



## Social Capital in Arab Countries: A Theoretical Perspective

### Arap Ülkelerinde Sosyal Sermaye: Teorik Bir Bakış Açısı

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**Amaç-** Bu çalışma, Arap bölgesinin ekonomik, sosyal ve siyasi yapısını göz önünde bulundurarak sosyal sermayeyi ve bunun bireyler, topluluk ve ülkeler üzerindeki etkilerini incelemektedir.

**Metodoloji-** Bu teorik makale, sosyal sermayenin Arap dünyasında nasıl tezahür edebileceğini, köklü teorik çerçeveler ve Dünya Değerler Araştırması'ndan elde edilen verileri kullanarak analiz etmektedir. Farklı sosyal sermaye boyutlarını inceliyor ve bunların Arap ülkelerinin sosyal, siyasi ve ekonomik kalkınması üzerindeki etkilerini tartışıyoruz.

**Sonuç-** Ekonomik teoriler artık eğitilmiş işgücü, sosyal kalkınma, kültürel yapı, sosyal etkileşimler, sosyal sermaye, güven, işbirliği ve hoşgörü gibi geleneksel üretimin ötesindeki faktörlere odaklanmaktadır. Çalışmamız orijinal veri toplamayı içermese de, WVS'den elde edilen güvenilir verileri kullanarak değerli bilgiler sunmakta ve Arap bölgesinde sosyal sermaye üzerine gelecekte yapılacak araştırmalar için zemin hazırlamaktadır.

**Anahtar Kelimeler:** Sosyal Sermaye, Ekonomik Sosyoloji, Arap Ülkeleri, Dünya Değerler Araştırması.

**JEL Kodları:** D01, D91, Z10

#### ABSTRACT

**Purpose-** This study examines social capital and its implications for individuals, communities, and countries, considering the Arab region's economic, social, and political composition.

**Methodology-** This theoretical article analyzes how social capital might manifest within the Arab world using well-established theoretical frameworks and data from the World Values Survey. We examine different proxies of social capital dimensions and discuss their implications for the social, political, and economic development of Arab countries.

**Conclusion-** Economic theories now focus on factors beyond traditional production, including an educated workforce, social development, cultural structure, social interactions, social capital, trust, cooperation, and tolerance. Although our study does not involve original data collection, it uses reliable data from the WVS to provide valuable insights and lay the groundwork for future research on social capital in the Arab region.

**Keywords:** Social Capital, Economic Sociology, Arab Countries, World Values Survey.

**JEL Codes:** D01, D91, Z10

## 1. INTRODUCTION

The scholarly literature on social capital has been growing. Social capital has appeared as a crucial determinant of economic performance in economics research since the 1990s (Putnam et al., 1993). Social capital is about “who you know, not what you know.” One has an important asset that is one’s family, friends, and associates. On group and community levels, social networks and civic associations help to reduce poverty and vulnerability, access new opportunities, and resolve conflicts (Woolcock and Narayan, 2000). If someone is excluded from or is not a member of social networks, one is considered poor, without access to secure good jobs, decent housing, or information networks (Woolcock, 2001). Putnam et al. (1993) describe social capital as civic attitudes that create good outcomes such as cooperation and enhance the quality of political institutions (Putnam et al., 1993). Social relations are the core component of social capital that needs to be considered during any attempt to define or measure social capital (Saukani and Ismail, 2019).

Social capital defines the concrete social relations among individuals. Social capital influences the content and enforcement of rules that govern configurations of social interactions and the prevalence of social networks. Social capital types and dimensions are defined differently by several approaches. One approach defines two social capital dimensions: structural and cognitive social capital. Another approach describes three social capital dimensions, based on the strength of social ties among people, which are: bonding, bridging, and linking social capital. Bonding social capital describes intercommunity ties, whereas horizontal ties refer to bridging social capital. Each society needs both strong intra-community ties and weak extra-community networks to avoid superfluous assumptions about the effectiveness of social capital (Woolcock and Narayan, 2000; Cáceres-Carrasco, 2020).

High social capital can benefit a country’s social, political, and economic development. It influences the content and enforcement of rules governing patterns of interactions and social networks. Previous research finds societies with a high stock of social capital are richer, healthier, have high literacy rates, and better governance, as their citizens are happier and able to access good jobs and serve public interests through public projects (Woolcock, 2000; Isham and Kahkonen, 2002). On the other hand, low social capital can lead to violent episodes, an absence of trust and reciprocity norms, and a lack of mutually beneficial collective actions, as shown by Woolcock’s (2000) examples of villages in Sub-Saharan Africa, and South Asia suffering from. Also, similar challenges were noticed in some Middle Eastern and former communist countries such as crime, corruption, and congestion, along with failed development policies.

Also, the importance of social capital brings up the issue of how to foster its components such as trust, associational membership, and networks. Social capital as a behavior mechanism influences the economy through cultural and social norms such as independence, thrift, time, risk acceptance, openness to innovative ideas, and adherence to traditions (Li *et al.*, 2017). Therefore, to leverage a country’s social capital stock, it is critical to understand what shapes it, given that it can be accumulated and destroyed in the same way that physical capital can (Cáceres-Carrasco *et al.*, 2020). Scholars such as Van Oorschot *et al.*, (2006), and Saukani and Ismail (2019) proposed that social capital can be shaped by long-term sources such as culture, spirituality, and religion-related variables, as well as short-term events such as civil and political events. In their study covering 9 MENA countries, Saleh, and Vergil (2022) found that civic norms and civic activism as proxies of social capital were shaped by personal values and religiosity-related variables in terms of self-defined religiosity and frequency of prayers.

The literature on social capital shows that geographical regions such as the Middle East and North Africa (MENA) are overlooked, compared to the vast literature on European countries. Although some studies addressed social capital in MENA countries individually or as a region (Saukani and Ismail, 2019; Almutairi *et al.*, 2021; Tausch, 2016) still, some countries such as Morocco, Libya, and Iraq, are overlooked in social capital literature. The number of studies on Arab countries remains low compared to the immense literature studies from developed countries such as the Mediterranean, Western, Eastern, and Central European countries, Nordic, Scandinavian, and Continental European countries, and the United States, which have dominated social capital literature.

Based on the arguments above, in this short article, we discuss social capital in the Arab region in terms of its dimensions. Arab countries share similar heritage, religion, and culture. Arab countries are one part of the MENA region, which contains sub-regions divided into North African countries (e.g., Libya), the Levant countries (e.g., Lebanon), the Middle East (e.g., Egypt), and the Gulf countries (Kingdom of Saudi Arabia,

the United Arab of Emirates, and Kuwait). These four subregions date back to factors such as historical separation, geopolitics, and affiliated alliances (Almutairi *et al.*, 2021). Future research on social capital in Arabic countries needs to chart how social capital dimensions function in the Arab region and provide some policy recommendations as well.

In this theoretical article, we offer a theoretical overview of social capital dimensions: bridging and bonding social capital in 12 Arab countries. This research aims to unleash some features particular to the Arab region, which can be relevant to policy recommendations for the region and individual countries. Our data represent sub-samples of the World Values Survey (WVS) from 12 Arab countries (Egypt, Jordan, Algeria, Kuwait, Tunisia, Lebanon, Morocco, Qatar, Palestine, Yemen, Libya, and Iraq) between 2010 and 2014.

## 2. THEORETICAL FRAMEWORK

L. J. Hanifan coined the term ‘social capital’ to describe intangible assets like goodwill and social interplay that meet social needs and shape social units (Hanifan, 1916:130). He emphasized the importance of social interactions and belongingness to larger groups to satisfy social needs and enhance the living conditions of individuals through accumulated social capital. More than 70 years later, according to Portes, “Whereas economic capital is in people's bank accounts and human capital is in their heads, social capital is in the structure of their relationships. A person must be related to others to have social capital, and it is these others, not themselves, who are the true source of their advantage.” (Portes, 1998:7).

Social capital describes civic cooperation norms that reflect on those social relations rooted in the social structures of society and assist people in coordinating their actions and achieving their goals (Narayan, 1999; Knack and Keefer, 1997). To put it another way, it is the accumulated goodwill of an agent of others toward their relations, as well as the available resources. Fukuyama (1995) defines social capital in terms of cultural values such as altruism, tolerance, and compassion. Todaro and Smith (2014) describe social capital as the productive value exhibited by some social institutions and norms such as group trust, coordination behaviors that have clear punishments for deviations, and a common history of prior successful collective action. Such norms increase the expectations for cooperative behavior in the future (Todaro and Smith, 2014). According to Ostrom (2000), social capital is the shared knowledge, understandings, conventions, standards, and expectations concerning the kinds of relationships that groups of persons bring to a regular activity.

Social capital affects the economy both directly and indirectly. First, the direct effect of social capital on growth stems from solving collective action problems. Societies with high social capital, as measured by country-level trust levels, are likely to easily deal with problems of common resource allocation or externalities such as noise pollution. In low-trust countries, legal enforcement and state regulations are important, as absent social capital is unable to perform such tasks. Second, social capital influences the economy indirectly since it acts as a behavior mechanism through social norms such as independence, thrift, time, risk acceptance, openness to innovative ideas, and adherence to traditions (Whiteley, 2000).

Scholars such as Francis Fukuyama and Robert Putnam examined social capital in terms of its role in the economic sphere, and how it helps facilitate efficient social exchange, therefore, reducing transaction costs, increasing trust, and promoting collective action. Putnam *et al.* (1993) focused on associational membership, adherence to social norms, and social trust. The interest was to unleash how variation in any of these individual qualities may influence socioeconomic and political outcomes at both individual and collective levels. Fukuyama (1995) defines social capital as cultural values such as tolerance, altruism, and compassion. Coleman (1990) emphasized quality associational life and institutions and argued that social capital assists individuals to reach some goals that would be otherwise unattainable or would necessitate more effort to achieve. In Putnam *et al.* (1993), the concept of social capital was used to justify economic and government performances that vary between northern and southern Italy.

### 2.1. Measuring Social Capital

There is no single measure for social capital. First, social capital incorporates several units of analysis (Sabatini, 2008). Second, there are continuous changes in the balance of informal organizations and formal institutions, implying changes in the nature and forms of social capital. Third, contemporary research has used several items as proxies for social capital, such as trust, social mobility, and confidence in government,

due to a lack of long-standing cross-country surveys to measure social capital. Forms of social capital are society-specific and change over time, implying that instruments of social capital must consider all different dimensions. Said differently, controversies and arguments are still active around the intangible concept of social capital; given unclear answers about how social capital is constituted, what components and elements shape the way it forms, and ways to measure it (Saukani and Ismail, 2019; Woolcock and Narayan, 2000).

Different authors specify components of social capital to consider when defining the concept. For example, social relations are the primary component of social capital that must be considered when attempting to define or quantify social capital (Saukani and Ismail, 2019). Another component of social capital is civic attitudes that foster positive outcomes such as cooperation, overcoming dilemmas of collective actions, and improving the quality of political institutions (Putnam *et al.*, 1993).

Initially, the unit of analysis was individual/micro, based on Robert Putnam's analysis of Italy's civic associations and their positive externalities. At the individual or micro level, a measurement proxy is chosen to match the goal of each study on social capital in each country (Westlund and Adam, 2010). Social capital, however, can have negative externalities through benefits exclusive to associations' members. James Coleman (1990) incorporated into the analysis vertical associations among entities rather than individuals. Vertical associations reflect on unequal power distribution and actions among entities, firms, and other units. This meso interpretation of social capital implied that various entities consist of social structures facilitating actors' certain actions personal or corporate actors. Similarly, Dudwick *et al.* (2006) consider the community as the unit of analysis to be a different approach to measuring social capital because it focuses on the nature and degree of cross-cutting ties, as well as engagement in formal civic organizations and informal networks. This view of social capital was developed to include the political and social environment shaping norms. As put by Knack and Keefer (1997), social capital is equal to the quality of institutions, political, and economic; through quantitative cross-national studies on how government performance and social divisions influence economic performance. Therefore, in addition to the local and hierarchical informal relationships embodied in the first two concepts, a macro view on social capital focuses on institutional formalized structures, such as civil and political liberties, political regimes, and their impact on development.

## **2.2. Social Capital Dimensions**

Researchers on social capital adopt different definitions and describe numerous dimensions of social capital. There are two approaches that researchers use to define social capital dimensions: One approach divides social capital into cognitive and structural. The second defines three social capital dimensions, which are bonding, bridging, and linking.

### ***2.2.1. Structural and Cognitive Social Capital***

Under this approach, two social capital dimensions are defined: structural social capital and cognitive social capital. Despite their differences, both dimensions pertain to and affect social relationships and interactions among people, and both affect and are affected by expectations (Krishna and Uphoff, 2002; Cáceres-Carrasco *et al.*, 2020). Social capital is typically thought to have a mix of cognitive (mental or attitudinal) and structural (role rule-based) origins. When compared to cognitive social capital, structural social capital is extrinsic and observable. Structural social capital includes membership in associations.

Cognitive social capital describes the less tangible aspect of social capital that reflects beliefs, attitudes, social standards, and conduct (Krishna and Shrader, 1999). It is characterized by an intangible nature, while structural social capital is about tangible nature (Cáceres-Carrasco *et al.*, 2020). It is a more informal, subjective, and intangible construct, based on common norms and attitudes. Cognitive social capital comes from thought processes and the ideas they produce, which are then supported by culture and ideology, norms, values, attitudes, and beliefs that encourage cooperation (Uphoff, 2000).

Cognitive social capital is internal and cannot be easily changed by outside actions; it resides within people's heads. It disposes people toward collective action that is mutually beneficial for everyone. Having high levels of cognitive social capital sometimes promotes a stronger civil society, which complements the state's role (Krishna and Uphoff, 2002). Cognitive social capital, through norms and values, is a driving force shaping the visible forms of social capital (Colletta and Cullen, 2002). Cognitive social capital can be measured by

proxies such as institutional trust and the strength of norms of reciprocity and sharing. For example, institutional trust is the result of an ongoing interaction between the government and its people. Some degree of reciprocity between the parties is necessary for this interaction to be cooperative. People will only trust institutions and refrain from deceiving them if they believe they will do so fairly and efficiently (Andriani and Sabatini, 2013). Institutional trust is based on the expectation that others will cooperate because institutions induce them to cooperate. It implies that the necessary impersonal structures, such as contracts, formal laws, and penalties for inappropriate behavior, are present and intact (Irwin, 2009).

Structural social capital encompasses actions that compromise civic participation and networking. It includes actions that undermine civic participation and networking. It is made up of both informal (interpersonal relationships with coworkers and friends) and formal networks (membership in professional, cultural, and religious organizations). It is external, and objective, and includes visible items that can be developed through group deliberation. Structural social capital in terms of active associational life helps enhance trust and foster social networks that promote democracy (Krishna and Uphoff, 2002; Grootaert and Bastelaer, 2002).

Both dimensions of social capital can be complementary, but not necessary (Krishna and Uphoff, 2002). Structural and cognitive social capital requires an investment of time and effort to be built. Put differently, establishing roles, procedures rules, norms, values, and beliefs requires a variety of resources (Krishna and Uphoff, 2002).

### **2.2.2. Bonding, Bridging, and Linking Social Capital**

Societies are built upon social groups rather than individuals. All attitudes, beliefs, identities, and access to resources and power are determined by these social groups. These social groups are divided by class, religion, ethnicity, and caste. Strong within-group ties (bonding social capital) would benefit its members, who may be excluded from other groups, due to their lack of bridging social capital. Bonding social capital includes strong family ties. On the contrary, bridging social capital includes weak informal ties, while voluntary organizations and active political participation represent linking social capital (Sabatini, 2009).

Growiec and Growiec (2014) define bonding social capital as social ties with others who are like an individual. Bonding social capital refers to close ties and social interactions in social networks among similar groups such as close friends and immediate family. Such ties are essential for "getting by" in life. Bonding social capital is those norms, horizontal networks, and trust that encourage group members to collaborate. Such horizontal relationships strengthen interpersonal bonds and make intragroup collective action and interaction possible. Bonding social capital focuses on the inner features of collective actors; through a collective social organization, which can be a community or a nation, helping cooperative networks and coordination relationships among individuals (Sedeh *et al.* 2021; Narayan, 1999).

Bridging social capital describes weak and distant ties with people from diverse social networks. These social networks exist among diverse heterogeneous groups with varying degrees of power and influence. Such vertical relationships are critical for getting ahead in life because they strengthen ties between diverse groups and organizations and allow network members to access resources that are not available in their community. It reflects the resources that individuals obtain through their external connections and social networks (Sedeh *et al.* 2021; Narayan, 1999). It describes how several segments and disparate elements of the community are linked through social interactions, and how such interactions are developed through trust, social norms, and networks (Maxwell and Taylor, 2010). For example, when people work toward a common goal out of respect for one another, trust in one another, and equality of status, despite the obvious disparities in their respective positions, this represents bridging social capital (Van Oorschot *et al.*, 2006).

The way the state affects how social capital is created could be underplayed if the value of civic society is overemphasized. Therefore, Woolcock (2001) proposed the concept of 'linking social capital', which is another social capital dimension. Linking social capital refers to the vertical connections that exist among various social strata that allow individuals to gain access to other resources (Nicholson and Hoyer, 2008). It contributes to bridging power gaps and establishing connections between individuals and political or economic organizations.

### 2.3. Which Dimension is the Most Important?

Considering that the three dimensions of social capital differ in terms of their nature and effect, the way social capital is applied affects whether its outcomes are positive or negative. Social capital must help people reach certain ends that are unachievable if such capital is absent. Said differently, the productive function of social capital through social networks and structures can function when the society has a mixture of vertical networks and links among different social groups and individuals, in addition to the horizontal social networks similar people share (Coleman, 1980). Social ties can lead to negative consequences if social capital prevents people from freedom and access to opportunities. Negative outcomes of social capital can take the form of powerful-knit social groups that exclude citizens at large and operate through cronyism and corruption (Narayan, 1999).

Society has several segments and disparate elements of the community that are linked through social interactions. Bonding social capital through friends and neighbors, for example, assists poor entrepreneurs in accessing credit, insurance, and business markets. As a result, it is argued that bonding social capital may be higher among the poor who rely on it to get by. Solidarity among diverse social groups generates bonding social capital and ties that serve to unite people and resources. However, the poor may lack the necessary bridging social capital to advance. As a result, ties that cut across heterogeneous groups are required for poverty reduction and social cohesion in socially unequal societies (Narayan, 1999; Woolcock and Narayan, 2000).

Unfortunately, bonding social capital within a distinct group can sometimes be exclusive rather than inclusive (Nicholson and Hoyer, 2008). It can harm non-group members through social exclusion and blocked opportunities on a micro level, or on a national scale through rent-seeking, corruption, and stifling economic growth. Also, social capital can maintain the current quo of exclusion in socially unequal societies (Narayan, 1999). On the other hand, bridging social capital is a form of open and inclusive social capital characterized by weak ties. Bonding social capital is exclusive and closed social capital, which is characterized by strong ties (Van Oorschot *et al.*, 2006). Bridging social capital is developed when relationships take place between parties who are aware of their differences, and their inequalities in power and ability to access resources. Also, New economic opportunities become available to less powerful or excluded social groups through cross-cutting ties within and among groups. Narayan (1999) states that social cohesion is another outcome of these social ties-it enhances social stability and economic welfare (Narayan, 1999).

Finally, linking social capital is crucial, especially in poor communities, where usurious interest rates are frequently charged by banks, the police are often corrupt, and instructors sometimes miss class, people need to have 'linking social capital' for their well-being. Therefore, according to Grootaert *et al.* (2004), local leaders and mediators who can establish linkages between underdeveloped communities and outside development aid can be a source of linking social capital.

## 3. SOCIAL CAPITAL IN ARAB COUNTRIES

Countries that have a history of close ties, religion, or trade or conquest tend to exhibit similar cultural values that have been institutionally transmitted to countries that do not have these ties. It is empirically proved that cultural differences may be region-specific rather than specific to a country. This means countries are more likely to group at a supra-national level in unique cultural zones (Peterson and Barreto, 2015). For example, The Arab Middle East is revealed to be conservative and patriarchal by the sociocultural outlook of the region (Afiouni, 2014). In a similar argument, Viazzo (2003) emphasizes the importance of family and informal relationships in Mediterranean countries. Christoforou (2011) analyzed Nordic, Anglo-Saxon, Austria, Germany, Benelux, and Mediterranean regions and found levels of social capital to be high in Northern and Scandinavian countries, while Mediterranean countries had lower social capital levels, measured by the group membership.

Three groups of MENA nations can be distinguished: those that import labor and are rich in natural resources, those with a labor surplus and a resource surplus, and those with a labor shortage and few natural resources (Samadi, 2018). In comparison to their potential for economic growth, MENA countries do not have good levels of development. Issues that impede MENA region development, poverty eradication, and social justice include armed conflicts, extremism, inhumane practices, terrorism, illegal migration, and refugee movements.

Arab states (such as Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Syria, the United Arab Emirates, and Yemen) and non-Arab states make up the MENA region (Iran,

Türkiye). The core geographical region of MENA is represented by Egypt, the fertile crescent countries, and the Persian Gulf states (Forouharfar, 2018). Egypt, Türkiye, and Israel had distinct growth paths from other nations particularly Gulf nations that depend on oil as a main source of income. The Middle East is home to wealthy nations like Saudi Arabia and Kuwait as well as low-income nations like Yemen (Kamrava, 2012; Owen and Pamuk, 1998). The Middle East did not have the opportunity for integration into the world economy due to authoritarian structures and political regimes, underdeveloped local markets, and a lack of sophisticated technology and skilled labor (Kamrava, 2012). Since World War II, the MENA region has experienced socio-economic and political turmoil. There have been wars in the West Bank, the Gulf Wars (1981-2003), civil wars in Lebanon (1975-1990), in Sudan (1985-2005), and ongoing ones in Libya, Yemen, and Iraq. The Arab Spring was a series of political events that reshaped political regimes in some of the region's countries such as Tunisia, Egypt, Yemen, Syria, and Libya, and felt low profile in Arab monarchies (Al-Shboul *et al.*, 2020).

Since the addition of Arab countries to the WVS, huge scholarly attention has been given to and studies have drawn empirical conclusions about Arab and/or Muslim political culture. (Tausch, 2016). We will briefly discuss the cultural makeup of the Arab region using the World Cultural Map by the WVS, from Wave 6. The WVS is used for different reasons. The WVS is one important source of information on comparative social science in Arab and Muslim countries. According to international security experts, the WVS can be a database for statistical analysis and a source of intelligence that is open source. The WVS allows for comparing the public opinions of Arab citizens and understanding their socioeconomic and sociocultural inspirations relative to those of other countries (Tausch, 2016). Also, we limit our discussion to Arab countries rather than including Türkiye and Iran, since we aim to grasp a general idea of how different Arab countries sharing similar language, cultural heritage, and religious composition have different levels of social capital. Türkiye and Iran, despite Middle Eastern countries, both have political systems and languages differing from Arab MENA countries.

Using the classification of social capital dimensions as discussed above, in this section, we briefly reflect on different social capital dimensions in 12 Arab countries. We use data from the World Values Survey, 6th Wave (2010-2014) in Egypt, Jordan, Algeria, Kuwait, Tunisia, Lebanon, Morocco, Qatar, Palestine, Yemen, Libya, and Iraq. The average number of respondents ranges between 1000 in Palestine to 1205 in Tunisia. The total number of respondents is 15222.

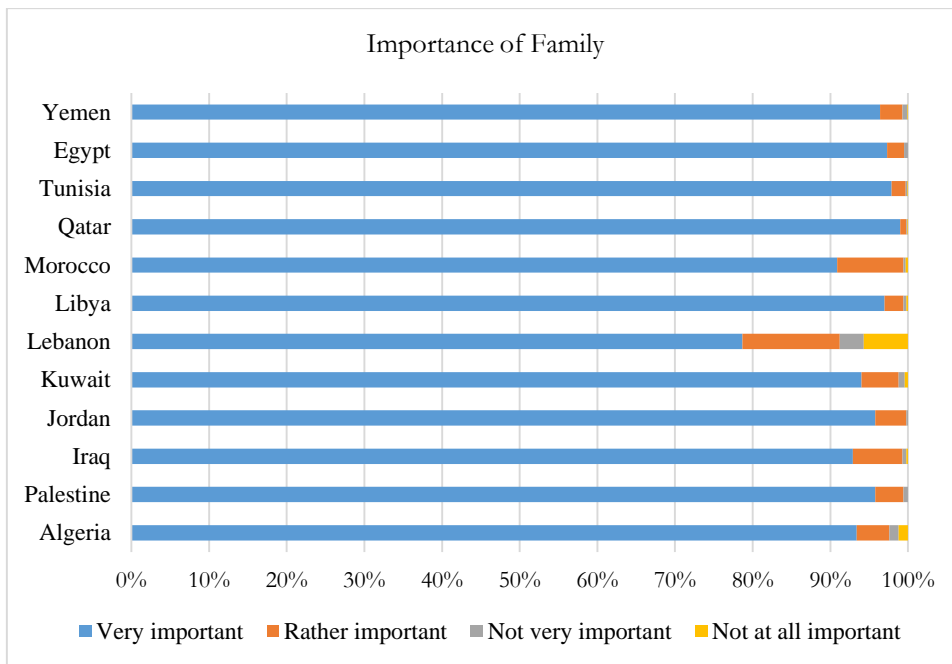
### 3.1. Bonding Social Capital

According to Granovetter (1973), ties can be either strong ties (family, and friends) or weak ties (acquaintances). Weak ties connect social networks and generate opportunities to progress in life. Weak ties 'bridges' are contributors to the 'small world' phenomenon and are critical for holding the network together. If the network breaks, social resilience deteriorates owing to isolated cliques (Vella-Burrows, 2014). Taking this definition of social capital as a form of social networks and ties as a starting point, we use WVS to reflect on bonding and bridging social capital due to the reliability of the WVS nationally representative data.

We expect bonding social capital to be high in Arab countries. We use a single WVS item on a 4-point scale, which asks the respondents about how important the family is; (4=very important to 1=not at all important). As Figure 1 shows, most respondents in Arab countries place high importance on family. About 97% Libyans and 99% of Qataris reported family was critical. In Lebanon, only 78% reported their family was essential.

Two WVS items were used to assess how citizens in 12 Arab countries viewed their family and friends in terms of importance. Figure 1 shows that Arab countries emphasize family's importance. Like the importance of family, we use another WVS question that asks respondents 'Friends: Would you say it is very important, rather important, not very important, or not important at all'. About 72% of Qatari respondents reported their friends are very important, versus only 36% in Morocco. The other countries show similar rates in terms of friends' importance.

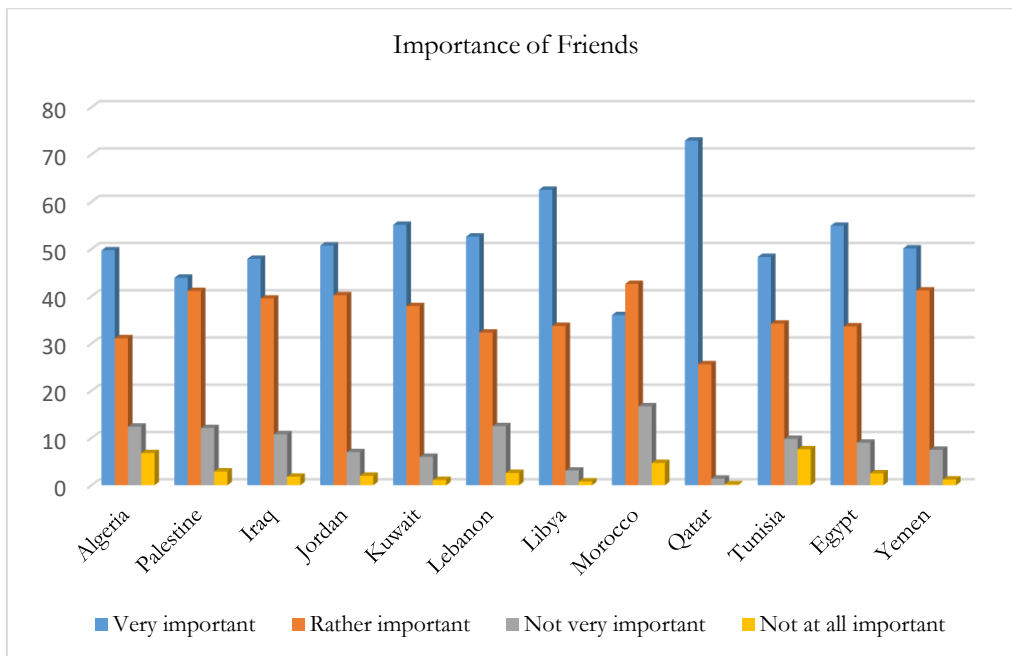
**Figure 1.** Importance of Family as a Proxy for Bonding Social Capital in 12 Arab Countries



Source: World Values Survey, Wave 6 (2010-2014)

As shown, most of the respondents viewed their family as very important. This shows that bonding social capital is significant when it comes to family. On the contrary, the results differ for friends, as shown in Figure 2.

**Figure 2.** Importance of Friends as a Proxy for Bridging Social Capital in 12 Arab Countries



Source: World Values Survey, Wave 6 (2010-2014)

A point worth mentioning is that it is not always preferable to have high bonding social capital if close networks of family and friends help to create and facilitate illegal transactions or encourage corruption. In societies where people depend on bonding social capital, they apply multiple standards and laws to different situations and groups (Seleim and Bontis, 2009). Additionally, codes of ethics and integrity are frequently limited to close-knit groups in hierarchical societies (members of the family, or the clan). Outside of this small network, highly selfish and opportunistic behavior is seen as normal and morally acceptable in contrast



with contemporary democracies, where general moral principles are applied to a wide range of social contexts, not just within a close-knit circle of close friends and family (Tabellini, 2010).

Each society has social groups that are divided by class, religion, ethnicity, and caste. Strong within-group ties (bonding social capital) would benefit its members, who may be excluded from other groups, due to their lack of 'bridging social capital.' New economic opportunities become available to less powerful or excluded social groups through cross-cutting ties within and among groups. Social cohesion is another outcome of these social ties-it enhances social stability and economic welfare (Narayan, 1999). As previously discussed, bridging social capital is about building networks beyond one's family and those like oneself. It can include norms of accepting others and incurring costs for benefiting the larger group, beyond kin or family members. Said differently, societies should not depend only on bonding social capital among its members, but there should be improved bridging social capital.

### 3.2. Structural Social Capital in Arab Countries

Structural social capital includes actions that undermine civic participation and networking. It is made up of both informal (interpersonal relationships with coworkers and friends) and formal networks (membership in professional, cultural, and religious organizations) (Kaasa, 2019). These informal give-and-take ties through community festivals and traditional communication methods are important in developing countries and especially rural areas (Woolcock and Narayan, 2000).

Different forms of participation in voluntary associations and local organizations indicate structural social capital (Maxwell and Taylor, 2010). For example, Sedeh et al. (2020) used the breadth of formal organizational membership to show the percentage of people who are members of at least one voluntary organization (averaging the percentage of individuals who are active members of voluntary organizations such as environmental groups, music, arts, education, or social activities). WVS (2010-2014) asks respondents if they have active membership in various organizations such as religious, educational, art, environmental, professional, or charitable/humanitarian organizations, or in organizations such as labor unions or political parties. As Figure 3 shows, on average, about 89.5% of respondents in 12 countries stated they were not members of religious organizations, 94.2% were not members of environmental organizations, and 86.5% were not members of charitable organizations. In terms of labor unions and political party membership, 94.2% of respondents are not members of labor unions, and 93.2% stated they did not have membership of a political party. The data by the WVS shows inactive associational membership in terms of most organizations in Arab countries, which is a sign of weak structural social capital, in terms of associational membership.

Interestingly, Figure 3 shows that Kuwait, followed by Lebanon, has the highest percentage of respondents who have active membership in religious organizations, whereas Tunisia, Egypt, and Morocco have the least. Kuwait and Libya have the highest percentage of active membership in charitable/humanitarian organizations. By participating in civic organizations, individuals develop the habits of collaboration, solidarity, and altruism. Being a part of interdisciplinary groups enables trust to spread and become transitive. Durable social networks of institutionalized positive relationships are an essential part of the objective, structural dimension of social capital.

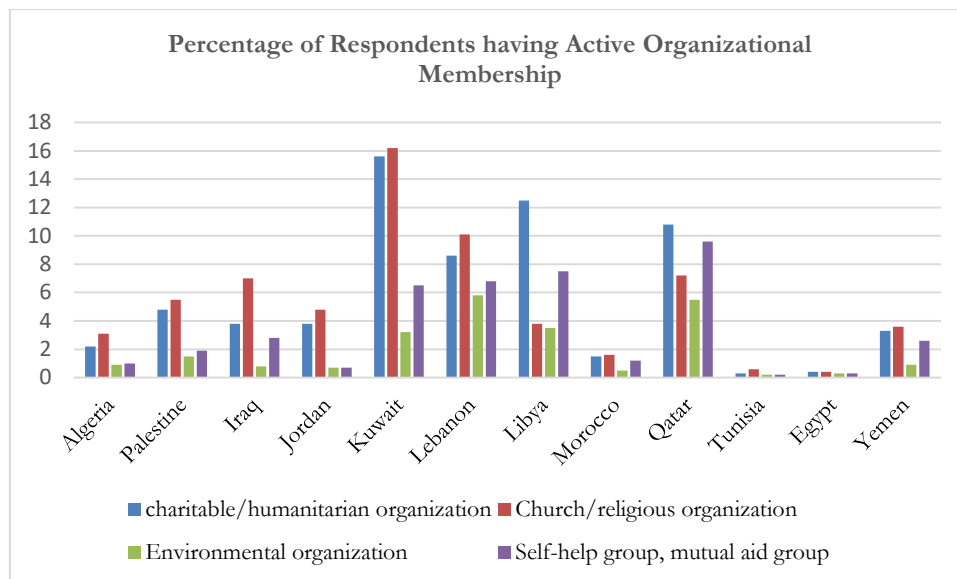
### 3.3. Cognitive Social Capital in Arab Countries

As previously discussed, intangible nature characterizes cognitive social capital, whereas tangible nature characterizes structural social capital (Cáceres-Carrasco *et al.*, 2020). Cognitive social capital includes proxies such as trust in different institutions such as the police, government, legal system, and parliament. The WVS asks respondents to report their degree of confidence in several institutions: domestic such as political parties, the legal system, and the government; or international such as the World Bank, World Trade Organization, and United Nations.

On average, only 18.9% of respondents stated they have a great deal of confidence in the government, 4.4% had a great deal of confidence in political parties, and only 18.9% have a great deal of confidence in the government. Cognitive social capital as measured by confidence in institutions shows low rates in Arab countries. Confidence in institutions is based on positive experiences with the efficacy and fairness of social,

economic institutions, and political institutions, which does not seem bright in Arab countries, particularly those under authoritarian systems.

**Figure 3.** WVS Items showing the percentage of Active Membership in different organizations.



Source: World Values Survey, Wave 6 (2010-2014)

#### 4. CONCLUSION

Social ties, norms, and networks play a key role in determining how each nation's economy performs (Knack, 2002). Alternatively, resolving issues involving collective action is where social capital's direct influence on economic and social development comes from. Societies with high levels of social capital are more likely to be able to deal with issues related to the distribution of common resources or externalities like noise pollution (Whiteley, 2000). For instance, Knack and Keefer (1997) found that different measures of social capital influenced R&D investments, explaining a country's income growth.

Unfortunately, when developing reforms and structural programs, several nations only consider the deficiency in stocks of financial and human capital. The lack of social capital and the effects it has on society might be overlooked, though. This theoretical study aims to discuss the dimensions of social capital in the Arab region. Many approaches define social capital dimensions. The most common one defines three dimensions: bonding, bridging, and linking social capital. It should be emphasized that bonding and bridging social capital are necessary for each society. Bonding social capital helps homogeneous groups stick together and makes it easier for individuals and groups who are poor to "get by" because it is frequently protective and exercises close membership. However, bridging social capital is frequently civically active, reduces the gap between various communities, and engages open membership. As a result, it is essential to organize solidarity and to "get ahead" (Van Oorschot *et al.*, 2006).

##### 4.1. Implications and Limitations

Arab countries examined in this study are shown to have low levels of bridging social capital but high bonding social capital in terms of close ties and the importance of family. In societies with low bridging and linking social capital, civil society is weak, social institutions are underdeveloped. Citizens might have a low degree of regard for public interest and citizen rights. There are high corruption levels, a tendency for tax evasion, and poor-performing governments. In these societies, people rely more on bonding social capital for daily life (Newton, 2005). Based on these concerns, solutions to civil society problems might not be structural but rather related to human capital. Said differently, governments should adopt initiatives to improve social norms and networks among different social groups. Also, individuals in Arab countries should be encouraged to engage in voluntary and social work.

Local factors in a country are expected to cause significant variations in social capital levels (Krishna and Uphoff, 2002). For example, formal and macro institutional structures such as political regimes, rule of law, and civil liberties influence patterns of economic development by providing an environment that allows local associations to develop, resolve conflicts, and enforce laws. This leads to another important aspect, which is the effect of political and social environments on social capital.

It is important to consider institutional and governmental social capital to achieve a thorough understanding of society-level social capital and the factors that influence it. Economic and social development can occur when a well-functioning state works in tandem with a high level of civic engagement (Narayan, 1999). Citizen participation and public-private partnerships are required for the state to implement programs and policies efficiently and equitably (De Oliveira, 2002). When public and private actors work together effectively or when the state is unable to perform its duties, informal networks take the place of formal institutions. People might function as if they are providing security themselves if they are denied access to police security, for instance, which would be a threat to the state and cause social divisions and political instability. As a result, the state should be considered in the social capital analysis because society and the state interact through substitution and complementarity relationships.

If applied to the Arab region, however, this theory of social capital as a bridging force between the state and civil society would not be the perfect approach since informal networks with family members or close groups in terms of bonding social capital are more common. Our study includes 12 Arab countries from the WVS. Despite a similar culture and religion, in some of these Arab countries, the state may fail due to social unrest or political conflict, and the embeddedness and complementarity between public and private actors deteriorate. Under this scenario, bridging social capital takes place, and informal networks replace the failing state. As a result, social capital is a critical concept that deserves more attention in policy design in most Arab countries.

Another important implication for social capital lies in its role as a major strategy for poverty reduction. Poor people do not belong to the same organizations as the non-poor. The poor can build their networks around survival strategies- exchange of trust and symmetric pattern of mutual expectations from their networks, which may also exist through family support. As a result, the World Bank has supported the idea of shrinking the role of the state and public expenditures, which fits with a call to strengthen civil society through social capital formation (Oyen, 2002).

Moving to structural social capital, vertical associations, have unequal power distribution and hierarchical relations among actors and groups. Group membership in social organizations has been shown to improve economic development by promoting participation and representation of social stakeholders in public policy, as well as to ensure welfare effects through synergy with state institutions (Christoforou, 2011). Put differently, the greater the number of institutions in a society, the greater its members' ability to collaborate for mutual benefit and overcome opportunism (Cáceres-Carrasco, 2020). In this concern, governments in the Arab countries examined should undertake initiatives to foster civic participation and associational membership among citizens.

Regarding theoretical and practical constraints, this study is subject to some limitations despite its contributions. The first limitation relates to the operational definition of social capital. The existence of different perspectives to understand social capital represents a problem in social capital research. For example, Montgomery (2000) argued that social capital, despite being an intuitively appealing concept, entails the risk of remaining hazy and developing into a social science "black box" unless social capital is studied with more precision. This results in many definitional difficulties, such as which levels and dimensions are to be analyzed. This represents a limitation, as social capital definition lacks comprehensiveness and has been described as a cure-for-all term, entailing anything related to social structure, social organization, and social action. Therefore, future studies on social capital should take into consideration different macro and micro variables when defining social capital or selecting its dimensions.

Another limitation relates to the methodological approach. This article aims to provide a theoretical review of social capital and its different proxies in the Arab region. It uses descriptive statistics through the WVS

data from the 6<sup>th</sup> Wave (2010-2014). Future studies, however, are recommended to empirically examine social capital in the Arab region and factors shaping different proxies of social capital, due to its importance for the social and economic development of nations.

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