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SOCIAL CAPITAL: THE MISSING LINK IN GHANA'S DEVELOPMENT

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Abstract

Development practitioners in recent times have recognised that the general factors of production determine only partially the process of economic growth because they overlook the way in which economic actors interact and organise themselves to generate economic growth. In 2006, the World Bank publication cited developing countries as having the least amount of intangible capital compared to the developed nations. However, among the components of intangible capital, social capital has attracted considerable attention among social scientists in general and development economists in particular because there is growing evidence that social capital can have impacts on development outcomes. Using primarily desk studies, the paper examines current literature on social capital and

how they provide some answers to the missing link in Ghana's development. We conclude that while micro-level social capital is important and predominates in Ghana's development, its success largely depends on macro-level social capital. This implies that an enabling socio-economic environment is very vital for all sectors to function properly. In essence, social capital – like natural, physical and human capital – has limited value if it is not combined with other forms of capital, because social capital makes the other types of capital and their productive combination more efficient.

Keywords: Capital, Development, Ghana, Missing link, Social

Introduction

In 2006, the World Bank published a report titled 'Where is the Wealth of Nations?' which sought to measure capital for the 21st century. The report cited developing countries as having the least amount of intangible capital compared to the developed nations. It explains intangible capital as comprising: human capital, the skills and know-how embodied in the labour force. It encompasses social capital, that is, the degree of trust among people in a society and their ability to work together for common purposes. It also includes those governance elements that boost the productivity of the economy (World Bank, 2006, p.87).

However, among the components of intangible capital, social capital has attracted considerable attention among social scientists in general and development economists in particular because there is growing evidence that social capital can have impacts on development outcomes which will eventually lead to sustainable development. Since Coleman (1988;1990) and Putnam (1993) published their epoch-making works about social capital, various empirical studies have claimed that the notion of social capital is by itself one of the possible explanations for the different development levels that exist between nations and

across communities in the same country. What is missing, however, is a deeper analysis of the role that social capital is asked to play in relation to development (positive approach) and the consequent translation in terms of policies (normative approach) (Pisani & Franceschetti, 2011; Taşdemir, Bahar & Çayırtaş, 2017).

Earlier attempts at economic development were focused mainly on general factors of production. For example, the classical economic development and growth theories concentrated on increases in capital and labour, improvements in efficiency, and foreign trade. Two-sector models, for example Arthur Lewis's structural transformation model, which transfers labour from the traditional sector to expand production through technological progress coupled with the reinvestment of profit to accumulate capital also reinforces this bias. This led earlier development projects to have much more narrowly tailored goals benefiting some segment of the society with little or no concerns for future generations. Now economic growth is no longer the only development objective because members of the society must also be guaranteed basic values like freedom, equality and security for higher level welfare (Kaldaru & Parts, 2005). While capital and labour play a significant role for development, the constant failures of many development programmes

indicate that additional factors deserve consideration (Buam, 2007).

Economists and development practitioners have realised that economic activities are largely linked to different kinds of networks and this has shifted their focus from capital and labour to social capital (Kaldaru & Parts, 2005). What is worth noting is that even though there are definitional and measurement problems many studies find positive impacts of social capital on household welfare and economic development (Dufhues, Buchenrieder & Fischer, 2006). Some progress has been made, over the years, in measuring social capital and in determining its contribution to economic growth and development, but little has been done on how social capital explains Ghana's development status. As a result, social capital as a missing link should be explored. Using primarily desk studies, the paper examines current literature on social capital and how it provides answers to the missing link in Ghana's development. Apart from the forgoing section of the paper which focused on the introduction of the paper, subsequent sections examine some theoretical and conceptual issues of social capital; measuring social capital; evidence from some empirical studies and a synthesis of the theories and empirical studies. The final section draws some conclusions and policy implications.

Perspectives of social capital

Social capital was first introduced into social research when Hanifan (1916) wrote on the importance of community participation in enhancing school performance. Hanifan (1916, p.130) described social capital as:

those intangible substances [that] count for most in the daily lives of people: namely goodwill fellowship, sympathy, and social intercourse among the individuals and families who make up a social unit... If [an individual comes] into contact with his neighbour, and they with other neighbours, there will be an accumulation of social capital, which may immediately satisfy his/[her] social needs and which may bear a social potentiality sufficient to the substantial improvement of living conditions in the whole community.

However, the idea of social capital disappeared for several decades until it was re-invented in the 1960s and 1970s by Homans (1961), Jacobs (1961) and Loury (1977), and later by Coleman (1988) and Putnam (1993). Despite the immense amount of research on it the definition of social capital has remained elusive (Durlauf & Fafchamps, 2004).

In order to understand the concept and theory of social capital, it is important to explain capital. Social capital is both a concept and a theory. As a concept, it represents investment in certain types of resources value in a given society and as a theory it describes the processes by which capital is captured and reproduced for returns (Lin, 2005). The definition of social capital, however, differs to some extent with each researcher and therefore remains unclear. There are many definitions in use and no definition is generally acceptable.

Often social capital has been defined very broadly (Coleman, 1999) as varieties of different entities with two elements in common. They consist of some aspect of social structures, and they facilitate certain action of individuals who are within groups of relationships of trust, reciprocity and exchanges. Some authors have taken a more inclusive approach to the definition of social capital. Bowles and Gintis (2002, p. 419), for example, refer to social capital as trust, concern for one's associates, a willingness to live by the norms of one's community and to punish those who do not. Similar to the broad range of different definitions for social capital, there are as many different ways to measure it (Dufhues, Buchenrieder, & Fischer, 2006). Despite the problems associated with the definition and measurement of social capital, its contributions to economic growth and development cannot be ignored.

The repertoire of different definitions and the inclusive nature of the majority of them have led to several critiques of the concept of social capital. Some authors suggest that unless the social capital concept is used with some degree of precision and in a comparable manner, it will come to have little value as an analytical concept (Castle, 2003). Some have even recommended the abandonment of the concept (Arrow, 1999). Robinson, Schmid and Siles (2002) point out that Arrow's recommendation that the term social capital be abandoned comes too late. It is worthy to note that the significant interdisciplinary debate on social capital has not produced a widely accepted definition among development practitioners and academicians (Bjørnskov & Mannermar, 2010).

Based on the critique of the broad definition of social capital, the term social capital, according to Stiglitz (1999), Paldam (2000), and Dasgupta (2005), has recently come to refer to the collection of social networks. Dufhues et al. (2006) add associational life to the social networks. They maintain that some networks come free of cost (ascribed) while others

have to be entered at a costly process. The costly processes may require investment of time, money, information and prestige and these can yield a benefit flow of employment, income, sociability, knowledge and other payoffs. They note that joining a social network or establishing a relationship is an important and probably the most common form of social capital investment.

The analysis of social capital has influenced economics, defining two main theoretical approaches (Pisani & Franceschetti, 2011). The first, that takes a microeconomic perspective (Becker, 1974; Becker & Murphy, 2000), is derived from a neo-classical school of thought that considers social capital as a new factor in the production function in addition to other forms of capital (physical, natural and human). The second theoretical economic concept differs from the neo-classical analysis and gives pre-eminence to the contribution made by social capital to development rather than just growth (Pisani & Franceschetti, 2011). In this case, social capital is analysed as a qualitative factor that promotes development.

According to Stiglitz (1998), a country's economic development is embedded in its social organisations. This makes social aspects of development an essential component in the development discourse. Durlauf and Fafchamps (2004) observe that much interest in social capital stems from the view that the absence of social capital represents one of the major impediments to development in general. In this direction, the notion of social capital is considered a trump card for eradicating poverty and enhancing the well-being of dwellers in rural areas of developing countries (Asian Productivity Organisation [APO], 2006). Inasmuch as there are many definitions to social capital, so are there many perspectives of social capital.

According to Woolcock and Narayan (2000), literature on social capital and development is expanding rapidly, making it essential to identify the various perspectives that are emerging. Basically, they identify four of such perspectives (i.e. communitarian, network, institutional and synergy) based on the different definitional approaches. While each perspective makes a significant contribution to social capital and development, Woolcock and Narayan (2000) find that the communitarian perspective enjoys the strongest empirical support, and is in the best position to articulate a coherent multi-disciplinary research agenda, and is able to propose a realistic set of policy recommendations

pertaining to poverty reduction.

Most of the times, it is possible for communities or networks to be isolated, parochial or working at cross-purposes to society's collective interest (e.g. Ghettos, gangs, drug cartels). In such situations, productive social capital is replaced by perverse social capital which hinders development (Rubio, 1997). The communitarian view equates social capital with local level organisations. It includes associations, clubs, and civic groups. The measurement of communitarian view is centred on the number and density of groups in a given community, implying that social capital is inherently good, and its presence always has a positive effect on a community's welfare. However, proponents of the communitarian views have ignored its important downsides (Portes & Landolt, 2000).

The network perspective attempts to account for both its "upsides and downsides" (Woolcock & Narayan, 2000). It stresses the importance of vertical as well as horizontal associations between people, and relations within and among other organisational entities such as community groups and firms. This view also stresses that without inter-community (or weak) ties that cross various social divides, for example, those based on religion, class, ethnicity, gender, and socio-economic status, strong horizontal ties can become a basis for the pursuit of narrow sectarian interest (Woolcock & Narayan, 2000). These two forms of social capital have come to be called "bonding" and "bridging" social capital (Gittel & Vidal, 1998). Thus, there are two basic dimensions of social capital at the community level, namely 'strong' intra-community ties ("bonds") and 'weak' extra-community networks ("bridges"). The institutional perspective argues that the validity of community networks and civil society is largely the product of the political, legal and institutional environment. Whereas the communitarian and network perspectives largely treat social capital as an independent variable giving rise to positive and negative outcomes, the institutional view puts the emphasis on social capital as a dependent variable. The argument is that the very capacity of social groups to act in their collective interest depends crucially on the quality of the formal institutions under which they reside (North, 1990), and the emergent qualities such as high levels of "generalised trust" in turn correspond to superior rates of economic growth (Woolcock & Narayan, 2000).

A fourth perspective on social capital which attempts to integrate the networks and institutional

views is the synergy perspective. The synergy perspective traces its intellectual antecedents to comparative political economy and anthropology. Evans (1995, 1996), one of the primary contributors to this view, notes that synergy between government and citizens action is based on complementarity and embeddedness. Complementarity refers to mutually supportive relations between public and private actors, and is exemplified in frameworks of rules and laws which protect rights to association, or more humble measures such as the provision of transport by the state to facilitate exchanges among community associations. Embeddedness refers to the nature and extent of the ties connecting citizens and public officials.

Measuring social capital

From the discussion on the definition and perspectives of social capital, one realises that the definitions of social capital vary greatly according to levels and dimensions and this makes it inherently difficult to propose a list of indicators for social capital (Grootaert, 1998). According to Grootaert (1998), indicators of social capital evolve from the conceptual definition one uses and, more importantly, on the operational definition of social capital one develops. Box 1 presents the indicators that have been used in empirical studies. Indicators of horizontal associations take a micro perspective and typically have been collected for analysis within a country. The other sets of indicators have been calculated at the national level and have been used in cross-country research.

Box 1: Indicators of social capital

Horizontal associations	
Number and type of associations or local institutions	Extent of trust in trade unions
Extent of membership	Perception of extent of community organisation
Extent of participatory decision making	Reliance of network support
Extent of kin homogeneity within the association	Percentage of household income from remittances
Extent of income and occupation homogeneity within the association	Percentage of household expenditure for gifts and Transfers
Extent of trust in village members and households	
Extent of trust in government	Old-age dependency ratio
Civil and political society	
Index of civil liberty (Gastil, Freedom house)	Index of democracy
Percentage of population facing political discrimination	Index of corruption
Index of intensity of political discrimination	Index of government inefficiency
Percentage of population facing economic discrimination	Strength of democratic institutions
Index of intensity of economic discrimination	Measure of "human liberty"
Percentage of population involve in separatist movements	Measure of political stability
Gastil's index of political rights	Degree of decentralisation of government
Freedom house index of political freedom	Voter turnout
Strikes	Political assassinations
Homicide rates	Constitutional government changes
	Coups
	Divorce rate
	Youth unemployment rate
Legal and governance aspects	
Quality of bureaucracy	Repudiation of contracts by government
Independence of court system	Contract enforceability
Expropriation and nationalisation risk	Contract-intensive money (currency/M2)

Source: Grootaert, 1998

Methodology

We developed the paper by using a desk study approach, based on a meta-synthesis of documents and related studies. Specifically, we used the descriptive approach, and our intent was not to aggregate but rather interpret the results and contents of the documents. This approach enabled us to get a deeper understanding of social capital and the role that it can play in development. Initially, our search focused on those documents and studies relating to the role of social capital in the development process at the individual and community level. For each identified paper, we examined the contents and traced related issues by checking their citations and reference lists for additional sources and contents (Barroso et al., 2003; Bengtsson, 2016).

Throughout the process, we proceeded from the broad research questions to a narrowing of the scope as suggested by Walsh and Downe (2005). Documents and papers that we included in the meta-synthesis were those that had clearly stated or implied objectives/research questions, and which provided the study context, and described the role that the author played in the data collection process (Atkins et al., 2008). In addition, we included papers that had well-described sampling and data analysis procedures, and exhibited consistency with respect to the appropriateness of the various procedures for the objectives that they sought to achieve. Finally, we were guided by the relevance of the conclusions to the objective. Thereafter, as suggested by Thomas and Harden (2008) and Eaves, Kearney, Britten, Campbell and Donovan (2017), we used a thematic synthesis approach, involving free coding of the original findings of the selected papers, categorization of the codes and generation of themes.

Empirical discussions

There is now a repertoire of empirical studies on how micro and macro level social capital affects development. Initially, most studies on social capital were limited to the measurements and dimensions. A few of them looked at how social capital affects development.

However, in spite of the agreements and disagreements about the concept of social capital and how it affects economic outcomes, Grootaert (1998) has pointed out that there is growing evidence that social capital, under any definition, can have an impact on development outcomes – growth, equity and poverty alleviation. Durlauf and Fafchamps (2004) have identified three main underlying ideas. First, social capital generates positive externalities

for members of a group; second, these externalities are achieved through shared trust, norms, and values and their consequent effects on expectations and behaviour; and thirdly, shared trust, norms and values arise from informal organisations based on social networks and associations.

Social capital is considered a trump card for eradicating poverty and enhancing the well-being of dwellers in rural areas of developing countries (APO, 2006). This is because social capital enables the rural poor to have access to other forms of capital (natural, physical, human, financial) which help to improve rural livelihoods. It enables the poor to come together to have a strong front that enables them to reduce risk and improve risk management, reduce vulnerability, and access information timely. These assumed benefits of social capital can bring about empowerment of the poor and the vulnerable, alleviation of poverty, equity and growth which will eventually bring about development.

The metaphor for individual social capital is that the people who succeed in their goals are somehow better connected (Burt, 2001; de Janasz & Forret, 2016). Most studies that look at social capital from the micro perspective, such as getting into college, access to land, information or finding a job (Inkeles, 2000), are generally concerned with the differential success of individuals within a given community in obtaining a given resource (Dufhues et al., 2006). A study on the social capital in the Upper West Region of Ghana found that communities with more social capital - defined in terms of less conflict, social inclusion and cohesion, and trust – are more successful in agriculture than communities with less social capital (Sullivan, 2006). The study explains that communities with high social capital also manage common property (irrigation reservoirs) better and this ensures frequent supply of water to their farms which results in all year farming activities. In another study on the transfer of knowledge on agro forestry management in Ghana, Erickson, Quashie-Sam and Tinner (2007) conclude that network ties play a significant role in the transfer of information on agro forestry management practices among farmers. The economic function of social capital is to reduce transaction cost associated with coordination mechanisms like contracts, hierarchies, and bureaucratic rules (Delić, Šarić & Osmanović, 2017; N Fukuyama, 2001). Evidence from Ethiopia and Vietnam's footwear sector shows that social capital impacts positively on relations by reducing transaction cost, enabling collective actions and

generalising spin-offs (van Staveren & Knorringa, 2007). A recognised feature here is the exchange and acquisition of information which is important for providing a basis for action even though the acquisition of information is costly.

Social capital can also increase access to information and also reduce the cost of information. Coleman (1999) notes that the minimum cost of information acquisition through social capital could be attention and time which, he notes, are always in short supply. In certain situations, information flow within networks could influence the reduction in transaction cost and avoid the opportunism caused by imperfect market (Dufhues et al., 2006), thereby increasing individual income (Fafchamps & Mintin, 2002). For example, a study on women's activities in the Ghanaian fishery sector (Tetteh, 2007) finds that social capital plays an important role in ensuring success in the fish trade, especially in the area of fish marketing. She explains that fishmongers who are more connected access information about market opportunities which enables them to market their fish faster than those who are less connected.

One of the driving forces of social capital is trust. A study that examined trust and the incidence of association (indicators of social capital) found that initial levels of social interaction in Indonesia did not predict subsequent industrialisation but industrialising areas see more network density developing rather than the other way round (Miguel, Gertler & Levine, 2005). As can be observed from the Indonesian study, other studies on macro-level social capital and its effect on development have relied on data on trust variables and incidence of associations (Giusta, 2010). Institutional performance and social capital have also been found to be associated. Social capital has also been used to solve collective action dilemmas (Luo & Wang, 2013).

It can be synthesised from the discussion so far that social capital is an input into the development process. However, it must be noted that social capital does not work in isolation to achieve an economic outcome. It must be combined with other forms of capital, and through this social capital becomes an input and in some cases an output – “a feature it shares with human capital” (Grootaert, 1998, p.8). This makes social capital consumption good as well as an investment. Unlike human capital that can be acquired by an individual without reference to what other people do, social capital is acquired by a group of people and, as Grootaert (1998) notes, requires cooperation from members of the group.

In spite of the fact that a number of empirical and methodological questions have been raised about these studies, one cannot begrudge their findings that rampant corruption, frustrating bureaucratic delays, suppressed civil liberties, vast inequality, divisive ethnic tensions, and failure to safeguard property rights are being increasingly recognised as major impediments to generating greater prosperity. In countries where these conditions prevail, there is little to show for well-intentioned efforts to build schools, hospitals, roads and communication infrastructure, and to encourage foreign investment (World Bank, 1998). The subsequent section therefore examines the implications of social capital for Ghana's development at both the micro level and macro level.

The missing link in Ghana's development

Micro-level social capital is embedded in horizontal and vertical relations. The indicator used by both Grootaert (1998) and Narayan and Cassidy (1999) examine social capital from the family, community and voluntary associations perspectives. Variables pertinent of note by Grootaert include membership, participatory decision making, income, occupation homogeneity, and old-age dependency ratio. Others include trust, volunteerism, neighbourhood connections, togetherness and group norms (Narayan & Cassidy, 1999).

The micro level dimensions of social capital show that social capital has long existed in Ghana. Micro-level social capital which shows the flow of other forms of capital in vertical and horizontal relations succinctly suggest that Ghana's economy thrives on informal relations (Tetteh, 2007). Members of traditional institutions have greatly benefitted from social capital in all sectors of the economy. In the traditional rural sector, self-help projects among members of communities have increased the social capital of their members through information sharing, adoption of new technologies and have enabled members to have access to credit (Sullivan, 2006). Mohammed et al (2013) conducted a study on social capital and access to credit by Farmer Based Organizations in the Karaga District of Northern Ghana and found that social capital increases access to financial services and also used as insurance for poor farmers.

The extended family system in Ghana has enabled many Ghanaians to have access to education and employment. Often families contribute to fund the education of needy family members. Many Ghanaian elites have benefitted from micro-level

social capital as families, friends and neighbours contributed to fund their education. Since the poor have something to lose, and that is each other, people join groups and associations where they pool resources together. These welfare associations serve as insurance and members pool resources to support each other. In addition, social capital also assists rural-urban migrants to settle in urban centres. Not only that, migrant farmers have been able to access land in farming communities because of the trust landowners have for them. Surprisingly, most of these arrangements are usually verbal and parties stick to the terms because of the trust they have for each other. It is also worthy of note that most business transactions in Ghana are based on trust rather than on business principles (Tetteh, 2007). This enables many informal sector business men and women to access suppliers' credit. Even though this arrangement has implications for the growth of the informal sector, because of poor records keeping, one cannot deny the fact that the informal sector in Ghana has thrived on social capital.

Often family and church members, friends, community members and other members of associations have helped each other to absorb shocks in situations where a bread winner of a family is incapacitated or dead (Adamtey & Frimpong, 2018). These special characteristics of the Ghanaian socio-economy have helped sustained families. In a study on social capital and Ghana's National Health Insurance Scheme: Understanding informal sector participation, Akuoko (2014) found that social capital motivated clients to enrol in health insurance schemes. Similar finding was found by Fenenga et al (2015). By studying social capital and active membership in the Ghana National Health Insurance Scheme (NHIS), Fenenga et al (2015) found that social capital improves information provision to communities and also engaging community groups in healthcare and NHIS scheme facilitates trust in and enhances participation of the scheme.

Social capital is also present in the marketing of goods and services. People often buy from those they are familiar with and at times recommend to others to buy from the same source. This helps form a network of customers who may benefit from other forms of capital other than access to market information. As Amoako-Kwakye (2009) has noted, most markets in Ghana are highly localised and small, with very high competition. Credit sales (financial capital) are common among trusted customers. In a study on social network among rural farmers in the central Region of Ghana,

Koomson (2014) found that credit sales is common among trusted customers and that pre-finance of the cultivation of agricultural crops, especially oil palm, favoured the production of these crops. Such arrangements were even more important in situations where farmers had no money to purchase agricultural inputs.

In the area of employment seeking, it is obvious that access to employment in Ghana has become very difficult. This is largely due to the high unemployment rate. As a result, trust and connectedness have become very important ingredients in job seeking. People who are well connected stand a better chance of getting a job as compared to those who are less connected. The adage "whom you know", or better still "who knows you", plays a pivotal role in job accessibility. For example, in a study on the impact of social capital on the labour market outcomes in the Tamale metropolis, Shaibu (2013) found that social capital, in the form of social networks, transmitted more and faster information than a formal job search. This, however, could have a negative tendency on efficient human resource allocation, especially where those that secure jobs are less qualified, as such arrangements stifle competition and breed nepotism. However, these downsides of social capital can be overcome when there is a strong institutional framework and laid down structures (a macro level social capital).

Government policies, a macro level social capital, do have serious implications for the creation and sustenance of social capital. In many developing countries including Ghana, civil society associations have promoted efficient market outcomes by sharing information, aligning individual incentives with group objectives, and improving collective decision making (Grootaert, 1998; Koomson, 2014). With the international community having a major stake in Ghana's development policies, especially with internationally funded projects, local tendencies are most often ignored as the Britton Woods Institutions' policies for developing countries have been based on one shoe size fits all. Often times such projects have received little patronage by beneficiary communities. It is however important to note that, in spite of the horizontal and hierarchical associations that promote social capital at the micro level, market outcomes are influenced by the macroeconomic and political environments as well. Sound political environment promotes social capital at the macro level; nevertheless, the macro environment can also damage or undo the effect of

local-level social capital.

A World Bank (2006) publication, explaining the missing link in world development, identified intangibles (voice and accountability, political stability, government effectiveness regulatory quality, rule of law and control of corruption) as explaining differences in development levels rather than produced and natural capital. This suggests that countries differ in institutions and other forms of social capital and in public policies. Evidence can be seen from Uganda, Rwanda, Ivory Coast, Sudan, and Liberia. These countries, in spite of their natural resource base, have witnessed negative development over the years. Olson (1982) argues that, in spite of their large resource base, low income countries cannot obtain large gains from investment, specialisation and trade because they lack the institutions that enforce contracts impartially and secure property rights over the long run, and also because they have misguided economic policies.

Until Ghana returned to democratic governance in 1992, macro-level social capital, which encapsulates civil society and political institutions as well as legal and governance aspects, had deteriorated. The variables under civil and political aspects of social capital, which include civil liberty, political discrimination, economic discrimination and political freedom, will help in the discussion. Civil liberty in Ghana is very high. There is freedom of association which is protected by Ghana's constitution. However, in spite of the high civil liberty that Ghana enjoys, some percentage of the population is still perceived to be politically disadvantaged.

Often government institutions such as the armed forces have been accused of biased recruiting even though modalities are there to ensure a balanced ethnic recruitment. Social issues are highly politicised as some political parties benefit from the over politicisation of such pertinent issues. The judiciary is less independent and perceived to be corrupt as the executive has sometimes doubted some court rulings which did not go in its favour. Cases in point are the "no court" in the late 1960s to early 1970s, and the increase in the number of Supreme Court Judges to secure a particular ruling. Another example is the demonstration against the judiciary for discharging alleged suspects in the "Yaa Naa" April, 2011 case. This reduces the trust that people have in the judiciary and the government because dependent judicial system is a sign of bad governance.

Another area that has eroded macro-level

social capital is corruption. Many state institutions are perceived to be corrupt. With a high corruption perception index (ranked 64 with a score of 45) (Transparency International, 2012), many Ghanaians do not have confidence in most state institutions. For example, a study on institutional performance and social capital in Ghana found a negative association between perceived corruption (an indicator of macro-level social capital) and institutional performance. The study concludes that District Assemblies that were perceived to be the least corrupt also used their District Assemblies Common Fund more efficiently (provision of social infrastructure) compared to those that were perceived to be more corrupt (Ward, 2010).

Most people capitalise on their micro-level social capital to erode macro-level social capital. This is epitomised in bureaucratic institutions where people take advantage of weak structures to cheat the state. Huge sums of state funds have found their way to individual pockets. In a paper presented at the 8th Annual Audit Forum, November 2013, the keynote speaker bemoaned among other things the fraudulent actions and abuse of privileges of some people entrusted with, failure of many social intervention programmes such as the Ghana Youth Empowerment and Employment Development Agency (GYEEDA) and Savannah Accelerated Development Agency (SADA)¹. Several of such cases have been recorded in state agencies such as The Ghana Police Service (recruitment scandal) and the involvement of some police personnel in armed robbery, bribery and corruption in the Judiciary that led to the dismissal of more than twenty judges, the Executives (missing of state vehicles during change of government), the National Service Secretariat (Embezzlement related to ghost names) as well as political vigilantism. These tendencies tend to erode macro level social capital and stifle the development of the country.

Conclusion and policy implications

A synthesis of the discussion suggests that social capital, both micro and macro, plays a significant role in Ghana's development process. The analysis showed that an interaction between micro and macro level social capital is necessary for development to take place. While micro-level social capital is important for Ghana's development, its success largely depends on macro-level social capital. In order to increase the wellbeing of individuals, macro-level social capital is vital as it provides a sound socio-economic environment for micro-level social capital to thrive. The analysis further showed

¹ Prof. Stephen Addae, 8th Annual Audit Forum, November 2013, Accra.

that Ghana is endowed with micro level social capital, what is missing is macro-level social capital and how the two are effectively combined with other types of capital to bring about development. Therefore, social capital has limited value if not combined with other forms of capital because it

makes the other types of capital (natural, physical, financial and human capital) and their productive combinations more efficient. There should be transparency, probity, and accountability. The state should be accountable to the civil society.

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