

A Theoretical Study of Social Capital in Agricultural Cooperatives

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Abstract: Does agricultural cooperatives generate positive influences on social capital? This question has important theoretical and policy implications for the contemporary world, especially for the developing countries. This research explores how agricultural cooperatives may influence networks among members and consequently the influence of that social capital on the cooperatives activities. This article attempts to determine the important indicators of social capital in development of agricultural cooperatives. It also demonstrates that the cooperatives in six indicators can increase the level of social capital for rural development..

[Fatemeh Aref. **A Theoretical Study of Social Capital in Agricultural Cooperatives**. Journal of American Science 2011; 7(12): 363-366]. (ISSN: 1545-1003). <http://www.americanscience.org>

Keywords: social capital, agricultural cooperatives, rural development

1. Introduction

Agriculture is widely regarded as the world's largest industry providing about eight percent of the global employment market, and generating approximately twelve percent of the global national product. Human resource development, like other aspects of community development, can have a significant positive and negative impact on rural sustainable development (Farshid Aref, 2011).

Ryan et al. (1995) found that people in communities with high social capital were more likely to participate in agricultural cooperatives and rural development processes as well. Regarding to this point the question is how rural communities can offer a viable solution for agricultural development. The researchers' answer to this question is building social capital. This answer is supported by the literature and research evidence from some filed such as families and youth, education, community life, work and organizations, democracy and governance, problems related to collective action, economic development, physical and mental health, immigration, and public protection (Franke, 2005).

The researcher believe that measuring social capital for agricultural development is useful not only for determining the ability of rural members to work together for agriculture, but is also attempts to rural development through building social capital (Fariborz Aref, 2011). In the realm of rural and agricultural cooperatives, the importance of social capital, perceived as a willingness and ability to work together, has been emphasized in the case of technology options such as watersheds, irrigation management, and integrated pest management strategies. The concept has thus become one of the most popular exports from sociological theory into development discourses and has evolved into a

panacea for the problems and challenges that confront modern societies and their socioeconomic and political development (D.Parthasarathy & V.K.Chopde). Hence, this research explores how agricultural cooperatives may influence networks among members and consequently the influence of that stock of social capital on the cooperative's business activities.

2. Social Capital

Social capital is a topic of considerable interest to a wide range of people because of its links to individual and community wellbeing. It is a multidimensional concept and different elements of the framework may be appropriate for different purposes (Davis, 2005). Social capital relates to the resources available within communities in networks of mutual support, reciprocity and trust (Davis, 2005). The social capital of a society includes the institutions, the relationships, the attitudes and values that govern interactions among people and contribute to economic and social development (Grootaert & Bastelaer, 2002).

Over the last couple of decades, social capital has become interesting to social scientists. Numerous articles and research studies emerged analyzing social networks and documenting their effects on economic growth, health, crime, educational performance, and even the efficacy of government policies (Hong & Sporleder, 2007). Social capital can be developed by agricultural cooperatives and the amount of social capital within the organization theoretically will enhance economic efficiency and enhance long-term success.

The concept of social capital is currently being hotly contested in the world of development policy debates. While the meanings and usage of the

concept in its current incarnation can be traced to the work of sociologists and anthropologists, the most notable appropriation and usage of the concept by international policymakers, perhaps is by the World Bank (D.Parthasarathy & V.K.Chopde).

Woolcock (2001) had counted at least seven fields that had employed the concept of human capital: families and youth, schools and education, community life, work and organizations, democracy and governance, problems related to collective action, and economic development. Today, physical and mental health, immigration, and public protection could be added to that list (Franke, 2005). Therefore, there is scant literature on social capital for agricultural development and rural development as well. Empirical works on social capital, most of which are based on the experiences of Western societies, indicate that communities endowed with a diverse of social capital will achieve superior outcomes in multiple spheres such as, agricultural development and community development while, communities with a low level of human capital tend to have a poor performance in these spheres.

Overall, agricultural industry can be development by investing in social capital. This research is guided mainly by the theoretical framework of social capital theory, and also, by empirical studies from previous work. This research contributes to providing a basis for measuring the social capital in agricultural cooperatives.

3. Measuring social capital in the agricultural cooperatives

It has been argued there is no general social capital. Different social capital is required in different goals and different contexts (Yutaka, September 2002). Social capital has caught the attention of experts in the field of agricultural and rural development policies. The importance of social capital in aid to developing countries and the positioning of social capital within the context of rural development policies in developed countries are becoming clearer step-by-step, but a method of measuring social capital is yet to be developed (Yamaoka, 2007). An agricultural cooperative is a business organization with specific purposes.

Despite differences in culture, ethnicity and nationality agricultural cooperatives around the world are organized and operated based on the same Cooperative Principles. The Principles govern behavior in business and cooperative life. The activities of agricultural cooperatives worldwide are centered on supporting member farmers businesses. Therefore, member farmers and other constituents of the agricultural cooperatives have “cooperative culture,” a system of common values and procedures.

These shared values and procedures allow for a standard system of measurement to be more easily constructed in agricultural societies as opposed to industrial societies. However, there has been little research on social capital in agricultural cooperatives and no attempts been made to measure social capital. Therefore, analysts must exercise caution when using current research to construct the framework for capturing the social capital of the agricultural cooperative (Hong & Sporleder, 2007).

Some experts have identified the dimensions of social capital. The common dimension of it usually is seen from the point of view of sources, scope of activity and degree of implementation. Dimension from sources of social capital including (1) civic social capital and (2) governmental (institutional social capital). From scope or area of activity, social capital can be divided into (1) bonding social capital, (2) bridging social capital and (3) linking social capital. While using the degree of implementation in society, it encompasses (1) structural social capital and (2) cognitive social capital. Social capital can be divided into levels: individual level and group level. At the level of individual social capital, we can explore interpersonal relationships, that is, ties between individuals, or social participation, the ties between individuals and groups or organizations (Franke, 2005). At the level of collective social capital, we can explore the associative dynamic by focusing on the intra organizational ties as well as ties that exist among groups and organizations, within a community and beyond a community (Franke, 2005). Based on previous study the below domains have chosen for this study.

Social networks

Understanding the groups and networks that enable people to access resources and collaborate to achieve shared goals is an important part of the concept of social capital. Informal networks are manifested in spontaneous, informal, and unregulated exchanges of information and resources within communities, as well as efforts at cooperation, coordination, and mutual assistance that help maximize the utilization of available resources. (Dudwick, Kuehnast, Jones, & Woolcock, 2006).

Social trust

This dimension of social capital refers to the extent to which people feel they can rely on relatives, neighbors, colleagues, acquaintances, key service providers, and even strangers, either to assist them or do them no harm. Adequately defining “social trust” in a given social context is a prerequisite for

understanding the complexities of human relationships (Dudwick, et al., 2006).

Cooperation

Cooperation is closely related to the dimension of trust and solidarity, however, the former dimension explores in greater depth whether and how people work with others in their community on joint projects and/or in response to a problem or crisis (Dudwick, et al., 2006).

Communication

Increasing access to information is increasingly recognized as a central mechanism for helping poor communities strengthen their voice in matters that affect their well-being (Dudwick, et al., 2006).

Social Cohesion and Inclusion

Social cohesion and inclusion are closely related to the previous four dimensions of social capital, but focus more specifically on the tenacity of social bonds and their dual potential to include or exclude members of community. Cohesion and inclusion can be demonstrated through community events or through activities that increase solidarity, strengthen social cohesion, improve communication, provide learning for coordinated activities, promote civic-mindedness and altruistic behavior, and develop a sense of collective consciousness (Dudwick, et al., 2006).

Empowerment

Individuals are empowered to the extent that they have a measure of control over the institutions and processes that directly affect their well-being. The social capital dimension of empowerment explores the sense of satisfaction, personal efficacy, and capacity of network and group members to influence both local events and broader political outcomes (Dudwick, et al., 2006).

4. Conclusion

Agricultural cooperatives are known to be the organizations possessing the most and being most dependent on social capital. Their operations and business are affected in many ways by social capital, because as this agricultural cooperative societies should pay more attention to social capital. Social capital is not a private resource that belongs exclusively to an individual. It is a public resource that is shared and managed through cooperation by a certain group of people, in the long term, for sustainable social development (Yamaoka, 2007). Social capital can be used not only to enhance

members' collective actions, but also to compensate for shortages of equity.

Additionally, social capital serves to signal the success of the cooperative as a leading indicator or an evaluation criterion for business projects. These applications of social capital can be developed and applied strategically to many aspects of cooperative businesses (Hong & Sporleder, 2007). Social capital is not a private resource that belongs exclusively to an individual. It is a public resource that is shared and managed through cooperation by a certain group of people, in the long term, for sustainable social development. However, those who invest in social capital often fail to recognize that the benefits of social capital are returned to them and this can cause market failure, leading to insufficient investment.

Therefore, it is desirable that governments formulate public policies that are appropriate for correcting inefficiencies in resource distribution for accumulating social capital, so that the governments play a significant role in developing and supporting social capital. The findings are especially valuable for establishing some conceptual and empirical baselines for subsequent studies of social capital in agricultural development. This article also has discussed a study that attempted to propose social capital indicators which are crucial for rural development.

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11/20/2011