

LOCAL GOVERNANCE, IDENTITY AND SOCIAL CAPITAL: A FRAMEWORK FOR ADMINISTRATIVE REFORM

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Abstract

Local governments are increasingly seen as key facilitators of networked community governance, enabling collaborative local action. A better understanding local government's role in enhancing citizen participation is necessary. This new agenda implies an important expansion of the notion of inclusion in political decisions and relies on the adequate institutional design. Although scholarship emphasizes individuals' engagement, it lacks the recognition of community's identity heterogeneity. We advance a framework that takes into consideration the fact that these assumptions demand a new way of looking at scale uncertainty and of what defines social ties and its implications on policy and institutional design.

Keywords: Local Governance, Participation, Public Administration, Social Capital.

1. INTRODUCTION

Local government is moving to a "new era of local governance populated by a more diverse and varied set of institutions and processes" (Stoker, 2004). Researchers have pointed out several contextual reasons responsible for the emergence of the governance model: the financial crisis of the state, the ideological shift towards the market, globalization, social change, and the legacy of traditional accountability (Pierre and Peters, 2000). As networked community governance demands a complex set of relationships and stronger ties between different local stakeholders, we intend to advance a normative approach to this theme, arguing that it can also rely on the relevance of social capital, when focusing on the effective institutional design.

An increasing amount of research has shown that the formation of social capital is influenced by public institutions and policies. Proactive and objective top-down initiatives can have positive effects on social capital building, assuming that institutions and public policies can influence its formation (Rothstein and Stolle 2003, Maloney et al 2000). The argument is not that the political system determines civil society, but rather the main issue is the interpenetration of state and civil society (Lowndes and Wilson 2001), assuming that the State has a fundamental role in the formation of civic attitudes and democratic stability (Tarrow 1996, Levi 1996, Rothstein 2001). The idea is to accept the challenge put forward by

Newton (1999), trying to “explore the connections, if any, between government policies and structures, and the formation of social capital” (p.17). The identification of positive externalities of social capital through an improvement of institutional and socio-economic performance has generated a new research agenda about this issue.

Yet the question of where one can begin this process of institutional change is not a simple one to address. Although the literature about institutional participative methods emphasizes social actors’ engagement, it lacks the recognition of community’s heterogeneity and its scale problems. In fact, the focus on social capital issues and collective action implies recognizing that the term local is also - and perhaps above all - about identity, common interests, sense of belonging, shared assumptions and history, and connectedness. This assumption demands an all new way of looking at local governance, since it might go beyond formal municipal or neighbourhood borders. We will focus on this scale uncertainty of what defines social ties and its implications on policy and institutional design.

Building social capital and strengthening civil society’s ties has been referred as one of the best strategies to tackle with new local governance challenges (Stoker, sev.). The enthusiasts of social capital argue that communities with higher stocks of social capital show better results in terms of economical, political and social development. But, can social capital be built where it is low? An increasing amount of research has shown that the formation of social capital is influenced by public institutions and public policies. We will try to address the diversity of social capital problem from a theoretical perspective, in particular focusing on the role of local governance strategies that enable its formation.

Research has shown that institutions can promote social capital setting the ground to facilitate citizens’ engagement in local politics. This way, institutional design that makes participatory governance possible can encompass the necessary “pedagogical processes” that create trust, and encourage the existence of a certain set of informal values or norms shared among members of a group that permit cooperation among them. An appropriate institutional design of local government that improves participatory governance arrangements might promote social capital, thus setting the indispensable scenery that allows tackling with the shift from ‘government to governance’ at the local level.

As such, given the research on social capital and its interaction with the institutional sphere, this has become an important dimension within the discussion about local administration’s reform and policy. This agenda implies an important expansion of the notion of inclusion in political decisions through institutional design.

2. SOCIAL CAPITAL AND INSTITUTIONAL DESIGN

The key idea about social capital is that social networks have value, highlighting an important number of benefits that emerge from confidence, information, reciprocity and cooperation that exist in such networks. This statement about social capital is inseparable from an understanding about civil society. Both are analytical categories independent from political regimes, but its role, its greater or weaker strength depends upon the conditions created by those different regimes, and by the way that state / civil society relations are organized (Hyden 1997). A new “wave” of research has studied the institutional dimension of social capital determinants (Hooghe and Stolle, 2003; Scheepers 2002; Rothstein, 2001; Lowndes and Wilson 2001; Maloney, Smith and Stoker 2000; Lang and Hornburg 1998; among others). This perspective reinforces the significance of public policy and of formal structures on the promotion of social capital – a ‘top-down perspective’. But are public institutions capable of influencing norms and social values?

Several of these authors emphasize that perspective stating that social capital exists to ‘make society work better’ and, if possible, without the ‘state’s help’. Simplifying, they posit that, on the one hand, social capital is influenced by institutions and public policy, recognizing in this domain an important role performed by the state; and on the other hand they acknowledge that a higher level of social capital can weaken state’s role. Although this conclusion may seem paradoxical, most authors justify it by arguing that a particular intervention of the state, introducing the “rules of the game” capable of stimulating civic engagement, has an inevitable consequence: a stronger civil society, willing to incorporate tasks that were, until then, ascribed to the traditional state’s functions.

Since the seminal work of Putnam(1993), numerous authors have extensively explored and tried to unveil several types of social capital. Two of the most common differentiations are between bonding and bridging social capital, and strong and weak ties. According to Granovetter(1973) weaker ties are of greater importance since they bridge relations between different social groups, as they describe relations with few formal obligations, while strong ties only confirm existing social relations within a given group, like civic associations (Lin 2001). The distinction offered by Putnam, between bridging and bonding types of social capital, went in the same direction.

These components of social capital are both important, but their effects are likely to be very different, and must be taken into account when discussing what an effective local governance arrangement is. Rothstein(2005) identified three major reverses to the significance of civil society and associational life to social capital formation: the conceptual impossibility to find a working distinction between those associations that produce social trust and those that don’t; the hitherto impossibility to prove any

correlation between the individual engagement in voluntary associations and social trust; and the historical approach that would have proven that newly established democracies should have a vibrant civil society – it didn't. Actually, the only acceptable conclusion is that "associativeness may contribute to producing, maintaining, or eroding social capital" (Rothstein, 2005).

An extensive analysis of what differentiates different types of social capital and all the different proposed typologies won't fit into this paper, however we need to unbundle the concept of social capital. The different components of civic engagement can have very different effects on local government. Trust as a consequence of bridging relationships can have a strong impact on government functioning if people work together across different (ethnic, class, etc.) lines. Civic participation is not likely to be bridging, but we know well that civic participation can have a big effect on who is represented and who is excluded (Verba's et al "Voice and Equality", 1995). Instead of bridging social capital, what civic participation will lead to is what Michael Woolcock (2001) has called linking social capital (linking citizens to government).

Recent research has stressed that if people engage in governance processes they will develop strong relations with public institutions and its leaders. This relationship between communities and those who carry out formal and hierarchical power roles can be called linking social capital (Woolcock, 2001). But, will public policies that promote community engagement be sufficient to encourage it? In fact the existence of high stocks of linking social capital isn't enough when the objective is to get communities to develop the needed competences to increase collective action – strong relations between citizens and local leaders and institutions don't mean interest in public affairs and common future. Linking social capital will differ between different individuals / groups with different experiences with public authorities. Therefore, this general distinction between bonding, bridging and linking social capital shouldn't only be an academic debate and should spill over to the design strategies of institutional and governance arrangements.

This will require a special attention to the design of efficient institutions – enablers of trust and confidence, established in organisations and societies. Efficient institutions "reduce transaction costs between parties with mutual interest in interacting in repeated sequences" (Rothstein, 2005). We normally associate this kind of institutions with the concept of a state governed by the rule of law, and without corruption in public administration. In fact, if corrupt public institutions make people interpret life in terms of corruption, social trust will not develop. But the consequences of efficient institutions go further than the creation of social trust. It might explain also the great differences in the wealth of nations (Olson, 1996). High social trust is associated with stable democracy (Inglehart, 1999), little corruption (della Porta, 2000) and a low degree of economic inequality (Uslaner, 2002). The importance

of the direct experiences with public institutions is discussed by Kumlin (2004), stating that these citizen's experiences of how they have been treated have a considerable impact on their political views. Particularly, their experiences with the implementation side of the democratic institutions have a strong impact on social trust, when perceived as fair and impartial ones.

The search for a new effective steering role for local government, as governance implies, must take into account that local government's job is to facilitate its community in achieving its objectives, through coordinated and effective collective action, in co-operation with other stakeholders (Stoker, 2004). Political institutions play here a crucial role, sustaining civic activity and, probably – as some social capital literature sustains – stimulating its growth. Several mechanisms, such as consultation techniques (Lowndes et al, 2001) and capacity-building strategies, can be used to generate and promote civic infrastructure.

3. PARTICIPATORY GOVERNANCE AND LOCAL ADMINISTRATION

Local governments are increasingly seen as key facilitators of these participatory processes, enabling collaborative local action. A better understanding of the contextual factors and, in particular, of local government's role in social capital building through citizen participation is necessary. Stressing out the dimension of citizen participation on the *res publica* isn't a new idea: for John Stuart Mill participation at the local level was a way of aspiring to higher wills, essential to feed the spirits and develop intelligence, a way of socializing towards norms and social values.

People engage in collective action using several strategies and using assorted capacities. Why do we engage? Answering this question will enable us to better understand the participatory mechanisms. The CLEAR model (Lowndes, Pratchett and Stoker, 2006), tries to unveil some of the factors that facilitate participation: people engage when they have the appropriate skills and resources (Can); they feel the sense of belonging to a particular community (Like); they have the necessary conditions (Enabled); they are mobilised and encouraged (Asked); and, they believe that their involvement makes a difference (Responded). This framework enables us to better understand why, and why not, political engagement and democratic participation does happen. Developing the necessary skills, embracing the required attitudes and using the essential knowledge are the three basic competences that should be developed in order to engage in participatory democracy.

The issue of who initiates participatory governance and how it is done is perhaps seminal to the definition of participatory governance itself. Our theoretical framework indicates both perspectives as complementary and necessary: a "bottom-up" (society centred) approach to political engagement; and

“top-down” mechanisms of institutional participation. Both will answer the CLEAR model factors: creating the adequate institutional design to facilitate and respond to citizen engagement, and assuming that social capital is also needed. The necessarily synergistic relationship between the state and civil society in facilitating participatory governance requires further elaboration.

Most of the known civic participation models seek better urban governance arrangements - normally seen as incapable of accomplishing all government’s tasks or insufficient to answer to all the society’s demands. Hence, institutional authorities rely on associations and on other stakeholders to delegate missions of public service. These participative approaches imply the growth of social capital (Bacqué et al, 2005). An ambitious programme of local administration reform, aiming at the resolution of low civic engagement problems and the lack of interest and participation on public matters within local borders is an assumed risk. In fact unexpected effects can occur: Maloney et al (2000), analysing the case of ethnic minorities in Birmingham, found positive outcomes on social capital building that came through local policies that apparently would not have that effect. The processes of exclusion of these minorities during the 1970s led to the formation, mobilization and engagement of strong pressure groups, which presented growing influence capacities.

The top-down approach assumes that institutions, public policies and the government can influence the existence of social capital, although recognizing that they are also affected by it (Rothstein and Stolle 2001, 2003). Maloney et al (2005) concluded that proactive and objective top-down initiatives can have a positive effect on social capital building. At the local level, Lowndes and Wilson (2001) support that social capital “health” is influenced by the community’s elected and non-elected structures and by the conditions created by formal and informal institutions. These authors present a framework to analyse interactions between social capital and local governance design, identifying four main dimensions: the relationship with the voluntary sector; the opportunities for public participation; the responsiveness of decision-making; and the arrangements for democratic leadership and social inclusion.

A new agenda about urban politics and local administration implies an important expansion of the notion of inclusion in political decisions through institutional design. Although the literature about institutional participative methods emphasizes social actors’ engagement, it lacks the recognition of the community’s heterogeneity, its scale and that institutionalized models of civic participation may not always have the desired effects. Reverse phenomena like adaptation to the desired goals determined by public administration, statization of voluntary initiative, dependency on subsidies, egoistic motivation, new forms of power and group privileges and protection, are commonly identified as results from such policies. Critics say that civic participation must be “bottom-up”, voluntary, inclusive, and representative if its goal is social capital growth.

As such, this becomes a central question of this research: how can institutionalized participation build social capital? Given the limitations known to the conceptualization and application of a local governance model, Lowndes and Wilson (2001) identified two fundamental governing principles: clarity about values and its adaptability and possible revision. Regarding civic engagement, and the decentralization of the state and its functions, multiple models have been implemented in different parts of the globe. These experiences are diverse and plural. However, all of them try to answer, deliberately or not, to the same concerns: social capital building through civic participation and civil society's strengthening, and the resulting encouragement of social development.

Local governance models whose goals are the transferral of power and of centralized resources from the elected agents to proximity agents, democratic structures and local communities, need to rely on three principles: they must be a realistic response to the complexity of modern governance, should answer the necessity of a more engaged democracy, and must promote trust, empathy and the social capital necessary for civic engagement (Bacqué et al, 2005). An approach focused on institutional design at the local level, shouldn't be neglected (Rothstein and Stolle, 2003), but it must be a result of a clear understanding of the role of formal local institutions and a consequence of a strong civil society.

5. SCALE AND COMMUNITY

It is inevitable to consider the character of places as having an important role and influencing the practices of citizenship and their capacity to engage in local governance. Place, dependent on size and scale, has an important mediating role regarding the success of participatory governance arrangements (Kearns, 1995).

Baglioni's research displays that the interest in politics differs between individuals living in a large city, in a middle-sized city, in a suburb and in a rural village (Baglioni, 2007). Interest increases when the size of the place diminishes, the number of interactions with public institutions increases and its "presence" is more easily felt. From a social capital growth perspective, avoiding distant and absent institutions should be a useful advice, but bearing in mind that it might be better to have an absent public administration than a corrupt one. As seen above, corrupt and inefficient administrations have a severe counter effect on social capital formation.

Proximity is therefore a strong but unsafe tool when redesigning sub-national government. In fact, physical proximity isn't enough to create the necessary sense of belonging. It is important to take into account what enables local identity and what forms communities. Local "is also about identity, about belonging, connectedness, shared assumptions and shared history" (Goss, 2003). Formal

organisational boundaries, and its dimension, have an obvious importance, since it is within its borders that shared interests can be negotiated and common problems are solved. Scale has, therefore, a double meaningful importance: it “delineates” the place of shared interests, recognizing and enabling communities; and it “gathers” the ways to solve their common dilemmas, when local governments have the necessary mechanisms to respond. Thus, these boundaries can be of two kinds: those which the individuals wish to maintain, and those which they wish to cross. The former can enable ‘local governance’, while the latter would represent a strong barrier. It is between these two frail options that resides our argument in favour of a special attention to scale, size and community.

The meaning of community is a rather difficult area of discussion – Lyon (1987) identified 94 different meanings. The three definitions used by Keating (1995) settle the ground for an easier understanding of the issue presented above. The pre-industrial one – traditional community – based on affective solidarity and on attachment to place is generally assumed to be in decline, but reinforces the idea of the need for solid social ties. The second meaning refers to the expansion of private space, suiting it to the needs of individuals. The third one sees the community as the space for social interaction and political exchange. Collective social and political endeavours may be developed through social encounters that enable a set of shared interests and values (Kearns, 1995). All these definitions reinforce the importance of governance mechanisms “adaptation” to local characteristics – “if local government units are not based on recognizable communities, they may not command consent and loyalty or be the basis for legitimate public decisions” (Keating, 1995).

But another problem emerges: it cannot be assumed that life in the locality is the focus of people’s lives and interests. Further, the character of local citizenship has to be a permanent worry of local authorities, if local common problems are to be meaningful to citizens, and democratic governance is to function. This has to be borne in mind when designing the structures of local governance.

The consequences of the shift towards governance at the local level have some particular elements that also emerge from the “scale problem”. In fact, all the differences between government and governance are amplified when we look at the territorial aspects of communities and its social ties. First of all, whereas government can be considered the management and control of public affairs (‘the monopoly of coercive action’), governance comprises a complex set of arrangements of services and responses to local life, from public delivery organisations to the private sector institutions, which might go beyond local boundaries. This sets the first challenge of governance: the control over the complex network. Another consequence is that the ‘local link’ between leaders, politicians, or elected bodies, and the community might be weakened, therefore undermining the ‘linking social capital’. Actually, those responsible for steering the governance arrangement and managing public organizations might be

unperceivable for citizens, raising the second problem: proximity. This encompasses also questions about responsibility, representation and accountability, especially if we take into account the corruption and the inefficiency factor explained above. The third consequence is the organisational fragmentation. A multitude of organisations manage and control different aspects of public life, each with different scales and overlapping territories of operation. The growing of governance networks of collaboration deal with spatial and functional activities that extend beyond each others borders, and require new competences. The management of some services is being organized at more local levels – ex. neighbourhoods – while other services are being overridden by a more centralised answer – at the regional or national levels. The fourth consequence is multi-territorialisation. Questioning administrative territories and traditional government's borders, is a result of all of the above. Communities override each other in different aspects of public affairs, since social ties, individual interests, particular identities, professional and personal lives don't confine themselves to a particular territory. This goes beyond the more immediate problems of public policy administration. As the institutions have a particular impact on the pattern of attachments to and from places, and on social capital formation, there is a considerable chance of creating an unwanted confusing citizenry with countervailing consequences regarding civic engagement.

All the consequences, and its particular problems, must have an adequate response when designing an effective governance arrangement at the local level. This shift from government to governance, more than a paradigm shift, is an actual reality on Europe's localities (John, 2001). Therefore, redesigning local institutions is neither a mere game played by policy makers nor an exercise to satisfy political scientists.

6. EFFECTIVE GOVERNANCE ARRANGEMENTS

The challenges set above require an adequate local governance arrangement. First of all every governance arrangement, besides strong and impartial institutions, needs a state that does its essential functions, and does it well: to reinforce its conditions for efficiency and efficacy, avoiding command and oppression (Green, 1993). Our theoretical view on governance draws after the notion of steering, looking at the formal and informal forms of coordination and interaction between public and private institutions (Pierre, 2000). The identification of the essential functions of the state, particularly those that facilitate these governance arrangements, freeing both the market and civil society organizations to perform tasks usually seen as public monopoly, should be one of the steps.

Institutional adaptation to governance arrangement and its institutional design – our second path – should obey to this first principle: the centrality of individuals in the governance process, recognizing that a strong civil society will contribute significantly to community development. Therefore, the institutional approach to this debate can't be forgotten. Its capacity to build social capital, to answer civil society's initiatives, to promote formal and informal networks, should be privileged.

Third, as a consequence, but mainly as a cause of the latter, the reinvention of local governance, as we've tried to discuss isn't only an institutional centred solution, but it also requires a civil society reinvention, strengthening its capacity to create, engage and innovate (Cohen and Arato, 1992). All dimensions of social capital - trust, social norms, and voluntary networks – should have a strong presence if governance is to work.

Finally, our particular attention goes to the role of size and scale. As referred before, awareness of these contextual and institutional changes, need an adequate response from local government. We believe that this shift from government to governance requires a particular attention to the new challenges presented by the eventual mismatches between local government's scale and social ties' scales. As explained above, social ties in local communities and linking ties between communities and formal institutions, both regarded as enablers of trust, differ in several settings, creating some new challenges to local institutional design and local leaderships.

Assuming an approach that makes effective citizen participation possible regarding collaborative action isn't only a political or ideological perspective, but it's also an efficacy one. Initiatives like these will also permit the acquisition of better information for decision making, up to date feedback of community's perceptions and just in time identification of needs (Cuthill, 2003). Naturally it will facilitate generalized support for political decision, enlarged collective responsibility and public interest, and strengthened elected bodies legitimacy. The main idea is that participatory mechanisms will help develop participative competences, knowledge and interpersonal relations based on trust.

For Gerry Stoker (2004), models that allow accomplishing these objectives must respect three basic principles: it should be a realistic answer to the complexity of modern governance; it must respond to the need of a more participated democracy; and it must promote trust and empathy. These incentives to civic engagement, regarded as a valorisation and strengthening of non governmental organizations and voluntary associations, are essential to social capital building. As suggested by Cuthill (2003), we can identify several areas where this participative innovation must be delivered: active citizenship and civic conscience promotion; coordination and integration of civic engagement processes developed by local administration; strategy development and policy aiming civic participation; exploration of the use of e-

democracy and e-government; design and testing of innovative participative mechanisms; clear articulation and understanding of the links between social capital, community engagement and community well-being. Especially at the local level it is important to develop the institutional capacity that allows this participatory approach.

Considering these principles, the motives for civic engagement described by Stoker (2004) and the perspectives enounced by Cuthill (2003), we believe that the challenges that local governance is facing are of unquestionable exigency, but of undeniable urgency when confronted with the extremely low stocks of social capital.

Local administration reform, if to answer to these challenges, must promote accessibility and integration of citizens in participatory mechanisms, in a transparent way in rules and in methodology of its own developing, allowing accountability of elected bodies, consenting civic engagement feed-back and the possibility to evaluate and adapt through democratic leadership and through an organizational culture that allows it.

7. CONCLUSIONS

The argument that we presented is based on a general model of successful local governance that is dependent on effective participation, the generation of social capital and the political will to make the institutional changes to make that happen.

Social capital is understood as a determinant and, at the same time, consequence of an effective local governance model. If its existence is indispensable for the good functioning of an interdependent networked model of collective action, it is also a consequence of the way formal institutions of government are structured and are managed. Promoting this change of paradigm is only possible if this bi-directionality of social capital is understood. As we intended to clarify, this transformation isn't dissociable from changes in institutional design and the creation of opportunities for participation and effective citizen engagement in collective action.

In addition we've tried to explain why this change goes beyond institutional design and must encompass the indispensable attention to scale and size. These two factors carry new challenges to local governance: the control over the complex network, the levels of proximity, the organisational fragmentation, and the multi-territorialisation. It is of utmost importance to acknowledge that scale and size are two significant factors to take into account when redesigning sub-national government, particularly if the focus is on building communities (forming and using its social capital) and on creating the adequate local governance mechanisms. My argument is that shared interests and values are

essential if local citizens are to engage in collective projects - this link between government and community identification goes back to the greek Polis. As Lowndes puts it: "perhaps it is most useful to see community as a potential basis for bonds of citizenship and civic culture" (Lowndes, 1995).

An effective governance arrangement demand a particular attention to four domains: a clear understanding of the role of the state, market and civil society; the necessary institutional design, particularly taking into account the consequences of scale; the existence of high levels of social capital; and, not the least, the indispensable political will. To cope with the shift from local government to local governance, political leaders need awareness and will in order to change institutional arrangements, using and building social capital.

The governance paradigm extends the traditional models of communities' ties and relies upon new forms of local political engagement. With an adequate understanding of the role of local formal government, its adequate institutional design, and with political and administrative leaders that carry out this objective, citizens' engagement in public life will be strengthened, and, therefore, social capital will grow.

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