

# **Social Capital and Social Entrepreneurship**

## Lecture 9

# Introduction

- Sociologists and economists recognize the dependency between social networking/social capital and wealth, which means that the bigger the social capital, the bigger the chances to have access to bigger funds
- focus here is the importance of social relations in economic development and poverty reduction
- two important questions
  - Why social capital is so important for social entrepreneurs
  - Can social capital be effectively used in poverty alleviation

# Theoretical background

- These include social capability, social exclusion, social capital and civic engagement
- The term social capability was coined by Amartya Sen to mean the aggregate version of human capability, which includes basic human necessities such as food, shelter, health, education
- Their absence leads to human deprivation
- Sen has framed his work on human capability and deprivation around the importance of broad 'freedoms', such as freedom of the press, freedom of individual expression, freedom to participate in public discussion, a fair judiciary, in effect, social justice.
- But his great contribution to poverty reduction strategies has been focusing attention on individual capabilities and deprivation, and on human development indicators (Sen 1992, 1997).

- Social capability “is the ability to take part in the life of the community, to participate in social activities, to have a sense of belonging in the larger groups...” (Sen, 1997).
- Social exclusion refers to the societal and institutional processes that exclude certain groups from full participation in the social, economic, cultural and political life of societies.
- The concept goes beyond the focus on income deprivation as a cause for marginalization of individuals or social groups (Gore and Figueiredo, 1997), since people can be poor without being socially excluded or excluded without being poor.

# Social capital

- To possess social capital, a person must be related to others, and it is these others, not himself, who are the actual source of his or her advantage” (Portes, 1998).
- “As an attribute of the social structure in which a person is embedded, social capital is not the private property of any of the persons who benefit from it” (Coleman, 1990). It exists only when it is shared. “Social capital is embedded in social structure and has public good characteristics” (Narayan, 1997).
- Social capital is made up of institutions, networks, social norms, values and relationships among and between different groups in a society that impact on the levels of trust and cooperation in social interactions.
- Bridging and linking social capital can eliminate poorness from communities (Szreter & Woolcook 2004), being strong social empowerment instruments (Woolcook 2001)

# Reciprocal relationship

- successful social entrepreneurs are civically engaged. Their enterprises rely on building credibility and relationships, both within target communities and among wider networks.
- There is an inter-dependent relationship between social entrepreneurs and the well-being of the target communities.
- In order to successfully operate and gain the trust of the community, the social entrepreneur works to strengthen social cohesion and relationships.

# From social entrepreneur side

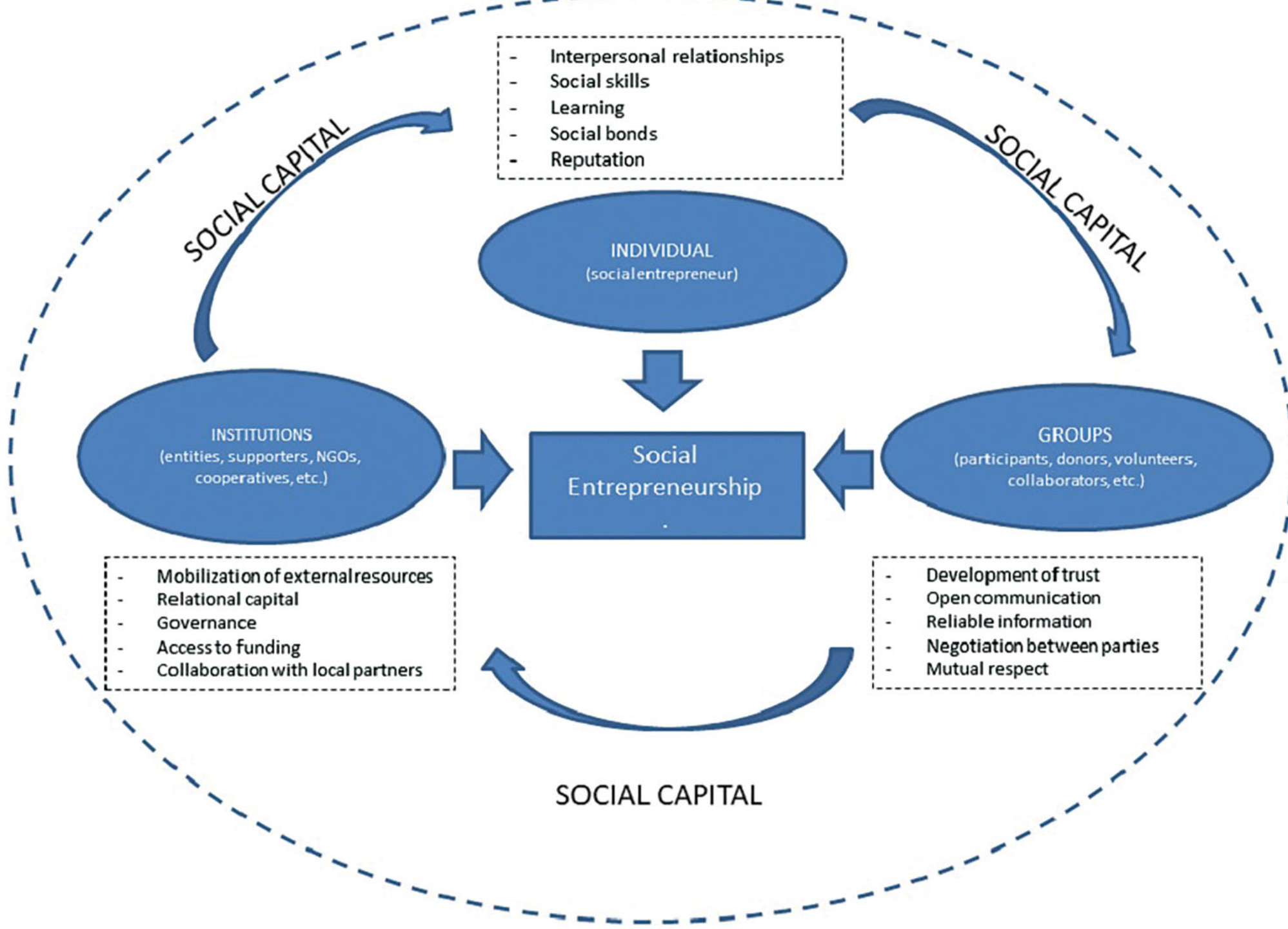
- Success of SE depends on how their actions could contribute to their community, let alone the capacity to identify and address social needs.
- Programmes aimed at building social entrepreneurship among beneficiaries must therefore take into account and [address existing social capital deficits](#) within the community
- At its core, social capital can be understood as “the relationships, networks and institutions within a community, society or nation that enable cooperation and participation.” When the intersections between families or kinship groupings, economic status, social status and religious or ethnic identity are strong, social capital contributes to social cohesion and inclusiveness.
- However, when these relationships and bonds exist only within each grouping, this points to low levels of social capital.
- Therefore bridging or linking social capital can play a very important role here

- In healthy communities, we find higher rates of civic engagement – participation in activities that contribute to improving community life. Another important indicator of developed social capital is the degree of trust and shared values that support cooperation and socially beneficial activities.
- On the other hand, widespread distrust among members of a community, lack of cooperation and low levels of civic engagement are indicators of a social capital deficit. This deficit can leave communities particularly vulnerable to breakdown of social bonds in times of economic or personal insecurity.
- Increasing social capital and building more inclusive and cohesive communities is necessary to create an enabling environment for all economic activities, and especially social entrepreneurship. At the same time, the development of social entrepreneurship increases social capital within the community.



# From community point of view

- It increase the risk taking ability
- Get a solution for individual or community issue
- Within management, the concept of social capital is also used to describe how economic actors draw resources from their social networks
- Used in this sense, social capital constitutes the value an individual can derive from social relations
- Create a democratically active community



- [15 Social Entrepreneurs and Their Crazy Ideas \(Rainer Höll, Ashoka DE\) | DLDsummer 16 - YouTube](#)