Significance of Social Capital in Socio-economic Development of Bosnia and Herzegovina

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Abstract
Social capital is used in interdisciplinary research as an analytical tool for explaining how culture, trust, and cooperation between people may be put into a function of general good, economic development and society in general. The objective of this paper consists of identification and analysis of status in the field of groups and networks, trust and solidarity, collective action and cooperation, information and communication, social cohesion and inclusion, and empowerment and political action, as key dimensions of social capital, and all in the context of overview of its significance in socio-economic development of Bosnia and Herzegovina. For the purpose of implementation of the named aim, a secondary and primary research has been conducted (by surveying 100 members of the top management teams in Bosnian and Herzegovinian SMEs). The research results show a relatively unsatisfactory status in the area of observed dimensions of social capital in Bosnia and Herzegovina, and the decision makers and creators of socio-economic policies should put in a more significant effort in the area of development of social capital which has a significant potential in the context of incitement of socio-economic development.

Keywords: social capital, socio-economic development, Bosnia and Herzegovina

JEL: A13, A14, O10, L26, Z10

1. Introduction
1.1 Introduction of the Research Problem
In the past decades, social scientists, as well as various financial institutions, such as the World Bank or the International Monetary Fund, have been researching various forms of capital, such as the social capital, cultural capital, transcultural capital, intellectual capital, symbolic capital, and such. These various forms of capital are brought to connection with the total degree of development and democracy of society. Social capital, as a concept, far-reaching aids understanding and critical analysis of the role some play in economic life (until actualisation of this concept, neglected noneconomic factors), such as norms, values, trust, networks, and such. From there, social capital may be a beneficial analytical tool for transdisciplinary connection of economic and sociological approaches. Social capital represents some form of unity of normative structure (axiology, value) that enables the existence of trust in ways of functioning of, not only the economy but the whole society.
A comprehensive overview of the mutual connection between social capital, entrepreneurship and economic development, may be found in scientific studies made by a large number of authors that use interdisciplinary research. David Skidmore (2001) has researched a mutual connection between social capital, civil society and economic development. He has found that, at the foundation of the research conducted in 29 countries, a significant positive connection between social capital (especially mutual trust) and rate of economic growth. Janusz Tanas (2007) has researched cognitive and behavioural aspects of relationships between entrepreneurship and social capital and their impact on a new appearance of modern operations. He has found that a high level of social capital may significantly decrease dysfunctional aspects of doing business (Tanas & Sae, 2007; Tanas, Dembek, Gillin & Spring, 2007). Krzysztof Dembek and Murray Gillin (2007), have determined that there will be a positive effect of social capital on entrepreneurship, and they have proposed a conceptual frame that connects entrepreneurship and social capital as the main drive for economic sustainability and deeper
understanding of economic activities. The cohesive energy that holds the society together, according to these authors, is the result of an integrative role of social capital, and from there, that the entrepreneurship may not be developed in the mistrustful environment. A large number of newer studies on modern problems of development and entrepreneurship, has been preoccupied with a question in which way norms of trust (mutual respect and recognition) may be directed towards outcomes of mutual benefits and the public good. In empirical researches on development (Knowles, 2005. and others), it has been emphasized that societies that are nurtured on the foundation of mutual trust have a greater probability to achieve a higher rate of economic growth when compared to societies that do not develop economic politics that is directed towards public good. According to Amartya Sen, social capital, understood as trust, norms, and networks that enable collective action is directly connected to entrepreneurship and economic development. Stephen Knowles (2006) has focused on studies of formal and informal dimensions of social capital in the context of theoretical and empirical researches of economic changes in many transitional countries, and he has come to a conclusion that social capital is one of the foundational determinants of development. Jan Fidrmuc and Klarita Gërshani (2008) have researched a circular relationship: does social capital impact economic and social development, or the opposite, does the existence of social and economic development positively impacts accumulation of social capital. Adam Szirmay and associates (2009) have searched for an answer to the question of categories of human and social capital in the economy are used as an addition or replacement for improvement of entrepreneurial dynamics in developing countries? They have defined human capital as a sum of knowledge and skills owned by economic subject on which they generate income, and by social capital, they meant non-material resources that may be exploited from networks of entrepreneurial cooperation and mutual interactions. They have determined that social capital and network operations significantly improve entrepreneurship (see more in: Sadadinović, 2012; Delić, Sadadinović & Smajlović, 2014; Delić, Sadadinović & Delić, 2014).

Researching the impact of social capital on the quality of economic development in Italy, Sabatini (2005) warned that empirical researches of social capital have significant deficiencies. These deficiencies are connected with the non-existence of a universal method of measuring and with the generally accepted definition of social capital. Besides that, Sabatini recognises a significant potential in the actual multidimensional characteristics of social capital, and he states that with the help of that concept, we may improve our understanding of mutual connection between entrepreneurship and newer concepts of sustainable development. Accepting the mentioned, in this paper, social capital will be observed through groups and networks, trust and solidarity, collective actions and cooperation, information and communication, social cohesion and inclusion, and empowerment and political action, as well as its key dimensions, and all in the context of overview the significance of social capital in socio-economic development of Bosnia and Herzegovina. SMEs are connected with entrepreneurship and long since representing the framework of developed economies, and after the 1990s of the 20th century, the belief, that SMEs may also be key for the transformation of former socialist economies into market economies, has spread. For SMEs, it is considered that they are key factors of economic development, but also that their competitiveness in global frames is greatly conditioned by their orientation towards networking with other SMEs. It is considered that social capital plays an important role when forming efficient networks of SMEs, which is, besides all else, the focus of this research.

1.2 Research Question, Research Objective, and State Hypothesis

Many researches, which we will review in this paper, have shown that the concept of social capital may be used in order to explain one significant insight that economic activities are indeed social activities, and that they are, as such, deeply rooted in the culture of society. A significant number of economists and practitioners justifiably claim that formation, construction or preservation of social capital represents an engine of economic and social progress in general. It is often found that social capital positively supplements market effects, decreases transactional costs, incites entrepreneurship, innovations, the spread of technologies, and, in such way, generally leads to better economic results. In Bosnia and Herzegovina, there still are not enough relevant theoretical and especially empirical researches of levels of social capital and its significance in socio-economic development, and so it seems justified to ask the research question: what is the status in field of groups and networks, trust and solidarity, collective action and cooperation, information and communication, social cohesion and inclusion, and empowerment and political action, as key dimensions of social capital, and all in the context of overview of its significance in socio-economic development of Bosnia and Herzegovina?

The general research objective is determination and analysis of status in the field of groups and networks, trust and solidarity, collective action and cooperation, information and communication, social cohesion and inclusion, and empowerment and political action, as key dimensions of social capital, and all in the context of overview of its significance in socio-economic development of Bosnia and Herzegovina.
In accordance with the research problem, subject and general objective, it is possible to set the following research hypothesis: Status in the field of groups and networks, trust and solidarity, collective action and cooperation, information and communication, social cohesion and inclusion, and empowerment and political action, as key dimensions of social capital, is unsatisfactory, which limits the significance of social capital in socio-economic development of Bosnia and Herzegovina.

![Diagram of Social Capital](image-url)

Figure 1. Hypothesis

2. Theoretical Framework and Literature Review

Various scientists define social capital in various ways. Therefore, some authors have brought social capital in relation to trust and norms upon which the cooperation is founded (Knack and Keefer (1997), Hram and Johnson (1998)), and some authors, however, connect social capital with values such as compassion, altruism and tolerance (Fukuyama (1995)), while others emphasize connection of capital with connecting and networking individuals (Narayan and Pritchett (1997), Grootaert (1998), Putnam, Leonard and Nanetti (1993), Coleman (1988); see more in Fafchamps & Bart Minten, 1999). Since the mid-1990s of the 20th century, use of that term becomes unusually intensive, and the term itself experiences extraordinary popularity. In this way, it begins to be used in many contexts; and in many, very jagged, specific areas in sociological, economic and political theories that, before all, relate to economic, political and normative aspects of development. Since it gains outstanding symbolic power, social capital becomes an integral part of many programmes connected to public politics, and there are many papers on this topic out there.

The early papers on the concept of social capital are connected, before all, to a name Lyda Judson Hanifan (The Community Center, 1920) who argued that “social capital… refer[s] to … those tangible assets [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”. The following are also included in the group of authors that have pioneered on the phenomenon of social capital: Jane Jacobs (The Life and Death of Great American Cities, 1961), Pierre Bourdieu and Jean-Claude Passeron (Reproduction in Education, Society and Culture, 1970), and Glenn Loury (A Dynamic Theory of Racial Income Differences, 1977); see more in Rossing Feldman & Susan Assaf, 1999).

After the initial texts on social capital, the most significant papers on this phenomenon, in the first half of the 1990s of the last century, have been written by Putnam, Bourdieu, Coleman and Fukuyama – while, during the last twenty years, hundreds of papers were written that contributed to theoretical and practical promotion of this concept for development purposes.
During the 1990s, Putnam has dealt with the analysis of social capital intensively and extensively. He has shown an envious level of competence to consolidate economic and sociological approaches. Putnam, in great detail, combines the approach of rational choice with historical analysis, searching for the origin of regional differences in Italy that are reflected on functioning of state administration, levels of trust and corruption (Putnam, 1993). According to Putnam, social capital enables the solution to a problem that all societies face. Moreover, this problem, in political sociology, is called a dilemma of collective action. Survival of every society assumes, in principle, a certain level of cooperation or collective action of its members, in order to achieve goals of mutual benefits. Social capital refers to characteristics of the social organisation, such as trust, norms, and networks that may improve the organisation of society, that is, social action, through realisation (support or ease) of coordinated engagements (Putnam, Leonardi, Nonetti, 1993: 167). For individual action in a system of reciprocity, Putnam agrees with the Michael Taylor’s observations, claiming that individual action represents a combination of short-term altruism and long-term personal interests, showing, in such way, that he believes how reciprocity may also solve problems of collective action and reconcile personal interests with solidarity (Putnam, Leonardi, Nonetti, 1993: 172).

James Samuel Coleman determines social capital as various entities consisting of some aspect of social structure and supporting certain activities of individual and corporate actors within those structures (Coleman, 1988: 98). Nevertheless, he makes a difference between social and human capital. With skills and knowledge, he recognizes a certain part of human capital in abilities of people to come together with one another. This ability is important, not only for economic life but also for other spheres of society. The ability to come together depends on how much are norms and values respected in communities. Besides that, it depends on how individual interests succumb to interests of broader groups. Social capital is, therefore, primarily a relational concept (it is defined through its function). It is built in the social structure as a public good, while the human capital is directed towards private benefits (Coleman, 1990: 302). The structure of relationships may: (1) help the establishment of obligation between social actors; (2) create a social ambiance founded on trust; (3) open, informative channels; and (4) set norms and force sanctions for certain forms of behaviour (Coleman, 1988: 102–104).

Francis Fukuyama was included in the discussion about the social, economic, and political significance of social capital in 1995 with his work Trust. He started from rehabilitation of the philosophical and anthropological significance of the concept of recognition. In that sense, he pointed to a great significance that was given to the concept of recognition by a German philosopher Georg Wilhelm Friedrich Hegel (1770-1831). By combining several scientific disciplines, Fukuyama achieves to represent how much power and significance has that fact that we, human beings, in our interrelations mutually recognise. In that sense, he writes: “Most theoreticians in the field of political sciences have understood that the significance of recognition, as well as the way in which it is extremely important in the sphere of politics. One prince, for example, that is battling another prince does not have a need for new territory or money; he usually has more of that than he needs. What he wants is recognition of his ruling or sovereignty or recognition of the fact that he is the king of kings. Request for recognition often overweighs the economic interest” (Fukuyama, 2003: 59). Fukuyama was proving that the human desire for recognition is universal. Every human being has an elementary need for recognition by other human beings. An economic activity represents the key moment of social life that is intertwined with various norms, rules, moral orientation and various customs, that all together shape society. Considering the challenges of globalization and changed the role that a country has on the economy, Fukuyama believes that culture is coming to the center of attention now. Therefore, the key area of modern life is the economy, in which culture has an immediate impact on prosperity on the internal plan and international order. An outstanding progress, created by the so-called technologized capitals, has served as an incubator for a liberal system of universal and equal rights, where fighting for recognition of human dignity reaches its highest point. Even though the introduction of democratic institutions and the free market has many lead countries to difficulties, especially those parts of the former real socialism world in which there is danger from violence, Fukuyama states that there is no alternative model of political and economic organisation in relation to democratic capitalism. Fukuyama avoids economic reductionism and technocentrism in order to emphasize a crucial role that, cooperation, trust or insisting on public good generally have for both the individual national economies and the new global economy. In the book, Bowling Alone: The Collapse and Revival of American Community, Putnam refers to Fukuyama in only the one place. He does this to emphasize the mutual compatibility of their opinions: a social commentator, Francis Fukuyama, has argued that economies, where citizens show a high level of social trust – that is, have a high level of social capital – will dominate in the 21st century.

Bourdieu also writes about social capital. He unites sociological, philosophical, esthetic and economic traditions. He tries to unveil inner connections, correlations and mechanisms of activity between (a) social and (b) spiritual
structures: he tries to historically explain their interrelations. He has become famous because he introduced (or re-actualized) the terms “practice”, “habitus”, “cultural capital” and “research field” into social sciences. Since 1964, he lectured École des Hautes Études en Sciences Sociales (in Paris). Since 1975, he edited an interdisciplinary magazine Actes de la Recherche en Sciences Sociales. In 1981, he got tenure at Collège de France, the most prestige academic institution in France, and, at the end, became one of the leading French intellectuals. At first glance, Bourdieu’s work includes a great number of topics. His theory system has been built with a consitant intent to overcome opposition of, in his opinion, unnatural and unuseful “objectivism” and “subjectivism” in social sciences, that is, those models that emphasize structures exclusively (classical structuralism), and those that primarily lean on experience and on representations of social actors (interactionism, ethnmethodology) (Bourdieu, 1999). “Social science should also incorporate, as its subject, social reality and observation of that reality, points of view which actors, depending on the position in the objective social space, have in relation to that reality.”

He sees society as a multidimensional space within which social actors presume their position. This position is determined by the scope of their total capital. In that sense (by hierarchy), he differs dominant classes, that excel in the sense that they have strong global capital available, and dominated classes, which capital is of modest scope, considering that there is one dominated fraction within the dominating class made up of social actors whose cultural capital is stronger that economic (in modern societies, those are intellectuals, “freelance professionals”, and such. Domination over lower classes does not rest so much on power (or on the influence of individual actors), as it does on the diverse and invisible play of symbolic violence. Thanks to the inner logic of activity of symbolic violence, a social system (that is, dominant classes) is reproduced by social segregations and classifications. By symbolic violence, Bourdieu understands power to force certain significances and values as official and legit, while, at the same time, the objective relations of strengths at the foundation of that power are hidden. The dominant classes play the card of own diversity (since capital is, in all three forms, a factor of differentiation). In order to confirm own identity and to force is onto everyone, they make it official as the only certain vision of the world. Social actors are not aware of such mechanism of domination, because it is secret, “covered with the veil of social ignorance”, and the main task of sociologists is to unveil its structure.

The research objective in social sciences, according to Bourdieu, is understanding of the “deepest logic” of society, that is, also the structure of mechanism that constructs the social space and that reproduce it. In order to achieve that, it is necessary to “dive into uniqueness of one empirical reality” and to apply various methods of observation and measuring, quantitative and qualitative, statistical and ethnographic, macro-sociological (because opposition of those methods, according to the author’s opinion, is stripped off sense and useless) in conjugation with the adequate theoretical model (Bourdieu, 1999). According to Bourdieu, social capital refers to the ability to mobilize networks of social connections (own or someone else’s) in order to achieve own goals.

Stephen Knowles (2006) has made an overview of most often cited definitions of social capital in economic literature. He had no pretentions to make a final judgment about what definition is superior. His central thesis is that there is a significant degree of overlap between concepts of social capital and informal institutions.

Woolcock (1998) also pointed to the heuristic potential of social capital. He claimed that, in researches on social capital, economists, historians, help to overcome “disciplinary provincialism”. Some authors believe that many societies become dysfunctional and less productive when lacking integration of structure of social capital (Rose, 1999). Social capital is one of the main catalysts of economic and social progress (Grafton & Knowles 2004; Durlauf & Fafchamps, 2004; Stiglitz, 2008.)

Here, also, we may name only a smaller number of scientific researches that dealt with socio-economic, and other aspects, that relate to some characteristic forms of connection between social capital and economic development (Bazan & Schmitz, 1997; Woolcock, 1998; Portes, 1998; Evans, 1997; Trigilia, 2001; Fukuyama, 2002.; Harper, 2002; Adler & Kwon, 2002.; Westlund & Boltona 2003; Taube, 2005.; Sabatini, 2005.; Akcomak & Weel 2006; Ahlerup, Olsson & Yanagizawa, 2009; Ramsey, 2009). Most of the above-mentioned researches are founded on the belief that social capital, as an analytical instrument and a normative concept, may contribute to a better understanding and explanation of economic and social development. However, it should be emphasized that individual authors, such as John Elster, are sceptical towards explanatory ranges of the concept of “social capital”, that is, toward attempts of their measuring for the needs of the behavioral economy. Elster believes that measuring public opinion assumes the existence of stable opinion that may be measured. However, Elster has doubted such possibility. Therefore he was also sceptical towards both the qualitative and the empirical researches that refer to social capital (Elster, 2007).

Berto Šalaj has researched the status of social capital in Bosnia and Herzegovina. At the end of his study, he
admits that we should not see the results and interpretation of his descriptive-explorative research as definite answers about social capital in Bosnia and Herzegovina, but more as guidelines to directions of future analyses (Salaj, 2009:29). Stojiljković, in his work Contribution to Research of Social Capital (2010), also deals with the problem of researching social capital in Bosnian and Herzegovinian environment. Only a few authors, in their studies and scientific papers, connect social capital, entrepreneurship, networking SMEs and socio-economic development in Bosnia and Herzegovina (see, for example: Sadadinović, 2012; Delić, Sadadinović & Smajlović, 2014; Delić, Sadadinović & Delić, 2014).

Table 1. Social Capital Dimensions: Groups and Networks, Trust and Solidarity

<table>
<thead>
<tr>
<th>Variable</th>
<th>Social capital dimensions</th>
<th>Measuring attitudes</th>
<th>(df)</th>
<th>( x^2 )</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>I GROUPS AND NETWORKS</td>
<td></td>
<td>Complete by agree</td>
<td>Agree</td>
<td>Somewha agree</td>
<td>Disagree by disagree</td>
</tr>
<tr>
<td>I-12.1</td>
<td>Membership of enterprise in chambers of commerce</td>
<td>5 18 37 35 5 48.40 4</td>
<td></td>
<td>0.000</td>
<td>3.17±</td>
</tr>
<tr>
<td>I-12.2</td>
<td>Membership of enterprise in associations from the same field of activity</td>
<td>1 10 34 42 13 59.50 4</td>
<td></td>
<td>0.000</td>
<td>3.56±</td>
</tr>
<tr>
<td>I-12.3</td>
<td>Membership of enterprise in clusters of small and medium enterprises</td>
<td>3 13 13 34 4 73.30 4</td>
<td></td>
<td>0.000</td>
<td>3.23±</td>
</tr>
<tr>
<td>II TRUST AND SOLIDARITY</td>
<td></td>
<td>Complete by agree</td>
<td>Agree</td>
<td>Somewha agree</td>
<td>Disagree by disagree</td>
</tr>
<tr>
<td>II-4.1</td>
<td>Enterprise has a high level of trust towards financial institutions</td>
<td>8 42 40 10 0 41.12 3</td>
<td></td>
<td>0.000</td>
<td>3.48±</td>
</tr>
<tr>
<td>II-4.2</td>
<td>Enterprise has a high level of trust towards government institutions</td>
<td>3 23 54 17 3 87.60 4</td>
<td></td>
<td>0.000</td>
<td>3.06±</td>
</tr>
<tr>
<td>II-4.3</td>
<td>Enterprise has a high level of trust towards efforts of political structures in the scope of ensuring better conditions for economic development</td>
<td>1 11 44 31 13 59.40 4</td>
<td></td>
<td>0.000</td>
<td>2.56±</td>
</tr>
<tr>
<td>II-4.4</td>
<td>Enterprise has a high level of trust towards government incentive programmes for development of small and medium enterprises</td>
<td>3 20 45 23 9 52.20 4</td>
<td></td>
<td>0.000</td>
<td>2.85±</td>
</tr>
<tr>
<td>II-4.5</td>
<td>Enterprise has a high level of trust towards programmes of education and training in the field of entrepreneurship</td>
<td>4 30 48 14 4 71.60 4</td>
<td></td>
<td>0.000</td>
<td>3.16±</td>
</tr>
<tr>
<td>II-4.6</td>
<td>Enterprise has a high level of trust towards business partners</td>
<td>18 52 28 2 0 52.64 3</td>
<td></td>
<td>0.000</td>
<td>3.86±</td>
</tr>
<tr>
<td>II-4.7</td>
<td>Enterprise has a high level of trust when making alliances/clusters with other enterprises for an easier appearance on domestic and/or international market</td>
<td>9 34 47 8 2 75.70 4</td>
<td></td>
<td>0.000</td>
<td>4.0±</td>
</tr>
<tr>
<td>II-6.1</td>
<td>SMEs give back part of their profits to society by engaging in the field of important social projects and environment protection projects</td>
<td>3 25 52 19 1 85.00 4</td>
<td></td>
<td>0.000</td>
<td>3.10±</td>
</tr>
<tr>
<td>II-6.2</td>
<td>SMEs solve social, environmental, and problems in community, more efficiently than governments do</td>
<td>2 23 54 20 1 92.50 4</td>
<td></td>
<td>0.000</td>
<td>3±</td>
</tr>
<tr>
<td>II-6.3</td>
<td>Governments are competent to connect potential entrepreneurs, enterprises and civic organisations on specific social, environmental or projects significant to communities.</td>
<td>10 44 37 9 0 39.44 3</td>
<td></td>
<td>0.000</td>
<td>3.55±</td>
</tr>
<tr>
<td>II-6.4</td>
<td>Social responsibility is a significant source of competitive advantage for SMEs.</td>
<td>4 18 43 28 7 51.10 4</td>
<td></td>
<td>0.000</td>
<td>2.84±</td>
</tr>
<tr>
<td>II-6.5</td>
<td>SMEs that promote their environmental, or social project comes across scepticism more often than they come across approval.</td>
<td>25 12 34 39 13 49.70 4</td>
<td></td>
<td>0.000</td>
<td>3.41±</td>
</tr>
</tbody>
</table>
September 25–27, 2002, and organised by the Organization for Economic Co-operation and Development (OECD). The questionnaire consists of 7 parts, where the first refers to demographic data about the surveyed and the enterprise, and other six parts refer to 1) groups and networks, 2) trust and solidarity, 3) collective action and cooperation, 4) information and communication, 5) social cohesion and inclusion, and 6) empowerment and political action. The questionnaires were filled by members of top management teams of small and medium enterprises (72% male and 28% female; 31.00% aged between 31–40, 28% aged up to 30, 26% aged between 41–50, and 15% aged over 50 years) between December 2015 and March 2016 in 100 Bosnian and Herzegovinian enterprises that are classified in various branches of operations.

3.1 Results and Discussion

Research results show a relatively low level of participation of surveyed (members of the top management team in SMEs) in professional and other groups and networks from the field of social life in the local community. Namely, only 21% of surveyed (2.08±0.97) stated that they are an active member of professional associations, 19% stated that they are a member of business associations (1.9± 0.81), 8% are in political parties and movements (1.46±0.69), 9% in groups in the field of culture (1.73± 0.75), 17% in groups from the field of sports (1.87± 0.84), 15% in the field of education (1.67±0.84), 7% belong to faith and spiritual groups (1.42±0.71), 5% to ethnic and national groups (1.53± 0.69). Similar results have also been recorded in research conducted in Bosnia and Herzegovina in 2011/2012 (see: Sadadinovic. 2012 p. 105). Managers of SMEs perceive membership of enterprises in networks as a relatively significant determinant of the success of their operations.

It is interesting that research results show that, in Bosnia and Herzegovina, there is a higher level of trust managers give to financial institutions (3.48±0.78), towards business partners (3.86±0.73), as well as a higher level of trust when making alliances/clusters with other enterprises in order to more easily appear on domestic and/or international market (3.40±0.84), rather than towards government institutions (3.06±0.80) and government incentive programmes for development of small and medium enterprises (2.85±0.96). The lowest level of trust, the surveyed have shown towards political structures when questioning their actions in the field of ensuring better conditions for economic growth (2.56±0.89).

The average number of close friends in an enterprise, according to managers’ answers is 4.21 (while in 2011, this number was 5.43, see Delić, Delić & Sadadinović, 2014), but with the long average deviance of 6.82, and an average number of friends outside the enterprise 6.02 (while in 2011, this number was 10.82, see Delić, Delić & Sadadinović, 2014) with an extremely high deviance of 9.67. According to research results, in Bosnia and Herzegovina, in the past 5 years, there has been a noticeable relative growth of solidarity, where this relative growth of solidarity is greater among members of the network that the enterprise is part of (3.67±0.74), than among employees (3.38±0.85), and among people in local and wider social community (3.04±0.89).

The research results show that managers in SMEs see social responsibility as a relatively significant source for the realisation of competitive advantage (3.75 ±0.76), even though they believe that local and broader community does not still perceive socially responsible activity of an enterprise as extremely significant. The surveyed believe that the inability to realise a higher level of solidarity and social responsibility in local and broader community is due to a dysfunctional and irresponsible government in Bosnia and Herzegovina.

When it is the question of collective action and cooperation, it is noticeable that SMEs are more actively involved in the project for the well-being of the social community (3.32± 0.99) than they are involved in the creation of strategic partnerships with other SMEs (3.00 ±1.05). Social sensitivity and responsibility of SMEs is significant for the social community, however, so is networking of these Bosnian and Herzegovinian enterprises extremely important in the sense of strengthening their competitiveness, and with that, the economic development of Bosnia and Herzegovina. Managers of Bosnian and Herzegovinian SMEs show a high level of mistrust towards governments and government institution, and this is confirmed by data gotten in the field of information and communication. Namely, managers believe that information received from business partners (4.02± 0.78) are more relative than the ones received from government institutions (2.73± 1.13). A relatively low level of importance was given by managers to the daily newspaper (2.77± 1.00) and television and radio (2.90± 1.03), considering that these media are dealing more with the daily political information than the questions relevant for the socio-economic development of Bosnia and Herzegovina.
### Table 2. Social Capital Dimensions: Collective Action and Cooperation, Information and Communication

<table>
<thead>
<tr>
<th>Variable</th>
<th>Social capital dimensions</th>
<th>Measuring attitudes</th>
<th>( \chi^2 )</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>III-1.1</td>
<td>Collective action and cooperation of individuals</td>
<td>In the past 12 months, you were actively involved in some of the actions for the well-being of the broader social or local community.</td>
<td>8 42 33 11 6 53.70 4</td>
<td>0.000</td>
</tr>
<tr>
<td>III-1.2</td>
<td>People eagerly get involved in actions for well-being of the broader social or local community.</td>
<td>In the past 12 months, your enterprise was involved in many projects for the well-being of the broader social or local community.</td>
<td>5 15 50 27 3 74.40 4</td>
<td>0.000</td>
</tr>
<tr>
<td>III-2.2</td>
<td>In the past 12 months, your enterprise entered into a strategic partnership with other small and/or medium enterprises.</td>
<td>In the past 12 months, you were actively involved in some of the actions for the well-being of the broader social or local community.</td>
<td>7 28 29 30 6 30.50 4</td>
<td>0.000</td>
</tr>
<tr>
<td>IV-2.1</td>
<td>Television and radio</td>
<td>Television and radio</td>
<td>5 25 33 29 8 32.20 4</td>
<td>0.000</td>
</tr>
<tr>
<td>IV-2.2</td>
<td>Daily newspaper</td>
<td>Daily newspaper</td>
<td>4 22 28 39 7 42.70 4</td>
<td>0.000</td>
</tr>
<tr>
<td>IV-2.3</td>
<td>Internet</td>
<td>Internet</td>
<td>36 32 24 6 2 46.80 4</td>
<td>0.000</td>
</tr>
<tr>
<td>IV-2.4</td>
<td>Scientific magazines</td>
<td>Scientific magazines</td>
<td>23 30 28 15 4 22.70 4</td>
<td>0.000</td>
</tr>
<tr>
<td>IV-2.5</td>
<td>Professional associations</td>
<td>Professional associations</td>
<td>17 30 32 17 4 25.90 4</td>
<td>0.000</td>
</tr>
<tr>
<td>IV-2.6</td>
<td>Business partners</td>
<td>Business partners</td>
<td>27 52 17 4 0 49.52 3</td>
<td>0.000</td>
</tr>
<tr>
<td>IV-2.7</td>
<td>Market research</td>
<td>Market research</td>
<td>32 40 22 5 1 56.70 4</td>
<td>0.000</td>
</tr>
<tr>
<td>IV-2.8</td>
<td>Government institutions</td>
<td>Government institutions</td>
<td>6 19 33 26 16 20.90 4</td>
<td>0.000</td>
</tr>
<tr>
<td>IV-2.9</td>
<td>Informal communication with persons involved in political structures.</td>
<td>Informal communication with persons involved in political structures.</td>
<td>7 12 28 33 20 23.30 4</td>
<td>0.000</td>
</tr>
</tbody>
</table>

When it is the question of social cohesion or inclusion, as a dimension of social capital, the research results show that, according to the opinions of the surveyed, distance in interpersonal relations is significantly higher today than in the period before the past war in Bosnia and Herzegovina (3.43±0.99), and that the relative growth of distance in interpersonal relations in the social community (3.13±0.88), and material values are becoming growingly more important than ethical or moral ones. The presented result point towards the conclusion that the Bosnian and Herzegovinian society is still not consolidated in the post-war and transitional period, which means that the role of social capital in the socio-economic consolidation and integration is of great importance. The main reason, according to the opinion of the surveyed, for the growth in violence and insecurity in Bosnia and Herzegovina, is before all unemployment and poverty (3.65±0.97), then incorrect politics of transition and privatisation (3.16±1.07), rather than ethnic and religious tension (2.39±0.93). Conflicts within enterprises are at a relatively low level.
Table 3. Social Capital Dimensions: Social Cohesion and Inclusion

<table>
<thead>
<tr>
<th>Variable</th>
<th>Social capital dimensions</th>
<th>Measuring attitudes</th>
<th>df</th>
<th>$\chi^2$</th>
<th>P</th>
<th>$\mu \pm \sigma$</th>
</tr>
</thead>
<tbody>
<tr>
<td>V-1.1</td>
<td>There is a high level of distance in interpersonal relations within the social community I live in.</td>
<td>3 36 33 27 1</td>
<td>56.20</td>
<td>4</td>
<td>0.000</td>
<td>$3.13 \pm 0.88$</td>
</tr>
<tr>
<td>V-1.2</td>
<td>Distance in interpersonal relations in significantly higher today than it was in the period prior to the last war.</td>
<td>15 30 42 9 4</td>
<td>49.30</td>
<td>4</td>
<td>0.000</td>
<td>$3.43 \pm 0.99$</td>
</tr>
<tr>
<td>V-1.3</td>
<td>Material values are becoming more important than the ethical and moral values in the community I live in.</td>
<td>31 22 40 6 1</td>
<td>54.10</td>
<td>4</td>
<td>0.000</td>
<td>$3.76 \pm 1.00$</td>
</tr>
<tr>
<td>V-1.4</td>
<td>Distance in interpersonal relations is significantly higher among members of different ethnic groups than among members of the same ethnic community.</td>
<td>6 41 27 25 1</td>
<td>53.60</td>
<td>4</td>
<td>0.000</td>
<td>$3.26 \pm 0.94$</td>
</tr>
<tr>
<td>V-8.1</td>
<td>In the social community I live in, security is at the high level.</td>
<td>5 20 50 22 3</td>
<td>70.90</td>
<td>4</td>
<td>0.000</td>
<td>$3.02 \pm 0.86$</td>
</tr>
<tr>
<td>V-8.2</td>
<td>I think that violence levels in the past five years have grown significantly.</td>
<td>17 36 25 19 3</td>
<td>29.00</td>
<td>4</td>
<td>0.000</td>
<td>$3.45 \pm 1.08$</td>
</tr>
<tr>
<td>V-8.3</td>
<td>I know a great number of people that have been victims of violence or robbery in the past 12 months.</td>
<td>5 19 30 40 6</td>
<td>46.10</td>
<td>4</td>
<td>0.000</td>
<td>$2.77 \pm 0.99$</td>
</tr>
<tr>
<td>V-8.4</td>
<td>The main reason for increase of violence and robberies in our community is unemployment and poverty.</td>
<td>24 27 40 8 1</td>
<td>48.50</td>
<td>4</td>
<td>0.000</td>
<td>$3.65 \pm 0.97$</td>
</tr>
<tr>
<td>V-8.5</td>
<td>The main reason for increase of violence and robberies in our community is ethnic and religious tension.</td>
<td>2 9 30 43 16</td>
<td>54.50</td>
<td>4</td>
<td>0.000</td>
<td>$2.39 \pm 0.93$</td>
</tr>
<tr>
<td>V-8.6</td>
<td>The main reason for increase of violence and robberies in our community are incorrect politics of transition and privatization.</td>
<td>13 22 38 22 5</td>
<td>30.30</td>
<td>4</td>
<td>0.000</td>
<td>$3.16 \pm 1.07$</td>
</tr>
</tbody>
</table>

By analysing results gathered in the field of measuring opinions of the surveyed about the degree of control over own life, we may conclude that there is a proactive attitude of individuals towards own life (“I believe I have control when making decisions that might change my life path”: $4.18 \pm 0.73$) and a relatively proactive attitude towards the social community (“I believe that I impact decision making that would make the social community I belong to a better place for living”: $3.34 \pm 1.00$), which represents a solid foundation for strengthening social capital in Bosnia and Herzegovina.
Even though, on the grounds of earlier analyzed attitudes of SMEs managers, we may conclude that there is a relatively high level of mistrust towards governments, government institutions, and political structures, these managers still believe that establishment of strategic partnerships/clusters between small and medium enterprises should be incented by government with special development programmes (3.79 ± 0.95), since these strategic unions and partnerships are significant for their international affirmation (3.47 ± 0.83).

4. Conclusion and Recommendations

Social capital is becoming a tool for understanding roles played by non-economic factors in economic life, such as norms, values, trust, social sensitivity, networks, and such. Since social capital positively supplements market actions, decreases transaction costs, incents entrepreneurship, innovations and technology spread, and in that way, generally, leads to better economic results, today, it is generally accepted opinion that establishment and perseverance of social capital represents one of the key starters of economic and social progress. From there, the connection between social capital, entrepreneurship, and economic development, becomes a subject of interest of numerous authors that deal with interdisciplinary researches. They believe that SMEs should be generators of the development of post-transitional economies. Globalization and internationalization of operations have generated hyper-competitiveness a hyper-changeability of conditions in which these enterprises operate, and networking, that is, the formation of clusters of SMEs is considered one of the key strategic options for the achievement of competitiveness of these enterprises on markets. An important role in efficient networking of named enterprises plays social capital itself as an integrating mechanism. Methodological problems in researching social capital are connected with difficulties in its operationalization. As a consequence of named methodological problems, the difference in instruments, for the collection of empirical data about the degree of development of social capital and its impact on socio-economic development, is evident. In subject research, a six-dimensional instrument for measuring social capital was used, and it includes groups and networks, trust and solidarity, collective action and cooperation, information and communication, social cohesion and inclusion, and empowerment and political action. The results of the empirical research presented in this paper show a low level of interests of managers in...
SMEs for membership in groups and networks, in professional ones, and those that are formed in other areas of social life in a community. Moreover, besides that, SMEs managers perceive membership of an enterprise in networks as a relatively significant determinant of the success of their operations.

A relatively low degree of trust as an important dimension of social capital was also determined, and this may be a significant obstacle for socio-economic growth in Bosnia and Herzegovina. Namely, research results show that, in Bosnia and Herzegovina, managers show a higher degree of trust towards financial institutions, towards business partners and members of networks and groups, than towards government institutions, political structures, and government programmes. The number of close friends inside and outside of an enterprise adapts a regressive rate in comparison to the previous period, even though, a relative growth of solidarity has been noticed. If we consider that the national culture of ex-Yugoslavian countries, and Bosnian and Herzegovinian as well, is dominantly collectivistic and solidaristic (Hofstede, 1991, 2001), these results have multiple significance and are unhelpful with the question of social capital and its positive implication on socio-economic development. The inability to achieve a higher level of solidarity and social responsibility in local and broader community is due to the dysfunctional and irresponsible government in Bosnia and Herzegovina, according to the surveyed. Similar results have also been recorded in the field of information and communication, as a dimension of social capital. Namely, managers believe that for an enterprise, more relevant information are received from business partners than from government institutions. A relatively low degree of importance is given by managers to a daily newspaper and television and radio since these media deal more with daily political information that questions relevant information for the socio-economic development of Bosnia and Herzegovina.

When we consider research results in the field of social cohesion and inclusion, it is significant that the distance in interpersonal relations is significantly higher today than in the period prior to the past war in Bosnia and Herzegovina, as well as that a relative growth of distance in interpersonal relations is noticeable, as is the growth in importance of material values in comparison to ethical and moral. The increase in violence and insecurity in Bosnia and Herzegovina is caused before all by unemployment and poverty, and incorrect politics of transition and privatization, rather than ethnic and religious tension. A proactive attitude of individuals towards own life has been determined, as was a relatively proactive attitude towards social community (which is surprising considering that for Bosnian and Herzegovina culture, a low level of individualism is immanent, Hofstad, 1991, 2001), which represents a good foundation for strengthening social capital in Bosnia and Herzegovina, and establishing strategic partnerships/clusters between small and medium enterprises should be incented by government through special development programmes. Considering the presented research results, we may conclude that the status in the field of groups and networks, trust and solidarity, collective action and cooperation, information and communication, social cohesion and inclusion, and empowerment and political action, as key dimensions of social capital, is unsatisfactory, which limits the significance of social capital on socio-economic development of Bosnia and Herzegovina, hence, the research hypothesis may be accepted. In that context, government, enterprises, decision makers, and creators of socio-economic politics, and such, should work on raising awareness about the positive significance of social capital for social and economic development in general; emphasize various economic and social implications of social capital, and especially on its significance on development of SMEs.

The results of theoretical and empirical research show the complexity of the phenomenon of social capital, but they also show his extraordinary potential in the context of socio-economic development. From there, recommendations for future research might consist of the following: a) qualitatively improve existing scientific knowledge about economic and non-economic factors of development, through comparison of various theoretical and empirical researches of relations between social capital, entrepreneurship and the total socio-economic and social development; and b) develop instruments for improvement of operationalization of social capital.

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References


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