The Relationship between Bonding and Bridging Social Capital and Residents' Support of Domestic Production in the City of Kerman, Iran

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ABSTRACT

At present, since Iran is under several different kinds of boycott, reducing international economic dependence and promoting domestic production is of the utmost importance. Hence, in this study the relationship between the residents' in-group and out-group social capital and their support of domestic production in the city of Kerman is investigated. Research population consisted of all residents of Kerman who were 15 years old and above of which 400 individuals were selected through multi-stage cluster and quota sampling technique. The ideas of Putnam, Coleman, and Arrow provided the theoretical framework. Research results showed that bonding social capital (r=0.14) and bridging social capital (r=0.24) were positively and significantly related to residents’ support of domestic.

INTRODUCTION

Iran is currently under economic sanctions and one important way of coping with its negative effects is to promote domestic production, since much of Iran’s economic potential in agriculture, industry, mining, and tourism is underused because of these sanctions. Another negative side effect of these sanctions is the underutilization of expert human resources that could otherwise enhance the efficiency of Iranian economy. The lack of support for domestic production has been a major issue of concern to the public and private sectors in recent years. “National production, supporting Iranian work and capital” is a motto that if it ceases to be only a slogan for some governmental officials, can become a major push to Iran's long-term socio-economic development. Nonetheless, supporting domestic production is in need of the formation of a culture of "domestic goods consumption" which in turn is in need of careful planning and cannot be expected to bear fruits in the short term. One of the issues that can be of assistance in this regard is the support of residents of domestic production and domestic products, which is itself bound to residents trust of government and of domestic products.

On the other hand, social participation, social trust, and communications networks are among the main components of social capital. Recent work that has been done on social capital differentiates among three forms of social capital, namely, bonding; bridging; and linking social capital. Since linking social capital does not relate to the subject of this paper, only the association between bonding and bridging social capital and residents' support of domestic production will be considered.

2. literature review:

Although much research has been done regarding the relationship between social capital, and economic growth, or socio-economic development, and related issues, but few research has been conducted relating social capital to residents’ support of domestic production. Therefore, the research that is reviewed here may be only indirectly related to this issue. Ranani et. al. [11] investigated the association between economic growth and social capital where social capital along with other factors such as economic capital was treated as an independent variable. Their results showed that economic growth was affected by the absolute amount of and the rate of increase in social capital. Firoozabadi et. al. [6] studied the role that social capital and its components could play in the development of different regions of the city of Tehran. Their results indicated that social capital had a positive relation to social development of the different regions, in that the more developed regions had higher rates of generalized trust, social awareness, social participation (formal and non-formal collaboration), but social capital was not related to institutional trust. Amiri et.al. [1] studied the influence of
bonding and bridging social capital on the economic growth of different states in Iran. Their results indicated a negative relation between bonding and bridging social capital and bonding social capital was positively and significantly related to economic growth. Woodhouse [14] studied the relationship between social capital and economic development in Australia and found that the cities that had higher levels of social capital also had higher levels of economic development and that the association of social capital and economic development was a direct one. Wong [13] studied the relationship between social capital and economic crises and found that these crises do not affect men and women uniformly and that non-governmental organizations can help in the production and enhancement of social capital among poor people but that these organizations usually suffer from the shortage of budget. Lua [10] in his study of the effects of social capital on the economic integration of migrants in rural and urban China found that people's social capital was directly and positively associated with their level of income. Another finding was that rural residents had a higher level of social capital than urban dwellers.

3. Theoretical Framework:

In positing a relation between social capital and residents' support of domestic production, sociological and economic theories should be synthesized since support of domestic production is closely related to concepts of economic growth and development. The consideration of social capital in fact relates to its contribution to the issue of sustained development. The concept of sustained development refers to the idea that succeeding generations should be able to enjoy or have access to an equal amount of per capita capital that the present generation does. Generally speaking, what makes social development and growth possible includes natural capital, physical or productive capital, and human capital which together make up the wealth of a nation. Only recently it has become known that these three different forms of capital are only one part of the process of economic growth and that the nature and quality of the relations of economic players is also important, in that a country's social capital has a mutual correlation with its economic development (Stiglitz, 2000 in Elmi, 2005: 261) [5]. Social capital can both directly affect the performance of an economy and indirectly through a long-term process could enhance economic indices.

One of the direct effects of social capital is that on financial development. In societies with high levels of social capital, people trust each other more. Putnam suggests that there are two kinds of social capital: a) bonding social capital which refers to close social relations among a group of people whose members are homogeneous and to a large extent like-minded; b) bridging social capital refers to ways in which individuals can establish relations with a wider range of people who can be of benefit to them (Putnam, 2000 in Williams, 2011) [12]. On the other hand, depending on the social structural conditions of a country, bonding and bridging social capital can have positive and negative effects on its social development [7]. However, in Coleman's [3] view, higher levels of social capital mean higher levels of trust. The members of a group with higher levels of bridging social capital tend to trust each other more because they expect others to conform to social norms. As Arrow [2] suggests, since economic activity needs, for its realization, to depend on other people's behaviors and actions, societies that have higher levels of social trust will bear less expense for these activities. He says that "all commercial transactions, in essence involve some trust, especially those that are planned over a longer period of time. Therefore, it could be argued that all economic underdevelopments in the world could be explained in terms of low levels of trust. Commercial contracts are trust sensitive; in the sense that one can trust that the other party will behave as the contract stipulates and that the obligations will be honored. Trust is derived from the expectation that any violation of the law will be punished. But the execution of the law is not quite effective at all times and it may be expensive. The law may not be of much impact in the face of some well-planned hoaxes, and if a person misappropriates some public money, the law, at best can only imprison that person but it cannot return the money. Another point is that contracts are, by their very nature, incomplete and even in the best of regulatory systems, it may not be possible to completely guarantee investments. Since law enforcement can never be completely effective, social capital can play an important role in enhancing the level of trust [5]. Based on the above arguments, the following hypotheses are formulated:

1- Bonding and bridging social capitals are significantly associated with residents' support of domestic production.
2- Trust in after-the-sale services, trust in the quality of the product is associated with trust in price relative to product quality.
3- Bonding and bridging social capitals are significantly associated with supportive social capital.
4- Supportive social capital is associated with residents' support of domestic production.
5- Compulsion-based purchasing is associated with supportive identity.
6- Supportive participation, virtual supportive networks are associated with Compulsion-based purchasing.

Conceptual and Operational Definitions of variables:

Support of domestic production: This refers to residents' supporting domestic products that are produced using available technologies which are usually referred to as "made in Iran". Supporting domestic production
means that the residents trust the quality and price of domestic goods and also trust after-the-sale services. It also means that people will encourage others to do the same which can make investment in domestic production beneficial.

Supportive social capital: If social capital refers to institutions, social relations, attitudes, inclinations, norms, and values that guide our behaviors [8] and if social capital is those sets of networks and norms that enable people to engage in collective action [15] then supportive social capital refers to those institutions, social relations, norms, and values that by encouraging a supportive identity in people, and by creating networks among people, it can encourage supportive participation which will push people toward supporting domestic products.

Individual supportive identity: Supportive identity refers to certain types of perceptions and signs that the individual will interpret in such way as to instigate a sense of support of domestic products. Interpretive sociologists believe that those elements of the environment that can instigate this feeling, is others’ attitudes toward purchasing Iranian products. That is to say, if purchasing Iranian goods could enhance the standing of a person the eyes of others or if Iranian products are suitable to Iranian taste, then an identity will take shape in the individual that facilitates support for domestic production.

Supportive networks: These refer to communication networks among individuals that are created or expanded in the virtual space (i.e. the internet, face book). These networks become supportive when residents are encouraged, through advertisement in virtual networks or face to face interaction, to support domestic production.

Bridging social capital: This concept was defined in the theoretical section; here some of its indices are listed: active participation (including religious and altruistic participation, collaborative participation), civic or passive participation (including membership in cultural groups like Parent-Teacher Association, non-governmental organizations), political participation (including voting in or running for different types of elections), trust (including interpersonal and institutional trust), and social networks (including personal relations with other people).

Bonding social capital: Its indices are: in-group participation (including altruistic and religious activities and ceremonies with friends and relatives), collaborative activities with family members and relatives, trusting family members, friends, and relatives.

Research methods: This study was a survey research. The research population consisted of the residents of the city of Kerman who were 15 years old and above from the five districts of the city. Using the Cochran formula, 368 individuals were selected through a combination of systematic, cluster, and quota (based on age and sex) sampling. The questionnaire had construct validity and Cronbach's reliability alpha for bonding social capital (with 12 questions) was equal to 0.649, for bridging social capital (with 52 questions) was 0.852, for supportive social capital (with 32 questions) was 0.896, and for supporting domestic production (with 32 questions) was 0.914.

Research Results:

Research sample consisted of 368 individuals of whom 52.8 percent were male and the rest were female, average age of respondents was 34 years. Although bonding social capital was very strong but bridging social capital is also taking form. In relations to the effects of different type of social capital on support for domestic production, Figure (1) shows the relationships. In this model, the CMIN index is equal to 3.413 with a significance level of 0.065. Chi square is among the most important indices of goodness of fit of a model and the lower its magnitude, the more the goodness of the fit of the model. Other indices of goodness of fit of this model can be observed in Figure (1).

Fig. 1: Path Model of the relationship of different social capitals and residents’ support of domestic production
Bonding, bridging, sucapital) supportive social capital, (natisupp) support of domestic production.
dging social capital have a positive and direct relationship with residents' support of domestic production is equal to 0.242. These findings are in accordance with Wong's (2013) findings. He found that economic crisis can enhance both bonding and bridging social capitals. The results of this study too indicated that both bonding and bridging social capitals were influenced in the time of economic sanctions against Iran.

Table 1: Goodness of fit of the Path model.

<table>
<thead>
<tr>
<th></th>
<th>RMR</th>
<th>RFIrho</th>
<th>NFI/Delta</th>
<th>PNFI</th>
<th>PRATIO</th>
<th>RMSEA</th>
<th>PCLOSE</th>
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</thead>
<tbody>
<tr>
<td>Default model</td>
<td>5.267</td>
<td>.932</td>
<td>.989</td>
<td>.165</td>
<td>.167</td>
<td>.084</td>
<td>.181</td>
</tr>
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<td>Saturated model</td>
<td>.000</td>
<td>1.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Independence model</td>
<td>135.480</td>
<td>.000</td>
<td>.000</td>
<td>1.000</td>
<td>.277</td>
<td>.000</td>
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</table>

Based on the theoretical framework of the research and the Path model, residents' support of domestic production is affected by bonding, bridging, and supporting social capitals. The relationships are so that both bonding and bridging social capital have a positive and direct relationship with residents' support of domestic production. The magnitude of bonding social capital on residents' support of domestic production is equal to 0.140 and the magnitude of bridging social capital on residents' support of domestic production is equal to 0.242. These findings are in accordance with Wong's (2013) findings. He found that economic crisis can enhance both bonding and bridging social capitals. The results of this study too indicated that both bonding and bridging social capitals were influenced in the time of economic sanctions against Iran.

Table 2: Estimates of standard and non-standard Regression of variables.

<table>
<thead>
<tr>
<th></th>
<th>non-standard Regression</th>
<th>S/E/</th>
<th>C/R/</th>
<th>P</th>
<th>Standard Regression</th>
</tr>
</thead>
<tbody>
<tr>
<td>bridging &lt;-- bonding</td>
<td>2.548</td>
<td>.184</td>
<td>13.707</td>
<td>***</td>
<td>.594</td>
</tr>
<tr>
<td>suscapital &lt;-- bridging</td>
<td>.283</td>
<td>.056</td>
<td>5.061</td>
<td>***</td>
<td>.263</td>
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<tr>
<td>natisupp &lt;-- suscapital</td>
<td>.250</td>
<td>.033</td>
<td>7.511</td>
<td>***</td>
<td>.351</td>
</tr>
<tr>
<td>natisupp &lt;-- bridging</td>
<td>.185</td>
<td>.044</td>
<td>4.228</td>
<td>***</td>
<td>.242</td>
</tr>
<tr>
<td>natisupp &lt;-- bonding</td>
<td>.458</td>
<td>.184</td>
<td>2.496</td>
<td>.013</td>
<td>.140</td>
</tr>
</tbody>
</table>

Conclusions:

The results of this study showed that bonding, bridging, and supporting social capitals influence residents' support of domestic production. The results also indicated that bonding social capital is very strong in the city of Kerman, but bridging social capital, through being affected by bonding social capital, is also taking form. Bonding social capital had a direct effect (r= 0.14) on residents' support of domestic production. On the other hand, bonding social capital, by affecting bridging social capital, can also influence residents' support of domestic production. Of most importance in influencing residents' support of domestic production was supportive social capital. Supportive social capital, with indices like individuals' supportive identity, supportive networks, and supportive participation, encourage people to purchase domestic products.

REFERENCES