Robert Putnam's definition. PUTNAM (1996) described social capital as "...features of social life – networks, norms and trust – that enable participants to act together more effectively to pursue shared objectives".

Certain strategies in the empirical study of social capital can be differentiated on the basis of the specific aspects considered (structural and cultural ones) and on the characterization of the assets (individual vs. collective property) (VAN DETH, 2008).

Closely connected to it, WESTLUND and ADAM (2010) state that building social capital has various purposes, depending on the participants and their preferences. In order to improve his/her social status, professional career or leisure an individual person can put effort into social relations. Economic aspects can be mentioned as a possible motive behind social capital investment for the individual, but at the same time social aspects are often of great importance, too. Different kinds of collective actors exist. Formal groups and organizations build social capitals on purpose as they aim at facilitating fulfilment of organizational objectives. This, in general terms, can be expressed as maximizing the utility of the organizations' members or owners. Another type of collective actor is a group without formal organization. Such groups are held together by geographical, ethnic or cultural factors. The basis for the creation of formal organizations that aim at representing the interests of the entire group is actually provided by feelings of solidarity in the group itself.

Other researchers emphasize the function of social capital on the one hand to enhance social cohesion, and on the other hand to consider the consequences of a lack of cooperation as inverse measures of social capital (VAN DETH, 2008). In that approach, van Deth refers to an OECD (2001) study according to which, for instance, crime rates or low levels of economic growth are applied as indicators for the lack of social capital.

Furthermore, STIMSON ET AL (2001, p. 11) mention that factors of sustainable innovative development (SID) involve social capital, defined as something that „(...this condition) comprises interaction and communication between people, socioeconomic bonds, social support systems, business networks (formal and informal), relations based on trust, and so on".

SOCIAL CAPITAL AND SPACE

According to RUTTEN ET AL (2010) social capital has been integrated into people's social relationships, and as social relationships have spatial dimensions so does social capital. But at the same time the fact cannot be ignored that no relevant stress was put on spatiality of social capital in academic literature for a long time. As WIESINGER (2007) notes it was RIFKIN (2001) who integrated spatial approach of social capital in scientific discourse.

Regional studies have also given space for the emergence of approaches regarding different types of capital, and as LENGYEL (2012) mentions, besides others, social capital plays an important role among the factors affecting regional competitiveness.

Connection between territorial capital and spatiality is examined by WESTLUND and ADAM (2010), too. They review 65 empirical studies, and the conclusion was drawn that, however, as regions and smaller spatial units are parts of nations, their conditions deviate from nations in certain respects and so do potential data sources.

Diminishing regional differences between economic development and providing the necessary conditions to enhance economic growth of less developed regions used to be the primary aims of regional development. As opposed to this, today more emphasis is put on preferring regions' individual advance, and it has been realised that not only the presence of

economic conditions is needed, but also a change in social values – a considerably slow process – is a must (LENGYEL, 2012). LENGYEL (2012) also adds there seems to be a general consensus on that development is not an automatic and linear process, centre-periphery relations may be reproduced because of global competition. On a long term basis, human and social capital seem to be the most important factors determining culture and institutions.

As LENGYEL (2012) notes human capital is characterized by strong rivalry while in the case of social capital cooperation emerges. Furthermore, social capital appears as competitive advantage of regions, though its measurement methodology is only in an experimental phase, it is not elaborated.

Closely connected to the above issue, more frequent critiques has been levelled against GDP and the role it plays in value measurement, to what extent it truly reflects welfare. One of such critiques in the form of a study has been articulated by STIGLITZ ET AL (2009), in which the authors deal with gross national products and review the above mentioned anomalies in detail. Besides others, this study has a significant statement, that is, complex things are measurable only by a set of complex indicators in the absence of which even professionals with the best intentions are unable to set economy on the right path.

In connection with spatiality of social capital RUTTEN ET AL (2010) assert that a crucial factor contributing to explaining the spatial distribution of social capital is thus the spatial distribution of people. Participants' contacts with each other usually spatially concentrate to the functional regions where they live or work in. However, a number of reasons could be mentioned for that the spatial distribution and extension of peoples' networks varies in durability, quality (transmission capacity of the links) and density (number of links per node). RUTTEN ET AL (2010) also add that the various answers to the spatial dimension of social capital seem to indicate the existence of several different mechanisms at work. Moreover, there may be different forms of social capital depending on the type of relation and the social interaction that takes place within that relation. As a result, these different forms of social capital, in turn, may have different spatial dimensions.

This is why rural areas, as in many other fields, differ from urban areas.

SOCIAL CAPITAL AND RURAL SPACE

It needs to be noted that preserving environmental values and developing social capital is crucial as, if capital accumulates on the basis of market forces, then it will be concentrated in industrial centres instead of rural areas (KAHN-RIVAS, 2009).

When identifying a rural community, as DEL CID (2011) quotes BRENES'S (2007) approach, the following features can be detected: own behaviours, strongly attached to the place, mainly economic logic tied to subsistence or survival; life in the countryside, farming, livestock and fishing settlements scattered low density; distinct culture of the people of the city, matched with a greater sense of solidarity and friendship.

It is also evident that the existence of social networks, solidarity and cooperation enhance the efficiency and productivity of markets, and contribute to the improvement of institutional performance, ultimately resulting in higher economic and social development (NANETTI ET AL, 2011). ÁRNASON ET AL. (2004) agree with the above statement: they study and write about the concept of social capital in the context of rural development. Also, they argue that the performance, competitiveness and social cohesion of a community may be affected by social capital. In connection with Árnason's idea, WIESINGER (2007) notes that networks can be defined as highlighting the flows of resources and information that produce rural development and society more generally.

There is one special case which is worth mentioning and is not at all a general phenomenon, as ROSENFELD (2009) describes that although some researchers approach "rural clusters" expression as a combination of contrary notions, those do exist in a great number.

ROSENFELD (2003/A) mentions the importance of social capital, in relation to which he points out the role of clusters that provide space for information flow, affect economic possibilities, innovation projects and employment. Researchers often find that it is the absence or presence of social capital which determines the difference between „underachievers" and „overachievers" clusters' competitiveness (ROSENFELD, 2003/B). Those regions and individuals who are not able to benefit from the above clusters of social capital, suffer disadvantages in all economies, especially in knowledge-based economy (ROSENFELD, 2003/A).

Furthermore, DEBERTIN (2009) explains that economists might see per capita expenditures on items such as police protection in a rural community as a "negative" measure indicating the absence of social capital. In many small rural communities, people don't normally take safety measures such as locking their doors and no paid police force operate. A reason for this could be a function of the small community size in which everyone knows one other.

If we examine place (DEFRA, 2011), it can be concluded researchers generally agree on that, for whatever reasons, some elements of social capital are locally contingent. Place, with all its ramifications in terms of morphology, history, socio-demographic characteristics and so on, does represent a crucial factor in terms of how people experience social capital. However, it is not at all easy to provide a simple answer to the question of the extent to which social capital is found in people or place. It seems likely to be found in both, in a reflexive and unpredictable relationship.

According to COLEMAN (1988), tied to certain conditions, social capital might generate and enhance economic benefit. KAHN ET AL (2007) also serve with a number of examples for social capital's facilitating rural development.

Furthermore, it has to be taken into consideration that social capital – particularly in its form as institution or norms – needs to be fit both to the special circumstance and to the type of collective-action problem that it is meant to resolve (OSTROM, 2009).

In addition, it needs to be noted (DEFRA, 2011) that it is not easy to determine social capital in relation to development and intervention as it is often obscure and most of its elements are rather subjective than objective.

CONCLUSIONS

In my work, I examined the connection between social capital and spatiality, putting more emphasis especially on rural areas. I gave an overview of the theoretical background of social capital and its present role by reviewing and relying on academic literature. In relation to this, it can be asserted that a subject matter so popular and profoundly studied in sociology has become one of the most important issues targeted and examined by economics. As human relations inherently possess spatial dimensions, regional science also responded to the increasing interest in the matter.

Depending on individual actors and their objectives, the formation of social capital itself may be led by a number of intentions. In addition, many elements of social capital are strongly affected by location, thus it has a regional aspect as well. Furthermore, it may be able to enhance regional competitiveness.

In regard to spatiality, rural areas are considered to be unique from social capital's point of view. Though it is not an exclusive, general truth, it can be set out that in the many cases 'people friendlier, more humanistic' rural areas provide favourable conditions for building

human relationships. This way, rural areas can have a positive effect both on individual and community or rather network relations. This is of great importance as cooperation is a characteristic factor in the case of social capital – which is not true for other values. The main reason why social capital is said to be significant when talking about rural areas is that if capital accumulates on the basis of market forces, then it will be concentrated in industrial centres instead of rural areas. Thus social capital, due to its kind, can be especially useful for rural areas, and it may as well appear in certain economic benefits. Social capital has the ability to affect capacity, competitiveness and social cohesion which means it may play a key role in rural development as well. However, making any attempt to intervene is by no means easy since social capital, by its nature, is highly dependent on the given space and comprises many subjective elements.

REFERENCES

- ÁRNASON, A. - LEE, J. - SHUCKSMITH, M. (2004): *Understanding networks and social capital in European rural development*. Improving Living Conditions and Quality of Life in Rural Europe. EU Conference, Westport, Ireland.
- BASILE, E. - CECCHI, C. (2005): *Building social capital in rural areas: does public action help?* Invited paper presented to Engaging Communities, International Conference organised by 'The Government of Queensland' and the 'United Nations' - Brisbane, 14-17 August 2005. <http://www.engagingcommunities2005.org/abstracts/Cecchi-Prof%20Claudio-final.pdf>
- BRENES, C. (2007): *Comunidades rurales*. Criterios y herramientas para su diagnóstico. 1st. ed. EUNED, San José (Costa Rica).
- COLEMAN, J. (1988): Social Capital in the Creation of Human Capital, *American Journal of Sociology*, 94, pp. S95-S120.
- DEBERTIN, D. L. (2009): A Comparison of Social Capital in Rural and Urban Settings. University of Kentucky Department of Agricultural Economics. <http://srdc.msstate.edu/fop/levelthree/trainarc/socialcapital/acomparisonofsocialcapitalinruralandurbansettings-debertin.pdf>
- DEFRA (2010): Social Capital and Quality of Life in Rural Areas. A Report prepared for the Department for Environment, Food & Rural Affairs by Brook Lyndhurst Ltd http://www.brooklyndhurst.co.uk/download/111/1176feaf/REO233_Social_Capital_and_Quality_of_Life_Final_Report.pdf
- DEL CID, A. L. (2011): Potentiality of symbolic capital in the rural space as generator of territorial development. *Agronomía Colombiana*, 1, pp. 115-123.
- KAHN, J. - RIVAS, A. (2009): The sustainable economic development of traditional peoples. In Holt, R. P. F., Pressman, S., Splash, C. L. (eds): *Post Keynesian and Ecological Economics*. Edward Elgar, Cheltenham, UK - Northampton, MA, USA.
- KHAN, S. R., RIFAQAT, Z., KAZMI, S. (2007): *Harnessing and Guiding Social Capital for Rural Development*. Palgrave Macmillan, New York.
- LENGYEL, I. (2012): Regionális növekedés, fejlődés, területi töke és versenyképesség. In Bajmócy Z., Lengyel I., Málovics Gy. (eds): *Regionális innovációs képesség, versenyképesség és fenntarthatóság*. JATEPress, Szeged, pp. 151-174.
- LIN, N. (2008): Building a networktheory of socialcapital. In Lin, N., Cook, K., Burt, R. S. (eds): *Socialcapital- theory and research*. Transactions Publishers, 4th edition, New Brunswick, pp. 3-29.
- NANETTI, R. - LEONARDI, R. - HOLGUIN, C. (2011): The Local Path to Sustainable Development: Social Capital in Naples. In Sacconi, L., Degli Antoni, G. (eds): *Social Capital*,

Corporate Social Responsibility, Economic Behaviour and Performance. Palgrave Macmillan, Basingstoke – New York, pp. 358-379.

OECD (2001). *The Well-being of Nations: The Role of Human and Social Capital*. Paris: OECD Publications.

OSTROM, E. (2009): What is social capital? In Bartkus, V. O., Davis, J. H. (eds): *Social Capital Reaching Out, Reaching In*. Edward Elgar Cheltenham, UK • Northampton, MA, USA, pp. 17-38.

PUTNAM, R. D. (1996) Who killed civil America? *Prospect*, 7, pp. 66 -72.

RIFKIN, J. (2001): *The Age of Access. The new Culture of Hypercapitalism where all of Life is a paid for Experience*. Jeremy P. Tarcher/Putnam, New York.

ROSENFELD, S. A. (2003a): Expanding Opportunities: Cluster Strategies That Reach More People and More Places. *European Planning Studies*, 4, pp. 359-377.

ROSENFELD, S. A. (2003b): *The Social Imperatives of Clusters*. Rethinking Regional Development Policies: The role of social capital in promoting competitiveness in less favoured regions. Grand Hotel Masseria Santa Lucia Ostuni, Italy July 2–5, 2003, Advanced International Summer School.

ROSENFELD, S. A. (2009): *Generating Local Wealth, Opportunity, and Sustainability through Rural Clusters*. Regional Technology Strategies, Inc., Carrboro, North Carolina, USA.

RUTTEN, R., WESTLUND, H., BOEKEMA, F. (2010): The Spatial Dimension of Social Capital. *European Planning Studies*, 6, pp. 863-871.

SHAFFER, R. - DELLER, S. C. - MARCOUILLER, D. W. (2004), *Community Economics: Linking Theory and Practice*. Blackwell Publishing, Oxford.

STIGLITZ, J. E. - SEN, A. - FITOUSSI, J. P. (2009): *Report by the Commission on the Measurement of Economic Performance and Social Progress*. http://www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf

STIMSON, R. - STOUGH, R. R. - NIJKAMP, P. (2011): *Endogenous regional development*. Edward Elgar, Cheltenham.

VAN DETH, J. W. (2008): Measuring social capital. In Castiglione, D., Van Deth, J. W., Wolleb, G. (eds): *The handbook of social capital*. Oxford University Press, Oxford – New York, pp. 150–176.

WIESINGER, G. (2007): The importance of social capital in rural development, networking and decision-making in rural areas. *Revue de géographie alpine/Journal of Alpine Research*, 4, pp. 43-56.

WESTLUND, H. - ADAM, F. (2010): Social Capital and Economic Performance: A Meta-analysis of 65 Studies. *European Planning Studies*, 6, pp. 893-919.