BUSINESS RETENTION & EXPANSION
Social Capital
Cause or Effect in BR&E Visitation Programs

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SOCIAL CAPITAL OVERVIEW

- What is Social Capital?
- How does it relate to BR&E Visitation Programs?
- Does increased social capital lead to more economic development?

COMMUNITY CAPITALS

- **Human Capital** – skills/abilities of residents and the ability to access outside resources and knowledge to increase understanding and identify promising practices. Also addresses the community's leadership abilities.
- **Natural Capital** – the community's environment including rivers, lakes, forests, wildlife, soil, weather, and natural beauty.

Source: Mattos, Daniela. Community Capitals Framework as a Measure of Community Development. https://agecon.unl.edu/cornhusker-economics/2015/community-capitals-framework

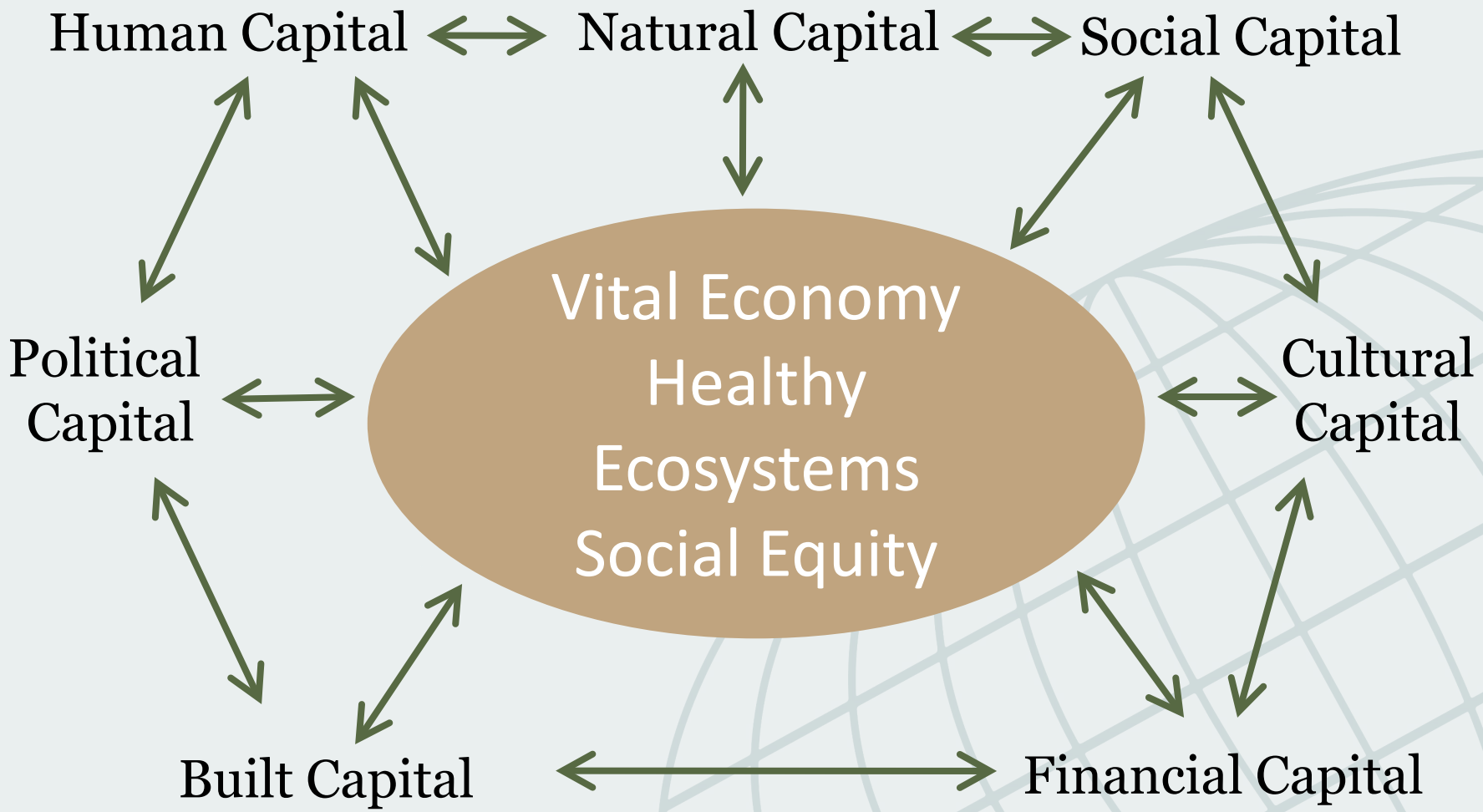
COMMUNITY CAPITALS

- **Social Capital** – describes connections among people & organizations; the social glue that facilitates action.
- **Political Capital** – ability to influence rules and regulations and their enforcement. Reflects access to power and power brokers, including government officials and leverage with regional firms.
- **Cultural Capital** – influences what voices are heard and listened to, which voices have influence, and how creativity, innovation, and influence emerge.

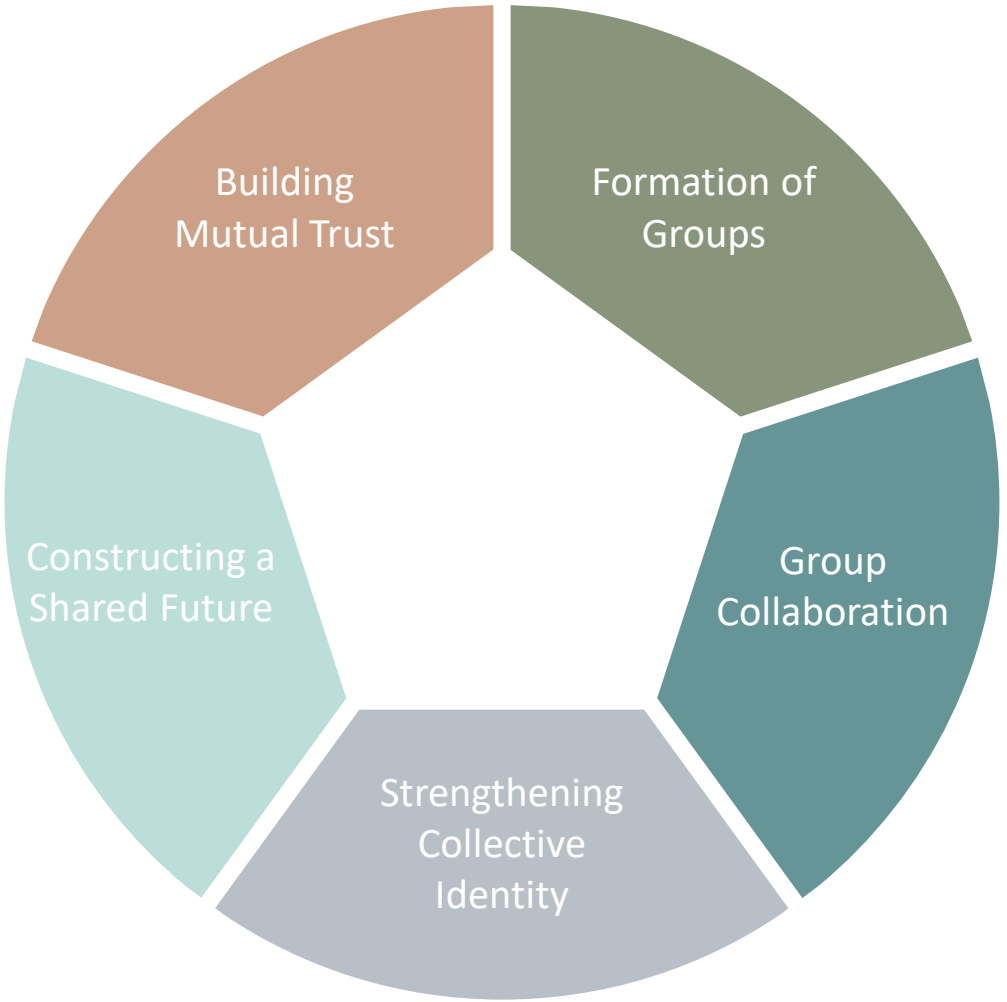
COMMUNITY CAPITALS

- **Built Capital** – describes the infrastructure that supports the community including telecommunications, industrial parks, streets, utilities, roads, etc.
- **Financial Capital** – financial resources to invest in community building, underwrite business development, support civic and social entrepreneurship, and accumulate wealth for future community development.

COMMUNITY CAPITALS



SOCIAL CAPITAL



SOCIAL CAPITAL

Social Capital consists of two competing components that must be used together in order to facilitate an effective and open community that can solve problems

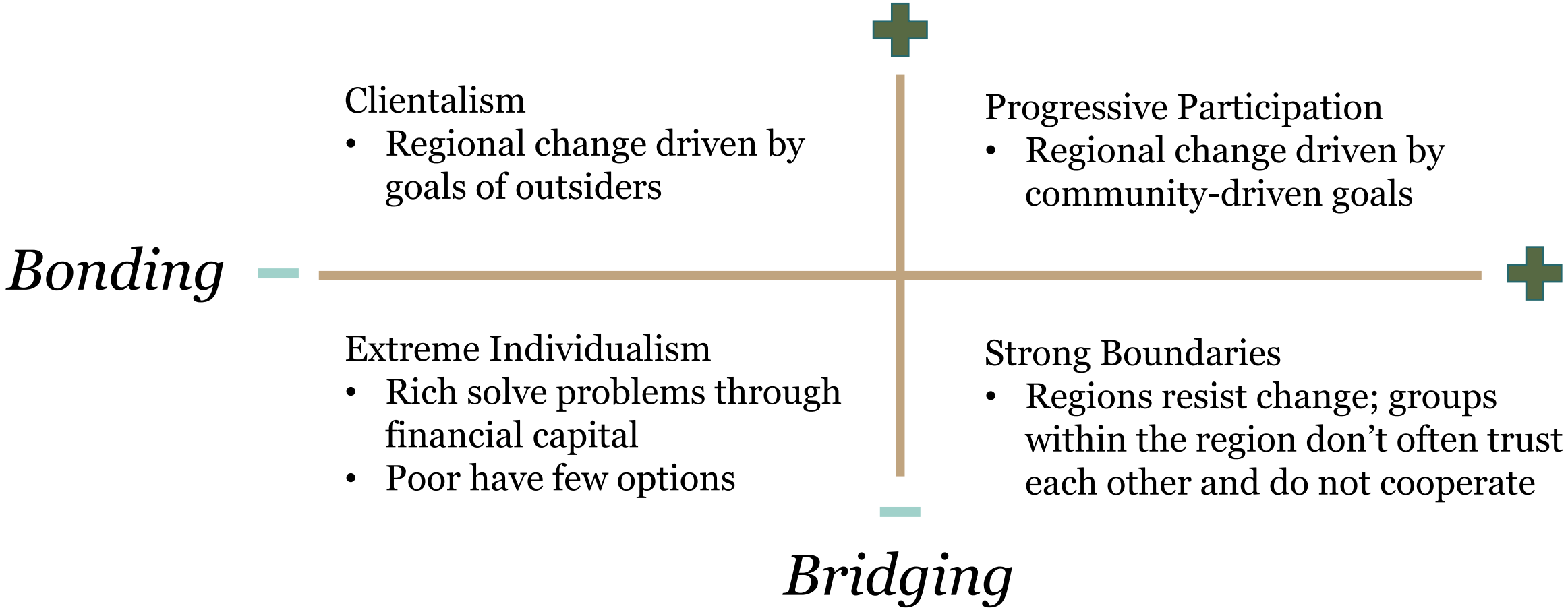
Bonding

- Tight, exclusive networks
- Strong distinction between insiders and outsiders
- Single answer focus

Bridging

- Open and flexible networks
- Permeable and open boundaries
- Legitimization of alternatives

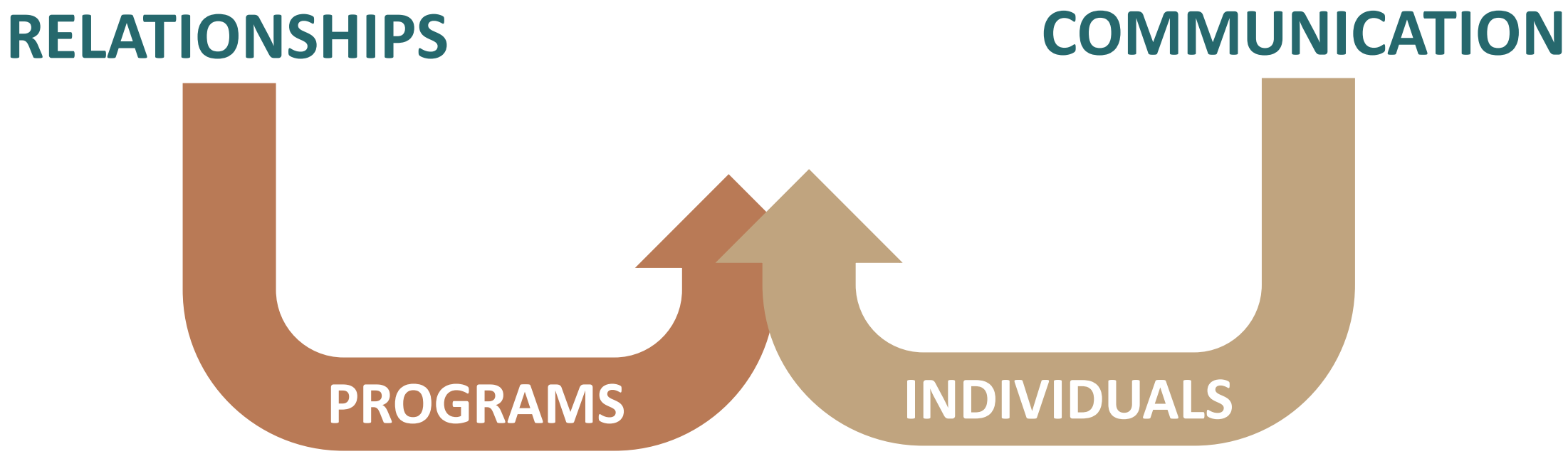
DIMENSIONS OF SOCIAL CAPITAL: IMPLICATIONS FOR AREA DEVELOPMENT



YOGI BERRA'S EXAMPLE OF GENERAL RECIPROCITY

"If you don't go to somebody's funeral,
then they won't come to yours."

SOCIAL INDICATORS



HONESTY & TRUST GIVE COMMUNITIES A "MEASURABLE ECONOMIC ADVANTAGE"

- **Tangible benefits**
  - Firms (and individuals) spend less on "surveillance" if they can trust the public and employees
  - Firms (and individuals) spend less on legal services or wondering how they will lose in a relationship
  - Firms (and individuals) spend less on checking compliance with contracts if they can trust partners, employees, and customers
- **Intangible benefits**
  - Firms (and individuals) have more of a trusting outlook on exploring partnerships
  - Exploitation of cluster opportunities becomes more viable
  - Greater level of trust between firms and government agencies, assistance organizations, the general public, etc.

HOW DOES SOCIAL CAPITAL WORK?

- Social Capital helps communities resolve problems and make group decisions
- Social Capital reduces the transactions costs of doing business
- Social Capital broadens perspectives and opens the door to new ideas

MISSION OF BR&E VISITATION PROGRAMS

- Help existing firms survive and grow:
  - **BR&E Visitation Programs utilize a *process* for learning about the concerns of local businesses and setting priorities for BR&E projects (activities) to address those needs**
- To build the capacity of the community to implement both BR&E programs and other local economic development efforts

Higher levels of social capital help build capacity to improve the *local* community's economic situation

SOCIAL CAPITAL AND BR&E

- Utilizing a continuous/segregated model presents a different challenge in building social capital in a community than do the other BR&E models
  - **The Management and Operations Teams, in collaboration with the Stakeholders, should determine how the community's social capital can best be enhanced.**
- Building social capital is a tremendous part of setting the stage for the economic expansion of existing businesses
- How can you as the BR&E Operations Team or Task Force Coordinator develop social capital in your area?

QUESTIONS

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