CHAPTER II
REVIEW OF LITERATURE

♣ Social capital and Development
♣ Social capital and Education
♣ Social capital and innovation
♣ Social capital and business
♣ Miscellaneous studies on social capital
♣ Studies on creation of social capital
♣ Studies on self help groups and SHGS and social capital
♣ References
During the past two decades there has been a tremendous growth in the literature on social capital. In spite of considerable degree of confusion and debate regarding various aspects of the concept, it has found acceptance and regard in various fields of research including education, health, economics, business, politics, management, psychology and the like. Empirical studies bring to light the efficacy of social capital in dealing with human problems as varied as economic underdevelopment and poverty to increasing crime rates.

Though studies on social capital are limited in the context of Kerala and India, researchers are enthusiastically working on the subject in other parts of the world. The studies reviewed by the researcher as part of this enquiry are briefly discussed below.

Studies regarding social capital and developmental issues are given in the beginning. Studies dealing with social capital and education are discussed in section 2. Sections 3 and 4 respectively deal with studies on social capital and innovative capability and social capital and business performance. Various other studies regarding social capital are grouped as miscellaneous under section 5. Studies on creation of social capital are dealt with in section 6 and section 7 narrates studies on self help groups and self help groups and social capital.

2.1 Social capital and Development

Putman (1993) through his research in Italy in the 1970s found that the cultural contexts in different regions of the country influenced the quality of government and economic development in those regions. The more ‘civic’ the community, the more vibrant and effective the local government and the more prosperous is the society in general. Putnam argues that social capital is a vital ingredient for economic development. His study reveals that regions with a large number of small firms engaged in a mix of competition and co-operation, that is, areas, where there was a high level of horizontal integration among firms, were economically successful. In his view, the flexibility that came from high horizontal and low vertical integration in the economy allowed the firms and their regions to succeed in a fast-moving economic world.
Fukuyama (1995) argues that economic prosperity in countries such as the USA is linked to its capacity to build and sustain social capital. At present, in his view, trust and sociability (two key elements of social capital) are in decline across the United States and this will have implications for both capitalism and democracy in that country. Fukuyama also suggests that societies which exhibit high levels of trust between people outside direct family and close kinships ties have greater opportunities to create business that are larger and more efficient than those whose business structures are based on close family ties. These larger, more efficient organisations have greater ability to compete in a global marketplace. High trust societies have ‘spontaneous sociability’ which is an important factor that enhances economic activity through more effective group behaviour, reduced transaction costs and better access to information.

Putnam (1995) in his historical paper on the decline of social capital in America brings to light that civic engagement among Americans, which has been considered an important factor in the economic and social development of America, is on a steady decline since 1970s. On the basis of data regarding decline in membership among Americans in various groups and associations, he argues that the vibrancy of civic society of America is on a fall and social trust and trust in Government among Americans is ever time low. In his words, “Americans have also disengaged psychologically from politics and government over this era. The proportion of Americans who reply that they "trust the government in Washington only "some of the time" or "almost never" has risen steadily from 30 percent in 1966 to 75 percent in 1992”. Loosening of family bonds and weakening of neighborliness are cited among other things, as two possible reasons for this social ‘decapitalization’.

Heller Patrick (1996) portrays the unparalleled social development of Kerala as a product of social capital formation through class mobilisation and subsequent state intervention that took place under the leadership of the Communists since 1940s. The paper, in a nutshell, discusses working class mobilisation, land reforms, pro-labour role of progressive Governments, trade unionism and labour militancy,
emergence of class compromise and the institutional framework and organisations for labour even in the unorganized sector. He considers the term unorganized sector as a misnomer in the context of Kerala. The paper concludes that the synergy between working class mobilisation and state capacity has directly contributed to building the political and institutional foundation capable of managing the contradictions of democratic capitalist development.

Isham, Kaufman and Pritchett (1997) analyzed the impact of the “quality of governance” on the performance of hundreds of World Bank-financed projects in various developing countries over the 1974-93 period. They found that rates of return are higher in nations with greater civil liberties, as measured by the Gastil index of civil liberties.

Brunetti, et al (1997) reported significant association between their ‘credibility of rules index’ and investment in their study of a 41 nation sample. Each 1-category improvement in the 1-6 credibility scale is found to be associated with a 3.7 % point rise in GDP investment rate and a 1.5-point increase in annual average income growth.

Narayan and Pritchet (1997) show highly significant association between village social capital and household income. The study made in rural Tanzania, using data from Tanzania social capital and poverty survey, reveals that a one standard deviation increase in village social capital leads to an increase in household income by 20 to 30 percent. Through the study the authors prove beyond doubt that social capital is truly the capital to the rural poor.

Krishna and Uphoff (1999) examined the relationship between social capital and development outcomes in 64 villages of Rajasthan where a watershed conservation and development programme funded jointly by the Government of India and the World Bank was carried out. The study found that an index of social capital variables is related positively and consistently with superior development outcomes both in watershed conservation and in cooperative development activities. In addition to social capital, two other variables – political competition and literacy –also found to have some significant associations with the development
performance. The study finds significant associations between social capital and variables like information, participation in decision-making, the existence of rules, prior experience with collective action, as well as historical legacy.

Grootaert (1999) studied the impact of social capital on household welfare and poverty in Indonesia. The study found positive correlation between social capital and household welfare. Social capital, measured with focus on membership in local associations is found to have an effect near to that of human capital in increasing household income. A 20 percent increase in education leads to 3.4 percent increase in income and a similar increase in social capital results in 2.3% increase in income.

The study measures social capital along six dimensions: density of memberships, internal heterogeneity of associations (by gender, age, education, religion, etc.), meeting attendance, active participation in decision making, payment of dues (in cash and through work), and community orientation. Among these, the strongest effects were reported to come from:

1. The number of memberships: each additional membership (which is a 20% increase in memberships, on average) raises household expenditure per capita by 1.5%;
2. Internal heterogeneity: an increase of 20% in the heterogeneity index correlates with a 3.3% higher expenditure level;
3. Active participation in decision making: an increase of 20% in the participation index correlates with a 3.2% higher expenditure level.

In the words of Grootaert “In heterogeneous associations the potential pool of knowledge to be shared is larger and hence the potential benefit to members is higher. Heterogeneity along dimensions such as education, occupation and economic status (which are likely to correspond to differing knowledge) confers the greatest benefits. Social capital reduces the probability of being poor and the returns to household investment in social capital are higher for the poor than for the population at large. This is especially the case for the number of memberships and households' active participation in decision making. This underscores the potential pay-off to
poor households from investing more time in creating social capital by participating actively in local associations. We found that at low income levels the returns to social capital exceed those of human capital, while the reverse is true at the upper end of the distribution”.

Stephen Knack (1999) reviews studies on the impact of social capital on economy-wide measures of performance, such as growth of GDP or rates of investment. Results indicate that the impact of social capital is progressive: higher levels of social capital are found to be associated with subsequent improvements in the distribution of income.

Narayan (1999) deals with two important aspects of social capital—cross cutting ties and the interaction between formal and informal institutions. The paper argues that as most societies are divided by class, caste etc, groups differ in their access to resources and power and it is cross cutting ties that enable disadvantaged groups to access economic opportunities. The study views the interaction between formal and informal institutions as that of ‘complementarity’ or ‘substitution’. It offers a simple framework of analysis in which the institutions of the state vary from ineffective to well-functioning along the vertical axis, and the extent of crosscutting ties varies from low to abundant along the horizontal axis. The four resulting quadrants are characterized as:

a) Well-being (well-functioning government complemented by abundant cross-cutting ties),

b) Exclusion (well functioning government, low cross-cutting ties),

c) Conflict (poorly functioning state and low cross-cutting ties), and

d) Coping (abundant crosscutting ties substituting for poorly functioning government).

The four types represented by the quadrants are shown to correspond reasonably closely to the empirical evidence available about the situation in a number of countries and communities within countries.

Sorensen (2000) illustrates how social networks, local organizations and
participation can have an effect on common property management, risk management, agricultural productivity, marketing of agricultural products, and vertical relations. The study, while admitting the possible negative consequences of social capital, concludes that social capital can be of significant consequences in fostering rural development.

Haan (2001) examines the role social capital plays within group-based technology transfer and how it is beneficial for women. The study found that social capital, along with the ability to access and manage information are important factors in obtaining benefits from community based development projects.

Oyen (2002) examines Social Capital Formation as a Poverty Reducing Strategy and suggests that as the networks of the poor and the non poor are different in character and as the poor are not allowed access to the networks of the non poor, at present social capital formation is not a useful instrument for poverty reduction. However the author does not discount efforts on social capital formation as it is necessary to mobilise the poor if any changes in their living conditions are to occur.

Woolcock (2002) describes the rise of social dimensions of development, examines the various approaches to defining and conceptualizing social capital, responds to various criticisms leveled against the concept and explains how social capital aids economic development. The study suggests that the goal of a social capital based policy should be the reduction of social and economic divisions, increasing the responsiveness and accountability of public institutions, and encouraging openness to and interaction among people from different walks of life.

Prakash (2002) points out how social exclusion and poverty are associated and emphasizes the need for the creation of bridging as well as linking social capital among the poor. Bonding social capital is the only form of social capital that the poor can have. However the author becomes skeptical as to how social capital can be spelt out as a final answer to the problem of poverty in the southern rural countries where governments are often not responsive to the problems of the poor. The paper also critically examines different approaches in recent social capital research.
D’silva and Pai (2003), show that the presence of social capital is a crucial element for the successful functioning of participatory programmes such as joint forest management and watershed development. The study made in three villages of Adhilabad district in Andhra Pradesh uses ten indicators for measuring social capital and finds that villages with higher stocks of social capital perform better in collective action for common benefit.

Joe Wallis et al (2004) narrate the key developments in the field of social capital during the past few years. The authors are of the view that social capital contributes to a measurable degree to the economic progress and wellbeing of people in the developing countries. The paper argues that the advent of social capital represents a partial convergence of social and mainstream economics and economic activity is essentially embedded on its social and political context.

Iyer et al (2005) examines the relationships between social capital, economic performance and regional development. In contrast to the conventional macroeconomic approach of using indicators of social capital in formal growth models, the study argues for the evaluation of the impact of social capital by region. The paper examines social capital data from the Social Capital Community Benchmark Survey 2000, which provides social capital data for more than 24,000 individuals living in 40 communities, grouped into nine regions, in the USA. These data show remarkable diversity of social capital by region. Multivariate analysis is used to examine the impact of economic and social determinants of social capital and shows that education is important for nearly all indicators of social capital, and that ethnic diversity is associated with lower levels of social capital. Furthermore, analysis indicates the need to distinguish between local and non-local forms of social capital. The paper concludes by suggesting that future analysis of social capital will benefit from a more region-specific approach towards examining its development and impacts.

Western et al (2005) discuss the measurement of social capital based on existing and new scales. It identifies four primary scales and fifteen subscales for measuring the dimensions of social capital. The primary scales measure different
aspects of formal and informal structures or networks and the formal and informal norms that govern behaviour in these networks. The study reveals significant level of association between incidence of high social capital and better quality of life in four case study areas in Australia.

Callois and Aubert (2007) provide an understanding of the interaction of social factors and economic phenomena in rural areas. The study made in French rural areas demonstrates that social capital is at least a bi-dimensional concept involving bonding and bridging components. The study supports the view that social factors have an impact on economic performance. According to the authors, though cohesion and co-operation often play a significant role, more attention should be given to external links as a factor of development.

Lewandowski (2008) explains the social aspects of human poverty. He identifies poverty as a shared normative characterized by constrains on human action and interaction. According to the author it is the dearth of vertical social capital that is primarily responsible for prevalence of poverty and any poverty eradication strategy should consider both a bottom up approach towards creating vertical social capital and a top down approach aimed at diversification of existing horizontal social capital.

Morris Matthew () makes a comparative study of social capital endowment and poverty reduction among different Indian states using macro level data. Using an econometric model that captures the effect of physical, human and social capital as determinants of poverty, the study offers proof that social capital stocks of different Indian states have implications for their poverty rates.

2.2 Social capital and Education

A study by Portes (2000) on the educational attainments of immigrant children in United States shows that parental social capital is having only a marginal effect on the educational attainments of children. She had reservations regarding the efficacy of social capital and concluded as follows:
‘The key point of this analysis is that the ready attribution of positive effects to social capital, be it in its individual garb as social networks or in its collective one as civic spirit, is premature because observed effects may be spurious or because they are compatible with alternative explanations arising from different theoretical quarters. There is a need for both logical clarity and analytic rigor in the study of these processes, lest we turn social capital into an unmitigated celebration of community. While the popularity of the social capital solution in official and philanthropic circles offers a tempting prospect, it is not advisable to jump so quickly onto this band-wagon. We will serve science and the public better by withholding judgment until firmer knowledge is at hand’.

Mythily (2002) examines the role of social capital in obtaining quality education in Tirthahalli, a high literacy taluk in Shimoga, Karnataka, and found that community provides both physical and human facilities, and also exerts pressure on the teachers leading to higher quality of education. The study shows that the role of community is crucial for achieving higher quality of education in rural areas.

Temple (2006) examines the effect of social capital in the success of international programmes on Polish and Romanian higher education and argues that the differences in the effectiveness of programmes can be attributed to differences in social capital. In his view, the creation of networks, reciprocity and trust seem to be fundamental in allowing change to occur smoothly and institutional managements may need to give more consideration to the development and maintenance of social capital while planning change.

2.3 Social capital and innovation

Dakhli and Clercq (2004) examine the effect of human capital and social capital on innovation. The study, made using data from World development Report and the World Values Survey across fifty-nine different countries finds strong association between human capital and innovation. However the study gives only partial support for the positive effect of trust and associational activity on innovation. According to the study the relationship between norms of civic behaviour and innovation is negative.
Tura and Harmaakorpi (2005) analyses the concept of social capital and problems connected to it. They introduce a conception of social capital defining it functionally as a field-specific social resource of an actor. The study suggests that the number of social relations in a region is not, in itself, critical for the development of regional innovative capability. Rather, it is the diversity of these relations that enhances the regional ability to take advantage of different sources of information, and thus promotes the chances for successful regional innovation processes. It is the bridging connections between different fields of social capital that provides better innovative capability. The paper also introduces the concept of ‘creative social capital’ as a condition for fostering innovation.

Hauser C et al (2007) give empirical proof for the importance of social capital in the innovative capacity of societies. Using data from European Value Study the authors establish the significance of social capital on regional innovation process. However all the dimensions of social capital do not exhibit the same explanatory power and the dimension ‘associational activity’ represents the strongest factor in knowledge production and patenting.

Song and Wang (2010) examine the effects of inter-firm trust and learning on firm’s subsequent innovation output. Using survey data from a sample of 194 firms from the mainland of China, the researchers prove that inter-firm trust and learning have positive impacts on innovativeness. It also reveals a positive interactive relationship between trust and learning.

2.4 Social capital and business

La Porta et al.(1997) in their study tested Fukuyama's ‘firm scale hypothesis’, regressing the revenues of the 20 largest firms as a proportion of GDP on per capita income, trust in people, and a measure of trust in family members. The study found that the scale measure was totally unrelated to income and it had strong relationship with the two trust measures. It revealed a strong positive relationship with trust in people and a negative relationship with trust in family members.

Kilpatrick (1998) explores the role of interaction between participants, and with 'expert' facilitators, in learning process which leads to changes in management
practices in Australian farm businesses. The study finds that group learning networks are effective in promoting successful changes for small business. Single and dual manager businesses have limited opportunities to engage in interactive learning, and so are less likely to innovate or make changes within the business.

Cooke and Wills (1999) assess government programmes to promote collaboration amongst SMEs for improving innovation capacity by increasing social capital through networking. It shows that, for a large proportion of programme-funded firms in Denmark, Ireland and Wales (U.K.) social capital building was associated with enhanced business, knowledge and innovation performance. The programme provided opportunity to the firms for linkage with external innovation networks, and the build-up of embeddedness, or the institutional basis for the enhancement of social capital.

Bell and Kilpatrick (2000) examine the relationships existing between small businesses and the community, including small business involvement in social and business networks. The study made in Scottsdale, North Eastern Tasmania, found that over 70% of businesses owners were involved in non-business networks. Over 90% were in some sort of business-related community-based group, with retail businesses least likely to be in a formal business group. Almost 90% of the businesses donated money, goods and services or expertise to community groups, with sporting groups the most frequent beneficiaries. It is reported that business-related groups have helped them learn of new ideas and latest business trends.

Marger (2001) in his study of use of social capital among Canadian business immigrants reveals that immigrants entering the host society with pre-migration intentions of business ownership, possess sufficient human capital to enable them to disregard the formation and utilisation of social capital in their economic adaptation and so such entrepreneurs use only a minimal reliance on social capital.

Bastos (2001) studies the cross-industry weak ties and learning among Japanese automobile firms and finds no significant association between cross industry collaboration and economic performance.
Anderson and Jack (2002) explain the nature of social capital in entrepreneurial networks and how such networks are created and maintained. Through the method of participant observation and interview, the authors found that relationships among successful entrepreneurs were created on the basis of an understanding of each other and their social capital is more than mere everyday interaction. The authors describe the interaction between entrepreneurs as highly interactive and reciprocal and characterized by learning about each other. To them, social capital formation is a process of negotiating to embed the self into an appreciative relationship with another. They identify four steps in social capital creation process namely, encountering another, exploring affinities, identifying communality, establishing congruence and discovering potentials.

Maula et al (2003) build and test a model on the effects of the initial conditions for the creation and leveraging of social capital in corporate venture capital. Using contemporary survey data from US portfolio firms, it is shown that complementarities and financial incentives constitute important initial conditions for the creation of social interaction and subsequent knowledge acquisition.

Arku (2003) reports inter firm collaboration is relatively common among small electronic firms in the Greater Toronto Area of Canada and the incidence of collaborative activities is likely to increase with company size. However the study does not find any significant impact for the Govt. programme aimed at creating co-operative attitude among firms.

Bjornskov and Svendsen (2003) make a detailed review of the various approaches to social capital measurement adopted by prominent authors so far and in the light of these studies attempt to develop one or a few explanatory variable capable of measuring social capital. By applying principal components analysis, they argue that four indicators measuring elements of social capital at the micro, meso and macro levels all powerfully load onto one single underlying component and hence social capital is a one-dimensional concept.

Bresnen et al (2005) explores the role of social capital in knowledge management for project based learning across a range of industrial sectors including
construction. The study finds that the attempt to increase and improve flows of engineering knowledge within the organization clearly depended to a large extent upon its ability to mobilize and use the existing social capital amongst engineers within the firm. The study supports the argument that social capital is of benefit to organizations and an important potential source of value creation within firms.

Westlund and Nilsson (2005) examine the concept of social capital in the context of economic enterprises. An enterprise’s social capital includes internal and external social capital. Internal social capital is expressed in the form of company spirit, climate of co-operation etc. External social capital includes links to suppliers, partners, political decision makers, other enterprises, and relationships with customers etc. The authors classify external social capital as production related, environment related and market related. The study measures investment in social capital indirectly by applying proxy indicators as follows:

- **Internal social capital:** work related contacts with internal actors; social contacts at work and during leisure time; formal and informal meetings of staff in management functions and core activities; investment in training; co-ordination of training; investment in internal entertainment.

- **External social capital:**
  1. **Production related:** co-operation with local or non-local enterprises in the following six fields- transport, material purchases, production, marketing, sales, product development; number of co-operating firms; social contacts with suppliers.
  2. **Environment related:** work related contacts and social contacts with local public decision makers and local executives; co-operation with local university.
  3. **Market related:** cost of marketing and relation building.

Relationship of firm with the local civil society is measured in terms of sponsorship of local not for profit activities.
The study gives a method for measuring a firm’s social capital and empirically reveals significant co-variation between some of the direct investments in social capital and the growth of firms. According to the study, the sector composition of enterprise, the knowledge intensity of production and the enterprise’s size and type of market are the factors determining the type of investment in social capital that are linked to growth. The study shows that only direct investment in social links can give a correct picture of firm’s social capital.

Cooke (2007) makes a comparative study of SME performance and social capital usage across UK regions. He investigates in depth a number of representative and illustrative cases of SMEs deploying social capital in distinctive ways within markets. It shows that for many SMEs the ‘market’ is more or less wholly constituted by social capital and without social networks most of them cannot function in markets. The study found high performance firms to be the most intensive users of social capital.

Han (2007) proposes a conceptual model for analyzing the strategies of startups in the context of building social capital to achieve superior performance in internationalization. The study illustrates how a particular combination of ties (strength, number and content) and process of ties management can lead to superior startup internationalization performance. The author argues that generating numerous strong ties may be less productive because establishing and maintaining strong ties incurs high opportunity costs. Therefore, in the early period of internationalization, startups should generate many weak ties and limit themselves to a few strong ties.

Welter et al (2007) explore the effectiveness of entrepreneur support programmes including social capital formation among SMEs in an attempt to economically revive distressed urban districts of old industrialized agglomerations, in Rhur area of Germany. The study found considerable improvements in the performance of firms as a result of the programme.

Valdez (2008), considers how social capital affects ethnic entrepreneurs’ economic success in United States. Using the non-public Characteristics of Business
Owners Survey, he examines the earnings-returns of four groups with disparate rates of business ownership in the United States: non-Hispanic Whites, Koreans, Mexicans and Blacks. The study suggest that social capital facilitates entrepreneurial participation; however, it is human and market capital that are essential for economic success and social capital sometimes has a detrimental effect on earnings.

Bstieler and Hemmert (2008) examines the role of communication quality, perceived fairness, and pre-existing social relationships for the formation of trust in 47 vertical new product development alliances in South Korea and found only relatively moderate importance for pre-existing social ties on trust formation compared to the other two variables.

Russo and Perrini (2009) investigate whether the notion of social capital is a useful way of understanding the CSR approach of SMEs. They observe that the CSR–SME relationship could be better explained if the notion of social capital is taken into account, but this should also be accompanied by a stakeholder view of the SME and social capital and stakeholder theory should be taken as alternative ways of explaining CSR in both large firms and SMEs.

Felzensztein and Gimmon (2009) reports that social networking elements, like trust and ‘respect reciprocity’ play a key role in inter-firm cooperation in marketing. The elements of networking are important for inter-firm cooperation. The study reveals the importance of informal relationships in the development of inter-firm cooperation. Informal contacts, acting as channels of knowledge flows, plays a key role in collaborative marketing activities.

Anbumozhi et al (2009) reveals the importance of social capital in tackling industrial wastage problem. The study made in a wood industrial cluster in Maniwa, Japan illustrates that through community based actions, building of social capital and provision of technology, waste can be converted into wealth and polluting SME clusters can be converted into eco-friendly industrial clusters.

Davies and Ryals (2010) find that social capital is a major contributing asset to the Fair Trade Companies in UK that enables them to achieve tremendous
business success. These companies utilize their fair trade values as a commercial resource for creation and exploitation of close ties with powerful organizations.

Qian et al (2010) explore the effects of the external horizontal social network, external vertical social network and internal vertical social network on growth of enterprises in China. The study based on data from the Pearl River Delta reveals that all the three dimensions of social network exert a positive impact on enterprise growth.

Mele (2010) analyses the practice of networking in the business context and distinguishes three types of networking: utilitarian, emotional, and virtuous. The paper specifies the requirements of a virtuous network and the types of unethical behaviour possible in a network.

Carlos et al (2010) investigates the importance of individual creativity and social networks, in both urban and rural areas of Denmark, with regard to the probability of becoming an entrepreneur and of surviving the crucial three years after start-up. The results show that while creativity increases the probability of becoming an entrepreneur in urban areas, social networks are found important in this regard in rural areas. Regarding the probability of surviving over the first three years, creativity is found insignificant in both urban and rural areas, while social networks are important particularly in rural settings.

Wiig and Ivar (2011) investigated the effect of human capital and social capital on the performance of entrepreneurs in Angola and found significant relationship between education and profits. According to the study, certain types of social capital have an impact on entrepreneurial profits while others may not. Profits are found to be 26-30 per cent higher for entrepreneurs who know a member of the local police.

2.5 Miscellaneous studies on social capital

Rose (1998) presents empirical evidence from a specially designed nationwide Russian social capital survey that examines the varied tactics that people adopt in one situation or another to substitute for or subvert organizational failures.
The study finds that a great majority of Russians appear to be helpless in some situations, but not in a majority of instances. Less than one percent claims to have a network for every situation, and only six percent claim to have tactics to get things done in all but one situation. Less than one percent feels excluded from every situation, and little more than one percent from all situations but one.

Pargal et al (2000) examines why certain communities undertake collective provision of public goods while many others do not, in the context of community based trash collection in Dhaka, Bangladesh. The study shows that trust, reciprocity and sharing are important determinants that enable such collective action. The study observes that public-private partnership and self help endeavors are more likely to succeed in neighbourhoods with high social capital.

Knack (2000) analyses social capital's impact on governmental performance in the U.S. states. Results strongly indicate that regions with high levels of general trust and adherence to civic norms also enjoy better governance and in areas where people are less trusting and civic minded, Governments perform less.

Stone (2001) gives a conceptually sound and theoretically informed measurement framework for the empirical study of social capital and analyses existing measures in the light of this framework. The alternative methods of measuring the key dimensions of social capital namely formal and informal networks and norms of trust and reciprocity are analysed. The paper proposes a set of guiding principles for empirical investigation of social capital.

Casey (2002) attempts to find out if there is any association between social capital endowment and devolution in various provinces of Great Britain. For measuring social capital, the author makes use of proxy indicators like associational activity, norms of civic co-operation, civic engagement, trust, political participation and associational membership. The study, however, does not find any specific relationship between the two phenomena in British Provinces.

Robison et al (2002) considers the issue of using capital metaphor and for the purpose, analyses various definitions given to it by different authors. The author
holds the view that the way social capital is defined by most authors creates the problem as such definitions combines different facets of social capital instead of specifying what it is. The authors equate the term social capital with ‘sympathy’ and define social capital as follows:

“Social capital is a person’s or group’s sympathy toward another person or group that may produce a potential benefit, advantage, and preferential treatment for another person or group of persons beyond that expected in an exchange relationship.”

With appropriate examples, the authors make it clear that the use of ‘capital’ metaphor is not incongruous as social capital posses various features of physical and human capital such as transformation capacity, durability, flexibility, substitutes and compliments, decay(maintenance), reliability, ability to create other capital forms, investment(disinvestment) possibility, and alienability. The authors also discuss the relationships among social capital, cultural capital and organization capital.

Mele (2003) outlines the four main features of Organizational Humanizing Cultures (OHCs) and also explains how OHCs, through these features, bring about trust and associability, two key components of social capital. Associability, or willingness to join a group, makes people more inclined to subordinate their individual goals in favor of collective goals and actions. When combined with trust, it provides a solid base for creating social capital, an asset that can generate profits by improving and drawing upon relationships between individuals, communities, networks and societies.

Harper and Kelly (2003) describe the measurement framework developed for Measuring Social Capital in the United Kingdom. The study considers social participation, civic participation, social networks and social support, reciprocity, trust and views of the local area as the principal dimensions to be measured.

Grootaert et al (2004) proposes an integrated questionnaire for the measurement of social capital under developing country contexts. The measurement tool incorporates the following six dimensions of social capital: groups and
networks; trust and solidarity; collective action and cooperation; information and communication; social cohesion and inclusion; empowerment and political action. The paper also provides guidance for the use and analysis of data.

Takhar (2006) explores issues concerning the concepts of social capital and multiculturalism, and how their use impact on the lives of South Asian women. On the basis of the study of a self-selected group of activists working at grass roots level in London-based voluntary or statutory bodies, it is suggested that multiculturalism simultaneously encourages and erodes relations of trust, obligations and reciprocity which are considered the essential elements of social capital.

Inoguchi and Hotta (2006) attempt to identify some major dimensions of social capital as found in the Asia Barometer 2005 data, to place 14 Central and South Asian countries – Kazakhstan, India, Pakistan, Afghanistan, Sri Lanka, Bangladesh, Maldives, Bhutan, Mongolia, Nepal, Tajikistan, Turkmenistan, Kyrgyzstan, and Uzbekistan --on those dimensions, and to reflect on the nature of political culture in 14 Asian societies in terms of social capital. Using principal component analysis the study identifies three components of social capital namely general trust in interpersonal relations, merit based utilitarianism and institutional engagement. The study classifies the countries into six groups based on their social capital features. India belongs to group 1 along with Sri Lanka and Bhutan. The groupings are found to be geographically and historically oriented and Group 1 revolves around India in terms of geography and history, and is characterized by middle-level general trust, high-level utilitarianism, and low level of institutional engagement.

Chan et al (2006) examine various definitions of social cohesion, propose their own definition and show how the concept differs from social capital. The study gives also a framework for measuring social cohesion.

Behtoui (2007) explores the role of social capital in status attainment process and the link between social capital pool and the labour hiring process. The analysis is based on a sample of newly employed low paid workers in municipal services at Malmo, a city of Sweden. The authors employed the ‘position generator method’ for
measuring social capital and finds a positive association between social capital stock and education level, work experience, active membership in voluntary associations and having a partner. Immigrants were found to have social capital deficiency. The study reveals a positive association between higher human and social capital and higher wages.

Zinnbauer (2007) examines how Information and Communication Technologies can be an effective tool for fostering social capital and social inclusion. The paper highlights ICT enabled opportunities for social capital, challenges to be faced and policy implication for the same.

Niemenen et al (2007) studies the variation of individual social capital according to socio-demographic factors, and attempts to develop a suitable way to measure social capital. Three dimensions of social capital are distinguished: social support, social participation and networks, and trust and reciprocity. The study, made in Finland, finds that People who are young, married, educated, and well-off have plenty of social capital than those who are not so.

Chen and Chen (2008) examine the effect of close guanxi in Chinese organizations and observe that while favor exchanges benefit guanxi parties, they may have serious negative externalities on non-guanxi parties and on the organization as a whole.

The paper ‘Social Capital’ by Smith (2009) provides an overview of the concept on the basis of the views adopted by prominent authors including Robert Putnam. The paper examines the nature of social capital, and gives a brief review of the ‘bowling alone’ thesis. It also addresses some of the issues surrounding the use of the concept and its significance for informal education. According to the author, as pointed out by Putnam, crime can be reduced, educational achievement enhanced and better health can be fostered through the strengthening of social capital.

Lin and Si (2010) explore the nature of social capital in China. The authors observe that Chinese social capital has evolved under general conditions of resource deficiency, and its social capital is set up to ensure the prosperity and survival of the
local group. Chinese social capital has therefore developed a high density of strong and a low density of weak-ties. It is characterized by low trust-radius, familism, and the lack of overarching norms. Though this type of social capital helps to reduce transaction cost and increase co-operation at the local level, it has side effects like market fragmentation, state intervention and rent seeking activities.

Poder (2011) makes a critical review of different approaches to social capital and observes that the multiplicity of meaning attributed to the term makes an integrated measurement of the phenomenon somewhat impossible. The study emphasises the need to define concepts in a manner less global, more precise and more directly measurable.

2.6 Studies on creation of social capital

Falk & Harrison (1998) examine the nature of the interactive productivity between the local networks in River town, a township community in rural Australia. The study identifies three groups of resources generated through interaction: knowledge resources, identity resources and consolidated resources. The study also gives a list of indicators for each category of resources identified.

Kilpatrick (1999) examines the role of interactions between individuals in building social capital and the relationship between learning and social capital for small business. The study analyses the processes that occur in an Australian small agricultural business ‘learning community’, Executive Link™ for evidence of use or generation of stores of social capital.

From the study of Executive Link™ the authors identify a more generally applicable process of developing the identity and knowledge resource of social capital resources through interactions. The sequential stages of the process are:

1. Acquisition of a high level of personal self-confidence by individual members and a high level of interpersonal skills, including leadership skills
2. Getting to ‘know’ each other as individuals (history and future aspirations), developing shared values and trust,
3. Coming to regard each other as credible sources of support and advice, and
(4) Commitment to fellow members, or being prepared to ‘put in’.

The study found that by combining their knowledge and skills, Executive Link™ members were able to achieve better outcomes for their farm businesses.

The study by Mondal (2000) explores the role played by BRAC and PROSHIKA groups in social capital formation in Bangladesh. The study defines social capital as ‘the cumulative capacity of individuals and social groups to work together for a common good’. The paper narrates the activities undertaken by the NGOs in order to promote trust and co-operation among villagers and highlights instances where social network of relations dominate other resources in helping poor people gain access to economic and financial resources. The study reveals robust positive outcomes of cooperation and collective action undertaken by people under the NGO groups.

John and Chathukulam (2002) examine the role of participatory planning in social capital formation in Kerala. The study made in Chempu village Panchayat of Kottayam District in Kerala finds increased participation of people especially women in development planning and execution after the proliferation of SHGs and neighbourhood groups under Kudumbasree.

Olivera (2002) presents in a nutshell the formation of social capital in Brazil and describes the recent developments in community participation and activism. The author opines that community networks for mutual support and co-operation are prevalent in all societies and the real challenge is to identify and utilize the same for poverty eradication and development.

Ewan and Ennals (2005) examine the concept and practice of ‘Healthy Working Centres’ within the context of new forms of work organization and finds that Healthy Working Centre concept is sound and provides the mechanism for the creation of social capital and, eventually, possible regional development.

O’Brien, et al (2005) examines various strategies of creating bridging social capital between indigenous social groups and global economy and suggests that the strategy adopted should be consistent with the nature of social capital that the group
already possesses. The study reveals that in the post agricultural reform period in Russia, there has been an increase in the use of bonding social capital among villagers but there is a sharp decline in trust, an important element of social capital, outside immediate bonding relationships. It also examines the efficacy of American tribal colleges in creating bridges between native American community and the mainstream economy of America.

Inen And Lehtonen (2006) examines social capital in 21 countries and finds that social capital emerges expressly in societies with strong welfare state institutions. According to the authors, it is also possible that the welfare state may both prevent and promote the development of social capital, depending on the respective meanings given to the concept.

Miles and Tully (2007) examines whether social capital of individuals in distressed communities could be enhanced through local community development programmes and whether the employability and opportunities of people improve through participation. The results of the study indicate that participation in the five case-study community development projects have improved the confidence, well-being and the social networks of the project participants and thereby, helped them to increase their social capital. Furthermore, participation in the projects has improved the employability of many of those who participated. However, only a small percentage of those interviewed and who had been participants in the case study community development projects has secured employment.

Labonne and Chase (2008) explore the impact of large scale community driven development projects in Philippines on community social capital. The study finds simultaneous improvement in formal social capital and decline in group membership and informal collective activities.

Birch and Whittam (2008) explain how the third sector (social economy, social enterprise and social entrepreneurship) contribute to formation of social capital and thereby promotes economic development at regional levels.
Pastoriza et al (2008) examine the issue of social capital formation in organizations and argue that managers should be the mediating figures whose behavior based on the true concern for the well-being of employees, as well as their motivational and ethical development, can be particularly important for the generation of social capital in the organization. According to them manager’s behaviour should be based on three principles: following exemplary behaviour, helping the employees to value the consequences of their actions in other persons, and not betraying employee’s trust.

Feigenberg et al (2010), provide experimental evidence that building social capital in the context of microfinance is economically beneficial as it encourages economic cooperation and risk sharing among clients and significantly reduces the default rates. The study made in Kolkata, provides evidence that more frequent interaction enhances economic cooperation among clients and suggests that by broadening and strengthening social networks the group-based lending model used by MFIs may provide an important impetus for the economic development of poor communities and the empowerment of women.

Islam and Morgan (2011) examine the role of two NGOs namely Proshika and Practical Action Bangladesh in social capital formation and community empowerment in Bangladesh. The overall contributions of the two NGOs for social capital formation were summarized as follows:

Participatory planning: create routes for social capital;
Channel of communications: sharing values, norms, and mutual benefits;
Relation matrix, market channel, and market map: examples of collective actions;
Income generation programmes (IGPs) versus social trust.

The study points out some limitations in the work of the two NGOs and their approaches. The NGOs’ contribution towards collective actions, sharing mutual benefits, developing local leadership, empowering organizational structure, and increasing control over management, was weak. The NGOs failed partially to create a congenial atmosphere that allows local producers work properly in the market.
Paula Russell demonstrates that residents’ groups can often utilize social capital in exclusionary ways. In order to understand the manner in which these more negative elements of social capital are utilised, the paper argues that it is not enough to focus on residents’ associations and their actions alone. What is required is an exploration of the manner in which social capital is shaped by the socio-economic context of the neighbourhood and by the wider political context. The paper highlights the lack of congruence between attempts at national level to foster active citizenship and the reality at neighbourhood level, where the most active citizens often feel that much of their activity is prompted by failures in the actions of State institutions and local authorities.

2.7 Studies on Self Help Groups and SHGs and social capital

Harper et al (1998) studied over 1000 members from 72 SHGs in Orissa, Uttar Pradesh, Maharashtra and Karnataka and found significant improvements in living standards members in terms of diet, assets and education. The evidence suggested that nearly all members benefited to some extent although the benefits to poorer members were less or delayed compared to the better off. Only 31% of the families of poorer members increased their assets, 44% improved their food consumption and 15% improved their education.

Puhazhendi and Satyasai, (2000) studied the changes in socio-economic conditions of 560 members of 223 SHGs in 11 states before and after their association with the SHG.

The study shows that SHG members realized major increases in assets, income and employment. Also, women members were found to have become more assertive in confronting social evils and problem situations. Nearly half the poor member households had crossed the poverty line. The study reveals that:

- Average value of assets per household (including livestock and consumer durables) rose by 72.3 during the period.
- Average net income per household from income generating activities where loan amounts were deployed, increased from Rs. 20,177 prior to group formation to Rs. 26,889.
• Employment increased by 17% and average saving per member was about Rs. 1,000 in 1998-99.
• Borrowing for income generation activities increased from 50% to 70%.
• It was estimated that 112 households or 47.8% of the poor had crossed the poverty line

Puhazhendi, V. (2000) studied the performance of 70 SHGs found that 61% of groups were performing well, 29% were on an average performance and 10% performed poorly. The study found improvement in members’ family income, literacy levels, housing facilities and food security. Community and political participation of members also improved during the period.

Bastelaer (2000) reviews studies on the role of social capital in facilitating access to credit for the poor and explains how social capital is associated with the operations of ROSCA, money lenders, trade credit and group based microfinance. The study finds that the role of social ties is determined by the existence of durable credit systems where the borrowers have a close relation with the source of funds. On the other hand, when there is no a priori relationship between the borrower and the lender social factors are less likely to be central elements in explaining credit discipline, and their mobilization requires significantly more effort. The study considers vertical social capital between bank staff and borrowers as an important element in the success of group based microfinance.

ASSEFA(2001) attempted to study impact on SHG members of its women’s development programme and finds mixed results. The study of 2754 households made in Tamil Nadu found that 47% of their members belonged to extreme poor families. The study revealed that only 55% of SHGs had repayment rates above 80%, and 40% of members do not have access to financial assistance from ASSEFA projects. 95% of members reported increases in annual income and 52% have reported an increase in net worth over Rs. 10,000. 80% of the respondents reported a range of social impact such as attitude of family members, control over additional income, self-confidence etc.
Mayoux (2001) endeavored to study the interrelationship between microfinance, social capital and women empowerment in Cameroon and found that microfinance that facilitates social capital formation among women have considerable potential to contribute to women empowerment. However the current practice that ignores the need for creating inter-linkages should change and conscious attempts are necessary to build the right type of social capital to ensure economic empowerment of women on a sustainable basis.

Gomez and Santor (2001) study the effect of social capital on small and micro enterprises that are customers of micro lending programmes and find significant positive relationship between social capital and better economic performance. According to the study, better economic performance is due to better instrumental support such as provision of startup capital, non-interest bearing loans, cheap or free labour, etc; productive information such as transfer of business knowledge, valuable referrals, etc, and psychological support in handling personal problems and helping in times of emotional stress. The study concludes that social capital contributes to better economic performance and individual entrepreneurs with no or little financial collateral may benefit more from increased level of social capital.

Tankha (2002) analyses the development of self-help groups (SHGs) and their role in financial services delivery in India. The paper considers issues related to the cost of rendering such services and their financial sustainability. The study observes that as community based organisations with lower overheads and decentralised functioning the SHG federations have the potential to provide cost-effective financial services once necessary investments are made to strengthen their management.

Kropp and Suran (2002) in his study of the linkage banking programme of NABARD, describes the programme as highly successful on all fronts. According to them the concept of SHG-Banking has fully honoured the needs, wisdom and discipline particularly of low income women, who were living under extreme economic pressure and uncertainties, to manage their financial operations according
to their day to day as well as business needs; they have gained risk management capacities, enjoy now a new dimension of social security. Loans allowed them to add new micro-entrepreneurial activities to the family’s source of income, attain a greater diversification of the sources of income of the household, smoothen the income stream and build up additional productive and financial assets. They feel liberated from exploitative labour relationships and financial bondages; They also argue that the programme has opened a new era in the banking sector in India that the needs of the poor are properly addressed and the bank staff have also become more enthusiastic and satisfied.

Seibel and Dave (2002) examined the commercial and social performance of linkage banking programme and found that apart from attaining commercial profitability and sustainability, the programme also had indirect social and economic benefits including:

1. an increase in the bank’s overall repayment rate, due to the influence of the SHG women members
2. increased overall vibrancy in branch business, due to the economic activities of SHGs in the villages, very much welcomed by the branches where “large underutilized capacities” exist
3. substantial decrease in the reliance on moneylenders, many of whom have reportedly gone out of business, while the remaining ones have tended to lower their interest rate (from 5% to 3% on the declining balance).
4. Improvements in women literacy rates and decline in population growth.
5. Improvement in school enrollment and vaccination of children.
6. Empowerment of women, who are increasingly involved in community development programs and local politics
7. Exposure of bad habits of family members harassment of women, resulting changing male attitudes and behavior.
8. Exposure of social evils such as child marriage, child labour and dowry.
9. Improved sanitation and access to drinking water
10. Changing male attitudes and behavior, reduction in drinking and smoking
11. Voicing of objections against child marriage, child labour and dowry.

12. Decline in adherence to local extremist groups

Ismawan (2002) explained the effect of microfinance programme on existing social capital. He stated that the programme sometimes strengthens existing social capital such as local communities, local government, etc. and destroys social capital such as money lenders, social hierarchy, etc. He states that microfinance helps building social capital to enhance degree of information sharing, democratic participation, collective decision making and sustainable development.

Bislev (2003) makes a critical evaluation of microcredit programme in Yunnan, China and finds that social capital may not be facilitated if the objective of microfinance programme is only making members collectively responsible for better repayment without having focus on poverty alleviation. The higher sense of participation and transfer of vital information and knowledge will take place only if microfinance programme has some higher content outside providing low interest loans. Microfinance may create negative social capital as its selection for credit provision is anti industrial and anti technology and in favour of tiny, informal, non industrial areas with no clear direction towards sustainable development. He further states that by emphasizing on individual survival as a function of individual entrepreneurial success and higher focus on cost recovery of services, the existing bonds of solidarity are likely to get destroyed.

The study undertaken by Brata (2004) in Javanese villages throws light on the impact of social capital on access and repayment of rural credit. In the study, social capital is assessed in terms of number of membership in a group, meeting attendance and participation in decision making. The study found that regularity in attendance of meetings and the higher positions in the group have positive influence over the amount of formal credit provided by the group.

Anand (2004) examined the efficacy of SHGs in addressing poverty in Kerala and found that SHGs’ intervention can make big changes in living standards, through regular savings, improved level of family earnings, expanded assets, better socio/political access thereby reducing vulnerability and poverty contributing to a
wide range of developmental goals. They are also found to be helpful in changing peoples’ social outlook and attitudes. The study made in Malappuram district of Kerala found that the general backwardness of the area i.e. poor educational background, ignorance, adherence to traditional values etc. have hindered the pace of development. The paper suggests that the voluntary agencies should attach more importance to informal education, building awareness and organizing skill up gradation programmes at the grassroots level.

Ronchi (2004) states that social capital and micro finance reinforce each other. According to him any sustainable development requires combination of natural capital, physical capital and human capital. Micro finance programmes makes use of existing social capital in the society and links that to physical capital to foster economic growth. At higher levels of social capital cost of non compliance is high and so it enhances repayment performance. The study made in Ecuador finds that micro finance has also resulted in wider political participation, stronger interventions in decision making process and better bargaining power for poor women.

Kadiyala Suneetha, (2004), discusses the scaling up process of Kudumbashree on the basis of available literature and qualitative data collected from participants and officials of Kudumbashree. In a nutshell, she describes how the Urban Basic Services Programme was eventually transformed into Kudumbashree and the issues and constraints it had to overcome. On the basis of field study she observes that:

1. Awareness about various programs and services has increased (as reported by NHG women), resulting in improved access of such programs and services.
2. However, participatory planning still remains largely a supply-driven, demand-driven process, where planning is limited primarily to availing individual benefits from government programs.
3. In active NHGs, women are confident and are capable of articulating their demands. The women have a voice and are appreciative of the platform that the NHGs provide.

4. Group activities have led to greater cohesion, serving as a social safety net in times of crisis, reducing the feeling of vulnerability, e.g., women contribute to the treatment of sick members of NHG households.

5. Considerable savings are being generated due to TCS, which provide credit both for consumption smoothing and productive purposes.

6. Thrift and credit societies are slowly but surely attracting bank credit facilities, based on the strength of the savings. However, NHGs are still facing constraints in realizing such linkages to the full potential.

7. NHG members are undertaking both group and individual micro enterprises.

8. There have been instances where the NHGs have shown the potential for public action against social and economic injustice, e.g., women took action against illicit liquor brewing and domestic violence.

9. If implemented consistently, CDS has great potential to enlarge freedoms and capabilities of poor women.

The study points out non cooperation from some Local Self Government institutions as a problem affecting the performance of Kudumbashree. It also mentions the rivalry of some NGOs operating in the field.

Frances Sinha (2005) endeavored to examine the effect of microfinance on the poor in India and found that it is making a significant contribution to both the savings and borrowings of the poor. The study made across eight states including Kerala shows that the performance of the SHG model is exceptional in providing a savings-based mechanism for internal group credit to meet household requirements. However the operation of microfinance does not have any influence on the exploitative terms and conditions of informal credit providers. Though the operations of MFIs are linked to social development, the coverage of such programmes is limited and not properly integrated to microfinance.

Dasgupta (2005) examines the trend of microfinance in India and discusses
its various models. The study observes that the per capita credit to the poor by Formal Financial Institutions (FFIs) has been too small in spite of heavy demand. The excessive incurrence of NPA due to lack of information is one among the reasons attributed to this gap. Microfinance through groups and its various models enable FFIs to overcome this problem. The paper calls for a microfinance reform to ensure sustainable development of the sector. The study categorises Andhra Pradesh, Karnataka, Kerala and Tamil Nadu as SHG developed states with (i) high SHG credit per poor, (ii) high penetration among poor through SHG, and (iii) widespread coverage of poor. Bihar and Madhya Pradesh is classified as SHG backward states with (i) low SHG credit per poor, (ii) low penetration among poor through SHG, and (iii) low spread coverage of poor. More concentration of effort is required in the latter group.

Nair (2005) emphasises the need for considering some vital developmental issues before up-scaling the operations of microfinance in the country and points out that the spread of operation without due prudence may lead to widespread failures and financial indiscipline. Citing an empirical example, the study argues that though the provision of micro loans may technically improve the earning capacity of the poor, it may not be transformed into actual earnings due to structural reasons that are not addressed by MFIs.

Prabhu Ghate (2005) studied the remittance services rendered by Shramik Sahayog, an organisation of Oriya migrants in Gandhidham and finds that the services are beneficial to the migrants, who are often illiterates, as it enables them, make timely remittances within reasonable cost. The study illustrates that once the number of migrants from any particular area of origin reaches a critical minimum in a particular destination, it becomes feasible for a microfinance institution to provide remittance services sustainably by establishing a presence in both areas.

T K Sreedharan (2005) found a moderate level of social empowerment among the women micro entrepreneurs under Kudumbasree mission in Kerala. However the economic empowerment is found to be low. As per the study
Kudumbasree mission is one of the most effective schemes for the uplift of rural masses especially women entrepreneurs in Kerala.

Basu and Srivastava (2005), empirically analyse the outreach of the SHG-bank linkage programme and finds that the reach of the model is very limited when compared to demand. The study finds that the loan amount is too small and the operations are concentrated among the southern states. The study also addresses issues like the sustainability of the programme and makes suggestions for meeting concerns and improving outreach.

CS Reddy (2005) examines the SHG operating model, the state of SHGs today, their impact on civil society and how they need to be supported going forward. The paper analyses the non financial impact of SHGs such as political participation, social harmony, social justice, and community development. It calls for efforts towards imparting training on governance, and awareness programmes on legal rights and entitlements.

Morris et al (2006) studies the effect of cooperative micro lending on entrepreneurial success and finds that as cooperative lending provides opportunities for building social capital that are useful in many ways. Social capital helps them obtain flexible repayment schedule, training and skill upgradation, networking with suppliers and customers as well as sharing responsibilities such as child care, etc. Two field studies are cited by authors in support of their claims. The first examines a microfinance cooperative structure in Bulgaria as a means to secure credit, savings, technical support and networking opportunities for cooperative members. The second looks at a cooperative microfinance institution in the Philippines that appears to create greater socio-economic growth for poor entrepreneurs as well as NGO financial viability. Both studies suggest that cooperative microlending leads to high survival rates and success of self-employed entrepreneurs by facilitating social capital through their organizational processes.

Dutt and Samanta (2006) endeavored to analyze the reasons behind the failure of DWCRA self help groups in Burdwan, West Bengal and found that the acute lack of co-operative mentality and cohesion was the major reasons behind
failure in many cases. The study points out many cultural peculiarities of the Burdwan society that make information flow and cooperation difficult. The study suggests that the unique features of the target group should be understood well and development projects should be tailor made to suit the requirements of the society.

A study of SHGs in India by Frances Sinha et al (2006) shows that SHGs have not been very successful in realizing their social potential. It calls for greater efforts from SHPAs in this direction and suggests that clustering of SHGs may be of greater help in this regard. The study made on the basis of samples drawn from four states, calls for more clarifications on some issues concerning the operation of SHGs in India. These include the purpose of promoting SHGs, the target group, issues of transparency and record keeping, participation in local politics, promotion of group enterprises etc.

Vasimalai and Narender (2007) study the impact of The Kalanjiam programme of Dhan foundation and reports significant improvement in access to affordable credit, creation of assets, family income, and status of women. The paper strongly argues that if micro-credit is not integrated into the larger development perspective there is a danger that it may result in over-indebtedness and financial bondage of the poor.

Oommen (2007), in his study of Kudumbashree in Kerala, found significant improvement in most social capital indicators including willingness to cooperate, mutual trust, trust and cooperation with members of local self governments etc. The study found that a major part of SHG members involve in active interaction in the group and are ready to help each other and contribute some money and work voluntarily for the benefit of other members.

The study “A report on the success and failure of SHGs in India – impediments and paradigm of success” made by Voluntary Operation in Community and Environment (VOICE) examines in detail the implementation of SGSY scheme in India on the basis of data collected from 2064 SHGs from five states namely Andhra Pradesh, Chhattisgarh, Bihar, Uttar Pradesh and Gujarat. The study points out pitfalls in the implementation of the scheme and gives recommendations for their correction.
B Deepa (2009) examined social capital, trust and life satisfaction among people engaged in collective action in southern parts of Kerala and coastal areas of Tamil Nadu using data collected from 180 SHG members belonging to 90 groups. The study considers two dimensions for social capital viz. neighbourhood attachment and social networks. Using binomial logistic regression models the study finds that social capital is having significant impact on life satisfaction of people engaged in collective action. The study concludes that informal social networks with neighbours and intimate friends are important aspects of social capital affecting peoples’ attitudes, values and key aspects of their life chances on the work and non-work realms.

John (2009) examines the operations of Kudumbashree in Kerala and finds that the programme is having substantial impact on various sectors and areas covering health, education, agriculture, animal husbandry, dairy development, enterprise development, child development, women empowerment and rehabilitation of the destitute. It has successfully addressed problems related to revamping of traditional sector and improving basic amenities such as shelter, drinking water, safe latrines, employment etc. The merits of the micro finance operations - flexible financial services, timely and convenient availability of credit, transparency in operations, informal banking facilities, low transaction costs, weekly repayment, need -based loan disbursement etc- have instilled confidence and self esteem among poor women and enabled them run their own micro enterprises.

Muhamad (2009) states that the Bangladesh Gramin bank has succeeded in integrating unbankable poor villages into the banking sector and at the same time has failed to achieve its declared social objective of poverty alleviation. In the paper Ann Muhamad criticizes the Gramin bank model on the grounds that microfinance has become an area where global financial institutions make huge profits by lending at exorbitant rates to poor villagers at very low risk pattern. The hidden ‘transcripts’ of ‘women empowerment’ include the ease of lending to and recovery from women because of their positional vulnerability. Women are easily traceable and are having culturally patterned behaviour -they are shy, passive and submissive therefore money can be lent to them at low cost and risk.
Ssendi and Anderson (2009) examined the role of micro credit with special reference to Small Entrepreneurs Loan Facility (SELF), which is intended to address the needs of rural micro entrepreneurs in Tanzania. The study finds that SELF has been moderately successful in improving profitability of micro enterprises run by rural women and slightly improving their social wellbeing, but, with little effect on long term assets.

Nidheesh KB, (2009), studies the process of change that has occurred to women in Kerala as a result of participation in Kudumbashree. The study made in the backward district of Wynad in Kerala, describes how Kudumbashree has brought about dramatic changes in women’s role at home as well as in the public space. Membership in Kudumbashree leads to improvement in gender relationships, enhanced capabilities and awareness, better bargaining power, and improved decision making capacity. It also reveals improvement in income and better standard of living. On the basis of the Kudumbashree experience, the study points out that women empowerment is, perhaps, the best strategy for poverty eradication.

Basargekar (2010) analyses the meaning and role of social capital with specific reference to microfinance programme and attempts to measure its impact on social empowerment of women in the SHGs organized by Forbes Marshall Co. Ltd. The study of 217 women SHG members shows positive relationship between the years of association of the SHG members and the social empowerment which is created with the help of social capital. The study uses a Likert scale to find out the perceptions of SHG members about the changes due to microfinance programme in their lives with respect to 15 parameters related to awareness building, capacity building and active and collective participation in social and political life to bring out desirable changes. According to the author regular microfinance activities such as weekly meetings, peer monitoring of financial transactions, collective action etc result in creation of social capital.

Subramanian S (2011) analyses the socio economic impact of SHG activity on women participants of Tirunelveli district of Tamil Nadu and finds significant improvement in self confidence, helping tendency, role in family, communication,
awareness and resistance against social evils and political participation. Regarding economic impacts, the study finds improvement in awareness level of savings and use of loan for productive purposes. Consumption expenditure of members shows considerable increase after joining SHGs. The SHG activity is found to have more pronounced impact on social factors followed by psychological, economic and political factors. While SHG performance is found unaffected by tenure of existence, education of leader is an important factor in it.

Singh and Singh (2012) investigated the social impact of microfinance on SHG members of Manipur in terms of self confidence, decision making ability, skill development, social responsibility and awareness, access to health services and other social infrastructure on the basis of a random sample of 120 members selected from 60 SHGs working under 20 NGOs in Manipur. The study found significant improvement in all these aspects of empowerment among members after joining the SHG movement.

None of the above studies addresses the issues related to the role of different SHGs in social capital building among micro entrepreneurs in Kerala and its implications for the performance of SHG micro enterprises. The present study seeks to fulfill this gap in theory and therefore, is highly relevant and important.

REFERENCES:


Regional Development Issn 0898± 5626 Print/Issn 1464± 5114 Online # 2002.


ASSEFA (n.d.), Mid Term Assessment of Women’s Development Programme (mimeo),Chennai.


Bjornskov Christian and Svendsen Gert Tinggaard ‘Measuring social capital Is there a single underlying explanation?’ ISSN 1397-4831 Working Paper 03-5, Denmark.


Chen Chao C. and Chen Xiao-Ping (2008), ‘Negative externalities of close guanxi within organizations’ Published online: 5 February 2008 # Springer Science + Business Media, LLC 2008.


Han Mary (2007), Developing social capital to achieve superior internationalization: A conceptual model’ Published online: 28 February 2007 Springer Science + Business Media, LLC 2007.


Maula, Markku, Autio, Erkko and Murray, Gordon (2003) 'Prerequisites for the creation of social capital and subsequent knowledge acquisition in corporate venture capital', Venture Capital,5:2,117 — 134.


Russell Paula, Engaged Communities: Creating Social Capital at Neighbourhood Level’ University College Dublin School of Geography, Planning and Environmental Policy Ireland, web page.


Wiig Arne, Kolstad Ivar, (2011) ‘Is it both what you know and who you know? Human capital, social capital and entrepreneurial success’ Chr. Michelsen Institute, P.O. Box 6033 Postterminalen, N-5892 Bergen, Norway February 2011.


CHECK ON NET
