# Editorial

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**Biographical notes:** K. Sankaran teaches Strategic Management at International Management Institute, New Delhi. His other interests include knowledge management, learning organisations, CSR and pedagogy in management education. His research papers, singly or as co-author, have appeared in journals such as the *Strategic Management Journal*, *Singapore Management Review*, *IIMB Management Review* and the *International Journal of Agricultural Resources, Governance and Ecology*. He has presented papers at international conferences including those of the Academy of Management, TIMS/ORSA, Decision Sciences Institute and Society for Business Ethics. His research includes a study in 2006 on Social Capital sponsored by the Government of India. He also has several years experience in Management Consulting.

Despite the fact that it is several decades since the term social capital came into existence, the idea continues to rightly emerge and create new possibilities. Correspondingly, there are many difficulties associated with the construct, its measurement and application. These difficulties are due to among others

- the subtle and not-so subtle distinctions between various forms of social capital such as bonding social capital, bridging social capital and linking social capital and the frequent need to deconstruct linguistic nuances

- the open nature of systems, whether groups, organisations or societies, that need to be studied to get a handle on the issue; for instance, to study an organisation through the 'social capital' route, researchers often have to immerse in the social, economic, demographic or racial milieu within which organisational members are embedded in their outside-work contexts

- the need to study relationships, rather than the objects themselves, which increase network complexity

- the acute realisation amongst researchers, rightly so, that social capital, if over-zealously advocated and practiced, would lead to nepotism, jingoism, inbreeding etc.

Not withstanding these difficulties the authors here ideationally and empirically wrestle with important issues in social capital and enlighten us on this important notion. The papers here form an eclectic and diverse canvas of circumstances drawn from different parts of the globe. Despite the wide disparity of contexts, the papers,

in collectivity, resonate with universality and potential for learnings and insights for the readers from all parts of the world.

Fabio Sabatini studies the link between social capital and performance through investigation of empirical data from Italian firms in the small and medium sector. Using structural equation models, the study shows a positive relationship between linking social capital of voluntary organisations and labour productivity, economic performance and human development. As opposed to this, the study shows that bonding social capital or strong family ties and bridging social capital, or informal ties between friends and acquaintances, have negative influence on productivity. If "environmental" social capital negotiated by social and cultural institutions is a key to productivity and human development, we will have to give greater importance to boundary management of organisations, inter-organisational cooperative relationships, industrial and information clusters etc.

K.F. Wong draws upon his ethnographic research on mainland Chinese migrants in Hong Kong to study their social and economic wellbeing. He shows, through three studies involving migrants (two of which explicitly focus on women's groups) struggling to find their feet in a new territory, that there is need to move away from traditional 'design' principles. In challenging the bedrocks of design principles that includes formal modes of interaction, codified norms, democratisation of decision making and transparency and regulations offering robust decision-making mechanisms, the author beseeches the policy makers to create institutional interventions that are, instead, sensitive to people's historical, livelihood and institutional preferences to create social capital, and through it, positive change. His study shows, rather counter intuitively, how democratisation through voting erodes consensus, formal rules create confrontational relationships between members, and in general, how rule-based management has an avoidable darker side. The author develops the idea of unseen social capital as an emergent, messy, politically-mediated, meanings-laden process that the 'design' school have altogether been insensitive to. He offers some pointers on how to institutionalise these findings to create better integration of the migrants in new settings.

Isabella Santini, in the third paper, examines the impact of social capital on the production process in Italian provinces and identifies the nature of relationship between labour and physical capital (as important 'traditional' inputs) on the one hand expressible through Cobb Douglas production function, and social capital on the other. Her results show a strong positive relationship between production efficiency and social capital endowment. The dimensions of social capital that showed a strong relationship with production efficiency were Social Behaviour and Civic Responsibility. The study finds that provinces characterised by model behaviour and greater civic responsibility develop more easily, these being attributable to trust in relationships. The research argues that social and economic networking facilitates trade and guarantees efficient resources distribution resulting in higher levels of economic outcomes.

Adalberto Aguirre examines social capital is the context of USA. He views that despite high level of diversity in US society, educational and economic organisations have been slow to respond to leadership challenges arising out of diversity. He examines how the Pathways Program has positively responded to leadership challenges and contrasts it to the case of social and educational organisations that have responded only selectively to diversity. The author maintains that response to diversity has been rather of the reactive variety in these latter organisations and has resulted in diversity being treated as a 'descriptive dimension'. He advocates a different view whereby diversity and social

capital are linked. This, he argues, could be through an active social-capital-enhancement approach which could purposefully reap benefits of trust and cooperation.

Next, Giovanni Tagliapietra, maintaining the classical definitional distinction between *bonding* and *bridging* social capital, shows in "Racial Identity and Social Interaction: The Impact of 'Diversity'", how organisational members belonging to different groups, classified as historically disadvantaged and advantaged, interact socially within their companies. His empirical study is based in the municipality area of Tshwane located in the Republic of South Africa. The findings show that those who are traditionally disadvantaged tend to have strong bonding social capital, while those who are traditionally advantaged show strong bridging social capital. The study has major implications on managing and exploiting the benefits of diversity and managing it in a positive way. More specifically, the study would support recasting of diversity issues in terms of social capital determinants and relationships within which individuals and groups are embedded.

Finally, Hosein Piranfar and Reza Rasouli examine path dependent social capital: that is, in this case, social capital as dependent upon the changing economic and political context of the nation across time. Through three case studies from the Czech Republic, the authors show how social capital got disrupted in the wake of "hasty" privatisation that caused much disruption. The study also gives pointers on how to avoid such disruption through a gradual process marked by cooperation while achieving economic and social wellbeing. The authors discuss a fourth case that is unfolding in the country to show how changes can be implemented without "throwing the baby with the bath water".

As can be seen, the studies selected here from several submissions are truly eclectic, educative and timely. They are drawn from many countries, continents and contexts. The findings have a universal message in terms of appeal to fostering of pan-individual and pan-institutional ties and networks. Readers will find that all the studies argue, directly or indirectly, for developing greater sensitivity towards social capital. The authors contend that social capital is a strong determinative factor for higher performance; in whatever manner "performance" may be defined. Some of the studies also urge the readers to be sensitive to *types* of social capital. The relevance of the studies here is not restricted to the findings alone. There are also significant methodological implications; the researchers have adopted a variety of research methods, whether quantitative or qualitative, in innovative and instructive ways.