

Relevance of Culture in Contemporary Public Policy Implications with Special Reference to Social Capital

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Abstract

The concept of 'social capital' is gaining momentum all over the world. Putnam popularized the idea. He considers social capital as networks and norms of reciprocity, and trustworthiness that arise from them. Therefore, its usage is growing day by day in the domains of social scientists, policy makers, intellectuals, think-tanks, pandits and analysts. This paper attempts to explore the types, trends and roles of social capital in enhancing economic growth, democratic values, social cohesion as well as social development. It is based on secondary sources of literature and data. It tries to show the theoretical and analytical relationship between social capital and economic growth. It also cites some examples of utilizing social capital towards sustainable development based on the research of Putnam. Finally, this paper attempts to put some policy implications in reinforcing social development. Policy analysts suggest that social capital has a potential role in enhancing economic growth and ensuring sustainable development.

Keywords: Social capitalism, Network capitalism, Chinese capitalism, Guanxi.

1.0 Introduction

Hofstede (1980) defines culture as "the collective programming of the mind which distinguishes the members of one human group to another", and as its building blocks includes "systems of values" (p. 21). In fact, it is the culture that plays a pivotal role in managing people and in conducting their everyday life. That's why cultural differences invite differences in management practices and policy issue (Newman, Nollen 1996). Many scholars argue that management practices are the products of cultural diversity (Stone- Romero, 2008). This is because cultural differences shape different individual perceptions, preferences and ideologies by producing diverse modes of mission and vision, motivation, work orientation, communication pattern, rewarding system, decision making process and overall management styles (Hofstede, 1980; Broadfield, 2002). While economic theories consider that culture has the impact in shaping economic institutions and individual behaviour, cultural socialization influences the governance structures (Wolff and Pooria, as cited in Festing 2006, p. 456). In fact, culture plays important roles in shaping public policy discourses.

Culture is a dynamic concept that encompasses broader issues in terms of definitions and measurement. Geert Hofstede (1980) defines culture in the following way;

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“Culture is not a characteristic of individuals; it encompasses a number of people who were conditioned by the same education and life experience. When we speak of the culture of a group, a tribe, a geographical region, a national minority, or a nation, culture refers to the collective mental programming that is different from that of other groups, tribes, regions, minorities or majorities, or Nations (p. 12).”

1.1 Objectives

The article attempts to explore the roles of social capital in enhancing social development.

2.0 Methodology

It is based on secondary resources and literature review.

3.0 Theoretical analysis

3.1 Social capital

The concept of social capital is gaining momentum in the present day world. It has taken off like a bushfire in the field of social sciences (Field 2006, p.1). Besides, it is increasingly acknowledged in the field of public policy and administration. Structural and attitudinal components of social capital like organizational culture, political affiliation, and interpersonal trust are remarkable in shaping public policy discourse.

Putnam has popularised the concept of ‘social capital’. Social capital includes the institutions, norms, values, attitudes and relationships that govern people in interaction and contribute to enhance economic and social improvement. It not only expresses the totality of institutions but also acts as glue that binds the society together (World Bank 1988). In fact, connectivity and cohesion within the families, communities are vital for holding societies together (Orchard 2001, p.232).

3.2 Bridging, bonding and linking social capital

Social capital is recognized as a multidimensional concept. Woolcock (2000) mentions three different dimensions of relationship: bonding, bridging, and linking.

Bonding refers to face to face relationship that we have with people who are like us, for example members of family and ethnic groups. Under bonding networks are outward looking and cover people across diverse social cleavages. Bonding social capital denotes a kind of sociological superglue (Putnam 2000, pp.22-23).

Bridging indicates indirect relationship that we have with people who are not like us, for example people from different generation or different ethnic group. In bridging, social networks are inward looking and limited to those from a similar social background. Putnam argues;

Bonding social capital can be better understood for undergoing specific reciprocity and mobilizing solidarity. For example, dense networks in ethnic enclaves provide crucial social and psychological support for poor members of their community. On the other hand, bridging networks are understood for linkage to external assets and for information dissemination.

Woolcock argues linking social capital as the relationships people have in relation to power, status and wealth. Linking enhances people and community groups to leverage resource, ideas and information from formal institutions to immediate community circle.

Table : 1. Examples of Bonding, Bridging and Linking

Bonding: with family, neighbours and close friends.
Bridging: with a wider network of distant friends, associates and colleagues.
Linking: with formal institutions, government and business.

3.3 Sources of social capital

It is considered that social capital yields to originate and operate from a variety of different sources within the community. Families, schools and other educational institutions, businesses, civic institutions, firms, civil society, the public sector, and the local community are the important sources of social capital.

4.0 Theoretical perspective: Relationship among cultural values, social capital and economy

Culture is defined as ‘the undivided property of the whole society’ (Bourdieu 1977, p.73). It has both explicit and implicit roles in developing economy. In his famous book on the Protestant Ethic and the Spirit of Capitalism, Max Weber argued that the teachings of Calvinism had encouraged emerging capitalism what he called an ethic of ‘this worldly asceticism. For example, Catholic countries in Europe became industrialised later and had lower per capita incomes than that of Protestant countries. Similarly, many analysts have identified ‘functional equivalents’ to the Protestant ethic in Japanese Buddhism and variants of Japanese Islam. They argue that these traditional values foster the same kind of this worldly asceticism that Weber saw in the Protestant ethic. The main assumption is that economic development depends upon the ability of individuals to work hard and to save money and reinvest it rather than to spend it.

Francis Fukuyama argues the low level of trust as a critical weakness of East Asian countries. He believes economic success is ascertained by the moral bonds of social trust within a culture. He mentions that mistrust (and lack of delegation), prevailing in East Asian countries, originated from the Confucian hierarchy which lacks superior- to-subordinate obligations. He argues this is a particular and distinctive characteristic of East Asian hierarchies, one that differentiates them from

other cultures. Yamakishi Toshio from the University of Hokaido, Japan, explains that trust-building requires risk-taking, and people living in the collectivist societies of Confucian culture are not prepared for this (Milner and Quilty 1996).

4.1 Benefits of social capital

Putnam argues that social capital enhances good government and economic progress in many ways.

1. It can reduce the cost of transaction for everyday doings including business
2. It can spread knowledge, innovation and attitudes quickly among the group
3. It can promote cooperation, collaboration and socially sustainable relation
4. It invites citizens to resolve collective problems effectively.
5. People with social capital are more hired, happy, and healthy and housed than people without it (cited in Australian Productivity Commission p.11).

4.2 Some pragmatic experiences of social capital

Social capital has potential implications for contemporary public policy. The Saguaro group, a U.S think tank of academics, policymakers has argued in the following way:

It is becoming increasingly clear that social capital has an enormous array of practical benefits to individuals and to communities. What is more, social capital has what economists call ‘positive externalities’. That is, networks of trust and reciprocity not only benefit those within them, but also those outside them. (Saguaro Group 2000, 4, cited in productivity commission)

4.3 Marketing area

Some Australian researches suggest that people can locate job through using social capital especially using recommendations of family, friends, and relatives (Stone, Gray and Hughes 2003).

4.4 Governmental entity

Social capital can facilitate the transaction of diamond markets centered in New York following social trust and ties between merchants (Coleman 1988). Unlike south, governments in north have been adjudged successful in managing public’s business efficiently and satisfying constituents (Putnam 1993).

4.5 Social sector

In Victoria, maternal and child health agencies provide parent education for first time parents. It gives an opportunity to build networks among the new parents, which becomes helpful for child and parent (Scott 2000).

4.6 Education and child welfare

Putnam (2000) explored that some aspects of social capital are positively associated with educational development in U.S.A. He mentioned that informal information and social trust play an important role in student achievement than formal institutionalized social capital. He also found that school size and religious views were vital to educational outcome. For example, catholic schools in Chicago outperform the public school.

4.7 Health

Some studies suggest that social capital has important policy implications in the field of health and well being outcome, such as mortality rates, reported happiness, and rates of depression and heart disease.

The most exciting evidence of social capital underlines the issue of personal health. Sociologist Emile Durkheim explained a relationship between suicide rates and level of integration into society. Thus, suicide rates increased in the context of massive social change. This occurs because of weak social solidarity, social connectedness. Similarly, Putnam found association between personal health and social connectedness. OECD (2001, p.52) noted:

i) social networks furnish tangible assistance and care which reduce psychological and physical stress; and ii) social capital might trigger a physiological mechanism stimulating individual's immune systems to fight disease and defense stress.

4.8 Crime and violence

Numbers of studies show that lower rates of crimes and violences are the outcome of higher levels of social capital. In a study of Chicago, Sampson and Raudenbush (1997) found that social cohesion was linked with lower rates of violence.

Using data from an International Crime Victims Survey Halpern concluded that around two-thirds of crime rates could be explained by level of economic inequality, self-centered behavior and social trust. He also synthesized that three variables could ascertain the variation in crime rates, such as motive, opportunity and means. Inequality yields to motive, social trust provides opportunity. And self interested values provide the means psychologically allowing (Happern 2001, 248).

4.9 Equality and social capital

Contemporary policy makers are drawing much attention for achieving equality and greater inclusion in the society. Social capital is a pivotal indicator in attaining equality in the society. OECD (2001) notes the following contribution of social capital in bringing equality:

1. Countries having high level of trust and social engagement seem to be more equal on the basis of income , adult literacy etc.

2. Lower level of trust and engagements lead to extreme form of exclusion.

4.10 Rural development and social capital

There is significant influence in rural development by social capital formation. In Bangladesh it is evident that NGOs have had better success in this field. Collective awareness along with mobilization is provided by the NGOs. Rural women are forming various social groups based on social capital. Especially rural women are participating in poverty reduction strategy in Bangladesh. They form a group with likeminded members; take training and money from the NGOs. Finally they are playing important roles in rural development (Mondal 2000, cited in /www.socialcapitalgateway.org).

4.11 Subjective wellbeing and social capital

There are important implications of social capital in attaining subjective wellbeing. Some studies show that failed growth of happiness is the result of the decline of social capital especially the decline of its relational component (cited in /www.socialcapitalgateway.org).

4.12 Social capital and environmental management

There has been a significant negative impact on the environment over the past few decades. In spite of that, social capital is enhancing environmental management in some areas. Jeffrey (2004) shows in south East Asia, especially in Bangkok and Ho Chi Minh City, women are playing important roles in bio-diversity protection and forestation. Women are trying to become forehand in environmental management based on mutual support and trust (Jeffrey 2004 cited in /www.socialcapitalgateway.org).

4.13 Polices to enhance social capital

Social capital contributes a lot to the societal development. So it is necessary to build social capital for getting greater benefit. The following three items are important in this regard;

- a. assessing policies to build or support social capital;
- b. incorporating social capital considerations into other policy assessments; and
- c. redesigning policies to utilize existing stocks of social capital.

5.0 Some policy ideas to build or support social capital

1. The idea of public campaigns, and more flexible work arrangements, to increase greater civic participation; and government support for community groups, events and volunteering.

2. To encourage neighbourliness, and to enhance ‘mingling’ between social groups.
3. Changes in school size, governance and curriculum; and compulsory community service for students.
4. Introduction of the devolution of responsibilities from central agencies to local governments, the non-government sector and families and individuals.
5. The utilization of ‘citizens juries’ and ‘deliberative polls’ in policy formulation to enhance greater community participation and building trust in government.
6. Government’s proactive role for household and public internet and telecommunications services in order to overcome the ‘digital divide’ and to have better access to networks and information, especially for the poor.
7. The idea of ‘Corporate social responsibility’ can be potential to provide a pathway to build social capital between business and civil society and to increase levels of trust.

6.0 Some empirical research on Social Capital

In *Bowling Alone*, based on a study in USA, Putnam constructed a composite focusing on some major dimensions of social capital, namely; community life; engagement in public affairs; community volunteerism; informal sociability; and social trust.

Table : 2. Putnam’s indicators of social capital for the United States:

Measures of community or organizational life
Percentage of individuals who served on a committee of a local organisation in the last year (0.88a)
• Percentage of individuals who served as an officer of some club or organisation in the last year (0.83)
• Civic and social organisations per 1000 population (0.78)
• Mean number of club meetings attended in the last year (0.78)
• Mean number of group memberships (0.74)
• Percentage of individuals who attended public meeting on town or school affairs in last year (0.77)

Source: Putnam (2000) cited in Productivity Commission.

7.0 Asian values based on social capital and economic development

7.1 Network capitalism

Networking and information exchange are vital for enhancing economy. It is true for Asia. In Japan, networks among businessmen first established in college. It

continued after they entered in to their business playing a pivotal role in high level corporate managers (Hamilton 1998, p.12). On the other hand, Chinese capitalism is considered, first and foremost, as the network capitalism. It is laid upon the ground up rather than on the legal contract and supervisory authority of the state but on particularistic relationship of trust (Clegg and Redding 1990, p.2, Hefner 1998, p.12). Hamilton distinguishes two kinds of relationship for exploring Chinese business pattern likely

- a. hierarchical relationship of family
- b. guanxi.

Family resources

Chinese family is patrilocal and patriarchal where men control the family property. This authority has implications to enlarge the Chinese economy. Elder patriarchs depend on loyalty and unpaid labor of the juniors that help to establish and flourish a firm. The sons gradually become engaged in the business.

Guanxi

It refers to the egalitarian, reciprocal and broader network. Generally this relationship is manifested with gifts, dinners, and other social exchanges. Hefner said “In non Chinese Southeast Asian countries, where Chinese constitutes as little as 1.5 percent of the population (in the Philippines) ...these same networks serve not only to facilitate business but to provide political leverage...”

7.2 Negative aspects of social capital

Although social capital plays some important roles in societal development but it has some limitations. Woolcock (1998, 158) argues it as unqualified good.

Impact on outside

Social capital enhances the benefits to the members of that group. But its success depends on the goals of that group. Gangs and mafia use social capital for the formation of their group. But for individual members, it does not bring good.

Impact on insider

Social capital has some negative impacts on insider as well. It restricts personal freedom and thinking sometimes. As social capital pursues to stand in uniformity, individuals sacrifice their own freedom.

Social capital places heavy mutual obligation within smaller groups. By doing this, it discourages and looses greater networks and benefits from it. For example, in developing countries sanction against education of girls, and ostracism of members disrespect the values and norms of the Amish communities in the USA.

8.0 The ultimate policy debates

The two major streams regarding policy debate for social capital are communitarian and left liberal and social democrats. On the one hand, Putnam, under the label of communitarian, emphasizes the reconciliation of bridging, bonding the social capital. So, it is necessary to encourage civic renewal and engagement at the local level. On the other hand, left liberals and social democrats took a conflicting sense of community. Fukuyama focuses on to refine government institutions for getting success of liberal capitalism. Sennett and other left liberals see social capital as the expression of values of openness and equality and the embodiment of curbing conflict. So, there is a great need for enhancing robust public institutions and policies for attaining equality and openness.

Orchard (2001) shows the role of social capital for policy implications in the following way:

Table: 3 Role of Social Capital

Representative dysfunction	Major instance	Spontaneous regenerative trends	Solution
Putnam-disengagement	Loss of social capital	Less formal civic associations	Better community: reduced role of interest groups, more reciprocity
Fukuyama-disruption	Loss of social capital	Liberal capitalism itself	Better restorative capitalism and spontaneous cohesion from market exchange
Senett – erosion	Loss of moral character	none	Better government and proper political choice: increased security and political communication

Policy implications of social capital in Bangladesh: a country of informal trust

As we all know, Bangladesh belongs to ethno-linguistic region of Bangla with west Bengal of India that underwent famines, natural disaster and widespread poverty. Today, Bangladesh is a democratic and secular country, enlisted in ‘next eleven’ economies.

Political culture versus social capital

Bangladesh as a nation represents collectivism but since the independence there developed some unique political culture including extreme political vendetta, political obduracy, extreme political intolerance, retrogressive politics, and politics of division rather than social cohesion that impede economic growth. There is

enough mistrust among political parties that is absolutely unhygienic. One report cites that corruption has accounted for around TK 540 billion in three sectors of economy like privatization of industries, banks and insurance and upazila parishad (Transparency International 1999, p.2). The opposite party usually calls for strike, closed down of industry and business, locked up government offices, blockade of every economic activity that discourages the foreign investment and so, slows down the economic growth (Jalil 2007). People cast their votes on the basis of regionalism, locality, community, religion rather than honesty, expertise and skill of the candidate. However, in exercising deepening democracy in Bangladesh the role of social capital is critical.

Industrial culture versus social capital

Bangladesh is showing certain progress in respect of industrialization and women participation in achieving economic growth. Lots of young women are working in the garment factories, living almost two hours walk away from workplace and spending the whole (at least twelve hours) day in work (cut, stitch, package}. But their recruitment is based on informal trust and references. There is no formal procedure to recruit garment workers. On the other hand, the story of ‘microfinance’ unit of Grameen Bank, BRAC is mentionable. Women lend loans, sometimes in group, to capital for micro business like food processing, dairy or poultry, small industry and trading.

Women form many groups in order to loan money on the basis of social capital. Thus, women engagement in economic activities not only shows progress the economic growth but shows a significant improvement in the area of women’s right and independence and empowerment by reducing the infant mortality rate at 48 in 2002. Besides, per capita income almost has become doubled, life expectancy has risen from forty four to sixty two (Sachs 2005 and BANBEIS 2010). Religious beliefs and restriction (to some extent) were also the cause of women’s regression.

Bangladesh has a lot of population where a good many are unemployed. The level and duration of unemployment levels is partly a function of search costs. The networks and contacts that make up social capital can provide highly cost-effective mechanisms for facilitating job search. Bridging social capital (networks and contacts with friends of friends’ and acquaintances) is particularly important since a number of studies have shown that more unemployed people find employment through friends and personal contacts rather than through any other single route (Perri 1997).

Ethnic group and social capital

In Bangladesh, there are around thirty three ethnic groups. They were excluded from the mainstreaming society following their distinct cultural values. Recently, policy makers are intervening to include in the mainstreaming development

activities through social capital. For example, in Sylhet, some ethnic people (Khasia) live for a long time. Earlier they had no knowledge of using modern technology, equipment and fertilizer for production. Through social capital, they are using technology and modern equipment for better production of betel leaf. It reduces the total cost of production as well as physical labor (Kariuki & Place 2005, pp. 3-4). Thus policy makers in Bangladesh are using social capital to uplift the livelihood of people from diverse ethnic groups.

Some empirical study on Asian values

According to Hofstede, 1983, collectivism and power distance indexes constitute high for Latin America, Africa and Asian countries and low for Germanic countries. In the individualistic society, the ties between individuals seem to be weak and loose. Every individuals look after his /her own interest. In collectivism individuals consider the collective interest like extended family, community, clan etc.

9.0 Critical analysis

In developing economy, only cultural values alone are not the ultimate factors. Rather it invites other institutional arrangements, structural processes etc. for example, sound policies, and governmental leaders committed to enforcing them. Development in Korea accelerated during Park Chung Hee's administration. Rapid development arose in a previously unproductive society with the same culture and values only when leadership changed.

Similarly the roles of technology are important for enhancing economic development. For example, Japan is developed because it accepted the pathways of technology from the west.

10.0 Conclusion

Social capital is the important glue that makes societal web. People can act here based on intrinsic values, attitudes, institutional obligations, trust, cooperation etc. The roles of political, social and legal arrangements are vital in enhancing societal network and trust. Social capital not only yields sustainable governance but also effective and efficient political institutions. According to Peter Self (2000), social capital and community should be regarded as part of a mix of market, public and community units in order to enhance wide democratic distribution of ownership, participation, accountability centering equality. Orchard (2001 p.243) argues that robust political and public institutions associated with integrated liberty, equality and fraternity are essential. So, government should provide an effective and enabling framework for social and economic exchanges.

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