

Understanding the impact of your social capital

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Abstract

The term 'social capital' is commonly used but often poorly understood. We shouldn't need a term to refer to the positive effects of being social, being social is being human. But our modern culture undervalues and underprioritizes social factors. In response to the urgent need to reframe our priorities there has been rapid and widespread application of the concept across virtually every aspect of human activity. Gaining an understanding of social capital can improve our life, and everyone we interact with. It can build community, improve the function of social groups and organisations, and provide invaluable social support.

Keywords: social capital, leadership, homo economicus, networking

Introduction

Social capital may not be a phrase you have heard before, and even if you have you may not really know what it means. Social capital is a combination of words that don't seem to belong together. How can 'social' be 'capital'? This can be rather perplexing on first consideration.

'Capital' is an economic concept for a tangible element of production that can be created through investment and used when needed. How can this relate to the term 'social' which cannot be 'used up', and that is broad and intangible; involving beliefs, values and emotions?

The core intuition of social capital is that being social has benefits. This doesn't seem like a ground-breaking discovery, or one that should require a term to capture or communicate its meaning. Humans are social by nature, we have evolved to be social and it is a defining characteristic of what it means to be human.

Aristotle famously said, "he who lives without society is either a beast or God".

It's not difficult to understand that we, and society generally, benefit from being social: helping, sharing, and caring about our fellow humans. Being social is being human and our society and economy is inescapably linked to sociability.

If you want to go fast, go alone. If you want to go far, go together. - AFRICAN PROVERB

The fact that the 'social' has been framed as 'capital' is an indictment on modern culture and values. Throughout human history the importance and value of social relationships has been intuitively understood and nurtured. However, in the ego-driven, individualistic, self-interested, and rational modern era social factors have been consistently underestimated, undervalued, and underprioritized.

Homo sapiens to homo economicus

In many traditional cultures there was little concept of an individual 'self' that was separate from the tribe. Traditionally, our sense of belonging and purpose was thus deeply embedded within this collective context. However, as we became more individualistic, we changed this dynamic by setting ourselves apart from others as somehow special, important and different. This led to the development of social status and rank hierarchies that were based on control as a means to exert oneself over others — humans over nature, men over women, kings over peasants, peasants over slaves, civilized over primitive, etc.

This effectively decoupled the individual good from the collective good. This lies at the foundation of the modern dominant paradigm that has changed us from *homo sapiens* to *homo economicus* — the consistently rational and narrowly self-interested modern human who attempts to maximise benefits for themselves.

Under this mindset wealth and power became all-important and social factors were increasingly insignificant or irrelevant unless there were tangible economic consequences. The 'bottom line', i.e. the fundamental and most important factor, became money and power, and all other considerations were deprioritised.

Problems of modern culture

The modern *homo economicus* is in crisis, disconnected from their innate nature, living in the paradox of competition with their kin, with a mindset of self-interest. They are driven by ego and the desire for power and status that breeds conflict. They live with a scarcity mentality where they are driven to compete for what is perceived to be limited resources, rather than cooperate with their neighbours and their community for the collective good.

There are spiralling mental health problems, and widespread feelings of isolation, depression, anxiety, and fear. Many people feel like another ‘cog in the machine’ – their labour treated as a commodity in an economic system focused on maximising profit for the few at the expense of the many. Our modern culture encourages people to be self-interested; to protect their own and be out for themselves.

The need to revitalise the ‘social’

Social capital emphasises social dimensions that have typically been marginalised by the dominant paradigm of individualism and economic rationalism. It helps to reverse the undersocialised view that assumes that humans are overly rational and self-interested, and largely beyond the influence of social factors. This classical and neoclassical economic view has increasingly pervaded human discourse over the last 100 or more years and created numerous problems.

Social capital gained popularity in the 1990s. There was rapid and widespread application of social capital theory across virtually every discipline and subdiscipline of the social sciences. It was picked up by political parties and became a foundational principle of Tony Blair’s UK Labour Party. It was bandied about, often with limited understanding of what it meant, and became a trendy term.

Its popularity underlines the urgent need for reclarification and reframing of social and environmental problems beyond the normally narrow scope of economics. There was, and still is, considerable demand for tools and approaches that can change the dominant paradigm and help to reverse the numerous problems that it has created.

An awareness of social capital can redress some of the problems of *homo economicus* by refocusing our attention on the importance of being social. It encourages people to be giving, supportive, and cooperative while discouraging selfish and exploitive behaviours. It inspires trust, mutual respect, goodwill, and solidarity that benefits us, and everyone we interact with. It builds community, improves the function of social groups and organisations, and provides invaluable social support.

What is social capital?

Social capital arises from the human capacity to consider others, to think and act generously and

cooperatively. There are three core aspects to social capital.

Factor	Description	Type
Social relationships	When people know each other, are not socially isolated	Structural social capital
Quality relationships	When relationships are positive, involving trust, goodwill and solidarity	Relational social capital
Shared understanding	When there is shared language and codes of conduct that provide the foundation for interaction and exchange	Cognitive social capital

These core aspects relate to the ‘types’ of social capital: structural social capital, relational social capital, and cognitive social capital respectively.

Since social capital relates to relationships and shared understandings it does not reside in an individual. Instead it exists in the space between individuals. This makes social capital relatively intangible and difficult to observe and measure. While an individual has some degree of control over their social capital, they do not own it in the way other capitals can be owned. Similarly, an organisation can influence the nature of their social capital but cannot directly control it.

Social capital relates to goodwill, benevolence, and cooperation, and to personal characteristics of duty, respect, loyalty, solidarity, service, compromise, restraint, patience, tolerance, understanding, self-discipline, compassion, responsibility, friendship, perseverance, honesty, trust, faith, and numerous others.

These qualities relate to being a good citizen – simply being moral. A more moral group or society is primed with the conditions for social capital, while an immoral society is clearly not. Morality relates to acting fairly and not harming others so creates favourable conditions for a wide range of factors related to social capital such as trust, reciprocity, and norms of giving, sharing, and helping. Immoral acts, on the other hand, have ripple effects through society that are likely to have negative effects on various aspects of social capital.

This would suggest a dichotomy however reality is not black and white but shades of grey on a continuum. The poles could be considered moral and immoral, or good and evil, or prosocial and antisocial, or skilful and unskilful. More social capital exists where more people act in ways that are more ‘good’. Personally, I like the skilful/unskilful distinction.

The distinction between “skilful” and “unskilful” come from Buddhist technical language for talking about the ethical status of our actions. Unskilful actions are those that are

based on the mental/emotional states of delusion, egoistic greed, and hatred and other forms of aversion. Skilful actions are those that are based on the opposites of these, which relate to insight, contentment, and compassion.

The crux of social capital

For an individual good social capital is about having lots of strong positive relationships with people in diverse positions from diverse backgrounds engendered with goodwill, trust, reciprocity, and norms of cooperation.

For an organisation good social capital is about having lots of strong positive relationships as above, with a strong sense of belonging and solidarity, as well as shared understandings including shared language, values, vision, and goals.

Importance of understanding social capital

Having an awareness of social capital reminds us of the importance and value of being prosocial in a modern culture that systematically disconnects us from this fundamental truth. It brings it into our consciousness and allows us to change our attitudes, behaviours and decisions accordingly. We may know that social relationships are important and beneficial, and we may even believe it, but this does not necessarily fully align with our actions.

Information, knowledge, and actions are often not aligned. We can possess information without really understanding and believing it - information can be memorised and recalled without being understood or believed. Information can become knowledge when we understand it in the context of our existing knowledge, when it meets our internal standard for evidence and validity, and when we incorporate it into our value system such that we believe it to be true.

Even when we know something it may still not align with our actions. For example, I know that plastics are an ecological catastrophe, yet I use plastic bags in my rubbish bin. There is a disparity between my knowledge and my actions. This seems illogical – stupid even. Why would my actions be contrary to my knowledge and values?

This happens because all our thoughts and actions are based on assumptions, habits, and taken-for-granted ideas and ways of being. In a complex world we are not capable of constantly analysing and evaluating every thought and action so we mostly operate on background assumptions.

We can never be fully aware of these background assumptions or “preunderstandings”. They provide the inescapable context of knowing and acting in everyday life. These background assumptions are developed over a lifetime and dynamically influenced by the nature of every event, action, and interaction.

This context can be referred to as our *habitus* (Pierre Bourdieu) or *lifeworld* (Jürgen Habermas). It provides the foundation for how we think, interpret and act. Without

it, life would be exhausting and confusing since we would need to think, analyse and calculate the appropriate and most desirable action in every circumstance. Instead, our background assumptions allow us to go about our life almost on autopilot – when someone opens a door you thank them, when someone asks how you are you say good, when someone cuts you off in traffic you yell at them, etc. based on your existing presuppositions.

When a person carrying a heavy box approaches a closed door you open it for them, but this decision likely required no consideration, it's just what you do in that situation. It's a habit, assumption, and a taken-for-granted way of being. If you were to reflect on the reasons for this action you may conclude that it is the right thing to do, that it is socially expected and not doing so may result in social sanctions, perhaps it's near your workplace and you don't want to be judged if a colleague were to see, and you may be able to identify numerous other reasons.

These reasons are mostly ‘prereflective’, meaning you only become more fully aware of them after reflection. Our lifeworld is so complex that even deep reflection cannot fully illuminate it. For example, when I was 6 years old my grandmother told me I should open doors for people and emphasised it is the ‘proper’ thing to do. This, and my memory and interpretation of the event, subtly shaped my lifeworld in ways I am not fully aware of, along with every other experience and observation that relates directly or indirectly to similar circumstances.

This is why gaining an awareness of social capital can actually improve social capital since it provides opportunity for reflection and the resulting reprioritisation and realignment of values. For example, when we are more fully aware of the importance of helping, sharing, and caring behaviours our lifeworld subtly changes, creating a propensity for these kinds of behaviours in our everyday life.

The networking fallacy

Social capital is a complex concept, potentially including every aspect of the incredibly broad term ‘social’. Unfortunately, many people take a limited view of social capital – seeing it as simply being a large network of contacts. I.e. knowing a lot of people. They ignore the other important aspects of social capital such as the quality of those relationships, and the role of belonging and shared understandings.

Under this mindset, networking activities do little to build social capital since there is a lack of genuine interest in building authentic relationships involving a commitment to the other person. If we reflect on the core themes of social capital (goodwill, benevolence, and cooperation) none of these relate to the instrumental approach to networking.

For these people relationships tend to be instrumental – viewed as a means to an end. They develop contacts merely in order to achieve some limited and immediate goal. Their intention is self-interest and their approach

is strategic.

These people are operating in the context of ego and individualism, and for many people this can be difficult to change. This is because the dominant mindset is 'rationality'. They tend to calculate utility, or usefulness, from their own perspective, thinking of immediate and future benefit for themselves, while devaluing or ignoring the costs and benefits for others, including other species and ecosystems.

For example, someone asking for directions could save hours and other untold costs from just 30 seconds of your time. Thinking from a collective point of view the appropriate action is obvious, yet many people are not prepared to give 30 seconds of their time because they cannot see a benefit for themselves, now or in the future. Similarly, many people throw rubbish out the window of their car because it's easier than finding a rubbish bin and they devalue the impact it will have on other people and the environment.

We might think these actions are the result of a considered and rational cost-benefit analysis, but they are largely prereflective or habituated behaviours that have involved little or no consideration. They may be unaware of an alternative behaviour: "Of course you throw your rubbish out the window, what else would you do?"

We can change these prereflective patterns by exploring our values and comparing our actions to our beliefs. We can identify contradictions between our actions and values and generate commitment to change. This reevaluation can change our presuppositions and change the nature of our autopilot that will have positive effects on every action and interaction.

We have control of our own social capital – we govern our thoughts and actions, so we control how we relate to others. We can nurture goodwill, trust, and norms of cooperation and reciprocity. We can live and breath moral values, thus creating habituated prosocial ways of thinking and acting in everyday life. Over time this becomes our lifeworld, requiring little or no deliberate thought.

Consider again the list of personal characteristics related to social capital: duty, respect, loyalty, solidarity, service, compromise, restraint, patience, tolerance, understanding, self-discipline, compassion, responsibility, friendship, perseverance, honesty, trust, and faith. We can live these qualities if we choose to. For most of us this requires a conscious and deliberate realignment of our values and actions, but over time this becomes our lifeworld – the background context for all thought and action.

Individual actions influence the social environment

We do not own our social capital since it resides between people; it adheres in our relationships and social structures. This means that our social capital inevitably relates to the social capital of others, including

groups, organisations, and communities. When we act skilfully and build our social capital, we are inevitably improving social capital for others, including groups, organisations, and communities.

Our lifeworld is dynamically and constantly shaped by every action and interaction, and our interpretation of these. We can choose the nature of these actions, interactions and interpretations with deliberate and conscious thought. Being aware and purposeful lessens the influence of our social environment that would otherwise dominate the nature of our lifeworld. It allows us to deliberately construct a lifeworld that is prosocial, moral, and skilful.

Many people believe they are not influenced by others. This is untrue, to varying degrees. Psychological experiments have repeatedly demonstrated the powerful effect that our social environment has on us. To believe otherwise is a fallacy driven by ego. Most people have relatively little independent thought that is beyond social influence. Independent thought can be an illusion since social influence largely operates at subconscious levels. For most people the nature of their lifeworld is dominated by the actions of others, interpreted in habituated patterns.

For example, when someone witnesses road rage, they may be more likely to engage in road rage in future if they perceive it as the norm – the normal, accepted, and appropriate behaviour for the given context. This is a general principle – clearly it is far more complicated and is dependent on a range of factors such as alignment of values, perceived values of other significant people in their life, expected benefits or consequences of the action, and previous experiences.

Numerous sources can shape our lifeworld every day if we let it; what we see on the news, read the newspaper, watch tv and movies, read on social media, hear on the bus or at work, etc. This can all shape our understanding of 'how it is', what is normal, what is appropriate, and how we should think and feel. Intervention in this process requires a deliberate and critical thought and reflection.

My point is that our actions have significant and powerful influence on the lifeworld of other people, including groups, organisations, and communities with which we interact. Our actions can be all forms of verbal and non-verbal communication including the things we do. It's not just the messages we communicate but also the interpreted meaning and significance of these messages.

When our actions are strong, clear, consistent and confident the message has more significant impacts on peoples' lifeworld. When we articulate our thoughts and values there is less chance of misinterpretation and misunderstanding. When we act with confidence it reduces uncertainty in other people.

"If she so confidently thinks that's the right thing to do then it must be so."

If you show reluctance or dissatisfaction with helping

someone then it does not send a clear message, even if you did help them. Be more overt, happy, certain – like there was no other possibility. If you act like helpfulness is a given, then others will naturally come to think this too.

Is it possible to be too social or too helpful?

As with everything in life balance is required. We could spend all our time meeting people, helping others, and developing goodwill however clearly there is a point that is too much. Some aspects of social capital have an equilibrium point because more of something is not always better. For example, close-knit social groups tend to develop strong norms that can limit thought and actions and can result in exclusion of outsiders. Another example is trust, more trust is good but too much trust can create opportunities for fraud, corruption, and exploitation.

In a practical sense groups tend to perform better when there are shared understandings and shared goals. These can be developed by spending time engaged in social interaction, but too much social interaction impairs the completion of tasks to achieve those goals. There is a middle ground that is enough but not too much.

Actions and reactions shape social capital around you

The last thing I want to discuss is the role of social sanctions. A sanction is a reaction in response to the behaviour of an individual or group. In general sanctions for conformity are positive while sanctions for nonconformity are negative. A sanction can be as subtle as a disapproving look but can include ridicule, sarcasm, criticism, social discrimination, and exclusion, as well as more formal sanctions such as penalties and fines. Positive sanctions can be as subtle as an approving nod or smile, or more obvious signals of approval including formal awards and rewards.

Everyone engages in sanctioning to some extent however more overt forms of sanctioning often carry costs for the sanctioner. This cost may simply be the time it takes to engage but may also include risk if the sanction deviates, or potentially deviates, from the existing group norm. Sometimes standing up for what you believe to be appropriate involves sticking your neck out. When this is done confidently and appropriately it can have a powerful influence on the nature of the group norms and the nature of social sanctions. Leaders have a very important role to play in shaping the lifeworld of everyone they interact with.

As a leader it's important to understand your role in shaping the social environment around you. Your values and intentions emanate in even the most subtle forms of non-verbal communication – even a raised eyebrow or a smile. You also need to consider how your actions are interpreted. Sometimes even the most well-intentioned actions can be perceived as a threat. This highlights the importance of remaining aware and connected. Instead

of listening in order to respond, listen to understand. Open your eyes to what is happening in the social environment around you. Observe the background assumptions and habituated patterns. Where you feel change is appropriate, you can compassionately intercede to shape the social capital of your team or organisation.