

The nature and impact of social capital on economic mobility: A study of tea small holders in the southern Sri Lanka

Social capital refers to social organizations such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit. The concept of social capital is quite a new addition to development literature and hence is an illusive concept. It is therefore quite natural for this concept to have many contentions regarding its usage, application and measurement. However, some writers in Sri Lanka have noted social capital to be a powerful base quite capable of providing an impetus to economic growth.

The objectives of this study includes an examination of the nature, extent and impact of social networks, relationships, norms and trust that operate in the Tea Small Holder Economy in the Southern Sri Lanka. The study employed a questionnaire survey and interviewed thirty households from *Illukpitiya*, a village in the *Matara* District of Sri Lanka. The study found that the income standards of the villagers were comparatively high and none of the thirty households received official poverty relief. Using descriptive statistics the study evaluated the demographic, social and economic characteristics of the tea small holders, which have a bearing on the stock and usage of social capital in the village. The study noted the existence of two categories of organizational arrangements providing social capital to the villagers.

The first category comprised the traditional organizations with restricted geographic coverage. It demonstrated spontaneous evolution and involvement and was found playing the traditional role of helping the village community to overcome sudden shocks such as the death of a family member where the role of the death donation society or *Seettu* arrangement was found quite impressive. The second group of arrangements had a wider scope and hence had overarching implications. Although the origin of such organizations had been external most villagers found them useful. The study found that this category wielded a wider capacity to make an impact on material needs of the villagers. They were strongly connected with the outside world; they depended on sound financial and organizational resources and they were able to mobilize the external forces. This was an advantage as most of their activities enjoyed high visibility both within and outside the village community. However, the incidence of flourishing cronyism, corruption etc., among membership as discussed by Holland (1998) and Coleman (1990) was evident in some situations.