

SOCIAL CAPITAL AND THE ADDED SOCIAL VALUE THE ROLE OF WEAK LINKAGES IN THE PRODUCTION OF ADDED SOCIAL VALUE

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Abstract: *This study examines the multiplying mechanisms of social capital and, consequently, the effect of adding value, leading us towards considering the special type of capital that we called, by analogy, the added social value. The social capital as opposed to economic capital is growing and contracting and its multiplying effects based on specific mechanisms are not sufficiently reviewed in the economic theory. A new research direction has to be addressed within what we ought to call the moral eco-economy (related to the field of moral economy²) in order to facilitate the research of such multiplying mechanisms. We have revisited the opinions focused on the typology of capitals, noting the functions related to the bridging-type social relations within the process of generating added social value (proper to the type of social capital). Thus, we have examined this bridging-type function proper to weak ties, adding to the function of enhancing "cognitive flexibility". We are confronted with a low flexibility of thinking and, consequently, an altering of "cognitive flexibility" where such weak linkages do not exist. Growing "social intelligence" (i.e. the capability of using social capital and, consequently, the diversity of social linkages) defines the added social value. The dynamic of social intelligence decisively depends on the variation of rather weak social linkages than the strong ones. The*

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² The concept of a **moral economy** was first elaborated by English historian E.P. Thompson, (actually the term "moral economy" - моральная экономика - was first coined by the Russian economist Alexander Chayanov in 1920s, see Oeuvres Choisies de A.V. Cajanov, S. R. Publishers Limited Johnson Reprint Corporation Mouton & Co, 1967) and was developed further in anthropological studies of other peasant economies". See http://en.wikipedia.org/wiki/Moral_economy. See, also, Thompson cf. Thompson, Edward P. (1991). *Customs in Common*. New York: New Press. „ The concept was widely popularized in anthropology through the book, "The Moral Economy of the Peasant: Rebellion and subsistence in Southeast Asia" by James C. Scott (1976" (http://en.wikipedia.org/wiki/Moral_economy). See, also, Scott cf. Scott, James C. (1976). *The Moral Economy of the Peasant: Rebellion and subsistence in Southeast Asia*. Princeton: Princeton University Press

performance and the competitive value of firms and organizations of any kind depend rather on their capability of using weak linkages within a given social space (as in the case of EU's) than on their capability of exploiting strong linkages. This is the main conclusion of our study.

Key words: *moral eco-economy, types of capital, civilizational economy, bridging-type of social capital, bonding-type of social capital, semantic efficacy, positioning and spacing, ego-polis, relational well-being, weak-structured environments, strong-structured environments, added social value*

Eco-economy of capitals. Types of capital

We shall examine the issue of the types of capital in the light of the new contributions within what we may call the *moral eco-economy* in order to fortify the theoretical and methodological considerations induced by the intersection between the organizational ecology and the perspective of eco-economy. Generally, in business arise polarities whereon scientists should harmonize them. The classic example (given by Thompson) of such kind of opposites is when the English peasants campaigned for the *fair price* of a product while the new capitalist business representatives founded their entire management thinking on the grounds of so-called "free market price". "These peasants held that a traditional "fair price" was more important to the community than a "free" market price and they punished large farmers who sold their surpluses at higher prices outside the village while there were still those in need within the village" (according to informations from http://en.wikipedia.org/wiki/Moral_economy. See, also, Thompson, 1991: 341). All the "drama" in economics derives from such a confrontation and difficulty of harmonizing opposites, making conjunctions based on disjunctions (in terms of opposites).

In our case, we opted for the syntagm of moral eco-economy to draw attention to the fact that within the "moral" relation of economic ecosystem there are three actors involved: firm (producer), labor (consumer) and the environment (nature) and all of these three concepts should be vindicated, i.e. harmonized two by two and all of them within their triadic unit. The perspective of moral eco-economy is illustrated not only by classical studies like Max Weber's, but, also, by more recent contributions like Tomas Sedlacek's in one of his famous work called "Economics of Good and Evil: *The Quest for Economic Meaning from Gilgamesh to Wall Street*", the subtitle (in italic – AN) being more than eloquent for the new approach.

Therefore, there is an *economy of the meaning* because the economic meaning is just the nucleus of economic act, admitting along Max Weber that in any action we identify a meaningful targeted by the actor who runs that action. Otherwise, there is no action without a certain meaning determined in and through the motivation and through the purpose of that action. Through an actor's motivation and purpose his manifestation

becomes meaningful. The intelligible action and all of his manifested actions become comprehensible through that meaning. The act is, therefore, a simple development of the meaning addressed by the actor within his action, suggesting, actually, that the elements of the act are being packed in a certain meaning based on “criteria of semantic efficacy” (I. Badescu, I.C. Badescu). Such criteria are not exclusively based on economic factor and, hence, are not conferring only “economic meaning”: there are purposes and, thus, realistic meanings and, consequently, they are feasible and there are unrealistic purposes and meanings and consequently they become unfeasible. What gives feasibility to the purposes do not derive strictly from their relationship with the means used for their achievement but, also, from the capacity of the actor to integrate different purposes and, thus, different meanings within the same intelligible and persistent semantic unity in time and space. Such operation depends, evidently, on the actor’s capacity to operate with at least three types of capital: economic, social and cultural (spiritual or symbolic) ones.

Calculation of profitability is operated through the weighing of the purposes and of the meanings targeted by social actors within their actions, as well as through the weighing of the goals determined by firms within their actions (i.e. on the market). The measuring unit is just the ideal type of unity or harmonizing diversity of purposes and/or motivations of an individual or collective actor within their specific (daily) manifestations. One worker, for instance, is, also, a member of the firm (corporation) and the purposes of the firm are, also, the purposes of the activities within the firm but, the worker is, in the same time, a member of a family having distinctive motivations and aims. He will have to harmonize such actions in order to get the maximum benefit out of his actions. We are approaching the theory of the types of capital within such a new perspective. Our hypothesis is that the typology of capitals is a logical construct because, in reality, each particular type of capital, from the type of economic capital to the symbolic-cultural capital involve all of the other types of capital pertaining to some mainly criteria. For instance, the social as well as symbolic or cultural capital are involved within the economic capital, and exactly such a mixture of economic capital with the symbolic-cultural capital led towards a new direction, i.e. that of a cultural economics. If we take into account what the Centre of Resilience from Stockholm has called “planetary boundary”, for instance, we understand that such a type of limitation (they called planetary boundary) is, also, involved in the expansion (growth) of economic and all of the other types of capitals. Such concept involves the idea of the critical boundary that shouldn’t be crossed unless causing disastrous consequences. We will invoke the economic theory of the critical boundaries in a forthcoming study.

We may say that the man and the nature should respect what God infused in the virtuality of the things at the Genesis. In humans are seeded inexhaustible gifts. Some child, for instance, may evince skills that none of his genealogical forefathers could confirm them. Galton tried to measure the genius of peoples, starting from the gifted families from every epoch within

various peoples. We denote such type of capital as being a gifted one because, as we may see, it does not come from the nature nor is it culturally induced but, rather, in a gifted way as the potential sum of gifts (talents, exceptional capabilities etc.). The moral economy invokes intangible assets. A certain branch of moral economy evidenced such kind of assets mediated by the theory of “quasi-rent”. We realize that the economies significantly owe to this type of capital. Max Weber considered such kind of capital as being the decisive factor of the genesis of the new type of historic capitalism called “modern capitalism”, finding its filiation not in the material factor but in the Christian ethic. Weber’s book is, as is well known, titled “protestant ethic and the spirit of capitalism”.

Therefore, the spirit of modern capitalism sprang from the Christian ethic of Nordic capitalists, becoming the decisive nucleus of modern civilization itself. Let us review the species of capital, underlining the fact that such a typology has a theoretical significance as these species are intertwined within proportions that the economic science tries to measure them. The economics is continuously renovating, for such reason, its paradigms through “epistemological ruptures” that are, actually, new approaches comparative with the initial evolutions of disciplinary paradigm. This is one of the facets of the expansion process of economic discourse beyond the classical epistemological boundaries of this science, leading towards the emergence of a new renovated economic science, i.e. of the *new economy*. Our endeavors refers only to one of the ramifications of the new economy, called by a sociologist as *nooeconomy*, ourselves opting for the name of “moral eco-economy” mediated by another syntagm, i.e. of “civilizational or cultural economy”. We are not particularly invoking that our approach is the civilization itself when referring to the civilizational economy. We rather suggest that the economy can be addressed not only as a mode of production and of consumption but, also, as a cultural pattern of productive existence as well as of consumption. The economy is, consequently, a synthesis of economic, social, cultural-symbolic capital, and the economic discourse should take account of this fact. Exemplifying this idea arises, for example, from the simple fact that any firm is also a spatial determinant (given by its capability to integrate various actors, different firms, remote locations etc.) and a positioning determinant (firm’s positioning in the hierarchy of other firms in the market). That is defining for what we call social capital of the company. At the same time, we deduce that every company must unify opposites, polar coordinates (values), such as the value or parameter of positioning and of spacing (a firm is, simultaneously, the expression of a certain positioning as well as of an area, meaning that such representation is mediated by the logic of the included middle not of the excluded middle). We shall identify the mechanisms involved in producing added social value, i.e. that incremental determinant added to social capital available to an individual, a firm, a community, nation or group of nations (an alliance, for instance). Therefore, there is not only added economic value (commonly called surplus value) but, also, the added social value, i.e. about

social surplus or value that increases social capital of an individual or firm or even nation. While the economists measure the economic added value, the added social value was not typically measured and, consequently, the mechanisms of increasing social value were not even evaluated. We will address such mechanisms within our study for laying the theoretical and methodological foundation of measuring added social value (particularly, the added social value generated within the networks from virtual spaces).

Theory of social capital. Ego-polis or about “collective persons”

We shall review the conceptual definition of social capital as well as the discussions around the species of capital before further examination of mechanisms of producing added social value. The social capital is a phenomenon of positioning (i.e. punctual) as well as of a spatial type (i.e. extension or area). It concomitantly induces a position (point) and space (area) as previously mentioned. The social capital is a concept used by Putnam but, also, launched within the group of sociologists around Pierre Bourdieu (on the origin of the concept see also "The Downside of Social Capital," by Alejandro Portes and Patricia Landolt in <http://www.prospect.org/cs/articles?articleId=4943>) who evaluated the social space as one modelled by different forms of capital, the linguistics and social capital, among them, forming one of the axis of this space. In the view of Bourdieu, the social capital is some benefit to others and accessing social space represent something that measures just such a difference in positioning (“the advantage achieved over others”¹) and in social coverage (the amount of social relations available). In the light of the theory of social capital, individual or collective advantage depends on the positioning field. Someone’s ability (individual or corporate) to influence something depends on the access to a network of strong and extensive social connections. We are facing the redefinition of social capital through the lens of Granovetter's theory of weak linkages versus strong linkages. We invoke Granovetter's concepts in slightly different meanings.

The weak linkages are those induced by belonging to social networks with not only shortage of economic capital but, also, a shortage of social capital. Thus, the social capital depends on the connection of individual and collectivity (nation, state) to a network with certain social linkages (weak or strong). The countries from the Eastern part of the E.U. are integrated in the Union but they belong to a subspace with weak linkages, reducing their

¹ <http://www.prospect.org/cs/articles?articleId=4943> (retrieved on 12.04.2014), "The Downside of Social Capital," by Alejandro Portes and Patricia Landolt (As an individual resource, social capital is roughly analogous to other individual assets. For Coleman, it differs from the financial capital found in bank accounts and the human capital inside people's heads; instead, social capital inheres in interpersonal relations. This analogy should not be carried too far, however, because social capital has certain characteristics, such as the expectation of reciprocity, that distinguish it from the capital that appears on balance sheets. ...). See also: *The Lost City*, by Alan Ehrenhalt

capability to influence the attitudes and decisions of those involved in networks with strong linkages. There is a decrease in the social capital in the Eastern part of the E.U. The social capital as a stock of available relations is unevenly distributed in the European space, inducing cascading social effects that European policies do not even guess it (the peripheral welfare regimes become part of such policies) (acc.to I. C. Bădescu, *Towards a meta-perspective on welfare regimes in the Central and Eastern E.U. states*, manuscript). In the interwar period, there was an attempt to correct such disparities of the social capital through the process of Balkan and Central European alliances. Belonging to “political families” in the Eastern and the Western part of Europe (European socialists, European Christian Democrats or the European Liberal Alliance) is another technique used by political elites from the Eastern Europe. Such a technique redefines Granovetter’s concept of strong linkages and the new meaning is one of friendship and kinship.

I have thoroughly examined the theory of weak linkages. “The theory of Granovetter regarding the power of social linkages starts from the distinction between weak linkages and strong linkages. We have strong linkages with friends, but weak linkages emerge within relations with acquaintances. We build, in time, persistent linkages with someone while less frequent relations are developed with others. Therefore, we have a densely knit clump of social structure, while keeping low-density network with others. The decisive importance of these linkages for the knit clump of the whole, i.e. of the social network in its entirety is the truly notably part of the theory of weak linkages” (A.I. Bădescu, *Competitivitatea și supraviețuirea organizațiilor* , op..cit: 79).

Bonding capital and bridging capital

Granovetter’s theoretical area of applications contributed towards the emergence of the theory of social capital. We are led to a distinction between *bridging-linkages*, concept belonging to Granovetter, and *bonding-linkages*. The distinction is however quite ambivalent because, as Granovetter noticed, the types of bridging-linkages serve as a unifying function where the bonding-linkages are no longer effective. In the diplomatic practice induced by the crisis in Ukraine, the relation with Poland significantly mattered and not only the relations with Germany and Russia, Poland being one of the states, belonging to a field of weak bridging-linkages. Therefore, the distinction between the bonding capital that, allegedly, has a unifying effect and bridging capital (mediating the link between subfields emerged within bonding-linkages) should be used with caution and strictly contextual. One such political actor (a state, a nation) plays a bridging-type role only in certain contexts (beyond this context, its function stops). Therefore, virtually, any social actor has a bonding capital as well as a bridging capital. We should not interpret, in a substantialist manner, concepts of bonding capital and bridging capital. In 70-80s, the social capital of the Romanian state was

a strong-linkage type of capital recognized as such by large political actors such as the U.S., China etc. Today, this capital is much lower even if bridging function of the Romanian state has not changed. Nowadays, the role of Romania, however, is under the position given by its virtuality. The Romanian ego-polis has its virtual advantage that the political actor seems to under-utilize it.

Secondly, we should not reduce the utilization of bonding capital to small and closed communities that are, often, overlapping biological kinship as this type of capital is updated between states as well (*Ego-polises*). The bonding capital can be found in political clubs, in well-established and closed "political families". Social capital is rather a capital of relationship and not a substantialist capital (is rather a relational parameter than a substantial one). Such kind of capital helps us to define and measure the relation between an Ego (individual, social, political, economic, and organizational, in essence) with various relational fields within a given space and within a certain era. The social capital of political Romania (ego-polis) of the 70s was, undoubtedly, superior to the one mediated, today, by the political class and the Romanian state. The accession of political Romania to the networks of strong relations reached very high thresholds. The E.U. and NATO membership of Romania is not strengthening its social capital. The relation is, somehow, reversed. The social capital is the one that contribute to its membership within the grouping of a certain political actors. The social capital measures the capability of an ego polis to induce consensualisation of different interests in relation with its own interests. The consensualisation is possible where some common norms exist (the case of E.U.) but, it is not updated and updateable mechanically. Here comes the function of the concept of social capital as it helps us to measure the effective capability of a state (an ego-polis) to produce consensualisations in their interests. This capability depends on trust and commitment. "A group whose members are trustworthy and trust each other will be able to achieve something more than a group in which these elements are missing" (Coleman apud Putnam, 2001, p. 188). It should be noted Putnam's remark that 'social networks allow trust to become transitive and spread: I trust you, because I trust her and she assures me that she trusts you' (Putnam, 1993: 169).

The logic of value is the logic of included middle (tertium)

Finally, unlike economic capital, the social capital is divided (distributed) without diminishing it. An economic capital (money, for example) once used and divided (distributed) shall diminish while sharing the social capital, conversely, lead to its increase, following a well-known precept: "Give you'll gain".

Friendship, for instance, increases through sharing just like love, altruism, generosity etc. Relational wealth grows through sharing and hence such type of relational wealth spread not through concentration and egocentrism as if economic wealth.

Social capital takes the shape of an open structure while the economic capital, on the contrary, takes the shape of a closed structure (illustrated by its most representative form: money box, bank deposit etc.). Though, there are various ways of using and, consequently, of updating (using) the social capital so that it can even be used contrary to its intrinsic logic (as suggested by the theory of strong linkages).

The postmodern organizational space evolves in a progressive manner towards the model of weakening structured spaces as suggested in my recent studies.

"Curiosity is that the evolution towards modern type organizations brings in a mutation of the quality of the organizational environments that are becoming less structured even if the organizations are becoming more structured. The links between individuals and between organizations are weak linkages in most of the common situations, organizational and social environment in general is predominantly composed of weak linkages, although intra-organizational linkages are more structured. Mark Granovetter, American sociologist trained as Michael Hannan, Glenn Carroll and William Barrett at Stanford University, originator of many theorists in the modern sociology, argued that the division of labor in society is one of the sources of weak linkages given that increased specialization as well as interdependence lead to a wide variety of role-based specialized relations" (A.I. Bădescu, 78) within which someone knows only a small segment of the personality of the other (Granovetter, 1973).

The logic of capital formation: some conclusions

On the other side, we shall notice a very important issue for the understanding of another concept and that is the notion of organizational capital widely used in my studies of organizational eco-economy. A significant organizational capital for the strong ties underpinning the organizing of state emerges along with a Union of Ego-polises. The access and, thus, the power to make use of such capital are not equally distributed among members of a space of belonging. There are states with strong ties as well as states with weak ties in the E.U. We shall revisit here an excerpt including a synthesis of my previous conclusions that were, also, presented in my paper cited above (A.I. Bădescu, 80-81). The curiosity rests on noticing that weak ties are those bringing in advantages to the individual person or to the isolated organization.

„It follows, then, that individuals with few weak ties will be deprived of information from distant parts of the social system and will be confined to the provincial news and views of their close friends.¹

¹ Ibidem; Here comes the entire citation: *“It follows, then, that individuals with few weak ties will be deprived of information from distant parts of the social system and will be confined to the provincial news and views of their close friends._This deprivation will not only insulate them from the latest ideas and fashions but may put them in a disadvantaged position in the labor market, where advancement can depend, as I have documented elsewhere (1974), on*

Rose Coser (1975: 242) stresses that individuals 'well caught in a *Gemeinschaft* are at risk of never becoming aware that their lives depend on what happens inside the group, but on some forces located far beyond their perception and thus beyond their control. *Gemeinschaft* may prevent individuals to articulate their roles in relation to the complexities surrounding the world. It is possible to hold on a distinct weakness within the strong ties (Granovetter, 1973: 203-204). Coser (1975: 254-256) rethinks the terms of *Gemeinschaft* and *Gesellschaft* through Basil Bernstein's distinction between the "restrictive codes and the more developed codes of communication. Restrictive codes are simpler; many meanings are implicit and considered as being obvious where their speakers are familiar one to each other. The more developed codes are complex, needing a more universal reflection for someone to organize communication ... "¹.

There are weak ties that behold predominantly the function of a bridge between groups and organizations that operate within strong ties. Links in the virtual space are also such weak ties, having a function of a bridge between different web-communities, i.e. networks between various sites, within which strong-tied virtual communities emerge.

Therefore, we are witnessing some weak ties having this bridge-type macro-structural effect that, additionally, led to the emergence of some "complex role-sets" as well as to the need of "cognitive flexibility". The curiosity rests upon the fact that we are confronted with a diminished flexibility of thought where such weak linkages are not being developed.

„In American society there is thus some reason for suggesting that upper-class individuals as well as lower-class people may suffer a lack of cognitive flexibility. (...) in the form of arrogance and a sense of infallibility and had much to do with American involvement in the Vietnam War” (traits found at many Americans, as Granovetter has noticed, 1973:205).

knowing about appropriate job openings at just the right time. Furthermore, such individuals may be difficult to organize or integrate into political movements of any kind, since membership in movements or goal-oriented organizations typically results from being recruited by friends. While members of one or two cliques may be efficiently recruited, the problem is that, without weak ties, any momentum generated in this way does not spread beyond the clique. As a result, most of the population will be untouched. The macroscopic side of this communications argument is that social systems lacking in weak ties will be fragmented and incoherent. New ideas will spread slowly, scientific endeavors will be handicapped, and subgroups separated by race, ethnicity, geography, or other characteristics will have difficulty reaching a modus vivendi.”(Granovetter, 1973, p. 202)

¹ *Ibidem*, p. 204; Coser apud Granovetter: "Coser then elaborates the cognitive ramifications of this conundrum: "In a *Gemeinschaft* everyone knows fairly well why people behave in a certain way. . . . If this reasoning is correct . . . the manner of communication will tend to be different in a *Gesellschaft*. Hence, the type of speech people use should differ in these two types of structures" (p. 254). She relates this difference to Basil Bernstein's distinction between restricted and elaborated codes of communication. Restricted codes are simpler: more meanings are implicit and taken for granted as the speakers are so familiar with one another. Elaborated codes are complex and universal-more reflection is needed in organizing one's communication "when there is more difference between those to whom the speech is addressed" (p. 256).

Moreover, someone has to be integrated in weak-tied sub-fields in order to have access to information about jobs: „known people if compared with friends, are inclined to move in different circles from ours” (*Ibidem*, 205). The hypothesis of the effect of weak ties on the increased opportunities of information regarding the jobs is confirmed by the empirical study cited by Granovetter in his work regarding the weak ties: 27.8% from the subjects surveyed declared that they got information about the job through the mediating factor of weak-ties and only 16.7% through strong-ties (*Ibidem*, 205).

One of our first conclusions is that the weak-ties provide a relative advantage within certain circumstances. There are only the weak-linkages, playing a bridging function, that have a special value to the individual or the organization. Additionally, the weak ties are rather proper to the bridging function than the strong ties. We may denote that the most important mechanisms of business spaces' extension are the weak ties, i.e. *the links*. The analysis of such links will be given in a special paper dedicated to the theory of the co-extension of business spaces. We will conclude, so far, that the valuing of the individual or the organization is the effect of weak linkage, i.e. the weak ties have an essential role in producing the social added value, and, consequently, the increasing of social capital. Such concluding remarks would compel the strategists to re-consider the significance of small sized firms' strategies or the strategies of companies from the periphery of the system. The politicians would be compelled, as well to re-define the importance of small sized states within the unions of states as the E. U. The performance and the competitive value of firms and organizations of any kind depend radically on their capability of using the weak ties within a given social space (for instance, the space of E. U.) and not on their capability of using strong linkages. This is the main conclusion of our study.

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