



The Interaction Transition - Local Development: Contribution of Social Capital in Local Development

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ABSTRACT: Transition takes place over time and involves change and adaptation to new conditions, such as those related to development, social, environmental, and cooperation. Local development encompasses economic and social development within the context of new relationships emerging between society and the state, with the state playing a leading role. Scientific literature identifies social capital as a central element in the interactions and connections that actors create, influencing relevant economic, social, and political decisions. Governments can act to promote social development simultaneously with efforts towards economic development and environmental sustainability, thereby balancing these three elements of transition. Being an interaction and mutual reinforcement. The purpose of this study is to highlight the interaction between local development and transition, as well as between the triple transitions (digital, ecological, and social), and the contribution of social capital to local development. The paper ends with conclusions that summarise the essential elements retained from the present study.

KEYWORDS: local development, connections, transition, triple transition, social capital.

How to cite: Popa, F. (2025). The Interaction Transition - Local Development: Contribution of Social Capital in Local Development. *International Conference on Economic Sciences and Management in the Changing World 2025*, (pp. 163-175). Futurity Research Publishing. <https://doi.org/10.5281/zenodo.17519343>

1. Introductory elements

The explanations given to the term "transition" differ depending on the context in which it is found and the field to which it relates, but for the most part, they show that transition reflects people's responses to a period marked by changes (Visentin, van Loon, 2006)

Referring to the concept of transition, the EBRD considers it in relation to the market economy, which must go beyond market conditions and be competitive, inclusive, well-governed, resilient, and integrated. (European Bank for Reconstruction and Development, EBRD).

Transition takes place over time and involves change and adaptation to new conditions, such as those related to development, social, environmental, and cooperation. (Kralik Visentin, van Loon, 2006).

In recent years, the notion of transition has focused on meeting environmental objectives, with the implicit requirement that the entire society be involved in the transition to a zero-emission future (UNDP, 2022). Becker et. al. (2016) (quoted from Chlebna, Suitner, 2025) signal the importance of local development as an element of achieving transition objectives. The specialised literature distinguishes the areas (local, district) in which the transition takes place, analysing their interdependence and interaction. At the same time, cities have been recognised as essential for transitions towards sustainability. (Bulkeley et al., 2011; Hodson și Marvin, 2010; Frantzeskaki et al., 2017; Ernst de Graaf-Van Dinther, Peek, Loorbach 2016) (quted by Köhler, Dütschke, Wittmayer, 2021).

Greater attention is paid to the level of city size, with smaller administrative or geographical structures being less researched. Cheung and Oßenbrügge (2020), as quoted by Köhler, Dütschke, and Wittmayer (2021), demonstrate that transitions at the city level should shift towards a more locally oriented concentration. The social character of the transition is given by the fact that it is borne by individuals, who respond, over time, to the consequences generated by it, more or less easily, depending on the existing conjuncture at the time of its occurrence (Kralik, Visentin van Loon, 2006).

At the World Forum for Local Economic Development (WFLED)¹ in Seville, the importance of local economic development was emphasized for the transition of enterprises and employees from the informal to the formal stage, through its capacity (of local development) to stimulate local economic growth, through the connections that are formed between transition and local development, as follows (World Forum for Local Economic Development):

→*The connection between transition and local development*, given by the capacity of local development to stimulate the economy, through the creation of new jobs, the development of infrastructure and its increase in quality, the simplification of regulations and a greater degree of access to finance and market penetration.

→ *The connection between local development and elements* such as the triple transition, social welfare, public-private partnership and employment strategies; these favour sustainable economic development and

¹"The World Forum on Local Economic Development (WFLED) is a multi-stakeholder alliance of committed governments, national and international organizations, whose objective is to promote the local economic development approach and advance political debate and strengthen global partnerships for concrete actions at local, national and international levels". International Labour Organization. World Forum for Local Economic Development Local economic development fuels the transition to formality, 7 April 2025, <https://www.ilo.org/resource/article/local-economic-development-fuels-transition-formality>.

protect resources, to ensure, in the best possible conditions, the standard of living. (Geneva, ILO News in World Forum for Local Economic Development).

→ *The connection between local economic development and transition*, given by the capacity of local development to ensure conditions for a sustainable and inclusive transition, by increasing social protection, supporting entrepreneurship, integrating the workforce, ensuring the legal framework and security at the workplace.

2. Local development - content elements, influences, challenges

Local development encompasses both economic and social development, characterised by the emergence of new relationships between society and the state, as well as the significant growth of network interconnections, with the state playing a leading role. (World Bank, 1997, Rhodes, 1997, quoted from Galaso, Rodríguez, Goinheix, 2018). Becattini (1979, quoted by Galaso, Rodríguez, & Goinheix, 2018) demonstrates that in local development processes, interaction occurs between social and economic organisations, with the territory serving as a space where citizens coexist.

Local development means the development of communities, the creation of a prosperous economic environment, increasing citizens quality of life, the provision of better working conditions and the creation of new jobs (OECD, Local Development; OECD, Local Development. Stuck in a rut? Sparking economic and social transformation, Local development). The process aims to create favourable conditions for the development of the local business environment and the formation of a competitive local economy. (Ettlinger, eds. Smelser N.J. and Baltes P.B., 2001). At the same time, the modern approach to local development also means social inclusion, social connections and a sense of civic pride. (OECD, Local Development; OECD, Local Development. Stuck in a rut? Sparking economic and social transformation, Local development)

The meaning of the term "local" differs depending on the level of reference: (Ettlinger, eds. N.J. Smelser and P.B. Baltes, 2001):

- ✓ In a *regional context*, a neighbourhood, city or metropolitan area;
- ✓ At the *country level*, a region within a nation.
- ✓ In a *global context*, a multinational region.

The observation of economic and social results at the local level takes into account the possibilities of development, of quality improvement, based on the valorisation of local and capital resources (OECD, Local Development; OECD, Local Development. Stuck in a rut? Sparking economic and social transformation, Local development). Some challenges arise related to demographic changes, globalisation, technological progress and climate change that exert pressures for local transformation. The prospects for the evolution of local communities depend on the local context (resources, policies, strategies) in which they manifest themselves, as some units are favourable, while others reveal gaps in development. (OECD, Local Development; OECD, Local Development. Stuck in a rut? Sparking economic and social transformation.

Addressing these issues, as well as developing policies for the future, to prevent risks and build resilience to shocks caused by possible economic crises or other unexpected events, requires local authorities and policymakers to focus on developing the local economy by creating strategies for local transformation that lead to long-term

positive outcomes. This involves leveraging local heritage resources, transferring skills, and increasing comparative advantages. (OECD, Local Development; OECD, Local Development. Stuck in a rut? Sparking economic and social transformation.

For Albuquerque (2015), local development is a territorial approach that promotes the social construction of the territory, namely, the creation of networks, institutions and social capital; these support the local strategy. Albuquerque, 2015, pp. 43) show that in studying local development, it is necessary to analyse organisations and how they interact with each other. Pike et al. (2011) (quoted from Galaso, Rodríguez, & Goinheix, 2018) demonstrate that local development is a process involving strategy, planning, and the implementation of actions.

Investments made can influence areas differently, depending on the historical context of the area, including social relations, management, industrial centres, and others. In this sense, Massey (1984) shows that each investment brings its contribution in a different way: division of labour, different economic development that overlaps the previous one, creating a socio-economic stratification by overlapping different levels of socio-economic development, the character and combinations of them influencing society differently (Ettlinger, N. 2001, eds.. Smelser N.J and. Baltes P.B.).

According to studies, citizen participation and democracy are important in local development. This is also highlighted by the opinion of Pike et al. (2011: 624-625) (quoted from Galaso, Rodríguez, and Goinheix, 2018), who emphasise that local development is based on social and political actions and principles that support them. Other research conducted in the regional field has shown the relevance of the relationships that are formed between actors and local organisations (Galaso, Rodríguez, Goinheix, 2018).

Local development depends on the interaction between key actors that can influence relevant economic, social, and political decisions. The scientific literature places social capital as a central element of the interactions and connections created between actors. As a result, local development is the result of synergies between several territorial components. (Galaso, Rodríguez, Goinheix, 2018). Local development is subject to a series of challenges such as: competition exerted globally, over different areas whose development is linked to the business environment; local financing resources; changes that occur in the relations between great powers; changes that occur in the geographical plan of labor mobility and employment and residential patterns connected to changes related to migration; interethnic social relations; policies and strategies. (Ettlinger, eds. Smelser N.J. and Baltes P.B., 2001).

Vázquez Barquero (2011), as quoted by Ettlinger (ed.), Smelser, N.J., and Baltes, P.B. (2001), shows that local development strategies differ depending on the conditions existing in each territory, including resources, needs, and capacities. The context in which the local economy evolves is shaped by *internal and external processes*, as well as the relationships that form between them. Internal (endogenous) processes refer to the influence of internal factors on development, such as the local business environment and the competitiveness of the industry. External (exogenous) processes are given by external factors such as the level of local development. (Ettlinger, eds. Smelser, N.J. and Baltes, P.B. 2001). Endogenous local development considers the territory as the place where interactions between individual actors, institutions, and knowledge take place (Rodríguez Miranda, 2015) (quoted from Galaso, Rodríguez, Goinheix, 2018).

Therefore, it can be considered that there is no single formula for local development.

3. Social capital in the context of local development

In local development processes, an important role lies in the social capital, social relations and institutional and cultural elements (Becattini, 1979; Maillat, 1995; Saxenian, 1994; Cooke et al., 2005) (quoted from Galaso, Rodríguez, Goinheix, 2018).

Camagni's (2009) approach (quoted from Pablo Galaso, Adrián Rodríguez Miranda, Sebastián Goinheix, 2018) regarding regional development considers that its basic element is "*territorial capital*", which includes: technology, natural resources, human capital and social capital.

Nijkamp (2016) (quoted from Galaso, Rodríguez, and Goinheix, 2018) uses the concept of "resource regions", considering that each region has resources that provide it with development capacities, offering optimal possibilities for combination to achieve high productivity in the economic and social areas.

The Social Capital Initiative (Grootaert, 1998) is a component of the World Bank's Social Development Department, an institution concerned with the study of social capital. Considers social capital as "internal social and cultural coherence of society, the norms and values that govern interactions among people and the institutions in which they are embedded" (Ismail Serageldin, Vice President, Special Programs Foreword in Christiaan Grootaert, 1998 Social Capital Initiative, Social Capital Initiative Working Paper No. 3, Social Capital: The Missing Link? , The World Bank Social Development Family Environmentally and Socially Sustainable Development Network April 1998, <https://documents1.worldbank.org/curated/en/902971468764409654/pdf/multi0page.pdf>).

As the *Social Capital Initiative (SCI)* (Grootaert, 1998) shows, studying these aspects offers the possibility of observing the capacity of communities to organise themselves to achieve common goals, from which they mutually benefit. (Anirudh and Shrader 2002) (quoted from de la Peña García, 2014). These values and norms facilitate the formation and maintenance of organisations that, in turn, provide greater socio-economic benefits.

Recent studies have analysed inter-organisational networks in local development. Ha et al. (2015) focused on the presence of local governments within the network in the actions initiated in the local development process in the USA. Esparcia et al. (2015) and Nardone et al. (2010) (quoted from Galaso, Rodríguez, and Goinheix, 2018) focused on the study concerning *the involvement of local actors in social and economic territorial development in countries* such as Spain and Italy. Bellandi and Caloffi (2010), as quoted by Galaso, Rodríguez, and Goinheix (2018), analysed the impact of innovation policies in Italy on regional development through the creation of networks, which led to varied results.

Lin (2000a; 2000b) observes that social capital is considered as assets contained in networks, seen in two forms (quoted from de la Peña García, 2014):

- ✓ *Integrated resources* which refer to the resources that each member of the network possesses and which give them a certain power of influence within the network;
- ✓ *Network locations* refer to the structure and capacity of the network, as determined by certain characteristics it possesses, which either favour or hinder the possibility of other actors obtaining gains.

Various regional studies have demonstrated *the roles* of social capital and social relations, as well as institutional and cultural elements, in local development processes (Becattini, 1979; Maillat, 1995; Saxenian, 1994; Cooke et al., 2005). (quoted from [Galaso, Adrián Rodríguez Miranda, Sebastián Goinheix](#), 2018) In this respect, it

is considered that social relations are essential elements in local development, since they can favour or stop the implementation of some local economic, social and political initiatives based on connections and collaborative relationships among individuals, organisations and institutions, to carry out a socio-territorial project that will lead to territorial development. Additionally, the authors of the Californian School (Storper, 1988; Scott, 1988, 1996; Scott and Storper, 2007; Saxenian, 1994) (quoted from [Galaso, Adrián Rodríguez Miranda, Sebastián Goinheix, 2018](#)) demonstrate that the competitive advantages of regions are based on *social capital*. Vázquez Barquero (2002, 2010) (quoted from [Galaso, Adrián Rodríguez Miranda, Sebastián Goinheix, 2018](#)) believes that local development is the result of coordinating factors such as the organisation of production, the dissemination of innovation or urban infrastructures that manifest themselves in an institutional environment that favours socialisation and economic interactions (Vázquez Barquero and Rodríguez-Cohard, 2016). (quoted from Galaso, Rodríguez Goinheix, 2018).

In the professional scientific literature, there are a series of analyses that study *the impact of social capital* on social and economic aspects of cities and regions (Iyer and colab, 2005; Putnam, 1993; Boschma, 2005; Cooke et al., 2005) (quoted from [Galaso, Adrián Rodríguez Miranda, Sebastián Goinheix, 2018](#)). Network-focused analysis, as evaluated by social capital (Burt, 2000; Lin, 2005), as quoted from [Galaso, Rodríguez, and Goinheix \(2018\)](#), reveals *the ability of social capital to create relationships between individuals*. (Burt, 2000).

The scientific approach in the field of social networks reveals a wide range of theories and methodologies for analysing social relations. (Easley and Kleinberg, 2010; Jackson, 2008), (quoted from [Galaso, Rodríguez, Goinheix, 2018](#)). The terms '*nodes*' are used to refer to *social actors* (individuals, organisations, or firms), and '*connections*' refer to the *cooperation relations* or *interactions* that are formed between them.

Grootaert (1998, 1999, 2001, 2002a, 2002b), a specialist at the World Bank, demonstrates that belonging to organisations whose members come from diverse professional and educational backgrounds offers the advantage of sharing knowledge through the mutual exchange of information, as well as socially and economically favourable circumstances outside the organisation. Thus, social relationships are a means by which people benefit from different opportunities within organisations. Grootaert's claim aligns with the observed issues of other experts in the field of social networks, who have referred to social capital. They show that as the diversity of the network increases, the information becomes richer and richer. (by de la Peña García, 2014).

The role of local actors in local development is underscored by their significant influence in formulating and implementing local development policies. (Vázquez Barquero, 2011). Garofoli (2002) believes that local public and private organisations can participate in the process of local development. Arocena (2002) shows that the formation of a network of local actors is important for the connections that are formed between actors and the possibilities of transmitting knowledge, norms, and values within the network. The presence of extensive networks of connections between local actors is crucial for certain types of local development, such as industrial development. (Dei Ottati, 1994; Becattini, 1979). To support the performance of the territory, it is necessary to foster interaction between actors from the education/research fields and other organisations within local networks. For example, universities and research centres are important actors in local development processes (Goddard and Vallance, 2011), contributing to increased territorial performance (Power and Malmberg, 2008). (quoted from Galaso, Rodríguez, Goinheix, 2018).

4. The Triple Transition - Importance, Content and Types of Connections

4.1. Importance, Content

Digital, environmental and social transitions stand out in a global context, marked by crises and challenges in recent years (climate change, geopolitical conflicts, health crisis), constituting a brake on progress and determining the search for collective solutions to overcome them. (OECD, 2023, Towards a Triple Transition. Strategies for Transformational European Development Action.

The digital transition is a determinant of economic transformation, referring to advanced technologies, technological advancements, digitalisation, and artificial intelligence.

The environmental transition refers to the shift towards sustainable production and consumption systems, characterised by low pollution levels, the use of renewable energy, the conservation and protection of biodiversity, the implementation of the circular economy, and the pursuit of measures to mitigate the effects of climate change.

The social transition accompanies the green and digital transitions, aiming to *reduce the poverty rate and increase social inclusion*. These objectives form a *foundation for achieving the other two transitions*. (OECD, 2023, Towards a Triple Transition. Strategies for Transformational European Development Action.

A series of social challenges, including increasing inequality and political instability globally, rising poverty rates, labour market imbalances, and a decline in human development, expose society to risks and require effective solutions. In this sense, the development of strategies must take into account the links that form between the three types of transitions. Social aspects are a priority in the new growth strategies. Political strategies and the decision-making process must adapt to the effects of digital and environmental transitions for vulnerable groups and to achieve social inclusion. (OECD, 2023, Towards a Triple Transition. Strategies for Transformational European Development Action.

A triple transition is a systemic approach whose central element is the *interconnections* between the *environmental, digital and social* dimensions. Systemic transformations make it possible to overcome the difficulties that arise in the social and political plane and to find solutions to combat the effects of environmental degradation. (OECD, 2023, Towards a Triple Transition. Strategies for Transformational European Development Action.

Within the triple transition - *the social transition pillar* - it is constituted as a form of guarantee that aspects related to social vulnerabilities are at the heart of new development methods. Thus, *the triple transition encourages* an increase in productivity, innovation, and digital inclusion; the development of a green economy; and an increase in social well-being and cohesion, through a decision-making, participatory, and legitimate framework. (FIAPP, 2022; Sanahuja, 2021) (ILO, 2023) (quoted from OECD, 2023, Towards a Triple Transition. Strategies for Transformational European Development Action).

Social transition considers the role of social dynamics in achieving economic productivity and development, as well as a sustainable local environment. (OECD, 2023, Towards a Triple Transition. Strategies for Transformational European Development Action.

This form of transition favours the increasing role of the welfare state in adopting various policies aimed at increasing levels of well-being and social cohesion (Barron et al., 2023). (quoted from OECD, 2023, Towards a Triple Transition. Strategies for Transformational European Development Action. As such, the social transition is

mainly oriented towards: (OECD, 2023, Towards a Triple Transition. Strategies for Transformational European Development Action)

- ✓ ensuring the growth of well-being and equity;
- ✓ increasing the standard of living at the level of society, the existence of a common sense of belonging to a larger community;
- ✓ legitimate and participatory nature of decision-making processes.

Local governments are working to *increase social inclusion and equity*. Thus, within the Urban Transitions Alliance, cities are developing new ways to involve citizens in decision-making and create opportunities to increase their well-being. (Urban Transitions Alliance, Social Transition).

4.2. Types of connections in the context of the triple transition

The triple transition offers the possibility of perceiving *connections* formed *between the three transitions*, and between them, there is interaction and mutual reinforcement. Through *the social transition*, the implementation of *social policies* ensures that society can benefit from the results obtained through the green and digital transitions. (OECD, 2023 Towards a Triple Transition. Strategies for Transformational European Development Action.

By respecting the principle of equity, governments can implement policy initiatives that promote social development simultaneously with efforts towards economic development and environmental sustainability. There is interaction and mutual reinforcement between these three elements of a transition. (OECD, 2023 Towards a Triple Transition. Strategies for Transformational European Development Action.

→The social aspects of the social transition must be taken into account in relation to the *environmental and digital* transition by implementing social policies through which societies have the possibility to maximise their results and to jointly benefit from the advantages offered by the green and digital transitions. (OECD 2023, Towards a Triple Transition. Strategies for Transformational European Development Action.

→ Poverty, inequality, climate change and access to education *are interconnected in a network where the effects intensify each other*. For example, poverty can exacerbate environmental degradation because individuals facing challenges may act unsustainably in their efforts to address current needs, thereby harming the environment in an attempt to overcome the crisis. Similarly, climate change can have adverse effects on vulnerable communities, which are often felt unequally and exacerbate existing economic disparities. (OECD, 2023, Towards a Triple Transition. Strategies for Transformational European Development Action.

→The triple transition reflects *the interconnections between transitions* and emphasises the role of public policies and the effects they have on development dynamics. Understanding the *interconnections between social, environmental, and digital* transitions is crucial for informed decision-making and effective involvement in partnerships that can address national development aspirations and needs. There are *several types of interactions that depend on contextual factors such as governance systems, geographical conditions and policies practised*. (Nilsson et al., 2018). (quoted from OECD, 2023 Towards a Triple Transition. Strategies for Transformational European Development Action.

The importance of the triple transition lies in the analytical framework it proposes, through policies that stabilise the green, digital and social transitions. The triple transition framework systematically approaches

transitions, focusing on the positive and negative interconnections that form between its three forms. It also examines the causes that contribute to the existence of social inequalities, to identify potential unforeseen situations in the development process. *The social transition* is viewed as an independent process that reflects the benefits of other forms of transition, through the impact of social determinants and by addressing social challenges, thereby expressing the current concerns of new development strategies (OECD, 2023, Towards a Triple Transition: Strategies for Transformational European Development Action).

→The triple transition involves *interconnecting the green, social and digital transitions*. This involves making balanced progress across the transitions and focusing on the interactions between them, ensuring policy coherence and its impact. (OECD, 2023, Towards a Triple Transition. Strategies for Transformational European Development Action).

In this context, the possibility is created for the European Union to develop a new strategy for international cooperation, centred on the triple transition, creating conditions for the European Union to become a leader in the field of development (OECD, 2023, Towards a Triple Transition: Strategies for Transformational European Development Action).

5. Conclusions

Local development encompasses both economic and social development, characterised by the emergence of new relationships between society and the state, as well as the significant growth of network interconnections, with the state playing a leading role. The phenomenon depends on the interaction between key actors who can influence relevant economic, social, and political decisions. Scientific literature identifies social capital as a central element in the interactions and connections created between actors.

Becker et al. (2016) highlight *the importance of local development* as a key element in achieving the transition objectives. In local development processes, social capital, social relations, and institutional and cultural elements play a crucial role. In this sense, social relations are considered essential elements in local development, as they can either favour or hinder the implementation of local economic, social, and political initiatives, based on connections and collaborative relationships between individuals, organisations, and institutions, to achieve a socio-territorial project that leads to territorial development.

The triple transition (social, environmental, and digital) presents the top opportunity to perceive *connections* formed among the three types of transitions, *with interaction and mutual reinforcement between them*. Through the *social transition*, the implementation of *social policies* ensures that society has the opportunity to benefit from the results obtained through the green and digital transitions.

The triple transition reflects *the interconnections between transitions* and emphasises the role of public policies and their effects in the dynamics of development. Understanding the interconnections between social, environmental, and digital transitions is crucial for informed decision-making and practical addressparticipation in partnerships that can respond national development aspirations and needs. (Nilsson et al., 2018). (quoted from OECD, 2023, Towards a Triple Transition. Strategies for Transformational European Development Action)

The importance of the triple transition lies in the analytical framework it proposes, through policies that stabilise the green, digital and social transitions. The Triple Transition involves the interconnection of the green, social and digital transitions. This involves achieving balanced progress across the transitions and focusing on the

interactions between them, ensuring policy coherence and its impact. Thus, *the triple transition encourages* increased productivity, innovation, and digital inclusion; the development of a green economy; and increased social well-being and cohesion.

Concerns about the social effects of environmental and digital transitions are insufficient to prompt intervention in resolving social, economic, and environmental imbalances. The lack of appropriate policy initiatives can lead to the deterioration of the interconnections between the transitions, and, at the same time, there is the possibility that political measures and technology can exert an unfavourable influence. The triple transition approach highlights the importance of carefully examining the interconnected dimensions of green, digital, and social, which are *interdependent*. (OECD, 2023, Towards a Triple Transition. Strategies for Transformational European Development Action

Acknowledgment: This article is a part of the research paper achieved in the year 2025, by a research team of Institute of National Economy, Romanian Academy "*Tripla tranziție a mediului urban din România - digitală, ecologică și socială. Identificarea nevoilor și analiza transferului de bune practici*".

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