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

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This conference paper presentation has been produced in collaboration with faculty from the School of Government at the University of North Carolina at Chapel Hill.
About the Research Program

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Suggested Citation


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A Multilevel Approach to Describing Social Capital

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Agenda

1. Defining Social Capital and CDOs as Unit of Analysis
2. Literature Review and Theoretical Framework
3. Methodology and Data Analysis Procedures
4. Overview of Major Findings
5. Conclusions and Policy Implications
Defining and Understanding Social Capital

• **Definition**: Social capital encompasses tangible or intangible benefits generated through interactions that lead to shared trust, norms, and networks (Portes, 1998). Organizations create social capital when they engage in activities that seek to improve the efficiency of society by facilitating coordinated actions (Putnam, Leonardi, and Nanyetti, 1994).

• **Importance of Social Capital**: The outcomes that result from interactions can improve organizational efficiency, organizational effectiveness, and community outcomes (Bourdieu 1983; Coleman 1990; Putnam 1995).

• **Role in Economic and Community Development**: A large amount of scholarship has shown that social capital actions have strong associations with improved community level outcomes (Hoyman and McCall 2013).

• **Network Perspective**: Resources embedded within a social network can be accessed or mobilized through intentional actions within the network (Lin 2017).

Community Development Organizations (CDOs)

• CDOs are non-profit institutions that work to promote sustainable economic growth, with a focus on distressed and underserved communities.

• They vary widely in structure but include community development corporations (CDCs), community development financial institutions (CDFIs), and similar non-profits.

• Programs and services include financial literacy, workforce training, small business financing, affordable housing development, and commercial property redevelopment.

• Public and philanthropic support for CDOs is dwindling. Many depend on social capital as a survival mechanism.
Literature Review

Theoretical Frameworks for Social Capital

Bridging and Bonding Social Capital Networks

- Two-category typology for the level similarity between organizations within a social capital network (Coffé and Geys 2007; Patulny and Svendsen 2007):
  - Bonding capital strengthens networks of trust across organizations with homogenous social, economic, and/or demographic characteristics.
  - Bridging capital strengthens networks of trust across organizations with heterogenous social, economic, and/or demographic characteristics

- Little consensus on which is most beneficial for development:
  - Some research says both bonding and bridging are beneficial (Crow 2007; Woodhouse 2006).
  - But only bridging is associated with indicators of growth (Knudsen, Florida, and Stolarick 2000) and individual well being (Zhang, Anderson, and Zhan 2011).
  - Yet only bonding appears to be essential for economic improvements in distressed and/or rural communities (Mandell 2010).
Expressive and Instrumental Purposes

- A two-category typology that describes resources embedded within a network that can be accessed or mobilized through intentional actions (Lin 2017).

- **Expressive** social capital actions seek to maintain existing resources or relationships. These actions have an intrinsic motivation.

- **Instrumental** social capital actions seek to obtain new resources or build relationships that did not previously exist. These actions have an extrinsic motivation because there is no immediate reciprocal benefit.

Proposed Framework

- Quadrant I: Transactions that obtain new resources or build new relationships across organizations with different characteristics.
- Quadrant II: Transactions that preserve resources or pre-existing relationships across organizations with different characteristics.
- Quadrant III: Transactions that preserve resources or pre-existing relationships across organizations with similar characteristics.
- Quadrant IV: Transactions that obtain new resources or build new relationships across organizations with similar characteristics.

**X-Axis:** Level of intrinsic (left) to extrinsic (right) purpose for interaction.

**Y-Axis:** Level of organizational network homogeneity. Similar (bottom) to different (top) characteristics.
We theorize that social capital actions within CDOs are primarily motivated by desires to support at least one of four types of capacity:

<table>
<thead>
<tr>
<th>Capacity Type</th>
<th>Definition</th>
<th>Example(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political</td>
<td>Developing relationships with external stakeholders (individuals and institutions).</td>
<td>Public meetings, newsletters, lobbying.</td>
</tr>
<tr>
<td>Resource</td>
<td>Increasing, managing, and/or sustaining financial support of the organization.</td>
<td>Direct or indirect monetary resources of any type.</td>
</tr>
<tr>
<td>Organizational</td>
<td>Increasing overall operational efficiency, managing more effectively, or improving organizational competence.</td>
<td>Staff professional development, hiring staff.</td>
</tr>
<tr>
<td>Programmatic</td>
<td>Initiating and operating specific programs and/or producing discrete outcomes.</td>
<td>Improving specific program outcomes of any type.</td>
</tr>
</tbody>
</table>

Research Questions

1. What types of purposive actions are used in support of capacity building?

2. To what extent are there differences in the way that purposive actions generate different types of capacity?
Methodology and Data Analysis Procedures

Sampling Frame

- Identified North Carolina CDOs that (1) operate within specific geographic area, (2) have mission statements related to community economic development, and (3) have community involved in operations.
- Used snowball technique to ask respondents to identify other organizations who met the sampling frame criteria.

Interview Procedure

- Contacted 44 qualifying organizations, engaged in 24 semi-structured interviews lasting 45 to 60 minutes each.
- Used phenomenological inquiry to capture how respondents utilize social capital.

Data Analysis

- Initial coding at the paragraph level for examples involving bridging/bonding capital, expressive/instrumental action, and type of capacity supported. Subsequent coding assessed paragraph level codes and assigned document codes.
- A total of 45% of codes were reviewed by non-coder research team members, agreement ranged from 45% to 87%.
Research Design

• There are often concerns about the generalizability of single-state studies. However, research shows single-state studies do have generalizability when they provide data which can be generalized to contexts beyond the state level (Nicholson-Crotty and Meier 2002).
  – A single state study design serves as a natural control for similar economic, political, and legal frameworks across each respondent.

• Qualitative analysis is appropriate in this case because it captures data from community leaders that would not be obtainable through quantitative methodologies (Patulny and Svendsen 2007; Svendsen 2006; Bryman 2004)

Overview of Major Findings
Support for a Two-Dimensional Framework

- The bridging/bonding framework is necessary, but not sufficient, to fully understand how CDOs engage in social capital transactions.

- Lin’s (2017) expressive/instrumental lens helps analyses of CDOs by explaining why they choose to use different types of network heterogeneity (bridging) / homogeneity (bonding).

- However, social capital use by CDOs is dynamic. Literature suggests CDOs should generally use instrumental actions to build capacity and expressive actions to maintain capacity, but this pattern is not consistent. Some respondents, for example, discussed seeking out new relationships to maintain capacity.

Capacity Needs Drive Social Capital Interactions

- Although there is much variation, CDOs do use some common social capital “pathways” based primarily on capacity needs. The below table shows the most frequently mentioned network types and purposive action types cited by respondents for each category of capacity:

<table>
<thead>
<tr>
<th>Capacity Type</th>
<th>Network Type</th>
<th>Purposive Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political</td>
<td>Bonding</td>
<td>Expressive</td>
</tr>
<tr>
<td>Resource</td>
<td>Bridging</td>
<td>Instrumental</td>
</tr>
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</tr>
<tr>
<td>Programmatic</td>
<td>Bridging</td>
<td>Instrumental</td>
</tr>
</tbody>
</table>

- For example, CDOs often focus on maintaining their political capacity – which leads to almost unanimous use of expressive actions through bonding networks: “...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.”
Quadrant I Respondent Example

“...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....”

Creating program capacity by creating new relationships with heterogeneous organizations.

Quadrant II Respondent Example

“...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.”

Creating resource capacity by leveraging existing relationships with heterogeneous CDOs.
Quadrant III Respondent Example

“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.”

Quadrant IV Respondent Example

“...we do the counseling for the [other CDO’s] clients that are selected to be homeowners... [the other CDO] 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.”
Conclusions and Policy Implications

• The use of purposive actions by CDOs is dynamic – the expressive/instrumental theoretical framework is just a starting point.

• The main driver behind the effectiveness of social capital pathways for CDOs is their capacity. But respondents consistently stated their organizations suffered from chronically low capacity in all categories.

• The types of actions that theoretically are linked to creating new capacity – instrumental purposes and bridging capital – require some base level of capacity to be effective.

• CDO use of social capital to create capacity (versus maintaining it) has been relatively less effective because they have low base capacity levels.
Conclusions and Policy Implications

- The data suggest a disconnect between CDO funding mechanisms and CDO capacity.
- For example, grant funds usually do not support overhead expenses, thus requiring restraints that hamper organizational capacity.
- Successful CDOs have found ways to mix instrumental/expressive actions in ways that build “bridging capacity.”

Areas for Further Research

- The importance of place is well recognized in the economic development literature, but how place shapes social capital is complex (Mihaylov and Perkins 2013).
- Characteristics of place may interact with both expressive/instrumental purposes (Foster et. al 2015) and bridging/bonding networks (Agnitsch Flora and Ryan 2006).
- Though more research is needed, our data show some support for the idea that the rural/urban character of a place may impact the effectiveness of expressive purposes in building CDO capacity.
Thank You! Questions?

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