

WEAVING THE WEB OF WEALTH: HOW WOMEN'S SOCIAL CAPITAL TRANSMUTES INTO INSTITUTIONAL LEGITIMACY

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Abstract:

The deprivation of women in economic and institutional life is not only material but also based on the systematic undervaluation of the available strengths. This paper contends that the social capital of women, the trust-based networks and mutual obligations that they build within families, communities, market, and the political arena, is a kind of infrastructural wealth that can lead to the creation of institutional legitimacy. Combining the social capital theory, organizational legitimacy theory and feminist institutionalism, the paper formulates a sequential conceptual framework where bonding, bridging and linking ties by women generate information credit and reputational resources that can be acknowledged by the institutions as evidence of capacity and reliability. Basing its arguments on Indian examples, especially women self-help associations and Panchayati Raj quotas, it shows that institutionally visible women networks can transform the ways in which public provides are being made available, increase women participation in the labor market and enhance local governance. Another warning that the paper raises is that social capital can enhance caste and class exclusions, and that informal norms can hinder the transformation of relational authority into formal power. It ends with a governance agenda which involves legalizing the women collectives, credit and procurement reforms, anti-proxy leadership practices and gender-sensitive institutional design. The infrastructural nature of women and their social capital redefine the role of women in economic growth and institutional change as catalysts.

Keywords: Women's empowerment; Social capital; Institutional legitimacy; Feminist institutionalism; Governance; Women's entrepreneurship; Panchayati Raj; Inclusive growth.

1.1. Introduction

Women in policy discourse have been conceived as being empowered through individual qualities, like education, income, or skills. Although such variables are noteworthy, they do not fully answer why women are not fully represented in office where resources are controlled and rules are being made. In industries, women continue to face a wide disparity between their performance and its institutional reward. They can

be operated successfully in informal businesses but unable to obtain formal credit, one may be a respected member of the society but fail to get party tickets, may be a person of illegal care responsibilities but be said to be unsuitable to be in senior administration positions. This point of legitimacy is not only an issue of bias against people. It embodies more profound arrangements of power enshrined in what institutions consider as evidence of dependability, command, and inclusion. The main argument presented in this paper is that women already have some form of wealth that can fill this gap, a kind of social capital, which is only partly acknowledged by the existing systems of law, policy, and organizational practice.

Social capital by women is clear in self-help groups, neighborhood groups, Labour unions, professional groups, and digital communities. In India, for example, the National Rural Livelihoods Mission has supported the formation of millions of women's self-help groups (SHGs), which function as platforms for savings, credit, mutual support and local problem-solving.³ The degree to which these networks lead to institutionally acceptable legitimacy, that is, with women getting subsidized credit, getting government contracts, participating in village planning or getting panchayat office will depend on how law, bureaucracies and markets measure and recognize the collective capacity of women.

This paper is part of the topic incorporated in the conference theme of Empowering Women, Transforming Societies: A Multidisciplinary Perspective on Growth and Governance, and the sub-topic Women, participation in economic and institutional growth, which prompted the following research question: *how does women social capital turn into institutional legitimacy, under which circumstances does the conversion to serve broader growth and governance processes?*

1.2. Social capital and institutional legitimacy: conceptual underpinnings

1.2.1. Social capital as a form of wealth

Social capital has been conceptualized in different ways by different disciplines. Bourdieu defines it as the totality of the real or resources associated with possession of a lasting web of institutionalized relationships of mutual acquaintance and recognition and points out it is convertible into economic and symbolic capital.⁴ Coleman on the other hand emphasizes the functional dimensions of social structures such as obligations, expectations, information channels, and norms that enable actors.⁵ Putnam associates social capital with civic engagement and cooperative behavior and holds that networks of trust and reciprocity enhance performance of democratic institutions.⁶

2 Ministry of Rural Development. (2019). *National Rural Livelihoods Mission: Framework for implementation*. Government of India.

The concept has been further advanced by development scholarship which has differentiated the bonding, bridging, and linking social capital. Bonding social capital describes good connections among homogeneous groups (e.g., between women of the same caste or neighborhood). Bridging social capital involves horizontal relationships among individuals that cross social divisions (e.g., inter-caste associations, inter-religious women associations).⁷ The concept of social capital shows vertical relationships between individuals or groups and official institutions with correct power (e.g., the association between SHG leaders and block officials, bank managers, elected officials). The combination of these dimensions delineates the degree of relationships as well as their directionality and intensity.

In the case of women, bonding ties, particularly in patriarchal backgrounds, tend to form the foundation. The solidarity networks can be united because of common experiences of marginalization, duties of care and restricted mobility. In the course of time, these networks can gain bridge associations to other networks as well as connect ties to state agencies, NGOs, or private enterprises. When these ties are stable, this is a kind of wealth: a store of relationships which may give rise to flows of information, support, and opportunity.

2.1.1. Institutional legitimacy and its gendered dimensions

In the organizational theory, legitimacy has been defined as an overall belief of the actions of an entity being desirable, proper, or proper with reference to some socially constructed system of norms, values, and beliefs.⁸ Suchman suggests three analytically different forms, namely pragmatic legitimacy, which refers to self-interested calculations of benefit by key audiences; moral legitimacy, which is based on normative approval of goals and procedures of an actor; and cognitive legitimacy which is based on taken-for-granted in light of which the existence and role of an actor is perceived as natural or inevitable.⁹

To women, all these dimensions have unique issues. Women can also find it difficult to prove to lenders in financial institutions that they can run profitable enterprises (pragmatic legitimacy). At the political parties, gatekeepers might doubt the suitability of women holding political leadership posts formerly held by men (moral legitimacy). The mere concept of a woman being the sarpanch, senior officer/member of the board of directors can still be considered as an anomaly (cognitive legitimacy) in most bureaucratic settings. Breaking such obstacles cannot be an individual accomplishment but entails collective actions transforming what is considered by institutions as plausible measure of capacity and of right.

⁴ Bourdieu, P. (1986). The forms of capital. In J. Richardson (Ed.), *Handbook of theory and research for the sociology of education* (pp. 241–258). Greenwood.

⁵ Coleman, J. S. (1988). Social capital in the creation of human capital. *American Journal of Sociology*, 94(Supplement), S95–S120. <https://doi.org/10.1086/228943>

⁶ Putnam, R. D. (1993). *Making democracy work: Civic traditions in modern Italy*. Princeton University Press.

⁷ Woolcock, M., & Narayan, D. (2000). Social capital: Implications for development theory, research, and policy. *The World Bank Research Observer*, 15(2), 225–249. <https://doi.org/10.1093/wbro/15.2.225>

2.1.2. Feminist institutionalism: rules, norms, and networks

Feminist institutionalism provides an effective tool to explain why the female social capital does not necessarily lead to institutional credibility. It highlights that institutions are not made up merely by formal rules (constitutions, statutes, regulations), but informal norms, practices and expectations that are highly gendered.¹⁰ As an example, selection procedures you may see advertisements on vacancies which are formally open to everyone, but in practice the processes rely on male patronage networks and local government quota requirements may force women to take part, but local government proxy dispensations may enable male kinsmen to wield de facto authority.¹¹

In this sense, women networks engage with rules of the game brought about by gender. Where informal norms criminalize mobility or expressions of women or their speech in public places, bonding social capital can be restricted in private places, restricting its power as a springboard to social authority. On the other hand, in contexts where state programs actively involve women collectives as allies - either via group-based credits provision, social audits or planning with participation - social capital connection can be encouraged and shifted to institutional entry.

2.2. From social capital to legitimacy: a stepwise framework

2.2.1. Accumulation and consolidation of women's social capital

To elaborate further, Feminist institutionalism gives a strong instrument to understand the failure of the female social capital to translate to institutional credibility. It emphasizes that institutions consist not simply of formal rules (constitutions, statutes, regulations), but of informal rules, practices, and expectations, which are extremely gendered. Using, to give an example, selection procedures that you might encounter on vacancies which formally exist as open to anyone but in practice the processes are male patronage, and that local government quota requirements might compel women to take part, yet local government proxy dispensations might allow male kinsmen to exercise de facto authority.

⁸ Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review*, 20(3), 571–610. <https://doi.org/10.5465/amr.1995.9508080331>

⁹ Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review*, 20(3), 571–610. <https://doi.org/10.5465/amr.1995.9508080331>

¹⁰ Mackay, F., Kenny, M., & Chappell, L. (2010). New institutionalism through a gender lens: Towards a feminist institutionalism? *International Political Science Review*, 31(5), 573–588. <https://doi.org/10.1177/0192512110388788> ¹¹ Ban, R., & Rao, V. (2008). Tokenism or agency? The impact of women's reservations on village democracies in South India. *Economic Development and Cultural Change*, 56(3), 501–530. <https://doi.org/10.1086/533551>

Women networks in this sense are interested in gender-based rules of the game. Where there are informal regulations that criminalize mobility or expressions of women, or their talk in the open areas, the connection of social capital in the personal areas might be curtailed, limiting its potential strength as a launchpad to their social power. Conversely, it is possible to promote the concept of social capital connection and redirect it towards institutional entry in contexts where state programs actively include women collective as allies, whether through provision of group-based credits, social audit or planning with consultation.

2.2.2. Mobilization of social capital into economic opportunities

Mobilization is the second step. Women visit their networks to find information on market opportunities, government schemes, trainings, and legal rights. To fund micro-enterprises, education, or health funding, they rely on trust-based saving or credit costs. Empirical research of Indian SHGs has reported how group-based lending systems can significantly increase the rate of repayment as well as increase the confidence and financial literacy of women.¹²

Social capital has direct relationship with economic growth at this stage in several ways. It reduces transaction costs to both the lenders and the buyers, eases poor households to share risks and also stimulates investment in income generating activities. It also generates a history of achievement: the history of repayment, the success of joint business, and a reputation of integrity. These gains might however not reach higher decision-making levels unless they are recorded and acknowledged by institutions systematically.

2.2.3. Conversion into credibility signals

The third process is conversion: The transformation of network-based successes into indicators that can be responded to by external institutions as indicators of competence, and dependability. This usually involves a level of formalization. Whenever SHGs are registered, keep audited accounts and join those federations that are formally recognized, the inner discipline and performance become readable by the banks and governmental officers. Likewise, women associations which keep records of community projects, dispute resolution or social audit can depict competence in governance.

¹² Srinivasan, N. (2010). *Microfinance India: State of the sector report 2010*. Sage.

The social capital of women starts bearing real direct benefits at this stage: banks understand that by lending to women groups the risk of default is lower, local authorities realize that women committees can work efficiently to give program results, the political leaders realize that women federations can mobilize the

votes or make credible feedback. An experience based on these experiences in a positive and consistent way may cumulatively lead to moral legitimacy, since the participation of women will be regarded as just, fair, and desirable.

2.2.4. Institutionalization and cognitive legitimacy

Institutionalization is the last one. As the role of women in economic and governing processes becomes routinised, institutions change their scripts. The job specifications, program policies, election regulations, and policy administration processes are re-written to assume the inclusion of women. Examples include bank circulars that may specifically lay emphasis on giving loans to women SHGs, panchayat practices that may mandate that women take part in Gram Sabha quorum standards and corporate governance codes that might have gender diversity requirements on boards.

Once these transformations become a tipping point, the presence of women in decision-making is cognitively normal. Young girls are brought up in a way that women sarpanches, women bank managers and women judges exist. *This is the cognitive legitimacy stage in which the question ceases being should women be here? but how should this institution work without them?*

2.3. Empirical illustrations from India

2.3.1. Women's self-help groups and financial legitimacy

The example of India with women SHGs offers a bright example of how social capital might be applied to build a financial legitimacy. Under the programs such as the National Rural Livelihoods Mission, the women groups save regularly and lend among themselves and make their decisions collectively. Banks are starting to consider these groups as stable borrowers, and in many cases, they are showing the results of SHG-related borrowing under non-performing assets as less than that of individual loans under the same income brackets.¹³

Socially, the SHGs can convert bonding relationships into group-based credit through social capital considerations. The close familiarity of women with the situations of one another ends information asymmetry and the moral hazard. Gradually, federation of SHG made direct agreements with district governments to get livelihood allocations, access to the market or infrastructure, consolidating their social capital and setting up a reputation of organizational competence.

Nevertheless, the process does not occur automatically. In areas where caste differentiations or political favoritism prevails, marginalized women have SHGs that could have fewer chances to become institutionalized, and hence their social capital could be less easily converted into formal legitimacy. Intersectional inequalities are such that they define who gets the gains of institutional recognition.

2.3.2. Reserved seats for women in Panchayati Raj Institutions

It has been seen through the establishment of a body of empirical research by the reservation of one-third (and in some states, one-half) of seats and chairperson positions in Panchayati Raj Institutions (PRIs) to women. Another study by Chattopadhyay and Duflo compared random assignments of village council presidency in West Bengal and Rajasthan utilizing the rotation of reserved seat as a natural experiment.¹⁴ They discovered that women sarpanches increased their expenditures on public goods that symbolized the priorities articulated by the women, including drinking water facilities and that women were inclined to political voice expressions when a woman dominated the council.

These results allege that women should be able to influence the results of governance through their social capital, their knowledge of local demands, close intimacy with other women, and personal daily life of receiving services.¹⁵ The women sarpanches of most villages used already established networks of SHG leaders, Anganwadi workers or health volunteers to detect concerns and keep track of implementation. So, the agenda-setting and policing was influenced by social capital, and legitimacy was given to the demands of women by the formal authority of the panchayat.

Simultaneously, there is a record of challenges in literature. Male relatives were in reality exposing female representatives to men in elected positions, as in other instances, by becoming de facto decision-makers, capturing the benefits of reservation. This is known as proxy sarpanches, and indicates that when reforms are unguarded, they can shift the nominal allocation of positions but fail to shift informal relationships of power entirely. The absence of legal protection and legal mechanisms of capacity-building and accountability can instrumentalize women social capital by others.

¹³ Srinivasan, N. (2010). *Microfinance India: State of the sector report 2010*. Sage.

¹⁴ Chattopadhyay, R., & Duflo, E. (2004). Women as policy makers: Evidence from a randomized policy experiment in India. *Econometrica*, 72(5), 1409–1443. <https://doi.org/10.1111/j.1468-0262.2004.00539.x>

2.3.3. Women's representation and macroeconomic performance

Cross-national studies have covered the relationship between the economic growth and political representation of women beyond local governments. According to a recent case study of European and Central Asian nations, the increased presence of women in national parliaments is positively related to GDP growth, despite accounting for traditional determinants of growth.¹⁶ The hypothesis presented by the authors is that women politicians can give preference to investments in human capital, social protection, and transparency, which would enhance the possibility of long-term growth.

Such macro-level research cannot alone prove causality with its own strength but contributes to the possibility of a growth-governance nexus mediated by the institutional participation of women. The social capital of women, which manifests in social activism in civil society, professional organizations, and party relations, allows them to claim a seat at the election table, and shape policies. After assuming office, their work and attentiveness may, in the long run, build on the trust that the people have towards institutions, which is another major part of sustainable growth.

2.4. Ambivalences and limitations: the “dark side” of social capital

Despite the empowering effect of social capital, it has a dark side as well. Portes establish some of the adverse effects such as insiders versus outsiders, overclaiming of group members, inhibition of personal liberty and downward levelling expectations that punish success.¹⁷ These dynamics may work in a very damaging manner in gendered contexts.

Firstly, a high degree of bonding social capital amongst women in dominant different groups can strengthen caste or classes. Networks can be organized to usurp indistinct opportunities of insiders at the expense of other casts, or minority women. Second, women are already expected to provide unpaid care, which risks being overburdened by the expectations of self-sacrifices in the families or society, and restricts their time and energy to perform political or economic activities. Third, when norms focus on conformity and deference, women pursuing prominent leadership roles can be branded to be selfish or deviant and invalidate their legitimacy.

¹⁵ Ban, R., & Rao, V. (2008). Tokenism or agency? The impact of women's reservations on village democracies in South India. *Economic Development and Cultural Change*, 56(3), 501–530. <https://doi.org/10.1086/533551>

¹⁶ Mirziyoyeva, Z., & Salahodjaev, R. (2023). Does representation of women in parliament promote economic growth? Evidence from Europe and Central Asia. *Frontiers in Political Science*, 5. <https://doi.org/10.3389/fpos.2023.1120287>

Furthermore, when state programs heavily depend on the unpaid or poorly paid labor of women e.g., to do monitoring, data collection or service delivery without compensation, the discourse of participation can cover a new redistribution of labor with a new redistribution of power or resources. Women social capital has been used against them in such instances.

These ambivalences emphasize the fact that institutional design is important. The effects of social capital are not necessarily emancipatory, but they vary with the way it is structured, by whom and to whom. The governmental reforms should thus be made to be aware to influence the circumstances in which female networks work and are acknowledged.

2.5. Implications for growth and governance

2.5.1. Economic growth: productivity, resilience, and innovation

Once the female social capital is efficiently translated into institutional legitimacy, several economic gains may ensue. On the one hand, productivity may be raised because women will receive secure access to credit, inputs, and markets. The costs can be minimized by use of group-based lending and producer collectives, which allow them to buy in bulk and gain bargaining power with buyers. Second, resilience at household and community level can be enhanced because women rely on networks to address the impacts of shocks, be it the health crisis, a failed crop, or a natural calamity by sharing savings and helping each other. Third, innovation can be encouraged when women share ideas, get new skills and make technologies work according to the local conditions.

These mechanisms can not only result in growth by increasing the aggregate output, but also, they make the growth more inclusive. Poor and marginalized women that have recognized access to economic institutions are likely to translate income gains into households not having a prior presence in formal markets.

2.5.2. Institutional growth: accountability, responsiveness, and trust

Women can institutionalized participation on the governance side can lead to greater accountability and responsiveness. The networks of women allow avenues in which information on service delivery failure, corruption or violation of rights can be delivered to decision-makers. The women representatives who are elected and are a part of these networks could be more sensitive to the problems of water, sanitation, healthcare, education, and violence that have a direct impact on women and children.

¹⁷ Portes, A. (1998). Social capital: Its origins and applications in modern sociology. *Annual Review of Sociology*, 24, 1–24.
<https://doi.org/10.1146/annurev.soc.24.1.1>

In addition, the more women are appointed on the visible positions within the local councils, cooperatives, school management committees, or the police oversight bodies, the easier it is to normalize gender-responsive practices. One such example can be the way they champion flexible work hours in line with work on care and allow women to have access to redress structures or demand safe areas. These transformations can eventually give people positive publicity towards institutions especially those who were earlier considered remote or inimitable by women.

By institutional growth what is meant is not just growth in size or budget but a growth in the quality of rules and relationships according to which collective life is conducted.

2.6. Policy and governance agenda

To achieve the transformative power of social capital of women, policymakers and institutional leaders should not rest on the laurel of rhetoric promises of women empowerment only but focus on the very real processes by which networks are enshrined in legitimate authority. The priorities suggested by the above analysis are as follows.

2.6.1. Legalization of the corporate organizations of women

SHGs, cooperatives, unions and associations that are run by women should be given easy and accessible legal avenues to registration with rights and liabilities attached. Entry barriers can be reduced with simplified procedures, fee arrangements that are reasonable to both the organization and the language of documentation that can be understood by language learners. Regulatory frameworks, where necessary, must be found on federated structures, with women organizations in a position to enter contracts, control funds and negotiate on behalf of its members with state agencies as well as individual companies.

2.6.2. Gender-responsible financial architecture

Banks and other financial institutions can have a breaking role to play in the transformation of social capital into identifiable credit worthy. This involves designing products with a well-defined preference on the importance of group repayment history, flexible collateral standards and portfolio diversification rewarding lending. Banks and microfinance institutions should be encouraged to lend to women collectives on fair terms with the help of targeted refinancing schemes, interest subventions, and provision of credit guarantees. Notably, these countermeasures must not aim at creating over-indebtedness but rather look at enhancing the autonomy of women in their right to choose livelihood activities.

2.6.3. Protective measures of proxy leadership and harassment

In the case of political reservations or corporate diversity policies, there should be solid ground measures to avoid tokenism, proxy control. In PRIs also, such as the rule of signature authority and evident rules on reporting demands in mandatory capacity-building programs of elected women representatives, could

enhance women effectively in exerting control in office. Legal procedures and measures against coercion, intimidation and sexual harassment in political and organizational arenas need to be proactively implemented, and complaints systems are available.

2.6.4. Distribution of non-monetary ownership of care

The greatest challenge to women in keeping networks and becoming leaders is time poverty. Investments in childcare, elderly care, transport, and simple infrastructure (water, energy) should thus be central of all ways to convert social capital into institutional legitimacy. Policies that would lessen the trade-offs that women make include the use of paid parental leave, flexible work policies, and the use of unpaid care in the social protection systems.

2.6.5. Data systems and research

Lastly, governments and research institutions need to produce measures that capture the quality and density of women social capital and its effects in institutions. This involves monitoring women association in collective organizations, representation in decision making institutions, and formal credit access and participation in control or redressing grievances. Mixed-method research, such as the use of quantitative surveys together with qualitative case study, can shed light on how conversion processes work and in which areas they fail.

2.7. Conclusion

The main thesis of this paper was that the social capital of women, who tend to build up their capitals in the more informal context and are undervalued by standard measures, is an essential wealth that can, in the presence of supportive conditions, be exchanged into institutional authority. Through a chronological order of development between accumulation and mobilization, conversion, and institutionalization, it has proved how women networks could be established to represent evidence of credibility in economic and governance sectors.

Experimental examples of Indian SHGs and of Panchayati Raj reservations show that once the collective capacities of women are recognized by the banks and other government bodies, the distributions of credit, the policies to supply the common goods, and political representation may differ in such a way that it fosters growth and democracy. Simultaneously, the discussion has also illustrated the dual nature of social capital: unless an institution is traditionally designed, it may support exclusion, overload women, or fall into the hands of more influential forces.

In the larger project of Empowerment Women Transforming Societies, the most important connotation is that empowerment should be perceived as a process, rather than an individual, but as a relational and institutional one. The principal capital which women possess socially is an enabler to this process, although it should be accompanied by legal, policy and organizational practice reforms that acknowledge, secure, and strengthen women in terms of entitlement to legitimacy. It is only under these circumstances that the net of relationships that women have developed over a long period on the backdrop of the intimate and informal life can become the net of prosperity redefining the institutions that direct the social and economic life on a larger scale.



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