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Social Capital in the Context of Housing and Neighbourhood Management: A
Preliminary Literature Review

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Abstract

This paper provides an overview of current research on social capital in relation to housing governance. In recent years, social capital has become a key concept for both practitioners and academics dealing with issues of neighbourhood management. However, the widespread use has also generated controversy about its conceptualisation and measurement. The paper critically addresses the current urban and regional development discourse which focuses on social capital interventions at the neighbourhood level to foster social inclusion. Instead, the authors suggest placing housing governance in a broader socio-political context, as an integral part of multi-level governance. With the joint examination of an organisational and a territorial level of housing governance, the authors propose an interdisciplinary, multi-level research approach which aims at enlarging existing literature and contributing to a comprehensive understanding of the complex and contextualised phenomenon of social cohesion which requires place-based as well as structural (multi-level) solutions.

Introduction

Concerns about declining levels of trust, contested multiculturalism, fragmented social networks and social polarisation in urban areas are echoed across Europe (Priemus 2004). As it is identified as both the cause of neighbourhood decline and offering mechanisms for achieving social inclusion, the concept of social capital has received increasing attention in recent years from both academics and policy actors in the field of urban renewal (Flint/Kearns 2006; Middleton et al. 2005; Murie/Musterd 2004). Based on a collective and consensus view of society (Putnam 2000; 1993), it makes room for rather simple solutions to manage the complex phenomenon of social diversity, particularly when assuming a causal relationship between social networks and the social and economic well-being of entire communities (OECD 2001; Mohan/Stokke 2000).

First, there is hardly any empirical evidence that this type of causal relationship truly exists, especially at the neighbourhood level (Middleton et al. 2005). Second, while bridging social capital should be the glue for the idealised society that policy makers would like to achieve, social capital mostly connects residents from similar social and ethnic backgrounds within and across neighbourhoods (Morrison 2003; Forrest/Kearns 2001). Finally, social capital accumulation is connected to other forms of capital (e.g. economic or cultural capital), pointing to the deeply-rooted, structural causes for social exclusion which cannot be tackled at the neighbourhood level alone (Flint/Kearns 2006; Bourdieu 1983/1986). Against this problem background, the paper strives to answer the following research question: *How can social capital be conceptualised in the context of housing and neighbourhood management?*

The paper first discusses different analytical approaches to the concept of social capital. Second, a literature overview of recent research on the relation between social capital, housing and neighbourhood management is presented. Finally, we discuss the implications of the literature review for future research in the field.

Defining Social Capital

The current discourse on urban renewal is influenced by the work of Robert Putnam (2000; 1993) who popularised the concept of social capital as a collective asset of communities (Haug/Gerlitz 2007). Putnam makes an important distinction between bonding and bridging social capital. Whereas bonding social capital connects people within similar groups, the latter

concerns connections of residents from different social and ethnic backgrounds (Putnam 2000). Although bridging social capital is harder to achieve, policy makers consider it as an important precondition of the idealised cohesive society (Morrison 2003; Forrest/Kearns 2001).

Nevertheless, as a result of its widespread use in various disciplines and practical fields, social capital has become a rather heuristic concept, generating controversy about its definition, conceptualisation and measurement (Lin and Erickson 2008; Middleton et al. 2005; Lin 1999):

First, the macro-level view on social capital assumes a causal relationship between social networks and the social and economic well-being of communities. Consequently, organisations like the OECD argue that enlarging social networks contributes to improved welfare of regions, in the form of higher income, life satisfaction and social cohesion (OECD 2001). However, as Middleton et al. (2005) point out, there is hardly any evidence that this type of causal relationship truly exists, especially at the neighbourhood level.

Second, considering the social capital of neighbourhoods as the basis for policy action to foster social cohesion detracts from the deeply rooted structural causes of social exclusion (Flint/Kearns 2006). In this respect, Bourdieu (1983/1986) has highlighted the connection between social capital and other forms of capital (economic, cultural, and symbolic). For Bourdieu, social capital accumulation is an essential mechanism of maintaining and reproducing the dominant class who holds other forms of capital, therefore reinforcing inequalities in society. Thus, research approaches in the tradition of Bourdieu also point to the negative side of social capital and highlight the inherent conflictive elements in society. In contrast, Putnam's conception is based on a consensus and an integrative view of communities and society, which has become a central feature in the neo-liberal discourse and practice in contemporary urban and regional development (Mohan/Stokke 2000).

Finally, in measuring social capital, items of different levels of analyses are often mixed, so that it becomes unclear whether social capital is conceptualised as an individual or collective asset (Portes 1998). Furthermore, the definition and delineation of variables, such as trust, becomes difficult (Shapiro 1987). Thus, without clarifying the relationship between variables

on the individual and collective level, the usefulness of social capital as an analytical concept for the study of neighbourhoods is likely to be limited.

While social capital can be seen as both an individual and collective asset (of a community or a neighbourhood), its theoretical roots lie in social relations (Lin/Erickson 2008). Thus, Lin (1999) suggests that meaningful research on social capital has to be based on a social network view. This fundamental insight leads to a definition of social capital as the access to resources embedded in social networks and their purposive mobilisation by individuals (Lin 1999).

Social Capital, Housing and the Neighbourhood

Housing organisations are able to support social capital building through the provision of physical environments that foster the interaction between residents as well as through respective allocation and regulation policies (Flint/Kearns 2006). Moreover, research has confirmed the importance of adequate access to and quality of housing in promoting social inclusion in general, and particularly, in relation to the inclusion of specific groups, such as new migrants (Cameron et al. 2009). Nevertheless, they still perceive themselves as having specifically housing management functions, rather than claiming an important role in community and neighbourhood development (Loughlin et al. 2004; Priemus 2004; Munk 2002).

With respect to social capital building, current governance challenges for housing organisations arise from two particular streams of developments (Springler 2010; Cameron et al. 2009; Reinprecht 2007):

First, the increasing fragmentation of European housing markets is associated with growing inequalities and insecurities for residents. On the one hand, a general trend in housing policy is the growth of the private sector and the promotion of home ownership. On the other hand, the general withdrawal of the state in providing welfare services is also reflected in the field of housing. The consequences of these developments have been experienced with varying degrees across Europe.

Second, globalisation and migration have increased the level of ethnic and lifestyle diversity in urban areas. While the creative potential of cultural diversity triggers social and economic

innovations, it has also resulted in social polarisation and neighbourhood fragmentation. Thus, residents of deprived neighbourhoods are likely to be cut off from the rest of the society. In this respect, the housing market is an important indicator for social segregation tendencies in urban areas, and thus also for the level of structural integration of migrants in the receiving country. However, housing governance, as an integral part of urban renewal policy, also offers important opportunities for socially innovative strategies which accommodate, in a context-sensitive way, the strife for economic effectiveness, social inclusion and diversity.

Due to their distinct social identity, co-operative housing organisations, as a core part of the social housing sector, are given a central role to foster social capital building and to manage diversity in neighbourhoods in recent years (Noya 2007; Forrest/Kearns 2006; Reed/Stanley 2005). Emphasising social norms, such as trust, in stakeholder relationships is seen as a potential advantage of co-operatives over other governance mechanisms in public service provision, especially when most of the users of the service are actually members of the provider organisation, as in the case of housing co-operatives (ICA 2007; Reed/Stanley 2005).

Nevertheless, Birchall (2005) argues that co-operative values, such as the concern for the local community (ICA 2007), are increasingly found in the governance practice of private corporations. In this respect, Corporate Social Responsibility (CSR) has become another popular synonym, describing corporate governance that pursues social objectives, aiming at the creation of stakeholder value (Thompson 2005). However, compared to private corporations and state providers, the co-operative principles reflect the distinct social orientation of this type of organisations (Valentinov 2004; Draheim 1952), ensuring that they represent rather *Gemeinschaft* than *Gesellschaft* (Nilsson/Hendrikse 2010; Tönnies 1963). Furthermore, the co-operative values serve as instrumental measures to ensure investment in and protection of social capital (Somerville 2007; Valentinov 2004).

In order to grasp the dynamics of co-operative practice, the interplay between purposes, functions, principles and the environment of co-operatives has to be analysed (Szabó et al. 2009). While the main purpose of co-operatives is usually an economic one, i.e. to increase the income of its members, in the case of housing co-operatives, social aims, i.e. providing cheap housing and strengthening the social capital among residents, are of equal importance (Szabó et al. 2009; Somerville 2007; Reed/Stanley 2005).

Nevertheless, with greater size, housing co-operatives are potentially threatened by degeneration into either bureaucratic organisations or corporate enterprises (Valentinov 2004). With the growing difficulties in democratic decision making and the creation of returns on investment in social capital, residents will be less inclined to see themselves as owners or even active members of the organisation (Somerville 2007).

Social Capital, Housing and Social Cohesion

Even if housing organisations are able to foster social network creation in a certain neighbourhood, inclusive effects (e.g. employment opportunities) would rather come with the strengthening of weak ties to bridge different social groups and neighbourhoods (Putnam 2000). However, current research questions the over-all effectiveness of neighbourhood focused urban renewal strategies to tackle the structural causes of social exclusion (Flint/Kearns 2006; García 2006; Forrest/Kearns 2001; Mohan/Stokke 2000).

The current focus of urban policy on social network building in local communities and neighbourhoods detracts from the multi-dimensional and multi-level character of social cohesion. Besides the socio-cultural dimension (social networks, shared values), the concept of social cohesion does also constitute a socio-economic dimension (social solidarity, reductions in wealth disparities), and a political dimension (citizenship, political and social rights) (Novy et al. 2009; Maloutas/Malouta 2004; Fainstein 2001; Kearns/Forrest 2000). The two latter dimensions are rather neglected in the era of neo-liberal urban development (Leubolt et al. 2007). Furthermore, the different dimensions of social cohesion cannot only be tackled effectively at the neighbourhood level, as challenges of organisational governance. In most cases, they need to be solved simultaneously at the urban, regional, national, and international levels of territorial governance (García 2006).

Thus, the socially innovative potential of housing organisations, e.g. housing co-operatives, is always mediated by policy interventions on different governance levels (Cole/Etherington 2005). While multi-level governance enables organisational good practices to push forward social innovations in housing governance, it is equally important to keep in mind its potential limitations for progressive forces (García 2006; Brenner 2004).

While the EU recognises the important contribution of housing to cohesion, it has limited power in housing legislation and promotion of housing projects. In the majority of EU member states, national governments still have a large share of responsibility in social policy provision, and thus also in housing policy (Doling 2006; Winther 1997). However, as García (2006) notes, urban and regional governments are increasingly shaping social policy design and implementation. Especially, in Austria with its strong federal tradition, regional modes of welfare policies, and thus, also social and co-operative housing governance have developed over time. However, in contrast to other European countries, even those with strong welfare systems, such as Germany, the Austrian cooperative housing sector particularly emphasises its broad and integrative policy focus, not only targeting marginalised groups, but providing affordable housing for young and middle class people too, in order to ensure social and ethnic diversity of neighbourhoods and counter segregation (Ludl 1999).

Conclusions

The paper examines the relation between housing governance and social capital, as discussed in current literature. Although co-operative housing organisations are considered as important agents of social change, the effects of social exclusion can only be mediated by them and the lack of social cohesion cannot be tackled effectively at the neighbourhood scale alone, but need to be solved simultaneously at different territorial governance levels (Flint/Kearns 2006; García 2006; Cole/Etherington 2005). The purposive downscaling of governance challenges in neo-liberal urban development clearly poses the danger of localism, as agency-based initiatives are always embedded in a multi-level institutional environment (Mohan/Stokke 2000).

Furthermore, the paper critically addresses the current urban and regional development discourse which focuses on social capital interventions at the neighbourhood level and detracts from the multi-dimensional and multi-level character of social cohesion (Novy et al. 2009; Flint/Kearns 2006; Kearns/Forrest 2000). A comprehensive understanding of governance dynamics arising around social cohesion requires both a place-based as well as a structural (multi-level) research approach. Thus, for future research on the relation of housing governance and social cohesion, we would propose a two-folded analysis referring to an organisational and a territorial level of analysis.

The analysis of organisational governance structures should focus on the social orientation of housing organisations, as it is reflected in their governance principles and policies. In order to examine the impact of housing organisations on social capital mobilisation, a social network analysis among residents of the neighbourhood appears to be fruitful (e.g. Lin/Erickson 2008; van der Gaag/Snijders 2005). Thus, the neighbourhood is not just seen as a territorially entity but as a series of overlapping social networks of residents (Forrest/Kearns 2001). The territorial governance analysis should be based on an institutional approach, focusing on agents, policies, relations and coordination mechanisms (e.g. Moulaert/Jessop 2006). It aims at the examination of the scope of action of housing organisations and opportunities for socially progressive strategies in multi-level governance structures.

The joint examination of an organisational and a territorial level of housing governance represents an interdisciplinary, multi-level approach which aims at enlarging existing literature and contributes to a comprehensive understanding of social cohesion as a problematic with no simple solution, but a complex and contextualised phenomenon which requires place-based as well as structural (multi-level) solutions. This allows for framing opportunities for social inclusion arising around housing governance.

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