

SOCIAL CAPITAL AS A CATALYST FOR COMMUNITY DEVELOPMENT: A CASE OF POOR LOCALITIES IN ADDIS ABABA, ETHIOPIA

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ABSTRACT

Social capital has enjoyed an impressive growth across the social sciences over the last two decades. It has been particularly prominent across development studies. The study investigates social capital and human and economic variations in poor localities and its influence on the capacity of community for development. The relationship between social capital dimensions and human and economic characteristics of the households with community development has been analysed using multivariate analysis based on data collected from 497 households in poor localities of Addis Ababa. Community development is highly associated with increased participation in local associations; trust in the community, confidence in local institutions and pattern of reciprocity among inhabitants in the locality. These findings provide qualified support for the systemic model of local social organization but challenge theory of social disorganization that predicts lower levels of social capital in poor communities.

Keywords: Poor Locality; Community Development; Social Capital; Human and Economic Characteristics

INTRODUCTION

Social capital has become an important concept in the development discourse especially with regard to community based development. Social and community ties are key components of social capital concept. Community benefits from social resources that are created through social networks. A body of literature explains the patterns of social interaction among residents within a locality and the form of their social organization (Samson, 2004, Unger & Wandersman, 1982; Sampson, R.J., Morenoff, D.J. and Earls, F., 1999, Sampson, 1988, Parisi, D., Grice, M.S., Taquino, M. And Gill, A.D., 2002, Frankfort & Palen, 1993). It is also reckoned that strong social organization underpins the building of community capacity for development (Parisi et al., 2002). Community development defined as the ability of local population to come together and act collectively in pursuit of generalized mutual interest (Perkins, D.D., Florin, P., Rich, R.C. and Wandersman, A., 1990, Sampson et al., 1999, Parisi et al., 2002). In this view, collective action is an essential quality for a community to be engaged in a feasible and sustainable community development (Parisi et al., 2002).

The classic works of the Chicago School of Urban Sociology painted a phenomenon whereby high density, low economic status, ethnic heterogeneity and residential instability led to 'social disorganization' entailing flourishing of deviance and disorder in a community (Akers and Sellers, 2003). The concept of social disorganization came to be defined as the inefficacy of a community to win the common values of its residents and sustain effective social order (Morenoff, J.D., Sampson, R.J. and Raudenbush, S.W., 2001). This theoretical definition was formulated with a basic

consideration that the poor community viewed as suffering from a disrupted or weakened system of networks (Morenoff et al., 2001).

More recently, there is a new trend on the community-level research through progressive adaptation of the concept of social capital. Moreover, a wide range of literature has now highlighted the importance of 'social connections' in household's cooperative strategies to deal with poverty, uncertainty and even to subsist in poor cities of developing regions, for instance in Asia (Evers and Korff, 1986, 2000), in Africa (Moser, 1998) and in Ethiopia (Dejene, 1993, 2001; Shack, 1973; Levine, 1965; Tirfe, 1999). However, there has been little attention to analyze whether and how social capital in poor locality influences the community development. Hence, the objective of this paper is to examine whether and how the social capital variables (network, trust, reciprocity) and human and economic variables explain the community development.

Poor Locality

Locality has been an important focus of research and debate in social sciences for decades. Berner and Korff (1995:214) mention that, '...a locality is the focus of everyday life; it is not merely the place where people reside but where they spend much of their life, their Lebenswelt (life-world).' On the other hand, Giddens (1984:375) concept of "locale" denotes a physical place with "definite boundaries that help to concentrate interaction in one way or another." A place, in turn, becomes meaningful and relevant only through social action. Localities, in this article, are a territorial community and as the same time socially defined or "created" community.

It is known that many urban centers have localities which have less infrastructure service and it is assumed that these poor localities are abode for the poor than the middle and upper economic households, but there is surprisingly little information on actual empirical relation between household income and infrastructure service coverage in urban Ethiopia. Conventional definitions of urban poor tend to combine imprecise descriptions and analytical category regarding physical, social and economic aspects, resulting in different mixtures (Jones and Nici 1999).

In Ethiopia, the urban poor have been commonly associated with unemployment, shanties, overcrowding, filth, stink or uncollected garbage, lack or total absence of social services (Samson 2008). Social scientists have operationalized the concept of poverty principally as a property of individuals, families or households. Poverty is usually not referred to as an attribute of groups, communities, or regions (Spicker 2001:2). However, the concept of poverty especially when we consider the 'spatial' aspect, it is simply an aggregate of the conditions of the people who live in poor-localities (Samson 2004). There are higher concentrations of different kinds of social problem in the poor-locality. However, all people who live in such areas are not necessarily poor. The visible spatial characteristics of poverty, in most of the cases, are the housing conditions and lack of basic infrastructures which needs to be upgraded or/and redeveloped.

Community Development

The concept of 'community development' has been around for more than four decades (Bhattacharayya 1995). However, in the last two decades terms such as grassroots development, people-centered development, community or participatory approach to development have emerged to express similar connotations (Stone 1989; Samson 2004). Biddle (1966:12) emphasized that in spite of the various definition attached to the concept of community development, all approaches claim to be legitimate contributions to address community problems. Regarding the definition of 'community

development' there is a variation in different literatures. Denise and Harris (1990:7) observation have elucidated this variation in definition. However, as Bhattacharayya (1995) clearly pointed out most definitions of community development contain element that could be classified under a certain 'rational'. For instance, Christenson and Robinson (1989:14), stated that the rational as "...to change economic, social, cultural, and and/or environmental situations." For Denise and Harris (1990:7), it is "improvement of living conditions and way of life." Hence, this study took this rational as core element of defining community development in poor localities of Addis Ababa. The example concerned in this study is the type of community development performed by inhabitants of poor localities in Addis Ababa through mobilizing the inhabitants to contribute the 10 percent matching fund for access road construction.

The concept of 'community development' captures the importance of the link between trust and cohesion in the community on the one hand and shared expectations for the outcome on the other. It is a 'task-oriented' construct that captivates attention of residents with a shared expectations and mutual engagement for local development (Parisi et al., 2002). The term community development is, therefore, connote an emphasizes on shared beliefs in a locality's potential for action to actualize a planned output, coupled with an active sense of participation from the side of the residents (Sampson et al., 1997). Network, trust and reciprocity, which are features of social life, enable the participants to act collectively to having a shared vision (Rudd, 2000).

Distinguishing between the resource potential represented by personal ties, on the one hand, and the shared expectations for action among neighbors to be engaged in the community development, on the other, helps examine whether and how social capital influences community development. The underlying assumption here is that social capital plays a great role in community development and collective decision-making (Narayan, 1995). Community development is influenced by the institutional structure, such as government policies, cultural religious values, social capital, ethnicity, and property rights structure, on which the community is embedded (Ostrom, 1998; Rudd, 2000; Grootaert, 1999; Castle, 1998). Therefore, increased frequency of interaction reduces free riding, promotes strong norms of reciprocity and social trust, amplifies the flow of information and provides a good atmosphere for development collaboration. In this respect, local associations and institutions provide a framework for sharing information, co-coordinating activities, and making collective decisions and actions. In this study, in order to identify and capture the type of community development aspect of community development in the study areas, focus group discussion and in-depth interviews were conducted, which revealed the existence of community development. People were mobilized to contribute 10 percent matching fund for the construction of access road in the neighborhood, while non-community agents such as government or non-government organizations covered the remaining 90 percent of the fund.

Social Capital

There has been some debate over the precise definition and measure of social capital (Woolcock and Nayaran, 2000)¹. Robert Putnam (2000) defines social capital as the networks, norms, and trust that facilitate coordination and cooperation for mutual benefit (Putnam, R.D., Leonardi, R. And Nanetti, R., 1993). Social capital is embedded on social interaction that can be characterized in terms of formalized ties, informal networking, and pattern of trust and reciprocity (Putnam et

¹ The term 'social capital' has been used for almost a century. The debate on social capital has been taken up within several disciplines and paradigms. Even within the mainstream social capital debate, consensus on the definition of the concept remains elusive. However, most scholars attribute the modern use of the term to Pierre Bourdieu in the 1980s who put it terms of the '... aggregate of resources linked to a network of durable relationships (Portes, 1998:3)'

al., 1993). On the other hand, Coleman (1990) has depicted social capital as a resource for the individual agent. In his view social capital is an aspect of social structure that facilitates certain actions for individuals that participate in the structure (Coleman 1990:302). By this statement he conveys his theoretical position of methodological individualism, in which the focal point is agency. Coleman's view of social capital is on this point in opposition to Putnam's. With respect to measurement, each scholar focuses on a different level of analysis. Coleman focuses on the level of the family and memberships in the family to measure social capital where as Putnam assesses participation rates in voluntary organizations and associations. Moreover, in Putnam's (Putnam et al 1993:167) argument social capital is "...features of social organization such as trust, norms and networks that can improve efficiency in society by facilitating coordinated actions". Norms regulate the actions of members so that they comply with collective rules. The collective action that arises from this compliance will in turn strengthen overall solidarity in society (Putnam et al 1993: 169). Hence, in this paper the definition of social capital is similar with of Putnam's argument.

Many writers on the concept of social capital used terms 'bonding' and 'bridging' to differentiate the type of social capital (Nayaran and Pritchett, 1997; Putnam, 2000; Woolcock and Narayan, 2000). Bonding social capital associates with strong ties in a closed social structure. Bridging social capital, on the other hand, refers to the aspect of social capital that emphasizes on tolerance of different members as social actors. It is usually associated with the openness of social structures. The tendency of residents engaging in more than one type of local associations could be regarded as an indicator for the existence of both bonding and bridging type of social capital, which is actually considered important for community development to happen.

Social capital, due to its embedment in the social relation between and among actors such as individuals, local associations and institutions, can be accessed only through social connections (Bourdieu, 1986; Flora, J.L., Sharp, J., Flora, C. and Newlon, B., 1997, Putnam, 2000, Poters and Sensenbrenner, 1993). The extent to which actors can engage in community development is dependent upon both the bonding and bridging type of connectedness. It also piggybacks on the number of actors involved in the social relations (Bourdieu, 1986) and the intensity of reciprocal exchange among actors (Coleman, 1988, 1990). According to Coleman (1990), there are three components of social structure that can be taken by social capital: obligations and expectations, the flow of information, and norms accompanied by sanctions. Though, a high level of trustworthiness in a society underpins the emergence of each of these three components. Gronovetter (1985) in the same way emphasized the framework in which interface among actors takes place. He stresses the role of concrete personal relations and structures of such relations in generating trust and discouraging misconduct. By and large, an essential aspect of community togetherness is a social capital, which includes mutual trust, pattern of reciprocity, shared norms and identity (Flora et al., 1997). In light of this background we operationalize and measure the concept of social capital at the household level in the following dimensions:

Density. Density of membership refers to the engagement of a head of the household in membership of more than one association indicates bonding and bridging social capital. Having more participation in different local associations should favor community development due to the possible learning effect through information transmission and access to it as well as accumulation of social capital (Baland and Platteau., 1997; Pender and Scherr, 1999).

Active participation. It has been argued that associations, which follow a democratic pattern of decisions making, are more effective than the others in implementing community-oriented activities (Grootaert, 1999). Local association is assumed to be the important factor to favor community development. A member of household that is considered to be active in local association's activities is very likely to develop and achieve generalized trust (Putnam et al., 1993; Fukuyama, 1995b) and reciprocity, which reduces transaction-costs and coordinates community development.

Informal network. The growing body of literature suggests that both formal and informal type of networks promote social capital (Burt, 2000; Coleman, 1988; Narayan, 1999; Richard and Roberts, 1998). Informal networks includes network established with friends and family in the community or neighborhood-related friendships. In this study, informal network was considered as ordinary socializing, but it also provides personal support, a wide range of help and information, and offer channels for community development. Informal network is hypothesized to be important, through increasing access to information and trust, in creating a good atmosphere for the household to participate in community development.

Trust variables. Trust is considered as a good lubricant in a given cooperation. It reduces the transaction costs between people. With trust individuals are able to act as expected. Trust can also create a social obligation; by trusting someone engenders reciprocal trust. There are basically three types of trust: the trust we have in individuals we know which is known as '*particularized trust*' (Fukuyama, 1995a); and the trust we have in those we do not know, but the trust arises because of our confidence in a known social structure, '*generalized trust*' (Knack and Keefer, 1995). And the third type of trust is that we have in the formal institutions, which is known as '*confidence in institution*' (Hardin, 1999:38-40; Putnam, 2000:137). All trust variables of the household have been taken in the analysis of community development assuming that there will be a positive relationship, which will contribute for community development.

Reciprocity. Reciprocity and exchanges also increase trust. There are two types of reciprocity (Coleman, 1990; Putnam et al., 1993): specific reciprocity which refers to simultaneous exchanges of items of roughly with equal value; and diffuse reciprocity refers to a continuing relationship of exchange that at any given time may be unreturned, but overtime is repaid and balanced. Again, this contributes to the development of long-term obligations between people, which can be an important part of achieving positive outcomes. Norms of reciprocity, which entails mutual aid, are dependent on social networks. Bonding networks that connect individuals who are members of a certain group or association sustain specific reciprocity (Putnam et al., 1993). Bridging networks that connect individuals who are diverse sustain diffuse reciprocity (Putnam et al., 1993).

Human and Economic Characteristics

There is a direct relationship between community development and human and economic characteristics of inhabitants in a community. A community with limited human resources (e.g. education) and economic resources (e.g. welfare status) is less likely to be engaged in locally oriented community development towards a generalized interest (Parisi et al., 2002). In such conditions, at least theoretically, individuals of a local population are unable to realize the importance of their common values with respect to the well being of the community as a whole (Sampson et al., 1999). In this respect low level of poor human and economic resources among inhabitant in a locality population can be translated into a diminished capacity for community development.

Education. The hypothesis for the education variable is that the higher the number of illiterates in a community the lower the community development would be. This assumption was based on previous result that found poor men and women in urban areas are often deprived of information and knowledge (Schilderman, 2002). Poor uneducated inhabitants, not knowing about their rights, services they could access, plans for their area, or what options there are for tackling certain problems; tend not to favor community development in the community.

Tenure status. The poor, who are unable to gain access to legal shelter with formal title, have tenure insecurity and their risk of eviction is of great importance. Informal categories of housing, unauthorized land sub-divisions and houses built or expanded without permits are found across the study areas. Even on a single plot many forms of tenure exist. Therefore, it is hypothesized that inhabitants in the community with tenure status other than owner are very unlikely to favor community development for mutual benefit of the community.

Poverty status. The urban poor are not a homogeneous group: social exclusion affects some people, particularly the very poor, women, leading to inadequate access to information. Hence it is hypothesized that the household with poor welfare category would not favor community development.

The forgoing discussions furnish the basis for our conceptual framework. In analyzing the nexus of social capital and community development the following two factors should be considered: First, actors of community must be self-motivated for a community development, and second, they must engage in a pattern of reciprocal exchange and should be networked formally and informally. Consequently, we expect that higher level of membership in local associations, reciprocal exchange and trust in the community and confidence in governmental institutions will increase capacity for community development. Similarly we hypothesize that localities endowed with higher levels of human and economic resources will have higher level of community development. The reminder of the paper is organized as follows: in part two discusses the data source and the analytical frame work. Part three describes and discusses the results and finally part four presents the conclusions.

METHODOLOGY

Data Source and the Study Area

Addis Ababa, the capital of Ethiopia and the study area, currently accommodates about 2.7 million inhabitants (UNFPA, 2008), in its 10 sub-cities and 203 Kebeles. The data set for this paper came from the household survey conducted in 16 'Kebeles', selected randomly from 4 'Sub Cities', which are, according to the city planning unit, classified as very poor part of Addis Ababa based on their precarious infrastructure and housing conditions. Data was collected from a total of 497 sampled households using stratified random selection techniques from the 16 Kebeles. The survey was targeted to capture information on household. Head of the household were asked information on socio-economic and demographic characteristics of the household; characteristics of the most important local associations or groups; membership in the local associations; perception of Social trust and confidence in institutions; reciprocity; collaboration and participation in collective action.

Table 1 Descriptive statistics of sample household

Variables	Mean	SD	Min.	Max
Neighbourhood development	0.63	0.48	0.00	1.00
<i>Social capital dimensions</i>				
Density of Membership	3.0	0.82	2.0	6.00
Active Participation	23.59	21.27	0.00	100.00
Reciprocity	53.87	26.23	0.00	100.00
Informal network	34.16	14.15	0.00	66.67
Generalized trust	62.37	33.55	0.00	100.00
Particularized trust	67.37	13.26	0.00	75.00
Trust in local Institutions	33.41	25.63	0.00	100.00
<i>Socio-economic variables</i>				
Housing tenure (owner)				
Wealth index	0.33	0.45	0.00	1.00
Poor				
Moderate	0.32	0.46	0.00	1.00
Better off	0.34	0.47	0.00	1.00
Education	0.33	0.47	0.00	1.00
(Illiterate)				
Gender (Male)	0.27	0.44	0.00	1.00
	0.51	0.50	0.00	1.00

Source: computed from own household survey, 2001, financed by ZEF

Analytical Framework

The analysis of community development was done using logistic regression model:

$$C_i = f(SC_i, D_i, H_i, SE_i) \quad (1)$$

where C_i = community development (if the household has been participated in a community development for the last ten year); SC_i =social capital dimensions; D_i = demographic characteristics of the household, such as sex and age; H_i = household characteristics such as tenure status; SE_i = Socio-economic characteristics such as level of education of head of the household and the wealth status of the household.

The dependent variable is “community development”, which is participation of the households in community development for mutual community benefit as a proxy for community development. In the household survey respondents were asked if they participated in community development in the form of infrastructure improvement within the locality in the last ten year. Accordingly, the dependent variable is dichotomous, which takes 1 if the i^{th} household had

participated in community development and 0 otherwise. The explanatory variables are social capital dimensions and other socio-economic variables of the household, which are categorical and scale in nature. It is generally assumed that participation of the household, within the community, in community development is subject to various limitations and opportunities. Based on this assumption, the following explanatory variables are considered in the analysis.

Social capital measures. Following previous research (Grootaert, 1999; Putman, 1995; Putnam, 2000; Stone, 1989) seven dimensions are used to operationalize social capital at the household level: (1) *Density of membership*, i.e. number of association per household; (2) *Active participation* of members in the association where they are members; (3) *Reciprocity* (4) *Informal network* as different activities which generates networking with others without being member of association; (5) *Generalized trust* in the community (Fukuyama, 1995a); (6) *Particularized trust* - trust in very close neighbors or friends; (7) *Confidence in institutions*, local governmental institutions.

Socio-economic variables. For socio-economic aspects, variables such as education, housing tenure status, gender and poverty status have been considered in the analysis. In the analysis education, housing tenure status and gender were entered as a dichotomous variables as follows: **Education:** 1 if the head of the household is illiterate and 0 otherwise; **Housing tenure status:** 1 if the household owns the housing unit where it is currently living in and 0 otherwise; **Gender:** 1 if the household head is male and 0 otherwise. Then again, **poverty status** was entered in the analysis as categorical variable: - 'poor', 'moderate', and 'better off'. Poverty status was calculated using wealth index. The index calculation included data on twenty-three asset indicators that can be grouped into three types: household ownership of consumer durables with 12 items (Iron, Clock, Sofa, Radio, TV, Sewing Machine, Refrigerator, Electrical *mitad* [baking machine], Tape player, Bicycle, Car, Telephone); characteristics of the household's dwelling with 11 indicators (three indicators about toilet facilities, three indicators about the source of drinking water, one indicator about rooms in the dwelling, two indicators about the dwelling materials used, one indicator about the main source of light and one indicator about main source of cooking). Using principal component analysis for the whole twenty-three variables we construct wealth index to measure poverty status (see Table 2)

Table 2 Variables entering the computation of first principal component and their scoring factors summary statistics

Assets	Scoring factors	Mean	Std. Dev.	Scoring factor	Poor	Moderate	Better off
Own iron	0.607	0,15	0,360	1.685	0.00	4.20	41.80
Own clock	0.558	0,34	0,476	1.173	2.40	34.70	66.10
Own sofa	0.770	0,42	0,494	1.558	1.80	31.70	92.00
Own radio	0.324	0,73	0,443	0.731	53.30	78.40	87.90
Own TV	0.737	0,35	0,479	1.540	1.80	23.40	81.20
Own sewing machine	0.214	0,03	0,177	1.210	1.20	1.20	7.30
Own refrigerator	0.645	0,13	0,333	1.938	0.00	0.00	38.20
Own tape player	0.454	0,65	0,477	0.950	33.90	73.70	87.30
Own electric metad	0.698	0,32	0,467	1.495	0.00	21.60	74.50
Own bicycle	0.242	0,01	0,100	2.418	0.00	0.00	3.0
Own car	0.412	0,05	0,215	1.921	0.00	0.00	14.50
Own telephone	0.695	0,30	0,459	1.516	0.60	16.80	72.70
Drinking water from own tape	0.686	0,416	0,493	1.391	1.20	41.30	82.40
Drinking water from shared tape	-0.638	0,521	0,500	-1.275	90.30	51.50	14.50
Other sources	-0.082	0,062	0,242	-0.338	8.50	7.20	3.00
Flush toilet	0.166	0,084	0,278	0.595	6.70	6.00	12.70
Pit latrine	0.202	0,718	0,450	0.448	59.40	73.70	82.40
No toilet	-0.344	0,197	0,398	-0.863	33.90	20.40	4.80
Main source of lighting electric	0.000	0,036	0,187	0.000	1.8	6.00	3.00
Number of rooms in dwelling	0.639	2,22	1,15	0.556	1.53	2.05	3.09
Main cooking fuel is biomass:							
wood/coal/sawdust	-0.044	0,959	0,196	-0.221	97.00	95.20	95.80
Floor of the house mud	-0.527	0,398	0,490	-1.076	75.80	33.50	10.30
House without window	-0.379	0,136	0,344	-1.101	30.90	9.60	0.60

Note: Each variable besides number of rooms takes the value 1 if true, 0 otherwise. Scoring factor is the “weight” assigned to each variable (normalized by its mean and standard deviations) in the linear combination of the variables that constitute the first principle component. The proportion of the covariance explained by the first principle component is 25 percent. The value of the first eigen value is 5.87 and that of the second eigen value is 2.00. *Source: computed from own household survey, 2001, financed by ZEF*

Following equation (1) the analytical strategy was to estimate logistic regression models of community development that include social capital dimensions and human and economic characteristics of the household that determine the capacity for community development:

$$\log\left(\frac{P_i}{1-P_i}\right) = \beta_0 + \beta_i X_i \quad (2)$$

P_i = Estimated expected probability of experiencing community development towards infrastructure development in the locality;

$1-P_i$ = Estimated probability of not experiencing community development;

β_0 = Estimated vector of log-odds of the probability of experiencing community development when the vector β_i equals 0

β_i = Estimated vector of the log-odds of the probability of experiencing community development for each unit change in the corresponding vector of independent variables;

X_i = A vector of explanatory variables

Here, the log-odds [$\ln(P_i/1-P_i)$] of the probability of experiencing community development are a linear additive function of the vector of the independent variables. However, because log-odds (logit) make little intuitive sense, this model can be transformed into the following multiplicative probability model:

$$\left(\frac{P_i}{1-P_i}\right) = e^{\beta_0 + \beta_i X_i} \quad (3)$$

This exponential relationship implies that, for every unit increase in the independent variable, there is a multiplicative effect on the odds of the experience community development.

RESULT AND DISCUSSION

Equation (2) is estimated to empirically examine the impact of social capital and other human and economic factors on community development. The result from the model indicates a positive and highly significant relationship between the active participation variable and community development. Households who are active participant in their local associations are more likely to participate in community development. This could be due to the “social” nature of “social capital” (Grootaert, 1999). Networks and interactions engaged in as part of social and other objectives perceived from higher participation in the activities, which benefit the community at large.

Table 3 Determinants of neighbourhood development result of the Logistic regression

Dependent Variable		
	<i>Neighborhood development</i>	
Independent variable	β	Standard error
Constant	-19.810***	5.216
Social Capital Dimension		
Density of membership	1.953***	0.557
Active participation	0.056***	0.020
Reciprocity	0.089***	0.019
Informal network	0.182***	0.042
Generalized trust	0.057***	0.014
Particularized trust	-0.086***	0.028
Confidence in local institutions	0.012	0.015
Socioeconomic variables		
Housing Tenure (owner)	-1.222*	0.762
Wealth index		
Poor	0.396	0.644
Moderate	0.432	0.654
Education (Illiterate)	-0.064	0.781
Gender (male)	0.622	0.720
Number of Observation	497	
Log Likelihood	71.879	
Chi-square	520.916	
R-square (Nagelkerke)	0.91	
Significance	000	

*** Significant at less than 1 percent level

* Significant at less than 10 percent level

Source: computed from own household survey, 2001, financed by ZEF

Confidence in governmental and non-governmental organization was not found to be statistically significant in the logistic regression. With respect to the confidence in governmental organization, in the qualitative survey, people were asked about their level of satisfaction on the public service provision by the governmental organization. It has been found that no respondent was completely satisfied with any service. Level of dissatisfaction varied between services and communities. The service with which most people claimed to have problems was on those services, which supposed to be provided by the municipality. Almost all the focus group discussant and interviewees in the in-depth interviews expressed their depth of dissatisfaction towards these formal local institutions. The discontent emanated in part due to levels of corruption and lack of capacity, which were considered highest in most of the cases. Of course, corruption and injustices could be one of the possible reasons for low level of confidence in the governmental institutions.

The other noteworthy observation from community development regression results is that households with better informal network, reciprocity, and generalized trust are more likely to participate in community development. This result is plausible under the assumption that people are willing to participate in community development if they believe that others will (Oliver and Marwell, 1988). Moreover, these variables are indicators of a strong social tie in the community. And social ties may be considered as sign of “subjective interest” in the community (Oliver, 1984; Oliver and Marwell, 1988), as factors affecting the availability of solidarity incentives for participation in collative action, or as factors reducing transaction cost.

The regression result in table 3 shows that education variable took negative sign and the coefficients are statistically insignificant indicating that educated people are more likely to participate in community development compared to the uneducated counterparts. The result also revealed that despite being insignificant, the welfare variable shows positive relationship with community development. The poor are less likely to participate in community development compared to the better off. Poor people are more concerned for survival; they spent much of their time and energy for a hand-to-mouth livelihood, which engenders failure to participate in community development. Even the cost of participation would be expensive. Most of the respondents in the in-depth interview, clearly explained that the majority of the poor were casual labor, artisan work, petty-food trading, selling of “Tela” and “Areki” (traditional home made alcoholic drink), and baking and selling of “Enjera” (traditional food). Hence, time is highly scarce and precious asset for the very poor, a factor, which could pull them back from participating in community development resulting in a low level of community development.

Needless to say, if communities are characterized by serious power imbalances, it could impinge severe constraints on community development. Especially, if the poor were heavily dependent on vertical links with local elites, it would be problematic to use the horizontal associations necessary for organizing community development for the collective good or mutual benefit. However, in the case of Ethiopia where land is public property and where the poor people’s dependence on local elites is very low, danger of ‘local capture’² considered to be minimal (Samson, 2004).

Tenure is also found to be significant in explaining community development at 10 percent level of significance. However, it has a negative sign, which signifies an inverse relationship, showing high probability of renter to participate in community development compared to the homeowner. However, it is not appropriate to deduce that inhabitants with insecure tenure right have more incentive to participate in community development. It is expected that homeowners anticipate living in their residence for a longer time and will thus look forward to an extended future stream of benefits from any improved service and would act collectively for that. In the current situation the housing provision in Ethiopia is rigid, regulated and government owned most of the rental housing units, whereby the majority of renters expect to see the same long-term benefits and therefore have the same incentives as owners to act positively for the betterment of their environment. Both renters and homeowners tend to have lived in the community for a longer time.

² . For a review of the literature on local capture see Das Gupta, M., Grandvoinnet, H. And Romani, M., (2003) and Bardhan and Mookherjee, (1999)

CONCLUSION

The main objective of this study was to address the basic question that is ‘whether and how can social capital determine the community development in poor urban localities?’ Answering this question can help to understand how to use the existing stock of social capital for community improvement projects. We used household survey and qualitative research methods, in selected poor-neighbourhoods in Addis Ababa to analyze the level of social capital at the household level and its impact on community development. The multivariate analysis indicated that the extent to which a household can engage in locally oriented community development rest on the level of social capital and other human and economic variables.

Our findings offer several important new insights into prevailing theories of social organization. First, contrary to the image of poor localities as socially isolated places, the results indicate that residents of poor localities respond to adverse ecological conditions through actions intended to alleviate community problems and getting involved in community development. Moreover, residents of poor localities also tend to have strong personal networks both formally in terms of membership in local associations and informally connecting them to friends and neighbors in their localities. Second, the findings suggest that high level of social capital appear to function as signals of community capacity that motivate residents to become engaged in community developments. In this study it is noted, however, that these inferences are based on cross-sectional data, and that further research is needed on the connection between poor localities contexts and community development, preferably using longitudinal data that can link individuals’ perceptions of localities conditions to their subsequent participation in community activities

In conclusion, the results have significant implications for those interested in harnessing the power of communities to address locality’s problems. The author believes that the approach outlined in this paper provides a conceptual and empirical platform to address the issue of community development in urban poor localities. The contribution of this approach is that it can be provided a useful tool to examine community development in poor urban localities and assist community researchers, practitioners and policy makers in establishing variations in capacity of the community for community development purpose.

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APPENDIX A: SCALE ITEMS AND ROBUSTNESS

The scales for social capital dimension has evaluated using a ‘scale reliability analysis’ test, which determines whether the responses to each question can be considered to follow a similar pattern, tapping into one underlying concept or ‘latent’ variable (DeVellis, 1991:9). Once the scales were formed, each scale has been converted into true values between -1 and 1 for consistency. The associational membership scale has been formed by a simple addition of the number of associations to which each respondent belonged. If a sufficient value of the test statistic, Cronbach’s alpha, is obtained then the values of the questions can be added together to form a single scale. Then this scale can be treated as a real number series and perform more complex statistical procedures in order to test the degree to which the variables predict community development. Low alpha values indicate that responses to the questions are too diverse and would not

form a consistent scale. The alpha values obtained, between 0.76 and 0.90, are all in the optimum range (DeVellis, 1991: 85)

Variables included to formulate an scale for social capital are Dimension of Membership in Associations, Active Participation, Generalized trust, Particularized trust, Reciprocity, Confidence in Institutions. Each variable has been captured with different questions as follows:

Density of membership

Are you a member of any of the following?

- Church or Religious group
- Social support group (Ider)
- Sporting club
- Ethnic based association
- Group dedicated to some cause (e.g. Community development)
- Kebele association
- Finance, credit, saving group (Eqube)
- Political Party
- Professional associations
- Other association (Please specify)
- No. of membership added together.

Active participation

To what extend do you participate in the activities of your first very important association which you are member to, in the second and third very important association for your life?

- Active participation of members in their first very important association
- Active participation of members in their second very important association
- Active participation of members in their third very important association

Scale 1 'note very active' 2 'somewhat active' 3 'very active'. Standardized item alpha = 0.82

Informal networks

- Visit neighbours frequently?
- Spend time together with other people out of home for shopping, drinking or recreation?
- Asking neighbours for help in case of sickness?
- Helping neighbours, when sick, to take to hospital or clinic?

Scale from 1 'Yes' and 2 'No'. Standardized item alpha = 0.81

Generalized trust

- Generally speaking, would you say most people living in this neighbourhood could be trusted?
- Do you think most people would try to take advantage of you if they got the chance or would they try to be fair?

Scale from 1 'Yes' and 2 'No'. Standardized item alpha = 0.81

Particularized trust

Do you know your neighbours well enough to:

- To take care of a child in an emergency?
- To take care of a child regularly?
- Borrow money or anything if needed
- Have a talk with you if you're feeling down?
- Keep an eye on your home for you if you go away?

Standardized item alpha = 0.90

Reciprocity

- Invite neighbours during religious and social fests or any happy occasions?
- Do share or borrow household utensils from their neighbours?
- Do attend funeral service in the neighbourhood even if they are not member of the Ider?
- Bring drink/food after funeral to the mourning family?
- Standardized item alpha = 0.81
- Confidence in Institutions
- How much confidence do you have in:
- Local government?
- Judge/court/ police?
- Public services?
- NGOs?

Scale from 1 'very great deal' to 5 'None'. Standardized item alpha = 0.76

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