



YORK ST JOHN-ERASMUS  
SOCIAL AND SOLIDARITY  
ECONOMY CONSORTIUM

# Enhancing studies and practice of the social and solidarity economy

A reference handbook

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## Chapter 6: Social Capital



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“Social capital is the only form of capital that does not diminish or run out with use; on the contrary, it grows with it.”

Bernardo Kligesberg

## 1. INTRODUCTION

Social capital means making objectives achievable through the relationships between individuals, objectives that would be unachievable individually. The use of the term social capital goes back to the early decades of the 1900s but the culmination of social capital theory was only at the end of the 20th century.

Social capital is generated at various levels. The existing literature offers various classifications, but here it will be considered on these three levels:

- **Individual social capital**, which each person possesses and is created through the relationships that person has (Mujika, Ayerbe, Ayerbe, Elola and Navarro, 2010)
- **Organisational social capital**, defined as the relationships that exist within an organisation.
- **Community social capital**, defined as the relationships that exist within a community.

Naturally, social economy organisations, like all other organisations, are generators of social capital. The values and principles that characterise social economy organisations, however, mean that theirs is a different social capital. Key authors in the field recognise the importance of social economy organisations in the generation of social capital (Putnam, 1993; Coleman, 1990; Pradales, 2005; Cooke and Morgan, 1988).

## Glossary

**Social capital:** capital derived from the relationships between people. Through these relationships, objectives can be achieved that would be unachievable individually.

**Individual social capital:** social capital that each person possesses, derived from their relationships.

**Community social capital:** social capital created through relationships that exist between members of a community. These relationships characterise the values of a society.

**Intra-organisational social capital:** social capital created through relationships that exist within an organisation.

### KEY QUESTIONS

- What are the existing conceptual approaches to social capital?
- How do social sector organisations generate social capital?
- How can the social capital of organisations have an impact on employment, social and environmental policies?

The existence of social economy organisations and their geographical concentration mean the potential benefits of social capital are not limited to organisations. Rich individual and community social capital is also generated, exponentially increasing the potential benefits of social capital.

Lastly, social capital may be presented differently in various countries around the world, where there are different norms of reciprocity and different values are embraced. Here, special emphasis will be placed on visualising and understanding social capital from the different geographical perspectives covered by this project.

**Relationships:** the principal source of social capital. Relationships between people and organisations breed confidence and comply with norms, as well as building cooperation, all of which translates to greater social capital.

**Trust:** one of the aspects of generating social capital, referring to the expectations of reciprocity and the exposure to risk that some people face with others.

**Norms of reciprocity:** another aspect of generating social capital, referring to shared values and unwritten rules dictating conduct between people within a community.



## 2. LITERATURE REVIEW

### 2.1 EUROPEAN PERSPECTIVES

#### Theoretical approaches to social capital

The principal argument in the theory of social capital is that relationships matter. People relate to one another and maintaining these relationships achieves objectives that would be unachievable individually.

To make an analogy with the term capital from an economic perspective, social capital could be defined as investment in the human relationships expected to be the most profitable (Lin, 2001). And the more it is used, the more it grows and reproduces. The World Bank has quite extensively classified the concept of capital, defining four different forms:

- natural capital, which refers to a country's vital natural resources.
- constructed capital, which includes financial and commercial capital.
- human capital, reflected in the health, education and productivity of the population.
- social capital, which measures the social collaboration between different groups and the individual use of the opportunities arising from these relationships. People relate with one another through networks and tend to share values with those with whom they interact in the network, to the extent that this network itself becomes a profitable resource.

Bourdieu (1986) defines social capital as the body of existing and potential resources related to a stable network of more or less institutionalised relations of mutual familiarity and recognition. Coleman (1988) defines it as the aspects of a social structure that facilitate certain common actions by agents within that structure, and Putnam (1993) understands social capital as the combination of intangible factors (values, norms, attitudes, trust, networks and so on) found within a community that help foster coordination and cooperation, gaining mutual benefits. Lastly, Fukuyama (1995) describes the concept of social capital as the expectation of normal, honest and cooperative behaviour that arises within a community based on norms shared by all the members of that community.

International institutions have also given special attention to the concept of social capital. The World Bank took up the concept to refer to “institutions, relations, attitudes and values that govern interpersonal interaction and facilitate economic development and democracy.” The OECD offers a similar definition to the World Bank, stating that social capital “joins networks with norms, values and shared opinions, facilitating cooperation within and between groups” (Portela and Neira, 2003, p.106). The International Development Bank describes social capital as “norms and networks that facilitate collective action and contribute to common benefits.”

It is possible to extract two recurring characteristics from all of these definitions:

- It is the relations between different agents that generate social capital.
- These relations generate value, assets and/or opportunities.

As Durston (2000) writes, the social capital paradigm supports that stable relations based on trust, reciprocity and networks of cooperation can contribute to:

- Reducing transaction costs.
- Producing public goods.
- Facilitating the founding of grassroots management organisations that are effective and socially active and that boost the health of civil society.

#### Features of social capital

Given its intangible nature, social capital is difficult to measure from a quantitative perspective, as it involves subjective and cultural concepts, which Mujika et al. (2010) note. However, as the same work discusses, the majority of researchers agree that social capital exists around three features (Putnam, 1993):

**Trust:** a subjective aspect of social capital which refers to the expectations of reciprocity and exposure to risk that some people face with others (Barandiarán and Korta, 2011). Social capital theory distinguishes levels of trust: a) general trust (trust in society in general, in strangers, or in particular groups), b) specific



trust, which refers to trust in families, friends, neighbours or workmates and c) institutional trust, which refers to trust in different institutions (public institutions, the church, political parties, the military, unions etc.)

The theory suggests that trust has positive effects on economic development, crime reduction and democracy (Barandiarán and Korta, 2011).

**Networks and associations:** relationships between people and organisations generate trust and mean that norms are complied with, whilst also generating social capital in the group or the local area. These relationships can exist between people or organisations with common attributes (bonding) or those with different attributes (bridging) (Barandiarán et al., 2011).

**Norms of reciprocity:** these fall under shared values and unwritten rules that regulate social behaviour associated with community values (Barandiarán et al., 2011). Usually, the behaviours that generate these norms of reciprocity are the search for the common good, tolerance of diversity, solidarity, comradeship and social responsibility. These behaviours and values facilitate the creation of social capital (Glanville and Bienenstock, 2009; Molm, Schaefer and Collet, 2007).

## Levels of social capital

Social capital is defined by the relationships that exist between individuals. Each person throughout their life constructs his own social capital, through the relationships maintained with other people in different parts of life. However, the interaction of different people in a group creates a different sort of group social capital. Some studies, like Mujika et al. (2010) distinguish two levels of social capital: individual and community. Other authors, such as Durston (2000) propose a four-level classification: besides individual and community social capital, he includes group social capital (between the other two in size) and external social capital, that relates to the State or bigger entities.

In this chapter, we have opted for a classification on three levels:

- Individual social capital: possessed by the individual and made up of the 'credit' that person has accumulated in the network of relations (Mujika et al., 2010). Individual social capital is created through interpersonal relationships that vary from person to person.
- Organisational social capital: defined by the relationships that exist between people within an organisation. This level corresponds with the group level of social capital to which Durston (2000) refers.
- Community social capital: defined by the relationships that exist between members of a community.

## A proposal of a theoretical model: the case of Mondragón

Social economy organisations are based on values which encourage social capital. For example, the International Cooperative Alliance states that cooperatives are based on values of self-help, self-responsibility, democracy, equality, equity and solidarity. In addition, the members of the cooperative should act in accordance with ethical values such as honesty, transparency, social responsibility, and care for others. Social capital is sustained by the existence of these values. The same can be said for the intrinsic values of other families that belong to social economy. According to Smith, Maloney and Stoker (2004 in Marcuello et al.) the "nature, vitality and the density of associational life" are directly related to social capital.

In fact, writers referring to this theory of social capital and other studies carried out based on this paradigm proposed by these authors recognise the importance

of social economy organisations in the generation of social capital. For example, Putnam in 1993 stated that social capital is generated where horizontal relationships are established such as cooperatives (including them in his list of associations and organisations where such relationships exist). At the same time, Putnam (1993) states that confidence and cooperation are essential components of social capital. Cooperation and inter-cooperation are basic principles of social economy organisations, from which can be deduced that these organisations support the creation of social capital.

Coleman (1990), on the other hand, suggests that stability favours the creation of social capital. Geographical mobility caused by lack of stability in work mean that the links necessary for the generation of social capital are not created. Social economy organisa-



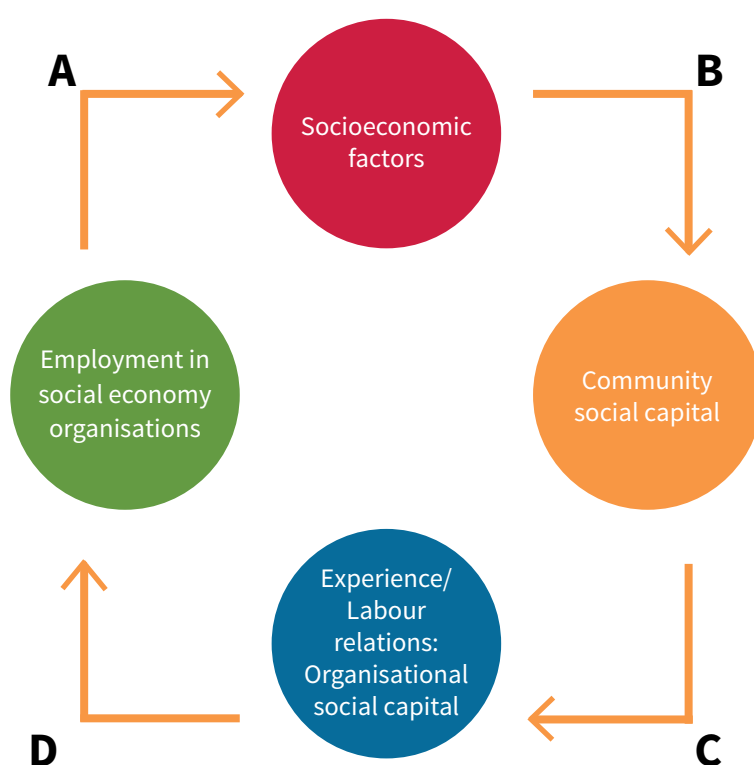
tions that provide stable employment are the source of social capital. In fact, Pradales (2005) in his thesis arrived at the conclusion that, in an area with high levels of cooperativism among those over 35 years old, the level of employment instability decreases significantly. This, according to Coleman, should contribute to social capital.

In addition, there are a number of studies that link cooperativism with social capital. Cooke and Morgan (1998) put forward the case of cooperatives belonging to the Mondragón Corporation as a model of regional development based on social capital and Mugarra (2005) analyses the cooperative experience in the Basque Country and its contribution to social capital. In this article, Mugarra examines the cooperative principles and values and finds clear links to elements of social capital (shared actions and values, participation and solidarity, cooperation and mutual help, community agreement, social responsibility ...). Finally, Irizar and Lizarralde (2005) link social capital with

regional development, arriving at the conclusion that economies with high social capital achieve high levels of regional development. These writers analyse the Mondragón case and its contribution to the Basque economy illustrating the high levels of local development achieved. In this way also, they link social capital and cooperativism. From a more econometric perspective, there are studies that show the existence of a greater social capital in those communities where cooperatives are based. Thus, Jones and Kalmi (2009) found a positive relationship between the distribution of the 300 biggest cooperatives and the level of confidence of the countries where they are found.

In the following section a theoretical model is developed to show the contribution of social economy organisations and the generation of social capital (see Figure 1). This is a model that has been applied in Mondragón Unibertsitatea (University in the Basque language) in several of projects related to social capital.

**FIGURE 6.1: DESCRIPTION OF THE MONDRAGON MODEL**



The existence and the concentration of social economy organisations generate community social capital which favours social and economic development in a region. However, this relationship is not direct. The fact that there is a significant concentration of employment in social economy organisations impacts favourably on a number of socioeconomic factors in an area (Arrow A) and having socioeconomic indicators with very positive values creates community social capital (Arrow B).

However, people who work in social economy organisations have different experiences and relationships to those who work in conventional organisations and these different relationships create an organisational climate which generates an organisational social capital of its own (Arrow C). It is shown that organisational social capital generated in social economy organisations creates greater community social capital (Arrow D).

- **The relationship between social economy organisations and socioeconomic factors in the environment (Arrow A)**

The first relationship proposed by our model suggests that work in social economy organisations determines the socioeconomic conditions in the environment. These organisations tend to create social and economic conditions that are more favourable for people who work in them and for the communities in which they find themselves. The research literature in this area is not extensive but there are some studies that research this link.

Some of the most important socioeconomic variables which are influenced by the existence of social economy organisations are linked to work in terms of: job creation, stability of work/unemployment and the rate of bankruptcy of firms. A significant number of studies conclude that **social economy organisations, for example cooperatives, tend to generate more jobs in general, which are more stable and of higher quality**. Research in this field has been carried out with respect to work cooperatives (Arando, Freundlich, Gago, Jones and Kato, 2011; Bartlett, 1994; Burdín and Dean, 2009; Clemente, Díaz and Marcuello, 2009).

Burdin and Dean (2009), for example, showed the superiority of Uruguayan cooperatives in the creation and keeping of jobs in comparison with conventional businesses. Arando et al. (2011) show how the level of cooperative employment in the Mondragón

group has been very stable in comparison with the level of employment in the autonomous region in general over the years leading to traditionally low levels of unemployment in the area of Alto Deba where these cooperatives have a strong presence.

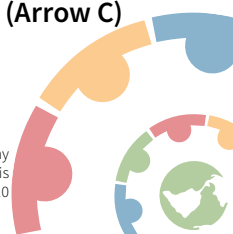
Finally, there is also a line of investigation which has explored the relationship between work in social economy organisations, specifically work in cooperatives and the level of income and/or prosperity of the workers. In a range of research that has been carried out, it has been found that cooperative companies produce better results than conventional companies for the workers with respect to their pay and prosperity (Buchelet et al., 2010; Pencavel et al., 2006; Rosen, 2005). This phenomenon has also been investigated in Gipuzkoa. The Provincial Government Department of Treasury and Finance conducted research (Urrutia, 2004) which showed that four out of five towns in Alto Deba with more than 1,000 inhabitants, where there was cooperative labour, had levels of earning per tax payer higher than average for the province.

- **Relationship between socioeconomic indicators and community social capital (Arrow B)**

A range of studies of work and local development have investigated the relationship between socioeconomic variables and community social capital. One of the main arguments in this line of enquiry is based on the effects that socioeconomic inequality can have on an area in terms of community social capital. This phenomenon has been recognised since the beginning of modern social science. In recent decades studies have increased in number which affirm that inequality is a source of social division (Wilkinson and Pickett, 2010) and generate friction, lack of trust, envy and distance between people, factors which do not contribute towards the creation of healthy community social capital.

Social economy organisations seek to reduce the inequalities in a region aiming for fairer wages, distributing work, encouraging equal pay and stable employment. This is why in areas with a greater concentration of social economy organisations, the social indicators are more positive and, as a result, there is greater community social capital.

- **Relationship between social economy organisations and organisational social capital (Arrow C)**



Social economy organisations are bodies where relationships are different from those of conventional organisations. For example, the means of communication and participation based on transparency and shared governance are such that allow the workers to behave differently in their work and mean that they relate differently to each other and with the management of the company, making suggestions, collaborating in groups, reducing costs, improving quality, innovating, et cetera. This different form of relating to each other is what creates a richer organisational social capital in social economy organisations.

- **Relationship between organisational social capital and community social capital (Arrow D)**

It seems logical that the positive effects of organisational social capital is not limited to the organisation itself but that it extends to the wider society stimulating community social capital. People who work in organisations with a high level of organisational social capital (for example, social economy organisations) bring about different social relationships both in terms of quality and quantity where they live, creating a different community social capital.

Whilst it is true to say that both theoretical and empirical evidence which investigates the relationship between organisational social capital and community social capital is not extensive, there are studies that relate both aspects through social economy organisations, specifically cooperativism, as has been mentioned previously.

## Evidence of social capital creation

Social capital is understood as an accessible resource when broad personal networks are available in different social and economic environments and actively participated in, with an atmosphere of trust. These networks can boost the personal and social development, as well as economic development, of a society (Basque Statistical Office - Eustat, 2012).

The indicators designed for the survey on social capital in the Basque country, carried out between 2007 and 2012 by the Basque Statistical Office (Eustat), confirm the diversity of people's relations, interaction and participation in various contexts, and that they can guarantee their presence in the time and space in which they find themselves. These aspects of relation, interaction and participation are also present in social networks of family and friends, trust in people and institutions, social participation, cooperation, information and communication, social cohesion and inclusion, happiness and health. The values of the social and solidarity economy ensure these three aspects are present so as to demonstrate qualitatively the capacity for creating social capital both within and outside organisations.

Bearing the above in mind, the study of these indicators and their possible adaptation is of interest in order to prove the active role social and solidarity economy organisations have in generating and consolidating the various forms of social capital in a certain area.



**TABLE 6.1 ORGANISATIONS IN THE SOCIAL AND SOLIDARITY ECONOMY AND SOCIAL CAPITAL INDICATORS**

Indicators of social capital	Description adapted to social and solidarity economy organisations
<b>Access to support for mental (emotional) integrity</b>	Being aware of and knowing people and groups in need of emotional support within their own communities, creating mutual support groups they can turn to as required.
<b>Access to credit</b>	Supporting financial and economic education and/or literacy, facilitating access to credit through collective or rotating funds, or credit cooperatives.
<b>Access to support in case of health problems</b>	Support for relatives, whether living together or not, friends, neighbours and work or study colleagues and ease of asking for support in case of health problems.
<b>Access to means of communication</b>	Use of traditional means of communication in order to be visible and heard.
<b>Access to protection and support as consumers</b>	Representing consumers in the protection of their rights against monopolistic abuses and other issues directly affecting the consumer's situation.
<b>Social cohesion</b>	Creating and perpetuating work with a sense of belonging and active intergenerational collaboration.
<b>Trust in institutions</b>	Putting personal security, development and growth ahead of economic interests and promoting equal and horizontal gender agreements.
<b>Access to internet and social media/networks</b>	Enabling the creation of a community virtual identity towards a common cause, going beyond the local environment.
<b>Resolution of unrest and power imbalances</b>	Working to reduce or eradicate normalised conflict within a community, as well as power imbalances.
<b>Cooperation</b>	Cooperating to secure basic resources at an affordable price.
<b>Anti-corruption</b>	Fighting against corruption and power abuses.
<b>Holistic health</b>	Providing environments and services for maintaining integral health affordably.
<b>Access to information</b>	Giving access to key information for personal or group decision making.
<b>Personal independence</b>	Providing support on decisions that affect people's daily activities.
<b>Personal influence</b>	Promoting people empowerment towards identification and work connected to the immediate environment.
<b>Socio-political influence</b>	Encouraging activities for developing the identity and socio-political interest of people and groups towards more active and influential participation that affects the neighbourhood, town, community, region and country.
<b>Participation in associations</b>	Incentivising volunteering, economic contribution and membership of associations.
<b>Protection and support</b>	Developing socio-political activities that defend human rights causes.
<b>Community closeness</b>	Generating unity and bridging between different interest groups in a community.
<b>Reciprocity</b>	Encouraging a high level of trust and reciprocal help between people and communities.
<b>Personal relationships in the network</b>	Activating personal contact with relatives, friends from various paths, work and study colleagues, and neighbours.
<b>Equality and equity at work</b>	Fighting for equity and fair distribution of resources.
<b>Gender equity</b>	Fighting to value work done by women and to respect their rights.
<b>Reduction of inequality</b>	Providing opportunities to improve the quality of life of the population and to empower them in every sense.
<b>Size of social network</b>	Continually fostering a network of innovative community projects to broaden the web of social entrepreneurship.
<b>Size of close network</b>	Strengthening the nuclear family and close friendships as a network and for internal support.
<b>Volunteering</b>	Incentivising voluntary work, especially in areas not covered by other economic sectors.

Source: Basque Statistical Office (2012) Licence CC BY. Adapted by Consortium

## 2.2 LATIN AMERICAN PERSPECTIVES

### Social capital for collective action, subsistence and living well

Latin America is a region where the practice of solidarity, reciprocity and trust is part of daily life and in building society in traditional cultures. Times of crisis, persistent poverty and increasing inequality, only lend strength to these practices, linked as they are to subsistence and enterprise in situations where acting as an individual becomes almost, if not entirely, impossible.

“The current interest in the concept of social capital in studies on national economic development is due to the limitations of an exclusively economic focus on succeeding with basic development goals: sustained growth, equity and democracy” (Portes, 2004, p.149). Bridges have been built between different disciplines on the back of this concept, which demands a multi-disciplinary approach: social, economic and political. “[Social capital is] a virtue which increases in the context of dominant neoliberalism, by bringing attention to solidarity and the importance of networks, linking it to what appears to be the greatest challenge: eradicating poverty. This is all the more so because it is backed by organisations that have been very successful in driving the development of neoliberal economic thought” (Montaño, 2003, p. 69).

With the persistence of poverty and social inequality in the region, it can only be hoped that poor households will continue to find ingenious ways of fighting for survival. According to Hintze (2004), social capital cannot be extracted (let alone autonomised) from capital economics, which it helps to perpetuate.

### Social capital in Latin America

Despite the huge quantity and spread of research and thinking around the concept of social capital, the various definitions given show some commonalities: relationships between individuals and groups, networks, collective action, social structure and trust.

#### Some debate

The main conflicts surrounding the definitions of social capital include:

- What some call social capital, others consider to be the manifestation or product of social capital.

- Should social capital be considered a micro or macro concept?
- Is social capital another concept like institutions, norms and networks, or are these concepts component parts of the social capital paradigm?
- Should the localisation of social capital in units such as civil society, communities and families be included in the definition or not? (Siles, 2003, p.39).

Arriagada of the Economic Commission for Latin America and the Caribbean (CEPAL) maintains that analysis in approaches to social capital is insufficient, for example in the following areas:

- **Social and power inequalities.** There are two approaches to this: the first (from founders such as Bourdieu) centres on conflict, highlighting the inequalities in social capital resources and the exploitation of this to sustain positions of power; it considers both political conflict and internal conflict in communities. The second approach focuses on consensus, cooperation and coordination, aspects that are more to do with trust and the possibility of providing skills and tools to those lacking them. Development organisations and neo-institutionalists tend to take this perspective. One of the criticisms the founding discourse on social capital has faced is the vagueness and confusion with which it treated the subject and the tautology of explaining social capital as both a cause and an effect: without favourable conditions, social capital alone will not produce positive effects, since it is not only shared norms, social control and sanctions at a local level that determine these positive effects; the wider macroeconomic and political mood also contributes to the favourable conditions in which people can develop skills and implement social capital assets. On the other hand, the primary material for building social capital - the ability to bring organisations together to work as a team and give mutual help based on a shared identity - is present in all societies.
- **Gender inequality.** The majority of studies on social capital ignore gender relations or focus exclusively on male networks, omitting the social capital inequalities between male and female networks. What is produced by the domestic and voluntary work of women, especially the poorest, is more important than is accounted for. Their overburdened



roles do not necessarily translate into greater respect of their civil rights.

- **Negative or perverse social capital.** The various discourses on social capital essentially only highlight its positive dimensions. There are, however, four negative consequences: the exclusion of strangers; excessive demands on group members; restrictions on individual freedoms; and top-down norms. Generally, positive aspects are associated with sociability and negative ones with economic behaviour and fighting for control of scarce resources. “On an individual level, the processes that the concept [of social capital] alludes to are a double-edged sword. Social ties can bring about greater control over errant behaviour and provide privileged access to resources; they can also restrict individual freedoms and prohibit strangers from accessing the same resources through partisan preference. For this reason, it seems preferable to approach these multiple processes as social facts that must be studied in all their complexity before being seen as examples of a value” (Portes, 1999, p.262 cited in Arriagada, 2003).
- **Clientelism.** One of the oldest and most central problems in relations in Latin America between community and grassroots organisations and state and non-governmental agencies (Arriagada, 2003, pp. 18-21).

### The social capital paradigm and its features

The main features of a group’s social capital are the skill of mobilising certain resources and the availability of networks of social relations. Mobilisation is connected to leadership and empowerment, and resources refer to the notion of association and the horizontal or vertical nature of social networks.

These characteristics have provided a distinction between networks of relations within a group or community (bonding), networks of relations between similar groups or communities (bridging) and networks of external relations (linking). The role of these networks could be contributing to the well-being of members of a network (bonding), opening opportunities up to poorer or excluded groups (bridging) or connecting with social and economic policy (linking). The social capital of a social group could be understood, then, as the effective mobilisation - productively and in the interests of the group - of collective resources rooted

in the various social networks to which the group’s members have access (Atria, 2003).

The underlying paradigm of social capital is based on “the impact of relations on social, emotional and economic transactions and involves concepts borrowed from almost all the social sciences. ... It includes the following: social capital, networks, socioemotional goods, rooted values, institutions, and power. ... Socioemotional goods are exchanges between people that express affection, validate or provide information that increases self-respect or recognition .... They are valued throughout the exchange and sometimes can be exchanged for physical goods or services ... Socioemotional goods constitute the basic means of social capital investment ... and have a preferential impact on the assignment of resources” (Siles, 2003, p.42).

### Social capital in perspective

Social capital is understood as the body of norms, networks and organisations built on relations of trust and reciprocity, that contribute to the cohesion, development and well-being of society, as well as the ability of its members to act on and satisfy their needs in a coordinated and mutually beneficial way. It is derived from relationships between people, it has a certain longevity and, like capital of any sort, tends to accumulate.

In Latin America, it is a means of combating poverty, so states and local and international development organisations encourage its creation and growth. Partnerships are created with the motivation of carrying out social policy in Latin American countries.

“What is important about social capital for individuals and groups is the potential it gives them which the isolated individual lacks. The essential thing is that it represents the ability to reap benefits through the use of social networks” (Flores and Rello, 2001, p.3).

The inherent level of trust, as a cultural characteristic of a country, conditions its well-being and competitive capacity. Only societies with a high level of social trust will be able to create flexible business organisations on a large scale to successfully compete in the emerging global economy.



### **Trust: The social virtues and the creation of prosperity**

Studies have shown that there is a significant correlation between the amount of social capital and the social, economic and political development achieved in the different countries of the world. This shows that the countries with high levels of social capital are prosperous whilst those with low social capital are backward communities where poverty has a very negative effect on a large percentage of the people. There is no doubt about the influence of social capital on the economic and political development or on the possibility of it being strengthened or weakened. The values of confidence, solidarity, cooperation and reciprocity amongst the people is not achieved once and for all but lessens or increases through collective actions, the experiences of working as a community and the goals achieved since social capital arises from the relationships and social actions that are shared from living and being together. For this reason it is considered to be a special capital since the more it is used, the more it is strengthened and it the more it spreads confidence and cooperation (Fukuyama, 1996, p.193).

Social capital is used by people as an instrument for increasing their capacity for action and to satisfy their objectives and needs (for example finding a job or receiving help) and for mutually beneficial coordination and cooperation between people. Historically, it is an asset accumulated by societies through:

- Organised action of members (individuals or groups) on the basis of determined social norms of cooperation.
- Embracing various values (trust, solidarity, reciprocity).
- The existence of a social web (or “civic commitment networks”, as they are known), making social capital more effective in achieving well-being.

The existence of a civil society based on horizontal organisations builds social trust between the individuals it comprises, at the same time creating a social environment which demands and earns a government that is more sensitive and responsible towards the common good (Putnam, cited in Urteaga, 2013).

A strong society generates a strong economy and a strong state, and the basis for a strong society is civic commitment. This consists in citizens greatly identifying with the interests of the community in which they live. Patriotism, solidarity and civic virtues, therefore, become central concepts.

Interest in public affairs and commitment to public causes are the key signs of civic virtue. Civic community is characterised by active citizens concerned for everything public, fair public relations, and a social web based on trust and cooperation (instead of a fragmented and isolated social life and a culture of mistrust).

The concept of social capital is useful when trying to explain the reasons why two regions with the same political and institutional agreements in place will not perform the same economically.

Among the various reasons, the extent of social capital, and to what degree it is consolidated, stands out. It is a less tangible reality than human capital (knowledge) or physical capital (material goods), but critical in productive activity, satisfaction of personal needs and community development.

Social capital can exist latently between people or groups with characteristics in common (acquired or inherited) that they have not discovered. Converting latent social capital into active social capital requires special interactions or situations where these characteristics may be recognised. Mention should be made of two such situations: the first is related to crisis or structural failures such as, for example, a natural catastrophe or famine which see people group together based on their shared characteristics in order to deal with the problem; the second is related to external interventions, as community development programmes sometimes are. Many of these programmes require the active participation of members of the target communities at different stages of the project, which means people who have lived in the same community for many years recognise the advantages that working as a community can bring (Siles, 2003, p.40).

Social capital, “... is in action every day and carries great weight in development processes. Hirschman (1984) sets out, in a groundbreaking way, something which deserves all our attention. He notes that social capital is the only form of capital that does not diminish or run out with use; on the contrary, it grows with it” (Klugsberg 1999, p.89).

### **Social capital in indigenous and peasant communities**

Two different forms of social capital exist in the rural world: individual, and collective or community. Individual social capital is demonstrated mainly in the social relationships of trust and reciprocity established



by that person and is extended through self-centred networks. Collective or community social capital appears in complex institutions, with a sense of co-operation and management. One of the aspects of individual social capital is the credit that the person has accumulated by way of general reciprocity and can claim back, in times of need, from other people who received, directly or indirectly, services or favours from that person in the past. This resource does not lie within the person but in the relationships between people. Collective or community social capital, however, consists of the social structures and institutions where everyone in the area cooperates. It is not found in two-way personal relationships but in these complex systems with normative management and sanctioning structures. Capital is in the system.

The institutional characteristics and functions of community social capital are: social control through the group's shared norms and sanctioning or punishment of those that transgress these norms; the creation of trust relations between members of the group; coordinated cooperation in tasks that go beyond the network's capacity; conflict resolution by leaders or by an institutional legal team; the mobilisation and management of community resources; legitimacy of leaders and executives with management and administrative functions; and the creation of team-working environments and structures.

Among the anticipated benefits specific to community social capital institutions are: the prevention of unfair exploitation by individuals (*free riders*) who want to profit from the results of the social capital without put-

ting any effort or resources into strengthening it; and achieving a series of public goods, such as crime prevention, construction of watering systems or management of rotating funds. The presence of community social capital is no guarantee of producing these results, as this depends on an additional set of favourable conditions. Likewise, the presence of these benefits cannot be taken as proof of the presence of community social capital. However, the majority of the effects mentioned are linked to the relations and institutions particular to community social capital, and it is difficult to imagine the former without the latter.

When community social capital exists, it is a feature of these social systems because it impacts on the systemic sustainability of community institutions. In particular, relations where there is much cooperative exchange and joint effort can contribute to reproducing an institutional community system (Durstun, pp. 27-32).

For Durstun, community social capital is not an individual resource but a form of social institutionalisation of the local community. Participants in community social capital set out, explicitly or implicitly, the common good as an objective although they do not necessarily achieve it. Community social capital refers to interpersonal relationships and practices that really exist, unlike formal institutions for common good (co-operatives, for example). Informal institutionalisation that exists within and outside formal institutions, at a community level or in a wider social system, is what really determines how those organisations operate.

## 2.3 AFRICAN PERSPECTIVES

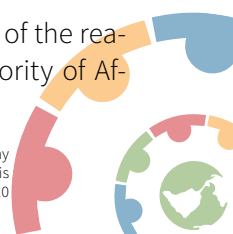
### Concept of social capital in Africa

There is not an abundance of literature on social capital and that which does exist is in the conceptual framework presented by the founders of social capital theory, Bourdieu (1980), Fukuyama (2001), Coleman (1988) and Putnam (1993), among others. For these authors, the concept refers to norms and structures that facilitate trust, cooperation and better governance and, despite being difficult to construct, are considered durable and essential to economic prosperity. Since these have been discussed in the sections

above, we will focus on understanding how social capital is perceived in an African context.

Although in Africa there is little trust in the state and its structures, this does not mean that the majority of the population living in rural and peri-urban areas does not develop networks of trust, mutual help and solidarity among themselves that allow them to overcome the shortcomings of official structures (Aye, 2000, p.43), as will be seen in this section.

Kitissou and Yoon (2014) maintain that one of the reasons for the current instability of the majority of Af-



frican countries is precisely the lack of strong social capital. These authors believe the origin of this fragility lies in the impact of the slave trade, in colonialism and in the civil wars of post-independence which took place in various parts of the continent. The slave trade destroyed the existing social order, undermining prosperity and trust at the heart of some African kingdoms. Colonialism used divide and rules policies, creating differences in the treatment of different ethnic groups and ignoring territorial boundaries: dividing geographical zones and splitting the continent. These actions had a devastating effect and caused the draining away and destruction of human capital.

In practice, the literature reveals that the existence, or lack, of significant social capital has social, political and economic consequences. One of the conclusions of the study made by Temple (1998) on two African countries (Botswana and Zambia) was that the country with less social capital was more exposed to bad political results, less investment and less growth. For that reason, the study on Measures of Social Capital in African Surveys, carried out by Richard Rose for the World Bank (1997), highlights that, despite the difficulty countries in the North have of accepting social capital because it is hard to measure, it must be considered of great importance in “developing countries, especially in sub-Saharan Africa, where much activity is not totally monetised” (p.1).

Given the importance that social capital has in Africa, the same report notes what should be measured in the continent:

- a. **Ways in which networks cooperate**, informally and formally, to produce basic goods and services. While the concept of networks may sound abstract, it refers to familiar activities in everyday life [...] such as transporting goods from a village to a market.
- b. **Goods and services produced, such as food, child care, or getting water**. African surveys routinely measure quantities of goods and services produced by an individual and household, including non-monetized production consumed within the household.
- c. **How social capital is used**. Since social capital is not the only resource of individuals, it is an empirical question how people use it to add to other resources, for example, asking a friend to help complete an application to a government agency;

to substitute for other resources, e.g. growing and processing food in the household rather than purchasing it; or to frustrate formal organizations, as in tax evasion.

- d. **How much social capital adds to poverty avoidance or welfare**. African surveys regularly collect data about the living conditions of a household in terms of health, diet, education, etc. By including measures of social capital in surveys, it then becomes possible to test statistically under what circumstances and to what extent social capital adds to the welfare of households and whether there are differences in the distribution of advantages within the household, for example, women benefiting more than men or vice versa (2000, pp. 2-3).

Social capital only becomes a reality when mobilised by action. Rose's report (2000) notes the practical uses of social capital as follows: (i) productive activities in the family (e.g. building and maintenance of housing, access to water and waste disposal, and childcare); (ii) family agriculture and other productive activities; (iii) shipments of money made by emigrants; (iv) education; (v) a greater sense of security; and (vi) greater control over corruption (p.5).

### Savings groups and rotating credit funds

In various African and Asian countries there is a long tradition of diverse mutual aid systems, including the use of rotating savings and credit as survival systems for the poor in an informal economy (Costa, 2011). Examples of rotating savings and credit groups have already been mentioned in Chapter II, such as Tontines, in francophone Africa, ROSCA (*Rotating Savings and Credit Association*) in English-speaking Africa, and Abota (Guinea-Bissau), Kixikila (Angola) and Xitique (Mozambique), in countries where Portuguese is spoken.

According to Paulo Costa (2011) the origin of these practices goes back centuries, having evolved from regular cooperative experiences between neighbours, in the form of help in kind or work, and still being interconnected with traditional needs. It is possible to find many examples in Africa and Asia but also in minority communities in America and Europe.

Fonteneau y Develter underline that what is special about these practices is the fact of combining savings



and credit, allowing participants to be the ones who decide the conditions and the rules with development and social interaction: “The financial service offered, therefore, is part of a social relationship that creates and fulfils reciprocal obligations and common interests” (2009, p.11).

The practices are based on a group of individuals who come to an agreement amongst themselves on a regular contribution to a common fund and, on a rotation, each member of the group ends up with the total amount collected. The simplicity makes it easy to begin and end, as it only depends on the individual members. Accounts are easy to do and the fund does not accumulate, explains Costa (2011).

These groups are based on the social capital of the members and are generally made up of family members, neighbours, colleagues, or others already known to one another.

Costa gives various motives for belonging to such a group:

- The ability to save individually as well as collectively, as the credit is always reciprocal;
- Women may be those responsible for looking after the money, instead of their husbands.
- The advantage of managing to save more than as an individual given the savings commitment made by the group.

Referring to other authors (Low, 1995; and Adair, 1997), he adds that: the group is close and therefore more accessible than the bank; transaction costs are minimal; there is no bureaucracy; the risk is low due to the selection process being based on a system of reciprocal trust; and there is very little chance of over-indebtedness, since debt is proportional to the savings of the group’s members.

He indicates the following disadvantages: the fact that members say what their contribution will be and there is a risk they will not fulfil it (especially if social capital is reduced due to members not knowing each other well); and that credit is the result of the group members’ savings and may therefore limit larger investments.

It is important to point out the role of gender in these rotating credit groups as for many women this is the only opportunity to gain an income and access savings and credit systems. In many case, such practices allow for social mobility.

These groups are a powerful indicator of the social capital of a community, family or ethnolinguistic group, since they are only created between equals, individuals with a great deal of trust capital between them.



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### 3. DIALOGICAL SECTION

How is social capital created and maintained in organisations? This key question is intended to gain an understanding of how people, the backbone of social and solidarity economy organisations, decide to relate to one another to create a personal and community support network, and how this boosts the growth of personal initiatives and enterprises for mutual benefit.

The project consortium has divided its response into four dimensions for this chapter (see Figure 6.2):

- Social capital created and maintained between people and their shared values.
- Social capital created by a person for an organisation, in that the person decides to join based on certain obligations and expectations.
- Social capital from the organisation to the community; two-way access to opportunities and resources is vital.
- Social capital created between organisations to build a solid collaboration to keep it going in its own socioproductive environment. These organisations exist at local, regional, national and international levels.

**FIGURE 6.2 HOW IS SOCIAL CAPITAL CREATED AND MAINTAINED IN ORGANISATIONS?**



In the centre of these dimensions are trust and trustworthiness. Underpinning these is the assertion that the active trust in others and demonstrating that one can be trusted to go hand in hand and that, without these, relationships will lack integrity and longevity.

We will provide a narrative for each of the four, capturing actions that create social capital as well as those that are detrimental to it, and what needs to be done to counter that. This will reveal what must be considered in the training curriculum in relation to the theme of social capital.

- **Social capital created and maintained between people and their shared values**

This is created through organic relationships, ones that do not require formality or a fixed structure, instead sustained by informal meetings that both parties want. It is also about unifying element of perceiving one another from the same perspective, creating and nurturing trust. At this level, personal identity is reaffirmed and covers an ontological dimension: *I identify myself in relation to others, so the other person is vital*. In this context, social capital

strengthens and grows from diversity, and from the resolution of conflicts (themselves a product of this diversity). Person-to-person social capital also arrives at people's most sensitive needs, which tend to be communicated in the relationships at this level. It is important to consider that, by rights, *my identity is endorsed and validated*, in a mosaic of identities, in both the public and private sphere. We cannot speak of social capital if we do not recognise a person's multiple identities: social, cultural, political, territorial. But above and beyond these differences we are all mutually recognisable as human beings and we can see in others what we are capable of building together.

This person-to-person identification, and recognising that sharing a mission contributes to a greater good, builds motivation for starting joint activities which both strengthen and are strengthened by existing social capital.

Some indicators for building evidence of social capital between people

- Access to psycho-emotional support
  - Access to non-traditional credit sources
  - Access to a network of friends and family in case of emergency
  - Holistic health
  - Access to one-to-one information
  - Personal independence
  - Community closeness
  - One-to-one reciprocity
  - A network of personal relationships
  - Size of close network
  - Volunteering to strengthen trust and reciprocity in voluntary work
- **Social capital created by a person for an organisation, in that the person decides to join based on certain obligations and expectations.**

Relationships in this dimension are created when a person decides to invest their knowledge and experience in an organisation, to which they will have certain work or legal obligations and a set of positive expectations, which are reciprocated. This leads to direct, frank and honest communication in relation to the fulfilment of these varied obligations and expectations. Transparency is vital to this relationship of trust and this is achieved, and sustained, through

direct participation in operational and strategic decision making within the organisation.

The selection process in this dimension is focused more on the person's qualities than their skills and level of academic or technical education, which could be developed in the organisation. This means the learning provision of these organisations is vital for generating 'double capital': social and human. Remuneration on the basis of skills and experience is a very long way off in comparison with other economic sectors; but commitment to and identification with the mission come before economic benefits, at different levels of the organisation, with the ethical, human aspect of recognition, respect and value of the existence of others coming first.

The responsibilities and obligations of the position carry with them a duty of fellowship, of working well together, including in training.

Some indicators for constructing evidence of person-to-organisation social capital:

- Social cohesion
  - Cooperation
  - Access to information at a level which enables basic participation
  - Personal impact: capacity to influence mutually beneficial change
  - Free choice to participate in organisations
  - Defence and support
  - Reciprocity towards the organisation linked to
  - Size of close network that can strengthen mutual obligations and expectations
  - Volunteering: work experience opportunities in organisations
- **Social capital from the organisation to the community; two-way access to opportunities and resources is vital**

The socialising role of social organisations creates community social capital with an inclusive and highly integrating approach. This dimension of social capital, from the organisation to the community and vice versa, highlights and validates the work of people who are not valued in other sectors or economic systems.

The construction of this level of social capital is fundamental to the success of organisations; without it they run the risk of being seen as an 'outside/foreign influence' coming with its moral superiority to 'help with problems in the community', which can lead



to 'rejection' in the area. When, on the other hand, the organisation is seen as a part of the community, a part that shares its difficulties, experiences the same problems and seeks to create positive solutions for everyone, as a group, a network is created that unites around shared concerns, strengthening the organisation, community and individuals it comprises.

Some indicators for constructing evidence of organisation-to-community social capital:

- Access to means of communication
  - Access to consumer rights
  - Social cohesion
  - Trust in institutions
  - Anti-corruption
  - Access to information for equal and active participation
  - Reciprocity from the organisation to the community
  - Size of social network for bringing about substantive change in the community
  - Size of close network, for organisations which are based on specific territory
  - Volunteering based on the exchange of good practice
- **Social capital created between organisations on the same and different levels**

In this dimension, capital creates a solid base for collaboration locally, regionally, nationally and internationally, guaranteeing a permanent presence in the respective socioproductive environments.

This capital is sustained by a strong rational, systemic and psycho-affective element, which gives guidelines to internal political attitudes and aims for effective coordination. A driving element of social capital at this level is plentiful access to quality information, to help create a new series of symbols, signs and signifiers which consolidate the inter-organisational relationship. The unifying aspect of this dimension is equal participation in decision-making processes. Effective implementation of the principle of reciprocity key, with organisations advising others and making recommendations, and being influenced in return.

Social capital is increased on demonstrating the service which is being provided in an innovative way to other organisations in the public and private sec-

tor. It demonstrates in a proactive way what they have to offer.

Some indicators for constructing evidence of social capital with organisations at the same or different levels:

- Access to information for collective decision making
- Influence on socio-political themes that affect the organisation's development.
- Reciprocity with related organisations
- Working equity and equality
- Size of social network for strengthening the human capital of social entrepreneurs
- Volunteering between organisations to exchange good practice
- Linking and type of relationship with organisations at other levels

### Factors that weaken social capital

It is important to recognise that trust, common aims and shared interests are, altogether, what unifies all of these dimensions of social capital. Meanwhile, a loss of trust tends to follow discrepancies in people's commitment and a lack of participation (whether because of changing jobs, poor communication, misinformation, ganging up, unconstructive criticism, poor administrative management, or some other factor). A lack of trust means a loss of interest in the organisation and the social capital created is undermined. In these conditions it is impossible to maintain, let alone strengthen, a social network that makes the organisation's actions and projects sustainable.

One of the challenges and the dangers to make clear and to work on is the possibility of social and solidarity economy organisations closing down if they merely claim to be linked to situations of poverty and self-sufficiency, even if it is these situations in which they show their greatest strength. Building social capital, beyond the size or the economic state of the organisation, is rooted in shared values (not only practical aims and interests) relating to life, the economy, society and nature.

Another challenge has to do with the difference between equality and equity and the matter of incentives. Could the concept of equality, if poorly applied, weaken social capital?



## 4. PRACTICAL CASES

### Rational objectives

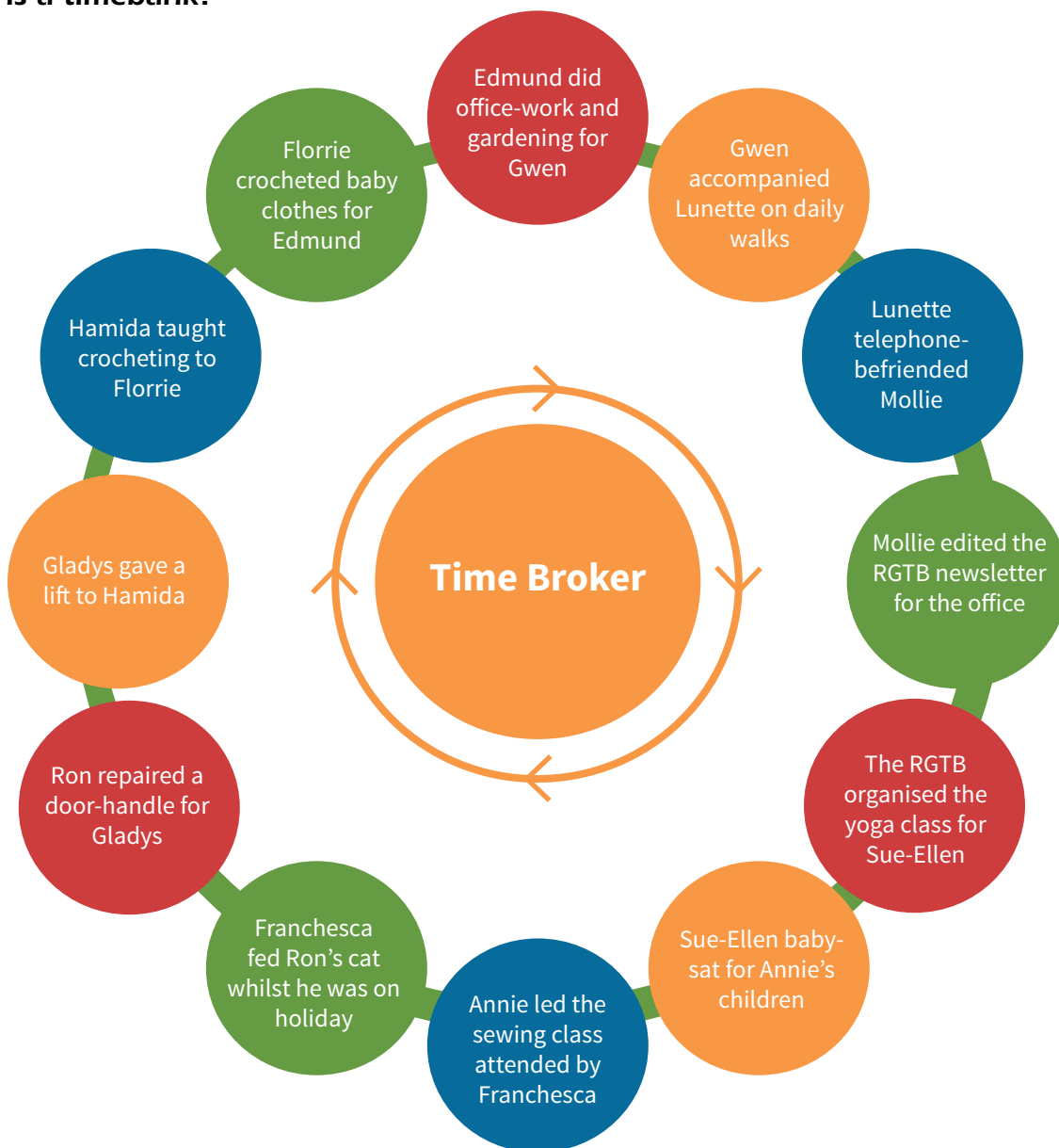
- To identify the factors which promote social capital in a timebank
- To analyse how these factors can be built in to the organisation

### Experiential objective

- To be aware of different forms of exchange and their impact on community relationships

### Background

#### What is a timebank?



**Diagram:** Person-to-person timebank with time broker organising exchanges  
(New Economics Foundation, 2008, p.15. Adapted from Rushey Green Timebank Members' Handbook).

The pricing system built into money assigns a high value to things that are scarce and a low value to things that are commonly available. It assigns a high value to activities that make money and a low value to activities that don't make money. That means that the "tool" we are using to fix the problem can never adequately value certain activities ... caring, learning, imparting values, sharing helping others". Money devalues the very things we need most in order to fix some of our most critical problems

(Cahn, 2004, p.41).

For more information on timebanking, see: <http://www.yorks.ac.uk/erasmus-mundus/social-economy/library-and-resources/timebanking.aspx>

## Context

York Timebank was founded in 2011 as a pilot and was publicly funded through York CVS

Since then, the city council have partially funded it through their ward budget. The main funders have been Joseph Rowntree Foundation, Santander and the Big Lottery. This money has funded the 'time broker' (coordinator)

It in May 2015 it had 100 members.

## Content

Timebanking is a means of exchange used to organise people and organisations around a purpose, where time is the principal currency. For every hour participants 'deposit' in a timebank, perhaps by giving practical help and support to others, they are able to 'withdraw' equivalent support in time when they themselves are in need. In each case the participant decides what they can offer. Everyone's time is equal, so one hour of my time is equal to one hour of your time, irrespective of whatever we choose to exchange. Because timebanks are just systems of exchange, they can be used in an almost endless variety of settings (taken from Timebanking.org).

Viv Chamberlin-Kidd, maths tutor, website designer and member of York Timebank since 2012, was attracted to the way the Timebank treats everyone's time as being of equal value. She explains "someone coming in and feeding my chickens when I'm away is just as important to me as maybe me doing a maths

lesson for someone else, so I loved the idea that it's making everybody equal, because I don't understand why, say, somebody doing my floor is valued less than me writing a website".

The Timebank is based in a part of the city with troubling levels of unemployment and issues around social isolation. Its explicit aim is very much about building community. One of the main challenges it seeks to address is ensuring people in the community who don't feel valued to realise that they have something to give.

When people express an interest in joining the Timebank, they are visited by a 'timebroker' or another member of the group to have an initial chat and welcome them. A discussion is carried out about what they might be able to offer the group and what services they might need in exchange. The process of identifying potential contributions to the group starts immediately. Viv Chamberlin-Kidd explains, "The timebroker goes round and sees to people and they say '... well I can't do anything.' And she says, 'Well let's go through a list of things that people have asked for. Can you walk somebody's dog? 'Oh yeah, I could do that.' 'Can you go and help somebody do their shopping? Can you drive a car and pick somebody up, can you water someone's plants? Can you phone someone once a week and have a chat with them? 'Oh yeah, I can, I can do that'."

She draws a distinction between traditional volunteering which has "a hierarchical thing where I've got skills and I'm going to help you, which is great because you need people to do that". But the Timebank works on the basis that "everybody's involved and everybody can do something important". People are valued equally. This can have a significant impact on members of the group "who don't think they are worth very much or valued as part of society" and who may be treated as passive recipients of social security. Through offering services which other members of the group need, the Timebank is successful in making people realise they have something to offer. "The impact on self-esteem is noticeable in members of the group as they realise they have something to give. I think it's much more effective than I've seen in other volunteering activities."

A key element is the local community-based nature of the Timebank, ideally each member is just walking



distance from other members. “You get to know local people, find out what’s going on”. Members of the group see each other socially, and ‘bump into’ each other in the street. Specific social events are also organised by the group and this face to face element is seen as critical to its success. Viv Chamberlin-Kidd includes herself in the examples she gives of people who have felt more part of the community, thanks to the Timebank: her opportunity to sing and play in a band; the single mother who didn’t have time to go out and meet people, but has found like-minded people within the group who care about community; and the people who were house-bound who had made friends.

The role of the timebroker is to match ‘deposits’ and ‘withdrawals’ of time: what people can offer and what people want. Social events help with this process, but the timebroker needs to ensure that “two vulnerable people are not placed together”. In terms of the balance of deposits and withdrawals, the group was looking for ways of some members donating some of their ‘credits’ of time so the more vulnerable don’t need to worry about their balance of deposits and withdrawal of time.

Viv Chamberlin-Kidd is personally aware of the impact of the Timebank. Potential funders for the part time role of timebroker, however, require evidence of

impact. “If people now are being friends who weren’t friends before, how much money is that saving? That person might have needed to get some counselling because they were lonely, how do you quantify that? They (funders) like to see the bottom line don’t they? How many people have stopped going to the doctor with ailments because they feel valued now?” It has been funded by the City Council, but this funding was cut due to reduced council budgets. The group has also negotiated with the Council-run swimming pool where people can exchange time credits for a swim. They would like to get referrals from doctors and mental health professionals. Payment for this could cover the one day a week needed for the timebroker.

In order to collect qualitative data the timebroker does questionnaires systematically, including questions about their perceptions of being connected to the community, which can be compared over time.

Viv Chamberlin-Kidd believes the Timebank has made her realise what’s important. “When you hear other people’s stories about why they joined and what’s important to them and you see the needs of people out there. It’s just a sort of sharing of what you already knew but hadn’t vocalised or realised”.

## Questions for discussion and action

- How is work valued in the timebank? How is this different from your experience of the value of your work?
- How are people valued? How is this different from your experiences of being valued at work?
- How do the principles and practices of York Timebank construct social capital?
- How might these principles and values inform your own personal and professional practices?

## References

- Cahn, E. (2004) *No More Throw-Away People: the co-production imperative*. Washington DC. Essential Books
- New Economics Foundation (2008) Forward in: *The New Wealth of Time: How timebanking helps people build better public services*. [Online] Available from: <http://www.nwi.pdx.edu/webinars/Webinar13-materials1.pdf> [Accessed 22nd July 2015]

## 4.2 WOMAN FOR A LOCAL ECONOMY, GUINEA BISSAU

### Rational objectives

- To identify the values of the Women for a Local Economy group.
- To analyse the role of women in the African economic context.
- To understand types of rotating credit in an African context.
- To reflect on the impact of community experience on social change.

### Experiential objective

- To be aware of the fundamental role of women's emancipation in the fight against poverty.



### Context

Women for a Local Economy (*Mulheres pela Economia Local* - MEL) is an informal group created in 2008 in Guinea-Bissau, in the Sao Paulo area of the country's capital, Bissau. The group works in textile crafts - clothes, bags, etc. - and in fruit processing, making sweets, jams and drinks. The group currently works with almost 40 women, and two men, from different areas of Bissau. Working with women is the key to the organisation's mission which is centred on "human advancement, specifically that of the woman", explains Ivone Gomes, founder and general coordinator of MEL.

MEL began its work with the backing of the Church, through the organisation Caritas, selling jointly outside the cathedral. Although still an informal group, MEL aims to formalise, having already created a direc-

tion of work for increasing sales, growing the group and becoming an association.

### Content

#### Internal operations

MEL aims to stimulate social and economic independence for women in the community and in their families, providing the conditions in which to do so. "The Missionary Company <sup>1</sup> works to help men and women out of total dependency. In Guinea[-Bissau], many women have nothing and depend completely on their husbands. That is not right. There are things a woman could do to have her own income to supplement that of her husband." Support comes in various forms: through training or providing primary materials. Some people join the group to carry out their activities, such as dressmaking. They gain the support of the group and work together to make a profit. Others come to learn skills, and once they have acquired a skill, will become part of the group. The joining fee is 1500 CFA francs, which goes towards buying some things the person needs in order to start and into channels for selling their products.

Although it is yet to be formalised as an association, MEL already has a Board of Directors, made up of seven people (six women and one man), which drives the group based on values of transparency and participation: "Decisions are made by assembly, not by the Directors. We usually work to decide together. We create a meeting and do something as a group." Participation and transparency incite greater agreement; the women "are more motivated and know that they are contributing. When a new opportunity for work arises, before making any agreement the developer says 'I am going to transfer this issue to the group of women and then we are going to decide approximately what quote we could make.'"

MEL concentrates its efforts on three objectives:

<sup>1</sup> Compañía Misionera – a group of lay people living consecrated to the Charism of the Religious Congregation of the Sacred Heart of Jesus, founded by Father Leão Dehon in 1878

1. The creation of funds which will allow the group to formalise as an association and create its articles of association;
2. Diversification of its activities, by selling fruit, juices and jams;
3. Increasing production to be able to publicise (through Facebook and a website) the work it is undertaking and create more profits that way, through selling at markets, for example.

### Gender

MEL is based on questions of gender and the group is proud of the opportunities it creates with its members, mostly young women who have, as added value, a “desire to learn, a desire to know how to do something.” Regarding the advancement of women, Ivone recognises that the greatest challenge is changing mentalities: “what we are interested in is changing that awareness, to make people aware that women can do something [...] to stop being dependent. They are not limited to relying on their husbands or their families, because women can also make a contribution to the family.”

Within the group, women are valued for their active role in the social fabric. The essential value of women in creating greater stability in the country and in families is recognised, as is the subsequent economic and social development of the community: “for the love of this work, to give value to things, something has to be done - don’t limit yourself to total dependency, do something to get out of it.” The beginning of this path towards independence is, Ivone says, “full literacy”. Therefore, as well as producing and processing primary materials, MEL also provides education, operating as a school for women.

Through literacy and a certain degree of financial independence, MEL believes that “women can do something, can contribute to the development that our country so desperately needs”, development not only “of the state, but of every person”. It must not be forgotten that women play an essential role in African society as educators of children.

### Social cohesion and combating poverty

Participative involvement of communities (especially prevalent in rural communities) strengthens, and is strengthened by, social cohesion. After the community’s needs have been assessed, it helps create opportunities for development in the region. The operation of MEL, based on training women as another driving workforce and as wealth creators, encourages social cohesion, and is a practical example of “local solutions to local problems”.

What makes the group distinctive, according to Ivone, is not only the quality of the work but also the **emotional** engagement because of the time dedicated to producing goods, not merely reselling them, and the **social work** carried out on top of all the other tasks: “We also act on a social level; as well as doing the work, we talk and help the women in difficult situations, including with payment, and sometimes we even go to their houses to mediate in family reconciliation.”

To tackle financial difficulties, MEL draws on a system of rotating credit, called ‘Abota’ in Guinea-Bissau and quite common in some African countries. At the end of every month, Ivone explains, the women subscribed to Abota put a contribution of 10000 CFA francs in the collection box and the money collected is handed to one of the participants in the system. “Then, we collect funds again and give them to someone else, so that person can have more money to buy more materials.” The system allows people to save and to make the necessary investments to cope with production costs “because no-one can get from here to Senegal [to buy primary materials] without any money. Even just the transport costs are very high.” But this type of credit has other advantages: it helps to satisfy personal or family needs (“there are people who now have a suitcase - people here aspire to buying a suitcase. Someone else bought a sofa for her house.”) and it is a sort of guarantee in times of crisis because although the monthly recipient of Abota is predetermined, the group allows changes in order to support a member who is in need. “When the group sees that someone has a need it is better to help that person directly so we give them the opportunity to receive the money. Rather than asking for money elsewhere, we give them it ourselves.”

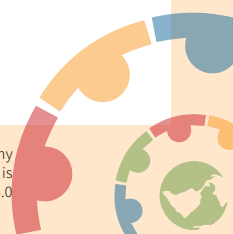
This type of rotating credit thereby allows each member of the group to accumulate investment, the aim being that production is never interrupted and the

output helps families improve their living conditions and combat poverty and social exclusion.

### Questions for discussion and action

- What three things struck you most in the case study? Why?
- Reflect on the role of informal community groups in local development.
- Speculate on the importance of the 'fund' created by the group as a means of financial sustainability.
- Explain the relationship between women's emancipation, combating poverty and community development.

Case study created by York St John-  
erasmus Social and Solidarity Economy  
Consortium in collaboration with Inês  
Cardoso, University of Oporto



## SANTS: THE COOPERATIVE NEIGHBOURHOOD, SPAIN

### Rational objectives

- To understand community and identity management models within a neighbourhood.
- To identify the factors that make the cooperative management model possible.
- To recognise the roles different social and political agents are expected to take in order for this cooperative management model to work.

### Experiential objective

- To appreciate the possibility of creating a new way of life as a community, under a model of cooperative management and communal living.

### Context

(<http://sants.coop>)

The Sants area is Barcelona's cooperative neighbourhood - a tradition that originates from the middle of the 19th century amidst the industrial revolution. Benavides, one of the authors of this study, notes that the area was one of the driving forces of the revolution: "In 1910, in Sants, Hostafrancs and La Bordeta there were 50 factories with some 14,000 workers. The first cooperatives came from these workers neighbourhoods, to satisfy the needs of the proletariat through self-management, solidarity and ethical principles." At the beginning of this century, there remains a good number of collectives in the area that aim to operate by helping one another and by putting people before profit.

### Content

#### Sants, the cooperative neighbourhood par excellence

Sants is Barcelona's cooperative neighbourhood *par excellence* (Ortiz, 2014), as the number of cooperatives in the area demonstrates. Let us start by introducing one of them: The Invisible City cooperative (<http://lacutatinvisible.coop>) has a bookshop full of essays, a wide selection of books and critical and independent publications. It also stocks clothing that combines a design with a message; as well as being a bookshop,

this cooperative offers services in design, social and urban research, and community intervention. Arretxea (2015, p.4) highlights that alongside the cooperative's equal pay system, decisions at The Invisible City are made horizontally. It was also agreed to limit recourse to public finance contributions: to remain independent, it was decided that the total financial aid received should never surpass the total taxes paid by the cooperative.

Just next door to The Invisible City is the editorial office of the Catalan independent weekly La Directa (<http://www.setmanaridirecta.info>, <http://www.directa.cat>), mouthpiece of Catalan social movements. It is supported by a network of 150 photographers and journalists from across the Catalan Countries. Arretxea (2015, p.5) interviewed Ferran Domenech, a La Directa member: "We come from popular movements and we are working for popular movements. Our task is to help change society, make people see the alternatives and reject excesses of power and repression... Everyone works in their own sector but we have personal relationships with people in the neighbourhood and we help each other out when any kind of problem comes up. We have a neighbourhood mentality, we are building a common project between all of us."

#### The cooperative nucleus around Plaça Osca

At number 15 on Carrer de Premià just off Plaça de Joan Peiro, is Barcelona's main cooperative building; it is the headquarters of the ethical finance cooperative Coop57 (<http://www.coop57.coop/>), a delegation from the wine and olive cooperative working on social inclusion, L'Olivera (<http://www.olivera.org>), and the home of the Federation of Worker Cooperatives of Catalonia (<http://www.cooperativestrebball.coop>).

Coop57 is a financial services cooperative. The 3000 members who have their savings in the cooperative help support socially transformative projects through loan payments. According to Arretxea (2015: 7), since 2008, 1200 loans have been made - a total of 45 million euros - showing that solidarity and financial networking can help. Coop57 informs its members, through the magazine it delivers to them, of all the projects they have supported by leaving their money with the bank. Coop57's Head of Communications, Xavi Teis,

confirmed in an interview with Arretxea that “our contribution is to show that other ways of managing finances exist, that they are viable and they can create a fairer and more equal society.”

### **The neighbourhood of cooperative consumption**

The consumer cooperative, Germinal (<http://coopgerminal.coop>), is a pioneer in critical, agro-ecological and local consumption. The Germinal cooperative proposes consumption based on local, agro-ecological products from the social economy or from small businesses seeking social transformation. Germinal applies this operational logic to all common consumer goods: food of all kinds, hygiene and cleaning products, etc. According to Jordi Ortiz, “everything that makes the cooperative run - administration, contacting and evaluating suppliers, site maintenance, decisions, outreach - is based on members’ unremunerated participation... The great success of Germinal is the extension of the self-managed critical consumption model across the whole of Catalonia and, perhaps, all of Spain, and the diversification of organisational models that goes with it.”

The cooperative Kop de mà (<https://ca-es.facebook.com/kopdema>) should also be mentioned; it is a cooperative neighbourhood bar serving mostly organic produce, and a place for people to get together and

suggest initiatives. Jobs and wages are shared horizontally (Arretxea, 2015, p5). The architects’ cooperative LaCol (<http://www.lacol.org>) operates in the same way. Every Monday, decisions are made horizontally, as a group, on whether or not to take on projects and how to share out the work (Arretxea, 2015, p6). At LaCol, architecture is seen as a tool for social transformation and the cooperative tries to translate this focus into all its activities.

### **Can Batlló**

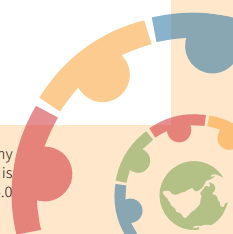
(<http://canbatllo.wordpress.com>)

Can Batlló represents the success of neighbourly resolve. A large part of this former manufacturing complex has been converted into an open space managed by the local residents for cultural and social gatherings (there is a library, and an auditorium is being refurbished, but also a bar, markets and a community garden, and meetings of various groups). Many people, of all generations, took part in the 30-year fight between the city hall and residents over Can Batlló being for the community and not for private investment. Many more are collaborating in the rebuilding and management of the space and in the creation of a common purpose for the building (Ortiz, 2014). Can Batlló has been transformed into a centre of reference for a transformative social economy (Arretxea, 2015, p.8).

## **Questions for discussion and proposals for action**

- Identify the characteristics that mean Sants is considered to be Barcelona’s cooperative neighbourhood par excellence.
- Explore the webpages of the various cooperatives and analyse the language they use, as well as the management models under which they operate.
- What factors make the ‘cooperative neighbourhood’ experience viable and possible?
- How would you describe the new role of the city hall and social agents within the cooperative neighbourhood?
- What social, cultural, environmental, economic or political policies should drive the cooperative neighbourhood?
- Which of the neighbourhood’s cooperative actions could you replicate in your community/neighbourhood/work?

Case study created by Lander Arretxea, Luis Benavides and Jordi Ortiz, Mondragón Unibersitatea in collaboration with the York St John- Erasmus Social and Solidarity Economy Consortium.





## 5. PEDAGOGICAL ACTIVITY

CHAPTER 6: SOCIAL CAPITAL – PEDAGOGICAL ACTIVITY	
<b>Title</b>	Social capital – Pedagogical Activity
<b>Theme/ Focus</b>	Analysing the way your organisation creates and maintains social capital
<b>Group size</b>	Groups of 3 to 4
<b>Time needed</b>	Class time: one hour
<b>Purpose/ Learning objective</b>	<ul style="list-style-type: none"> <li>▪ To understand the process of social capital formation</li> <li>▪ To analyse the activities which promote social capital in an organisation and understand how this could be developed</li> </ul>
<b>Competences addressed</b>	
<b>Keywords</b>	Social capital, individual, organizational and community social capital
<b>Materials needed</b>	A blank grid showing four levels of social capital, similar to that in the Dialogical Section This can be drawn out or obtained from the companion website.
<b>Preparation/ Instructions</b>	<p>Explain task to students at least two weeks before classroom based activity, to enable them to make enquiries in the organisation and consider the task.</p> <p><b>1st step (prior to the classroom-based part of the activity):</b></p> <p>Choose a social/solidarity economy organisation you are linked to.</p> <p>Consider and investigate how it creates and maintains social capital at the following 4 levels:</p> <ul style="list-style-type: none"> <li>▪ Person-to-person</li> <li>▪ Person-to-organisation</li> <li>▪ Organisation-to-community</li> <li>▪ Organisation-to-organisation</li> </ul> <p>Write these down in the appropriate part of the grid. Use one page per level if necessary</p> <p><b>2nd step:</b></p> <p>In the classroom, share and discuss your findings with your colleagues. Consider the following questions: -</p> <ul style="list-style-type: none"> <li>▪ -In the 4 levels of social capital, is your organisation stronger at one level than another?</li> <li>▪ -How could it benefit from creating social capital at the levels it is less strong on?</li> <li>▪ -How could it do this?</li> </ul> <p><b>3rd step:</b></p> <p>Write some suggestions for activities that the organisation could do to develop its social capital.</p> <p>Develop two or three of these ideas into practical activities which you could organise.</p> <p><b>4th step:</b></p> <p>Work with the organisation in developing these ideas.</p>
<b>References</b>	York St John Consortium Social Economy Project - Chapter 6: Social Capital
<b>Notes</b>	Get the relevant permissions from the organization to gather data and/or for interviews needed to complete the exercise.
<b>Person to contact for more information</b>	Margaret Meredith and Catalina Quiroz www.yorks.ac.uk/socialeconomy

## 6. COMPETENCES

STAGE 1	AREA OF COMPETENCE	Competence further explanation & descriptors  INTEGRAL UNDERSTANDING OF SOCIAL CAPITAL IN THE SOCIAL AND SOLIDARITY ECONOMY	SELF-EVALUATION ACTIVITIES
Weaving and strengthening social capital into inter-cooperation	Social Capital: knowledge, values and attitudes	<p>Gain an integral understanding of the role and the levels of social capital in the creation and sustainability of a social and solidarity economy. I should:</p> <p><b>Individual Social Capital</b></p> <ul style="list-style-type: none"> <li>▪ Invest time in developing my intrapersonal intelligence: being reflective and aware.</li> <li>▪ Consider myself a highly resilient person.</li> <li>▪ Accept and learn from my own mistakes.</li> <li>▪ Seek opportunities to find and understand other interests, needs and motivations.</li> <li>▪ Cultivate and show empathy and compassion, for myself and others.</li> </ul> <p><b>Organisational Social Capital</b></p> <ul style="list-style-type: none"> <li>▪ Create links and bridges between the interest groups with which I work.</li> <li>▪ Create and encourage horizontal relationships within my organisation.</li> <li>▪ Find alternatives to the problems and challenges of my work group and organisation.</li> <li>▪ Sustain energy and optimism within working teams.</li> <li>▪ Create trust between my work colleagues and the interest groups with which I work.</li> <li>▪ Be a facilitative and inclusive leader to cultivate and develop the social capital of the organisation.</li> </ul> <p><b>Community Social Capital</b></p> <ul style="list-style-type: none"> <li>▪ Create trust within the various interest groups in the community.</li> <li>▪ Encourage the creative use of scarce resources for the benefit of the greatest number of people.</li> <li>▪ Try to counteract the negative impact of social capital within the community.</li> <li>▪ Fight for equality of opportunities and treatment within my community.</li> </ul>	<ul style="list-style-type: none"> <li>▪ I map the key interest groups near the University.</li> <li>▪ I organise regular informal meetings to bring people together.</li> <li>▪ I organise a library for “sharing” objects from and for the community, thus building a bridge between the University and the community.</li> <li>▪ I explore why and how social entrepreneurs can seek and acquire the relevant dimensions of social capital.</li> </ul>



STAGE 1	AREA OF COMPETENCE	Competence further explanation & descriptors  INTEGRAL UNDERSTANDING OF SOCIAL CAPITAL IN THE SOCIAL AND SOLIDARITY ECONOMY	SELF-EVALUATION ACTIVITIES
Weaving and strengthening social capital into inter-cooperation	<b>Evidence and indicators of social capital</b>	<p>Clearly understand how to design relevant and appropriate indicators to demonstrate the change and impact of social capital of social and solidarity organisations according to:</p> <ul style="list-style-type: none"> <li>▪ The obligations and expectations of social entrepreneurs.</li> <li>▪ Trust building.</li> <li>▪ Shared norms and behaviours.</li> <li>▪ Shared commitment and belonging.</li> <li>▪ Formal and informal social networks.</li> <li>▪ Reciprocity and mutuality.</li> <li>▪ Dependability.</li> <li>▪ Effective information channels.</li> </ul> <p>To identify the negative use and effects of social capital at its various levels, such as:</p> <ul style="list-style-type: none"> <li>▪ Corruption.</li> <li>▪ Abuses of power.</li> <li>▪ Mistrust.</li> </ul>	<ul style="list-style-type: none"> <li>▪ I create a list of key indicators for each of the forms of social capital specified for social and solidarity economy organisations.</li> <li>▪ I illustrate the variety of effects, impacts, uses and obstacles of the different forms of social capital.</li> <li>▪ I bring the community together to speak openly about the negative effects and uses of social capital and how to address them.</li> </ul>

