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Social Capital as a Success Factor for Collective Farmers Marketing Initiatives

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Abstract. This study aims at uncovering how social capital at micro and macro levels contributes to the success of farmers' co-operation and how imbalances between the different forms of social capital can hamper collective action among farmers. Using a case-study approach, we analyse two collective farmers marketing initiatives from Austria and Hungary, which have emerged in very diverse political and social environments and followed different development paths. Differences in the performance of these organizations can be partly traced back to variations in the contextual environment. However, the empirical data suggest that social capital plays an important role as well, since it is crucial for mobilizing the initial set of different forms of other capitals like natural, physical, financial and human capitals. The aim of this article is to understand the dynamics and impacts of different configurations of social capital and its contribution to the economic success of collective initiatives. Based on the empirical findings collective farmers marketing initiatives can deduct ways to consciously appraise and invest in social capital.

Introduction

Natural conditions, markets, social structures, institutional and political frameworks, together with the available capital assets to respond to these external framework conditions, constitute limiting and enabling factors for the development of collective farmers marketing initiatives (COFAMIs) and define their choice of strategies. During the process of development, configuration, and reconfiguration in the different lifecycle stages, the availability of the different forms of capital assets determines the ability to deal with changes, to react on trends, and manage processes of adaptation to changing environments. Commonly five different forms of capital assets are

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distinguished (Goodwin, 2003) namely financial capital, natural capital, physical (or built) capital, human capital and social capital. The results of the COFAMI project[1] suggest that, within these, social capital has a special role as it enables to mobilize other forms of capital. To shed light on the contribution of social capital to the success of collective farmers marketing initiatives, this article presents a comparison of two case-studies focusing on how different configurations of bridging, bonding and linking social capital affect the success of COFAMIs.

The concept of social capital is widely used and the various definitions have proliferated in scientific literature during recent years. Despite the criticism often posed to social capital research concerning the heterogeneity of the concept and the methodological difficulties to measure it (for instance, see Portes, 2000; Deth, 2003; Schafft and Brown, 2003), Portes emphasizes that, 'as a label of sociability, social capital has… a place in theory and research provided that its different sources and effects are recognised and that their downsides are examined with equal attention' (Portes, 1998, p. 22). Social capital is a widely used concept, also in rural research (for example, see Hofferth and Iceland, 1998; Falk and Kilpatrick, 2000; Castle, 2002), and there are detailed studies on farmers' co-operation and social capital (Svendsen and Svendsen, 2000; Uphoff and Wijayaratna, 2000; Chloupkova et al., 2003). However, most authors relate collective action in agriculture to social capital as a potential investment to develop the social relations within a particular community, and do not aim to examine the role social capital plays in the economic success of collective farmers marketing initiatives. In this study we use the latter approach. We assume that different forms of social capital may contribute greatly to the development of COFAMIs, but that at the same time 'social traps' (Rothstein cited by Svendsen, 2006) might exist in rural communities that hamper co-operation among farmers. Thus, the questions addressed in this article are the following: 1. through which mechanisms do different forms of social capital enhance the performance of COFAMIs; and 2. do any forms of social capital limit collective action among farmers?

This article builds upon the empirical material collected and analysed during the COFAMI project. For the comparison, we chose two cases by using the method of maximum contrast – the Walserstolz case from Austria and the Arany Sárfehér (ASF) case from Hungary – which emerged in very diverse political and social environments and which are in different life-cycle stages. Conscious networking activities, as well as unintended effects of social capital (highly determined by the general socio-political context), had considerable impacts on the present performance of both cases. Thus, the analysis of how these COFAMIs employ social capital helps us to understand better how social capital generally works and how negative effects of social capital can be overcome by balancing between its different forms. The methods used for these case-studies include document analysis, transect walking, semi-structured interviews and focus groups (Csurgó et al., 2007; Schermer and Rieder, 2007). For this comparison a secondary analysis of the case-studies was accomplished, although if required the original interviews were reconsidered and analysed to look up important details of the role social capital plays in each initiative.

The article is structured as follows: this introduction is followed by the explanation of the conceptual model we employed in the case-study analysis. The interpretation of social capital as used for the purpose of this article is presented on the basis of a literature review of definitions and typologies. The next section briefly presents the two case-studies, addressing the occurrence and impact of different forms of (bonding, bridging and linking) social capital. In the fourth section, we compare the two cases and analyse the mechanisms through which social capital impacts, either positively or negatively, on the performance of COFAMIs. The article concludes with some suggestions on how to use social capital to mobilize capital assets (both tangible and intangible) within the frame of collective farmers marketing initiatives.

Social Capital and Farmers' Collective Action: A Conceptual Model

The Definition of Social Capital

One of the first attempts to systemize different definitions of social capital distinguishes three interpretations according to the source of social capital: an external resource view on social capital, an internal view on characteristics of social capital, and a third view which does not emphasize this difference (Adler and Kwon, 2000). Theories adopting the external resource view consider social capital 'a resource located in the external linkages of a focal actor'; accordingly, social capital is defined by networks of linkages among different actors, the focal actor being one of them. The second bunch of interpretations 'focus on social capital as a characteristic of the internal linkages that constitute collective actors and which can give these actors cohesiveness and associated benefits' (Adler and Kwon, 2000, p. 4), emphasizing the role of social capital to enable collective actors to reach common goals. In both of these interpretations, social norms, reciprocity and trust have an eminent role, while the third group of definitions rather focuses on the effects of social capital and does not distinguish between external and internal linkages.

Another categorization differentiates between two types of theories: single actor-oriented and the group-oriented theories, both investigating the positive as well as negative effects of social capital (Lin, 2001). According to Lin (2001) actor-oriented theories of social capital understand the benefits of networks and relations at individual level, while group-oriented theories aim to explain how groups accumulate this resource and how their members can benefit from it. Both of the above described categorizations suggest that social capital can be understood either as a resource developed and owned by individuals or as a common-pool resource that cannot be owned individually but which contributes to the prosperity of the individual. Based on the above presented theories, we use in our analysis a definition that combines the individual and community-based approaches by considering social capital 'the property of individuals, but only by virtue of their membership in a group' (Szreter and Woolcock, 2004, p. 654).

Different Forms of Social Capital

In his early work on social capital, Woolcock (1998) created a theoretically sound framework by integrating the earlier micro- and macro-level approaches of social capital to systematically explore potential policy implications. He traced back the micro level to the studies on ethnic entrepreneurship, which have the individual in their focus, and grounded the macro level in comparative institutionalist studies concentrating on 'the formal business, political and social organisations of society', by which he generally meant the state institutions and governance structures (Woolcock, 1998, p. 198). He divided social capital into two forms: embeddedness (tracing the term back to Polányi (1944) and Granovetter (1985) as the inherent social determinateness of all economic activity) and autonomy (a set of weak social relations often balancing the negative effects of embeddedness). At the micro level, embeddedness refers to intra-community relationships based on shared identity and solidarity, while autonomy relies on loose networks extending beyond the community. At the macro level, embeddedness means state–society interactions (also called synergy) – that is, weak ties connecting representatives of formal organizations and citizens – and autonomy means institutional capacity and credibility, which refers to the institutionalised rules, norms and conventions originated in the Weberian notion of formal bureaucracy (Woolcock, 1998).

The distinction between embeddedness and autonomy at the micro level became popular later as bonding versus bridging social capital, a terminology that was disseminated by Woolcock and others (Putnam, 2000; Woolcock and Narayan, 2000; Woolcock, 2001) but originates from Gittel and Vidal (1998). Bonding social capital generally refers to horizontal, face-to-face relationships occurring in homogenous groups (like a family or neighbourhood) where members share identities, histories and viewpoints. Bridging social capital, on the other hand, links members of more distant groups (either horizontally or vertically) through which external resources can be mobilized (Woolcock, 2001). The division of inter-community ties according to their horizontal or vertical nature resulted in a third category of social capital, called linking (or sometimes bracing) capital (Woolcock, 2001; Rydin and Holman, 2004; Szreter and Woolcock, 2004). In general, linking social capital refers to linkages 'between people who are interacting across explicit, formal or institutionalised power or authority gradients in society' (Szreter and Woolcock, 2004, p. 655). Through the cross-level relationships manifested in linking social capital, power holders can be approached and the activities of the poor and powerless can be scaled up.

Concerning the benefits that different forms of social capital provide to individuals and communities, much of the literature accepts that bridging and linking social capital are essential to mobilize external resources and to earn network-mediated gains, while bonding social capital maintains family support and social control (Portes, 1998; Woolcock, 1998). Some authors argue also that bonding capital can serve as a resource when building bridging social capital (Svendsen, 2006). However, the negative effects of strong bonding capital can be overwhelming by restricting individual freedom and access to opportunities, or by creating downward levelling norms and excessive claims on group members (Portes, 1998; Leonard, 2004). Linking social capital can also lead to undesirable outcomes such as corruption or suppression (Szreter and Woolcock, 2004). Negative effects of social capital have been described especially in immigrant communities and minorities (Portes and Sensenbrenner, 1993), or in transition societies (Chloupkova et al., 2003; Kluvanko-va-Oravska and Chobotova, 2006; Bodorkós and Kelemen, 2007).

Social Capital in Collective Farmers Marketing Initiatives

The literature presented above offers two theoretically sound options to apply the social capital literature to COFAMIs. On the one hand, we can limit the analysis solely to the organization, and interpret the micro level as linkages between the members of the COFAMI and the macro level as the relationship between members and the organization itself.[2] In this way, trust and coherence among members and good links between them resulting in various flexible forms of co-operation would be the micro level. At the macro level, the institutional coherence of a COFAMI, e.g. the formalization of decision-making processes and the stability of structures, would correspond to the organizational integrity, and synergy is provided by a constant flow of information and consultation between the organization and its members. In our case, we broaden the scope of the analysis and include the relationships of the COFAMI members outside of the organization, both within the local community (as the micro level) and towards the power holders (as the macro level). Based on this interpretation, Table 1 presents a social capital typology.

The case-studies will mainly focus on bonding, bridging and linking social capital. Individual trust and loyalty to the COFAMI and the local identity of members will be used as indicators to explore the role of bonding social capital. The multitude and nature of networks of members within and beyond the community, as well as the reciprocity of relations, will be analysed to discover the importance of bridging and linking social capital. Manifestations of macro-level social capital will not be analysed comprehensively; we rather use the macro-level approach to better understand how the three other forms of social capital work. General trust in the case-studies will be analysed and earlier research results (where available) will be referred to for this aim.

Case-studies

Walserstolz Cheese

The Walserstolz initiative was established in consequence to the changes of the Austrian dairy market with the country's accession to the European Union (EU) in 1995 (Schermer and Rieder, 2007). Today, Walserstolz consists of three co-operative dairies producing cheese (Marul, Sonntag, Thüringerberg) and a large-scale commercial enterprise (EMMI Austria), which is their partner for cheese ripening and marketing. Alpine summer pasturing is of special importance to the agricultural system. On 21 of the total of 48 collective alpine summer farms, milk is processed into cheese, some of them supply also Walserstolz cheese to the initiative.

All farmers belonging to the initiative are inhabitants of one valley, the Großes Walsertal, a tributary of the Rhine valley in the most western province of Austria, Vorarlberg. About 150 farms are members of one of the three dairy co-operatives. This includes almost all dairy producers of the valley. Farms are relatively small with about 15 hectares cultivated agricultural area, an average of 10 cows and 48 000 kilogram yearly average milk quota. About 50% are part-time farmers. Altogether they keep about 2,800 head of cattle. The main objective of the COFAMI is to main-

Table 1. Social capital of COFAMIs at the micro and macro level.

	Embeddedness	Autonomy
Macro	*Synergy* Weak ties connecting representatives of formal organisations – the ability of the state to ease the operation of COFAMIs through the connectivity of policy makers and policies.	*Organisational integrity* The credibility and capacity of state institutions – the ability of the state to build general trust in rules, norms and conventions making up the legislative environment of COFAMIs.
	Linking/Bracing social capital The loosely structured vertical relations of members of the COFAMI, which link the COFAMI to government officials, decision makers and external financial sources.	
Micro	*Bonding social capital* Embeddedness of the COFAMI into the local community through its members.	*Bridging social capital* The weak ties members of the COFAMI have outside the organisation and the close community.

tain a high milk price for the participating farmers by selling a premium product directly in the valley and on national and international markets. After the accession of Austria to the EU at the beginning of 1995 producer prices had dropped considerably. The forging of a strategic alliance along the supply chain was proposed as a means to maintain an acceptable milk price for dairy producers.

The initiative operates a joint maturing cellar. The three co-operative dairies and (during summer months) some collective alpine summer farms produce mountain cheese, which is brought 'green' (unripe) to the collective maturing facility at the premises of the market partner. Walserstolz cheese is sold in two stages of maturity: eight months old (the traditional one) and 12 months old (the aromatic one). Thus far, the farmers receive a 10% higher price for all the milk processed into mountain cheese, regardless of the marketing possibilities for Walserstolz.

Walserstolz (the name meaning literally 'pride of the Walser people') builds on local traditional skills: the Walser people were originally inhabitants of the Wallis region in Switzerland, and had been called by their rulers in the late Middle Ages to colonize the valley. The Walser people were specialists in dairy farming and cheese-making. This constitutes the historical roots for the human capital of cheese-makers and dairy farmers. In addition, the Große Walsertal is a valley of outstanding natural beauty and for this reason has been declared as a UNESCO biosphere reserve. This designation happened almost in parallel to the Walserstolz initiative and assisted the marketing of cheese by providing a pristine mountain image.

When setting up the initiative, social capital had played a decisive role: the existing bonding capital among the members of the various village dairies and the level of trust in their leaders was a necessary precondition. Village co-operative dairies used to be the focal point for farmers' identification and usually the pride of each co-operative was to pay a higher milk price than the neighbouring one. At the time of EU accession, new and younger functionaries had been elected in some co-operatives. The farmers expected from them to find a solution to their problem with declining product prices. A local farmer, who was at the same time a regional politician holding a multitude of functions, acted as integrating figure for the establishment of the initiative. He brought together the new and energetic functionaries of the then seven local dairies and the owner of a cheese marketing firm. These initial stakeholders worked out the concept together with an administrative official responsible for the financial support. A collective maturing cellar was built, and a dairy union consisting of all dairies of the valley was established to handle the financial support and to arrange the conditions for production and marketing of Walserstolz cheese with the marketing partner.

However, after the initial negotiations this dairy union had no further tasks (besides administering the subsidies for the collective maturing cellar) and could not create a structure for farmers' identification. The functionaries (chairmen and directors) of the different dairies concentrated on their own co-operative and delegated all other responsibilities to the chairperson of the dairy union. This function was filled again by the initiating local farmer politician. He achieved mobilizing sufficient subsidies, so that the farmers did not have to invest their own money into the collective maturing cellar. As no personal commitment of the individual members was required, local farmers retained a strong relationship to the primary dairy co-operative, but they did not develop a sense of membership to the collective marketing by means of the dairy union. Thus, bonding social capital remained on the level of the primary co-operative.

During the last 10 years, the initially seven village dairy co-operatives had declined to three. The co-operative of Marul has remained a small village dairy, producing organic cheese only and acting quite independent. This dairy tries to sell as much of the cheese directly and uses the Walsterstolz initiative only for marketing the remainder. The co-operatives of Thüringerberg and Sonntag followed a growth strategy and took farmers of the dairies that had stopped business as new members on board. This new member structure reduced the bonding social capital of the former closely knit relations within the co-operatives.

When Thüringerberg signed a contract with a milk buyer from outside the region, underlying conflicts of interests within the initiative emerged. The two dairies started to compete for the local milk supply, especially concerning organic milk. The milk buyer, besides processing part of the milk into Walserstolz cheese, transfers organic milk to his second dairy outside of the valley. He pays a higher price for organic milk, while the other dairy is not collecting organic milk separately and thus does not pay a price premium. The decreased bonding social capital within the co-operatives motivated some organic producers to switch membership, which increased the tensions between the two dairies. Another point of dispute became the ownership of the brand, which lies with the marketing partner. Some think this assists to maintain quality discipline, as grading and branding of the cheese is not done by the co-operatives themselves. Others, especially the milk buyer, argue that this increases the dependency of the dairies on the marketing partner.

The initiative has been quite successful in terms of market performance. The market partner was originally a family owned entrepreneur, who merged into the national branch of an international enterprise specialized in dairy products. Walserstolz is the show case of the enterprise with growing sales nationally and internationally. Walserstolz serves also as the flagship project for the biosphere reserve, despite their internal problems. High synergy at the macro level is documented by the fact that again for a new investment currently the maximum possible subsidy is offered. However, this time also a contribution of the farmers will be necessary.

Thus far, the local politician, who had been instrumental in founding the initiative, managed to mediate between the diverging interests of the local dairies. He was not only the central figure in founding the initiative, but also in setting up the biosphere reserve. Until today he acts as the mayor of one of the municipalities of the valley, is the head of the regional planning association, the head of the dairy association as well as a member of the regional parliament and agricultural spokesman for the ruling conservative party. This multitude of functions provided the linking social capital necessary to mobilize high levels of external financial support.

The main problem appears to be that a strong co-ordinating governance structure along the entire supply chain has not been established yet. The dairy union remained a weak structure on paper and the co-operation between the functionaries of the primary dairies remained low. The bridging and linking social capital is still tied to one central person and was not institutionalized. It is doubtful whether this leader will succeed to maintain a balance between the individual interests of the dairy co-operatives and the cheese trader, and the overall goals of the initiative.

Arany Sárfehér Co-operative

The Arany Sárfehér Grape and Wine Producers' Co-operative (ASF) was established in 2003 by 154 farmers in order to join forces and help farmers to produce and market their products (Csurgó et al., 2007). In 2007, the co-operative had 546 members with a cultivated area of 1,211 hectares. Members are mainly small-scale farmers but some family enterprises joined as well. The heterogeneity of the membership is well indicated by the farm size, which varies between 0.3 and 130 hectares, with an average of 1 hectare. Members are mostly part-time farmers, who only produce the grape but do not process it, although some bigger farmers have their own cellars to make wine from the produced grape. The membership shows a continuous growth from the establishment of the initiative. Most of the farmers are from Izsák, a small town 150 km from the capital city (more than 50% of the vine-growers in Izsák joined the co-operative), but the COFAMI covers geographically 19 neighbouring settlements of the Hungarian Great Plain, within a radius of 20 km.

Building on the local traditions of viticulture, the overall aim of the initiative was to maintain the role of viticulture in the local employment through enhancing its profitability. Initially, the most important goal was to hold together farmers[3] in order to achieve higher prices for the grapes produced in the region – as the chairman said: 'A thought came then that we should try to unite those people who still have confidence in agriculture and horticulture, which was reinforced by the state's regulation about subsidizing producers' groups'. This main goal is accompanied by a number of activities in order to motivate farmers to join the co-operative. Thus, the COFAMI supports farmers in the input markets, provides professional consulting and administrative assistance, and offers farming services such as mechanic harvesting, forecasting systems and collective processing and marketing.

The most important products of the COFAMI are grapes and semi-processed products, as well as end-products such as quality wine, champagne and fruit juices. However, the co-operative itself only sells grapes and semi-processed products, while the end-products are produced by HELIBOR, a champagne factory owned by three producers' groups (among them the ASF Co-op). In 2006, member farmers produced 5,600 tons of grape, from which 2,000 tons was processed in the own cellars of the co-operative. The net average price of grapes was 50% higher (0.23 €/kg) than in 2004 and 2005.

Bonding social capital is one of the most important forms of social capital employed by ASF as it contributes to the high appreciation of farming and enhances the responsibility and solidarity felt towards the co-operative, thereby lowering transaction costs. The main manifestations of the bonding relationships are intense face-to-face relationships enmeshing the whole local community, local norms on helping each other and accepting the success of others without envy, and personal trust towards the leader and the staff of the COFAMI. At first sight, the roots of these bonds are twofold. On the one hand, group solidarity stems from the socialist times when passive resistance and cheating held together the members of the co-operative. This is a common behaviour of marginalized groups against the dominating forces (Chloupkova et al., 2003; Kluvankova-Oravska and Chobotova, 2006). On the other hand, the role viticulture has played traditionally in local livelihoods is decisive. As viticulture has spread and is now one of the most important income sources for locals, it became part of their identity: a highly esteemed activity and a ground for common activities and interests.

Although locals had both positive and negative experiences with socialist-type co-operatives, members of the COFAMI mainly mentioned their advantages during the interviews. They experienced that the productivity of the plantations cannot be maintained individually, because of the problems of plant protection and harvesting. The negative consequences of independence and the presence of a leading and trustworthy person have encouraged collective action. However, if we analyse the mutual trust between the leader and the membership more deeply, we find it is the result of a complex system of interests. As the leader has worked for three decades to flourish the viticultural sector in the region (which is one of the main goals of the COFAMI), the success of the COFAMI means a personal mission for him. At the same time, the members have interest to authorize the leader because he has the experience and knowledge to manage the COFAMI.

Personal interactions have become less dense by geographical distances, both between ASF members and members of other partner organizations, and between members and non-members. This decline of bridging social capital is also indicated by the fact that members living in more distant villages meet less frequently and rarely help each other in seasonal works on a reciprocal basis compared to those who live in the central settlement. Weak bridging capital of the members is counterbalanced by the dense personal network of the leader, who is chairman or elected member in several regional and national professional associations. During his activity he constantly widened and deepened his personal network and used it to strengthen the initiative. In spite of his strong and dense network, the bridging social capital of ASF is rather low as it has no other sources yet. This strongly focused nature of the external network may partly be traced back to the early life-cycle stage of the initiative. In the long term, however, bridging social capital will probably increase due to the ASF's good reputation in professional and policy circles which contributes to the widening of its horizontal network.

Linking social capital is very high in the analysed case, as is shown by several accomplishments: the initiative successfully mobilized available state subsidies, it managed to register the local grape variety as protected origin product, and the agricultural minister took part at one of the local events. Furthermore, the national government provided a guarantee for the loans covering the costs of acquiring the local champagne factory – without these processing capacities the ASF would not be able to sell its products in the long term. The ASF is strongly supported by the local mayor too, who offered the COFAMI his personal connections to several influential decision-makers and investors. The leader of the initiative is well connected to the mayor and, during the last years' activities, he developed further his political network; these connections create a basis for strengthening linking social capital. The influential relations of these two actors are a major source of the present success of ASF.

Low synergy is manifested by the fact that, although the COFAMI gained subsidy to buy the local processing company, privatization of the sector resulted in the market dominance of one huge multinational company. Also the subsidy system generates confusion: on the one hand, farmers can obtain subsidy for terminating viticulture, but in certain cases also new plantations are subsidised. The government policy on agriculture and food industry is not transparent and local stakeholders do not trust the central governments' institutions. These factors limit the market opportunities of ASF and lower the farmers' motivation to produce grapes.

Although the financial resources and market position obtained so far by the initiative are still quite weak, the human, physical and even the social capital assets of the ASF augmented significantly. This makes it promising to remain successful in the future as well.[4] The COFAMI gained financial support using its linking social capital, which enabled it to increase it physical capital (processing facilities). The huge grants and the quick market penetration made the initiative attractive, not only for producers and consumers, but also for professionals, with interest to work for the co-operative. Thus social capital – the strong bridging and linking social capital of the leader and the bonding social capital within the community – resulted in the continuous increase of financial, physical and human capital.

Discussion

In spite of the contrasting socio-economic and political-institutional environment, which to a great extent determines the strategy of the two COFAMIs, we can find interesting similarities between the cases concerning the presence of different forms of social capital and how these are employed. In both cases, the agricultural activity is a constitutive part of local identity; the farming activity is based on ecologically sound production methods, which have a long tradition in the region. Ecological circumstances determine the choice of a certain type of agriculture, which in turn shapes the landscape in both regions. In the case of Walserstolz, dairy farming has almost 500 years of tradition, while in the case of ASF the traditions of viticulture go back to the nineteenth century. Due to the long history of the specific mode of production in each of the two cases, locals have inherited deep ecological and agricultural knowledge from their ancestors contributing to a high level of human capital in both cases. Furthermore, farming has become an important part of the local identity in both case study areas, and serves as a basis for strong bonding relations.

Another similarity is the role of personal trust in both initiatives. In both COFAMIs, the present leader had a crucial role in the establishment of the initiative, and the members demonstrated trust in them not only as the leader of the initiative but also as member of their local community. Both leaders had already proven that they were able to support the goals of their communities at (inter)national level: the leader of ASF had played a key role in acknowledging the local grape variety as protected origin grape, while the Walserstolz leader had a similar role in establishing the UNESCO biosphere reserve. In both cases, the cultural and economic relevance of agricultural activities led to strong local community ties, which is the source of high bonding social capital. The leaders are well-known and respected members of the community; the trust stemming from their local embeddedness also strengthens bonding social capital.

There are, however, also important differences between the two cases concerning bonding social capital. In ASF bonding social capital was pre-existing due to the collective history of passive resistance in socialist times. In the Austrian case, bonding relations were confined to the primary village co-operative and Walserstolz failed to transform it to the level of the initiative. Whilst in the Hungarian case the members themselves had to contribute financially to the investments of the COFAMI, in the Austrian case investments were financed entirely by subsidies. This resulted in a high commitment of the members toward the ASF, while the commitment to the collective initiative remained rather low in the case of Walserstolz. Bonding social capital appears to be one of the preconditions for identification with the initiative and, in the end, also with the product of the COFAMI. This is a crucial prerequisite for long-term economic success.

Bridging social capital is rather low in both cases. In the ASF initiative it is a result of limited personal interactions between non-members and members, as well as between ASF members and members of partner organizations. Within the Walserstolz initiative, the dispute over brand ownership and a rivalry for milk supply encourages each dairy to build its own (sometimes even competing) bridging networks to non-members and partner organizations. In both cases, low bridging social capital of members is counterbalanced by the dense personal network of leaders. In the Hungarian case, the leader has strong personal relationships to professional organisations, while the mayor supports the COFAMI by sharing his dense political network with the leader. This enabled ASF to link the intentions of the Ministry of Agriculture to support farmers in developing their own processing facilities with the strategic decision to buy up the local champagne factory in partnership with similar organisations. Thus ASF – as one of the owners of the first co-operative champagne factory – became a flagship in Hungary. In the Walserstolz case, the leader is head of the regional planning association. Within the valley he coordinates the mayors of the different municipalities and the biosphere reserve as the focal point of reference for regional development. In this context, he places the Walserstolz initiative as a positive example for communicating the entire region to the outside. Thus, he ensures local support as well as regional support for the goals of the initiative, both in material and immaterial terms. The horizontal and especially the vertical networks of the leaders – the bridging and linking social capital bounded to one or a few persons – in both cases were mainly used to mobilize maximum financial support from regional and national institutions.

Concerning the macro level, we can find considerable differences in the impact of social capital. In Austria trust into governmental institutions is generally quite high and uncertainty towards future prospects are to a large extend connected to the EU's decision to abolish milk quota systems in the near future. So far, against this background government institutions on a national and regional scale have supported the emergence and development of innovative COFAMIs.

In Hungary, however, trust in politicians in general is very low as is the case with the appreciation of local authorities or state institutions (the police or the jurisdiction; see Péterfi, 2008). Central decisions on the privatization of Hungarian processing capacities and confusions around the subsidy system increases the uncertainty of farming and makes farmers feel to be exposed to non-professional central decision-makers. In the case-study area, the privatization of the champagne sector as well as previous changes in the ownership of the local champagne factory were not transparent to stakeholders, who had almost no possibilities to influence the process. As a result of these uncertainties, organizational integrity and the trust toward state institutions remains very low. Mainly the good relations of the leader allowed ASF to survive under such adverse macro-level conditions.

Table 2 provides an overview over the configurations of social capital in both initiatives. The two cases show how linking social capital impacts on the economic success of the initiatives. It is decisive for the mobilization of initial financial capital from government sources. In the Hungarian case, a government guarantee for the loans made it possible for ASF to buy the champagne factory, in Austria public money financed the collective maturing cellar. Both cases of financial support would not have been possible without linking social capital, and in both cases this support was necessary to enable the first stages of development of the initiative. Obviously, as is emphasized by stakeholders in both cases, in a mature phase the initiative needs to run without subsidies.

The cases also show the downside of personalized linking social capital. In both initiatives, members trust their leaders to a high extent. They were not only the

Table 2. Comparison of social capital in the ASF and Walserstolz initiatives.

Form of Social Capital	Arany Sárfehér (ASF)		Walserstolz	
	Manifestation	Level	Manifestation	Level
Bonding	Intense face-to-face relationships; local norms on helping each other; tolerating the success of others without envy, personal trust.	High	Intense face-to-face relationships; personal trust on the level of primary dairy co-operatives, but low on the level of the initiative due to conflicts of interests within the initiative (dispute over brand ownership rivalry for organic milk).	High, but decreasing Low
Bridging	Weak personal relations with other initiatives. Other wholesalers also aim to buy up the vine. Relations tied to personal network of the leader.	Low High	Every dairy builds up its own network. Relations of the initiative tied to the personal network of the leader.	Low High
Linking	Connected to the leader of the initiative ASF received state subsidies. Ministry for Agriculture took part at one of the local events. It also gave a guarantee for the loans covering the costs of buying up the local champagne factory. ASF is strongly supported by the local mayor.	High	Multitude of relations to institutional level, but tied to the leader. He is the head of the regional planning association, a member of the regional parliament, agricultural spokesman of the ruling conservative party, and president of the Biosphere Reserve which uses the initiative as the flagship project	High
Synergy	Privatisation of wine-sector resulted in market dominance of one multinational company. Subsidy system results in confusion.	Very low	Subsidies for COFAMIs are provided. Positive climate for COFAMIs in general.	High
Organisational integrity	In general trust in government institutions is rather low. Decision making processes are not transparent for local people, thus they are more likely to think that bribery makes the system function than to trust in institutions.	Very low	In general trust in government institutions is high, especially in the agricultural sector. Relations to regional administrative personnel are good. However, uncertainty over future options when milk quota are abolished by EU legislation.	High

founders, but are still the driving forces for the present development of the initiatives. On the one hand, they manage everyday issues; on the other, they dispose over the necessary linking social capital to represent the COFAMI's interests at the macro level. The leaders have the knowledge to manage the co-operative, which makes it difficult to replace them at the local level. Their personal relationships are able to counterbalance deficiencies of the social capital configuration of the initiative as a whole. For instance, in the Austrian case the leader so far was able to pacify internal rivalries to a considerable extent. In the case of ASF, the leader used his linking ties to counterbalances the low synergy and organizational integrity. This continued dependency on their leaders makes the initiatives rather vulnerable for their future development, and in the long run through the institutionalization of capacities needs to be transformed into a professionalised organizational structure.

In the Austrian case, it is not likely that one person will be able to balance the diverging interests of different dairies in the long run. A new organizational set-up with a governance structure including all relevant actor groups will be needed to transform personal relationships into a collective asset. In the Hungarian case, the intensification of professional relationships helps to make bridging capital more collectively owned. Nevertheless, it still seems unavoidable to increasingly share responsibilities within the management staff.

Similarly, changes on the macro level of social capital are needed to reduce the dependency on personal relations of leaders. Especially the Hungarian case shows that the uncertain policy changes and the lack of general trust towards decision-makers makes linking social capital a crucial success factor. But where macro-level social capital is low, the intensive use of linking social capital reduces transparency within the COFAMI, and reinforces the position of those having valuable links to policy-makers – finally, making the initiative more exposed. The comparison of both cases, however, suggests that with the increase of organizational integrity the relevance of linking social capital diminishes. Similarly, if personal relations between members of the initiative and other actors become denser and bridging capital increases, the linking social capital of leaders will become less important. Both changes stabilize the initiative, as they make it easier to replace the leader, if needed.

Conclusions

The results of the case-study analysis demonstrate two main points. First, social capital has a significant impact on the economic success of collective marketing initiatives by improving the mobilization of financial, physical and human capital assets. Second, different negative aspects of social capital are the result of an unbalanced composition of social capital, which may result in so called 'social traps' (Rothstein, cited by Svendsen, 2006). Three possible configurations of unbalanced social capital assets can be distinguished. The first is a lack of balance between the different types of social capital – e.g. between bonding and bridging (as in the case of Walserstolz) or between bridging and linking social capital (as in the case of ASF) – which may lead to internal conflicts and marginalization of certain actor groups. Another set of problems arises if there is no balance between the macro and the micro levels of social capital – as in the Hungarian case – which may result in an excessive role for linking social capital and a reduction of the transparency within the organization. Finally, social capital may be distributed unequally between different actor groups – e.g. between members and their leaders – which makes the initiative highly dependent on the leading person and raises its vulnerability. These examples indicate that, while high levels of one type of social capital may compensate other types in the short run, such imbalances may be detrimental for the long-term development of an initiative.

Special attention has to be given to the concentration of social relations with leading persons. Their power status makes them indispensable for the initiative. This might result in a twofold problem. First, the leaders cannot be replaced easily in case of emergency; all relations are fixed to the person and lost if the leader drops out (e.g. in case of an accident). Second, persons who remain too long in power tend to develop blinders, which reduces their ability to adapt to changing framework conditions fast enough. A conscious formalization of the organizational set-up and a good sharing of responsibilities may avoid such problems.

Notes

1. The research for this article was conducted as part of the project 'Encouraging Collective Farmers Marketing Initiatives' (COFAMI) from 2005 to 2008 and funded by the European Commission under the 6th Research Framework Programme (SSPE-CT-2005-006541). The COFAMI project looked into experiences and policies related to collective farmers marketing initiatives in 10 countries (Austria, Czech

Republic, Denmark, France, Germany, Hungary, Italy, Netherlands, Latvia and Switzerland) in order to obtain an overview of the development and dynamics of such initiatives across Europe.
2. The interpretation of the macro level by Woolcock (1998) justifies this approach, since he defines the macro level rather as meso, i.e. the formal business, political, and social organizations of society.
3. Before the COFAMI was established, there used to be five individual contractors in the surrounding villages who bought up and processed the grapes. These contractors acted in the market as an oligopoly, they together decided on the price and the terms of the contracts. Thus farmers did not have any opportunity to sell their products with better conditions, only if they joined forces and tried to influence the price by retaining sales or process and market the products themselves.
4. Since drafting this paper, the vertical embeddedness of the COFAMI went through considerable changes. As HELIBOR (the champagne factory previously partly owned by the ASF Co-op) went bankrupt due to its loans and the ongoing market concentration, local and locally rooted businessmen bought up the factory from the co-operatives. Although ASF members can still sell the grapes to the champagne factory and the leadership of the organization has not changed, the factory itself has become a business enterprise.

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