



Social Capital

As I worked to put this issue together I have had several interesting experiences with social capital. Social capital can be defined formally as the resources that are available to an individual as a consequence of the strength of relationships that a person has with others. Informally, social capital is simply “who you know” that can help you get “what you need.”

My experience with social capital is this: My twelve-year-old son is playing little league football for the local team. I got a call one night informing me that they wanted to split the twelve-year-olds into two teams and asking if I would be interested in coaching. My son was on the team—a fact that should have disqualified me as a coach—and I wanted him to have a good experience playing. I knew that my schedule would allow me to be at all the practices and games, despite the grueling schedule from August through October, so I accepted the offer to coach.

My problem was that I hadn't played football since high school—and not even much then. But I had taught and developed lasting relationships with several BYU football players. I got out my proverbial Rolodex and began calling these former players. Those contacts provided me with an opportunity to interview a local semi-pro league coach; he helped with the tactics of the game and also had some great advice about the role of a coach. In a couple of days I was caught up on the basics of coaching. That is social capital in action.

We devote this issue to social capital and its role in development and what it can do for development professionals. Social capital is one of the four types of capital that enhance and enable development—the others being institutional capital (the system in which an individual lives), economic capital (an individual's physical and monetary resources), and human capital (an individual's knowledge and skills). Social capital plays two important roles for

individuals in any process of development and growth.

First, social capital can substitute for the lack of other forms of capital. In my case, social capital provided a quick substitute for my lack of human capital. Social capital, in terms of access to supply or customer networks, can substitute for economic capital by building a reputation or brand presence. Microlenders use the group lending method as a form of social capital—peer pressure steps in for the lack of legal contracts or repayment mechanisms within a society. Moses Acquah shows us how a strong network, used properly, can substitute for weak human and institutional capital.

Second, social capital complements the other forms of capital. If an entrepreneur has some economic capital and good connections, he can stretch that economic capital and make it go farther—for example, he can receive extended credit terms from someone in his social network. When an individual can combine

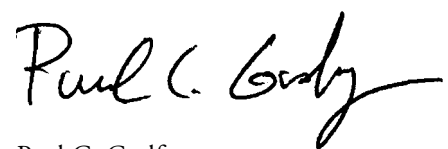
human capital with social capital, he can leverage what he knows more effectively by using social capital to fill the knowledge gaps he needs to make his enterprise succeed. Wade Channel provides a thoughtful essay on the role that social relationships play in enabling and constraining the development of the institution of law within the developing world.

Warner Woodworth and Liesl Riddle both draw on their research and teaching backgrounds to show social capital in action and the powerful role it plays in development. They each share the importance of and value in not alienating those from other countries, for many have a strong will to succeed and become self-reliant to help not only themselves and their families but also their home countries. My interview with Brian Uzzi, a noted expert in social capital, takes the issue of social capital in a different direction. Rather than focusing on how social capital impacts development, he chose to focus our conversation on the role of

social capital in helping the developers, those who run business, government, or NGO programs working to create self-reliance. He shares a number of powerful prescriptions for developing a strong network rich in social capital.

This issue marks the halfway point in our focus on the four types of capital. I think the last issue on human capital and this issue on social capital used together can help development professionals think more lucidly and insightfully about how their activities are utilizing these important forms of capital now and how they are producing both forms of capital among their clients for future use.

I am excited about the quality of ideas in this issue and wish you a good read. I hope you gain as much insight as I did.



Paul C. Godfrey