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Breaking Down Social Capital: What Is It and What Does It Mean for Community Development Organizations?

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CONTENTS

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Community development organizations often face pressing challenges: securing funding, fostering collaboration, engaging residents, and ensuring economic growth. While technical expertise and financial resources are essential, there is another powerful, yet often intangible, resource that can determine success: **social capital**.

What Is Social Capital?

At its core, **social capital** refers to the networks, trust, and shared norms that enable individuals and organizations to collaborate effectively. It is the connective tissue of community development, how people and institutions access opportunities, solve problems, and build resilient neighborhoods.

Social capital is not one-size-fits-all. It takes many forms and functions differently depending on context. Academics struggle to define, describe, and measure social capital, but the most common definitions put forth by scholars include the following:

- Social capital comprises social networks, reciprocity norms, and trustworthiness among individuals and the greater community.[1]
- It generates tangible and intangible benefits through repeated interactions, leading to collective outcomes in the community.[2]
- It represents the trust-based networks organizations draw upon to achieve goals.[3]

While there are multiple ways of defining social capital, three key elements are foundational to its definition: networks, trust, and norms or culture. For community development organizations, social capital **networks** shape how resources flow, **trust** affects how partners engage, and **norms or culture** determine how initiatives scale and sustain.[4]

However, to gain a comprehensive understanding of social capital and its role in supporting community development organizations, this bulletin will explore the different types and levels of social capital, examine how it manifests in action, address the challenges associated with it, and discuss methods for measuring it.

1. Robert D. Putnam, "Bowling Alone: America's Declining Social Capital," in *Culture and Politics: A Reader*, ed. Lane Crothers and Charles Lockhart (Palgrave Macmillan, 2000), 223–34.

2. Alejandro Portes, "Social Capital: Its Origins and Applications in Modern Sociology," *Annual Review of Sociology* 24, no. 1 (1998): 1–24.

3. Jo Anne Schneider, "Organizational Social Capital and Nonprofits," *Nonprofit and Voluntary Sector Quarterly* 38, no. 4 (2009): 643–62, https://doi.org/10.1177/0899764009333956.

4. Gijs Custers and Godfried Engbersen, "Linking Social Capital and Organizational Ties: How Different Types of Neighborhood Organizations Broker Resources for the Urban Poor," *Journal of Urban Affairs* 46, no. 10 (2024): 1992–2008, https://doi.org/10.1080/07352166.2022.2137032.

Types of Social Capital: The Three Building Blocks

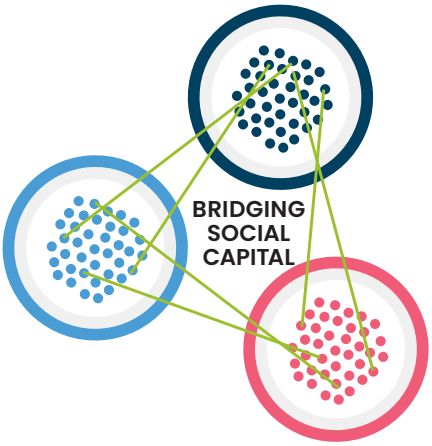
Community development organizations generate social capital while engaging with a variety of stakeholders.[5] To effectively leverage social capital, it is crucial to understand its three distinct types.

Bonding Social Capital refers to strong ties *within groups*, such as similar organizations, tight-knit neighborhoods, or long-standing coalitions. Bonding capital fosters solidarity and support but may limit innovation due to insularity because it often develops within inward-looking groups that tend to reinforce exclusive identities and homogenous groups.[6]

Example: As the community development coordinator in the city's planning department, you have worked with the same group of business owners for over five years. The group helps to provide information about the community's needs to help guide and garner support for the redesign of downtown.

Bridging Social Capital refers to connections *between different groups*, such as demographics, class, profession, or geography. Bridging capital enables collaboration, expands knowledge, and drives innovation.[7]

Example: As the housing policy analyst in the city's community development office, you coordinate an affordable housing initiative. To ensure that you have the correct input to make the project successful, you engage various stakeholders who don't typically interact with each other. Still, all serve populations needing housing, such as retail business owners, school board members, senior citizen program directors, and childcare workers. Through ongoing conversations, you learn more about the everyday challenges families face in securing stable housing. This cross-sector connection strengthens your department's outreach and builds trust among groups not ordinarily involved in local housing policy discussions.

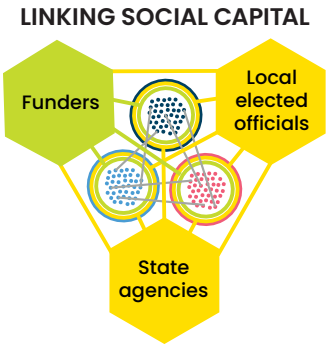


5. Sefit Hashavia-Tzuri, Eran Vigoda-Gadot, and Amir Hefetz, "Social Capital Inside Out: An Empirical Examination of the Relationship Between Organizational Social Capital and Communal Social Capital in Public Organizations," *Nonprofit Policy Forum* (2024), https://doi.org/10.1515/npf-2023-0061.

6. Tristan Claridge, "Functions of Social Capital—Bonding, Bridging, Linking," *Social Capital Research* 20, no. 1 (2018): 1–7, https://doi.org/10.5281/ZENODO.7993853; Putnam, "Bowling Alone."

7. Roger Patulny and Gunnar Lind Haase Svendsen, "Exploring the Social Capital Grid: Bonding, Bridging, Qualitative, Quantitative," *International Journal of Sociology and Social Policy* 27, no. 1/2 (2007): 32–51.

Linking Social Capital refers to vertical or hierarchical relationships between organizations and those with formal authority or resources, such as funders, elected officials, or state agencies. This type of social capital helps mobilize resources and power.[8]



Example: As the city's economic development office director, you've built a strong relationship with a regional program officer at the federal agency that funds infrastructure and workforce initiatives. The program officer personally alerts you and offers guidance when funding is available for small business recovery in underserved neighborhoods. Your department secures a multimillion-dollar grant through this trusted, hierarchical connection, allowing you to expand technical assistance, invest in infrastructure and workforce initiatives, and boost local employment.

These examples show that each form of social capital is necessary. Bonding capital builds internal strength, bridging capital unlocks new ideas, and linking capital opens doors to support systems-level change.

Levels of Social Capital

When we talk about *where* social capital is happening, we're really asking: At what level is social capital being accessed, mobilized, or utilized, and who is it serving?

Social capital doesn't exist in a vacuum. It moves *through* people, organizations, and communities.[9] Depending on the level of social capital, it can serve different purposes and have different beneficiaries. Let's discuss the three levels where social capital shows up.

Individual Level

The individual level refers to connections between people, including your network, relationships, and interactions.[10]

Example: A local government grants coordinator is trying to fund a new community center. She hears about a grant before it's publicly announced, thanks to her strong relationships with state agency officials and nonprofit leaders. She applies early and wins the funding.

Why it matters? Her network gives her privileged access to information. That helps the community, but it also boosts her career. So social capital can benefit the individual, not just the community.

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8. Wouter Poortinga, "Community Resilience and Health: The Role of Bonding, Bridging, and Linking Aspects of Social Capital," *Health & Place* 18, no. 2 (2012): 286–95, https://doi.org/10.1016/j.healthplace.2011.09.017.

9. Claridge, "Functions of Social Capital"; Custers and Engbersen, "Linking Social Capital"; Schneider, "Organizational Social Capital"; Michele Tantardini, "Organizational Social Capital and Performance Information Use: The Mediating Role of Public Service Motivation," *State and Local Government Review* 54, no. 3 (2022): 202–20, https://doi.org/10.1177/0160323X221113366.

10. John Brahm and Wendy Rahn, "Individual-Level Evidence for the Causes and Consequences of Social Capital," *American Journal of Political Science* 41, no. 3 (1997): 999–1023.

Organizational Level

At the organizational level, it is about institutional relationships and how governments, nonprofits, and other organizations work together in ways that support each other.[11]

Example: A city's community development department and a local nonprofit focused on food insecurity form a long-standing partnership. The city provides funding and space, and the nonprofit mobilizes volunteers. Over time, they respond more effectively together—even during emergencies.

Why it matters? This is bridging social capital in action. The city and nonprofit share networks, resources, and credibility. It improves outcomes *and* strengthens both organizations' abilities to fulfill their missions. Strong cross-sector partnerships can build institutional resilience.

Community Level

Social capital at the community level gained widespread attention following the release of Robert Putnam's "Bowling Alone."[12] Community-level social capital focuses on the broader network of relationships among people and organizations within a specific place. It develops through frequent, informal interactions that build trust, foster influence, and support collective action.

Example: In a downtown district, the city partners with the local business association to address recurring code enforcement issues. They create a voluntary compliance program that offers technical support and incentives for property upkeep. Over time, storefront conditions improve, foot traffic grows, and the city builds stronger relationships with business owners, reducing the need for formal enforcement actions.

Why it matters? This reflects bonding (business owners working together), bridging (connecting with city partners), and linking capital (access to technical support and incentives). Community-level social capital can build trust, agency, and opportunity, especially when people feel ownership in change.

Why are social capital levels important to understand? Suppose you don't know *where* social capital efforts are functioning or who they are benefiting. In that case, you risk not getting the most out of your efforts. For example, are your programs only helping those who are already well-connected? Are key decisions being made by a tight circle of familiar faces? Is trust being built—or is it being eroded? And yes, let's be real; social capital isn't always positive. It can create *cliques*, reinforce *exclusion*, and cause *conflict*. We'll discuss the challenges later. First, let's discuss how social capital shows up in action.

How Social Capital Shows Up in Action

Social capital is not static. To understand the real impact of social capital, we have to examine how it is accessed, mobilized, and utilized across individuals, organizations, and communities.[13]

11. Schneider, "Organizational Social Capital."
12. Putnam, "Bowling Alone."
13. José Atilano Pena-López and José Manuel Sánchez-Santos, "Individual Social Capital: Accessibility and Mobilization of Resources Embedded in Social Networks," *Social Networks* 49 (May 2017): 1–11, https://doi.org/10.1016/j.socnet.2016.11.003.

Access refers to who has entry into a network and under what conditions. Not all individuals or organizations have equal access. Barriers such as geography, institutional rules, or limited representation can limit participation. Access to social capital shapes who gets to benefit from opportunities like grants, partnerships, and having influence on decision-making.

What does access look like? Hosting community meetings, co-designing programs with residents, and developing peer-to-peer networks.

Mobilization occurs when existing networks are activated to achieve an individual's, organization's, or community's goals. These goals may be related to advocacy, shared service delivery, or community problem-solving. Mobilization is primarily about putting relationships into action in response to a need. It may involve the need to shift public perception, increase engagement, or respond to emergencies. It is especially effective when networks are built on trust and mutual benefit as it relates to some common goal.

What does mobilization look like? After a major storm, donating supplies, sharing cleanup equipment, and supporting recovery efforts for affected storefronts.

Utilization happens when relationships are used strategically to produce long-term measurable outcomes, such as launching a new program, influencing policy, or increasing community well-being. When social capital is utilized well, it delivers results specifically for complex solutions. Understanding how social capital functions can facilitate more intentional planning, because social capital is built through intentional strategies.

What does utilization look like? Maintaining consistent communication before a storm and ensuring reciprocity to keep partnerships strong over time. Leveraging partnerships with downtown businesses to co-develop a storefront improvement grant program, resulting in long-term investment, beautification, and increased customer traffic.

Access is about getting in the room. Mobilization is about acting together in real time, and utilization is about turning relationships into sustained outcomes.

Navigating the Challenges of Social Capital

Although social capital can be the glue that holds communities together and the fuel that drives collective action, it is not without complications.[14] One of its most pressing challenges is exclusion. Those who are not already embedded in networks may be left out of opportunities, decision-making, or resource flows. In this way, social capital can unintentionally reinforce imbalances by privileging those who are already well-connected.

Another concern is overreliance on informal relationships. While trust and familiarity can speed up collaboration, they can also reduce transparency and accountability, especially in public or grant-funded initiatives. Informal networks may sidestep formal processes, making it harder to track who has influence and how decisions are made.

14. Martin Gargiulo and Mario Benassi, "The Dark Side of Social Capital," in *Corporate Social Capital and Liability*, ed. Roger Th.A.J. Leenders and Shaul M. Gabbay (Springer, 1999), 298–322; Kishore Gopalakrishna Pillai, Gerard P. Hodgkinson, Gurumurthy Kalyanaram, and Smitha R. Nair, "The Negative Effects of Social Capital in Organizations: A Review and Extension," *International Journal of Management Reviews* 19, no. 1 (2017): 97–124, https://doi.org/10.1111/ijmr.12085.

Additionally, tightly bonded networks can be vulnerable to groupthink or resistance to new ideas. When everyone in the room shares similar backgrounds or perspectives, innovation may be stifled, and dissenting voices can be overlooked. Lastly, there is the risk of dependency on key individuals. If relationships are not institutionalized and rest solely on personal connections, the loss of a single staff member or community leader can significantly weaken a network.

Recognizing both the strengths and limitations of social capital is essential for community development practitioners. It allows them to harness its benefits while being mindful of the potential for exclusion or fragility. In doing so, organizations can work toward building networks that are not only strong but inclusive, adaptive, and sustainable over time.

How Social Capital Is Measured

To strengthen social capital within a community or organization, you must first understand how it operates in your context. Social capital is not just about who you know; it is about how relationships are formed, maintained, and activated to achieve shared goals. Researchers typically assess social capital through three interconnected dimensions that reveal the depth and utility of a network.[15]

Dimensions	Defining Characteristics
Structural dimension: Who is connected to whom? The structural dimension allows you to identify the relationships that exist. You can also examine the strength, type of relationships, frequency of interaction, and network differences.	• **Network Composition:** Who is included in the network? • **Strength of Ties:** Frequency and intensity of interactions • **Differences Among Stakeholders:** Range of participants • **Volume of Resource Exchange:** Total amount of resources exchanged across the network (e.g., grants, services, volunteers, information) • **Network Initiators and Maintainers:** Who builds and sustains connections? Are they staff, elected officials, or community leaders?
Cognitive dimension: What do people believe? The cognitive dimension captures the values, norms, and levels of trust within the network, allowing you to understand where there are similarities and differences. When participants in a network believe in or share similar goals, they are more likely to communicate openly, align efforts, and support one another through challenges. When controversy or disagreements arise, it is especially important to establish communication channels grounded in shared values or common ground.	• **Shared Values and Norms:** Level of agreement on goals, principles, or approaches • **Perceived Trustworthiness:** Do members believe others will follow through and act in good faith? • **Sense of Belonging:** Do network members feel included and valued? • **Perceived Legitimacy:** Is the network or its leaders seen as credible and fair? • **Intangible Benefits:** Access to knowledge, influence, or shared identity as outcomes of the network

15. Tristan Claridge, *Dimensions of Social Capital—Structural, Cognitive, and Relational* (Institute for Social Capital, 2018).

Dimensions	Defining Characteristics
Relational dimension: How do people interact? The relational dimension goes beyond identifying connections. It examines the quality of those connections, whether they are reciprocal, dependable, and collaborative. Strong relational capital often translates into more efficient problem-solving, more resilient partnerships, and a greater willingness to take collective risks.	• **Reciprocity:** Are exchanges two-way and mutually beneficial? • **Reliability of Relationships:** Can members depend on each other in times of need? • **Collaborative Problem-Solving:** How often do members work together to address shared challenges? • **Trust in Action:** Evidence of long-term partnerships or joint decision-making • **Tangible Outcomes:** Concrete benefits like funding secured, services delivered, or programs launched

Case Study: Strengthening Social Capital at Economic Improvement Corporation Community Development Center

Economic Improvement Corporation (EIC) is a midsize community development corporation (CDC) that serves a tri-county region. Its mission is to improve affordable housing, financial literacy, and community engagement. Given post-pandemic economic challenges, staff turnover, and reduced grant funding, the leadership team is considering leveraging social capital to build resilience and intentionally expand the corporation's impact. The team has developed a three-step process to execute its plan.

Problem definition: EIC is finding it difficult to scale up services or launch new initiatives because of limited staff capacity, overreliance on a few core partners, and difficulty accessing flexible funding. The leadership team would like to measure and leverage social capital more effectively.

Step 1. Assess Social Capital (Social Dimension)

The EIC leadership team uses the structural dimension to map EIC's network. The team explores the following tools to obtain specific information.

- **Network Composition and Strength of Ties.** EIC maps out its active partners, noting how frequently they interact. They find dense ties among neighborhood groups but weak connections with county agencies and immigrant-serving organizations.
- **Volume of Resource Exchange.** EIC assesses how much funding, staff time, referrals, and information are exchanged. The team finds that some partners are symbolic rather than collaborative.
- **Differences Among Stakeholders.** An assessment reveals that the network lacks representation from school board members, youth groups, and newer immigrant-led nonprofits.

- **What Do They Learn?** EIC learns that while it has strong bonding capital, bridging and linking capital are underdeveloped. The structure is limited in reach and power influence. The team decides to bring in new partners (bridging) and deepen county-level relationships (linking).

Step 2. Explore Shared Meaning and Alignment (Cognitive Measures)

The leadership team engages stakeholders in small group dialogues and surveys to answer the following questions: What do people in the network believe? What values hold them together or apart?

The meetings and surveys focus on the following:

- **Shared Values and Norms.** Partners reflect on whether their goals for affordable housing and community safety align. They discover differing views on gentrification and the role of law enforcement.
- **Sense of Belonging and Perceived Legitimacy.** Some smaller partners express feeling excluded from key planning discussions. Others feel that city officials speak at them but not with them.
- **Perceived Trustworthiness.** An anonymous survey reveals that while most respondents trust EIC staff, they're unsure whether county partners or outside consultants have community interests at heart.
- **What Do They Learn?** These insights show that strengthening cognitive capital will require deeper engagement, clearer communication, and co-created norms across sectors. The team decides to facilitate shared visioning workshops to align on goals and values.

Step 3. Examine the Quality of Relationships (Relational Dimension)

Leadership takes the information from Step 2 and evaluates interactions across projects to understand the following questions: How do people interact? Are relationships trustworthy, reciprocal, and collaborative?

- **Reciprocity and Reliability.** Leaders analyze recent joint efforts (e.g., a community clean-up campaign). Who showed up? Who followed through?
- **Collaborative Problem-Solving.** The team documents how a housing task force handled a zoning dispute. Did people compromise? Who facilitated resolution?
- **Trust in Action.** Interviews and meeting notes reveal which partnerships are strong enough to test new ideas, like shared data systems or pooled funds.
- **Tangible Outcomes.** The team assesses outcomes across collaborations: new grants received, services launched, and systems improved.
- **What Do They Learn?** EIC leadership finds that some relationships are stagnant. There's a need to renew reciprocity and shared responsibility before expanding initiatives. The team decides to utilize MOUs (memorandums of understanding) to outline shared commitments, expectations, and guiding principles to help build trust and reciprocity.

Applying the Concept: Reflection for Practitioners

Every organization sits at the center of its own web of relationships. Here is a simple exercise: create a network map of key collaborators to reveal gaps, opportunities, and potential partnerships. Ask yourself:

- Who do we rely on for funding, outreach, or programming?
- What relationships are underdeveloped?
- How can we build new bridges or strengthen weak links?

Step 1. Reflect

- Use the network map below.
- Write your job role or department near the center.
- Around it, draw three to five key relationships or networks that help you access resources, solve problems, or collaborate (for example, community members, nonprofits, other agencies, funders).

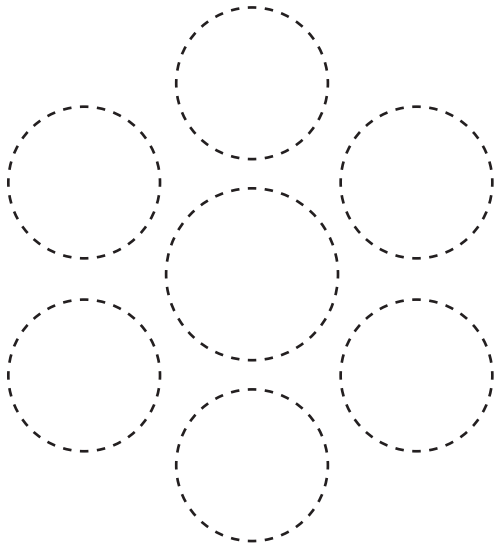
Step 2. Discuss

- Share **your maps with others who work with you and discuss:**
  - What patterns do you see? For example, are some networks missing diversity?
  - Where do gaps exist? For example, who else should the organization connect with to strengthen social capital?
  - How do these relationships affect your ability to do your job effectively?

Step 3. Identify Key Takeaways

- What surprised you about your network?
- Did you notice any gaps in access or collaboration?
- How can you strengthen or expand your social capital?

Network Map



Final Thoughts

Social capital is more than a buzzword. It is an essential function of effective community development. Although it operates imperceptibly, it influences everything from who has access to funding and partnerships to how programs are implemented and sustained. By understanding the different types (bonding, bridging, and linking), the levels (individual, organizational, and community), how to measure it, and how social capital is accessed, mobilized, and utilized, community development organizations can intentionally design programs that are collaborative and impactful.

Additional Resources

For more guidance on social capital, see the resources below on the School of Government's website or contact Dr. Teshanee Williams at **twilliams@sog.unc.edu**.

Skye Allan, "The Role of Social Capital in Public Art," *Facts That Matter* blog (May 2025), https://ncimpact.sog.unc.edu/2025/05/the-role-of-social-capital-in-public-art.

Ansley Birchmore, "Social Capital as a Workforce Development Tool," *Facts That Matter* blog (April 2021), https://ncimpact.sog.unc.edu/2021/04/social-capital-as-a-workforce-development-tool.

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Katherin Godwin, "Targeted Universalism Uses Social Capital to Increase Equity in COVID-19 Recovery," *Facts That Matter* blog (December 2022), https://ncimpact.sog.unc.edu/2022/12/targeted-universalism-social-capital-increases-equity-in-covid-19-recovery.

Maddie Mulligan, "Leveraging Social Capital to Revitalize Theater Engagement Post-Pandemic," *Facts That Matter* blog (January 2024), https://ncimpact.sog.unc.edu/2024/01/leveraging-social-capital-to-revitalize-theater-engagement-post-pandemic.

The Social Capital Project: Social Capital Development for Health and Human Service Organizations (microsite), https://www.sog.unc.edu/resources/microsites/social-capital-project-social-capital-development-health-and-human-service-organizations.