Social Capital and Trade Unions

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Jarley and Johnson (2003) have recently argued for a model of “social capital unionism” as a vehicle for “rebuilding the labour movement from the ground up”. This paper explores the notion of social capital – and some of the debates about it - to determine whether it can be useful in exploring union activity. We argue that it is useful to bring social theory into IR research, but that IR scholars who wish to apply the concept of “social capital” must be mindful of the critical literature on the subject.

Introduction

This paper seeks to stimulate some new conceptual and theoretical thinking about the role, character and future of trade unions. The union movement is a dynamic social institution. Hence it is worth revisiting the debate about the purpose and larger goals of trade unionism. Thus putting together the questions “where are unions now?” with the question “where is social theory now?” is an instructive exercise. We have selected the notion of “social capital” to carry out this task. Popularised by Robert Putnam’s bestselling book, Bowling Alone (2000), the term has now entered the everyday lexicon, with social capital being seen as desirable for communities and nations. The concept has been taken up by organisational researchers, and at a policy level by governments.

Industrial relations scholars from time to time uncritically refer to Putnam’s book as a source of information that not only is collectivism declining in unions, but also that this is part of a larger trend in churches, political groups, and the other groups making up civil society. This is tied to a rise in the phenomenon of the “self-represented employee” who bargains individually, is self-organised, independent and self-managed (Abel and Ittermann, 2003, p.103). Current official Australian discourse in IR makes the self-represented employee the norm; the Workplace Relations Act (C’1th) 1996 places the primary responsibility for negotiating wages and conditions on “the employer and employees at the workplace or enterprise level”. This highly individualistic approach represents “bowling alone” in the workplace context.

Jarley and Johnson (2003) explore a new construct of “social capital unionism” that they contrast with both “servicing” and “organising” unionism. The latter notion is critiqued as a “quick fix” as opposed to the more durable and lasting solutions of “social capital” unionism. Hence “social capital” is entering the lexicon of IR researchers and it is timely to ask: does it have anything to offer IR scholars, and if so, what?

This paper is in four parts. The first part examines the notion of social capital and the family of ideas that has grown up around it. The second part looks at the critiques of the concept. The third section examines Jarley and Johnson’s (2003) recent application of the concept. The final section interrogates more broadly the potential of the concept for industrial relations scholars.

The concept of social capital

As described by Putnam, social capital refers to “features of social organization, such as trust, norms and networks, that can improve the efficiency of society by facilitating coordinated actions” (1993, 167). Social capital is a kind of “social glue” that binds people to each other and helps them maximise their human and
economic capital. It means one plus one is more than two. Putnam and others argue that it is civic participation in its many forms - voluntary community associations and clubs, electoral participation through exercising voting rights and support of communal activities in general (including union participation) – which creates social capital. Central to building social capital is “trust”, and trust is built up through continued interaction across networks of relationships.

Putnam developed his ideas based on analysis of industrial districts in northern/central Italy versus southern Italy. The economic success of the northern region was premised on strong social and community participation:

What is crucial about these small-firm industrial districts, conclude most observers, is mutual trust, social cooperation, and a well-developed sense of civic duty – in short, the hallmarks of the civic community (Putnam 1993, 161).

Putnam (1993) showed that for a millennium the northern region had been characterised by both high civic activity and high economic productivity based on small-firm networks, as opposed to the south, with low civic activity and low productivity. Bowling Alone extended the argument to contemporary USA, arguing that civic activity and hence social capital had declined in almost all spheres of life in the US since the 1970s. “Bowling alone” gels the idea of social capital into a single image: the lone individual pursuing recreation in isolation, rather than with others. Putnam argues that participation in civil society builds social capital by encouraging personal interaction, and that this in turn encourages “sturdy norms of generalized reciprocity: I’ll do this for you now, in the expectation that down the road you or someone else will return the favor” (Putnam 1993, 36-37). Hence, a decline in participation – which he demonstrates empirically for the US - heralds a decline in social capital. “More people in America watch ‘Friends’ than have friends”, he asserted on a visit to Australia (ABC 2001).

Social capital is in some ways analogous to human and economic capital - but in other ways, it is not. Burt (1997) differentiates social capital from human capital by arguing that social capital investment is generated by the interaction between individuals within groups, whereas human capital is created by a person’s independent, individual effort. Social capital, then, resides in the ongoing interactions between people and results from participation in the civic institutions of society. As Portes notes, ‘whereas economic capital is in people’s bank accounts and human capital is inside their heads, social capital inheres in the structure of their relationships’ (1998, our emphasis).

Five important points can be made about social capital: its intangibility, its durability (or otherwise), its reliance on networks, its enhancing effect (on human and economic capital), and issues of scale. Firstly, social capital is essentially intangible. It is about the value of sociability and interpersonal social networks in promoting greater trust, productivity and cohesion in society. Secondly, it is durable – if used. Like Norman Lindsay’s cut and come again Magic Pudding, the more it’s eaten (used), the more there is. This contrasts with economic (and natural) capital, which can rapidly be used up. Thirdly, the use of social capital is reliant on social networks, and it in turn encourages the spread, density and interconnectedness of networks. Fourthly, social capital’s role is to enhance other forms of capital: human, natural and economic. Social capital is about opportunity. Social capital “predicts that returns to intelligence, education, and seniority depend in some part on a person’s location in the social structure of a market or hierarchy” (Burt 1997, 339). Thus social capital is not only about relationships and generalised well-being, it
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can and does have economic spin-offs. Finally, social capital can be examined at various scales: between individuals, within organisations, at a geographical level, or at a societal level. With modern communications, social capital can be created within cyber-communities.

While Putnam’s name is the one most often associated with the term, sociologists have pointed out that social capital does not embody particularly new ideas. Its intellectual lineage stretches back (at least) to Durkheim’s emphasis on group life, and Marx’s emphasis on a “class-for-itself” as a mobilised and effective source of power. However, according to Portes (1998), it was French social theorist Pierre Bourdieu (1986) and economist Glenn Loury (1977) who were responsible for its first contemporary usages. For Bourdieu, social capital was one of the non-economic forms of “capital” along with cultural and symbolic capital (Bourdieu 1986). Bourdieu has fallen from favour in the social capital literature, with at best a token reference that ignores the totality of Bourdieu’s theorizing about non-economic forms of capital (Fine 2001, 63). Loury raised the concept of social capital in the context of research on access of young African American workers to jobs, but did not develop his ideas. It was left to American sociologist Coleman (1988) to more thoroughly analyse the role of social capital in the formation of human capital (see Portes 1998).

The offshoots of the debate have generated a number of useful ideas. “Network theory” and “networked organisations” are finding increasing favour in the organisational literature. “Networking arrangements” rely on loose cooperative relations that may involve no more than exchange of information. “Networks” involve more formal relationships, with goals and programs often tightly designed (Winder and Ray 1994; Cigler 2001). “Network structures” are more tightly connected again (Mandell 1999). All of these structures are mechanisms for enhancing social capital in organisations.

The number and strength of ties between individual and groups – “network density” - is emphasised by a number of writers. However, Burt, using Granovetter’s notion of “the strength of weak ties”, says the opposite: that it is the relative absence of ties, which he calls “structural holes” that is important. Weaker ties can be sources of new knowledge and resources, whereas dense networks tend to convey redundant information (Granovetter, 1973; Burt 1992, 1997). Sparser contacts, in this view, can often bridge more structural holes and thus stretch out wider tentacles than numerous dense ties. Network mapping provides a useful tool for examining social interactions, and determining the density and spread of ties.

A related vein of theorising relates to the notions of personal and collective efficacy. While people guide their actions partly by their beliefs of personal efficacy, collective efficacy is also important. As Bandura puts it, “[a] group’s attainments are the product not only of shared knowledge and skills of its different members, but also of the interactive, coordinative, and synergistic dynamics of their transactions” (2000, 75-76).

Notions of tapping into and enhancing social capital are behind enhanced “whole-of-government” approaches that have been operating in Queensland for the past five years. A government “Community Engagement Division” improves communication and interaction between government and citizens. Parallels are found elsewhere in the world; for example California’s Sustainable Communities program, launched in 1995, (www.calregions.org). The Australian Bureau of Statistics now has a “Social Capital Theme Page” and is designing a social capital survey for use in 2005. Brown and Keast (2003) contend that the community has been recast as a new and innovative institutional site in light of the
failure of both the market (contractual) and bureaucratic (hierarchical) mechanisms of governance.

Networks in business organisations have received considerable academic attention, although there is not space to review the literature here. Ethnic business organisations were an early focus (see for example Light 1984) but now sites of enquiry are much broader (see Burt 1997 for a good introduction). The IRRA Annual meeting in 2004 has a symposium on “Social Capital” (www.irra.uiuc.edu/meetings/SD-2004).

“Smart” organisations, “enlightened” governments and possibly unions in some cases, are increasingly engaged in mobilising social capital via networked forms of organisation. Social capital theory provides a theoretical basis for this activity. The concepts of personal and collective efficacy, in turn, provide a social cognitive basis for a theory of social capital.

Critiques of social capital writings

Putnam’s popularisation of the notion of social capital has considerably influenced both social thinking and practice on the ground. However, it needs to be emphasised that there has been considerable critique of Putnam’s empirical data and his conclusions. For instance, the empirical findings of Bowling Alone have been seriously challenged. Using a range of data across a number of countries, various scholars have found that the decline in voluntary association affiliation is not general by any means, but affects mainly church-related organisations and (significantly, for our purposes) unions (Paxton 1999, Rotolo 1999, Baer, Curtis and Grabb 2001).

Researchers have also questioned the generalisability of his Italian study (see Tarrow 1996; Kenworthy 1997). It has been contended that Putnam romanticises the quality and quantity of social involvement in the past, and that his argument is essentially elitist, putting the blame for civic decline on the leisure choices of the masses, rather than on broader economic and political changes (Skocpol 1996). Kenworthy suggests that Putnam’s link between civic engagement and economic success is overstated, but that economic prosperity can be enhanced by cooperative structures. The key, according to Kenworthy, is to find ways “to encourage institutional arrangements that promote ... types of cooperation” (1997, 653). He cites an example of union negotiators in wage bargaining: if they are confident that others will bargain with restraint in relation to large claims then the unions will regulate their claims to avoid inflationary pressures of high wage claims (Kenworthy, 1997, 646). He also says that normal institutional arrangements may be structured to promote coordination and cooperation; hence the types of state corporatist IR arrangements in the 1970s and 80s, Australia’s Prices and Incomes Accord being the last major social contract of the twentieth century.

O’Connell (2003) argues that “the position is at best that social capital may mediate economic reality, not determine it” (244; our emphasis). O’Connell (2003) calculates a “social capital measure” for various European Union states, and an “economic equality” measure and suggests that while higher social capital is associated with work and social satisfaction, the primary force (i.e. the causal factor) is the economy. For instance, following factory closures in an area, health deteriorates as a result of unemployment (Wilkinson 1996, cited in O’Connell 2003, 244). Unemployment causes social life to be curtailed, and one’s circle of friends grows smaller (Burgoyne 1985, cited in O’Connell 2003, 244). Thus, O’Connell argues that it is economic equality that determines social capital, not the other way around.

Critics also suggest that Putnam’s approach “stretches” the concept of social
capital too far. Putnam takes a “whole of society” view, as befits a political scientist who is trying to integrate economic, sociological and political ideas. However, most empirical studies take a narrower view, examining access to employment, mobility through occupational ladders, and entrepreneurial success. Portes (1998) suggests that one of the problems with Putnam’s studies are their very breadth; operating at such large and complex scales, “the analyst can never rule out other potential causes”. While there is nothing wrong with applying the concept to large aggregates, Portes (1998) suggests that “more care and theoretical refinement” is necessary.

The most astringent critics see social capital as a discursive construct that may excuse government inaction and/or government expenditure on pressing social problems. O’Connell suggests that “the strange appeal” of social capital may be that “social capital promises so much in return for so little” (2003, 246). The World Bank and the IMF have seized upon it as a panacea for economic ills (Whitehead and Diderichsen 2001). Social capital theorists may argue that “almost any form of social interaction will help solve collective action problems” (Dekker and Uslaner, cited in O’Connell 2003, 246).

**Social capital and unions**

We ask now “is the idea of social capital useful in conceptualising the role of trade unions?” The question is a timely one, as US IR scholars Paul Jarley and Nancy Johnson have recently taken a tentative step in this area (Jarley and Johnson 2003). The question is also relevant in the context of declining union density in Australia since the 1970s as a result of changes in industry composition, the reducing propensity of workers to join unions, and the more recent antagonism of governments and employers to unions as institutions of collective voice for workers (Peetz, 1998). In response to the decreasing of numbers of workers joining unions and the reduction of the unionism, the search for strategies for union renewal has begun in order to prevent further decline (ACTU 2002). The “organising model” is considered one of the chief ways in which unions can renew themselves. We would argue that despite the excellent research being conducted at the moment in Australia regarding union renewal, there has been little attempt to connect this research with the wider currents in sociological thought.

Jarley and Johnson’s paper is a useful launching point to do this. The paper conceptualises the labour movement as a “vehicle for social capital formation”, based on the emergence of strong networks of social relations between workers within communities. Social capital unionism is argued to provide a viable alternative to previous models of union operation and purpose – such as servicing and organising - as it incorporates a “conscious brokerage strategy that seeks to build bridges among workers and between workers” (Jarley and Johnson, 2003). They argue that unions are well positioned to create a high degree of social capital and increase the existing stock of social capital by “supercharging” already existing cultural and group ties. This notion links to the enhancing effects described in the social capital literature discussed earlier.

Jarley and Johnson (2003) argue that the “organising” approach is flawed because of its dependence on the concept of worker activism. They are not arguing against worker activism per se, simply that “the organizing model as currently conceived and implemented is unlikely to sustain the dense social network of strong ties necessary to maximise union power in the workplace” (Jarley and Johnson 2003; their emphasis). Social capital is a perishable good: it needs to be used, to sustain itself and grow. Hence continual organising around issues may help build union social networks, but is unlikely to
sustain them. They argue that factors outside the workplace – the same features invoked by Putnam – are lowering the stock of social capital (in unions as well as in the wider society) and hence making it increasingly difficult to “recreate union communities”. These factors include suburbanisation, labour mobility, job turnover, telecommuting, contingent employment and the physical environment of workplaces such as call centres.

Jarley and Johnson (2003) apply network concepts to union relationships in the workplace. They contrast a workplace network based on the servicing model with a network that operationalises the organising model. However, in both instances, the steward remains the focus of workplace activity: a “clique network” (in the words of Burt 2000, cited by Jarley and Johnson 2003). The stewards in the organising model have more capital to call upon when a grievance arises or negotiations begin, but the network still remains steward-focussed.

Jarley and Johnson say that the organising model is not wrong, only “woefully incomplete”, for two reasons: it is too reactive to employer action, and it relies on members’ “appetite for conflict”. They argue that employers can defeat organising by their own strategies, and that continued mobilisation over conflictual issues simply wears people out. In their view, the organising model does not value the social network for itself, independent of unjust employer action. Social capital unionism, they argue, does not eschew confrontation, but it does redefine “activism” to include “workplace community building” by “brokerage activities that enhance both the normative and instrumental value of trade unionism”. In a prescriptive sense, then, Jarley and Johnson specify that union activity needs to be restructured along lines of mutual aid and non-confrontational forms of unionism. Thus unions may recapture the conceptual ground taken by the rise of individualism. In some respects this takes us back to an earlier conceptualisation of trade unions: “friendly societies” which make use of the reciprocal norms developed in working class communities.

What might social capital unionism look like on the ground? Jarley and Johnson cite a number of instances from current US practice:

- The Communication Workers of America’s WashTech offshoot, which organises IT workers by direct services and networking opportunities for members via training opportunities and on-line communication services (Wilson and Blain 2001, cited in Jarley and Johnson 2003).
- Union networks being used as a “bargaining chip” in negotiating with employers, providing employers with sponsored access to union social networks.
- Encouraging members to expand their personal networks by participating in other civic and political organisations.

In sum, Jarley and Johnson (2003) do a useful service in bringing the concept of social capital to the attention of IR scholars. However, they do not consider the more critical literature.¹ Hence the rest of this paper interrogates their ideas in the context of the broader literature on social capital.

Is social capital a useful construct?

The notion of linking social capital to unions and unionism is appealing as it suggests that union members, simply by their common association, create an untapped source of capital. Jarley and Johnson’s (2003) paper illustrates that the

¹ For reasons of space, we have not examined Jarley and Johnson’s contention that unions, in developing the organising mode, still maintain a delegate-centred structure. There is evidence that the organising model is moving away from such a structure, and recognises the value of networks not centred on delegates – particularly in building relationships with other community groups.
literature on social capital opens up some methodological avenues that may be of use to researchers. They discuss two (imaginary) examples of union workplace networks that illustrate the servicing and organising models. They have pointed the way for IR researchers to a new method (new to IR researchers): social network mapping (see Tichy and Fombrun [1979] for an introduction). Empirical work is however needed to determine what union-based social networks look like – and how they interconnect with organisational networks and with civic networks outside the workplace. Jarley and Johnston uncritically assume the “dense network” approach, without empirical evidence to back this up. Further research is needed to answer the question of whether it is indeed a “dense network of strong ties” that is important in the workplace, or if it is the relative absence of ties – “weak ties” and the number and type of “structural holes” they cross – that is important. It is worth noting, of course, that Jarley and Johnston are writing in the US context, where unions have a collective bargaining capacity usually only where they have organised a majority of workers in a workplace (and hence “dense networks” exist). In contrast, unions in Australia are likely to have award coverage (although, these days, less and less likely to have certified agreement coverage) even in lightly unionised workplaces. Dense networks of strong ties will only be useful, presumably, in highly unionised workplaces. But if Granovetter and Burt’s ideas on “the strength of weak ties” can be found to be relevant for lightly unionised workplaces, then empirical work may open up some strategies for organising in these workplaces.

The concept of individual and collective efficacy is not one we have dwelt on at any length in this paper but it may have considerable usefulness for research on the role of active union delegates, and how they can be trained and nurtured (see Peetz, Webb and Jones, 2003).

A critical view of the literature also suggests that social capital theory may be useful to interrogate the evidence for increasing individualisation. Here, we are suggesting bringing together the insights offered by a social capital approach (which is essentially a North American concept), with other currents of sociological thinking. European sociologists who study unions have developed ideas that in some ways parallel social capital approaches. The reasons given for increasing “individualisation” by European researchers vary. Some authors blame new flexible production regimes (Hirsch and Roth [1986], cited in Madsen 1997, 199). In contrast, Zoll (1995) and Valkenburg (1995) argue that personal identity and socialisation is increasingly being shaped by many experiences, included amongst which are the growth and dispersion of mass education, the development of the welfare state, the growth of mass communication, and consumerism, and so on. Significantly, Zoll and Valkenburg both argue that individual identity is a project in constant development, and that while values are becoming increasingly pluralist, this does not spell the end of collective frames of action. Those doing empirical work within this vein of work argue that “new common interests and constellations of interests have emerged which now crosscut traditional social divides [which] have their roots in homogeneous preferences, identities and lifestyle projects” (Madsen 1997, 215). A critical reading of the social capital literature in conjunction with the work of some of the European sociologists interested in trade unions, suggests that we not take as received wisdom the fact that “collectivism is declining in all spheres”. Clearly, some researchers have looked at a broad range of sources and found that it is not a universal decline. In addition, reviewers of Putnam’s work have questioned whether US civic virtue is on the wane, or whether it has simply taken new forms (Portes, 1998). This in turn
leads to an important question for IR scholars: “if collectivism – and individualism – are being redefined, or taking new organisational forms, what then does this mean for unions?”

Further, knowledge of ideas about social capital may be useful for understanding and legitimising the type of social action that unionism involves. As noted by Brown and Keast (2003), the community is being recast as a new and innovative institutional site in light of the failure of both market (contractual) and bureaucratic (hierarchical) mechanisms of governance. Unions need to be aware of this turn to a community-centric model of social organisation (to use Adams and Hess’s term, 2001). Evidence from Australian union campaigns suggests that there is considerable tuning-into this concept: the 1998 Maritime dispute (Pocock 1998) illustrates some moves to community-centric organising, as does the work of Ellem (2002), Mezinec (2003) and Lipsig-Mumme (2003).

Most IR scholars would agree that unions are much more than engines for converting bargaining power into improved pay and conditions for their members … they are an integral and important part of the system of checks and balances which compose capitalist, liberal democracies (Towers 1988, cited in Salamon 2000).

Hence trade unions do much more than “even up” the economic power disparity between employers and employees. They concern themselves with a broad range of industrial, political, economic and social matters. Unions’ strength comes in part from their breadth of action (Hyman 1994, Wever 1997). We can refer to this as their hybridity: friendly society, social partner, social movement, and “partner” with management (although not all unions assume all roles at any one time). Unions add value in various ways: most obviously to their members, and to the company in the case of partnership unionism. What has not been explored to any great degree is the notion of their “value to society as a whole” via their mobilisation of collective identity and coordinated action. We find here some resonance with the concept of social capital unionism, particularly in the relation to notion of concentrating on developing relationships with government, community and employer stakeholders and developing partnership arrangements to strengthen the ties of pre-existing union networks (Jarley and Johnson, 2003). One of the benefits of network working is the synergy that is created by new ways of working which lead to unanticipated (and superior) outcomes to working in isolation or in traditional command and control positions of authority (Keast and Brown, 2002). The possibilities of the dividends that might be forthcoming by “supercharging” networks of relations already existing in union structures is an attractive proposition.

Finally, this paper has noted at some length some of the critiques of social capital. Despite these critiques, it might be argued that use of the term may have some discursive value at the policy level – perhaps by reclaiming legitimacy for trade unions. Industrial relations is a territory of ideological wars. As academics who want to do rigorous scholarly work and influence the perceptions of the public and policy makers, we need to ask, occasionally, “how are we talking about trade unionism?” Tapping into the current catchphrases may help revive basic, central ideas and concepts that may have lost their currency due to changes in social thinking and/or everyday language. Thus we may be able to simultaneously, as scholars, critique the notion of the “magic pudding” of social capital, while at the same time influencing policy by using the language that is in vogue. However, recent appropriation of the term social capital across the political spectrum in Australia has probably robbed it of any discursive value (see Costello 2003 and Norton, Latham, Sturgess, and Stewart-Weeks 1998).
Conclusion

Jarley and Johnson’s paper has started a debate about social capital for IR scholars. However, it moves rather too quickly from a description of the concept to giving prescriptive advice to unions leavened by anecdote, and in so doing, skates over some of the debates about social capital, and hence loses critical insights.

There is a clear need for empirical work that applies social theory to union research in a critical way. As a result of our reading around the issue of social capital, we suggest some new “openings” for IR scholars. Research could well use ideas about network arrangements, and perceptions of individual and collective efficacy, to explore union behaviour. However, a simple, uncritical “social capital approach” is unlikely to take research and theorising very far. And, in practical terms, there may be a danger in presenting social capital unionism – or any “single strategy” - as the preferred strategy for union renewal.

References


**Acknowledgment**

We thank the attendees at a departmental seminar at Griffith University in December 2003 for their useful comments.