

## TRUST AND SOCIAL CAPITAL IN MULTICULTURAL CITIES

Papers Abstracts

### **Social Capital and Immigrant Entrepreneurship in a Central Athens Area**

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Migration in Greece was characterised by its transition from a source country to a migration destination. The shift started taking place in the early 1970s, at the same time with the appearance of the “New Migration” phenomenon as well as other global economic changes. The whole procedure became more intensified and broadly perceived during the 1990-2000 decade.

The majority of immigrants in Greece are located in the broader area of Attiki prefecture and especially in the metropolitan area of Athens. The later features intense social segregation and polarisation, taking after most of the large European cities. The housing embeddedness of the migration population in the city has not been characterised by the formation of “ghettos” but tended to produce areas of the centre with high concentration of immigrants of different ethnic and national origin.

Immigrants self-employment pattern in the centre of Athens as well as other big cities tends to be characterised by the existence of small size businesses mainly activating in the retail and service sectors.

International literature highlights the way in which immigrant entrepreneurs tend to benefit from exploitation of a series of informal resources connected with cultural aspects, trust and solidarity relationships, resources embedded in the structure of relationships between individuals, especially in distinct groups such as the immigrants. All these resources are part of what is generally defined as Social Capital. Immigrant entrepreneurs can capitalise on such informal resources and operate within entrepreneurial niches that offer security and advantages compared to the mainstream economy.

That can be taking place in several levels. One is connected to the ability to obtain cheap entrepreneurial capital from the family and the community. The importance of this kind of funding results from the fact that immigrant entrepreneurs tend to be excluded from access to the mainstream funding resources such as banks and other commercial institutions. Additionally self-employed immigrants can benefit from their participation in national and international entrepreneurial and information networks consisted by co-ethnic entrepreneurs. Another advantageous field is that of the employment of cheap and flexible labour from the community and the family. Finally, one should highlight the importance of access to the certain community clientele especially in first stages of an enterprise.

The case study presented is based on an unpublished dissertation that was supported on September 2003 and included theoretical investigation as well as field research. The information that came up during the later define realities and procedures concerning the use of Social Capital resources on behalf of the immigrant entrepreneurs in an inner area of Athens.

The illustration of social capital use was attempted in the fields of the use of entrepreneurial funding coming from informal sources such as the family or the community, of entrepreneurial networking with co-ethnics in national and international level, as well as of the access of entrepreneurs in the favoured community consumption and labour market.

The methodological tools used were basically qualitative. They included semi-structured interviews with immigrant entrepreneurs. Additionally, there was conducted a number of interviews with spokespeople from migration organisations and NGO's as well as migration researchers. Moreover, data that were obtained with participating observation methods, as well as published data were analysed. The immigrants interviewed came from five countries, Bangladesh, Egypt, Nigeria, Pakistan and Sudan.

### **On the Determinants of Social Capital in Greece compared to Countries of the European Union**

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Social capital is defined as the features of social organization, such as trust, social norms and networks that can improve the efficiency of society by facilitating coordinated action (Putnam et al, 1993). Our aim is to discuss the implications of contemporary literature and empirical findings on social capital for the growth prospects of Greece,

compared to the member-states of the European Union. In the present paper our focus is on the determinants of social capital in Greece and EU countries. In order to examine the potential of social capital to enhance growth, we must look into the factors that determine the nature and context of trust, norms and networks that have emerged in our multinational, multiethnic and multicultural Europe.

The positive association between social capital and socioeconomic growth has been the subject of research across various social science disciplines. Theoretical and empirical contributions point to the fact that differences between regions and countries in the level and rate of economic and social development might be attributed to differences in the available stock of social capital. Regions or countries with relatively higher stocks of social capital, in terms of generalized trust and widespread civic engagement, seem to achieve higher levels of growth, compared to societies with low trust and low civicness (Heller, 1996; Knack and Keefer, 1997; Krishna and Uphoff, 1999; Rose, 2000). Social capital may contribute to economic growth by enhancing collaboration between individual conflicting interests towards the achievement of increased output and equitable distribution. The effectiveness of social capital draws from generalized norms and shared values of fairness, justice and equality, which create not only the capacity but also the opportunity for prosperity.

Additionally, recent literature has focused on the determinants of social capital. This constitutes the first step towards developing a consistent and integrated framework concerning the nature of social capital and its relationship to socioeconomic performance and growth. A number of studies have empirically tested the impact of individual- and aggregate-level factors on the components of social capital, that is, on social trust and group membership (e.g. Helliwell, 1996; Brehm and Rahn, 1997; Krishna and Uphoff, 1999; Glaeser et al, 2000; Costa and Kahn, 2001; Rothstein and Stolle, 2001). Some of these tend to emphasize the role of individual factors in determining the incentive of individuals to invest in social capital, such as personal income and education, family and social status; others offer greater weight to the effect of more institutional or systemic factors, such as income inequality, confidence in government, impartiality of policy-making bodies, and prior patterns of cooperation and association amongst individuals in a group.

The contribution of this paper is to offer insight on the determinants of social capital in Greece, compared to the European Union (EU – former 15 member-states). For this purpose, we regress an index of individual group membership, derived from the European Community Household Panel (ECHP), on a set of individual as well as aggregate factors of social capital. Our empirical findings provide evidence on the impact of both individual and institutional characteristics on group membership. Differences on the extent of group membership between countries might be indicative of the historical and cultural differences that have affected the evolution of social capital. Particularly in Greece, the relatively low level of group membership compared to the other EU countries, might provide further evidence of its low levels of civicness. Historically, its weak civil society has been a result of a prior civic tradition of clientelism under arbitrary rule, the interference of special-interest groups and the lack of credibility and impartiality from the part of the state. And these factors might be responsible for the slow pace in reform and growth observed in Greece compared to the rest of the EU. Nevertheless, our findings on the determinants of social capital may direct us to possible means of rebuilding patterns of participatory and cooperative behavior, especially in countries with low levels of trust and civicness, such as Greece.

## **EQUAL-project PARADOX**

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In other words, the main objective of the project is to increase the employment rate of non-native and older persons by means of placement of non-native and over 45 job-seekers in SME's during the project period. That objective is being realised by using a demand oriented approach for the labour market integration.

In order to realise the main objective four operational objectives have been determined in the project, namely:

- (1) sensibilisation of SME's related to the employment of non-natives and over 45 persons;
- (2) development of methodology with respect to sensibilisation of SME's and how to approach the target groups of older or allochtonous jobseekers;
- (3) inducement, matching and guidance of jobseekers and employers in order to create permanent employment;
- (4) dissemination/communication of results and methodology to labour market stakeholders and the government institutions.

### *(1) Sensibilisation of SME's and (2) Development of methodology*

The integration of non-natives and of persons older than 45 requires a specific approach. The demand oriented approach consists of several steps: first, we investigate what kind of vacancies and profiles are needed by the companies. Then, intense contacts with SME's will reveal what type of vacancies can be interesting for employing non-natives and older persons. Thereafter, SME's need to be motivated and convinced through several actions in order to fill their vacancies with persons from the target groups.

On the labour supply side, it is important to identify the non-native and older persons who could match the requested profiles by the employers. Individual guidance by means of coaching and training helps to overcome the obstacles faced by the target groups on their way to employment.

An important aspect of the PARADOX-project is to develop a methodology with respect to the placement of non-natives and older persons in SME's. This is related to the method and the instruments used for approaching and motivating SME's and to the approach focused at the target groups.

### *(3) Inducement, matching and guidance*

The developed methodology is being tested and applied in the following way:

- inducement: search for vacancies in SME's, and contact non-native and over 45 jobseekers. This happens via temporary work agencies, via specialised NGO's and via the public work agency (VDAB).
- matching of jobseekers and available vacancies. Matching will mainly be done through the temporary work agencies.
- guidance of jobseekers by means of training and coaching and guidance of employees and employers after the placement. This is being realised by the temporary work agencies, the public work agency, specialised NGO's and other public institutions.

The aim is permanent employment with temporary work as a first step. In this way the project substantially contributes to the integration opportunities of the target groups on the labour market.

### *(4) Dissemination*

Eventually, we will transfer the developed methodology to other regions and to other stakeholders involved in the (re)integration of non-natives and persons older than 45. Moreover, the methodology and the demand oriented approach is transferable to other target groups (e.g. persons incapacitated for work, women returning to the labour market etc.). Through dissemination the project and its results are presented to a broad audience (companies, labour market institutions, government and all those involved with integrating the diverse target groups mentioned above into the regular labor market).

The project is unique in its kind in that it has succeeded where other efforts have failed. Consequently PARADOX leads to several policy recommendations for government when it intends to negotiate arrangements with respect to the employment of non-native persons and for all others aiming to transform diversity into social capital.

## **Varieties of Trust**

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A bond of trust lets us put greater confidence in other people's promises that they mean what they say when they promise to cooperate. The "standard" account of trust presumes that trust depends on information and experience. Offe (1999) states: "Trust in persons results from past experience with concrete persons." If Jane trusts Bill to keep his word and if Bill trusts Jane to keep her word, they can reach an agreement to cooperate and thus make both of them better off. If Jane and Bill did not know each other, they would have no basis for trusting each other. Moreover, a single encounter will not suffice to develop trust. Even when they get to know each other better, their mutual trust will be limited to what they know about each other. Jane and Bill may feel comfortable loaning each other a modest amount of money. But Bill won't trust Jane to paint his house and Jane will not trust Bill to repair her roof—since neither has any knowledge of the others' talents in this area (Hardin, 1992, 154; Coleman, 1990, 109; Misztal, 1996, 121ff.).

The decision to trust another person is essentially strategic. Strategic (or knowledgebased) trust presupposes risk (Misztal, 1996, 18; A. Seligman, 1997, 63). Jane is at risk if she does not know whether Bill will pay her back. Trust helps us solve collective action problems by reducing transaction costs—the price of gaining the requisite information that Bill and Jane need to place confidence in each other (Putnam, 1993, 172; Offe, 1996, 27). It is a recipe for telling us when we can tell whether other people are trustworthy (Luhmann, 1979, 43).

Beyond the strategic view of trust is another perspective. Moralistic trust is a moral commandment to treat people as if they were trustworthy. The central idea behind moralistic trust is the belief that most people share your fundamental moral values (cf. Fukayama, 1995, 153). Moralistic trust is based upon "some sort of belief in the goodwill of the other" (A. Seligman, 1997, 43; cf. Mansbridge, 1999; Yamigishi and Yamigishi, 1994, 131). Strategic trust cannot answer why people get involved in their communities. The linkage with moralistic trust is much more straightforward. Strategic trust can only lead to cooperation among people you have gotten to know, so it can only resolve problems of trust among small numbers of people. We need moralistic trust to get to civic engagement.

## **The Role of Identity-based Trust in Immigrant Associations**

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Studies of social capital and trust tackled the problem of the source of trust: on what basis do individuals predicate trust in other organisational members? (Kramer, 2001). Research also noted a closer link between social capital and the concepts of trust and network. Zucker points to the role of various institutionalization mechanisms in the production of trust within organisations (1986), including structural arrangements and government regimes. Burt and Knez (1995) focused on the role of social structures, such as network ties, as contributors to the development and diffusion of trust among organisational members. Kramer (2001) argues that individual's identification with an organisation and its members enhance both their propensity to trust others in the organisation and their willingness to engage in acts of trust when interacting with members. He holds that individual's awareness of a shared organisational identity fosters a form of presumptive trust in other organisational members, called identity-based trust. Thus, doing one's duty or fulfilling one's moral obligations in trust dilemma situations can lead to feelings of satisfaction and pleasure (Kramer 2001: 171).

Consistent with Kramer's view, this paper describes the concept of trust in terms of individual identification with an organization. It extends ideas of identity-based forms of trust associated with perceived hedonic consequences in the context of immigrant associations in Sweden. Specifically, the paper closely looks for answers to the question of why people join immigrant associations while the latter do not apparently provide much functional advantages, which the members may easily get from the existing 'social capital' in the society. Empirically, it has been observed that members of immigrant associations, under certain conditions, may take trust for-granted, and associations readily provide arenas for socialisation out side of the labour market (Hamde 2002a, b). Members of immigrant associations assume trustworthy relationship with in-group members depending on the degree to which they identify positively to them (Coleman 1990). Although individuals have usually multiple social identities as they organize in multiple ways with different sectors of the society, identity-based trust may sometimes make it difficult to socialise with 'other' people at another level if they don't feel secure in them (Edmondson 1998). Under such circumstances, ethnic associations may provide security for individuals' in-group interactions, i.e., immigrant associations provide secure identities and trust is taken-for-granted in in-group interactions. However, such associations may also pose a certain form of marginalization with out-group members. When ethnicity is the salient form for socialisation and identification, the degree to which in-group members trust out-groups may be minimized (Hamde 2002a). Instead, people may base their judgements about the out-groups on untenable mutual stereotyping (Widell, 2002) that reinforce decreased trust between in-groups and out-groups. The out-groups may be seen as providing uncertainty and thus avoided.

The methodology for this paper is based partly on the author's personal observation as a member in several immigrant associations in Sweden, particularly in the Stockholm area and Umeå. Interviews with some association members and leaders have also complemented the observations. The paper is an exploratory one. It is an ongoing study (Hamde, 2002a, b, 2003) of immigrant associations and the role played by social capital and to maintaining and developing national identity through immigrant associations. A second aim is to study the extent to which immigrant associations encourage or discourage members to participate in the social capital existent within larger society within they find themselves.

Important terms: Associations, Ethnicity, Identity, Immigrants, Multiple identities, Salience, Secure identity, Trust

## Immigrant Integration and the Role of Social Capital

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Social capital is in its widest sense the resources a person has access to through her/his contact to other people. Different forms of social capital require different forms of contact and give access to different forms of resources.

In the process of integrating immigrants, social capital plays a crucial role. In this context, the term integration does only refer to the fact that an individual or a group is part of a society, interacts with other members of that society, and takes part in the systems of that society. Here, integration does not refer to the desirability or fairness of a current state of integration from any point of view.

The paper starts out by presenting a typology of forms of social capital largely inspired by COLEMAN (1990: 304ff), but also BOURDIEU (1986, 1990) and PORTES (1998). These forms are in short:

- exchange of good turns – social help capital,
- information channels – social information capital,
- institutions of civil society – social organisation capital,
- delegation and status – social authority capital, and
- norms and effective sanctions – social norms capital.

Immigrants can in principle build up social capital by establishing contact to both other immigrants and natives. The nature and quality of the social capital will differ accordingly. Like-wise, immigrants can build up social capital in different settings such as

- their kinship network or their friendship network,
- their neighbourhood,
- their workplace or place of education, or
- in institutions of civil society where immigrants become involved.

Generally speaking, those immigrants that have access to a lot of social capital have access to a wide range of resources. They are thus better able to defend their interests and to control their own lives. As a consequence they are more likely to be satisfied with their position in society and their choice of lifestyle. In this respect social capital built up within an ethnic community and social capital built up in the contact to immigrants fulfil different tasks. On the one hand, the bounded solidarity (PORTES 1998) of immigrant communities allows for the strong ties necessary for significant social help capital. On the other hand, relations to natives, which are often weak ties, give immigrants direct access to relevant social information capital. Furthermore, should immigrants become elected to any kind of post (social authority capital) in an organisation of the majority society, this is connected with a significant recognition of the immigrant as part of this society. Often the role of weak and strong ties (GRANOVETTER 1973) is depicted as that of helping a person with either getting by or getting ahead (e.g. PUTNAM 2000: 23). Generally speaking one could say that the stronger ties within ethnic communities, not always but frequently, help immigrants in making themselves comfortable and adapting to the new society. Correspondingly, the usually weaker ties of immigrants to natives are important for advancing into the more desirable positions of society and for learning how to deal with natives. This distinction between social capital through contact with natives or with immigrants is not to suggest that integration of immigrants who are firmly embedded in an ethnic community is worse than the integration of immigrants with a wide range of contacts to natives.

Because of the positive effects of social capital from the contact with natives, the second part of the paper will focus on the ways immigrants can establish contact to natives. The empirical basis is mainly taken from qualitative interviews with immigrants from two studies one, focussing on neighbourhoods and the other on immigrant participation in civil society.

The analysis of the immigrants' life courses however contradicts the above stated effect with respect to getting by and getting ahead. Especially immigrants that lack ethnic communities and that actively seek to establish contact to natives are willing to overcome the scepticism of the natives and to establish contact to some of them. Among neighbours it is comparatively easy to establish some kind of contact especially on the basis of help with household work and repairs. The effect of this kind of social help capital can be better compared to the benefits of strong ties even though these ties across ethnic boundaries are rather weak. The hurdle to become active in an association or other body of civil society is considerably higher. However the rewards can also be considerably higher. They are however confined to recognition. The recognition is important to immigrants although its reward with respect to access to resources is limited. The most significant effects of social capital with respect to running a business or finding employment that were reported by the immigrants came from the strong ties within kinship networks and ethnic communities.



## **Network Capital and Social Trust: pre-conditions for “good” diversity?**

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This paper unpicks the assumption that because social networks underpin social capital, they directly create it - more of one inevitably making more of the other. If it were that simple, the sheer quantity of networks criss-crossing a defined urban space would be a proxy measure for the local stock of social capital.

Of course the interrelationships are more complex. Two kinds of complication stand out. The first is specific: networks have both quantitative and qualitative dimensions, but the two elements have no necessary bearing on each other. The shape and extent of a network says nothing about the content of the links between its nodes. Certainly the line we draw between any two of them indicates contact and potential connection, but what kind of contact, how often, how trusting, in what circumstances, to what ends? Reliable answers to these questions need more than surface maps or bird's eye accounts of who goes where, who speaks to whom.

The second complication is a general, not to say universal, difficulty. We are stuck with the fact that sociological concepts - networks, social capital and trust included - are “only” abstractions. They are ways of thinking about the apparent chaos of people behaving all over the place - here, to make it worse, in multi-cultural urban environments - but none of them is visible to be measured, weighed or quantified.

This does not make the concepts “untrue”, and it should not stop them being useful. My hope is that we can find a nuanced perspective which will at least make the complications intelligible. At best, a multi-layered model will account for diversity in the nature of trust; and for variations in the way social capital is hoarded or distributed within and across ethnic boundaries. It would be contribution enough if we were able to specify the conditions which cause social capital, as Putnam formulates it, to be exclusionary or inclusionary in its effect..

The paper begins by summarising the development of the network idea as social anthropologists pioneered it in Africa in the 1950s. They, like us now, were trying to make sense of multi-cultural (in their time “inter-tribal”) urban encounters brought about by labour migration; to know why Odiversity<sup>1</sup> was sometimes good, sometimes not; and to put themselves in a position to make recommendations that could bring local economic benefit. Although they did not look for social capital as such (it did not exist in the lexicon of the time) they knew the importance of “voluntary associations” which could be said to have similar functions. Like us too, they were committed to multi-layered analysis, as much concerned to interpret the strategies of individuals as they were to compare and explain the migrant styles of different tribes or categories of people. And they designed network models to suit. Their work is brought forward with reference to my own effort to create a typology of urban systems, focusing on Europe, which would reflect and account for different styles of diversity in different cities or part of cities. A report of work-in-progress was given at ENGIME Workshop 2, (the Hague, November 2002) and is available on the FEEM website (Nota di Lavoro 76. 2003). This next step version raises questions about the interpenetration of network, trust and social capital as conditions of “good” diversity, and suggests ways that they and it could be monitored in the field.

## **Making Capitalism Work: Social Capital and Economic Growth in Italy, 1970-1995**

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Using data on the 20 Italian regions for the period 1970-1995, I examine whether the presence of social capital, as reflected in a number of different measures collected by Putnam (1993), affects economic productivity. I find three types of effects. First, social capital, when treated as an input to regional production, has a positive and significant effect in the South, but a much weaker effect in the North. Second, some forms of social capital can significantly increase regions' propensities to make physical capital investments; however, dense networks of association reduce capital investment in both the North and South. Instrumental variables estimates show that social capital affects growth both directly and through affecting investment in physical capital. Third, social capital contributes positively to the rate of total factor productivity growth in the Italian regions.