

# CAN SOCIAL CONTACT HELP ENTERPRISE - AND IS THAT SOCIAL CAPITAL?

*by Simon Bridge*

## **Abstract**

*The impact that social relationships can have on human affairs is widely recognised, not least in the field of enterprise. However, if we just refer to the effects of such contact as social capital without further investigation of its nature, then we are likely to view it from a perspective of what we think social capital is – and it does have different interpretations.*

*This paper aims to consider the potential relevance of social connections for new and small businesses and how that might be linked to the concept of social capital. However, instead of considering what is social capital and how it is relevant to enterprise, it explores what aspects of social relationships can be relevant to enterprise and then asks whether that is social capital.*

*The paper first identifies ways in which social relationships can affect enterprise through examples which show how different impacts from inter-personal connections can be a crucial factor in business. It then compares these potential benefits, or handicaps, with some of the things said about social capital to show how they might be related and suggests an analogy with the role of vitamins in diet which could help to link the two.*

*It concludes that social interaction can be very relevant for enterprise and could be called social capital if that is acknowledged to have different, non-fungible components. Therefore this should be recognised and used and/or taught in an enterprise context and the ‘vitamin’ interpretation of social capital could be appropriate and helpful for this.*

**Keywords:** Enterprise; Social Contact; Social Capital; Information, Trust and Norms; Vitamins.

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## 1. Introduction - The Importance of Social Contact

*'No man is an island, entire of itself. Each is a piece of the continent, a part of the main.'*

John Donne (1623)

Well over 30 years ago Peterson and Rondstadt (1986) produced the following formula which indicated that 'know-who' was an essential component in successful enterprise:

$$\begin{aligned} \text{'Entrepreneurial Success} = \\ \text{New Venture Idea} + \text{Entrepreneurial Know-how} \\ + \text{Entrepreneurial Know-who'} \end{aligned}$$

'Know who' was then also sometimes referred to as 'networking'. However, more recently, the term 'social capital' has also been introduced to this discourse as Cope *et al* acknowledged in their introduction to a special *ISBJ* edition on this subject:

'Since the 1980s ... the importance of social contacts and networks to entrepreneurship and entrepreneurial performance has been more widely recognised'. ... 'Relationships clearly matter to entrepreneurs, but understanding how they function requires an appreciation of social capital'. (Cope *et al*, 2007, p. 214).

It is clear that relationships and social contact are very important in human society - as John Donne famously indicated. More recently our understanding of the interdependence of people has been reinforced by studies of the social nature of human society. Earls, in his book *Herd*, summarises some of this learning in comments such as: 'if we were not a social animal of such sophistication and so deeply programmed to be together, our lives would be very different' and 'we do what we do because of *other people and what they seem to be doing*'. (Earls, 2009, p. 49/50 and p. 5)

Examples of the impact of social interaction are found in people's health. In the case of the town of Roseto, quoted by Gladwell (2009) and Halpern (2005), it was concluded that the high level of social interaction within the town had a direct bearing on the better levels of health of the inhabitants of the town compared to its neighbours. According to Christakis and Fowler (2010), behaviours can spread from person to person rather like germs. Obesity, they observed, appeared to be contagious and spread in social networks. It was as if people caught it from those with whom they mixed: 'if your friend's friend's friend gained weight, you gained weight' (p. xi). 'When people are free to do as they please, they usually imitate each other' (Hoffer, as cited by Christakis and Fowler, 2010, p. 112) and so, if people associate with fat people, they become fat also and in this way

obesity appears to be contagious. Nevertheless, despite such observations, it appears often to be assumed that in economic matters, people generally make independent rational decisions - although some commentators have highlighted the conflict between such beliefs and those of sociology or psychology. Kahneman, for instance, won a Nobel Prize for Economics for his contribution to this debate. According to Lunn:

‘The award was unusual, indeed controversial, because Kahneman is not an economist but a psychologist. In the 1970s he became intrigued by the list of assumptions traditional economics made, and still makes, about people’s nature. As Kahneman put it in the 2003 *American Economic Review*, “I found the list quite startling, because I had been professionally trained not to believe a word of it” (Lunn, 2008, p. 42).

The assumptions of traditional economists may have been sustained by a belief by many of us that we do indeed make independent logical decisions. However the evidence seems to show that that is often just a pretence, although an unconscious one, because we persuade ourselves that we do make personal judgements guided by left-brain reason. This was acknowledged by Benjamin Franklin back in 1791 when he commented: ‘So convenient a thing it is to be a reasonable creature, since it enables one to find or make a reason for everything one had in mind to do’. Thus often the rationale follows the decision or action in question – rather than precedes it. We may not realise this, but we rationalise to justify our actions, rather than to guide them. As McGilchrist, a psychiatrist who has studied the two sides of the human brain, and Rowson state:

“The notion that we are rational individuals who respond to information by making decisions consciously, consistently and independently is, at best, a very partial account of who we are. A wide body of scientific knowledge is now telling us what many have long intuitively sensed – humans are a fundamentally social species, formed through and for social interaction” (Rowson and McGilchrist, 2013, p. 3).

### *1.1 The aim of this paper*

Given these indications of the strength of social influence in human affairs this interaction must be expected to affect many areas of activity, not least the field of enterprise. However, if we just label such impactful contact as ‘social capital’ without further investigation of its nature, then we are liable to view it from a perspective of what we think social capital is – and it has a variety of interpretations. The aim of this paper is therefore to consider first the potential relevance of social connections for new and small businesses and then how that might be linked to the concept of social capital.

## 1.2 Methodology

To do this the paper first seeks to show that social contact can be very influential in economic relationships and to identify ways in which it is helpful specifically to enterprise. It does this primarily through a series of examples drawn from the author's own experience and contacts but also supplemented with observations from the relevant literature. Together these inputs show various ways in which knowing other people and recognising and utilising the potential to secure mutual benefit from those connections can be a crucial factor in business.

The paper then compares these potential benefits with some of the things said about social capital in the literature to show how they might be related. It therefore first seeks to identify ways in which social relationships can impact on enterprise before seeing how that might fit with our concept(s) of social capital.

Thus, instead of considering what is social capital and how it is relevant to enterprise, it explores what aspects of social relationships can be relevant to enterprise and asks whether that is social capital. However the paper then suggests an interpretation which could help to link the aspects of social contact relevant to enterprise to some presentations of the concept of social capital. Based on this interpretation it then concludes by highlighting some consequent implications for the better understanding and application of this important component of the enterprise mix.

## 2. How Social Contact Can Help (or Hinder) Enterprise

Hollywood is a small town close to Belfast. One of its oldest surviving buildings was built in about 1845 as a National School. However, after about 160 years of its life, its condition had deteriorated to the extent that it was no longer used and it was under threat of demolition to provide a development site. However the Church of Ireland, which owned the building, agreed to work with the Hollywood Conservation Group to form a Building Preservation Trust which would try to restore the building and then use it to provide accommodation for a variety of community uses. In this the Trust has been successful: the building was restored and today its operation is sustained by the income from a wide range of local activities which hire its facilities.

In a case study of the Trust, Bridge and Porter (2010) have described how, in its work, it derived a number of benefits from the various social contacts of its initial trustees. These benefits are categorised as:

- a) Information. Through their contacts the trustees were able to source information such as how to form a trust, what were the potential sources

- of grants, who might help with the accounts and suggestions for which conservation architects to invite to bid for the task of being the Trust's professional advisers.
- b) Advice. As well as just providing information, some of the trustees' contacts were able and willing to provide practical advice and guidance. An example was another building preservation trust which was at a more advanced stage in a similar project and not only hosted a site visit to show what they had done and how, but also provided crucial advice on how to specify and manage the tendering process for advisers so that it remained eligible for grant funding.
  - c) Physical help. Some local tradespeople with relevant skills offered to help with the task of refitting the building after restoration and a neighbour donated an old bench which he had salvaged some time before when it was being thrown out from the school.
  - d) Credibility and trust. Although the Trust did not own the building (it was leased) and so could not use it as security, the trustees were able to obtain an overdraft facility from a local bank branch without the need for personal guarantees – because the branch had dealt with many of them and thus had evidence of their trustworthiness.
  - e) Community moral support. Overall the trustees received a lot of encouragement and wide variety of support from within the local community. Local approval for the formation of the Trust and for its work was expressed in various ways and this helped to reinforce the commitment of the Trustees to their task.

Thus this short case study indicates how different aspects of social contact were helpful to this enterprise. To illustrate further the ways in which inter-personal social contact can have an impact on enterprise and business the following brief observations and/or case studies are also offered. They are derived from the author's own experience and observations supplemented by appropriate observations from the relevant literature.

### *2.1 Obtaining information about doing business*

The proprietor of a new café, when asked to tell an entrepreneurship course about her experience, described how she was convinced there was a market for Caribbean food but nevertheless she had talked to other people she knew who had run cafés in order to glean information on what works in the restaurant business and why other ventures had either succeeded or failed.

## *2.2 Advice and Guidance*

Three friends saw a 'For Sale' sign on a council hall used for various local activities and thought they would try to do something to keep the building for community use. With a write-up of their initial idea they won the community section of a local business competition but they were then rather stuck about how actually to develop the concept. One of them knew someone in a nearby town who had done something similar so they invited him to attend their early meetings and, in effect, he became a sort of mentor. He had relevant experience and contacts and could not only advise the instigators how to tackle such a task but was also helpful in dealing with officials because he had worked in the public sector and could thus interpret their responses from an understanding of public sector culture.

## *2.3 Trust facilitating doing business*

It is not uncommon for self-employed business consultants to know others in a similar position with whom they will occasionally work. This was the case with the author when he worked as an enterprise consultant. If he was offered a task for which additional help was needed, for instance to provide additional skills or capacity, he knew people who he could ask to work as associates – and he would do the same for them. Thus from a loose group of self-employed people a team could be formed appropriate to a particular task because the members trusted each other both to do a good job and to share the rewards fairly. The importance of trust in facilitating business is highlighted by Fukuyama in his book *Trust* (1995) which describes how different levels of trust have evolved in different societies and suggests that an environment in which strangers can generally be trusted in business dealings was instrumental in the evolution in the 19th and 20th centuries of strong economies in places like USA, Germany and Japan:

'One of the most important lessons we can learn from an examination of economic life is that a nation's well-being, as well as its ability to compete, is conditioned by a single, pervasive cultural characteristic: the level of trust inherent in the society' (p. 7). 'It would appear to be no accident that three high-trust societies, Japan, Germany and the United States, pioneered the development of large-scale, professionally managed enterprises' (p. 338).

## *2.4 Norms and society 'rules'*

Baumol in his perceptive paper on 'Entrepreneurship: Productive, Unproductive, and Destructive' (1990) suggests that the level of entrepreneurship in a society is more or less constant but is directed to productive, unproductive or destructive purposes by the social pressure of societal

'rules of the game'. Thus if, in a particular society or social circle, business entrepreneurship is not generally considered to be a desirable occupation, few people who aspire to a recognised position in society will follow it - despite any other incentives. One example he gives is ancient Rome where 'people of honourable status had three primary and acceptable sources of income: landholding, usury and political payments'. Productive commerce and industry could generate wealth but not prestige, so those who wanted prestige directed their entrepreneurship to the socially acceptable applications - which helped the individual concerned but were unproductive for society as a whole. He identifies similar limitations in the other societies such as early China and Middle Ages Europe to show that the role entrepreneurs play is influenced by the 'rules' of the society in which they lived and so, he suggests, if involvement in 'trade' and productive business was not socially acceptable, entrepreneurship was often directed to unproductive or destructive applications. Therefore it is only when their society is sufficiently approving of business entrepreneurship that people with talent will be encouraged to apply it to advance economically beneficial enterprise - as happened in Britain in the Industrial Revolution.

The importance of societal attitudes is also to be seen in a study by Ní Bhrádaigh (2009) of the historically disadvantaged and peripheral Gaeltacht community in Ireland in which a lack of social approval may have been what was discouraging prospective entrepreneurs. She indicates that relatively recently in that community social enterprise seemed to have been a necessary pre-cursor for for-profit enterprise. Apparently the Gaeltacht community had been accustomed to distrust entrepreneurs and an explanation for Ní Bhrádaigh's finding is that, in such circumstances, the social/community enterprise encouraged the community together to partake in entrepreneurial activity - an experience which might have led to a form of 'tipping point' from which the members of the community could then start to see such enterprise as acceptable and even laudable not just in the community as a whole but also in individuals.

### *2.5 A case of a negative aspect of social contact*

The following example describes a negative impact of the norms of a social group. It was related to the author by the mentor of a programme which 'David' attended.

David (not his real name) ... served his apprenticeship as a joiner [but] he found himself out of work in his early 20's still living at home with an unemployed father and unemployed brother and a very sick mother. His thoughts were that he should use his own initiative to start a business (any business) that would bring in money and keep the wolf from the door so he started a gardening business on a shoe-string. His grandmother gave him

a mobile phone and his girlfriend managed to get some flyers produced which he distributed. Directly after this David started to get a lot of calls on his work line in the middle of the night and when he answered it the phone went dead. He told me about these phone calls and how worrying they were because his mum was in hospital and each call woke him and filled him with dread. David confided in me that he thought it was "some of his mates just having a laugh". I replied that it wasn't funny and they were not good mates, they were men who wanted David to stay their little friend, they didn't want him to better himself or outgrow them, they were happy with the unemployed David they knew and were trying to keep the situation unchanged and in effect were holding him back. I advised that he should keep his business life very separate from his social life and stop discussing and confiding in these guys because they wanted to maintain the status quo at the expense of his business. His business did well, he started to employ his brother as a casual self-employed person whenever he needed it and keep it all above board. David finished my programme and kept on trading and it was very rewarding to see how he had turned his world around.

Some months later I received a call from David out of the blue asking for my advice regarding the following situation. He was sorting out a garden for a girl and her dog bit him, the owner was naturally very upset and (as she knew me) confided in me that she was embarrassed and very upset, not only did her dog bite David but he never returned. This worried the girl as she didn't know how he was, the extent of his injuries and if he was even prepared to finish the garden. David's phone call clarified things for me, he was fine but his friends wanted him to sue (I think the phrase they used was 'take a claim' meaning to take legal action for monetary recompense) - they said he would be mad not to do so, that he could make a packet. He wasn't sure about this, he felt that he shouldn't but they advised so vociferously he thought he better run it by me. I told him that if he took her to court that would be the last money he would ever make because no one would employ him (including me and my friends). He said he agreed to follow my advice and texted his client to say "apologies in the delay in getting back to you, bite now a distant memory - no scarring no pain, will return to complete gardening at your convenience. Please advise". I went on to advise David that again he should keep his social and business life separate but for such a guy it's always going to be a struggle and perhaps not one he will win without changing his friends!

## 2.6 In summary

As a further reflection on this topic it was observed to the author by the organisers of a series of development courses run for small business owners in the early 1990s that the participants actually appeared to derive more benefit from their interaction with each other than from the formal input from lectures and teaching. The precise nature of the links formed between the participants were not identified in these reports but they appeared to include not just ideas, suggestions, helpful recommendations and introductions but also the potential for mutually beneficial collaboration together with the reinforcement of mutual support and encouragement.

Therefore all these cases show that social contacts can provide a wide range of benefits, or sometimes hindrances, which can impact on enterprise, including the following.

- Sourcing relevant information.
- Acquiring support and /or resources.
- Trust facilitating beneficial transactions.
- Receiving physical help.
- Gaining encouragement.
- Control and pressure to conform.

This list is very similar to a list in a 1985 paper on social networks which identified the following as some of the benefits available from networks:

- a) Information. Entrepreneurs use their social networks to signal their intentions, and to gather information about potential opportunities.
- b) Sponsorship and support. Family and friends will not only provide introductions into appropriate networks but will also offer emotional and tangible support.
- c) Credibility. Membership of the network gives added weight to the evaluation of skills. Family and friends can provide credibility in areas unfamiliar to the entrepreneur.
- d) Control. Membership of the network, and assistance from it, require certain standards of behaviour. Owner-managers who do not conduct their business in a way that is acceptable to the community will quickly find themselves, and their businesses, isolated.
- e) Business. There are market networks of customers, suppliers and partners as well as production networks of sub-contractors, consultants and service suppliers. In addition, there are networks of firms that may work together on projects on a basis of collaboration. This structure can provide all the components necessary for a project without the need for 'vertical integration'.
- f) Resources. Friends and family can also be sources of resources for a new small business, and many businesses are assisted by the informal ventu-

re capital market that their owners access through their networks. (Grei-co,1985). It is suggested that the list presented above incorporates, and therefore could serve as a summary of, the points raised in the earlier examples. This list also has close parallels with the different elements of social capital identified by the 'Concise' project (Kay, 2003, pp. 74/5) which looked at various definitions of social capital and then tried to encapsulate their key components under common headings. In this way six elements were identified which, it was suggested, themselves fell into three categories - see summary presented in Table 1.

Tab. 1: The 'Concise' project's elements of social capital

Headings:	Categories:
Trust	Trust, social networks and reciprocity / mutuality are about relationships between individuals and organisations.
Formal and informal social networks	
Reciprocity and mutuality	
Shared norms of behaviour	Shared norms of behaviour and shared commitment and belonging are about more than one individual and/or organisation sharing values and ways of thinking.
Shared commitment and belonging	
Effective information channels	Effective information channels permit individuals and organisations to access information from outside and within their community.

However it is also clear that these elements are generally non-fungible (they are not inter-changeable and cannot be substituted one for another). For instance having access to more information will not substitute for a lack of trust and access to relevant resources will not compensate for, or counter, community disapproval of enterprise.

### 3. Is That Social Capital?

The Concise analysis applied the label social capital to the benefits for enterprise it identified as potentially available from social contact. But what is social capital, especially in this context? The Concise project suggested that it has different components but many authors have commented on social capital as if they saw it as one thing. A clear case of this is Putnam who, in his book *Bowling Alone*, compares the average level of social capital in the different states of America by compiling for each state a single 'index of social capital' from a number of independent measures because, as he explains:

These fourteen indicators of formal and informal community networks and social trust are in turn sufficiently intercorrelated that they appear to tap a single underlying dimension. In other words, these fourteen indicators

measure related but distinct facets of community-based social capital, and we have combined them into a single Social Capital Index' (Putnam, 2000, p. 291).

However, although Putnam uses this single index as if any different forms of social capital all ultimately contribute to the same effect, nevertheless in the same book he acknowledges that this is not always the case:

'Social capital - that is, social networks and the associated norms of reciprocity - comes in many different shapes and sizes with many different uses' (Putnam, 2000, p. 21).

He also recognises that the different forms do not necessarily act in concert when he describes the differences between bonding and bridging social capital:

'Some kinds of bonding social capital may discourage the formation of bridging social capital and vice versa' (Putnam, 2000, p. 362).

Nevertheless some commentators seem not to have recognised or acknowledged that social capital can have separate components and appear to view it primarily as one thing, including some who have spoken of its relevance to enterprise. They don't overtly deny that it can have other forms but there is a tendency sometimes to assume that they can be added together or to focus on a particular view or aspect of social capital and the relevance of that to enterprise. For instance from just a small sample:

- Nahapiet and Ghoshal (1988) define social capital as 'the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit'.
- Abell *et al* (2001) in their paper on 'Social Capital and Entrepreneurship in Great Britain' mention legitimisation networks, opportunity networks and resources networks, but their model suggests that they all contribute to 'total social capital'.
- Casson and Della Giusta (2007) in their paper on 'Entrepreneurship and Social Capital' state that 'the network literature suggests that social capital can be defined in terms of the creation of high-trust social networks, and this is the approach adopted here'.

However other commentators have advised against trying to treat social capital as one thing or to sum it into one total:

'The notion of social capital is a useful one in evaluating the resources to be found in a place [but it is] totally impossible and probably misguided to reduce the concept of social capital in its many varied forms to a single measurable index' (Smith, undated, p. 67).

Coleman also saw different aspects in social capital and according to him:

'Social capital is defined by its function. It is not a single entity but a variety of different entities, with two elements in common: they all consist of some aspect of social structure, and they facilitate certain actions of actors - whether persons or corporate actors - within the structure. Like other forms of capital, social capital is productive, making possible the achievement of certain ends that in its absence would not be possible. Like physical capital and human capital, social capital is not completely fungible but may be specific to certain activities. A given form of social capital that is valuable in facilitating certain actions may be useless or even harmful for others' (Coleman, 1988, p. 598).

Coleman further suggested that the different 'entities of which social capital is comprised can be assigned three groups of things which can constitute useful capital resources for individuals – and these groups are very consistent with the Concise project's categories:

- 'Obligations, expectations and trustworthiness of structures';
- 'Information channels'; and
- 'Norms and effective sanctions'. (Coleman, 1988, pp. S102-4)

### *3.1 Are There Other Relevant Capitals?*

To this uncertainty about what is meant by social capital can be added the suggestions of other capitals and similar factors relevant to enterprise. Light and Dana (2013) have referred to the 'cultural capital of entrepreneurship' and suggested that 'if a group's cultural capital does not support and endorse the selection of entrepreneurship as a vocation, then the group's strong social capital will not encourage entrepreneurship of group members' (p. 616). Therefore cultural capital would be linked not only to Baumol's societal 'rules' and the effects felt by David in the case outlined above but also to Coleman's 'norms'.

Audretsch and Keilbach have identified 'entrepreneurship capital' which, they propose, should be added to the list of factors which drive economic growth. They acknowledge that there is a large and compelling literature which has emerged linking social capital to entrepreneurship but they suggest that what has been referred to in this literature as social capital may actually be a more specific sub-component which they call 'entrepreneurship capital'. They emphasise that entrepreneurship capital should not be equated to social capital and that:

'The major distinction is that, in our view, not all social capital may be conducive to economic performance, let alone entrepreneurial activity. Some types of social capital may be more focused on preserving the status quo and not necessarily directed at creating challenges to the status quo.

By contrast, entrepreneurship capital could be considered to constitute one particular subset of social capital. While social capital may have various impacts on entrepreneurs, depending on the specific orientation, entrepreneurship capital, by its very definition, will have a positive impact on entrepreneurial activity (Audretsch and Keilbach, 2004, p. 420).

Subsequently Audretsch and others have described entrepreneurship capital as 'a milieu of agents and institutions conducive to the creation of new firms ... such as social acceptance of entrepreneurial behaviour, individuals willing to deal with the risk of creating new firms, and the activity of bankers and venture capital agents willing to share risks and benefits' (Audretsch *et al.*, 2006, p. 60). The social acceptance aspect would appear to be related to Baumol's societal 'rules' and Coleman's 'norms' therefore at least this aspect of entrepreneurial capital overlaps with the concept of cultural capital outlined above.

There would also appear to be further labels for at least some of the impacts social connections can have on enterprise. For instance Lindgren and Packendorff: after (2009 have elaborated on 'a social constructionist perspective [in entrepreneurship research which] would ... imply descriptive/interpretive enquiry into how and why opportunities, entrepreneurship, entrepreneurial processes and entrepreneurship are constructed in social interaction between people'(p. 31).

### 3.2 *A lack of clarity*

Rather than being seen as attempts to re-label or replace social capital, could the introduction of the concepts of entrepreneurial capital, cultural capital and other such factors represent an attempt to emphasise that there are aspects of social interaction which, unlike some types of social capital, such as bonding capital, can have a very positive effect on entrepreneurial activity? And, if so, could these be considered to be subsets of social capital?

If they can be viewed as subsets of social capital then they are consistent with idea of groups of entities proposed by Coleman. His groups would appear to cover all the cases presented above and the suggested cultural and entrepreneurial capitals. However they are each different and non-fungible (ie not substitutable one for another). Therefore they are consistent with some, but not all, descriptions of social capital and in particular they are not consistent with a one dimensional or single component view of it.

Thus there is no clear consensus about what social capital is and therefore just referring to interpersonal contact and its benefits as 'social capital' without further elaboration can be misleading if it allows different interpretations to be applied. Despite this, Schuller *et al.* (2000) have recognised the potential in the ideas of social capital when they comment that 'the

relative immaturity of social capital as a concept ... (and its) rapid proliferation has allowed a diversity of approach' (p. 24). Nevertheless, in summary, they suggest that:

'Social capital has several adolescent characteristics: it is neither tidy nor mature; it can be abused, analytically and politically; its future is unpredictable; but it offers much promise' (p. 35).

#### **4. A Synthesis**

Social capital has been identified in different settings. For instance Gladwell suggests that it was 'social capital' which improved the health of the citizens of Roseto and Putnam has looked at its relevance to life generally. However this paper looks specifically at enterprise settings and the examples presented illustrate a number of ways in which enterprise can benefit from, or sometimes be restricted by, aspects of social interaction. It also asks if this interaction constitutes social capital because clearly there are different benefits from the different aspects or forms of interaction. Some cases show the use of contacts to access information, some refer to building and using trust between people and some refer to the encouragement of people to conform to social norms within particular groups. These are not the same thing so, if they are social capital, then it also must have different components. Therefore, if social capital is to be seen as an important factor in enterprise, can it be presented in a way which recognises that it is has different potentially relevant but non-fungible aspects? Also where do cultural and/or entrepreneurial capital fit into this? To provide a perspective which recognises this, the following analogy is offered.

#### **5. A Vitamin Analogy**

In an attempt to provide a different perspective on this dilemma it has been suggested that the different forms of social capital can be seen to be acting in the mix for successful enterprise rather like the role vitamins play in a healthy diet (Halpern, 2005, p. 35; Bridge, 2010, p. 187; Bridge and O'Neill, 2018, Ch. 13). In this analogy not only are the different effects/components recognised, but there are other potentially relevant parallels including:

- When sailors on early long ocean voyages were fed preserved food with no fresh components, they weren't hungry but nevertheless suffered from deficiency diseases such as scurvy because they lacked vitamins. Like vitamins in a diet, social capital is necessary if the other components of the enterprise mix are to work properly.

- Like the different forms of social capital, the different vitamins are non-fungible. If you are short of a vitamin you need some of that vitamin and others can't be substituted for it. Also, once you have enough of a vitamin, more is of no extra use and sometimes too much can even be poisonous – just as too much bonding social capital can be harmful, as it was for David (in the earlier case).
- Just as vitamins are present in a normal diet of fresh food but are often removed when food is preserved, so social capital can come from normal face-to-face social interaction but not when transactions are arms-length computer-based.
- Only once the role of vitamins in diet was established and understood, could diet deficiency problems be widely recognised and addressed. So too an understanding of the role of social capital in enterprise will be necessary if any deficiencies there are to be corrected.

Could this be a helpful analogy? The factors suggested (categorised as information, trust/obligations, and norms - plus any other groups yet to be clearly identified) are not just social capital but are aspects of social capital which are necessary for enterprise and are not substitutable one for another. Also, once there is enough of one factor, more is generally not of extra value and sometimes too much can be damaging. The benefits that these factors can provide are clearly often important for ventures (and sometime more important than financial capital) but they are rarely recognised, considered, advocated or taught.

## **6. To conclude**

Does the analogy with vitamins help to suggest how different things, which have been variously labelled as all or parts of social capital, entrepreneurship capital and/or cultural capital, could be related to enterprise and to each other? If so, what should they be called? They are a variety of impacts from social relationships and they are consistent with Coleman's suggestion for the components of social capital - but so are 'entrepreneurial capital' and 'cultural capital'. They come from social contact and, like financial capital, if they have not been accumulated, they are not available for use – so social capital could be an appropriate term for them. However does calling them social capital lead to a belief that they are the same thing as the one-dimensional social capital identified by others and/or that they are something which can just be added in at will – like adding salt to flavour a meal? Nevertheless, if they are not social capital, what are they?

Much has been said about social capital and the relevance of it and other associated 'capitals' to enterprise – much more than is summarised in this paper. However the variety of what has been said can be confusing.

To try to reconcile some of that dialogue this paper seeks to demonstrate that social interaction can be very relevant to enterprise and its different forms can have a variety of benefits and drawbacks. Therefore, it argues, this should be included as an important part of enterprise guidance and teaching. However it is also suggested that this might be more easily done if the different effects available from social contact are recognised as different components of social capital by using an analogy like that of vitamins to explain and/or reconcile their relationship to each other and to other 'capitals'.

### *6.1 Implications*

As with any relatively new perspective the implications of a change of approach are not all immediately obvious as some will take time to become apparent. However it is clear that there are implications and they might be categorised as the needs for:

Promotion. A key implication from this analysis is that those engaged in enterprise, and those who seek to encourage, assist and/or teach it, should:

Be aware of the importance of social contact to enterprise.

Be aware that it can have different possible forms and applications (as the vitamin analogy suggests).

Recognise the importance of this social capital alongside the other requirements for successful enterprise, such as financial or human capital.

Make use of social capital and/or include it in any enterprise advice and/or teaching.

Exploration. However knowing that the indicated aspects of social capital are relevant and potentially useful does not mean that they are fully understood. A further possible parallel with vitamins (in addition to the list given above under a vitamin analogy) is that it took a while to establish what was the role of vitamins and then to identify them all and their sources - and it is taking a while to recognise the relevance of social capital to enterprise and to establish its different forms, aspects and benefits. Compared to social capital, financial capital and its varieties and uses appears to have been much more studied – yet social capital can be as necessary for successful enterprise. So there may be further aspects of social capital not considered in this paper and other ways of categorising its relevance. Just recognising its potential does not mean that it is yet fully understood. Therefore we should continue to look out for further refinements of this relatively early and not yet fully developed awareness.

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