Beyond Bridging and Bonding: A Multi-Level Approach to Describing Social Capital

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Abstract

Theoretical narratives in the social capital literature describe it using the bonding and bridging typology. Though the literature indicates that there is a relationship between leveraging different types of social capital and improving economic outcomes, the mechanisms of how bonding and bridging social capital actions contribute to producing returns are ambiguous. This is troublesome because social capital is of particular importance to community development organizations (CDOs) and other nonprofits that are seeking to develop economies in distressed or underserved communities. The effectiveness of social capital on capacity has been considered by other scholarship. Yet, the extant literature has not considered how core differences between bonding and bridging capital, and the interaction of these types of capital with other facets of network theory, may shape capacity. To explore this question, we examine how social capital is used to promote local economic improvements by North Carolina’s community development practitioners. Our findings indicate clear patterns in the use of specific social capital pathways to maintain or build capacity.

Keywords

Social capital, Capacity, Social Networks, Community Development Corporations, Community and Economic Development
Many theoretical narratives describe social capital interactions using the bridging and bonding typology (Coffé and Geys 2007; Patulny and Svendsen 2007; Woolcock 2010; Woolcock and Narayan 2000). Though the literature indicates that there is a relationship between leveraging different types of social capital and improving economic outcomes, the mechanisms of how bonding and bridging social capital actions contribute to producing returns are ambiguous (Putnam 2000; Putnam, Leonardi, and Nanetti 1994). This is troublesome because social capital is of particular importance to community development organizations (CDOs) and other nonprofits that are seeking to develop economies in distressed or underserved communities. These organizations serve as key community structures, but they are often faced with chronic issues that may undermine their ability to provide services (De Vita et al. 2001; Briggs 2010).

Research on social capital has applied it to both individual-level and organization-level interactions. The literature conceptualizes social capital for individuals as a method to improve outcomes related to health, life satisfaction, and civic participation (Lin 2001). Conversely, organizations leverage social capital to generate positive returns by either gaining or maintaining capacity (Lin 2017; Rostila 2011). The programmatic goals of CDOs are primarily focused on creating local or regional sustainable economic development (Glickman and Servon 2003). The development literature has long suggested that, to be effective and produce positive outcomes, social capital interactions by CDOs must be conducted in a manner that accounts for the entity’s capacity.

In this article, we examine the purpose of social capital actions by CDOs to assess their use of social capital to support capacity building. The effectiveness of social capital on
organizational capacity has been considered by other scholarship (Glickman and Servon 2003). But the extant literature has not considered how core differences between bonding and bridging capital, and the interaction of these types of capital with other facets of network theory, may shape capacity. To explore this question, we examine how social capital is used to promote local economic improvements by North Carolina’s community development practitioners. Our findings indicate clear patterns in the use of specific social capital pathways to maintain or build capacity. However, the data also show that effective utilization of social capital requires a minimum level of organizational capacity – a problem for many CDOs.

These findings contribute to the literature because they focus on the fundamental relationship between capacity (i.e. accessing and mobilizing) social capital and the purposes of those actions. In addition, this builds on the network-based theory approach of the bridging and bonding typology to aid in understanding patterns of social relation. Prior studies highlight the need to understand the underlying mechanisms which link social capital’s multi-faceted structure to improved produce social and economic outcomes (Granovetter 1985; Woolcock and Narayan 2000; Knudsen, Florida, and Stolarick 2000). We explore how capacity influences the organization’s ability to build and use social capital, which thereby reinforces the organization’s own capacity and effectiveness. To understand how bonding and bridging actions affect outcomes, social capital must be aligned with a purpose and be backed by the ability of the CDO to support the desired outcome.

Literature Review

Defining Community Development Organizations

The research focuses on community development organizations (CDOs) as the unit of analysis. To qualify as a CDO for this study, the entity must have a mission that is primarily
related to improving local socioeconomic outcomes (Berger and Kasper 1993). These types of organizations have long been noted as central actors in efforts to address the endemic cycles of poverty that often pervade economically distressed communities. Their programming typically helps meet local needs through initiatives that help with enduring neighborhood challenges related to deteriorated housing, joblessness, welfare dependency, high crime rates, high school-dropout rates, health disparities, and disinvestment of private capital. This includes organizations with a variety of initiatives in areas like small business assistance, consumer credit counseling, property redevelopment, and affordable housing.

**Defining Social Capital**

The idea of social capital was first noted in Putnam, Leonardi, and Nanyetti’s landmark study of regional differences in Italy (Putnam, Leonardi, and Nanetti 1994). Their hypothesis was the high levels of economic development observed in Northern Italy were at least partially due to the region’s historic emphasis on civil society and generalized trust. Several years later, Putnam applied the concept to American civic life and catapulted it into mainstream policy dialogues(Putnam 2000). Of course, the concepts that shape Putnam’s theories are not new. The foundational ideas underlying social capital can be traced to the sociology literature, which noted over a century ago that strengthening community networks is key to solving problems like endemic poverty (Hanifan 1916). But in the decades since Putnam’s seminal works, a diverse array of scholars has affirmed the importance of shared trust, norms, and networks in creating better community-level outcomes(Portes 1998; Hoyman and McCall 2013). Although the direction of the relationship is often debated, the literature shows strong support the idea that there is a connection between social networks and economic opportunity(Eagle, Macy, and Claxton 2010). For purposes of this study, we draw on Putnam’s social capital definition and
define the concept broadly as including “features of social organizations…that can improve the efficiency of society by facilitating coordinated actions” (Putnam, Leonardi, and Nanetti 1994, 167). This definition is appropriate because it encompasses the multifaceted nature of social transactions that might be used by CDOs.

**Social Capital in Community Economic Development**

The body of literature on social capital use by community economic development entities has many disparate findings. There is little consensus on the connection between the operations of community organizations, mechanisms of social capital use, and socioeconomic outcomes. For example, case study research in Atlanta showed neighborhoods with active community organizations had high levels of trust in local institutions but were less likely to have high levels of civic engagement (Knotts 2006). Other analyses show neighborhoods with high levels of social capital may foster community-based financing of local small firms, but it has little effect on financial outputs like increased mortgage lending (Holyoke 2004). The mechanisms of action that enable social capital to act as a pathway for desirable outcomes is complex, but it may be related to how community organizations serve as coordinators of local collective action. For example, research has found CDOs are linked to improved neighborhood-level economic outcomes because they are able to leverage bridging capital networks through intersectoral partnerships (Squazzoni 2008). Such findings are supported by case study research which shows collaborative partnerships used by community-development financial institutions enables outsized economic impacts (Federal Reserve Bank of Richmond 2018).

Isolating how social capital is used by CDOs is inherently challenging. Many of these organizations are hyperlocal in nature and frequently target small units of geography – sometimes just single neighborhoods (Benjamin, Rubin, and Zielenbach 2004). And since local community
economic systems are highly complex, trying to isolate the effects of social capital interactions can create concerns about endogeneity (Bartik and Bingham 1995). Given the complexity of the phenomena and the limited data available to study the issue at the organizational level, qualitative research designs are both appropriate and reasonable. Much existing research assesses community development use of social capital through case studies involving single organizations within a single municipality or region (Mitchell-Brown 2013). Our analysis adds to the literature by presenting one of the few state-level assessments of social capital by CDOs which incorporates a diverse interview pool. By including a large variety of long-established organizations in the dataset, our work has the aptitude to provide more generalizability than past research.

**Bridging and Bonding Social Capital Networks**

Organizational social capital interactions are multi-faceted, especially in the context of local community and economic development. In broad terms the literature conceptualizes use of social capital through two different – but ultimately complementary – typologies. First, scholars have categorized the *types of networks* that are used in social capital interactions as being either bridging or bonding in nature (Coffé and Geys 2007; Patulny and Svendsen 2007; Woolcock 2010). Bridging capital strengthens networks of trust across organizations with *heterogenous* social, economic, and/or demographic characteristics. In contrast, bonding capital strengthens networks of trust across organizations with *homogenous* social, economic, and/or demographic characteristics. There is some debate about whether bridging or bonding capital interactions may be more likely to create desirable development outcomes. Some lines of inquiry have found positive outcomes associated with both bridging and bonding transactions (Crowe 2007; Woodhouse 2006). But other research shows only bridging capital is associated with indicators like regional economic growth (Knudsen, Florida, and Stolarick 2000) and individual wellbeing.
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(Zhang, Anderson, and Zhan 2011). In contrast, other literature argues bonding social capital may be especially useful in building social capital networks within distressed communities (Mandell 2010). For example, some evidence exists that bonding interactions by community organizations can help promote desirable outcomes like poverty reduction (Ansari, Munir, and Gregg 2012; Warren, Thompson, and Saegert 2001) and increasing home ownership (Brisson and Usher 2005; 2007).

Instrumental and Expressive Mechanisms of Action

Bridging and bonding theory describes the characteristics of social capital networks. But it does not explain the purpose, goals, and motivations behind organizational social capital transactions. An increasing amount of literature has filled this knowledge gap by offering a two-category typology that describes the purpose of social capital transactions as being either instrumental or expressive (Lin 2017; 2017). Research initially applied these categories to individual-level actions, but there are strong theoretical reasons to believe they also apply at the organizational level (Rostila 2011). When organizations engage in expressive social capital actions, their primary purpose is to maintain pre-existing resources or relationships. Organizational actors employing expressive social capital actions are motivated by intrinsic reasons and are engaging in actions which have clear reciprocal benefits for both them and the other party. Using social capital for an instrumental purpose is different because it involves obtaining resources or building relationships that did not previously exist. Motivation in instrumental actions is primarily extrinsic, and resultant social capital interactions may have no obvious reciprocal benefits for the other party.
A Multi-Dimensional Theory for Social Capital Returns

Our research draws on a theoretical lens that combines both social capital and network analysis. To date the bulk of the research has typically viewed social capital interactions through either a bridging/bonding or expressive/instrumental framework. However, neither of these frameworks alone is sufficient to fully explain the complexity and richness of social capital interactions within the context of community and economic development. We propose a conceptual framework that integrates both strains of literature, as illustrated in Figure 1 below. For example, social capital created for an expressive purpose may be more effective in situations involving bonding transactions (quadrant III). Bonding networks that are more closed in nature, which may allow for resource or relationship preservation to be relatively easier compared to bridging networks (Yuan and Gay 2006). Similarly, social capital for instrumental purposes is likely to be more effective across bridging networks (quadrant I) because they are more open in nature (Lang and Roessl 2011). This is not to say that bridging or bonding networks are de facto associated with inherently different amounts of social capital. Instead, pathways of social capital action are mediated through various levels of network homogeneity. These patterns have been demonstrated at the individual level but, to our knowledge, they have not been empirically demonstrated at the organizational level for community development entities (Umphress et al. 2003).
As with any theoretical model, the relationship between purpose and network homogeneity in Figure 1 is intentionally over-simplified. Many factors can shape the purpose of social capital, but our interviews focused on one in particular - capacity. By capacity we refer to the purposive use of social capital in a way that improves the efficiency and effectiveness of the respondent organization. The literature offers many variations on the definition of capacity (Roman and Moore 2004; Sobeck and Agius 2007). For this paper, we are primarily concerned with social capital actions which: (1) secure financial resources (Glickman and Servon 2003), (2) involve the creation or maintenance of key stakeholder relationships (Casey 2015), (3) improve overall organizational operating efficiencies (Taylor 2000), and (4) enhance the organization’s ability to administer discrete programs (Berner, McDougall, and Vazquez 2019). We theorize that the core components of organizational social capital actions - both the purpose
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(expressive or instrumental) and the level of network homogeneity involved (bridging or bonding) - are in support of capacity building. 

Methodology

This study examines two primary research questions: what types of purposive actions are used in support of capacity building? and, to what extent are there differences in the way that purposive actions generate different types of capacity? To answer these questions, we use a multiphase qualitative research design involving semi-structured interviews with CDO leaders and CDO-like organizations throughout North Carolina. The multiphase design complements the complexity of the phenomena that is social capital action and increases the transparency and rigor of the qualitative research design (Ashworth, McDermott, and Currie 2019). The following section outlines the research design, data collection decisions, and explains the analytical approach taken throughout the study.

Phase 1: Constructing the Sampling Frame

For our sampling frame, the authors constructed a list of relevant organizations. Because there is no specific tax ID or certification for CDOs, our research identified those organizations that shared three structural commonalities. First, organizations within the frame are chiefly engaged in promoting development within a defined geographic area. This is consistent with work that argues community development entities must attempt to engage the local population within a specific geographic area (Jones and Clay 2010). Second, the frame includes organizations with mission statements that seek to improve the social, physical, economic, and institutional structures of their target communities (Leiterman and Stillman 1993; Perry 1987). Organizations with a singular programmatic focus are not included. Third and finally, the respondent’s organizational structures place a high value on having community participation in
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the organization’s operations. Measuring community control or participation is difficult, but one approach involves including resident membership on the board of directors (Stoutland 1999). Only organizations demonstrating community control and/or high levels of participation were interviewed. Leaders at qualifying organizations are considered practitioner leaders in our study, because they are currently in senior positions at CDOs and CDO-like organizations. Each practitioner leader was asked to identify other CDOs, which were contacted by the research team when they met the previously stated organizational guidelines.

Like most states, the support structures for North Carolina’s CDOs have been in flux over the past decade. In the wake of state funding cuts several years ago, there has been a movement of some senior leadership to other types of employment. In many cases local CDO leaders were not aware of other active CDOs within their community. To try and identify as many qualifying organizations as possible, the authors contacted individuals employed by government and business institutions that are (or were) pivotal in providing financial support to CDOs. We consider this set of respondent foundational leaders. Foundational leaders helped to identify other active CDO organizations operation throughout the state. This snowball approach is consistent with widely accepted and established research methods on interviewing community leadership (Bonjean and Olson 1964; Freeman et al. 1963; Perrucci and Pilisuk 1970; Weimann et al. 2007). By drawing on a snowball technique from both practitioner and foundation leaders, the refinement process identified a total of 44 potential organizations.

**Phase 2: Procedure**

We contacted all 44 leaders of the identified organizations via emails explaining the purpose of the study and inviting them to participate in a 45 to 60-minute interview. A total of 24 organizations agreed to be interviewed. Interview sessions were conducted by one primary
interviewer and always included at least 1 additional researcher taking notes during the session. All interviews were recorded and transcribed with the permission of the respondent. The interviews took a phenomenological approach and were semi-structured in design. Phenomenological inquiry is appropriate because it captures the understanding associated with the purposive use of social capital actions (Husserl 1990). The goal of the research design was to understand how respondents perceived their use of social capital to improve their organization’s efficiency and effectiveness. Thus, the interview protocol was developed to identify phenomena associated with the purposive actions taken to generate capacity. Interview questions were primarily focused on best practices associated with the use, promotion of, and effectiveness of social relationships and networks to make the CDO’s mission more successful.

**Phase 3: Analysis**

To ensure credibility the research team met prior to coding to discuss a priori ideas and ensure an alignment between data and theory (e.g. Marshall and Rossman 1999). The research team coded data using a codebook based on the concepts outlined in the proposed framework. Specifically, the analysis process included the following steps:

1. Coders initially categorized respondent transcripts based on (A) the type social capital used: bridging or bonding, (B) the types of purposive action: expressive and/or instrumental, and (C) whether the example was related to one more types of capacity: resource, organizational, programmatic, and/or political. Initial coding of transcripts was at the paragraph level.

2. A second round of coding assessed the paragraph-level codes and codes were assigned at the interview-level. Interview-level codes were based on the emphasis of the purposive actions taken to generate capacity. This approach allows the data to be organized in a way that has
clear linkages to our theoretical lens (Ashworth, McDermott, and Currie 2018; Fereday and Muir-Cochrane 2006; Richards and Morse 2007).

3. The data was reviewed by three non-coder research team members to further bolster confirmability. During this process any differences between coders were resolved. A test of interrater reliability was conducted on 45% of data coded by three researchers on the research team. A Cohen’s kappa was calculated using MaxQDA software and the observed agreement ranged from 45-87%. Previous social science scholarship supports that a minimum of 75% level of agreement across at least two coders is important in ensuring the validity of qualitative research findings (Shanahan, Jones, and McBeth 2018).

4. The team reviewed the coded segments to provide an illustration of the connection between purposive actions and capacity. This process involved discussions iterating between the theoretical concepts put forth within the proposed framework, the codebook, and perceived confirmability of the examples being discussed. The team primarily focused on quotes associated with codes that exhibited a high agreement among coders. These quotes are presented and reviewed in detail in the findings and discussion sections.

**Research Design Limitations**

Qualitative research that uses single-state datasets is subject to perennial concerns about generalizability. Our focus on CDOs in North Carolina is designed to ensure respondents share a similar economic, political, and legal framework. This approach is consistent with Nicholson-Crotty and Meier (2002), who have demonstrated single-state studies are valid research designs when they provide data which can be generalized to contexts beyond the state level. Additionally, literature focused on the study of community leaders has shown that use of a qualitative approaches are appropriate when it facilitates data collection on contextual variables
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(Parry 1998) in ways that would not be obtainable through quantitative methodologies (Patulny and Svendsen 2007; Svendsen 2006; Bryman 2004). The study design allowed us to hold state-level socioeconomic factors constant across interviewees while also being able to assess a wide range of CDOs that operate in an array of different geographies and programmatic areas. As we outline below, we believe the data are broadly applicable to CDOs in other states.

Findings and Discussion

We set out to explore the connection between the purpose of social capital actions and the use of social capital actions to support capacity building. Two key findings emerged from the interviews. First, expressive actions were considered important for maintaining the capacity of the CDO’s community and stakeholders. Concurrently, instrumental actions were primarily tied to the organizations ability to produce outcomes. Second, organizations differed in their abilities to engage in different types of social capital actions due to limitations across all types of capacity. In the following section, we elaborate on these findings in relation to the two-dimensional relationship illustrated in our proposed framework (see Figure 1).

Use of Purposive Action in Capacity Building

The results indicate that organizations describe using bonding social capital and expressive actions primarily for building political capacity. Theoretically political capacity is useful for encouraging civic engagement, social inclusion, and managing internal conflict (Shrestha 2013). Our findings elaborate on this aspect of the existing theory. We find that CDO expressive actions are primarily deployed to maintain pre-existing resources and or relationships. For example, participants stated that these actions were mainly focused on building the capacity of clients to actualize their full economic potential such that it reverberates throughout the community. As one participant stated about program beneficiaries,
...they also then have greater leverage using their individual vote to influence policy and influence local investment...that's what I mean when we say organizing to leverage their social capital, social capital is the collective interest.

This emphasizes the desire to empower individuals in the community, which also falls in line with maintaining political connections to key community leaders. This was further illustrated by another participant:

It is important to maintain ties with...key stakeholders and people in the community that are maybe not formally engaged, but they hold a lot of sway.

A theme that emerged from the data was the role of place in determining the use of expressive actions. Most CDOs serving rural geographies indicated that expressive actions were vital for maintaining connections to the community due to changing demographics in small towns. Often, these communities have an influx of individuals with different socioeconomic realities (e.g. retirees or immigrant populations). Without proper management this can create conflict between new community entrants and the existing population base, especially over limited development resources. Therefore, political capacity allowed CDO respondents to consider multiple perspectives and to fully understand the needs of the community. Reflecting this theme about the need for political support across diverse demographic groups, one respondent stated:

We're really able to get a different perspective, you know, hone in [on] things that we might need improvement or things that you know may or may or may not work.

Although much less frequently mentioned, some participants did give examples of organizations using instrumental actions for supporting political capacity. This seemed to occur when there was an intrinsic need to manage a conflict or drive changes within a CDO’s community. Respondents described situations where positive development changes were attempted by local institutions that were sometimes rejected by residents, due to a resistance to change. They stated that community members were often resistant to change because of the
presumption that the change was being forced on them by an outside organization. In these cases, participant sentiment around the utility of instrumental actions for generating political capacity were along the lines of the following statement:

Through identification of who the influencers were within neighborhoods…and pockets of neighborhoods…identifying those who advocated change…That change agent…bringing legitimacy to the work that we’re doing. Through coordination collaboration, not only have kindred minded people. But raising the sensitivity to external sources that have them realize that they had left out these communities and that they became more sensitive.

In some ways such comments are a departure from the theoretical idea behind instrumental and expressive actions. Instrumental actions are thought to be associated with obtaining additional or new resources, while expressive actions are used for the preservation of resources (Lin 2008). But some respondents described seeking out new relationships with different types of organizations within the community for the purpose of maintaining existing resources. This supports our proposed framework by illustrating the dynamic relationship between purposive actions and the type of social capital action that is being accessed.

All other types of capacity included in our analysis – resource, organization, and programmatic – tended to be accessed through instrumental actions and bridging social capital. Instrumental actions involve obtaining resources or building relationships that did not previously exist (Lin 2017). Theoretically, all types of capacity should reinforce each other (Lin 2017; Glickman and Servon 2003). Creating links with various external partners (political capacity) helps to obtain resources (resource capacity) that enables the CDO to manage more efficiently (organizational capacity). Improved organizational capacity then leads to improved social and economic outcomes (programmatic capacity) (Glickman and Servon 2003). However, instrumental actions to build capacity, in and of themselves, require a higher level of organizational resources to execute than expressive actions to maintain resources. Yet almost
without exception, respondent CDO leaders indicated low levels across each type of capacity.

This sentiment was articulated by statements like:

And again, it is it is the absence of capacity…especially small CDCs to explore hideaway networks…and then how do we reach out to [these] organizations that perhaps have resources that will help me meet the objective that I'm trying to do in this community. And the absence of financial resources….

This statement is emblematic of a persistent theme – CDOs have limited capacity to participate in instrumental actions. As a result, organizations typically resort to focusing on preserving existing resources through expressive actions. In an environment where all types are capacity are stretched, CDOs are forced to focus on preserving and maintaining what they have.

**Differences in Social Capital Returns**

Our second research question examines differences in the way that purposive actions generate capacity. For illustrative purposes, we first consider the type of social capital (bonding or bridging) that is considered most important to meet CDO goals. In aggregate, there is little consensus about what type of social capital is most critical for success. Some literature suggests both are important (Shrestha 2013; Kim 2018), but other scholars argue that primarily bridging (Knudsen, Florida, and Stolarick 2000) or primarily bonding (Ansari, Munir, and Gregg 2012) networks are linked to desirable outcomes. In the context of community economic development, our findings suggest that both types of social capital are important to CDOs. This is echoed across respondent comments who expressed sentiments like:

I think both are equally important…I don’t think one is more important than the other…If you're going to, you know, run any type of organization, you have to have not just local relationships you have to have relationships, in other places as well.

CDO respondents gave a multitude of examples that show they are mainly operating in survival mode. Inevitably, this shapes their capacity to engage in instrumental actions that would in turn build additional capacities. Given the dwindling stream of funds from foundations and the
discontinuation of state appropriated funding in North Carolina, participants were almost unanimous in communicating a desire to be self-sustaining. But despite most respondents sharing this goal, there were notable differences in the use of social capital actions for developing organizational-like capabilities. Some organizations focused on preserving resources and existing relationships with organizations that have similar characteristics (Quadrant III in Figure 1). The goal of using an expressive purpose and bonding capital in such cases was frequently to empower stakeholders. For example, one respondent stated:

I would lean towards the relationship with the community. Because…If we create leaders in the way that I would like for them to be…They'll start using their voices and they will be able to go out and communicate to those people outside their community…Without using the social capital to develop the relationships with the stakeholders and actors in your community…to access capital…it doesn't happen.

Despite capacity constraints, some organizations developed unique approaches to generate resources and cultivate relationships with organizations that have different characteristics (Quadrant II in Figure 1). Of note, a few participants discussed leveraging pre-existing social ties to increase organizational and resource capacity. This was particularly notable around issues concerning financial resources. Respondents gave examples like sharing costs to pay for workers compensation insurance and combining efforts to create large joint grant proposals. One innovative strategy was to combine efforts for a large grant and then set up pass through grants to smaller partner organizations. As one participant detailed:

When we may get a large grant and if the foundation that we got the grant from doesn't want to administer, a bunch of small grants. They provide us with a grant. And then we pass through funds to a lot of smaller organizations.

Most CDOs acknowledge the need to use instrumental actions to establish new relationships across organization with similar characteristics (Quadrant IV in Figure 1). But as previously noted, respondents frequently noted that their low levels of capacity prevent them from fully utilizing this instrumental pathway. Statements on this topic included sentiments like:
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…certainly if there was some way to get for-profit developers to work with nonprofit developers and create some of this housing for us some of this affordable rental for us, like they did when it was focused on homeownership…

At the same time, a few respondents found success in this area by using unique approaches.

Some organizations depend on bonding pathways to create alliances to generate shared value when resources are scarce (Coupet et al. 2019). A housing CDO gave the example of providing counseling for another housing CDO’s clients. According to this respondent:

…we do the counseling for the [redacted] clients that are selected to be homeowners… [they] are a lot more labor intensive as far as getting the volunteers together, having the homeowners do sweat equity, whereas we contract with a for profit contractor who builds our homes. So, whereas our staff being herded certified counselors, we have the time and expertise to work with those individuals to do their homebuyer education and help them with their spending plans and establishing their goals and getting them prepared for homeownership, [whereas] they're more hands on getting the houses, you know, on the ground, getting those volunteers and doing those things. So, when we came together. We looked at each other’s organizational strengths and then we looked at the weaknesses, as well, to see where we could come together to make each other stronger and better rather than being in competition.

Theoretically, purposive actions are thought of as delineated based on (instrumental) extrinsic and (expressive) intrinsic needs. But our data suggest purposive actions are dynamic and extend across intrinsic and extrinsic needs. Network-based theory states that the intensity and reciprocity of a network supports its ability to utilize social capital (Lin 2017; Knudsen, Florida, and Stolarick 2000). As illustrated in Figure 2, many of the CDOs state they lack the capacity to utilize bridging social capital networks. The reasons for this are multifaceted, but a primary driver is due to how CDOs gain resource capacity. A large portion of CDO activities are supported through grants, but most grants come with stipulations that funds cannot be used for overhead expenses (Mitchell 2018). These types of restraints on resource capacity has a domino effect of hampering the CDO’s organizational capacity. Those organizations that are more successful in this area have found ways to purposively use a mix of instrumental and expressive actions that build “bridging capacity.”
Implications and Conclusions

Our findings add to the literature because they illuminate the complexity of social capital transactions within the context of community economic development. Respondents in our dataset share a unified goal of improving local quality of life, even though they seek to achieve that through a sundry array of programmatic areas. But even with wide variation in programmatic emphases and geographic service areas, there are commonalities across how CDOs leverage trust, norms, and reciprocity through organizational networks. The findings suggest support for social capital as a multi-faceted activity which involves interactions between the level of network homogeneity, mechanisms of purpose, and various forms of capacity. The multi-layered nature of the data offers a possible explanation for why the extant literature can have conflicting findings in this area. There may be a need to reconsider theoretical narratives that assess social capital transactions by community development institutions through single dimension typologies.

In an era of declining support for community economic development efforts, strategies to bolster political capacity are more important than perhaps ever before. Respondents tended to
primarily engage in social capital transactions to maintain pre-existing relationships with external institutions and policy actors that shared their goals. This focus on bonding networks for an instrumental purpose appears to be intentional, as maintaining relationships for political capacity is critical to short-term sustainability. Concurrently, such strategies may pose a long-term challenge for community economic development organizations. Building relationships with heterogenous external institutions – be they governments, businesses, or other non-profits – is vital for continued success (Turner 1999; Wallis and Dollery 2002; Warren 1998; Mihaylov and Perkins 2013). Though more difficult to achieve, a shift toward use of bridging capital for the instrumental purpose of building political capacity could be critical for organizational resiliency.

One of the biggest challenges for CDOs is the use of instrumental actions through bridging capital networks to increase any type of capacity. Respondents do seem to see social as a tool to increase resources at the organizational level (Lang and Roessl 2011; Silverman 2005). However, effective use of instrumental actions through bridging networks requires higher base resource levels – a problem since most CDOs are plagued by low capacity. Given the challenge, respondents showed a tendency to underutilize bonding capital for instrumental purposes. This is rational at a surface level because bonding networks in community economic development are characterized by other organizations that share similar capacity constraints. But by not pursuing such pathways, CDOs may be missing opportunities to engage in collaborations that may be more successful. Even if bonding pathways for instrumental purposes create less new capacity, they may require fewer existing resources to succeed than use of bridging networks for instrumental purposes.

The findings also suggest several major avenues for additional research. First, further research is needed to fully understand the role of social capital and place in the context of
community economic development (Mihaylov and Perkins 2013). The respondents in our dataset included organizations that operate across both urban and rural geographies. Descriptions by respondents on their organization's interactions were extensively colored by geographic context. This is consistent with literature showing that the characteristics of place may interact with both instrumental/expressive purposes (Foster et al. 2015) and bridging/bonding network homogeneity (Agnitsch, Flora, and Ryan 2006). Second, while our data explore the role of networks from the perspective of community development organizations, understanding how these networks are used by other types of local institutions (e.g. governments and businesses) is equally important (Boutilier 2007; Dale and Newman 2010; Warner 2001). Third, our findings support research which hint that one dimension of social capital may compensate for another (Knudsen, Florida, and Stolarick 2000). The purpose of this article was to explore the assumption that the core components of organizational social capital actions – both the purpose (expressive or instrumental) and the level of network homogeneity involved (bridging or bonding) - are in support of capacity building. Our findings indicate tentative support for this, but we do not specifically test this assumption. Future research should focus on establishing empirical elaborations of these mechanisms.

To conclude, our results show that a two-dimensional, capacity-based framework can help explain social capital interactions by CDOs. However, chronic low capacity levels have resulted in CDOs pursuing a narrow array of social capital pathways. The inability of CDOs to fully utilize instrumental purposes through bridging networks to increase resources, for example, may be limiting the sustainability of these organizations over the long term. In general, the data suggests a strong need to consider how organizational interactions can be diversified to improve outcomes. While it is intuitive to suggest that the ownness to act needs to be on the CDOs
themselves, it seems that they lack the capacity to access the available social capital (see Figure 2). Instead, an important question to ask foundations and other funding sources is: how do you inject capacity to access social capital into these bonding networks that CDOs readily depend on?
References


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