



Social Capital and Development in Comparative Perspective*

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The study of contemporary social capital attempts to build a better understanding of the development as a social base for organizing group resources and networking group members in the pursuit of collective action. This paper traces the evolution of social capital perspective with a focus on its possible contributions to the theory of development and identifies four major approaches: norm and trust, institutional, organizational, and synergy perspective. It challenges the previous perspective by developing an analytical framework that supports the possibility of governance and social capital for development. The main argument here is that it is the special constellation of the level of social capital and the governance which is crucial for the economic and social development of a society. The synergy perspective, when applied to this arena, offers a more comprehensive explanation of social capital by bringing together a range of development that emphasizes the dynamic developmental pathway. The theoretical and policy implications are discussed, based on the comparative specifications of social capital and development.

Keywords: social capital, development, governance, comparative perspective

INTRODUCTION

Although a growing concern about social capital in the study of development warrants revisiting, there is little consensus as to what should be considered in social capital (Burt 2002; Fukuyama 1995; Lin 2001; Portes 1998). Typical of the perspectives include organizational structures, institutionalized relationships, communication networks, and features of cultural aspects such as trust, norms, and values. There are some recurrent themes here, but individually

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each perspective, while possibly capturing a part of the relevant realm, mostly puts us at risk of foreshortening the scope and insight by restricting social capital to a narrow range of the phenomena. Within its own frame which has a plus and minus value, it still clearly needs further specification. As a first step, without which this paper cannot go further, one may consider a diagnosis of the critical questions. What and why is social capital? What quality of social capital is at issue? How does it affect development in a given country? And what are the policy implications for developmental strategy?

From being a latecomer, the study of social capital suffers some disadvantage but that status also produces certain advantages. The disadvantage is that the latecomer finds the realm largely preempted. The advantage is that factors arbitrarily excluded or long neglected can be taken into consideration, and new and promising perspectives can be further developed. In this context, this paper distinguishes some major aspects of the social capital dimensions. The first aspect is the quality of social relations in terms of shared values, feelings of solidarity, and trust. Interpersonal relations within social communities are usually conceived as micro-level social capital which has to be differentiated from macro-level covering formal institutions such as the political system, the legal and judicial system, and the state or bureaucratic apparatus. The quality of institutions, therefore, represents a second aspect of social capital which has to be considered in the study of development. There is high agreement among social capital researchers that the quality of those institutions in terms of their functioning, efficiency, reliability, and stability is a significant component of the social capital in a given society (Woolcock 1998; World Bank 2002).

The third aspect to be considered is the degree of social activities within diverse social groups and associations. This notion of social capital as social networks argues that membership and participation in voluntary associations foster communication and dissemination of information and generate and reinforce the engine which is conducive to cooperation for development. The separate treatment of these issues follows a proposition to distinguish between the sources and the consequences of social capital. This distinction takes also into account that the embeddedness within a social network does not necessarily have positive effects in conceiving the creation of the matrix as one of the factors intervening between networks and development outcomes, including such as restriction of individual freedom, corruption and cronyism, the promotion of criminal activities, and the aggravation of conflicts.

The real world, however, does not neatly conform to the theoretical frameworks and their corresponding policy prescriptions, and little research has explicitly addressed how social capital can be built in the developmental process. In other words, the previous studies on social capital represent only a first approximation to the solution to the task of social capital construction. To specify and extend the vicissitudes of the issues, this paper traces the evolution of social capital perspective as it pertains to development and classifies four major

approaches the research has taken: norm and trust, institutional, organizational, and synergy perspective. The main argument here is that it is the special constellation of the levels of social capital and the governance which is crucial for the economic and social development of a society. It challenges the previous studies by developing an extended useful framework that identifies the influence of social capital for development, which is recently acknowledged. In the long run, clarifying the strength and scope of the synergy perspective for social capital will also serve the significant attempt to avoid the misspecification of developmental pathway. The theoretical and policy implications are discussed in the second part of the paper, based on the comparative accounts of social capital and development.

THEORETICAL BACKGROUND

The contemporary fascination with social capital stems from three major axes. The first pivot is the very positive spin that social capital receives in the contemporary meanings (Knack and Keefer 1997). Most studies highlight the positive aspects of social relations but rarely explore the negative ones. The second cause for social capital's popularity is its non-monetary nature. The state and policy makers look for the appropriate solutions to social problems without the need for excessive financial expenditure (Bressers and O'Toole 1998). In this vein, political stability and economic productivity can be the result of a social adjustment and not a fiscal investment. The third post of the popularity for social capital is the ambiguous conception on which the conventional wisdom revolves with the term itself (Brown 1998). The previous studies agree that they are able to set up the framework around which any specific definition can be utilized. Some define social capital simply as social ties, yet others refer to a complex of structural or cognitive parameters and utilizing social resources. Given this lack of specificity, it may be useful to briefly trace the development of contemporary social capital perspective and present a synthetic conceptual framework.

Despite the current popularity, social capital is not a new concept. The fundamental origins of social capital can be traced back to Durkheim's notion of solidarity as an antidote to anomie and self-destruction and to Marx's distinction on the conscious *klasse-fur-sich* from atomized *klasse-an-sich*. The new vision of a community life in the capitalist society could only come to fruition by a massive increase in the importance of social capital for rapid social change. Although Durkheim's concern about loss of community under capitalist conditions was in some ways the opposite of Marx's vision of a classless society, but it can be noted that Durkheim's articulation of the powerful notion of social bonds foreshadows Marx's emphasis on the class relations of capitalism. While the contemporary use of the term social capital dates from the classical theorists, the current thread as a quantum jump is introduced primarily by Bourdieu, Coleman, and Putnam. Bourdieu (1983: 248) loosely defines social capital as "the

aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships.” He shows how social capital exists and can be an instrumental strategy for individuals to reproduce more social capital, which reveals the dynamics of power or class relations in social life. For example, many social groups have nepotism in explicit recognition that informal network ties can be used to set the channels of free-riding, rent-seeking, and invisible operations. Social capital, however, requires more than just a network of ties in that social capital also involves transforming contingent relations into relationships that have elective and durable obligations and trust.

Coleman (1988: S98) expands Bourdieu’s definition by emphasizing some critical elements of social capital such as expectations and information. Each is a feature of the social structure that provides social capital as a resource for the individuals of the group. Arguing from a rational choice theory, Coleman holds that social capital like other forms of capital is economic one, making possible the achievement of certain goals that would not be possible in its absence. Thus, the concept of social capital in his view illustrates how the social structure of a group can function as a resource for the individuals of that group. On the other hand, Putnam (2000: 67) defines social capital as features of social organization such as networks, trust, and social norms that facilitate coordination and cooperation for mutual benefit. Furthermore, he distinguishes between bonding and bridging forms of social capital and argues that bridging social capital is often vulnerable but is likely to create social cohesion. The first refers to the links between like-minded people and therefore reinforces homogeneity while the second points to the building of connections between heterogeneous groups.

Thus, social capital is not a single entity but a variety of different entities that have two characteristics in common; they all consist of some aspect of social structure, and they facilitate certain relations of individuals who are within the structure (Coleman 1988). Accordingly, social capital can be viewed as quantity and quality of resources that social subjects can access or use through its location in a social network. This basic idea of social capital ascertains its relationship to development, and the conventional wisdom represents some important implications for contemporary development research. When it comes to the mechanism of social capital, the literature indicates that higher levels of trust may promote governance efficiency by lowering transaction costs (Knorringa and Staveren 2006). Trust may lead both to lower specification and negotiation costs and to lower monitoring and conflict resolution costs in a given society by providing other means of coordinating the division of labor and distributing social resources. By the same token, those communities endowed with a diverse stock of social networks and associations are in a stronger position to confront vulnerability, resolve disputes, and take advantage of new opportunities. Thus, a defining feature of social capital is that one is the member of certain social networks and institutions that could be used to secure social life and safety net.

This positive aspect of social capital has been emphasized by the mainstream while there is

a minority that appreciates the other side of social capital. The same mechanism of coordination that reduces transaction costs in social exchange can have negative consequences. The strong social ties that yield benefits to members of a group can control other's access. The bounded solidarity and trust that produce the socioeconomic gain can cause a downward leveling force. For example, the fact that most immigrant-owned firms rely on family labor suggests that an important determinant of self-employment is the family. The family endows each of its members with the backing of collectively-owned capital, a resource that entitles members to credit, since the family comprises a social organization that can be effectively harnessed to achieve collective goals. In this vein, the family can be viewed as network of obligations that embodies the economic and socio-cultural institutions made prior to immigration, and that immigrants draw on and continue to invest in during the process of adaptation.

This line of logic for social capital suggests a more formal definition: social capital can be basically defined, in a broad sense, by the trust and norms, institutional arrangements, and social organizations that enable individuals and groups to present new solutions to their problems with shared resources. Although it is impossible to detail the mountain of literature on social capital, this simple definition can be an explicit clue for theoretical explorations. First, it probes diverse approaches to social capital leading to varying hypotheses, recognizing that there are still common features of social capital, such as shared resources and mutual reciprocity, based on an iterative process. Second, this approach permits intangible something that exists between individuals and groups within a community reflecting different operations of social capital. The poor, for example, may have an intensive bonding of social capital that they can leverage to get by, but they lack the more extensive bridging of social capital utilized by the rich to get ahead. Third, it allows the possibility that social capital is linked to, and is affected by, the context in which it works in the interests of individuals and communities. This is especially important as regards public good which incorporates a dynamic component of social capital. It may illustrate an accepted way of working holistically together and how social capital has a significant role in the process of development.

ANALYTICAL FRAMEWORK

Trust, institutions, and associations within social groups fall within the flexible definitions that literature documentation of development has applied to the term social capital. On the one hand, Coleman (1988) regards trust and norms as manifestations of social capital in the community life. Trust and norm are linked to better performance of formal institutions, including publicly provided education which have stronger incentives to innovate and to accumulate physical capital, but also are likely to have higher returns to accumulation of

human capital. Furthermore, the quality of formal institutions as other manifestation of social capital that promotes trust has a critical impact on the development. On the other hand, the importance of trust and norm in development is perhaps not surprising, and the role of associational activity by social organizations is a subject of greater contention. Putnam attributes the economic growth and governmental efficiency of northern Italy, relative to the south, in large part to its richer organizational activity (Putnam 1993). By contrast, Olson asserts that associations can hurt growth since many of them act as interest groups lobbying for preferential policies that impose socioeconomic costs on the given society (Olson 2000). Thus, research on social capital and development, despite the linkage of the social capital dimensions, can be analytically categorized into four major perspectives: trust and norm, quality of institution, social organization, and synergy perspective, which emphasize each own frame respectively.

Trust and Norm Perspective

The trust and norm perspective argues that much of the economic backwardness in the developing countries can be explained by the lack of mutual confidence while a higher-trust society spends less to pay socioeconomic costs from being exploited in transactions (Bourdieu and Wacquant 1992; Fukuyama 1995). This perspective, which sees the density of solidarity in a given community, holds that social capital is essentially good, that more is better, and that its formation has a positive effect on a community's development. It has made important contributions to the analysis of community by emphasizing the quality of social ties in helping the poor manage risk and vulnerability. Societies characterized by high levels of trust and norm are also less dependent on formal institutions to enforce social consensus for development. To the extent that this is valid, trust triggers effectively greater economic investment and activity. Norms of cooperation can be linked with developmental outcomes in some of the same ways as trust. Cooperative norms act as constraints on narrow self-interest, leading communities to contribute to the provision of public good, which impose serious negative externalities on the players. For example, both internal regulation such as moral frameworks and external sanctions such as social criticism may alter the equation of transaction costs.

Nevertheless, the trust and norm perspective has inherently ignored the important downside. Where communities are isolated or segregated, the productive social capital can be replaced by the negative one, which greatly constrains development. Although many benefits are associated with being a member of a highly trusted community, the key to the membership has also important costs that may greatly outweigh the benefits. Some empirical evidence shows the reason why the advanced countries experience the decline of trust in government as well as community, which runs counter to the thesis of the trust and norm perspective (Nye et al. 1997). This perspective also assumes that communities are homogenous and equal entities that automatically include all members who uniformly acquire social capital. The real world,

however, reflects heterogeneity, inequality, and discrimination within the community itself, which produce relative differential access to social capital.

Quality of Institution Perspective

An alternative perspective stressing the institutional arrangements argues that the quality of a society's legal, political, and economic institutions can be addressed to uncover the diversity of developmental process. The quality of institution perspective argues that the quality of social capital is largely the product of the institutional arrangement, regarding social capital as a dependent function of institutional frames and resources (Hall and Taylor 1996; North 1990). It also holds that the governmental performance relies on its own internal coherence and competence via external accountability to the society. This view, particularly, focuses on the effects of governance and social capital on economic performance, which identifies social capital with the quality of a society's political and economic institutions. Drawing on various indexes of institutional quality, the perspective contends that social capital equated by bureaucratic performance and civil autonomy is positively associated with economic growth. This approach demonstrates that societies with weak institutions for managing risk and conflict show explicitly underdevelopment, resulting rampant corruption, frustrating bureaucratic inefficiency and divisive social fragmentation. In the developing societies where these conditions prevail, there are weak social institutions, infrastructures, and investments, which can be major impediments to development.

The major developmental theories view social capital between institutions within which countries form social relations as both shaped by and shaping those institutions. The institutional account, however, cannot explain the other dimensions of social capital in the contemporary world. Its strength in addressing macroeconomic policy concerns is a weakness in that it lacks the timing factor of developmental process. For example, state efforts may take decades to construct and produce benefits more immediately suited to the major interests than to those of the minor such as the poor that are directly risked by weak public institutions. This view also ignores the fact that socio-cultural factors are embedded in a historical context, and seen as predetermined and less dynamic, while socio-cultural factors with which social capital forms are neither objectively given nor neutral. In fact, organizations, cultures, and other social arrangements which mold individuals are in the process of variation that changes communities and, therefore, the conditions under which individuals act.

Social Organization Perspective

A third perspective on social capital attempts to account for the importance of associations and networks between people. The social organization perspective argues that associations as social organizations instill habits of cooperation and solidarity in their members but promoting associations through encouraging the formation of and participation in social organizations

may be counterproductive (Granovetter 1973; Skocpol 1995; Powell 1990). Trust and reciprocity are continuously formed and reformed in the process of social network which results in both getting by and getting ahead (Szreter 2000). In this perspective, social capital formation relies mainly on the quality of the set of relationships of a social group, which is the product of behavioral patterns within the network. Social norms and trust shape behavior and provide a needed social order as a positive nature of these behaviors by showing how members of an organization with high levels of social capital experience an increased propensity for success. The bonding of social capital ensures that strong intra-community ties give members a sense of identity and solidarity via common goals.

The bridging of social capital, on the other hand, reflects that the ability of associations to articulate their interests is likely to be an important restraint on public good, as a way to capture private benefits. This view also stresses that without weak inter-community ties that cross various social divides such as class, gender, and socioeconomic status, social capital can be utilized to use the state for their own narrow goals at the expense of the public good in a given society. This perspective which regards the function between social capital's upside and downside as a way of defining a society suggests why the quality of social capital has been persistently controversial about its potential as a theoretical framework. Thus, it can be noted that social capital is a double-sided lens in terms of both upside and downside, providing valuable services and obligation respectively. This point leads us to the logical ground that the combination of strong intra-community ties and weak inter-community ties can be a possible choice to avoid making tautological claims regarding the quality of social capital. The social organization perspective argues that development can be approached by these two dimensions of social capital and that the range of different positions in variance of self- or common-interests is responsible for the degree of centralization in governance.

Accordingly, the social organization perspective shows how social capital can help to build upon bonding relationships with external bridging linkages to enhance the opportunities of development. By emphasizing the benefits of community memberships and networks, this perspective provides a clarity that is lacking in discussions on linking social capital with policy assessment. It recognizes that good governance is closely related to civil participation and that these factors make up social capital which is necessary for improving development. The strength of the social organization perspective, however, suggests that strong solidarity and active participation are open to different interpretations such as divisiveness and stratification from other perspectives, which adds substantially to our knowledge about what it may constitute in certain circumstances. This view also has a tendency to underestimate the public good of social organizations by arguing that the usefulness of associational activity differs among social networks. Therefore, it denies that the measurements of social capital beyond routine exchanges are essential and does not explicitly account for the effect of invisible hand of social capital. The possibility that active participation of social networks does not seem

automatically to enhance better outcomes requires a more systematic approach which incorporates institutional and contextual variations at the societal level.

Synergy Perspective

The aforementioned perspectives suggest that the notion of social capital has been emerged with greater importance in the discourse of development. Where not only the trust and norm but also the social organization perspectives largely treat social capital as an independent variable giving rise to contrasting visions, both positive and negative relatively, the institutional perspective instead regards social capital as a dependent variable, which ignores socio-cultural factors. The latter view contends that the very role of social capital to act in collective interests relies on the quality of the formal institutions in which people participate (Innes and Booher 1999; Portes 1998).

In recognition of this analytical difference, a synergy perspective attempts to integrate the compelling perspective emerging from the previous three dominant camps. For example, it shows that an imposing feature of social capital embodied in everyday life has costs as well as benefits. Although the effect of social ties can provide a range of valuable resources for community members, there are still costs in that those same ties can place considerable non-economic claims on members' sense of obligation and commitment, with negative economic consequences. In short, the initial benefits of social capital can be offset in many cases by long-term restrictions. This trade-off effect means that social capital depends on the quality of the set of structures and relationships of a social group. The consistent quality of social relationships is the result of institutionalized network patterns, which shape a needed social trust and norm in a given society. The synergy perspective also applies similar ideas to the macro level of social capital by arguing that the synergy between the state and civil society is based on embeddedness which means mutually supportive relations between the public and private actors (Evans 1996). This approach works only where the governance of the state are bound by social environments that has trust and solidarity. Strong public institutions and organic links between powerful state and civil society can lead to political stability, economic prosperity, and social integration.

If the state, the market, and civil society construct and pursue common developmental goals through which they can cooperative, the engine of developmental transformation can be possible. Under this circumstance, social capital has a critical role as a key variable that is derived from both institutions and networks. Furthermore, the developmental transformation alters the calculus of upside and downside associated with different dimensions of social capital, indicated by the synergy perspective which suggests here some tasks to make the developmental mechanism work. As a theoretical clue, it is quite necessary to identify the nature and extent of social relationships and formal institutions, and the interaction between them. Then it needs to develop the framework for social capital based on these social

Table 1. Major Perspectives of Social Capital

Perspective	Theory	Model	Focus
Norm and Trust	Solidarity	Community	Positive Effect
Quality of Institution	Institution	State Agency	Dependent Effect
Social Organization	Network	Social Group	Decentralization Effect
Synergy	Development	Social Context	Trade-off Effect

interactions, and to determine how the positive aspects of social capital such as social trust, institutional quality, and associational activities can counteract self interests, group conflicts, and disintegration. Put it another way, the developmental challenge is to transform social arrangements where social capital replace weak trust, institutions, and associations with strong ones in which both subjects interact and get feedback each other.

Table 1 summarizes the key elements of the major perspectives on social capital and their corresponding theoretical orientations. The differences between them are primarily (1) the extent to which they incorporate a perspective of social capital (theory); (2) the unit of analysis on which they focus from community, state agency, social group, and social context (model); and (3) their treatment of social capital effect as a positive, dependent, decentralization, and trade-off one (focus). The largest and most influential bodies of work have emerged from the quality of institution and social organization perspective, and the most recent and promising approach seeks a synthesis as shown in the synergy perspective.

The developmental processes bringing social capital back in can be examined from the experiences of both developed and developing countries in search of the conditions that foster synergy between the state and civil society. Qualifying these ideas, it is appropriate to argue that the amount of centralization in society and in the state, and the degree of social capital between the two, are the critical variables in the nature of development. Once these are determined, development can be analyzed, and the range and type of governance likely to be associated with such a framework can be established. A model of this matrix that determines development can open a window that exposes other dynamic facets of development.

SOCIAL CAPITAL FOR DEVELOPMENT

A developmental process cannot be understood or solved within the narrow confines of development since it is a product of countless social processes.¹ Against this backdrop, the

¹ Although there is no consensus about the conception of development, this study attempts to formulate a workable definition of development in order to avoid a tautological trap with social capital. As such, it can be defined as a dynamic process of growth plus change designed to promote the quality of life in a given country in conjunction with economic conditions.

notion of social capital provides some important frameworks for developmental strategy which have not been fully explored in the study of development. Earlier development theories hold rather contradictory views about the value of social capital for development and offer few policy suggestions. Modernization theory explicates how developed countries differ from developing countries and what the prospects for developing countries are (Aoki 2001; Boix and Posner 1998). This camp assumes that developing countries should follow the Western model, and asserts that traditional values and relations and modern ones are mutually exclusive. For example, East Asian countries which traditionally emphasize particularistic ascription have prevented universalistic achievement for development. Specifically, traditional mechanism of social capital such as paternalistic norm, nepotism, and a family mode of social capital are obstacles to development and need to eliminate traditional values in order to promote development. If there is no contemporary social capital, then the society can be dominated by a centralized state power in the form of despotism or authoritarianism.

In contrast to the negative role of incompatibility between tradition and modernity suggested by modernization theories, the dependency school offers an external account, stressing the roles played by neocolonialism in shaping the underdevelopment of developing countries (Evans 1996). It means that there is a need to redefine development in terms of quality of life, more than just economic growth and productivity. By conceptualizing that dependency is produced through unequal economic exchanges, the dependency theory overemphasizes the harmful effect of external relations, and neglects the role of internal dynamics such as social capital and class conflict. Accordingly, it loses sight of the most decisive processes of class formation and social relations which beget change. The third position in development argues that social capital enhances the likelihood of instrumental returns only for a primary mechanism of the exclusive development such as filtering-down effects (Krishna 2000).

In short, traditional social relationships and ways of life can be viewed as impediments or burdens to development while contemporary social capital may generate the role and importance of institutions and networks in development. Despite its contrasting views, each position addresses the issue that social capital is critical to affect developmental process and to strengthen or weaken the predation of state programs by stakeholders. This means that the linkage between social capital and development offers a way to provide potentially richer and better explanations of development, since it can be shown that the nature and extent of social interactions between communities and institutions shape social development. This, in turn, has important implications for development policy, which has long focused exclusively on an economic dimension. Similarly, understanding how the state can work to implement governmental policies in diverse and conflicting social groups remains one of the great challenges to development (Putnam 2000; Tullock 1988).

The state is both product and producer of social relation in that the role of the state as a

Table 2. Social Capital and Governance for Development

		Governance	
		Good	Poor
Social Capital	High	I. Partnership	II. Consensus
	Low	III. Conflict	IV. Rent-Seeking

function of social capital needs to highlight the simultaneous maintenance and transformation of the relationship with civil society and helps keep governance responsive. This circularity requires that development interventions give attention to both underlying social capital and bureaucratic governance. Good governance or well-functioning governance is reflected in the effectiveness of state programs which include the material and social preconditions for the life chance of well being, pursuing the satisfaction of quality of life in a given society. By contrast, an unequal distribution of social capital can allow one group to dominate public agenda and policy making and to lead to poor or dysfunctional governance (Suh 1998). In this context, the present study is concerned with social capital category and related it with the matrix of governance in development. To illustrate this equation, Table 2 combines the critical variables for development pathway in a two by two matrix.

Table 2 suggests a heuristic way of classifying some of development type and depicts four ideal-typical relationships between governance and social capital for development which depends on the nature of the network.² The variety of cases may reveal an interesting mix of insights into the relationships across linking social capital. As far as governance is concerned for instance, it has been argued that in the United States, the decentralized power and interest group with pluralism may have facilitated the pursuit of a partnership policy, due to the spread of governance powers in the hands of each subject in the given society (Norris 2000). On the other hand, it has been contended that, in East Asian NICS, where the nature of the governance is the concentration type, diverse social conflicts and disputes with a centralized state power can be typical characteristics in the developmental process which requires a wide range of policy instruments feasible (Chibber 2002; Painter 2005).

Type I in Table 2 illustrates that a symbiosis between the public and private actors has served to promote a partnership in which the role of governance and social capital is sustained. The type of partnership emphasizes the importance of combinations between two sectors, as shown in the developed countries in the West (Rhodes 1996). In this type, with good governance and high levels of social capital, there is a positive interaction between the state and civil society, and economic prosperity and social development are likely. It has been

² In this study, governance refers to the nature of government from centralized and hierarchical structures to decentralized and horizontal structures in order to present the possibility of a collaborative approach between the public and private sector.

noticeable that where there has been an energetic cooperative social capital supported by good governance, a sustainable development is likely to occur. The Scandinavian countries, for example, with the governance of welfare states that effectively protects property and quality of life provide a more conducive environment for partnership to develop, which is associated with high levels of labor force participation, welfare employment, and citizenship. In other words, Type I suggests that social capital plays a critical role as a mediating variable that is shaped by the public and private sectors, pursuing common goals. It can help establish a more dynamic development where the quality of life is more important than a mere efficient economic growth. This shaping is an inherently contentious and political process in which the nature of governance is crucial.

A second type on the relationship between two sectors argues that the vitality of the networks is largely the product of the institutional environments (Bevir 2006). This perspective holds that the very capacity of social capital to act in the public good depends on the quality of the formal institutions under which they reside (Cohen 1995). The U.S. case, for instance, shows positive aspects of social capital in institutionalized processes of social consensus with apparently decentralized governance, which reflects a productive overlap between the extensive voluntary and community sectors. The quality of institutions explicitly builds bridges to excluded groups and opens up the likelihood that the poor will be able to gain access to the resources and services to which they are entitled. It also can imply something about its future prospects because the variance of development is based on the fluctuating supply of social capital. Countries with high levels of social capital are nearly viewed as being capable of sustaining democratic system and economic prosperity (Borner et al. 2004).

A third perspective of the network mechanism proposes that there is good governance of the hierarchical organizations with a sense of *esprit de corps*, while the degree of social capital is in the relatively low level. In Type III, social conflict refers to the extent of disputes that the decision-makers cannot organize against the ravages of short-run pork barrel politics and against capture by private interests (Scott 1998). The developmental state, as the case with East Asian NICs including South Korea, has been considered beyond a legitimate democratic order because it is subject to control by the government rather than a legislature that is itself accountable to the electorate. It can be also suggested that those countries are typically rich in bonding social capital within kinship or dominant groups with less bridging social capital between these, which provokes extent conflict and distorted patterns of development. That shows itself in an increase in inequality, a degraded quality of life, and the encroachment of the state. This type pursuing aggregate growth and external stability by bureaucratic governance while downplaying distributional issues might produce little improvement in the quality of life that can entail a source of internal conflicts and unrests, which ultimately result in explosive disputes and instability. The turning point to this shift can be shaped in response to forces and conditions by the matrix of state power.

In Type IV where networks are parochial, or working at cross-purposes to society's collective interests, a productive mechanism is replaced by rent-seeking, which greatly restricts development. When there is a low level of social capital, social integration declines and underdevelopment is likely to occur. Evidence from the developing countries demonstrates why merely having high levels of the relationship between strong informal networks does not necessarily lead to economic prosperity and social development (Temple and Johnson 1998). The Latin American experiences demonstrate that despite high degrees of community solidarity and informal social capital, the countries remain poor. It means that it is the nature of social capital rather than the extent to which people are connected to others, as shown in the very existence of a large informal sector and the high degree of social fragmentation. This type of the mechanism reflects the reality of the developing world, and these groups cannot overcome the crippling effects of corruption, political exclusion, and social polarization with the low levels of governance and social capital.

Dynamic associations of this matrix, it is argued, are responsible for the range of quality of development that can be regressed on the structural conditions of governance and social capital. This thesis considers the nature of network as a dialectic relationship that explains in part why scholars and policymakers have been ambivalent about social capital as a theoretical construct and policy instrument. It is quite consistent with the developmental pathway in diverse countries and supports the premise of the present study that a power balance between governance and social capital has a significant impact on development. The importance of the preceding inquiry stems from the fact that the relationship between governance and social capital within the given society is likely to be better represented by a game like that shown in the transition from non-cooperative to cooperative strategy. The social conflict type supports the concept of the developmental state, and the advanced welfare state is linked to the partnership one. This model suggests that governance needs to collect information and responses based on the mechanism of social capital that promotes a positive-sum development.

Although the preliminary framework for development presented in this study is worth noting, other possibility about the relationship between governance and social capital deserves attention due to the specificity of the given cases. As the case of Weimar republic amply demonstrates, for example, weak governance with high level of social capital can also lead to serious political instability. Another caveat is the lesser significance of the level of governance, when the level of social capital is not held constant. For example, Type II may run counter to Type IV in that poor governance with high level of social capital can produce rent-seeking when there is a close informal link between the corrupted state and private stakeholders that dominate the economy. Thus, the framework highlights that social capital is a necessary but insufficient condition for acceptance of a developmental project by bureaucratic governance, and vice versa. The contrary notion suggests that caution, at the rudimentary level of analysis, should be exercised in interpreting these results due to the number of cases as well as the

nature of cases under investigation. Different results would be further expected to occur when the framework includes the subunit of analysis such as between group and within group dimensions or hierarchical and horizontal relationships of social capital.

CONCLUSION AND IMPLICATIONS

The argument forwarded in this study is that the positions of the norm and trust, the quality of institution, and organization perspectives advocated respectively by the mainstream camp fail to provide an adequate explanation of the diversity for developmental models. The norm and trust perspective underestimates the negative aspect of social capital while the quality of institution perspective emphasizes a gradual change to outcome that is in the long run equilibrium which contrasts with the orthodox tendency in development theory to stress short-run efficiency. The social organization perspective relatively ignores the positive aspect of social capital and the role of institutional resources. Each perspective provides only a partial explanation, much of which is based on static, predetermined, and endogenous factors. By comparison, the synergy perspective, when applied to this arena, offers a more comprehensive explanation of social capital by bringing together a range of development that emphasizes the dynamic combination.

In the development study, a recurring issue is that social capital provides opportunities for mobilizing other development resources, that social capital fills the missing space by the linkage effect among the engines of development, and that the nature and extent of the interactions between the state and civil society is the key to highlight the prospects for development. The empirical evidence, however, supports the controversial thesis that social capital can be used both to promote and to undermine the public good. In particular, the disputes on the role of social capital arise when one attempts to consider how social capital in a society can be advanced. This paper recognizes that social norm and trust provide the base for social capital while the quality of institution has the potential framework of social capital. It also expands the logical argument that if declining social organizations and group participation has negative implications for development, it is the synergy effect that governance and social capital works together on the same page, which incorporates the nature of networks.

It can be noted that the distribution of powers and the nature of networks such as trust and norm, institution, and social organizations differ markedly among different countries. Such differences prove to be of more than academic interests. Rather, they are intimately linked to determine major social outcomes such as the durability of democratic governance and the level of social capital. For the policymaker, at least one operating in a democratic society, such social capital and networks are critical elements in the matrix of factors which one must take into consideration in shaping policy implementation. They may partially inhibit state's

inclination to take certain actions, or they may deflect developmental goals so that the state makes compromised decisions that civil society's feels are less than practically sound or administratively feasible, otherwise confronting public resistance.

Under these circumstances, several considerations can be suggested for incorporating the concept of social capital into developmental policy. First, the theoretical framework for social capital underlines the need for the search of new patterns of development for developing countries as well as developed countries. While this need takes place in deteriorating social conditions for sustainable development, the momentum encourages the formulation of social capital that fosters a developmental function and economic growth. If social capital formation is to be encouraged, it seeks to identify the concrete relationships of social interests which may foster or undermine the public good. Within this premise, it is critical to understand how policy implementations affect social conflicts of the stakeholders in a given country.

Second, development cannot be met without redirecting social policies to social capital. In other words, social policies that create and mobilize social capital should be given priority. The framework of social capital formation includes the quality of associations, community membership and bonds, degrees of active participation in associations, and degree of transaction costs for the collective management of resources. In particular, it is important to increase the level of social capital in the poor class and to further build bridges across social groups. The promotion of social capital among the poor needs to focus not only on individuals and families but also on communities by encouraging cooperatives which can collectively undertake economically viable activities and strengthen community relationships.

Third, with regard to the role of the state for social capital formation, some points are worth noting. In addition to policies that create social capital, community involvement rather than state intervention by contributing substantially to development should be emphasized. Although the state can play a major role in promoting social capital in the short term, the heart of the matter is the effective management of social capital by community per se. One meaningful suggestion is that 'social capital from above' led mainly by the state ultimately limits a consolidation of 'social capital from below,' since social capital could be self-governing that needs not be bound tightly by the framework laid down by the state. Finally, the prospect of developmental strategies can be viewed through social capital, and its impact includes the potential effects of the governance on development. This new mode runs the risk that state does not always act in ways that promote unmet needs of the population in the real world by exercising a disproportionate influence on social groups.

In short, the study of contemporary social capital attempts to build a better understanding of the development as a social base for organizing group resources and networking group members in the pursuit of collective action. The developmental outcome is tied, on the surface, to the society's social capital, covering from trust and institutions to social organizations. On balance, the issue of development below the surface can be addressed in terms of the combined

effects of governance and social capital embodied in the given society. Although there is no single parameter to their drivers and constraints, one needs to investigate the complex nature of social capital that underpins development in which a new pathway emerges. If we accept social capital as a developmental tool, the study leaves this issue open for further research, which utilizes more rigorous frameworks and examines within-country and across-country variations with precise measures of social capital.

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