The contribution of levels of social capital to community development

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The contribution of levels of social capital to community development

by

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A dissertation submitted to the graduate faculty
in partial fulfillment of the requirements for the degree of
DOCTOR OF PHILOSOPHY

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has met the dissertation requirements of Iowa State University

Signature was redacted for privacy.

Major Professor
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For the Major Program
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ABSTRACT

Social capital, first conceptualized by Pierre Bourdieu and further developed by Coleman and Putnam, can be considered to be a ‘set of social relations’ that provide access to resources. Despite its recognized role in community development efforts, considerable variation exist among researchers regarding the definition, dimensions and indicators of social capital. Lin’s social resources theoretical framework posits social capital as an important input in development efforts and guides operationalization of social capital here. This study uses data from a 1995 nationwide survey (Economic Development Strategies and Entrepreneurial Infrastructure) of 307 rural that experienced a successful community development effort (expansion of existing businesses and/or establishment of new businesses or both). It examines the role of social capital by disaggregating the concept into three levels micro, meso and macro to take into account complementarity among the three levels. Factors considered are community linkages, citizens’ participation, leadership type, financial institutions’ contribution, collection to create facilities, collective action to resolve issues and local ownership.

Results from multinomial logistic regression indicate that social capital at micro, meso and macro levels has a role in successful community development efforts. Specifically, community linkages, financial institutions’ contribution, collection to create facilities, collective action to resolve issues and local ownership contribute toward the success of community development efforts.
CHAPTER 1
INTRODUCTION

Social capital is a relatively new concept that is useful in understanding the facets of social life at the community level, and may also be used in development efforts at the community level. We find references to the underlying idea in Tocqueville’s concept of ‘associated activity’ (1835) and in Durkheim’s ‘social density’ (1893), and it has recently become popular due to the work of Coleman (1987), Bourdieu (1986), Putnam (1993), Flora and Flora (1993), and Portes (1998). Portes notes that “social capital stands for the ability of actors to secure benefits by virtue of membership in social networks or other social structures” (1998:6). Through trust, sharing, reciprocity and collective action, individuals or groups can expand their capacity to access resources and thereby address their own needs or interests.

Social capital thus can be considered as a ‘tool’ in facilitating community activities. The existence and strength of social capital in a community is reflected in the coordinated or networked actions of individuals, organizations, and community institutions as they work together toward a common goal in a community. The value of social capital as a tool or resource that facilitates community development efforts also finds support in the theories of social embeddedness and social exchange (Blau 1964; Cook 1991; Granovetter 1985; Portes & Senesbrenner 1993). These theories present the concept of social capital as a resource that exists or resides in the structure of social relations.

A growing body of literature suggests that the networks of social relations and institutions significantly affect the efficiency, outcome and sustainability of development programs and efforts. Exactly how ‘social capital’ impacts developmental outcomes has only
begun to be explored. Thus, the traditional forms of capital - natural, physical, financial, and human - need to be broadened to include social capital. The challenge is to operationalize the concept of social capital and to identify how it affects development outcomes.

The Concept

Social capital includes the institutions, relationships, attitudes, and norms that govern interactions among individuals in a society and contribute to socio-economic development. The notion that social relations, networks, norms, and values matter in the functioning and development of society has long been present in the economics, sociology, anthropology, and political science literature. The concept of social capital has been greatly enhanced by the work of James Coleman (1988, 1990), Robert Putnam (1993), and others. They have attempted to define social capital and identify measures of the concept (see Grootaert 1997; Narayan 1999; Portes 1998; Serageldin and Grootaert 2000; Woolcock 1998; Woolcock and Narayan 2000).

Reference to social capital includes the level or unit of observation and its forms or dimensions. Analysis of social capital at the community or regional level is usually associated with the work of Robert Putnam (1993). In his seminal work on civic associations in Italy, Putnam defines social capital as “those features of social organization, such as networks of individuals or households, and the associated norms and values, that create externalities for the community as a whole.” Putnam originally assumed these externalities as being uniformly positive, though later he and others have recognized that negative externalities can also result. James Coleman (1990) further expanded the concept. His defines social capital as …
Social capital is defined by its function. It is not a single entity, but a variety of different entities having two characteristics in common: They all consist of some aspect of a social structure, and they facilitate certain actions of individuals who are within the structure. Like other forms of capital, social capital is productive, making possible the achievement of certain ends that would not be attainable in its absence. ...Unlike other forms of capital, social capital inheres in the structure of relations between persons and among persons. It is lodged neither in individuals nor in physical implements of production (1990:302).

He implicitly considers relations among groups, rather than individuals. This definition expands the concept to include vertical as well as horizontal associations and other entities, such as firms and businesses. Vertical associations are hierarchical in nature and have an unequal power distribution among members.

Woolcock (1998) identifies Lydia Judson Hanifan as the first proponent of the modern concept of social capital. Hanifan says:

In the use of the phrase social capital, I make no reference to the usual acceptation of the term capital, except in a figurative sense. I do not refer to real estate, or to personal property or to cold cash, but rather to that in life which tends to make these tangible substances count for most in the daily lives of people, namely goodwill, fellowship, mutual sympathy, and social
intercourse among a group of individuals and families who make up a social unit, the rural community... (Hanifan 1916:130)

A macro view includes the social and political environment that shapes social structure and creates conditions for its emergence and development of social capital. These include formalized institutional relationships and structures, such as the political regime, the rule of law, the court system, and civil and political liberties. This focus on institutions draws on the work of Douglass North (1990) and Mancur Olson (1982), who argued that such institutions have a significant effect on the rate and pattern of economic development.

Social capital exerts its influence on development as a result of the interactions between two broad distinct types of social capital - structural and cognitive (Uphoff 2000). Structural social capital facilitates information sharing, decision-making, and collective action through social networks, rules, procedures, and precedents. It is relatively objective and externally observable. Cognitive social capital refers to shared norms, values, trust, attitudes, and beliefs. It is more subjective in nature (Uphoff 2000).

Seminal Themes

While Coleman’s work (1988, 1990) has been the foundation for much of the recent debate, there has also been a renewed interest in Bourdieu’s (1986) work on social capital:

Capital can present itself in three fundamental guises: as economic capital, which is immediately convertible into money and may be institutionalized in the form of property rights; as cultural capital, which is convertible, on certain
conditions, into economic capital and may be institutionalized in the form of educational qualifications; and as social capital, made up of social obligations (‘connections’), which is convertible, in certain conditions, into economic capital and may be institutionalized in the form of a title of nobility (1986:243).

Social capital, as a network of social relations, is not a natural endowment or a social given, but something that must be created and reproduced on an ongoing basis. Concerning how it can be created or increased, Bourdieu says, “It is the product of investment strategies, individual or collective, consciously or unconsciously aimed at establishing or reproducing social relationships that are directly useable in the short or long term” (1986:251). These relationships can be in the neighborhood, the workplace, or amongst kin. Bourdieu defines social capital as “the aggregate of the actual or potential resources which are linked to . . . membership in a group – which provides each of its members with the backing of the collectivity owned capital” (1986: 249).

The emphasis is upon social networks that provide access to a group’s resources. The outcome of this is ultimately a socio-economic reward reaped through ongoing participation in the network as benefits accrue. Social capital therefore is a means (through a set of social relations) to resources.

Bourdieu conceptualizes social capital as an ‘input.’ This distinction between social capital as an input and the outcome is an important one. The literature review in the next chapter shows how this distinction has been blurred in the rush to ‘operationalize’ or ‘measure’ the concept.
According to Coleman (1988:101) "The function identified by the concept of 'social capital' is the value of these aspects of social structure to actors as resources that they can use to achieve their interests.” In his view, it is the 'aspects of social structure' that help provide access to resources, that the members can use to achieve their interests. ‘Aspects of social structure’ here refers to obligations, expectations, information channels, norms, and sanctions that constrain or encourage certain kinds of behavior. “If A does something for B and trusts B to reciprocate in the future, this establishes an expectation in A and obligation on the part of B” (Coleman 1988:102). Both Bourdieu and Coleman view social capital as a means to maintain or even increase an individual’s access to resources, both tangible and intangible.

Putnam is interested in social capital at the community level. He studied the role of community civic associations and their associated networks and norms in economic development. He operationalizes the concept of social capital at a different social scale than Bourdieu and Coleman, although his definition of the concept is drawn directly from Coleman. Putnam defines social capital as “trust, norms and networks that facilitate cooperation for mutual benefit” (1993:167). Social capital is not collective action per se, but rather it is the norms of reciprocity residing within social networks that help facilitate collective action. Putnam’s work empirically defined and used the concept of social capital at a broader social scale. Putnam’s focus is at a macro level, as he uses the concept in an attempt to explain differences in economic and political development at community or regional levels.

Putnam’s empirical measurement of social capital has been criticized for being reductionist, as it places undue weight upon participation in voluntary associations and
assumes that reciprocity and trust will flow from this participation (Harriss & de Renzio 1997; Putzel 1997); thereby losing its specificity as a resource to action (Newton 1997).

Negative effects are referred to as the ‘dark side of social capital’ (Putzel 1997). According to Portes (1998:15-17), research has identified four major negative consequences of social capital: (1) exclusion of outsiders; (2) excessive claims on successful group members; (3) restriction on individual freedom; and (4) downward leveling norms.

Social capital enables individuals or groups to gain advantage; thus, in some cases, a gain for some through the use of social capital may be a potential loss for others due to its absence or social exclusion. In closely knit, tightly bonded communities, excessive demands by kinsmen or network members on more successful members inhibit success. Similarly, if the network or group’s common experiences are mostly adverse in nature the members will be actively discouraged from joining the mainstream society as it undermines group cohesion.

**Social Capital as an Asset**

Rural communities at present are experiencing social, economic, and political difficulties, due to increased delegation of responsibility from federal to state level and reduced development support from the federal government. They are also confronted with challenges posed not only by globalization, outsourcing of manufacturing jobs, but also by the local socio-political and socio-economic conditions. Political problems (problems arising from access to allocation or control over resources), lack of effective leadership, influence of special interest groups, lack of community linkages to secure needed resources, weak civil society organizations, and lack of consensus and action are all contributing factors
that affect community development outcomes (Otto et al. 2003). Economic growth, resilience, and sustainability of a community depends on the availability of community resources – frequently operationalized as physical, human, environmental, financial capital, and social capital. These types of capital only partially explains the process of economic growth, since this traditional view overlooks the ways in which the economic actors interact and organize themselves to propel the process of development. Grootaert (1997) suggests ‘social capital’ as the missing link in this process. Success of community development efforts, therefore, will vary by the strength and quality of the social capital it possesses.

The concept of social capital also exhibits characteristics that distinguish it from other forms of capital. For example, unlike physical capital, but like human capital, social capital can accumulate or increase over time as a result of its use. It also shares an important attribute with other forms of capital – investment. It requires an investment of time and effort.

Any form of capital (material or non-material) that produces a stream of benefits over time represents an asset. This attribute of social capital, that it is an accumulated stock (of social relations) from which a stream of benefits flows, provides the basis that the concept be treated as or referred to as capital. The view of social capital as an asset thus suggests that it is more than just a set of social relations.

**Problem Statement**

Almost all scholars agree that social capital has a role in community development; however, how it plays this role is not clear. The problem arises due to disagreement on a clear definition of the concept, its dimensions/forms, and its operationalization or measures.
Such differences then lead to another problem. Is social capital an *input* or is it an outcome-the problem of tautology. Though most scholars agree that it is a multi-dimensional concept, disagreements persist to recognize that it is also a multi-level concept. Such concerns about the concept questions and obscures its potential role in development efforts undertaken by communities. Chapter two provides details of how the study addresses these issues and the approach it undertakes to define and measure social capital to clarify its role in development efforts. The study makes use of extensive empirical analysis based on reported data on successful development efforts undertaken by 307 rural communities to show that social capital indeed does have a role in community development.

**Objectives of the Study**

In order to address these issues, the study disaggregates the concept of social capital into three levels and provides insights into its definitional and measurement aspects. It views social capital as an *input* in the development process. It focuses on a network-based approach to understanding access to resources.

The study presents both a theoretical and a methodological measurement contribution. Theoretically, it synthesizes several approaches to social capital into two major groups and disaggregates the concept into three levels (micro, meso, and macro) that are complementary in nature. Levels of social capital suggested and defined here are assumed complementary for the purposes of this study. Empirical results will show social capital to be an input in the development process, something most previous studies do not clearly distinguish. Methodologically, measures associated with each level of social capital are developed to show their respective contributions. This further helps in identifying the level in
which a community needs to invest, to strengthen its stock of social capital, which, in turn, increases its chances to access and secure the needed resources. This exact identification of needed investment in social relations is not possible without disaggregating the concept.

The study uses data from a 1995 nationwide survey of 307 rural communities that experienced a successful community development effort. Social resources theory (Lin 1982) is used to identify, define, and measure social capital for the purposes of this study. It posits social capital as an important input that explains variations in the success of these development efforts.

The next chapter provides a detailed review of the literature, concepts, and measures of social capital as defined for the purpose of this study and suggests hypotheses to assess the role of social capital in community development efforts. Chapter three provides detail explanations of the sample, measures, conceptual and statistical model, and methods of analysis used in the study. Chapter four will provide the summary, conclusions, policy implications, and directions for future research.
CHAPTER 2
COMMUNITY DEVELOPMENT AND APPROACHES TO
SOCIAL CAPITAL

Introduction

The concept of development in its various forms is examined in this chapter, with particular attention to community development. The community exists in a broader state, regional, and national context that exerts significant influence on its continuing development. Many rural communities in the U.S. are experiencing social, economic, and political difficulties. The economic resilience and sustainability of a community often depends on the availability of local and external resources. Traditionally, community development strategies have focused on the development of physical, natural, financial, and human capital, while neglecting social capital as a resource. This chapter focuses on social capital as an essential element in change at the community level.

Traditions of Community Development

Community development usually refers to efforts directed to address problems and needs that exist at the local level. The tradition of community development can be traced back to European colonial regimes when they were struggling to maintain control over their colonies (Mayo 1975). The colonial powers wanted to continue to exploit natural resources while at the same time also wanted to see some economic progress for the indigenous populations residing in the colonies. Centrally planned local development policies were devised without involving the local populations to address their needs. Representing a clear contradiction - centrally planned policies for development were not considered an impediment to the colony's local development. Community development practice in
colonial times was founded on the same principles practiced today - local organization of assets and resources to address local problems and needs. The major difference between community development practice then and now is who made the final decisions regarding local circumstances.

It was essentially a ‘top down’ planning process in which the community's role was confined to mobilization of local resources. This planning process is designed to implicitly benefit the center at the end of the process. On a positive note, three fundamental qualities associated with community development - participation, democracy, and decentralization - were dictated to colonies as critical to eventual self-rule in the colonies (Brokensha and Hodge 1969). Until 1955, the United Nations' definition of community development also suggested that it was a mechanism by which national or central government policies were localized (Cox et al. 1979). Development was not a locally created or ‘bottom up’ process.

In modern societies, and especially in the North, community development emerged as a response to the deep social inequalities that were plaguing life in the 1920s and 1930s. Widespread poverty, with the potential to evoke violent responses, forced policymakers to find better ways of addressing the extent of the problem. Early efforts at community organization and charitable programs coincided with the beginning of a welfare state, which led to the emergence of a range of social relief programs. The pressure to solve local problems also resulted in the realization that there has to be some local control and participation so that both charitable and state-sponsored programs become more acceptable (Perlman and Gurin 1972).

The promise of community development as envisioned by planners has become a reality to a certain extent in the field of agricultural extension. The concept of community
development has evolved substantially. In its present form, it focuses on redressing issues of power, decentralization of decision-making and local control over resources rather than being an instrument under the control of the central government or a colonial power. Keating (1979) says:

If a neighborhood organization simply puts more pressure on its demand for services, the only problem is the limited funding for the service and the competition for the services from other neighborhoods. The establishment can use this situation to preserve itself. But if the neighborhood organization acts in a way that would involve them taking over the service then they create a situation, which, if allowed to develop, poses a threat to the whole system. A new form of democracy in which people look after their own problems poses such a threat.

The above scenario suggests that community development has the potential to bring change and assert local control. The process makes communities not only participants in the management of resources, but also the new owners of those resources and of the problems they seek to addresses. “If you do not control assets you do not have the ability to create wealth from them, and your life will always be subject to someone else’s control” (Salway-Black 1994:16). McKnight hinted at the same:

Into the neighborhoods came more and more service professionals, and they came with their white coats and their clipboards and did needs surveys and brought the trappings of technical authority and special expert knowledge. ... It was a tremendous magnet for the redirection of local folks' understanding
of where the resources were, where the knowledge was, where things could really be done that would change your life (McKnight 1994:10).

Realization of this implicit potential led to a transition of thought with respect to community development. It is now recognized that community development involves change, and is often complex and difficult to achieve and may result in conflict that needs to be resolved. Community development is thus a strategy for improving the social, economic, and physical environment in a specific area over time.

Community

Defining 'community' has long been a struggle for sociologists. Bell and Newby (1972) suggest that a reason for this struggle is the sense of nostalgia that sociologists have about community. We typically define community in terms of what it should be (based on some value judgment) rather than what it is. As sociological study of the community changed over the years, so has its definition. Today, there exist a number of definitions of 'community' within the sociological literature. Hillery (1955) compiled and analyzed 94 different definitions of community. The only common factor in all these definitions was 'people.' He also noted three other commonalities: place or area, common ties, and interaction. These three components are found in most of the recent work on defining community today.

Heckel, in 1878, was the first to coin the term 'ecology.' It is defined as a common habitat within which all species are naturally interrelated and interdependent. The essential characteristics of such a habitat are a population, a territory, and the interrelationships among
them (Park 1936). The Human Ecology school of thought emphasized place and interdependence as a reflection of the social organization that exists in a place (Bell and Newby 1972). Park defines community as the territorially based organization of parts that are mutually interdependent. Most definitions of community from this school of thought include some reference to interdependence of parts, spatial organization as a result of competition, and community as a place where people interact and meet their daily needs (Hawley 1950; Park 1936; Park & Burgess 1925; Warren 1978).

From a conflict perspective, community is a site for competition over resources (Warren and Lyon 1988). This is based in Marxist ideology and encompasses much of the ‘growth machine’ and globalization literatures. From the systems perspective, community is comprised of subsystems, which operate as a unit or structure (Parsons 1959; Giddens 1984; Sanders 1958; Lyon 1988) and this unit is a part of a larger system (Warren 1978). Those who follow the ‘systemic model’ suggest that community is comprised of local networks of social and kinship ties, but as a part of a larger social system it is also affected by the mass society (Kasarda and Janowitz 1974; Sampson 1988, 1991; Goudy 1990). Definitions from this perspective include the concept of place - community is a place based social system (Wirth 1988). From an interactional perspective, people engage in interaction consciously or unconsciously. From these natural interaction processes the existence of a ‘community’ emerges (Kaufman 1959; Wilkinson 1991). Etzioni (1996) argues that community is an interrelated web of relationships among groups of individuals that requires commitment to shared values, norms, meanings, and a common history and identity. Interaction thus is an inseparable part of a community. For the purposes of this study, we find Robert Bellah’s definition most appropriate: “a group of people who are socially interdependent, who
participate together in discussion and decision-making, and who share certain practices that both define the community and are nurtured by it” (Bellah 1985:37). This definition is consistent with most elements referred to by Kasarda and Janowitz (1974), Sampson (1988 1991), Goudy (1990), Kaufman (1959) and Wilkinson (1991), thus helps provide different conceptual orientations of social capital. References to interdependence of members, participation in decision-making, social interaction, social networks and kinship ties, shared values and practices, emergence of a community, and a hint at the symbiotic connection between the community as an entity and its individual members are also the elements that help generate, nurture, and define the concept of social capital.

Community Development

The development component of the community development process is as complex as community itself. It may be because of its variations in usage and the body of literature, which exceeds that of community. A definition, which serves best, comes from David Korten: “Development is a process by which the members of a society increase their personal and institutional capacities to mobilize and manage their resources to produce sustainable and justly distributed improvements in their quality of life consistent with their own aspirations” (Korten 1990:66). This definition cites the empowerment value of capacity building both at the personal and institutional levels and control over a community’s own resources. It also implies that development is a ‘process’ indicating that change happens over a period of time by enhancing personal and institutional capabilities and resources, or by the interaction of different types of physical and natural capital. The subjective orientation of development introduced at the end of his definition is important as it indicates that residents of a community have
reached a consensus that it is in their common interest to act collectively. This implicit theme is consistent with Salway Black and McKnight. Development is not a random activity that occurs as a natural product of human interaction. It is deliberate, and the expectation is that people will be better off at the end of the process than they were at the beginning.

**Distinctions and Definition of Community Development**

For the purposes here, the definition of community development includes the notion of 'process.' This is fundamental because it integrates the notion of 'change' into the definition. Process reflects evolution in the concepts and practice of community development and makes explicit the dynamics that must be part of social change in communities. Process also implies movement, from one position to another or from one activity to another that may or may not be sequential, but clearly denotes that the passage of time in development also means that something is different now than when the process began. The discussion suggests that the community development process is the means by which a socially interdependent group of people enter into a deliberate process of making change in the conditions affecting the quality of their lives, as defined by them.

It is acknowledged that while community development may mean many things at different times and for different audiences, nonetheless the key ingredients of change, self-determination, and interdependence are implicit in it. Kaufman (1959), Garkovich (1989), Summers (1986), and Wilkinson (1972, 1991) provide a further distinction of the community development process. Community development may involve either of the two processes, development *in* the community and development *of* the community. Development *in* the community is related to a specific sector of the local economy, while development *of* the
community is more broad-based in nature. It allows for a multi-sector approach and participation of all segments of the resident population. Both processes are necessary and complementary to achieve a complete range of benefits.

Community development thus is a more encompassing process addressing all aspects of community life. We find a similar distinction between economic growth and development. Singh (1999:22) points out, “While economic growth is an essential component of development, it is not the only one, as development is not purely an economic phenomenon.” Again both are complementary processes.

Economic growth complements processes of development by providing the necessary physical and financial resources, development, in return, provides increased support to the process of economic growth by strengthening the institutional structure and increasing participation of groups and individuals. Wilkinson also lends support to this distinction as he warns us of the danger of neglecting the social component of community development.

Economic development without community development can increase the gap between social classes and reduce the expression of natural human tendencies and respect. Community development as a purposeful activity is needed to realize the potential social well-being of economic development (Wilkinson 1974:14).

Community development in essence is a comprehensive process that addresses the economic and social needs of community life. Thus, there are multiple definitions of community development. Warren defines community development as: “a process of helping
community people analyze their problems, to exercise as large a measure of autonomy as possible and feasible, and to promote a greater identification of the individual citizen and the individual organization with the community as a whole" (1978:20).

The focus of Wilkinson (1972, 1991), on the other hand, is on social interaction and social relationships. He argues that the process of social interaction promotes cooperation and communication, and facilitates the flow of information, which ultimately helps residents of a community to identify common interests and goals. Flora et al. (1992:320) define community development as “what people do to improve the overall quality of the community.”

Regardless of the definitions, the main objective of community development is to integrate residents in the process of organizing and mobilizing resources for community improvement, which in turn improves their lives. By integrating residents in the process, it becomes sustainable as they have a stake in the success of the development efforts undertaken with their full knowledge and participation. Community development thus is a holistic approach, targeting the totality of community life, promoting self-help, mobilization of local and extra-local resources, engagement and participation of all groups and segments of the resident population. Within this context, community becomes the basic unit of analysis and community development a deliberate effort to remove barriers to social interaction that encourage community residents to act together to solve their problems in their mutual interest.

Lapping et al. (1989) provide the following definition of economic development, which helps define local economic development efforts:
Economic development is a process of change whose goal is to increase the wealth of a community by raising incomes, increasing access to services, and reducing unemployment ... economic development occurs when private entrepreneurs, non-profit firms, cooperatives, or government agencies make investments in a town (1989:273).

They include efforts to recruit new business enterprise or industry, and expansion of existing locally-owned business as examples of economic development activities. This study adopts such a definition of local economic development efforts, which promotes and relies on social relationships at micro, meso, and macro levels of a community structure. Ryan also suggests that “the revitalization of rural America depends on a combination of economic and community development activities” (1988:16). He further contends that “community development is instrumental to the success of economic development” (1988:16).

Community development covering both economic and social sectors, ensures resident participation and engagement and that the process is directed towards the benefit of all, not merely a few. The level and strength of collective action within a community affects its ability to harness resources necessary for overall development. Thus, it is a process involving public participation (citizens’ engagement) which in return results in the increased capacity of local residents to identify local challenges, recognize opportunities, and solve community problems (Ryan 1988).
Meaning and Sources of Social Capital

Though social capital has been described as an empirically elusive concept, it is recognized as a ‘glue’ that holds communities together. It is understood as networks of social relations, which can lead to mutually beneficial outcomes. It is also a multi-dimensional and a multi-level concept. Social relations are networks of relationships among individuals and between individuals and community groups and organizations. Social capital thus emerges as a result of everyday reciprocal interactions based on shared norms and values. Like any other form of capital, it can accumulate over time. It is productive and beneficial and exists as a stock. Stock of social capital is defined as the total sets of relations that exist at micro, meso, and macro levels of a community. Hence, the stock of community social capital is the aggregated set of social relations that exist at each level. Daily interaction in everyday life at each level contributes to this stock of capital. Resources needed thus flow through these sets of relations to achieve outcomes of mutual benefit.

Dimensions included are bonding, bridging, and linking social capital. Bonding capital refers to networks of social relations among people and groups who are similar in some ways (e.g., race, gender, religion, or socioeconomic status). Bridging capital refers to set of social relations among people and groups who are not alike and may or may not share the same geographic area or location. Linking social capital is the relationships of community institutions and key individuals with those of other communities or regional or state organizations.

Bonding capital among people, groups or communities, if high, is generally exclusionary in nature and restricts the flow of benefits to non-members or those who are considered not alike. Thus, balance in bonding and bridging is necessary for inclusion
and access to community social capital stock for mutually beneficial outcomes.

Social capital thus is an unintentional dividend that individuals accrue as a result of their social interactions. They do not interact with each other for the explicit purpose of generating social capital. They meet, speak and trade to complete a transaction, reap benefits or just have fun. These social capital dividends accumulate slowly and incrementally over time as a residual to the primary purpose of the interaction. Different types of interaction likely would contribute differently to the stock of social capital. The slow incremental accumulation of dividends, in turn, leads to the establishment of a stock of capital accessible to members and individuals on both specific and generalized bases.

Most references to social capital in the literature include the set of social norms and trust that define social behavior related to reciprocity and collective decision-making (Putnam 1993; Coleman 1988; Fukyama 1995). Social interaction between people provides the basis for the generation of social capital.

Social capital, then, is built upon, sustained by, and in turn facilitate, interactions between group members or community residents. The ‘stock’ of capital is enhanced by regular day-to-day activities, which bring group members or residents of a community into contact with each other through the deliberate need for goods, services, and information. The awareness achieved through such exchanges provides people with a sense of reliability in their relations with others. The norms of behavior, thus developed through ‘sequential social exchange,’ helps reduce the uncertainty due to the anticipated or expected response from others. Social norms and the stock of social capital can be reinforced through conscious efforts to validate them.
Local institutions, organizations, and associations provide additional opportunities for interpersonal exchange through specific issue-oriented activities. Through the provision of meeting spaces and activities that bring people together, they add to the ‘opportunities’ for the establishment and strengthening of cohesion between group members or residents of a community. This is sometimes referred to as the ‘field of action or exchange’ which: (1) consists of individuals, groups and organizations; (2) provides the setting for the exchange of information and resources; and (3) helps establish rules of exchange (Hardcastle et al. 1997:38).

Sirianni and Friedland (1997:1) point out that the more frequently group members call upon (use) their social capital, the more quickly it grows and is sustained. The successes that they experience in the reciprocity of others help enhance mutual trust. This also helps reduce the risks associated with social transactions and increases their predictability; the reverse is also true. Predictability in social transactions is important in communities as it allows individuals to realize tangible benefits and encourages participation. They may, in fact, actively seek out opportunities to maximize their access to the resources of others. Social activities that provide, exposure to the various skills and resources of others become a valuable asset in the meeting of fundamental needs.

**Social Capital and Development: The Recursive Relationship**

The relationship between social capital and community development is generally assumed to be recursive. Social capital facilitates or helps in development activities of a community, which are intended for the mutual benefit of all. The following reasons compel us to treat social capital as being an *input* into an effective program of community development:
• Social capital facilitates decision-making because members of communities do not need to renegotiate each time they enter into a joint activity, due to expected or anticipated predictability of behavior.

• Social capital reduces uncertainty and ambiguity between members of a group or community

• Social capital provides individual members or groups or communities with resources to spread the risk associated with development activities.

• Social capital facilitates coordination because of enhanced communication between group members or communities, thus reducing inefficiencies.

• Social capital allows for greater sharing of physical and human capital between groups or communities, which in turn helps productivity and reduces transaction costs.

• Social capital mitigates effects of failure or loss by facilitating or permitting a quicker response for corrective measures.

The other side of this equation is seeing social capital as an output of community development. This involves at least two considerations:

• When community members are actively engaged in activities that draw them together, and require them to exchange goods and services or information, more opportunities are provided to build expectations of reciprocity

• For social capital to develop, a certain amount of stability within a community is necessary. Joint development activities provide individual community members the opportunity to build a personal sense of empowerment, which encourages commitment to the community, thus promoting needed stability.
These outcome arguments have less merit as it is important to note that the residents will not come together or join efforts if a certain degree of social capital (rooted in history, tradition, and culture of an area) does not exist in the first place. This study treats components of the social capital construct as an input to assess its effect on the success of community development efforts.

**Variations on Social Capital**

Uphoff (2000) divides social capital into two types: structural and cognitive. This typology is based on his analysis of the relationship between social capital and participation in development activities. In his view these two are interrelated but conceptually distinguishable types. Structural social capital, he suggests, is “associated with various forms of social organization...” (2000:218), while cognitive social capital “...derives from mental processes and resulting ideas, reinforced by culture and ideology...” (2000:218). He summarizes the two types as:

These two domains of social capital are intrinsically connected because although networks together with roles, rules, precedents, and procedures can have observable lives of their own, ultimately they all come from cognitive processes. Structural social capital assets are extrinsic and observable, while cognitive social capital assets are not (Uphoff 2000:218).

Cognitive social capital is implicit and mostly internal. It is something that people feel based on their interactions with, and observations and behaviors of others. Social interactions or exchanges are a natural and expected consequences when people come into contact to meet their daily needs. Individual responses to these interactions and observations
are filtered through values, beliefs, attitudes, and expected behavior. The experience of an individual in a 'social exchange or transaction' imbeds itself as a cognitive function or bond, and this to a certain degree determines the degree of future of 'social exchange' that an individual may have with others. Households and individuals in communities can therefore be thought of as having their social capital generated by cognitive processes. Therefore, we can say that cognitive social capital generally refers to shared norms, values, trust, attitudes, etc., and thus is subjective.

The emergence and growth of social capital on a community scale is dependent upon expected behaviors and the institutional environment that encourages or nurtures it. Structural social capital is related to 'social organization' and the institutional context in which social capital generates itself and grows. It is this organization and context that provides opportunities for people to interact and exchange. Uphoff (2000) suggests that since community is also a 'socially organized' entity, roles, rules, and procedures are a natural consequence of such an organization. These roles, rules, and procedures in turn help in the predictability of relationships. He further notes that social networks of relationships not only provide opportunities for people to interact, but also are created and used for the explicit purpose of cooperation and collaboration with others. Thus, in a community where there are few opportunities for interaction, people may have more difficulty in creating or maintaining social capital. Similarly, lack of opportunities to create and maintain networks of social relationships in a community will inhibit its growth, as individuals will not be able to discover common interests, complementary skills and resources they can access and utilize. Structural social capital refers to collaboration, collective action and decision-making.
A community that has a tradition of cooperation, collaboration and participation presumably is expected to generate a higher stock of social capital than one with a history of discord or lack of institutional environment that encourages its growth by allowing opportunities to interact. Social networks, rules, and roles all provide a sense of order to social connections making them more predictable and efficient.

The concept of social capital also seems to be tied to the theories of social learning and social exchange. Social learning theory assumes:

..human behavior is learned (as per behaviorists); based on people responding to events and the behavior of others based on learned responses and prior clues, which direct them; concepts of perceived individual self efficacy (the ability to determine and successfully carry out a goal-oriented course of action) and collective efficacy (a shared perception that members hold about their ability to achieve objectives; more than the sum of individual self efficacy e.g., solidarity) (Hardcastle et al. 1997:42-43).

Community or group members develop patterns of behavior in relation to one another as a result of what they have learned from others through their social interactions. People, in turn, due to a learned predictability of behavior, anticipate that their participation and efforts may or may not be reciprocated. If they are, then social capital grows and becomes an asset. Social exchange theory is somewhat more explicit in its treatment of social relations and transactions between social actors. Social capital is created as a consequence of what people learn from the ‘sequential effects’ of these exchanges (Homans 1974:57).
Social capital is a sociological or development concept, and at this point is not an economic measure or index. The interpersonal transactions that create and define it are not regulated by a set of formal written rules. It is the informal non-binding relationships between people that contribute to social capital and these informal non-binding relationships are maintained through the norms of reciprocity and trust.

The premise behind the notion of social capital is rather simple and straightforward: investment in social relations with expected returns. This general definition is consistent with most scholars who have contributed to the discussion (Bourdieu 1986; Burt 1992; Coleman 1988, 1990; Lin 1982, 1999b; Portes 1998; Putnam 1993, 1995).

Coleman’s statement that social capital is any “social-structural resource” that generates returns for an individual in a specific action raises controversy in defining what social capital is. He says that: “social capital is defined by its function, it is not a single entity, but a variety of different entities having two characteristics, they all consist of some aspect of a social structure, and they facilitate certain actions of individuals who are within the structure” (1990:302).

This ‘functional’ view implies a tautology: social capital is identified when and if it works. Thus, the cause is defined by the effect. Social capital in this view seems to be indistinguishable from its outcome, and also can be seen in many different forms such as trust, norms, sanctions, authority, etc. (Coleman 1990). This discussion of social capital as a ‘collective good’ along with trust, norms and other collective goods, creates a difficulty in measuring and defining social capital.

Lin (1982, 1999b) has argued that social capital is a relational asset and must be distinguished from other collective assets such as culture, norms, trust, etc. Generalized trust,
or generalized norms of reciprocity, facilitate or promote relations and networks. They enhance the utility of embedded resources available through them, but they should not be assumed/or confused as alternative forms of social capital.

Another controversy in this functional view, mostly related to the work of Bourdieu and Coleman, is the assumed or expected requirement of closure or density in social relations and social networks (Bourdieu 1986; Coleman 1990). Bourdieu, from the class perspective, sees social capital as an investment of the members in the dominant class (as a group or network) engaging in mutual recognition and acknowledgment to maintain and reproduce group solidarity and preserve the group's dominant position. Membership in the group is based on a clear demarcation (e.g., nobility, title, family) excluding outsiders. Closure within the group seems a requirement. Coleman does not assume such a class vision of society. Yet, he also sees network closure as a distinctive advantage of social capital, because in his view it is closure that maintains and enhances trust, norms, authority, sanctions, etc. though at the cost of excluding others.

The requirement for network density or closure for the utility of social capital is not necessary or realistic. Research in social networks has stressed the importance of linkages, bridges and weak ties in networks (Granovetter 1973; Burt 1992; Narayan 1999) in facilitating information and resource flows. To argue that closure or density is a requirement for social capital is to deny the significance of bridges, structural holes, or weaker ties. The root of preferring a dense or closed network rather lies in the outcome of interest - e.g., preserving or maintaining resources currently possessed (i.e., expressive actions) - where denser networks may have a relative advantage (Lin 1982, 1999b). Thus, for the privileged
class, it would be better to have a closed network so that the resources can be preserved and reproduced (Bourdieu 1986; Bekker et al. 2003; Lin 1999b).

On the other hand, for searching and obtaining resources not presently possessed (i.e., instrumental actions) open networks should be more useful. Rather than making the assertion that closed or open networks are required, it would be more viable to conceptualize them in terms of desired outcomes and conditions under which a denser network might generate a better return, or when an open network would be more appropriate or likely to obtain additional resources not currently possessed.

One may argue that this variation in understanding of social capital is simply a reflection of a concept in the early stages of development. The notion that the nature and quality of social relations have important implications for the well-being of individuals, communities and societies has a long history, while viewing them as a form of potential capital resource for outcomes of interest is fairly recent. Given the rapid spread and popularization of this concept following the seminal work of Pierre Bourdieu, James Coleman and Robert Putnam in the late 1980s and early 1990s, it should not be surprising that some have used the label social capital to advance their own particular projects without any concern for theoretical and measurement precision. Portes (1998) has warned that the use of the term social capital “may be approaching a point where the term has been applied in so many different contexts and to such a range of events as to mean everything and nothing.” With the passage of time, substantive research may provide a clearer understanding of the concept. Nonetheless, today we find significant divisions in how the concept is defined, explained, and understood. Some researchers see social capital primarily in terms of networks of social relations and the resources that they convey; others prefer a functional
definition of social capital in terms of those social resources that enable cooperation and collective action.

In practice, both views of the concept recognize the importance of social networks; the difference is the type of social networks on which they focus. Those who focus on social networks do so precisely because of their potential to provide access to resources which otherwise are not available (also known as the ‘resource perspective’), and those who take a functional view of social capital identify social networks as a key enabling mechanism for pursuing common objectives, but in this view it is difficult to distinguish social capital from its outcome.

In Putnam’s conceptualization, social capital is regarded as a mixture of trust, norms of reciprocity, social networks, and forms (or modes) of participation in collective action, such as volunteering, philanthropy or associational membership. These elements are said to reinforce one another (Putnam 1993, 2000). In his conceptualization of social capital, participation in voluntary associations and other forms of civic engagement such as volunteering, voting are regarded as indicators of the stock of social capital.

Nan Lin, Ron Burt, Hank Flap and others, argue that social capital is important primarily for the well being of individuals - people with a rich stock of social capital have more social resources that they can call upon when searching for a job, for social support, or political power. From the resource perspective, if networks of social relations are diverse and large, then they are more useful and rich in the resources that they can provide. Woolcock and Narayan (2000:3) put it as: “... the basic idea of social capital is that a person’s family, friends and associates constitute an important asset, one that can be called on in a crisis, enjoyed for its own sake, and leveraged for gain.”
Whether one is seeking support in hard times, looking for a night out with friends, or searching for new opportunities, who you know does matter. The two approaches to social capital do not seem to exclude or contradict one another; they are simply interested in different types of outcomes of social networks. However, there is a crucial difference between the two perspectives: they identify different types of social networks as ‘sources’ of social capital.

**Functional Approach to Social Capital**

At present, the functional conceptualization of social capital may be the most widely adopted and influential approach. This is especially the case in particular disciplines, such as political science. James Coleman’s (1988, 1990) seminal work provides a functional understanding of social capital. Coleman (1990:302) argued that:

Social capital is defined by its function. It is not a single entity, but a variety of entities having two characteristics in common: they all consist of some aspect of a social structure, and they facilitate certain actions of individuals who are within the structure. Like other forms of capital, social capital is productive, making possible the achievement of certain ends that would not be attainable in its absence. … Unlike other forms of capital, social capital inheres in the structure of the relations between persons and among persons. It is lodged neither in individuals nor in physical implements of production.

The forms of social capital he identified include obligations and expectations, trust,
norms and effective sanctions, authority relations and social networks. Present widespread research on social capital is mostly credited to the work of Robert Putnam (1993, 1995). Although Coleman (1990:302) explicitly conceptualized social capital as an asset of individuals, Putnam has been more interested to explore the ways in which it can be presented as a community attribute.

In his 1993 study of the comparative effectiveness of regional governments in Italy, Putnam adapted Coleman’s approach and defined social capital as “features of social organization, such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated actions” (1993:167). A similar definition was offered in his influential 1995 work titled “Bowling Alone,” in which he suggested that a decline in social capital in the United States in the form of an erosion of civic engagement is undermining the effectiveness of its public institutions. Functional conceptualization of social capital as offered by Coleman and Putnam would not have found a sustained audience if the basic concept of social capital did not hold merit. It does draw attention to the role that social relations play in enabling and sustaining various outcomes.

The main idea this approach attempts to endorse or justify, for either individuals or collectivities, is indeed a compelling one. Groups, families, neighborhoods, and communities in which people are willing to cooperate, and in which collective action is encouraged and enabled, will be able to accomplish much more compared to those who lack social capital.

A functional approach seeks to identify the factors (social relations) that enable cooperation. Yet this functional approach to social capital also has been heavily criticized. For example, Coleman’s comparatively vague definition, and the “laundry list” of forms of social capital (a list that arguably confuses determinants, sources, and outcomes of social
Portes (1998) also criticized Coleman for opening the way to confusion and contradiction in most social capital literature. Similarly, Portes suggests that the functional approach of Putnam is also tautological and that (at least in the case of his 1993 work on Italy) fails to adequately distinguish the concept from its attributed effects. Lin (2001:28) also argues that Putnam's functional approach may well be as tautological as that of Coleman.

Social capital is identified when and if it works; the potential causal explanation of social capital can be captured only by its effect ... This is not to deny that a functional relationship may be hypothesized (e.g., resources embedded in social networks may make it easier to obtain better jobs). But the two concepts must be treated as separate entities with independent measurements (e.g., social capital is the investment in social relations, and better jobs are represented by occupational status or supervisory position). It would be incorrect to allow the outcome variables to dictate the specification of the causal variable (e.g., for actor X, kin ties are social capital because they channel X to get a better job, and for actor Y, kin ties are not social capital because they do not channel Y to get a better job).

Thus, critics of the functional approach suggest that it fails to adequately distinguish what social capital is from what it supposedly does. Lin (2001) notes that social networks, norms and trust are perhaps the most frequently cited forms of social capital. Some are also interested in how public institutions as well as other political and legal arrangements can be treated as forms of social capital. Indeed, a functional approach leads to an ever-
broadening list of those elements that may be considered as social capital. However, this continually expanding list makes it difficult to isolate the core social capital concept from other forms of capital.

Similarly, many view trust as a key element of social capital. Yet while trust is indeed a moral and cultural attribute of individuals that facilitates or constrains the ways in which people behave toward one another, it is possible to have very high levels of trust while engaging only in minimal social interaction. Woolcock (2001:13) argues that, “it is important that any definition of social capital focus on its sources rather than consequences, i.e., on what social capital is rather then what it does. This approach eliminates an entity such as ‘trust’ from the definition of social capital.” Thus, trust is a consequence of social capital and thus should not be interpreted as a dimension of it. Trust helps in strengthening social relations and it is through these social relations that, resources are accessed and secured for purposive action. Trust is a complex phenomenon that may have a very different and separate dynamic from other forms of social capital such as bridging ties. An approach that lumps all these elements together as being part of one overall dynamic (social capital) fails to identify and isolate their independent characteristics and effects adequately.

Putnam’s use of a functional definition of social capital in his earlier works on the topic (1993, 1995) may also be largely responsible for the influence of this approach. Since his work on the decline of social capital in America (1995), his definition has shifted to one more centered on social networks; he now defines social capital as “connections among individuals - social networks and the norms of reciprocity and trustworthiness that arise from them” (2000:19).
Putnam (2000, 2001) now seems to argue that norms and trust, which the earlier functional definitions had seemed to suggest as forms of social capital, are actually only a part of social capital to the degree to which they arise from social networks. He argues that social networks that facilitate civic engagement, and promote and sustain norms of generalized reciprocity in turn encourage residents to trust one another, therefore enabling greater cooperation for mutual benefit. Though Putnam now more clearly grounds his understanding of social capital in a network-based approach, he still continues to be interested in norms and trust which are presumed to be important outcomes of social networks, which in turn still address the central functional concern of enabling collective action. Putnam, however, does acknowledge and caution us that, “...the causal arrows among civic involvement, reciprocity, honesty, and social trust are as tangled as well-tossed spaghetti. Only careful, even experimental, research will be able to sort them apart definitively...” (2000:137).

Nevertheless, the basic assumption behind much of Putnam's work is that social networks of civic engagement, particularly in the form of participation in voluntary associations, will produce generalized norms and increased levels of trust. Consequently, this allows Putnam to suggest that “social trust is not part of the definition of social capital but it is certainly a close consequence, and could be easily thought of as a proxy” (2001:45).

**Network Approach to Social Capital**

In contrast to functional conceptualization, a network-based approach to social capital may offer a much cleaner definition. To this end, many scholars have come to *rediscover* the work of Pierre Bourdieu (1986) on social capital. Bourdieu defined social capital as:
the aggregate of the actual or potential resources which are linked to the possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition - or, in other words, to membership in a group - which provides each of its members with the backing of the collectivity-owned capital (1986:249)

For Bourdieu, “the volume of social capital possessed by a given agent ... depends on the size of network connections he can effectively mobilize and on the volume of the capital (economic, cultural or symbolic) possessed in his own right by each of those to whom he is connected” (1986:249).

Network-based approaches to social capital share the same view with Bourdieu that it is important to know the characteristics of a network's structure and the resources accessible through it. Authors who have taken a network-based approach have been subject to a variety of critiques - network-based approaches are too narrow and leave out too many important dimensions (i.e., institutional and legal context) that may be important in understanding and explaining various social phenomena, particularly cooperative collective action. Such concerns may be misplaced. Network-based approaches to social capital are more modest and parsimonious than functional definitions; this feature may greatly increase the potential explanatory power and consistency of measurements rather than opening the door to an ever-expanding list of forms of social capital that are also assumed to function as ‘enablers’ of cooperative action (e.g., trust). Thus, to distinguish the core concept from its outcome becomes difficult. Defining social capital in terms of social networks allows us to define the
concept better, distinguishing it from both other forms of capital and its purported effects or outcomes. This, in turn, allows for more careful empirical testing of the theorized connections between the determinants of social capital, its outcomes, and social capital itself. Moreover, a network-based approach does not automatically conclude that social capital is absent if its theorized effects are not significant.

In light of the preceding discussion, this study steers clear of an approach that embraces and confuses a variety of concepts and lumps them together under the label of social capital, as this would render the concept of social capital less meaningful and useful. Instead, the study adopts a more specific approach that is closer to Bourdieu’s notion of social capital (focused on social networks and the resources that they provide) to address the question at hand. Nan Lin (2001:243) also argues that a comprehensive, network-based approach to social capital must allow for the investigation of three elements: the determinants of investment in social capital; the ways in which social capital may be accessed and mobilized; and the returns on investment in social capital.

Thus, the basic definition of social capital should be simple and focus on social capital as social networks, thereby allowing for greater consistency in applying the concept to a variety of problems. Such an approach allows us to examine various attributes and characteristics of social networks depending upon their relevance to the research problem in question. This is in contrast to approaches that see trust and norms as forms of social capital and do not lump all under the label of social capital itself. Dimensions of social capital and their measures do not operate in a vacuum; rather, their determinants or components are embedded in the broader local context. This study refers to social capital as “resources embedded in social structure which are accessed and/or mobilized in purposive action” (Lin
1999b:28). Another point worth reinforcing is that we are normally interested in 'desired' outcomes - such as positive social, economic or health outcomes for individuals, groups or communities - that would generally be regarded as benevolent. This is not to suggest that social capital cannot be put to negative purposes; indeed it can, as can other forms of capital (e.g., financial, physical or human capital). Nonetheless, it is worthwhile to examine the role various forms of capital may play in realizing positive outcomes.

By maintaining a narrower, network-based definition for the core social capital concept and recognizing that it is a multi-dimensional concept, it may be possible to use both approaches. Recognizing the multidimensionality of social capital and maintaining a strict definition of social capital that is based on networks of social relations makes it potentially measurable in a consistent way across all dimensions (Lin 1999b), thereby facilitating cross-cutting socio-economic empirical analysis.

Reflecting on major approaches to social capital, one finds a broad common interest in how the dynamics of social relations might constitute an important asset and be productive for various outcomes. For example, Bourdieu (1986) was interested in how elites could call upon their social networks to reinforce and reproduce their privileged status. James Coleman (1988) examined how social capital in tightly bonded communities helped support family expectations for their children's education and thereby reduce high-school dropout rates. Putnam (1993, 2000) has argued that networks of community engagement can engender norms of reciprocity and trust, which in turn may generate greater social collaboration and more effective democratic institutions.

Though there is a disparity in how social capital is conceptualized more precisely, the leading approaches may be broadly divided between those that focus on social capital as a
structure in the form of a social network and the resources it provides, and those that take a more functional approach and view social capital as being those social resources that enable effective cooperation. In practice, for measurement and empirical analysis, this distinction has an enormous impact on the ability to identify what might constitute social capital, to explain how it functions, and to distinguish social capital from its determinants and its outcomes. If we are to define social capital as a form of capital, and if it has any potential for research and development, then we should be able to clearly identify what it is, explore its productive potential and identify the means by which it can be invested in and accumulated. Network-based approaches to social capital may more readily meet these criteria.

**Limiting Factors**

Limiting factors influence the extent to which people are able to join or form networks, thus affecting social capital formation. Knowing these limiting factors of social capital allows us to understand how social capital may develop. Two main categories of factors are important here: individual-level and community-level. Individual-level factors may include demographics, employment history, education, ethnic and cultural background, and various perceptions and attitudes. Community-level factors may include the existence of an enabling environment conducive to network development, presence of existing networks, and prevailing generalized norms of behavior.

Depending upon the question at hand, we may be interested in investigating varying subsets of these factors. We must be able to measure them empirically to assess their potential role as determinants in a specific dimension of social capital. Thus, at the heart of
social capital are the *social networks* themselves. To understand how the resources they convey can be accessed and mobilized, it is necessary to understand their characteristics and the different roles of networks.

**Network Characteristics**

It is important to know the various characteristics of the network. We need to focus on the *structure and composition* of social networks (e.g., whether it is an open or a closed network). It includes considerations of size, density, strength of ties, degree of heterogeneity, etc. Type of network ‘open’ or ‘closed’ does affect the potential resources that can be accessed. Position and location of its members affect the ‘resources’ available through them, which in turn, affects the productive potential of a given network. Here it is also useful to note that certain networks may provide a number of resources, which may be useful for a specific outcome, but may be completely irrelevant to other outcomes.

**Different Roles of Social Networks**

A number of authors had used the typology “bonding, bridging, and linking” of social capital, which has proven to be useful in recognizing different roles played by social capital in different contexts at the individual or community levels.

‘Linking’ social capital has practical importance for community development policies and anti-poverty strategies. Linking networks (relationships of community institutions and key individuals) reach all parts of community and beyond by cutting across ethnic, racial, and linguistic boundaries, and structures of power. They help in involving diverse players in the community in decision-making processes, and have been found to be a key element for
promoting sustainable changes in the living conditions and health of vulnerable populations (Davies 2001).

‘Bridging’ social capital also has specific relevance to community-level outcomes, which include such outcomes as health and socio-economic well-being. Bridging social capital links residents and groups of one community to residents and groups of other communities or their institutions and thus helps provide access to resources that are not locally available but are necessary to achieve desired outcomes (Narayan 1999).

Several authors provide evidence that public programs sometimes can reinforce the “wrong kind of networks” (Field 2003). Increasing the density of homogeneous networks is not necessarily a solution that will result in productive outcomes for all populations of interest. This is often what is found, for example, in job training programs where the unemployed meet only other unemployed persons with similar life experiences and socio-economic characteristics. The same result is achieved by ignoring the role of ‘bonding’ social capital when implementing changes in communities that rely on strong social ties to maintain a high degree of cohesion, identity, and support can have serious consequences (Narayan 1999).

**Social Capital, Individuals, and Communities**

Social relations with embedded resources are expected to be beneficial to both the collective and the individuals in the collective. Thus, most scholars also agree that it is both a collective and an individual asset. Most authors argue that what is true for individuals is also true for communities: those with a stronger stock of social capital are able to effectively negotiate the various challenges they may face; social capital is thus also a community
attribute. Most scholars generally agree that communities with higher levels of social capital are more successful in their efforts to pursue goals of mutual interest. Wellman and Frank (2001) argue that context is critical and that embeddedness is a characteristic of a social network. They further note, “network capital is inherently multi-level” (2001:259). Thus, we can say that the stock of social capital that inheres or resides in networks of social relations is an aggregate of micro, meso, and macro level social capital. Kadushin (2004:85) suggests that there is no difference between the individual and collective social capital “both are necessary for an empirically based theory of social capital.”

Conceptualization of social capital that focuses on networks is particularly helpful for understanding local-level issues from the viewpoint of individuals and communities. Functional approaches to social capital have concentrated on large-scale generalized issues/things such as trust or voting behavior as proxy measures of social capital. Under a network-based approach, the potential of social capital reflects a more realistic role of individuals, organizations or groups in relation to a specific problem and context.

At a group or community level, understanding and analyzing the characteristics and functioning of social networks can provide useful information about the potential resources that can contribute to desired outcomes, such as health, socio-economic development, etc. Social capital as a potential input or tool can be used, for instance, in understanding factors that influence the capacity of isolated communities to make effective use of scarce financial, natural or physical resources for achieving economic self-sufficiency.

In the absence of a conducive or supportive local context, social capital may prove insufficient on its own to realize a particular outcome. Besides the context, the presence of other complementary resources including physical, financial or human capital may also be
important if social capital is to be successful in realizing a specific outcome. The prevailing political and institutional context that help translate network resources into desired outcomes, may also help in understanding the potential returns on investments in social networks or why people invest and maintain social networks.

The degree to which social capital is productive in realizing a specific outcome goes to the heart of its potential importance. The study is not interested in social capital for its own sake, but because of the role its plays in achieving desirable outcomes for individuals and communities. Thus, a network-based approach helps to distinguish components of social capital from its sources and its outcomes. It further removes much of the "fuzziness" from the determinants of social capital by focusing on network types and their characteristics. It does not allow us to "lump all" under a single construct defined as social capital.

The idea here is not to assess the presence of social capital by examining the networks of social relationships or the number and type of resident associations, civic organizations or social groups in the community, but rather its potential role. It also involves a better understanding of the level and nature of the ties that are built over time among the diverse groups, individuals and institutions that make up communities, neighborhoods or localities.

**Network Based Approach to Social Capital: Relevance to the Model**

Based on the preceding discussion and following Bourdieu we find that social capital consists of two elements: social relationships and resources they provide. Lin's (1982, 1999b) making use of these elements of social capital develops a network-based approach to define and measure social capital. He argues that social capital is conceptually different and
thus must be separated from trust and norms of reciprocity. In his view, social capital can better be understood as "resources embedded in social structure which are accessed and/or mobilized in purposive action" (1999b:28). His social resource theory of social capital based on this definition proposes three resource-based elements of social capital. These are: (1) resources embedded in a social structure (embeddedness), (2) accessibility to such resources by individuals (opportunity or accessibility), (3) use or mobilization of such social resources for purposive action (use/action) (p. 35).

This study uses a network-based approach to social capital as proposed by Lin's theory of social resources. The study further treats social capital as a multi-level concept, since it is argued that network based social capital "is inherently multi-level" (Wellman and Frank 2004).

Peter Evans (1996) introduced the idea of 'synergy' between the state and citizens' action. This idea of synergy is based on 'embeddedness', a characteristic of social networks, and 'complementarity.' Embeddedness refers to the nature and extent of ties (enmeshed in the structure of community relations) that connect the citizens (micro-level) to the state officials (macro-level). Complementarity suggest mutually supportive relations between the state and private actors within the rule of law (Narayan 1999).

Woolcock (1998) presents his version of complementarity in his framework that proposes linking micro and macro levels to assess the outcomes of social capital at the local level. He refers to embeddedness as 'intra-community ties' and uses the term autonomy for 'extra-community ties.' In his view, a successful social capital outcome requires both inter-community and extra-community ties that complement each other.
The institutional structure of the state creates the needed political and social space for citizens’ interaction, thus facilitating the emergence and strengthening of community ties at all levels. A network-based approach to social capital recognizes the important fact that individuals, civil society organizations and state institutions all have social capital. A community's stock of social capital is comprised of all three, thus endorsing the fact that social capital is indeed a multi-level concept. Complementary relationship between the three levels helps in accessing and using embedded resources that each level of network provides, thus accommodating all three elements proposed by the social resource theory.

The network-based approach to social capital further lends support to the thesis that the real potential of social capital lies in its use as an 'input' in effective community development efforts. Thus, it allows for distinguishing the outcome of social capital from its measures and the core concept itself.

**Negative Side of the Concept**

There is no clear exact causal body of proof about social capital indicating where it comes from or explicitly how it impacts communities, economies or the quality of life. However, it is an intriguing concept that needs to be studied as it holds promise as a development resource and because of its potential implications for policy design and implementation.

The potential range of social capital impacts cut across all levels of community structure. If the three levels complement each other, the reverse is also true. Each level has the potential to affect the other and to influence decision-making and policy design and implementation. Thus, the concept itself is not inherently negative or positive; it is the way that
it is put to use that assigns positive or negative meaning to the concept. General theoretical use of the concept has an assumed positive connotation to it.

As an asset at the disposal of individuals, groups or communities, it can be applied to purposes that are anti-social, and destructive and that block individual or community progress. Criminal gang leaders and members have access to large stocks of social capital, but in groups like these social capital is used as a form of social control and is employed in the pursuit of goals and activities which are contrary to the broader social good.

Social capital also becomes a source of power as it works in conjunction with other forms of capital (like physical, financial, human) to multiply their potential. It is this multiplier effect, that cuts-across micro, meso and macro levels and thus affects them in the process. Thus, the risk of its utilization for negative purposes that may lead to social exclusion is implicit in the concept.

Social capital is a phenomenon that has a great deal of potential to facilitate development efforts and practices. Through a better understanding of conditions in which it thrives and avoiding those where it can be repressed could help in realizing its real potential for individuals, groups or communities. Communities, groups and institutions with more social capital can be more effective as agents of their own development and instruments of change. Similarly, if the communities are socially fragmented and isolated, then social capital may be entirely non-existent (Flora and Flora 1993).

Therefore, social capital’s negative effects appear to be due to a differential in access, which in turn could be a product of the existing institutional set-up. The negative side becomes more prominent once the position of the individual (in terms of social class), type of existing leadership and power are brought into the equation. Since social relations are
embedded in social structures, any change in the organizational structure of work, community, labor, or market will affect its accessibility. Authorities, the dominant class and vested interest groups usually use their power to affect the creation of social capital to maintain a social hierarchy (Schulman and Anderson 2001). They use their power to block access to resources needed for the progress and strengthening of civil society. This not only creates conditions that inhibit or limit the creation of social capital but also creates differential access. Flora (1998:501) contends that communities with a moderate level of inequality differ from communities with higher levels of inequality, where “...the elite separate itself socially and politically from the rest of the community” thus affecting the access and stock of social capital available in the community.

How things are done in a community is usually embedded in its social structure reflecting class and power. Workers mostly use horizontal social capital to organize and take action for mutual benefit, while the elite use their power to mobilize state structures to affect its emergence. Rupasingha et al. (2000) and Stolle and Thomas (2001) classify Putnam’s voluntary associations into two groups: rent-seeking, and those who facilitate interaction. Rent-seeking (coalitions or organizations formed to benefits the members at the expense of non-members with restricted membership) these include labor, political, and professional organizations, and business associations. They mostly act in their interest, not in the interest of the community. Others, such as sports and recreational clubs, civic and social associations, religious organizations, etc., act in the mutual community interest. This, again, emphasizes the presence of civic associations and not the access differential, which in turn affects the stock of social capital a community may possess.
As for the purposes of this study social capital is being treated as an *input* in local development efforts, the preceding discussion and making use of elements of social capital as provided by Lin's theory of social resources help us develop measures of the concept for empirical evaluation of its potential role in local development efforts.

**Concepts and Measures**

**Community Links**

Dimensions of social capital and their measures do not operate in a vacuum; rather, their determinants or components are embedded in the broader local context. Thus, in a local context community links to the regional and state organizations are used as measures of the first dimension of the stock of social capital as defined in this study. This dimension (community institutional linkages to state and regional agencies) is being treated as the macro-level stock of a community’s social capital. A community’s institutional linkages to state and regional agencies help in accessing resources which otherwise are not available locally. Narayan (1999) and Flora (1997) refer to these linkages as ‘bridging capital’ and differentiate them from the ‘bonding capital’ to understand its contribution in local economic development. Granovetter (1973, 1997) also indicated the economic potential of social capital (defined in terms of weak ties) that allows individuals, groups and communities to reach across geographic, racial and ethnic boundaries. Burt (1997) suggests that social capital is the ‘opportunity’ to access resource by virtue of ones’ position in a network structure. Similarly, Burt (1992) and Woolcock (1998) also stress that in order to access greater resources a community needs ‘linkages’ or ‘social ties.’
Civic Engagement

Putnam (1993) has argued that networks of community engagement can engender norms of reciprocity and trust which, in turn, may generate greater social collaboration and more effective democratic institutions. He used primarily participation in voluntary organizations and voting behavior patterns as measures of civic engagement. Putnam (2000, 2001) further suggested that social networks, which may facilitate civic engagement promote and sustain norms of generalized reciprocity which, in turn, may encourage residents to trust one another therefore enable greater cooperation and participation for mutual benefit. This study uses residents' participation in the planning and development plans of the community through their membership organizations as a measure of civic engagement. The study goes a step further, to include two more components in the concept of civic engagement, by measuring the local financial institutions' contribution (financial, technical, and in-kind) which no doubt does influence the pattern of local development process and the pattern of the community's present local leadership. Hunter and Staggenborg (1986) argue that communities act through their intermediaries or community organizations. Couto (1999) call them "entities" which includes local government institutions, business and financial organizations/associations, voluntary associations etc. In his view, some or all of them may be involved in a community development effort.

To include these measures of civic engagement also seems necessary in light of a shift in government policies in the 1980s and 1990s that stressed and encouraged a partnership including local government, the private sector and the community and its voluntary sector (Purdue 2001). This shift occurred in part due to lack of resources and in part due to a policy initiative to delegate more responsibility to state and local governments.
and their agencies. This process allowed for an opening in the local political structure (Tarrow 1994) for neighborhood and community leaders to gain access to elite networks (Purdue 2001). Most community leadership is generally defined in institutional terms (local authority) (Judd and Parkinson 1990; Stewart and Taylor 1993). Community empowerment efforts also seem to underplay the importance of leadership in the community. Despite the rhetoric of community involvement or engagement, effective community representation is low in part due to the non-engagement of community leadership.

Theories of leadership broadly define leadership as transformational or transactional (Bryman 1992; Moscovic 1993). Transformational leadership uses Weber’s concept of ‘charisma’ to focus on the ability of the leader to lead and help change a situation. Transactional leadership (Hollander 1990) gives a stronger role to the followers by arguing that this type of leadership depends on the social relationship (networks) it cultivates. A third model of leadership (Chemers 1993) stresses a more flexible style of leadership due to the constraints imposed by the institutional and cultural environment in a community. Thus, a successful leader will have a more adaptive style according to the need and situation.

Since in this study social capital refers to ‘resources embedded in social structure which are accessed and/or mobilized in purposive action,’ transactional leadership is most appropriate from this perspective. Social capital networks within and outside the community allow the community to access resources which otherwise are not available locally. Access to resources is a necessary but not a sufficient condition for community development. If people fail to organize to make use of the available opportunities, community development efforts will fail (Garkovich 1989). The role of community leadership becomes important from this perspective, as leaders become focal points in connecting institutional,
entrepreneurial (local capital class), and civil society networks. The leadership acts as a ‘broker’ to move the process of collaboration forward for the larger community. It depends on its relationships within and outside the community; this allows it to maintain and negotiate “transactions” for the community. Since local economic development effort is an economic transaction the role of leadership cannot be overlooked in engaging the community. Involving local leadership helps to engage wider community networks from different segments of the population. Bebbington (1997) elaborates this point by focusing on the presence of key organizations and individuals (in leadership positions) who actually help link communities to extra community institutions. These key individuals in key leadership positions are a crucial link among state, civil, and market organizations. Davies (2001) also stresses the fact that the involvement of diverse players in community decision-making process has been found to be the key element for promoting sustainable changes in living conditions.

In any development effort local capacity cannot be overlooked. By local capacity we mean the ability of the residents to organize themselves to identify their needs and propose solutions based on their knowledge of local context (Ryan 1987). Thus, local capacity refers to a positive interaction between the local organizations, leadership and citizens’ participation. Associations, actors, and actions are the basic ingredients. Associations are organizations based within the community. Actors are the leaders and members of associations. Actions are the activities that actors perform to achieve identifiable community progress (Garkovich 1989). The study treats this dimension of social capital as a stock of the community’s micro-level social capital.
Collective Action

Tilly (1973:217) defines collective action as “application of pooled resources to common ends.” It is through groups and associations that residents of a community organize. These are then combined with their extra community links and leadership to pursue objectives of common interest.

To see the specific effects of collective action, the study delineates between actions taken to build physical capital and actions taken to resolve issues to pave the way for greater cooperation. As noted by Flora and others neighborhoods and communities where people are willing to cooperate and where collective action is encouraged and enabled will be able to accomplish much more that those who lack this dimension of social capital.

Lin (1982) defines instrumental actions as those in which additional resources are gained or accessed through ties that enable a community, to achieve the objectives at hand. Similarly, Woolcock (1998) noted two distinct but complementary forms of ties - Embedded and Autonomous. Embedded ties are those that exist within the community among its residents, groups and organization. Autonomous ties are those which ‘provide access’ to non-community members. Woolcock contends that to facilitate collective action for development outcomes or other activities of common interest, groups or communities need to draw on both ‘embedded’ and ‘autonomous’ ties.

From the perspective of social resources theory, collective action is an instrumental action in which networks and ties are used to gain additional resources needed to attain community socio-economic objectives. The functional approach of Coleman (1990) and Putnam (1993, 2000) also suggests that it is the social resources (networks and ties) that enable cooperation and collective action.
Collective efforts by the community to build visible physical capital or resolve issues by joining others, is used as a third indicator of the social capital construct. The study treats this dimension as the meso-level social capital stock of a community. It is important to understand that individual members’ goals and interests are translated into action through the presence of local associations/organizations. Thus, development depends on the ability of residents to organize and mobilize resources to achieve progress. These are the intermediaries between the local state structure and citizens. They help develop extra community ties, but their mere presence is not enough for local capacity-building and development; existing community leadership further helps the process. These key organizations and individuals help bring the residents to a common platform and connect them to other communities and the macro level.

**Ownership (degree of local economic control)**

Kneafsey et al. (2001), in light of globalization trends, argues for a greater pursuing of economic activities, which are embedded in local structure, skills and knowledge. Ray (1998) argues that pursuing development based on local resources is an attempt to localize the economic control. He refers to such a local economy as a ‘culture economy.’ In such an economy, networks of development are constructed in the given local socio-economic and cultural context across different product sectors and localities.

Ray (1998) argues that it is the local culture that re-organizes the resources, production, and consumption according to geographical location. He uses ‘culture’ to denote the set of place-specific resources that help define what ‘development’ means in the local context, thus allowing for more local control. Such attempts and development efforts show the importance of local ownership, choice, and collective agency.
A community’s stake in a project’s success is higher if it has a higher degree of control or ownership, drawing on the social capital of various stakeholders (state, market, and civil society). Such a partnership, in turn, depends on the social capital that exists at each level. Social capital at each level plays a complementary role to draw political and financial resources (embedded in the relations of each sector) needed for the success of the project. Thus, it fits within Lin’s (1982) assertion in the theory of social resources that social capital measured in terms of networks/ties provides access to resources that are needed for a successful development effort.

Summary of Hypotheses

Social relations (ties) at each level, if aggregated, provide us with the total stock of social capital that exists and is available as a resource for the whole community. The preceding theoretical discussion which defines social capital as a collective resource embedded in networks of social relations of a community’s social structure helps frame the following hypotheses:

H_1 Dimensions of social capital affect the actions that serve or create a collective good in the mutual interest of a community.

H_2 Strength of community linkages is related to instances of local self-development efforts (project success).

H_3 Higher levels of civic engagement are related to development efforts (project success).

H_4 Collective actions directed either to establish facilities or to resolve issues is related to project success.

H_5 The degree of community ownership (local economic control) has an effect on project success.
CHAPTER 3
MODEL DEVELOPMENT VARIABLES AND MEASURES

Social resources theory posits that access to and use of social resources can lead to a variety of better outcomes (Lin 1982). In this study, social capital refers to the networks of social relations that provide access to needed resources and support. Maintaining a strict network definition, and recognizing that it is a multi-dimensional concept, makes it possible to measure social capital in a consistent manner across all dimensions. Such a definition permits a more careful empirical testing of the theorized connections between social capital and its outcomes (Lin 1999a, 1999b).

The study will evaluate the effects of social capital on community project success. The social capital construct in this study is comprised of community civic engagement and collective action. Dimensions of social capital in this study include the main elements of social resource theory (access and use of social resources embedded in networks of social relations) essential for achieving desired resources for common ends. The study also includes another independent factor to assess the sustainability of development by measuring the degree of community’s economic control over the project. The conceptual model and its components are shown in Figure 1.

Data

The study uses data from the USDA funded project: Economic Development Strategies and Entrepreneurial Social Infrastructure, to assess the dynamics of development activity in rural America. During 1994 and early 1995, elected and appointed officials in
Figure 1: Factors Affecting Community Economic Development Project Success

- **Community Linkages**
  - Ties to State & Regional Institutions

- **Civic Engagement**
  - Citizens Participation
  - Leadership Type
  - Local Contribution

- **Collective Action**
  - Establishing Facilities
  - Resolving Issues

- **Ownership**
  - Degree of Community’s Business & Enterprise Ownership

- **Project Success**
  - Expansion and/or Establishment of Community Business and/or Enterprise
1099 randomly selected non-metro communities and counties throughout the United States, were sent a questionnaire to obtain information about community and development activities. A response rate of 65 percent yielded 718 useable questionnaires.

As part of the same project, in 1994 and early 1995, local and regional community development specialists throughout the United States were sent a one-page questionnaire asking them to identify what they thought were outstanding instances of development that had occurred in non-metropolitan areas in the previous ten years. Contact information\(^1\) for 1,129 projects was collected. Reported information on projects helped to identify communities with instances of industrial and self-development efforts. Based on the contact information, a survey of most knowledgeable project key informants followed to obtain information about community development activities. A 51 percent response rate yielded 572 useable questionnaires. Respondents classified projects as regional, county, multi-county, community (place), or multi-community (multi-place). For the purpose of this study, data from 307 single communities from the second key informant survey are used.

The primary goal of this research is to study the role of social capital at different levels in affecting the success of community development initiatives. See Tables 4 and 5 for variables. Multinomial logistic regression is used to assess the influence and importance of social capital in the success of these development efforts.

**Statistical Model**

Logistic regression is a statistical technique used to model the probability of discrete

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\(^1\) The development specialists were asked to provide names and contact information for two people (their first and second choice) who were most knowledgeable about the project. The first nominated informants of the 1,129 identified projects were surveyed, following the Dillman (1978) method.
(binary or multinomial) outcomes. Logistic regression analysis provides more efficient and powerful insights into what attributes are more or less likely to predict an event outcome in a population of interest by estimating the probability of its occurrence. In contrast, ordinary least squares regression predicts the population mean value of the dependent variable for given values of the independent variables.

Binary logistic regression is a form of regression that is used when the dependent variable is dichotomous and the independent variables are continuous, categorical variables, or both. Multinomial logistic regression handles dependent variables with more than two categories. Logistic regression applies maximum likelihood estimation after transforming the dependent variable into a logit variable (the natural log of the odds or probability of the outcome occurring or not). Maximum likelihood estimation (MLE) is the method used to calculate the logit coefficients. This contrasts with the use of ordinary least squares (OLS) estimation of coefficients in regression. OLS seeks to minimize the sum of squared distances of the data points to the regression line. MLE seeks to maximize the log likelihood (LL), which reflects how likely it is (the odds) that the observed values of the dependent variable may be predicted from the observed values of the independent variables. In this study, the dependent variable has more than two outcomes and predictors are all categorical. Multinomial logistic regression is thus the most appropriate statistical technique to predict the outcome probabilities.

In the context of declining state and federal support, globalization, and outsourcing, communities are faced with a degree of choices to make efforts to improve their socio-economic outlook. These choices depend on the community's existing stock of social capital, which provides access to resources that are not locally available (Lin 1982, 1999a;
1999b; Narayan 1999; Burt 1992, 1997; Woolcock 1998). Given the possibility of multiple outcomes emanating from such decisions, this study relies on the use of qualitative choice models to assess the relative influence of various dimensions of community social capital on development activities.

This involves determining the probability/odds that a community with a given stock of social capital decides to pursue development efforts. Alternative specifications of the qualitative choice models include the linear probability model, the probit model and the logit model. Success of community development efforts depends upon its existing stock of social capital as it helps provide access to resources necessary to achieve desired outcomes (Narayan 1999). The relationship may be described as:

$$z = f(x_i)$$

Where $z$ is the decided development effort and $x_i$ is a set of social capital dimensions. The probability of successful development efforts is defined through a logistic function.

$$P(D) = \frac{e^{(\beta X_i)}}{1 + e^{(\beta X_i)}} + \varepsilon$$

where $D$ is the variable measuring development effort choice between values 0 or 1 (1 indicates a successful project effort), $\beta$ is the vector of the parameters to be estimated, and $\varepsilon$ is the error term, and $X_i$ is a set of social capital dimensions.

In multinomial logistic regression one group serves as the reference or baseline group. One logistic regression equation is computed for each outcome. For each outcome, we can substitute the values of the independent variables and obtain the scores from the computed logistic regression equations. Logistic regression coefficients are the log of the
odds (probability) of experiencing a particular outcome compared to the reference outcome. These ratios and other predictions may be biased, as multi-collinearity (high correlation between two or more predictors) among predictors can lead to biased estimates and inflated standard errors.

In multinomial logistic regression, we are looking at the odds of being in one of the dependent variable groups rather than being in the baseline or reference group. Statistical Package for Social Scientists (SPSS) uses the highest value as the default reference category. If the dependent variable has J categories, then we have J-1 logit equations. In our case, since the dependent variable has three categories; we will thus have two logit equations, one for each outcome compared to the last category or reference category. The equations are:

\[
P(D_1) = \frac{e^{(b_1x_i)}}{1 + e^{(b_1x_i)}} + \varepsilon
\]

\[
P(D_2) = \frac{e^{(b_2x_i)}}{1 + e^{(b_2x_i)}} + \varepsilon
\]

where:

\(D_1 = \text{Expansion of current business only}, \) and

\(D_2 = \text{Establishment of new business only}\)

The logit equations are:

\[
\ln \left( \frac{P(\text{expansion of current business only})}{P(\text{Both expansion & establishment of businesses})} \right)
\]

\[
\ln \left( \frac{P(\text{establishment of new business only})}{P(\text{Both expansion & establishment of businesses})} \right)
\]
For each logistic regression equation, a set of coefficients, Wald statistics and probability values, and odds ratios are produced by SPSS. The odds ratios are specific to the comparison between each group and the reference group. We can also measure overall fit of relationship between the independent variables and the dependent variable with a model chi-square statistic and test of significance. The utility of the model is measured by pseudo-R$^2$ measures and classification accuracy (Tabachnick & Fidell 2001; Sharma 1996).

**Variables, Scales, and Measures**

**Community Links**

A community’s links with local, state, and regional institutions are assessed by using responses to seven questionnaire items (see Table 3). The community links scale was then developed by adding the equally weighted responses to seven questionnaire items. Those communities with no links (about 6.5 % of the total cases) were merged with those having a single link. Communities were able to cultivate their community links in a maximum of seven ways. This element of the social capital construct indicates a community’s macro-level stock of social capital.

**Civic Engagement**

Citizens may participate voluntarily in the planning process, individually through their membership in community organizations or due to their ties of friendship or reciprocity, reflects their interests regarding local development efforts. Civic engagement is measured using responses to eight questionnaire items (see Table 3). A scale was then developed by adding the equally weighted responses to eight questionnaire items. Those with no opportunity for citizens to participate (about 22 % of the total cases) were merged with those
having a single opportunity. Citizens participated in the planning process in a maximum of six ways. Modes of citizens’ participation indicates aggregated micro-level social capital stock of the community.

**Leadership**

Leaders are locally elected or nominated individuals who have shown the capacity or ability to promote their community’s interests. Leadership helps in linking the micro to meso (comprised of civil society organizations like sports and recreational clubs, religious organizations, civil and social associations etc.) or both with the macro level. Two questionnaire items (see Table 3) were used to measure leadership. Cross-tabs and recode procedures were used to create categories. Four categories were developed: 1 = Neither, 2 = Primarily Female Leaders, 3 = Prominently New Comers and 4 = Newcomers & Females. Due to very small number of cases, category 2 was joined with category 4 to create the final three categories used in the model (see Table 5).

**Local Financial Institutions’ Contribution**

Financial institutions’ contribution is defined as provision of loans, grants, or donations and/or personnel for technical and administrative purposes or other in-kind contributions like provision of needed equipment, office space, etc. This indicates the involvement or engagement of the local finance capital class in local development efforts. It also shows horizontal ties that civic organizations have developed as a result of their participation and interactions with the local capital class. Local contribution is measured by using responses to seven questionnaire items (see Table 3). Local financial institutions’ contribution scale was developed by adding the equally-weighted responses to seven questionnaire items. Those with none (about 18 % of the total cases) were merged with
those having a single contribution. Local financial institutions contributed in community
development efforts in a maximum of seven ways.

**Collective Action (to create facilities)**

Actions sometimes are taken by community residents or groups in pursuit of shared
community interests to join other communities to built regional facilities. This helps in
accessing resources to facilitate mutually beneficial development efforts that are not locally
available. This measure of the social capital construct indicates the existence of meso-level
social capital stock. The collective action scale was developed by adding the equally-
weighted responses to nine questionnaire items (see Table 3).

**Collective Action (to resolve issues)**

Actions sometimes are taken to resolve regional issues and to secure and mobilize
political participation for efforts important to all. This dimension of social capital usually
helps in resolving issues of a social or political nature that have the potential of affecting
social or economic well-being of a community and its residents. The collective action scale
was then developed by adding the equally-weighted responses to six questionnaire items (see
Table 3). Those with no community collective effort to join other communities to resolve
issues (about 12 % of the total cases) were merged with those having one effort.

**Ownership**

A higher community degree of ownership of local assets reflects increased local
capacity to manage and control local resources. This helps in empowerment and contributes
toward sustainability of any development effort undertaken, as it raises the stakes for the
community and increases the likelihood of success. Community ownership is measured by a
three category scale for reported firms or activities. Cross-tabs and recode procedures were
used to create four counts of ownership scale, 1 = don't know, 2 = Outside control, 3 = Mixed ownership, and 4 = Locally owned. Category 1 was combined with category 3 due to the small number of cases (n = 17). The remaining three were then used in the main model (see Table 3).

Each response for civic engagement, local financial institutions’ contribution, community links, and collective action constructs is treated as a mode of action. The scales for each of these constructs then further were collapsed into low (1-2), medium (3-4), and high categories (5 or above) (see Table 5). These procedures were necessary to have sufficient cases in each category for the multinomial logistic regression model.

**Project Success**

Project success is measured by using two questionnaire items to create a scale with three categories: 1 = Expansion of current businesses/enterprises only, 2 = Establishment of new businesses/enterprises only, and 3 = Both expansion and establishment of businesses/enterprises (see Table 5).

A development effort undertaken by the community was deemed successful if there was an expansion in one or more existing businesses, establishment of one or more new businesses/enterprises or both expansion and establishment of new businesses/enterprises in the community. Table 1 provides descriptive statistics for the variables used in the model.

The variance inflation factor (VIF) is a measure of multicollinearity – a very high correlation among the independent or explanatory variables, which makes it difficult to distinguish the unique influence for any of them on the dependent variable. Tables 1 and 2 provide descriptive and collinearity statistics of the variables used in the model. If the largest VIF is greater than 10, and the mean of the VIFs is substantially greater than 1,
then multicollinearity is considered to be a serious problem (Boweman and O'Connell 1990:447-449). In this case the largest VIF is 1.599, substantially smaller than 10 and the mean of VIFs is 1.259 not substantially greater than 1; hence multicollinearity is not a major problem in this model.

Table 1: Descriptive Results for Independent Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Linkages</td>
<td>307</td>
<td>2.27</td>
<td>0.728</td>
</tr>
<tr>
<td>Citizens' Participation</td>
<td>307</td>
<td>1.93</td>
<td>0.830</td>
</tr>
<tr>
<td>Leadership Type</td>
<td>307</td>
<td>2.40</td>
<td>0.843</td>
</tr>
<tr>
<td>Financial Institutions’ Contribution</td>
<td>307</td>
<td>2.03</td>
<td>0.802</td>
</tr>
<tr>
<td>Collective Action to Create Facilities</td>
<td>307</td>
<td>1.52</td>
<td>0.683</td>
</tr>
<tr>
<td>Collective Action to resolve issues</td>
<td>307</td>
<td>2.03</td>
<td>0.775</td>
</tr>
<tr>
<td>Local Ownership</td>
<td>307</td>
<td>2.43</td>
<td>0.761</td>
</tr>
</tbody>
</table>

Source: Random Subsequent Survey 2, 1995

Table 2: Collinearity Statistics for the Variables Used

<table>
<thead>
<tr>
<th>Variable</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>Community Linkages</td>
<td>0.675</td>
</tr>
<tr>
<td>Citizens’ Participation</td>
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</tr>
<tr>
<td>Leadership Type</td>
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<tr>
<td>Financial Institutions’ Contribution</td>
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<td>Collective Action to Create Facilities</td>
<td>0.903</td>
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<tr>
<td>Collective Action to resolve issues</td>
<td>0.625</td>
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<tr>
<td>Local Ownership</td>
<td>0.994</td>
</tr>
</tbody>
</table>

Source: Random Subsequent Survey 2, 1995
Table 3: Independent Variables

<table>
<thead>
<tr>
<th>Concept</th>
<th>Questionnaire Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Links with Macro Level Institutions and Organizations</td>
<td>Does your locality belong to any of the following regional organization? If so, which? (Check as many as apply)</td>
</tr>
<tr>
<td></td>
<td>• Regional planning agency</td>
</tr>
<tr>
<td></td>
<td>• Member of a community college district</td>
</tr>
<tr>
<td></td>
<td>• Multi-county development</td>
</tr>
<tr>
<td></td>
<td>• Regional tourism or marketing</td>
</tr>
<tr>
<td></td>
<td>Is your locality a member of any state or national organization? If so, which? (Check as many as apply)</td>
</tr>
<tr>
<td></td>
<td>• National association of town or townships</td>
</tr>
<tr>
<td></td>
<td>• State Chamber of Commerce</td>
</tr>
<tr>
<td></td>
<td>• State Industrial Development</td>
</tr>
<tr>
<td>Civic Engagement: Citizens' Input in Planning Economic Development Process</td>
<td>If your locality has a comprehensive plan, did the planning process including an opportunity for citizen's input through any of the following mechanisms? (Please check as many as apply)</td>
</tr>
<tr>
<td></td>
<td>• Civic organizations request to local government officials</td>
</tr>
<tr>
<td></td>
<td>• Ad hoc appointed citizens committees</td>
</tr>
<tr>
<td></td>
<td>• Community wide workshops</td>
</tr>
<tr>
<td></td>
<td>• Public hearings</td>
</tr>
<tr>
<td></td>
<td>If yes, was the economic plan developed through a public planning process including an opportunity for citizen's input? (Please check as many as apply)</td>
</tr>
<tr>
<td></td>
<td>• Standing citizens committees</td>
</tr>
<tr>
<td></td>
<td>• Civic organizations request to local government officials</td>
</tr>
<tr>
<td></td>
<td>• Community wide workshops</td>
</tr>
<tr>
<td></td>
<td>• Public hearing</td>
</tr>
<tr>
<td>Community Leadership Types</td>
<td>Is there an instance within the last 10 years where a group of leaders, which prominently included one or more relative newcomers to the community (residing 10 yrs or less), carried out an important project or activity? (1 = yes, 2 = no)</td>
</tr>
<tr>
<td></td>
<td>Is there an instance within the last 10 years where a group of primarily female community leaders carried out an important project or activity? (1 = yes, 2 = no)</td>
</tr>
<tr>
<td>Concept Questionnaire Items</td>
<td></td>
</tr>
<tr>
<td>-----------------------------</td>
<td>--</td>
</tr>
<tr>
<td><strong>Local Financial Institutions Contribution</strong></td>
<td></td>
</tr>
<tr>
<td>In the past 10 years, did any of the financial institutions in this locality contribute in any way to a community project? If the answer is yes to the question above, what was the nature of the financial institution’s contribution? (Check as many as apply)</td>
<td></td>
</tr>
<tr>
<td>• Commercial loans</td>
<td></td>
</tr>
<tr>
<td>• Low interest loans</td>
<td></td>
</tr>
<tr>
<td>• Grant of donations</td>
<td></td>
</tr>
<tr>
<td>• In-kind (like equipment or office space)</td>
<td></td>
</tr>
<tr>
<td>• Contributed personnel to project or loan fund administration</td>
<td></td>
</tr>
<tr>
<td>• Contributed to serve on board or committee</td>
<td></td>
</tr>
<tr>
<td>• Marketing or technical assistance</td>
<td></td>
</tr>
<tr>
<td><strong>Collective Action to Develop Facilities</strong></td>
<td></td>
</tr>
<tr>
<td>In the past 10 years, has your locality joined with other localities to develop any of the following regional facilities? (Please check as many as apply)</td>
<td></td>
</tr>
<tr>
<td>• Airport</td>
<td></td>
</tr>
<tr>
<td>• Landfill/solid waste facilities</td>
<td></td>
</tr>
<tr>
<td>• Hospital</td>
<td></td>
</tr>
<tr>
<td>• Jail</td>
<td></td>
</tr>
<tr>
<td>• Animal shelter</td>
<td></td>
</tr>
<tr>
<td>• School</td>
<td></td>
</tr>
<tr>
<td>• Park or Recreational facilities</td>
<td></td>
</tr>
<tr>
<td>• Utilities</td>
<td></td>
</tr>
<tr>
<td>• Industrial park</td>
<td></td>
</tr>
<tr>
<td><strong>Collective Action to Resolve Issues</strong></td>
<td></td>
</tr>
<tr>
<td>In the past 10 years, has your locality joined with other localities to deal with any of the following regional issues? (Please check as many as apply)</td>
<td></td>
</tr>
<tr>
<td>• Joint efforts on regional environmental issues</td>
<td></td>
</tr>
<tr>
<td>• Economic development (recruitment/marketing)</td>
<td></td>
</tr>
<tr>
<td>• Joint tourism efforts</td>
<td></td>
</tr>
<tr>
<td>• Joint lobbying of state or federal government.</td>
<td></td>
</tr>
<tr>
<td>• Joint leadership/skill training</td>
<td></td>
</tr>
<tr>
<td>• Joint acquisition of technical assistance</td>
<td></td>
</tr>
</tbody>
</table>
### Table 3: (continued)

<table>
<thead>
<tr>
<th>Concept</th>
<th>Questionnaire Items</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of Ownership</strong></td>
<td>For each of the firms or incomes or job generating activities resulting from the project, what is the extent of local ownership? (check only one)</td>
</tr>
<tr>
<td></td>
<td>Type of firm or activity:</td>
</tr>
<tr>
<td></td>
<td>(1 = outside control, 2 = mixed ownership, 3 = locally owned)</td>
</tr>
</tbody>
</table>

Source: Random Survey 2, 1995

### Table 4: Dependent Variable

<table>
<thead>
<tr>
<th>Concept</th>
<th>Questionnaire Items</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Success</strong></td>
<td>Did this effort lead to the establishment of one or more businesses or other enterprises (such as new cooperatives, industries, stores, festivals or other periodic activities)?</td>
</tr>
<tr>
<td></td>
<td>(1 = yes, 2 = no)</td>
</tr>
<tr>
<td></td>
<td>Did this effort lead to the expansion of one or more businesses or other enterprises?</td>
</tr>
<tr>
<td></td>
<td>(1 = yes, 2 = no)</td>
</tr>
</tbody>
</table>

Source: Random Survey 2, 1995

Besides the potential role of social capital in community development efforts, the study measures components (community links, civic engagement, and collective action) of the social capital construct to reflect stocks of social capital at different levels of community structure. This also helps in taking into account the complementary role of state, market, and civil society.
Table 5: Categories Developed for Independent and Dependent Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Categories</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Linkages</td>
<td>Low (1-2)</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td>Medium (3-4)</td>
<td>123</td>
</tr>
<tr>
<td></td>
<td>High (5 or above)</td>
<td>133</td>
</tr>
<tr>
<td>Citizens' Participation</td>
<td>Low Participation (1-2)</td>
<td>116</td>
</tr>
<tr>
<td></td>
<td>Medium Participation (3-4)</td>
<td>95</td>
</tr>
<tr>
<td></td>
<td>High Participation (5 or above)</td>
<td>96</td>
</tr>
<tr>
<td>Leadership Type</td>
<td>Neither</td>
<td>72</td>
</tr>
<tr>
<td></td>
<td>New Comers Prominent</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>New Comers &amp; Female</td>
<td>194</td>
</tr>
<tr>
<td>Financial Institutions'</td>
<td>Low (1-2)</td>
<td>94</td>
</tr>
<tr>
<td>Contribution</td>
<td>Medium (3-4)</td>
<td>110</td>
</tr>
<tr>
<td></td>
<td>High (5 or above)</td>
<td>103</td>
</tr>
<tr>
<td>Collective Action to Create</td>
<td>Low (1-2)</td>
<td>181</td>
</tr>
<tr>
<td>Facilities.</td>
<td>Medium (3-4)</td>
<td>93</td>
</tr>
<tr>
<td></td>
<td>High (5 or above)</td>
<td>33</td>
</tr>
<tr>
<td>Collective Action to Resolve</td>
<td>Low (1-2)</td>
<td>87</td>
</tr>
<tr>
<td>Issues.</td>
<td>Medium (3-4)</td>
<td>123</td>
</tr>
<tr>
<td></td>
<td>High (5 or above)</td>
<td>97</td>
</tr>
<tr>
<td>Local Ownership</td>
<td>Outside Control</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td>Mixed Ownership</td>
<td>73</td>
</tr>
<tr>
<td></td>
<td>Locally Owned</td>
<td>183</td>
</tr>
<tr>
<td>Project Success</td>
<td>Expansion of Current Businesses/Enterprises</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>Establishment of New Businesses/Enterprises</td>
<td>127</td>
</tr>
<tr>
<td></td>
<td>Both Expansion &amp; Establishment of Businesses/Enterprises</td>
<td>156</td>
</tr>
</tbody>
</table>

Source: Random Survey 2, 1995

Social resources theory is used to define and measure these components of social capital. Empirical analysis allows us to examine the theorized relationships between these contextually measured components and community development outcomes. The essence of social capital is viewed as the quality of ‘networks of social relations’ that help provide opportunity, access, and use of resources for common ends.
CHAPTER 4  
RESULTS, DISCUSSION AND CONCLUSIONS

This chapter presents results of bivariate and multivariate analyses. Beside simple correlations to assess associations among dependent and independent variables, t-statistics and discriminant analysis are used to determine if variation in reported community project success is due to differences in the stock of social capital that communities possess at micro, meso and macro levels. Multinomial logistic regression is used to assess the relative influence of predictors used in the model.

**Bivariate Analysis**

Table 6 provides results of bivariate correlations among pairs of items measuring micro, meso, and macro levels of social capital, community ownership, and project success. Correlations show a pattern of statistically significant associations. There is a relatively strong correlation ($r = 0.535$) between community linkages (a measure of community’s macro level social capital) and collective action to resolve issues (a measure of community’s meso level of social capital). It is also associated ($r = 0.201$) with collective action to create facilities. Community linkages (a measure of community’s macro level social capital) have associations with citizens’ participation ($r = 0.245$), leadership types ($r = 0.178$), and financial institutions’ contribution ($r = 0.323$). This association of macro level with micro and meso levels suggest that there is an element of complementarity among these three, without which development efforts may not have succeeded. Associations of local financial institutions’ contribution with citizens’ participation ($r = 0.157$) and community leadership
Table 6: Correlations Among Independent and Dependent Variables

<table>
<thead>
<tr>
<th>Social Capital</th>
<th>Community Linkages</th>
<th>Citizens’ Participation</th>
<th>Leadership Type</th>
<th>Financial Institutions’ Contribution</th>
<th>Collective Action to Create Facilities</th>
<th>Collective Action to Resolve Issues</th>
<th>Local Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Linkages</td>
<td>1.000</td>
<td>0.245**</td>
<td>0.178**</td>
<td>0.323**</td>
<td>0.201**</td>
<td>0.535**</td>
<td>-0.037</td>
</tr>
<tr>
<td>Citizens’ Participation</td>
<td>1.000</td>
<td>0.089</td>
<td>0.150**</td>
<td>0.164**</td>
<td>0.324**</td>
<td>-0.007</td>
<td></td>
</tr>
<tr>
<td>Leadership Type</td>
<td>1.000</td>
<td>0.249**</td>
<td>0.164**</td>
<td>0.265**</td>
<td>0.018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Institutions’ Contribution</td>
<td>1.000</td>
<td>0.157**</td>
<td>0.277**</td>
<td>0.022</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collective Action to Create Facilities</td>
<td>1.000</td>
<td>0.164**</td>
<td>0.003</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collective Action to Resolve Issues</td>
<td>1.000</td>
<td>0.010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Ownership</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Project Success

| Dependent Variable | 0.147* | -0.015 | 0.003 | 0.143 | 0.178** | 0.064 | 0.252** |

* = Significant at p-value < 0.05  ** = Significant at p-value < 0.001

Table 7: Variable Means for By Community Project Success

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Expansion in Current Businesses Only</th>
<th>Establishment of New Businesses Only</th>
<th>Both Expansion and Establishment of Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Linkages</td>
<td>1.87</td>
<td>2.25</td>
<td>2.34</td>
</tr>
<tr>
<td>Citizens’ Participation</td>
<td>2.08</td>
<td>1.90</td>
<td>1.94</td>
</tr>
<tr>
<td>Leadership Types</td>
<td>2.38</td>
<td>2.40</td>
<td>2.40</td>
</tr>
<tr>
<td>Financial Institutions’ Contribution</td>
<td>1.83</td>
<td>1.93</td>
<td>2.14</td>
</tr>
<tr>
<td>Collective Action to Create Facilities</td>
<td>1.38</td>
<td>1.39</td>
<td>1.65</td>
</tr>
<tr>
<td>Collective Action to resolve issues</td>
<td>2.00</td>
<td>1.97</td>
<td>2.09</td>
</tr>
<tr>
<td>Local Ownership</td>
<td>2.29</td>
<td>2.19</td>
<td>2.65</td>
</tr>
</tbody>
</table>
(r = 0.277) indicate that leadership and financial institutions are both likely to have used their influence to encourage citizens' participation and to bring them together to resolve issues as a basic step toward achievement of development goals.

Community linkages are associated (r = 0.147) with project success (a measure of success of community development efforts). Collective action to create facilities also shows an association (r = 0.178) with project success. Citizens' participation, community leadership, and financial institutions' contribution (measures of individuals' civic engagement) do not show any direct significant association with the degree of success of development efforts. Citizens and leadership in partnership with local institutions may have contributed their share of efforts by working together toward conflict management. This, again suggest that citizens' engagement, along with collective action, may have helped propel the process of development. Meso-level actions then can complement efforts at the macro level to succeed. This seems to be the case as community linkages show a moderate to strong association with collective action to create facilities and collective action to resolve issues, but weak to moderate associations with citizens' participation, leadership types, and financial institutions' contribution.

Community ownership the degree of local control in the project completed, also shows an association (r = 0.252) with project success. This reinforces the role of meso-level social capital in overcoming the constraints faced by communities. To assess the differences in the role of social capital dimensions and community ownership in reported community project success, the study also reports results from the t-statistic and discriminant analysis. Table 7 presents variable means by the degree of project success. Table 8 provides absolute values of computed t-statistics when communities reporting expansion of current
businesses/enterprises only are compared with communities reporting both expansion of current businesses and establishment of new businesses. The results show that communities differ in terms of community linkages ($t = 2.92$, $p < 0.001$), local financial institutions’ contribution ($t = 1.74$, $p < 0.05$), collective action to create facilities ($t = 1.75$, $p < 0.05$) and community ownership ($t = 2.35$, $p < 0.05$).

Table 9 contains absolute t-values when communities reporting establishment of new businesses were compared with communities reporting both expansion of current businesses and establishment of new businesses. There is no significant difference between these two groups of communities in terms of their community linkages. However, they differ in the contribution of their local financial institutions ($t = 2.22$, $p < 0.05$), collective action ($t = 3.25$, $p < 0.001$), and community ownership ($t = 5.38$, $p < 0.001$). Similar patterns are revealed in Table 7 for these two groups of communities. To uncover the pattern further, a comparison was also made between communities reporting expansion of current businesses only with communities reporting establishment of new businesses only (see Table 10).

Table 8: Communities with Expansion of Current Businesses Only Compared to Communities with Both Expansion & Establishment of Businesses

| Independent Variables                  | $|T|\text{-value}$ | $P\text{-value}$ | Std. Error |
|----------------------------------------|------------------|------------------|------------|
| Community Linkages                     | 2.92**           | 0.00             | 0.16       |
| Citizens’ Participation                | 0.76             | 0.45             | 0.18       |
| Leadership Type                        | 0.12             | 0.90             | 0.18       |
| Financial Institutions’ Contribution   | 1.74*            | 0.08             | 0.18       |
| Collective Action to Create Facilities | 1.75*            | 0.08             | 0.16       |
| Collective Action to Resolve Issues    | 0.51             | 0.61             | 0.18       |
| Local Ownership                        | 2.35*            | 0.02             | 0.15       |

* = Significant at $p$-value < 0.05, ** = Significant at $p$-value < 0.001
Table 9: Communities with Establishment of New Businesses Only Compared to Communities with Both Expansion & Establishment of Businesses

| Independent Variables                          | |T|-value | P-value | Std. Error |
|-----------------------------------------------|------------------|---------|----------|-----------|
| Community Linkages                            | 1.02              | 0.31    | 0.09     |
| Citizens’ Participation                       | 0.45              | 0.65    | 0.10     |
| Leadership Type                               | 0.04              | 0.97    | 0.10     |
| Financial Institutions’ Contribution          | 2.22*             | 0.03    | 0.10     |
| Collective Action to Create Facilities        | 3.25**            | 0.00    | 0.08     |
| Collective Action to Resolve Issues           | 1.32              | 0.19    | 0.09     |
| Local Ownership                               | 5.38**            | 0.00    | 0.09     |

* = Significant at p-value < 0.05, ** = Significant at p-value < 0.001

Table 10: Communities with Expansion of Current Businesses only Compared to Communities with Establishment of New Businesses Only

| Independent Variables                          | |T|-value | P-value | Std. Error |
|-----------------------------------------------|------------------|---------|----------|-----------|
| Community Linkages                            | 2.36*             | 0.02    | 0.16     |
| Citizens’ Participation                       | 1.01              | 0.31    | 0.18     |
| Leadership Type                               | 0.14              | 0.89    | 0.19     |
| Financial Institutions’ Contribution          | 0.55              | 0.58    | 0.17     |
| Collective Action to Create Facilities        | 0.08              | 0.94    | 0.14     |
| Collective Action to Resolve Issues           | 0.19              | 0.85    | 0.16     |
| Local Ownership                               | 0.57              | 0.57    | 0.18     |

* = Significant at p-value < 0.05, ** = Significant at p-value < 0.001

No differences exist for micro and meso-level social capital. However, the main difference lies in the strength and effectiveness of macro-level social capital as measured by reported community linkages (t = 2.36, p < 0.05). Table 7 depicts the same pattern.

Table 11 provides results of discriminant analysis to note if the communities differ in terms of social capital dimensions. This additional analysis helps reinforce the patterns noted by the t-statistic. The F-test of equality of means is used to assess these differences. The results show that communities differ in terms of their community linkages (F = 4.832, p <
0.05), local financial institutions' contribution ($F = 3.270, p < 0.05$), collective action to establish facilities ($F = 5.892, p < 0.05$), and degree of community ownership of businesses/enterprises ($F = 14.271, p < 0.01$). The pattern of differences seems similar as observed by using the t-test analysis.

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>F</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Linkages</td>
<td>4.832*</td>
<td>0.013</td>
</tr>
<tr>
<td>Citizens' Participation</td>
<td>0.517</td>
<td>0.597</td>
</tr>
<tr>
<td>Leadership Type</td>
<td>0.010</td>
<td>0.990</td>
</tr>
<tr>
<td>Financial Institutions' Contribution</td>
<td>3.270*</td>
<td>0.039</td>
</tr>
<tr>
<td>Collective Action to Create Facilities</td>
<td>5.892*</td>
<td>0.003</td>
</tr>
<tr>
<td>Collective Action to Resolve Issues</td>
<td>0.880</td>
<td>0.416</td>
</tr>
<tr>
<td>Local Ownership</td>
<td>14.271**</td>
<td>0.000</td>
</tr>
</tbody>
</table>

* = significant at $p < 0.05$; ** = significant at $p < 0.01$

The bivariate analysis revealed differences in strength and effectiveness of community linkages (macro-level social capital) among communities, linkages which help secure needed resources. These differences seem to be the key to reported differential project success. Communities reporting expansion of current businesses, relative to two other groups of communities, may not have sufficient community linkages; in turn, this may inhibit their effectiveness in securing sufficient resources. Thus, it seems that efforts at the micro and meso-levels were complemented only to the extent of securing resources sufficient to expand the current businesses. The other two sets of communities have a higher degree of macro level social capital that enabled them to secure more resources sufficient not only to expand current businesses but also to establish new businesses and enterprises.
**Multivariate Analysis**

Table 12 reports the overall effects of measures of social capital at each level as well as community ownership. Community linkages ($\chi^2 = 7.993, p < 0.1$), collective action for the establishment of facilities ($\chi^2 = 12.620, p < 0.05$), and the community degree of businesses and enterprises ownership ($\chi^2 = 36.165, p < 0.001$), significantly affect the success of projects undertaken by these communities.

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Chi-Square</th>
<th>P-values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Linkages</td>
<td>7.993*</td>
<td>0.092</td>
</tr>
<tr>
<td>Citizens' Participation</td>
<td>3.550</td>
<td>0.470</td>
</tr>
<tr>
<td>Leadership Type</td>
<td>3.015</td>
<td>0.555</td>
</tr>
<tr>
<td>Financial Institutions' Contribution</td>
<td>5.320</td>
<td>0.256</td>
</tr>
<tr>
<td>Collective Action to Create Facilities</td>
<td>12.620**</td>
<td>0.013</td>
</tr>
<tr>
<td>Collective Action to Resolve Issues</td>
<td>3.513</td>
<td>0.476</td>
</tr>
<tr>
<td>Local Ownership</td>
<td>36.165***</td>
<td>0.000</td>
</tr>
</tbody>
</table>

*** = significant at $p < 0.001$, ** = significant at $p < 0.05$, * = significant at $p < 0.1$

Table 13 reports results of the multinomial logistic regression model in which communities reporting expansion of current businesses only were compared to communities reporting both expansion of current businesses and establishment of new businesses and enterprises.

Table 14 reports results of the second multinomial logistic regression equation comparing communities reporting establishment of new businesses with communities reporting both expansion of current businesses and establishment of new businesses and enterprises. There is no significant difference between these two groups of communities in terms of their macro-level social capital stock. Multivariate analysis thus indicates that reported differential in project success is due to differences in the strength and effectiveness
of communities’ stock of micro, meso, and macro levels of social capital. This pattern also is
reflected in the degree of community ownership (see Tables 13 and 14). Overall model fit is
significant ($2LL = 74.038$, $p < 0.001$ and $R^2$ is 0.256).

Table 13: Multinomial Logistic Regression Results Project Success Category Expansion of
Current Business only Compared to Both Expansion and Establishment of Business.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Categories</th>
<th>Std. Error</th>
<th>Wald Statistic</th>
<th>P-values</th>
<th>Exp (β)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social Capital</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Linkages</td>
<td>Low</td>
<td>0.798</td>
<td>6.627</td>
<td>0.010</td>
<td>7.797**</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>0.648</td>
<td>4.039</td>
<td>0.044</td>
<td>3.677**</td>
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<tr>
<td>Citizens’ Participation</td>
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<td>2.192</td>
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<tr>
<td>Leadership Type</td>
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<td>0.275</td>
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<td>New Comers &amp; Female</td>
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<tr>
<td>Financial Institutions’ Contribution</td>
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<tr>
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<td></td>
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<tr>
<td>Collective Action to Resolve Issues</td>
<td>Low</td>
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<td>0.980</td>
<td>0.322</td>
<td>0.479</td>
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<td>High</td>
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<tr>
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</tbody>
</table>

Note: In each case the last category is the reference category.

*** = significant at $p < 0.001$, ** = significant at $p < 0.05$, * = significant at $p < 0.1$  
Pseudo R-square (Nagelkerke) = 0.256  
Model Fit: $-2LL = 74.038$***
Table 14: Multinomial Logistic Regression Results Project Success Category Establishment of New Business only Compared to Both Expansion and Establishment of Business

<table>
<thead>
<tr>
<th>Variable</th>
<th>Categories</th>
<th>Std. Error</th>
<th>Wald Statistic</th>
<th>P-values</th>
<th>Exp (β)</th>
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<tr>
<td>Citizens’ Participation</td>
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<td>0.342</td>
<td>0.240</td>
<td>0.624</td>
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<td>0.069</td>
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<td>Leadership Type</td>
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<td></td>
<td>New Comers &amp; Female</td>
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<td></td>
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<td>Financial Institutions’ Contribution</td>
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<tr>
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<td>Local Ownership</td>
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<td>4.505***</td>
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</tbody>
</table>

Note: In each case the last category is the reference category.
*** = significant at p<0.001, ** = significant at p<0.05, * = significant at p<0.1
Pseudo R-square (Nagelkerke) = 0.256
Model Fit: -2LL= 74.038***

Discussion of Empirical Analysis

Both bivariate and multivariate analyses show that social capital as an input has an important role in the success of reported community development efforts. The analysis lends support to hypotheses 1, 2, and 4:
Dimensions of social capital affect the actions that serve or create a collective good in the mutual interest of a community.

Strength of community linkages is related to instances of local self-development efforts (project success).

Collective action directed either to establish facilities or to resolve issues is related to project success.

As noted in the bivariate analysis, measures of micro-level (citizens' participation, community leadership, financial institutions' contribution) show a significant association with the measures of collective action- (meso-level social capital). It is likely that the effect of micro-level social capital is being mediated through meso-level measures of social capital, as it is the community leadership and key organizations that help connect residents to the meso and/or macro levels.

Analysis does not support hypothesis 3, which posited that higher levels of civic engagement are related to development efforts (project success). This suggests that micro-level social capital may not have a direct role in project success. Multivariate analysis for the second regression equation (see Table 14) shows only one measure (local financial institutions' contribution) associated with micro-level social capital likely to have played a role in community development efforts. It is likely that local financial institutions, given their ties with both micro and macro levels, may have acted as intermediaries connecting both the residents and the leadership with the meso and macro levels. The associations between the local financial institutions' contribution and collective action as seen in Table 6 suggest the same. Bivariate analysis (Tables 8 and 9) suggests that local financial institutions also may have a direct role in addition to their intermediary role.
Both bivariate and multivariate analyses lend support to hypothesis 5, since the degree of community ownership (local economic control) had an effect on project success. Overall, community ownership (local economic control) has a significant role in community development efforts.

Overall, the empirical analysis provides support to elements of social resources theory, that resources are embedded in sets of social relations that need to be accessed and secured for purposive action. Sets of social relations measured at each level of community social capital stock help in accessing, securing, and using these resources for purposive action, in this case instances of community development efforts. Overall, analysis also suggests that micro, meso, and macro-level social capital complement each other. Associations among the measures of each level of social capital indicate that these do not exist in a vacuum; rather, they help capture the dynamics of the sets of social relations- which are embedded in a local community structure.

As noted in Table 12, community linkages to local, state, and regional institutions and collective action to create facilities and to resolve issues (macro and meso-level dimensions of capital) have a significant role in the success of community development efforts. This finding is supported by the theoretical assertions of Narayan (1999), Flora (1997), and Granovetter (1973, 1997) that ties within and beyond a community help in securing needed resources for local economic development efforts. The argument by Burt (1992) and Woolcock (1998) that in order to access resources a community needs linkages or social ties also lends support to this empirical finding. This also corresponds to Lin’s (1982) view that social capital helps in instrumental actions to secure resources.
Civic engagement—a micro level dimension of community social capital—does not show a significant contribution to project success. As discussed in chapter 3, due to complementarity (synergy) among levels of community social capital, the effect of civic engagement may have been mediated through meso-level phenomena. Since the empirical analysis shows that local financial institutions played a significant role in community development efforts, this sheds light on the fact that it is the key organizations, groups, or individuals that provide citizens with the opportunities to participate in the process. Participation may not be voluntary, as noted or measured by Putnam (1993); rather, it may constitute a sort of formal volunteering for a specific purpose. This suggests that residents need to be actively engaged to secure their participation in community development efforts. Hunter and Staggenborg (1986) rightly argued that communities act through their organizations or intermediaries. This finding supports arguments by Purdue (2001) that development effort is a partnership, which includes local government, the private sector, and the community.

Leadership (inclusive), contrary to expectation, did not show any direct significant contribution to community development efforts. It is likely that the organizational leadership of community financial institutions connected to meso and macro levels may have assumed the same role. The degree of local economic control, as measured by community ownership, does have a significant role in the success of local development efforts. Ray (1998) argued that attempts to pursue development based on local resources is an attempt to localize economic control. As noted in the multivariate analysis, communities that reported establishment of new businesses showed that such communities have mixed ownership of local economic community assets. This suggests that if communities have a higher stake in
the project, such efforts are likely to be successful. Table 14 also shows that in case of communities reporting establishment of new businesses, the role of local financial institutions (a measure of micro-level community social capital) and collective action (a measure of meso-level community social capital) is also significant. This finding supports the notion of complementarity, as discussed in chapter two, that political and financial resources (embedded in the relations of each sector) complement each other in order to succeed. It further supports Lin's (1982) argument that social capital measured in terms of networks/ties provides access to resources that are needed for a successful development effort.

Summary of conclusions

In summary, empirical analysis help us draw the following conclusions:

- Social capital has a role in community development efforts. For it to play such a role, it has to be disaggregated into micro, meso, and macro level dimensions to obtain a realistic measure of the stock of community social capital.

- Elements of complementarity or synergy should be fully considered.

- Set of social relations at each level of social capital help access and secure needed resources that are not locally available.

- Using social capital as an input avoids the tautological argument that it is an outcome or objective in itself, and shows that it can be used as a tool in facilitating community development efforts.

- A network/ties approach to social capital provides a better framework for developing better measures of social capital at micro, meso, and macro levels.
- Effectiveness and quality of ties within and beyond community has a bearing on the outcome of development efforts.

- In general, communities with more effective linkages beyond the community (stronger macro level social capital) are more likely to be successful than those that lack them.

**Policy Implications**

Citizens' participation does not show a direct significant role in community self-development efforts. This points to a need for mechanisms that are more inclusive of the residents in the development process. Promotion of mechanisms/initiatives to bring change in values and norms can help in a more inclusive interaction, cutting across institutional, economic, and racial lines. Such policy initiatives thus allow for the emergence of ties that not only encourage inclusion but also help in strengthening local government and allow it to better connect with micro and meso levels in order to find solutions to the problems that communities face. Local policies to identify local resources and how they can be complemented with outside resources have the potential to promote and implement successful development efforts. Local government needs to be aware of its linkages within and beyond the community and actively assess them and unfold strategies to improve them, since social capital-like any other form of capital-needs investment to be sustained and grow.

Community groups, organizations, and leadership also need to undergo a change of attitude. Rather than demanding the delivery of services or development activities, they need to adapt to the role of advocating and mobilizing resources to fulfill the local services and development gap. The participation of citizens, their representative organizations, and leaders in the decision-making process can help generate consensus for pursuing policies for mutual benefit. Voices of citizens and their organizations with help from the macro level
have the potential to influence the local capitalist class to actively invest in the local economy.

Use of network ties for increased interaction among diverse groups reduces conflict. Key organizations and community leadership can influence local government institutions to allow the use of public spaces to encourage interaction among residents and their organizations representing different sections of the community. This helps not only in inclusion but also in the emergence of new social ties and relations. These new ties potentially can reduce conflict by resolving issues through consensuses formation. Such engagements also provide an opportunity for the local government to understand the current community social fabric and encourage greater inclusion.

Development efforts or projects that are executed as a result of cooperation between local government and community residents and their organizations create synergy and complementarity in managing these local public or private businesses and enterprises. Social capital in partnership or in cooperation with agencies beyond the community can help not only in securing, enhancing, or improving local goods and services, but also in the success of local public or private development initiatives.

Local government policy support can help influence the determinants of social capital formation. However, the main challenge is that in a given context a policy framework is needed to help provide opportunities for investment in social relations that may strengthen existing sources of social capital. These sets of social relations, in turn, can help in accessing resources that the community may need. Still, like other resources or assets, they may not be equally distributed. Institutional policies thus can help create conditions to reduce this disparity.
Community institutions also need to work toward improving and strengthening their linking capital, as it plays an important role in the success of micro and meso level initiatives. From a policy perspective, the most relevant areas are how social capital is formed, operates in various contexts, and facilitates or contributes toward desired outcomes. Another area is disaggregating the social capital and developing measures for each level of social capital that are grounded in the network approach to social capital.

Understanding micro, meso and macro level ties of a community can provide insights into the capacity of a community to make use of local resources and secure additional resources to improve its socio-economic outlook. Thus, the policy objective should not concern social capital per se, but how ties built overtime help achieve development outcomes.

For all of the above policy designs, it is most important to make a distinction between what social capital "-is-" from what it "-does-.” Social capital in-itself should not be the objective or outcome of development efforts. Rather, it is an input along with other forms of capital to facilitate the success of development efforts.

Theoretical and methodological contributions

Despite data limitations, these empirical findings support the theoretical assertion that community social capital has an important role in the success of community development efforts. Empirical findings also support the theoretical assertion that it is important to disaggregate community based social capital into micro, meso, and macro levels that complement each other. Empirical findings also extend support to a network approach to
social capital and suggest that it is a theoretically sound approach that has the potential to avoid the tautological arguments and pitfalls.

Theoretically, the study provides clear support for viewing the role of social capital as an input rather than an outcome. Norms, trust, and values are facilitators that help in the emergence and strengthening of social capital, and should not be confused as alternate forms of social capital. This suggests that stress on volunteering, measured by voting patterns or similar measures, does not capture the important dynamics of civic participation. Formal volunteering is more relevant and a better measure, as citizens need to be engaged and informed of opportunities to participate.

Though significant advances have been made in defining and measuring the concept of social capital, the literature is still fuzzy at best in defining and measuring social capital as a tool for development. Definitions and measures of the concept remain mired in theoretical abstractions. This study attempts to disaggregate the concept into three levels, measures of which still need further work. The literature mentions micro, meso, and macro levels of social capital, but does not provide any clear example to show their individual and collective effect on community socio-economic efforts. We can find some examples but only at the country level, which may not be useful for a community level analysis. Thus, the most important methodological contribution made is to examine directly the role and contribution of each dimension of social capital at the community level, while recognizing the complementarity among them. This study recognizes the multi-dimensionality of the concept. Empirical analysis lends support to the underlying assumption that social capital is inherently a multi-level concept.
Studies that use a network analysis approach help identify individual ties and their structure. Though they measure social capital in terms of ties or networks, they do not provide a disaggregation of these ties or networks into micro, meso, and macro levels, and do not recognize the fact that each level has the potential to affect the others. Ultimately, this seems necessary since the state, private sector or civil society acting alone does not possess sufficient resources to be successful. This dissertation extends support to the concept of partnership between the state, market, and civil society, and shows the indirect contributions of each in the success of community development efforts.

Despite its potential to help access and secure resources, social capital is an elusive concept and lacks precise definition and measures. Still, the study was able not only to define and measure it but also to use an advanced statistical modeling technique, multinomial logistic regression. The use of this technique helps in assessing the likely contribution made by each component of social capital as defined for the purposes of this study. Since most studies rely on factor analysis or simple comparisons that actually do not allow assessment of the likely contribution made by each measure of social capital as observed in this study, the use of such statistical modeling is an indirect methodological contribution. The contribution of each social capital component assessed by statistical modeling used, also provides insights into the effectiveness of social capital possessed by communities. The results further help in identifying the level of social capital that can be the focus of policy designs to strengthen or improve its ties, as “the essence of social capital is quality relations” (Stone and Hughes 2002).
Limitations

Though a wealth of detailed information was collected on these communities, the instrument lacks the precision to measure community ties. Since the communities were purposively selected, this makes it difficult to generalize the observed significant relationships of predictors with community development efforts. A study comparing these findings with that of randomly selected communities would help in making reliable generalizations. An additional limitation is the lack of measures to assess the quality of ties possessed at each level. Since the focus of this study is not the ‘network analysis’ of the ties possessed, it is not a significant limitation. Nonetheless, more research is needed to validate empirically the findings of this study and to refine the measures of social capital.
The National Assessment of Local Economic Development

This study seeks to understand better the local elements which contribute to economic development. We are particularly interested in identifying the organizational aspects of community life associated with successful economic development. We believe such knowledge can lead to rural (non-metropolitan) localities devising means of strengthening their collective entrepreneurial capacity. We ask you to share your time and knowledge of your community/locality and its efforts at economic development. We are interested in hearing from you whether or not you have succeeded in your economic development efforts. The first part of the questionnaire asks you to identify an economic development effort in which you have been heavily involved. The second part is about your locality—how it confronts issues, mobilizes resources, and utilizes linkages with the outside. The third part asks for details regarding the social and economic background of the project your community completed.

I. ECONOMIC DEVELOPMENT EFFORTS IN YOUR LOCALITY

Please answer this section only in terms of a project initiated within the last ten years and which qualifies as locally-initiated economic development. If your community, county, or region has been involved in more than one locally-initiated economic development activity, please fill out this questionnaire in terms of the activity which you know the most about.

A. 1. Indicate and briefly describe the economic development project or activity which you have chosen:

________________________________________________________________________

2. When did the project begin operating (when did it begin generating income)? 19____

3. What is the year you became involved in or knowledgeable about the project which is the subject of this questionnaire? 19____

4. Please indicate the category(ies) from the following list which best describe(s) the project. Check as many as apply.

   ___ a. Industrial startup or recruitment (includes establishment of an industrial park, if jobs and/or income are generated by firms recruited to the park)

   ___ b. Recruitment or establishment of retail service facility or firm (provides services rather than goods; examples include health professional and/or facility, cable TV system, exercise salon, etc.) (Note: a retail service facility qualifies only if there was a community effort to assist its establishment.)

   ___ c. Establishment or recruitment of a financial institution (commercial bank, development bank, S & L, revolving loan fund, credit union or other community financial institution) (Note: a financial institution qualifies only if there was a community effort to assist its establishment.)

   ___ d. Recruitment of a governmental facility which generates jobs or income
e. Value-added processing of locally-produced products (agricultural, forestry, petroleum, or other mineral)
f. Agricultural marketing organization, including farmers' market
g. Agricultural diversification
h. Program for retention and expansion of local businesses or industries
i. Incubator/small business assistance center
j. Commercial development (includes a shopping center, mall, or other retail business which sells GOODS) (Note: a retail business qualifies only if there was a community effort to assist its establishment)
k. Downtown revitalization, historic preservation and renovation
l. Tourism, recreational development, annual arts festival, museum, annual crafts fair or other income-generating cultural activity.
m. Community land trust
n. Housing development
o. Other. Specify: ____________________________

5. Has this project created or saved permanent jobs for local people?
   YES ___ NO ___

YOU WILL RETURN TO THE ABOVE PROJECT IN PART III, BUT FIRST WE WOULD LIKE TO ASK YOU SOME QUESTIONS ABOUT YOUR LOCALITY.

H. SOCIAL ASPECTS OF COMMUNITY CHANGE

If the project described above was carried out in the name of and for the benefit of more than one community or county, answer Part II either a) in terms of the community or county where the headquarters of the project is, or, if you feel more comfortable in doing so, b) in terms of the community or county in which you live (assuming it is part of the economic development effort). Thinking beyond this project, answer the questions in terms of characteristics of the community or county as a whole. You may want to skim the questions in Part II before deciding the answer to the following:

A.1. a. Name of the locality which is the subject of my responses in Part II of this questionnaire
   ____________________________ State in which located ____________________________

   b. Is this locality (please check one:)
   A New England Town _____ An Incorporated Place (town, village, or city) _____ A County _____
B. COMMUNITY PLANNING AND INVESTMENTS

1. Does your locality have a comprehensive plan (a plan which guides local land use decisions and may also include plans for "bricks and mortar" projects related to local public services)?
   YES _____ NO _____ [If NO, skip to Question B.3.]

2. If the locality has a comprehensive plan, did the planning process include an opportunity for citizen input through any of the following mechanisms? (Please check as many as apply:)
   ___ Individual citizen input to local government officials
   ___ Community-wide workshops
   ___ Civic organization requests to local government officials
   ___ Public hearings
   ___ Ad hoc appointed citizen committees
   ___ Other; please explain:
   ___ No meetings involving citizens

3. a. Does the local government have an economic development plan?
   YES _____ NO _____ [If NO, skip to Question B.4 immediately below.]
   b. If yes, was the economic development plan developed through a public planning process, including opportunity for citizen input? (Please check as many as apply:)
      ___ Part of comprehensive plan or developed from existing planning documents
      ___ Public/private coordination (limited to local government and industry/commerce)
      ___ Standing citizen committees (an economic development council, main street, or industrial development authority)
      ___ Civic organization requests to local government officials
      ___ Community-wide workshops
      ___ Public hearings
      ___ Other; please explain:

4. a. In the development of the local government's annual budget are there opportunities for citizen input?
   YES _____ NO _____ [If NO, skip to Question B.5 immediately below.]
   b. If yes, check as many as have occurred in the past 10 years:
      ___ Citizen task force to advise in development of budget
      ___ Elected officials or staff regularly discuss budget at meetings of civic organizations
      ___ Budget or finance committee work sessions open to the public
      ___ Public hearings on the budget
      ___ Other; please explain:

5. a. Does the locality have a zoning ordinance governing land use?
   YES _____ NO _____ DON'T KNOW _____

6. a. During the past 10 years, has the locality had a referendum on a bond issue?
   YES _____ NO _____ [If NO, skip to Question B.7 immediately below.]
   b. If yes, please specify the following regarding the most recent local bond issue:

   Purpose of Issue: ____________________________  Passed or failed: P   F
7. Is there an active taxpayers' association in the locality?
   YES _____ NO _____

8. a. In the past 10 years, did any of the financial institutions in this locality contribute in any way to a community project?
   YES _____ NO _____ DON'T KNOW _____ [If NO or DON'T KNOW, skip to Question B.9.]
   b. If the answer was yes to the question above, what was the nature of the financial institution's contribution? (Check as many as apply:)
   ______ Commercial loan(s) ______ Contribute personnel to project or loan fund administration
   ______ Low-interest loan(s) ______ Contribute personnel to serve on board or committee
   ______ Grant or donation ______ Marketing or technical assistance
   ______ Other in-kind contributions (equipment, office space)
   ______ Other (specify:)

c. Is that (Are those) financial institution(s) independent or a branch of a larger bank?
   Independent _____ Branch _____ Both _____

9. a. In the past 10 years, have there been one or more community-wide fund drives to raise money for a specific community project (Examples: campaign for a swimming pool, community foundation)?
   YES _____ NO _____ [If NO, skip to next section (C), "Community Efforts for Youths," below.]
   b. If yes, please tell us about the most recent such effort:

<table>
<thead>
<tr>
<th>Name of Fund or Project</th>
<th>Frequency (check one:)</th>
<th>Year in Which Initiated</th>
<th>Annual/ Biennial</th>
<th>One-Time</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

C. COMMUNITY EFFORTS FOR YOUTHS

1. a. Is there an annual high school awards ceremony to which community members are invited?
   YES _____ NO _____ DON'T KNOW _____ [If NO or DON'T KNOW, skip to Question C.2 below.]
   b. If yes, what kinds of awards are presented? Please check as many as apply:
      ______ Athletic awards
      ______ Academic awards (scholastic achievement)
      ______ Vocational-technical awards
      ______ Other (please specify:)

2. a. Do local civic clubs sponsor higher education scholarships for high school seniors?
   YES _____ NO _____ DON'T KNOW _____ [If NO or DON'T KNOW, skip to next section (D), "Inter-Community Relationships,"]
   b. If so, what kinds? (Check as many as apply:)
      ______ General academic  ______ The arts
      ______ Athletic  ______ Based on community service
      ______ Vocational and technical  ______ Need based
      ______ Other (please specify:)

D. INTER-COMMUNITY RELATIONSHIPS

1. Does your locality belong to any of the following regional organizations? (Check as many as apply:)
   - Regional planning agency and/or council of governments
   - Member of a community college district
   - Multi-county development corporation
   - Regional tourism or marketing group
   - Other (please specify):
   - No regional memberships

2. In the past 10 years, has your locality joined with other localities to develop any of the following regional FACILITIES? (Please check as many as apply:)
   - Airport
   - Landfill/solid waste facilities
   - Hospital
   - Jail
   - Animal shelter
   - Other (please specify):
   - Locality has not cooperated in a regional facility in last 10 years

3. In the past 10 years has your locality joined with other localities to deal with any of the following regional ISSUES (please check as many as apply):
   - Joint effort on regional environmental issues
   - Economic development (recruitment/marketing/certification)
   - Joint tourism efforts, including certification
   - Joint lobbying of state or federal government
   - Other interlocal cooperation (please specify): 
   - The locality has not joined with other localities regarding particular issues

4. Is your locality a member of any state or national organizations? (Please check as many as apply:)
   - State League of Municipalities/State Association of Counties
   - National Association of Towns and Townships
   - State Chamber of Commerce/Downtown Development Association
   - State Industrial Development organization
   - Other (please specify): 
   - No such memberships

5. a. In the last 10 years, has your locality participated in a statewide competition designed to recognize community achievement? YES ____ NO ____
   b. In the last 10 years, has your locality participated in a national competition designed to recognize community achievement? YES ____ NO ____
6. a. In the past 10 years, has a group from your locality visited one or more localities to learn about their community development efforts?
    YES _____ NO _____ [If NO, skip to Question D.7.]

b. If yes, please indicate the type of delegation (please check as many as apply:)
    _____ Government officials and/or staff
    _____ Members of an economic development group/industrial development authority
    _____ Members of a grassroots community organization
    _____ Representatives from a broad spectrum of the community
    _____ Other (please specify:)

7. In the past 10 years, has your locality sent a delegation outside the community in an effort to seek help or redress a grievance? (Check as many as apply:)
    _____ To an agency of state government
    _____ To an agency of the Federal government
    _____ To another local government
    _____ To the headquarters of a business firm
    _____ To visit a state legislator or Congressperson
    _____ Other (please specify:)
    _____ No delegations sent
    _____ Don't know

E. COMMUNITY GROUPS AND LEADERS

1. Do you see a diversity of ages in the leadership in your community or are most decisions made by a predominantly older generation of leaders (over age 50)? (Please check one:)
   _____ Diversity of ages
   _____ Decisions made by older generation
   _____ Other pattern. Please specify:

2. Is there an instance within the last 10 years where a younger group of leaders (predominantly under age 40) carried out an important community project or activity?
   YES _____ NO _____

3. Is there an instance within the last 10 years where a group of leaders which prominently included one or more relative newcomers to the community (residents for 10 years or less) carried out an important community project or activity?
   YES _____ NO _____

4. Is there an instance within the last 10 years where a group of primarily female community leaders carried out an important community project or activity?
   YES _____ NO _____

5. In the past 10 years, have local efforts been made to attract absentee-owned firms or branches or entrepreneurs to the locality? Check all that apply:
   Was Effort Successful?
   _____ Industrial firms(s) Y N
   _____ Commercial firm(s) (goods or services) Y N
   _____ Regional, state, or federal governmental facility(ies) Y N
   _____ Entrepreneur(s) Y N
F. COMMUNITY ISSUES

1. a. In the past 10 years, has one or more controversial issues arisen in the community which involved a large segment of the population? (Examples: annexation, school controversies, landfill sitting, zoning changes, bond issues, taxation, economic development issues)
   
   YES_____  NO_____

   [If NO, skip to Question F.4.]

   b. What was the nature of the controversy (choose the most important if more than one)?

      _____ Annexation/governmental consolidation
      _____ Curriculum/library books
      _____ Zoning, siting of facilities
      _____ Environmental
      _____ Tax and budget issues
      _____ Other (please specify:)

2. If your answer was yes to the previous question, how many positions would you say could be distinguished among those who took an interest in the controversy? (Please check one:)

      _____ The controversy resulted in only two major viewpoints
      _____ There were three or more perspectives on the issue

3. Would you say that the issue was resolved reasonably amicably or did it leave permanent divisions among groups in the locality? (Please choose one:)

      _____ Amicably
      _____ Permanent divisions
      _____ Other result. Please explain:

4. Does this community have a rivalry with another community which goes beyond sports (rivalry might include competition for industries and other businesses, or for development of community services)?

   YES_____  NO_____

5. a. Do you have a local newspaper which emphasizes local news? (Include weekly publications.)

   YES_____  NO_____

   [If NO, skip to Section III, Question A.1 below.]

   b. Complete name of this newspaper:

   c. Does this local newspaper take an editorial position on local issues?

      OFTEN_____  SOMETIMES_____  SELDOM_____  NEVER_____

   d. How would you characterize the approach that the newspaper takes toward local issues and controversy? (Please choose only one response:)

      _____ Does not take a position, but attempts to report the positions and activities of different groups as objectively as possible
      _____ Takes a position, but also allows the other side a voice through its pages (through letters to the editor, covering meetings of the other side, etc.)
Takes a position which is reflected in clear bias toward that position in its news stories, either distorting the position of the other side or failing to report their activities and positions

Ignores the issue

Other. Please explain: ________________________________

III. PROJECT INFORMATION

NOW PLEASE RETURN TO THE PROJECT WHICH YOU IDENTIFIED IN QUESTION 1, PART I, ON PAGE 1. PART III SHOULD BE ANSWERED IN TERMS OF THAT PROJECT.

A. BACKGROUND INFORMATION

1. What is the geographic base for which the project was implemented? (Check only one response:)

   a. Single community-based. Name of town, village or city: ________________________________

   Name of county and state in which town, village or city is located: _________________________

   b. Multi-community-based. Please identify the communities below:

      Community          County          State
      ________________          ________________          ______
      ________________          ________________          ______
      ________________          ________________          ______

   c. County-wide. County name: ________________________________

   d. Multi-county and state. Names of counties and state:

      County          State          County          State
      ________________          ______          ________________          ______
      ________________          ______          ________________          ______

   e. Other. Explain: ______________________________________

2. Is this project currently generating income for the community or area?

   YES ______   NO ______

3. Did this effort lead to the one of the following:

   a. Establishment of one or more businesses or other enterprises (such as new cooperatives, industries, stores, festivals or other periodic activities)?

      YES ______   NO ______

   b. Expansion of one or more businesses or other enterprises?

      YES ______   NO ______ [If NO, skip to Question A.5.]
4. For each of the firms or income- or job-generating activities resulting from this project, what is the extent of local ownership (check only one column) and the number of jobs created or saved? (If you need more space, include another piece of paper)

<table>
<thead>
<tr>
<th>TYPE of Firm or Activity</th>
<th>Locally Owned (90% or more)</th>
<th>Mixed Ownership</th>
<th>Outside Ownership (90% or more)</th>
<th>No. of Jobs Created or Saved</th>
<th>Firm Still In Existence?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Y</td>
<td>N</td>
<td></td>
<td></td>
<td>Y</td>
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<tr>
<td></td>
<td>Y</td>
<td>N</td>
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<td>Y</td>
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<td>Y</td>
<td>N</td>
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<td>N</td>
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<td>Y</td>
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<td></td>
<td>Y</td>
<td>N</td>
<td></td>
<td></td>
<td>Y</td>
</tr>
</tbody>
</table>

5. Did local organizations play a significant role in the initiation of the economic development effort? (Examples: local government, Community Development Corporation, community college, civic or occupational organization)

   YES _____  NO _____

B. IMPLEMENTATION

1. a. Was there an event in the community or from the outside which precipitated the initiation of the project?

   YES _____  NO _____  [If NO, skip to Question B.2.]

   b. What was that event (choose only one response):

   _____ Decline of natural resource economy (agriculture, forestry, mining, or fishing)
   _____ Closing or decline in major industry or business
   _____ Downtown deterioration
   _____ Arrival of major business, industry, government facility, or public utility which led community to adjust
   _____ Threat of major industry or business to leave community
   _____ General decline in economy of region, state, or nation
   _____ Other (please specify:)

   _____ No specific event triggered the economic development effort

2. Does this locality have an active economic development committee or corporation? Please check the response which best fits (choose only one response):

   _____ It was established before the 1980s and has been active since its initiation
   _____ It was established or rejuvenated just prior to the initiation of this economic development project
   _____ It was established or rejuvenated as a result of the establishment of the economic development project
   _____ There used to be an economic development corporation, but it is currently inactive
   _____ Other (please specify:)

   _____ This locality has no economic development corporation/committee
3. Which of the following groups were the most active in initiating and implementing the economic development project which you have identified and which were most critical of economic development strategies? (Check one column for each organization or governmental unit):

<table>
<thead>
<tr>
<th>Organization/Unit</th>
<th>Initiator &amp; Implementer</th>
<th>Implementer Only</th>
<th>Interested But Neutral</th>
<th>Active Opposition</th>
<th>Not Involved; Absent</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Government</td>
<td></td>
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<tr>
<td>County Government</td>
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<tr>
<td>State Government</td>
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<tr>
<td>Federal government</td>
<td></td>
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<tr>
<td>Local development or industrial corp./committee</td>
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<tr>
<td>Private business (e.g., Chamber of Commerce, banks, business persons)</td>
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<tr>
<td>Labor organizations</td>
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<tr>
<td>Local newspaper or other media</td>
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<tr>
<td>Local university or community college</td>
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<td>Cooperative Extension agent(s)</td>
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<tr>
<td>Farmers or farm organizations</td>
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<tr>
<td>Retired persons or organizations</td>
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<tr>
<td>Small Business Development Center</td>
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<tr>
<td>Regional planning commission or other planning district personnel</td>
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<td></td>
<td></td>
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<tr>
<td>State Department of Commerce or State Economic Development Department</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Environmental Groups:</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>locally based or local chapter</td>
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<tr>
<td>from outside the locality</td>
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<tr>
<td>Civic league; taxpayers association; other citizens' groups</td>
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<td></td>
<td></td>
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<tr>
<td>Main Street</td>
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<tr>
<td>Other community organizations</td>
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<tr>
<td>Specify</td>
<td></td>
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</tbody>
</table>

4. a. We need to understand the financing of the project. Did the project require funding from OUTSIDE the project area (locality)?
   
   YES ____     NO ____     [If NO, skip to Question B.5 at the top of the next page.]

b. If yes, give your best estimate of the amounts provided by each source:

<table>
<thead>
<tr>
<th>Source (Specify name if organization or agency)</th>
<th>Source Type</th>
<th>Approximate Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Public</td>
<td>Private</td>
</tr>
</tbody>
</table>

\(^{1}\)If funding was received for more than one year, sum the total amount received since 1980 to the present.
5. Did the project require **local** funding (from sources within the project area)?
   YES ____  NO ____  [If NO, skip to Question B.6 immediately below.]

<table>
<thead>
<tr>
<th>Source (Specify name if organization or agency)</th>
<th>Source Type</th>
<th>Public</th>
<th>Private</th>
<th>Approximate Amount ($)</th>
</tr>
</thead>
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</table>

1If funding was received for more than one year, sum the total amount received since 1980 to the present.

6. a. Did any local government forego any revenue (tax abatements and credits, grants or loans which may have been applied to another project) to support the project?
   YES ____  NO ____  [If NO, skip to Question B.7 below.]

   b. If the answer was yes, please provide an estimate of how much annual revenue was foregone and for how long?
      Annual $ ________ Number of Years ______

7. Did the state government forego any revenue to support the project (tax abatements or credits)?
   YES ____  NO ____

8. a. Did the project require the construction of new or upgraded physical infrastructure (water, roads, spec buildings)?
   YES ____  NO ____  [If NO, skip to Question B.9 below]

   b. If yes, please provide the estimated construction cost: $ __________________________

9. a. Were there any inkind contributions to the project (for example, land purchases, equipment/furnishings, professional services, staff time or labor)?
   YES ____  NO ____  [If NO, skip to Question B.10 below.]

   b. If yes, give your best estimate of the value of the inkind contribution provided by each source:

<table>
<thead>
<tr>
<th>Source (Specify name of organization or agency)</th>
<th>Source Type</th>
<th>Location of Source</th>
<th>Estimated Value ($)</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>
10. Please think of the people who you believe contributed most to the success of this project (initiators and implementors). Think of up to five such persons. For these people, include the requested characteristics.

Circle one ethnic background from the following list: White/Non-Hispanic (W); Black/African-American (B); Hispanic (H); Asian (A); Native American (N); Other (O):

<table>
<thead>
<tr>
<th>Occupation(s)*</th>
<th>Approx Age</th>
<th>Sex (M-F)</th>
<th>Years of Residence</th>
<th>Ethnic Background Specify:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>&lt;10 &gt;10 Lifelong</td>
<td>W B H A N O</td>
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<td></td>
<td>W B H A N O</td>
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<td>W B H A N O</td>
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<td>W B H A N O</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>W B H A N O</td>
</tr>
</tbody>
</table>

1 If not a resident of the community, please write NONE.
* If retired, indicate former occupation and put "R" after it.

11. a. Were there people who opposed the project? YES NO [If NO, skip to Question C.1 below.]

b. If yes, think of the names of up to three persons who opposed the project. For these people, include the requested characteristics:

<table>
<thead>
<tr>
<th>Occupation(s)*</th>
<th>Approx Age</th>
<th>Sex (M-F)</th>
<th>Years of Residence</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>&lt;10 &gt;10 Lifelong</td>
</tr>
</tbody>
</table>

1 If not a resident of the community, please write NONE.
* If retired, indicate former occupation and put "R" after it.

C. FACILITATORS/OBSTACLES

1. Please indicate the degree to which the items listed below proved to be either facilitators or obstacles to the implementation of economic development strategies. Please check one column for each item:

<table>
<thead>
<tr>
<th>Possible Facilitator or Obstacle</th>
<th>Hindrance:</th>
<th>Facilitator:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Un)availability of debt capital (loans)</td>
<td>Great</td>
<td>Some</td>
</tr>
<tr>
<td>(Un)availability of equity capital (investors)</td>
<td>Great</td>
<td>Some</td>
</tr>
<tr>
<td>Cost of capital (interest rates)</td>
<td>Great</td>
<td>Some</td>
</tr>
<tr>
<td>(Lack of) flexibility of delivery of capital</td>
<td>Great</td>
<td>Some</td>
</tr>
<tr>
<td>(Lack of) skilled/appropriately trained labor</td>
<td>Great</td>
<td>Some</td>
</tr>
<tr>
<td>(Lack of) professional personnel</td>
<td>Great</td>
<td>Some</td>
</tr>
<tr>
<td>(Lack of) capable management</td>
<td>Great</td>
<td>Some</td>
</tr>
<tr>
<td>(Lack of) technical assistance</td>
<td>Great</td>
<td>Some</td>
</tr>
<tr>
<td>Conflict/cooperation among civic or social groups</td>
<td>Great</td>
<td>Some</td>
</tr>
<tr>
<td>(Lack of) community leadership</td>
<td>Great</td>
<td>Some</td>
</tr>
<tr>
<td>Local government opposition/support</td>
<td>Great</td>
<td>Some</td>
</tr>
</tbody>
</table>
(Lack of) local government capacity
Marketing problems/capacity
(In)adequate physical infrastructure (roads, utilities or buildings)
Difficulty/ease of meeting environmental standards
(Lack of) quality of life (schools, health care, housing, cultural activities)
Community fear of/readiness to change
Conservative/progressive business climate
Factions within the community
Open discussion of the project
Identification of project with certain individuals
(UN)willingness of people to volunteer
Existence of similar projects in other communities
Assistance from outside groups and experts
Other. Specify:

D. BENEFITS AND COSTS

1. Please estimate the total direct gross sales or receipts generated by all the firms or activities created by the project for the most recent year for which you have information.

   YEAR ______  AMOUNT $ __________

2. What was the approximate number of jobs created and/or saved by the project? ________ [If NONE, skip to Question E.1 below.]

3. Of the number of jobs created or saved, how many remain in the community today? Please specify the number: ________ [If NONE, skip to Question E.1 below.]

4. As of today, of the jobs created and/or saved by the project, what percentage of the jobs are:

   UNSKILLED a. _____
   SKILLED/SEMI-SKILLED MANUAL b. _____
   CLERICAL c. _____
   PROFESSIONAL/MANAGERIAL d. _____

   TOTAL = 100%

5. What percentage of the jobs created and or saved were taken by people who already lived in the project area prior to its initiation? ______%
E. COMMUNITY CONTACTS

1. In case we need to clarify any of your answers, we would like your telephone number: ______________

2. Please check your address on the cover letter. If your name or address is different, please fill out this address information:

   Respondent Name
   ______________________________________________________
   Address
   ______________________________________________________
   ______________________________________________________
   ______________________________________________________

3. Please indicate whether you are willing to be listed as a contact person in a published data base on economic development cases.
   YES ___ NO ___

4. Please check here if you would like to receive a copy of the results of this study.
   YES ___ NO ___

5. If this community has been involved in other important economic development projects over the past decade that you believe should be included in our study, please give us a very brief description of the project:
   ______________________________________________________
   ______________________________________________________
   ______________________________________________________
   ______________________________________________________

6. Finally, if there is anything you would like to add about the project or about your community/locality, please write it here. If you have news articles or other materials which tell about the project, we would appreciate your attaching them.
   ______________________________________________________
   ______________________________________________________
   ______________________________________________________
   ______________________________________________________

Thank you for your help! Please return this to us in the enclosed post-paid envelope.
REFERENCES


Salway-Black, S. (1994). Redefining Success in Community Development. The Lincoln Filene Center at Tufts University


http://www.cpn.org/sections/tools/models/socialcapital.html


