

How Social Capital Links with Social Accounting and Audit ...thoughts from the field...

This article is based on a presentation made to the SAN in Scotland meeting held on 5th April 2007 in Edinburgh.

Introduction

In this article I want to show why I think social capital is important for social economy organisations and shall support this argument with reference to the CONSCISE Research Project. I then want to define social capital and go on to look at how levels of social capital could be measured using a tool called the Social Capital Stocktake. I shall then outline some thoughts and challenges for the future.

I must admit that I was sceptical about the notion of social capital when I first came across it. But the more I found out about it, the more it appeared to make sense and nowadays I see social capital in all relationships between people, between organisations and between people and organisations.

The main refuge for social capital at the moment seems to be in the world of academia which abounds with articles and learned papers about what it is and how it works. This theory has not really been adequately translated into practice and this is what I should like to deal with in this article. I believe social capital can be useful in our understanding of community development, business relations, health and well-being and urban and rural regeneration.

We, as a society, spend a great deal of our time trying to make things happen and consciously or not we all use social capital – building it at the same time as using it. If we focus on social capital and use it as a *heuristic* tool in our day-to-day dealings, we can be more effective, understand priorities better and fashion an approach to our activities that ultimately will be more efficient. Incidentally, my first encounter with the word heuristic had me diving for a dictionary - it means...“enabling a person to discover or learn something for themselves”, or in this case, the recognition of social capital its use means people will understand it better.

Social economy organisations in particular should develop a strategy of building and using social capital. Recently there have been attempts to connect social capital as a resource to social enterprise development: measuring progress, performance and impact using social accounting.

CONSCISE Research Project: The Contribution of Social Capital in the Social Economy to Local Economic Development in Western Europe (2000-2003)

This research project may have been many things – but concise in name it is was not! The lead partner in the project was Middlesex University and there were other partners in Germany, Spain, Sweden and Scotland. It was an action research project which ran over a three year period.

In the first instance, a literature review was carried out to unearth the full expanse of academic papers. This was followed with a seminal workshop which defined the social economy on a spatial map; identified the main elements essential to a bona fide social enterprise; and then defined social capital drawing on the work of others. Each of the partners went off to their respective countries and identified field areas that boasted at least one social or community enterprise which was willing to take part in the project.

The methodology for the field work was consistent for each area and involved....

...a **socio-economic profile** of each area which involved an attempt at measuring social capital levels using proxy indicators as part of a questionnaire; listing voluntary organisations, making connections between organisations in the area; using statistics on the social and economic activity in the area;

... **social accounting and audit** of the chosen social enterprise in the area which involved a normal social accounting procedure for the organisation but adding two social capital objectives - one on how the social enterprise *uses* social capital; and the other on how it *generates* social capital

All the findings were written up in a series of “work-packages” and reports and were showcased at a conference in London in 2003. For further information see www.conscise.info and www.cbs-network.org.uk.

Defining Social Capital

The definition we came up with for social capital was...

Social capital consists of resources within communities which are created through the presence of high levels of

...trust

...reciprocity and mutuality

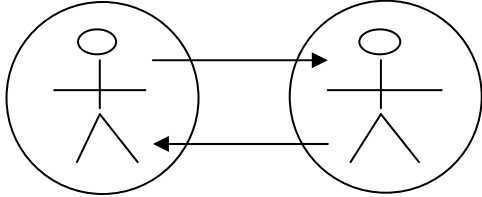
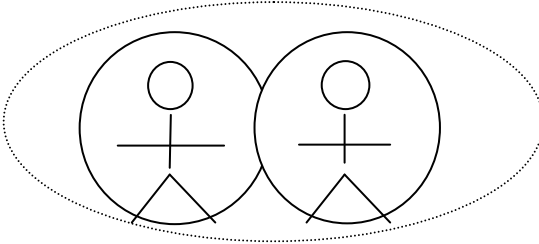
...shared norms of behaviour (values)

...shared commitment and belonging

...both formal and informal social networks and
 ...effective information channels....

...which may be used productively by individuals and groups to facilitate actions to benefit individuals, groups and community more generally.

In the course of the research we decided, for various reasons, to drop the “effective information channels”. The reason for this was that we did not see “information channels” as a discrete element as it appeared to be a by-product and consequence of being tapped into networks. The remaining five were then grouped into two categories which can be summarised in the following table and drawings.

<p>Trust</p> <p>Social networks (and information channels)</p> <p>Reciprocity</p>	
<p>Shared norms of behaviour (values)</p> <p>Shared commitment and belonging</p>	

We also re-affirmed that social capital could be regarded as made up of “bridging social capital” – that is social capital that enable a person or entity to foster good relationships outside their immediate community and with other communities; and “bonding social capital” which exists between individuals and entities within a community bonding them together. Some people consider “linking social capital” to be another aspect or type. We looked at this concept which recognizes power differentials but felt that this was really a part of “bridging social capital” and did not merit having its own category as that appeared to legitimize power differences between people and communities.

Taking Stock of Social Capital

Very often social economy organisations do not acknowledge social capital and dismiss it as “common sense” or “networking” or “what we do anyway”. This, I feel misses a trick. It is only when you take stock of social capital, that you begin to recognize it and

understand its value to your organisation. Thus we thought it would be useful for a social economy organisation to use the following questions see how levels of social capital are created and maintained. The following questions are often produced in a grid – but in this case it is a list...

Trust

Do we, in general, trust other organisations we work with? To what degree? Examples?

Do other organisations we work with trust us? To what degree? Examples?

What can we do where there is a lack of trust?

To what extent is trust dependent on relations between individuals? Examples?

What will happen to that trust if key people leave our organisation or other organisations?

Do we use trust in getting things done? To what degree? Examples?

Reciprocity and Mutuality

Do we help other similar organisations? In what ways? Examples?

Do other similar organisations help us? In what ways? Examples?

Are there projects or campaigns we (could) work on together?

Networks and Information Channels

Do we have a wide network of contacts? How wide?

Do we nurture our contacts and go out and make new ones? To what extent?

Are we aware of all our stakeholders?

What is the nature of our relationships with our key stakeholder?

Do we understand these different relationships?

Are we in regular contact with all our stakeholders? How? And about what?

Are there other groups and people we should be in contact with more? If so, who?

Are we able to get good and useful information?

Do we share information with other organisations? How?

Shared Norms and Values

Do we have a clear set of values?

Do all our staff and Board understand our shared values?

Do all our staff and Board share our values? To what extent?

Do we share these values with the organisations we work with? To what extent?

Do we tell others what our values are? If so, how?

Commitment and Sense of Belonging

Do we have strong roots in the local community or amongst the people we serve? To what extent?

Are we truly accountable to our community? How?

Do we involve our community in our work? To what extent?

Do we keep people informed about what we do? How? How often?

These questions above form the Social Audit Stocktake. It is a checklist tool which can be completed collectively by an organisation enabling it to focus on the extent and depth of its social capital.

Final thoughts

Social economy organisations do not exist in isolation but as part of a web of interconnected relationships. In getting things done and in making things happen they should be able to tap into contacts and use good relationships to carry out effectively what they want to do.

In social accounting, an organisation, as part of the first step are asked to identify their stakeholders and then decide who is key. I believe this exercise could go further and start to analyse the form and nature of relationships an organisation has with other organisations. It is the *relationship* that is as crucial as the entity and something that we have to focus on.

In a future world where the social economy is flourishing, social enterprises should be able to recognize social capital as a resource working alongside other forms of capital - making things happen. The scale of the effectiveness can then be measured using social accounting and verified using a social audit.

So give the concept of social capital a whirl!

Alan Kay
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