



## Good People in Bad Places: the role of Social Capital in Cooperation

“Good people can make bad systems work; the best systems can’t make up for bad people” – procurement aphorism.

For those brave enough to trawl through the literature on defence acquisition cooperation, a thread regularly emerging from the sea of economic, administrative and technical analysis, is that of the role of people in making cooperation work. Despite the general acceptance of the “selfish rational actor” of classical economics, practitioners find it hard shake off their intuitive sense that nothing can be achieved without effective relationships between people. It has, however, proved difficult to get a robust and amenable grip on these factors in a way that is neither sentimental or overly abstract. I have referred previously to investing in trust as the most effective means of increasing the efficiency of cooperation<sup>1</sup> but such a simple principle is unlikely to have much effect on bureaucratic mind-sets which seek to eliminate such personal factors from their systems. Those wishing to make cooperation effective need stronger arguments and a clear intellectual framework to get the investment in relationships that is required. This article attempts to outline such a framework using the theory of Social Capital.

First though, it’s worth looking at a case study from the second world war.

### The P51 Mustang - Social Capital in Action

In WWII, the UK purchased a number of Allison-powered P51 Mustangs from North American Aviation (NAA)<sup>2</sup>. During trials in the UK, the excellent aerodynamic characteristics were noted - it went 35 mph faster than a Spitfire at same power - but it was underpowered for operating at high altitude. Fitted with a Rolls-Royce Merlin engine, however, it could become the most effective escort fighter in the war. It was therefore immediately

adopted by the US Army Air Corps Materiel division. End of story.

Well, not exactly. In reality, there were a large number of obstacles to the Mustang’s adoption that might seem familiar to acquisition practitioners today and nearly killed the programme. The US Army Air Corps (USAAC) Materiel Division was firmly against the plane – it had not gone through their processes (it was a UK procurement), the assistant head had a beef against NAA for previous “misdemeanours”, a misguided evaluation had miscast it as a low-level fighter, the Merlin engine was a scarce resource and they had just ordered 1000s of inferior P38 and P47 fighters, whose manufacturers lobbied against any changes to their orders. A nationalistic desire for a US-only aircraft, rather than a US-UK marriage, also appeared to take priority over the pressing military requirement for an effective escort fighter. This made up a strong anti-P51 constituency, against which were pitted a small band of US and UK enthusiasts. Despite their producing evidence of its potential performance, getting letters sent from Winston Churchill and providing demonstrations to senior officials from the USAAC, the production of the P51 was still given the “lowest possible priority for an aircraft”. However, among the enthusiasts was the Assistant US Air Attaché in London, Thomas Hitchcock, who first flew the P51-Merlin combination on October 13<sup>th</sup> 1942 (74 years ago tomorrow). As well as being an airman he was an Ivy League student and a world class polo player who also happened to have had Eleanor Roosevelt as a neighbour and, on a return trip to the US, dropped in for tea at the Whitehouse. The conversation was not minuted but the subsequent Presidential letter, sent the next day to the USAAC enquiring on the progress of the P51 development led to a radical inversion in priorities; rather too radical for the UK who

saw the aircraft they had ordered delayed, with all production diverted to the US 8<sup>th</sup> Air Force. And the rest as they say, is history.

That is one instance where social capital – “the value of connections”<sup>3</sup> – had a decisive effect in unblocking a situation through the influence of the US President. Whilst I could imagine a classic lessons learnt exercise might conclude that “having a friend of the President on your team is useful”, more thoughtful and practical findings can be drawn. A way of understanding, capturing and articulating these relational elements, difficult though it is, is needed to avoid the under-socialised simplicities of classical management theory, simplicities that lock international defence acquisition cooperation into under-performance. Even 18 years on from the collapse of the tri-lateral Horizon programme, cooperation is still costly and the, so called, “bureau-pathologies” that inhibit it remain dominant.

### Overview of Social Capital

Social capital theory provides a theory that can parsimoniously integrate the relational and network elements of cooperation with their impact on cooperation performance in suggesting a capital value in the inter-personal networks within or between groups. Emerging in the late 1960s with the French sociologist Pierre Bourdieu, it has evolved into an established theory with very wide application – a circumvent breadth that makes it important to define it carefully for each context. Nahapiet and Ghoshal<sup>4</sup> define it as: “the sum of the actual and potential resources embedded with, available through and derived from the network of relationships possessed by an individual or social unit”. It therefore comprises, they explain, both the network and the assets that may be mobilised through that network<sup>5</sup>. They further suggest that it consists of three components<sup>6</sup>: *structural*, *relational* and *cognitive*.

### Components of Social Capital

**Structural Component.** This component articulates who works with whom, who knows who, where individuals sit within their organisations and the nature of those organisations (eg where power sits and how it is distributed). It can include consideration of formal and informal groupings, the equivalence (or not) of roles and responsibilities, the length of overlap in post and specific roles such as 'boundary spanning'. It can draw on social network analysis to identify a variety of subtleties in inter-organisational networks and can even consider factors such as the physical separation of staff – the, so called, propinquity effect<sup>7</sup>.

**Relational Component.** This describes the quality of the relations between individuals and groups; aspects such as trust and friendship, shared norms, mutual obligations etc that influence behaviour in relation to each other. Whilst personal trust between individuals is significant, success also depends on institutionalised inter-organisational trust: ie where organisations as a whole are trusted, something that has been found to reduce negotiation costs and conflict and is associated with better performance<sup>8</sup>. A distinction can be made between potential ties (embryonic relationships), latent ties (ones that are established but not currently active, which might include friendships made during education) and active ones.

**Cognitive Component.** This component "reflects the idea that communities develop unique social and cognitive repertoires which both guide their interpretations of the world and influence their interactions with others differentially according to whether or not they share a common interpretive frame"<sup>9</sup>. In the vernacular, it is about people "talking the same language". Not simply English, French, Russian or another language, but the way in which problems are expressed, discussed, framed and addressed. For example, assuming the immediate language barrier is overcome, engineers from different countries may have more in common with each other cognitively than with those from other disciplines in their own country. The cognitive component has been the least explored component of social capital, probably owing to its complexity and more abstract nature, but is potentially the most valuable to look at for that reason. Unconscious differ-

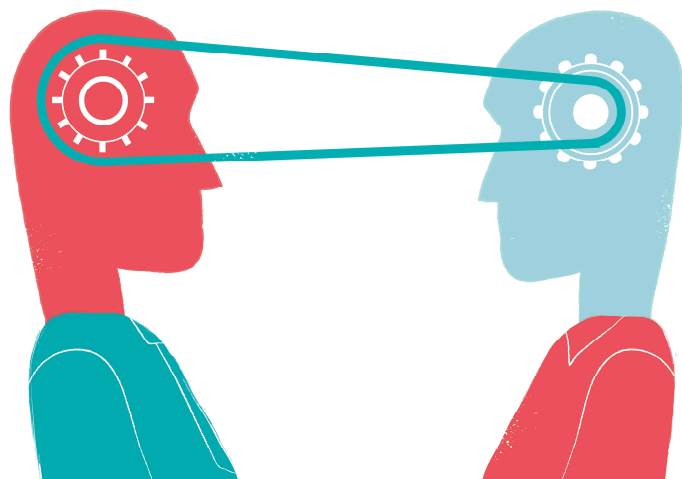
ences in framing procurement decisions (top-down v bottom up, professional intuition v 'objective' process, different evidence requirements, technology v military-driven requirements, the role of government in relation to industry ... to name a few) will, if not tackled, undermine the legitimacy of any cooperation, irrespective of perceived benefits<sup>10</sup>. It is worth noting that Genieys and Michel's review of France's decision to develop the Leclerc tank programme explained it, not in terms of balance of investment, threat characteristics and industrial policy but as "the result of a cumulation of symbolic representations which are institutionalised over time and become legitimate"<sup>11</sup>. If they are correct in suggesting that these sort of cognitive and sociological factors determine the path taken by national programmes, it is unlikely that international ones will escape them. If, however, these tacit cognitive differences can be exposed and tackled, it is possible for cooperation to get to a stage where there is a shared language and narrative around the joint enterprise. This would allow the symbolic representations and their institutionalisation to be a shared activity leading to shared legitimacy of the cooperation, although speaking in such terms risks being too abstract for most practitioners.

These three components – structural, relational and cognitive are not independent. For example, structural factors affect, not only the quality of relationships, but the way people frame problems. Similarly, strongly held negative stereotyping of partners will inhibit the development of relationships and may even affect the structure through individuals withdrawing.

Once the relational components are understood the consideration needs to be extended to the resources that can be obtained through the networks, if social capital is properly to be considered a form of capital. Sandefur and Laumann<sup>12</sup> suggest that these can be generalised as *information*, *influence* and *solidarity*, but it is a considerably more complex task to show how these impact on the likelihood of cooperative options being preferred and being efficient where adopted<sup>13</sup>. Faure, in his excellent article<sup>14</sup>, assesses eleven different theoretical frameworks that seek to account for cooperative decision making drawn from political science alone, so it is not a task to be taken lightly. It is worth, however, looking at some implications of a social capital perspective on elements of acquisition cooperation.

### Some Practical Application of Social Capital

*The purpose and design of inter-organisational entities (IOEs).* IOEs have often been touted as a solution to cooperation's ills, but social capital theory frames their purpose differently. Their existence is to create 'bonding' social capital within the IOE and 'bridging' social capital between the parent organisations. The IOE is less about their terms of reference and more about their relationships; forcing agents from the partner nations to spend considerable time together around a shared task; to develop mutual understanding and sense-making, to forge friendships, to reconcile norms and intellectual frameworks, and to open up a broader, more beneficial solution space than that defined by formal national positions and 'red lines'. Whilst doing this internally, it



has to develop and maintain strong social capital with the parent organisations and facilitate increased social capital between them. None of this is straightforward but it risks generating better outcomes than lowest common denominator joint processes used to achieve lowest common denominator objectives.

*How staff on cooperative projects spend their time.* From a social capital perspective, much of staff time is spent very inefficiently on cooperative programmes. Considerable time is spent trying to second guess or manoeuvre around partners' assumed positions rather than spending considerably less time developing the relationships that will give them timely, relevant and reliable information on what is actually going on. The incentives need to be in place to encourage and incentivise staff to develop social capital as the only efficient means to reduce the control costs of a programme. That way staff resource on both sides can be more gainfully employed tackling the challenges of achieving an effective cooperation<sup>15</sup>.

### Concluding remarks

This article has attempted to give an overview of a social capital model applicable to international defence acquisition cooperation. In doing so, it has only skimmed the surface of the theory and its application and, as mentioned, there is a considerable piece of work to do to demonstrate the impact good social capital has on the decision of nations to cooperate on specific programmes. I think it can be said that it is not determinant in its own right: good social capital will not avert the impact of a negative tactical political decision, nor magically align misaligned budgets and requirements. But it has the potential to make a significant difference when not *in extremis*, which is most of the time.

As a theory, it will not deliver robustly defensible levels of cash savings but, as a minimum it can act as a heuristic; drawing attention to elements within cooperation that might otherwise go unnoticed and untreated. It could probably do more than that.

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The views represented in the article are those of the author only.

### Notes

1. See Ford, "Understanding the cost of cooperating", FRS Défense&Industries, No 4, June 2015
2. For more details on this story see "Engineers of Victory" by Paul Kennedy; "Rolls-Royce and the Mustang" by David Birch; "P-51 Mustang: Development of the Long-Range Escort Fighter" by Paul Ludwig.
3. Borgatti, S. P., & Foster, P. C. (2003). The network paradigm in organizational research: A review and typology. *Journal of Management*, 29(6), 991–1013.
4. Nahapiet, J., & Ghoshal, S. (1998). Social capital, intellectual capital, and the organizational advantage. *Academy of Management Review*, 23(2), 242–266.
5. There is a danger of tautology if the network and resources made available through it are not separated. Do people with strong social capital have good careers or do people with good careers gain strong social capital? If, in this instance, we can identify the resources made available to someone through social capital that contribute to their career progress, we can make non-tautological statements.
6. They use the word 'dimension' which implies the three are independently variable when, in reality they are strongly inter-related. I prefer the word 'component' for this reason.
7. A 1977 study that found that while interaction enhanced innovative output in R&D laboratories, such interaction happened far less frequently when offices were more than 15.2 meters from each other. It is not clear what difference the additional 0.2m makes.
8. Zaheer, A., McEvily, B., & Perrone, V. (1998). Does Trust Matter? Exploring the Effects of Inter-organizational and Interpersonal Trust on Performance. *Organization Science*, 9(2), 141–159.
9. Nahapiet, J. (2008). The Role of Social Capital in Inter-Organizational Relationship. In S. Cropper, M. Ebers, C. Huxham, & P. Smith Ring (Eds.), *The Oxford Handbook of Inter-Organizational Relations* (First Edit, pp. 580–606). Oxford.
10. If procurement decision making is framed in classical 'rational actor' terms, none of this will be detected, let alone dealt with.
11. Genieys, W., & Michel, L. (2004). Le Leclerc ou l'invention du "meilleur char du monde". In W. Genieys (Ed.), *Le Choix des armes. Théories, acteurs et politiques* (pp. 83–114). Paris: CNRS éditions.
12. Sandefur, R. L., & Laumann, E. O. (1998). A Paradigm for Social Capital. *Rationality and Society*, 10(4), 481–501.
13. DV this will be the subject of a future article.
14. Faure, S. B. H. (2015). La Coopération internationale dans le secteur de l'armement Apports et critiques de la littérature à la lumière du cas français. *Questions de Recherche*.
15. See discussion in Ford, "Understanding the cost of cooperating", FRS Défense&Industries, No 4, June 2015.