



SOCIAL CAPITAL
RESEARCH

Introduction to Social Capital Theory

SOCAP101

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1 What is social capital, what are its benefits and downsides

Humans are a social organism, we have evolved to be social. Working together for collective action is hard-wired into us. We want to help, share, and give to each other and receive in kind. Many things that we want, and need, cannot be created simply by our own efforts, so require some form of collaboration or reciprocity. The benefits we derive from that sociability we could call *social capital*. Social capital arises from the human capacity to consider others, to think and act generously and cooperatively.

The concept of social capital relates to important questions of human behaviour and motivation, such as why people give or help others even when there is no foreseeable benefit for themselves. Can rational choice explain this? Is it the result of instinct, resulting from biological evolution? Is it the result of psychology, or social norms, or religion? Is it rational for persons to perform voluntary community service, to accept unpaid leadership responsibilities, or to make efforts to maintain social peace and harmony around them (Uphoff 1999)? It relates to the dichotomy between competition and cooperation, self-interest and selflessness, rationality and morality, and instrumental and intrinsic actions.

The appeal of social capital stems from its intriguing integration of sociology and economics. The concept helps to erode economists' idea of homo economicus, which has dominated capitalist societies. The idea of homo economicus sees the modern human as a self-interested utility maximizer (Arrow 1999). Yet this view ignores the role of social factors in the function of society and the economy. This has led to economists' analysis to be described as an "undersocialized concept of man" (Granovetter 1985). Mainstream economics has puristically shied away from investigating and explaining the way a society's institutions and shared attitudes interact with the way its economy works (Solow 1999). Social capital provides the context for understanding a range of phenomenon beyond an economic lens, and as such has been heralded as a very important conceptual innovation for inter and transdisciplinary theoretical integration (Adam and Roncevic 2003).

Although the term social capital is relatively new, the concept is not as it encompasses a variety of other concepts that have been around since at least the 19th century. Intellectuals such as David Hume, Adam Smith, Karl Marx, Georg Simmel, Émile Durkheim, and Max Weber among many others dealt with similar notions. The quote below is one such example.

Here I learn to do a service to another, without bearing him any real kindness; because I foresee, that he will return my service, in expectation of another of the same kind, and in order to maintain the same correspondence of good offices with me or others. And accordingly, after I have served him and he is in possession of the advantage arising from my action, he is induced to perform his part, as foreseeing the consequences of his refusal.

David Hume
Treatise of Human Nature (1740/1978, 521)

Social capital is a concept that is intuitive and part of our everyday lives, yet as a theory it is incredibly complex with multiple dimensions operating at multiple levels with a range of different factors that determine whether it has positive or negative effects. Social capital experts can make the concept sound almost mystical, and for many people approaching social capital for the first time it can be daunting.

1.1 Understanding the concept of social capital

By way of introduction I will start with an explanation of social capital that speaks to our existing intuitive understanding of the concept. The complex theoretical part can come later once we understand how it relates to our everyday lives.

The central proposition of social capital is that 'relationships matter' and that social networks are a valuable asset. Social capital is aspects of social context (the "social" bit) that have productive benefits (the "capital" bit). It includes the store of solidarity or goodwill between people and groups of people. You could think of it like a "favour bank", although this only encapsulates part of social capital. Another simple explanation is as helpfulness behaviours resulting from feelings of gratitude, respect, and friendship. The adage: "it's not just what you know, but who you know" relates to the powerful effects that social capital can have and is an easy way to understand the concept in the context of how it impacts our everyday lives.

We intuitively understand that we can derive benefits from our social relationships with others, whether it be as simple as finding a reliable mechanic (which can save you money) or borrowing a cup of sugar from a neighbour (which can save you time), or finding a new job or client (which can make you money). These are just a few tangible examples of the benefits of social capital, there are many more. In fact, social capital is what allows humans to collaborate, coordinate, and coexist. It is essential to the human social existence.

Social capital has been described by some authors as lubricating the fabric of society and allowing modern economies to function efficiently. These may seem like lofty claims but without social capital humans could not work together. This is because social capital is the shared values, norms, trust, and belonging that make social exchange possible. Our society, economy, institutions, and political system could not exist without social capital. As such social capital has been described as a glue. Given that social capital is the productive benefits of sociality then everything is a benefit of social capital. Every benefit of living in society over living as a hermit.

It must be noted however that many authors have found negative consequences of social capital. In this regard it is unfortunate that the term social capital includes the word 'capital' since it implies that social capital is only good. Research has found that the same features of social structure we call social capital can also be a liability in the sense that it can produce unwanted results. Corruption and organised crime rely on high levels of social capital. Gangs and the Mafia use social capital as the foundation for their organizational structure. Cartels also develop social capital in their effort to keep control over an industry so as to reap more profits than would otherwise be the case.

"Every feature of social structure can be social capital in the sense that it produces desired outcomes, but also can be a liability in the sense that it produces unwanted results"

Potential downsides of social capital include: fostering behavior that worsens rather than improves economic performance; acting as a barrier to social inclusion and social mobility; dividing rather than

uniting communities or societies; facilitating rather than reducing crime, education underachievement and health-damaging behaviour.

Social capital can be either positive or negative in different contexts or from different perspectives. In fact, because social capital is multidimensional, it can be both positive and negative at the same time. The inclusion of the word 'capital' is a source of frustration or confusion for some people. I don't think it is ideal, but the term is now well established in the literature, so we need to accept it and move on.

2 What are the main conceptual approaches and their history

Social capital has hybrid theoretical origins having been explored by theorists from economics, sociology, political science and virtually every other social science. Social capital is applicable to anyone investigating human sociability and cooperation, and its evolution. Therefore, social capital is relevant diverse theoretical paradigms such as game theory and evolutionary socio-biology.

The initial theoretical development is typically credited to three authors who each approached social capital from vastly different perspectives and created different theoretical and conceptual findings.

- Theory of capital – Pierre Bourdieu
- Rational-choice approach – James Coleman
- Democratic or civic perspective – Robert Putnam

An understanding of the foundations of social capital theory helps to navigate the myriad theoretical perspectives that now prevail in the literature. Social capital is often plagued by competing or conflicting definitions and conceptualisations. Being able to identify the theoretical tradition or perspective being used by an author helps to be able to understand the context of literature on social capital.

More recently social capital theory has predominantly focused on the dimensions of social capital developed by Nahapiet & Ghoshal (1998) building on Granovetter's (1992) theory of embeddedness.

2.1 Theory of capital – Pierre Bourdieu

Pierre Bourdieu (1930 – 2002) was a French sociologist and public intellectual who was primarily concerned with the dynamics of power in society. His work on the sociology of culture continues to be highly influential, including his theories of social stratification that deals with status and power. Bourdieu was concerned with the nature of culture, how it is reproduced and transformed, how it connects to social stratification and the reproduction and exercise of power. One of his key contributions was the relationship between different types of such capital, including economic, cultural, social, and symbolic.

Bourdieu's (1986) conceptualization of social capital is based on the recognition that capital is not only economic and that social exchanges are not purely self-interested and need to encompass 'capital and profit in all their forms' (Bourdieu, 1986: 241). Bourdieu's conceptualization is grounded in theories of social reproduction and symbolic power (Dika and Singh 2002). Bourdieu's work emphasizes structural constraints and unequal access to institutional resources based on class, gender, and race.

Bourdieu saw social capital as a property of the individual rather than the collective. Social capital enables a person to exert power on the group or individual who mobilises the resources. For Bourdieu social capital is not uniformly available to members of a group or collective but available to those who provide efforts to acquire it by achieving positions of power and status and by developing goodwill (Bourdieu 1986). For Bourdieu social capital is irreducibly attached to class and other forms of stratification which in turn are associated with various forms of benefit or advancement (Fine 2002a). Bourdieu framed social capital as accrued actual or virtual resources acquired by individuals or groups through the possession of "more or less institutionalized relationships of mutual acquaintance and recognition" (Bourdieu and Wacquant 1992: 119). Therefore, social capital resides in the individual as the result of his or her investment. Bourdieu's social capital does not include collective property attributes, which Bourdieu instead calls cultural capital. Therefore, Bourdieu's

social capital does not confuse the level of observation which is a common problem with other approaches.

Bourdieu's approach is starkly different to most current conceptualisations of social capital. Bourdieu is rarely cited for his work on social capital relative to James Coleman and Robert Putnam. This may be because his approach is too intellectually demanding (Fine 2002a). There are many concepts underlying the terms he uses that has specific and significant meaning (Poder 2011). His approach is based on his wider sociological theories of habitus and fields of practice (Bourdieu 1984). He emphasises the fluidity and specificity of his objects of study, which means that social capital is deeply reliant on the context of a particular social space (Markowska-Przybyła 2012). Bourdieu's theory of social capital is substantiated by a rich set of sociological theories that embrace the complexity of the social environment rather than seeking simplification and reductionism. Fine (2002a) suggested that this is incompatible with the wide-ranging and superficial postures currently attached to social capital. My conclusion is that Bourdieu's theory of social capital may be beyond the reach of most people outside of sociology who may fail to fully understand and appreciate the meaning of his terminology.

2.2 Rational-choice approach – James Coleman

James Coleman (1926 – 1995) was an American sociologist who was primarily interested in the sociology of education and public policy. Like Bourdieu, Coleman was interested in different types of capital and their interaction, namely human, physical and social capitals. The aim of Coleman's concept of social capital was to import the economists' principle of rational action for use in the analysis of social systems without discarding social organization in the process (Forsman 2005). As such, Coleman connected sociology and the social actions of individuals with the rational ideas of economists (Jordan 2015). This theoretical union represents a middle line between two theoretical traditions (Tzanakis 2013). The first is a functionalist view of social action which is conditioned by social structure. The second is rational theory which suggests that actors' goals are determined by utility-maximizing pursuit of his or her self-interest (Coleman 1988). Coleman (1988) connected sociology and the social actions of individuals with the rational ideas of economists that individuals act independently and for self-interest (Jordan 2015).

Like Bourdieu, Coleman saw social capital as essentially residing in the social structure of relationships among people. However, where Bourdieu was concerned with power and status and the uneven distribution of social capital between individuals, Coleman saw social capital as a public good where the actions of individuals benefits the whole (Tzanakis 2013). As such Coleman conceptualised social capital as a collective asset of the group and made little provision for inequality that results or a causes differential power and status. This neglect of power and conflict probably stems from Coleman's preoccupation with social capital being largely a product of social structure. This is a significant departure from Bourdieu's theory which treated collective property attributes under the term cultural capital. This means that Bourdieu's and Coleman's theories of social capital are fundamentally different, and this has resulted in confusion in the literature about what is and is not social capital.

For Coleman, individuals engage in social interactions, relationships and networks for as long as the benefits persist (Jordan 2015). This logic stems from rational choice theory which seeks to explain human behaviour through rationality. These rational actions are set in a particular social context accounting for not only the actions of individuals, but also the development of social organization.

In this sense, social capital is both a private and public good benefiting everyone in the group, not only those who invest in organizing the associations or networks. For example, everyone in a neighborhood benefits when a neighborhood watch group forms to help lower the local crime rate, even those people who never personally participate (Coleman 1988). Direct contributions by actors will benefit the whole, not just the individual. Strong families or communities accrue from strong social bonding among members.

Where Bourdieu saw social capital as reproducing social inequality, Coleman treated social capital as almost universally productive, i.e. it is used so that actors can achieve particular ends that would have been impossible without it (Coleman 1988). A good illustration of this is Coleman's famous example of wholesale diamond merchants in New York. In this context bags of diamonds are lent for examination without any formal contracts or insurance, leaving the lender in danger of receiving counterfeits or lower quality diamonds when the diamonds are returned. Although opportunities for dishonesty are not rare, instances are virtually never observed. Here, social capital influences individual decisions on honesty because dishonesty by a given diamond merchant will induce responses by others which matter to his assessment of how to act (Durlauf 1999).

In Coleman's initial analysis he referred the work of economists Glen Loury and Ben-Porath, and sociologists Nan Lin and Mark Granovetter. This integration of economics and sociology is clearly evident in his work and was one of the most appealing aspects of this theory as it facilitated cross and interdisciplinary investigation.

2.3 Democratic or civic perspective – Robert Putnam

Robert David Putnam (1941-) is an American political scientist most famous for his controversial publication *Bowling Alone*, which argues that the United States has undergone an unprecedented collapse in civic, social, associational, and political life (social capital) since the 1960s, with serious negative consequences. Putnam is generally credited with popularized the term social capital (Portes and Vickstrom 2011).

Putnam treated social capital as a public good—the amount of participatory potential, civic orientation, and trust in others available to cities, states, or nations (Putnam 1993, 2000). This contrasts with Bourdieu's theory of social capital, with Coleman's definition somewhere in the middle. In Putnam's conceptualisation social capital is elevated from a feature of individuals to a feature of large population aggregates. Social capital becomes a collective trait functioning at the aggregate level (Tzanakis 2013).

Putnam made the argument that social capital is essentially the 'amount' of 'trust' available and is the main stock characterizing the political culture of modern societies. For Putnam (1993 p. 35; 1993) social capital refers to 'features of social organizations, such as networks, norms and trust that facilitate action and cooperation for mutual benefit'. Putnam follows Coleman's belief that social capital is a quality that can be a facilitator of interpersonal cooperation. In Putnam's view, such a feature can be considered an aggregate trait to such a degree that it can become automatically comparable across cities, regions and even countries (Tzanakis 2013).

Putnam has been widely criticised for fundamental conceptual and methodological flaws. Perhaps most problematic is the drastic over-simplification of complex and interrelated processes to a single or small set of factors, i.e. trust as an aggregate indicator of social capital. This is further complicated by logical circularity. As a property of communities and nations rather than individuals, social capital is simultaneously a cause and an effect (Portes, 1998).

While popularizing the concept of social capital, Putnam's work has confounded theoretical and methodological rigor to such an extent that much of the later work on social capital has been described as vulgar scholarship (Fine 2002a). I think that Putnam's work is interesting and descriptive however offers little in the way of theoretical and methodological framework for future study.

3 What factors complicate social capital theory

The theoretical development of social capital has occurred in different disciplines using very different approaches. These theoretical developments took place somewhat independently, using discipline relevant underpinnings. These differences can be found in the resultant approaches and are as stark as the differences between the disciplines themselves. This has resulted in literally hundreds of different definitions of social capital and numerous approaches to its conceptualisation.

Social capital has been treated as a private good, or a public good, or both by some authors. It has been investigated at the level of the individual, the group or organisation, and the national or societal level. Different authors have included different factors or dimensions, while using different terminology. In addition to these problems, different authors confuse the source, form and consequences of social capital, or worse, fail to differentiate them at all resulting in logical circularity.

This section discusses the main factors that complicate social capital theory.

3.1 Plethora of definitions

The commonalities of most definitions of social capital are that they focus on social structures that have productive benefits. Definitions generally have some combination of role-based or rule-based (structural) and mental or attitudinal (cognitive) origins (Uphoff 1999). The variety of definitions identified in the literature stem from the highly context specific nature of social capital and the complexity of its conceptualization and operationalization.

Social capital does not have a clear, undisputed meaning, for substantive and ideological reasons (Dolfsma and Dannreuther 2003; Foley and Edwards 1997). For this reason, there is no set and commonly agreed upon definition of social capital and the particular definition adopted by a study will depend on the discipline and level of investigation (Robison, Schmid, and Siles 2002). Not surprisingly considering the different frameworks for looking at social capital there is considerable disagreement and even contradiction in the definitions of social capital (Adler and Kwon 2002). Because of the difficulties in defining social capital, authors tend to discuss the concept, its intellectual origin, its diversity of applications and some of its unresolved issues before adopting a school of thought and adding their own definition (Adam and Roncevic 2003). This however, adds further the problem as more and more definitions are added to the pool that further complicates the theory.

In recent times authors have increasingly cited either Adler and Kwon (2002 p.23) or Nahapiet and Ghoshal (1998 p.243). These commonly used definitions are below.

“Social capital is the goodwill available to individuals or groups. Its source lies in the structure and content of the actor's social relations. Its effects flow from the information, influence, and solidarity it makes available to the actor.”

Adler, Paul S. and Seok-Woo Kwon. 2002. “Social Capital: Prospects for a New Concept.” *Academy of Management. The Academy of Management Review* 27(1):17–40.

“the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit. Social capital thus comprises both the network and the assets that may be mobilized through that network”

Nahapiet, Janine and Sumantra Ghoshal. 1998. "Social Capital, Intellectual Capital, and the Organizational Advantage." *Academy of Management Review* 23(2):242.

Other definitions are commonly used in more discipline specific studies such as Burt (2000), Lin (2002) or Coleman (1988) in economics; Bourdieu (1986) in sociology, and Putnam (1995, 2000) in political science.

3.2 Multiple overlapping and interrelated levels

One of the key questions about social capital is where or at what level of society it resides. Does it reside with the individual like human capital? Or is it a property of society more generally? Or in fact, is it both the property of individuals and of society? The question of whether social capital is the property of the individual or collective is closely echoed by discussions of whether social capital is a public or private good.

3.2.1 Property of the individual, collective, or both

While the full gamut of views can be found in the literature a general agreement has emerged in recent years that social capital has both an individual and an aggregate component (Buys and Bow 2002; Newton 1997; Slangen, van Kooten, and Suchanek 2003). This is because an individual has a degree of control over some aspects of social capital, but little control over other aspects.

An individual can invest in personal relationships to build their social capital. Someone can attend networking events, join community or interest groups, or they can volunteer their time in the community. These activities will help them to meet new people and form new relationships. They can be friendly, offer assistance, do favours for others, and be trustworthy and kind. This will build goodwill and a positive reputation. They can spend time with their network connections and share experiences and perspectives. These actions build aspects of social capital such as networks, trust and reciprocity, and shared language and understanding, i.e. all three dimensions of social capital: structural, relational, and cognitive.

It's not just positive actions that affect an individual's social capital. Negative actions can have the most severe consequences for social capital, particularly those actions that represent exploitation or betrayal of trust. These actions tend to have significant and lasting impacts. It can take a long time to build strong relationships, goodwill, and trust, but it can be destroyed in an instant.

While an individual can invest in or destroy their social capital, an individual does not *own* their social capital per se. Instead it resides in their social relationships. It could be described as shared ownership but in fact social capital requires the inclination and availability of others to be realised. Therefore, it differs from the typical concept of ownership. Regardless of the established obligations, goodwill, or trust, an individual may or may not provide the desired assistance at a given time. For example, if your interests conflict with theirs, or if they do not possess what you require, or if they are unavailable when required, or if they decide for any or no reason that they don't want to provide the desired assistance at that time.

In this regard social capital is somewhat intangible, certainly less so than other forms of capital. You can't put it in the bank and draw upon it as required. But you can build up the potential stock of social capital such that you increase the *likelihood* of being able to draw upon it when desired. Therefore, an individual may feel a degree of ownership of 'their' social capital as well as a degree of control even though social capital resides *between* social actors.

To illustrate these feelings of ownership and control, consider the following reflection about social capital.

I am proud of my social capital because I have worked hard to build it. I have invested time, energy, and in some cases money in my social capital. I know how to build more of it, and I know that if I am not careful I could destroy much of it by a single action. I am confident I am significantly better off because of my social capital and I can cite numerous examples of how I have benefited from it. I know I don't fully own it, and I cannot fully control it. I know others benefit from my investment in social capital, in some cases more than I do. I feel that investing in social capital makes my life better, my community better, and the world better. It may sound like it is exploitive of social relationships, but I invest in social capital because it is mutually beneficial. In fact, I give as much as I can where appropriate to do so. I give time, information, skills, and any other resource I have that is useful to other people. Often a small investment results in a large return. A minute of my time may save someone an hour. A small piece of information may save someone hundreds of dollars. "A few kind words may brighten someone's day". By acting in this way there is therefore a positive return on investment for my social groupings, and society more generally, and in the long run for me as well.

However, there are aspects of social capital that individuals have limited control over. These aspects tend to change more slowly, and they are generally culturally embedded. In fact, if you review the aspects of each dimension of social capital you find that they are more characteristics of the collective rather than the individual. For example, when high levels of relational social capital are present, the resultant trust and associability become a public rather than a private good, that is, available to anyone who is part of the group or organisation to draw upon (Coleman 1988; Leana and Van Buren 1999; Oh et al. 2006; Putnam 1995). The same is true of cognitive social capital considering shared language, narratives, values, beliefs, and attitudes are a characteristic of a group rather than an individual (Taylor 2007). The one exception may be bridging social capital, an aspect of the structural dimension, since it provides opportunities primarily for the individual who is located at the 'bridge', so could be considered a private good (Taylor 2007).

An individual contributes to each aspect, and the extent of influence varies greatly depending on a range of factors, but ultimately the listed aspects of social capital are not individual characteristics or properties, and individuals have limited control over them.

For example, if a group, organisation, or community has a general culture of distrust then people may be less trusting despite an individual's previous trustworthy behaviour. Another example is rules and procedures, an important aspect of the structural dimension of social capital, which typically an individual has little control over. An individual also has little control over social norms and sanctions, especially in larger social groupings.

These collective attributes are not static, they can be influenced and change over time. Generally, the speed of change, and the extent of individual influence, depend on the size and

interconnectedness of the social grouping. Smaller or more connected groups tend to change more quickly than larger groups. This is primarily because it takes less time for the change of norms, values, expectations, etc to be observed and accepted by individuals. At a societal level these aspects of social capital are often described as 'rooted in history' because of the very slow nature of change through a society.

From this discussion we can conclude that social capital has both individual and collective components and is both a private and public good. It has characteristics of a private good because an individual can invest in their social capital, has some degree of ownership and control, and can derive benefits as exclusive private property (Alguezaui and Filieri 2010). It is however also a public good since many aspects of social capital are beyond the control of individuals and affect and benefit larger groups of people, not just those who created it (Kostova and Roth 2003).

3.2.2 Micro, meso, macro level social capital

There are divergent views in the literature; some authors posit social capital at the individual level, some the community level and others have a more dynamic view. Social capital has been located at the level of the individual, the informal social group, the formal organization, the community, the ethnic group and even the nation (Bankston and Zhou 2002; Coleman 1988; Portes 1998; Putnam 1995; Sampson, Morenoff, and Earls 1999). Kilby (2002) stated that social capital exists at various levels as one feels belonging to family, community, profession, country, etc, simultaneously and these levels overlap and interact. This is one of the theoretical cornerstones of Bourdieu's sociology – the idea of society as a plurality of social fields (Siisiäinen 2000).

Social capital is identifiable at any level of social grouping, from the individual level to the level of the nation, and it exists at any level where there is identification and belonging, i.e. a social grouping. This could include identification or belonging to factors such as location, class, race, religion, profession, hobbies, interests, and a range of other factors.

For example, based on geography I may feel belonging to my neighbourhood, my city, my state, and my country. In addition, I may also feel belonging to the neighbourhood where I grew up, where I went to college, and where I lived previously. I also share social capital with my family, with people I went to school and college with, and who I work with, or used to work with, who go to my church, who are in my sporting team, who are members of the same professional organisation, etc.

Among these groupings there is potential for overlap and interaction. For example, the norms, values, beliefs etc in my family influence my actions in my other social groups. My brother may also play on the same sporting team, my neighbour may work for the same company, and I may see my old boss at professional events. The norms, values, beliefs, shared language and shared understandings embedded in each grouping interact in complex and dynamic ways. This is not just between groupings, when one member interacts with a member of another group, but dynamically as any one member belongs to numerous groupings simultaneously. All these different social groupings are too numerous and their interactions too complex to describe, especially when we include their distribution in time and space.



To simplify this complexity, we can define the level of interest that is relevant for any given application as either micro (individual), meso (group or organisation) or macro (community or societal). This classification is useful in the analysis of social capital (refer to Figure 7).

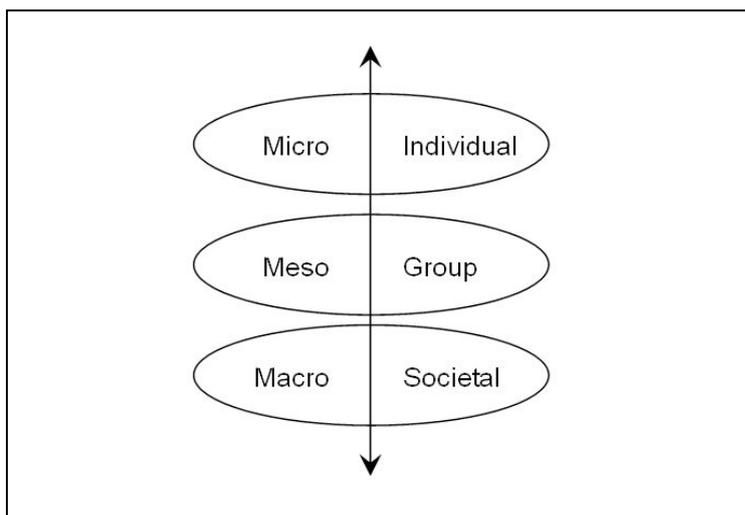


Figure 2. Illustration of the interaction of levels at which social capital exists

Because actual reality is not divided into levels, analysis at one level is inevitably embedded in the other two (Turner 1999). This represents one of the main challenges of social capital theory and its research – simplification is required to make sense of the complex social environment but over simplification can obstruct meaningful findings.

Table 9 summarises the three levels of social capital analysis. This is a generalisation of the different views expressed in the literature. Individual studies do not necessarily fit neatly into one category and various approaches have been used to study social capital that do not fit into this schema. This overview is provided for descriptive purposes to help gain a general understand the different conceptual approaches to social capital theory.

Level	Description	Property
Micro	Individual	Property of individuals Private good
Meso	Group or organisation	Property of individuals and the collective Private and public good
Macro	Community or society	Property of the collective Public good

Table 1. Generalised overview of levels of analysis of social capital

3.3 Difficulty of separating source, form and consequences

One of the key challenges in social capital theory is the confusion about what causes social capital, what social capital is, and what the results of social capital are. You could think of this as distinguishing between the source, form, and consequences of social capital (Adam and Roncevic 2003), or another set of terminology that is popular in the literature is separating the determinants, dimensions, and manifestations (Adler and Kwon 2002).

The following terminology is common in the literature and is used interchangeably:

- Source, causes, or determinants
- Form, substance, structure, or dimensions
- Consequences, outcomes, or manifestations

There is considerable debate and disagreement in the literature about how to define what is a determinant, dimension, or manifestation. Unfortunately, there are now many publications, even in peer reviewed journals, that confuse them. I don't pretend to have the answer, but I identify it as something that you need to consider carefully in your application of social capital theory.

Consider the following example: John is an accountant and plays football in a local club. During a practice session he mentions to some other players that he is looking for a new job. Another player Paul has a brother who has an accountancy firm and is looking for new staff so offers to make the introduction. Paul tells his brother about John and describes him as a "a great guy who is team player". This introduction and recommendation results in John getting the job.

In this example clearly social capital is at work, but what are the determinants, dimensions, and manifestations? We could conclude that the **determinant** is membership in the football team. This membership results in social interaction and the development of trust, belonging, norms of reciprocity, and information flows – which are the **dimensions**. The introduction and recommendation that results in John getting the job is the **manifestation**.

When we are investigating social capital, we need to be very careful to separate the determinants, dimensions, and manifestations (Adam and Roncevic 2003; Onyx and Bullen 2001; Sobels, Curtis, and Lockie 2001). We need to be clear about what we are measuring or building otherwise we can confuse or confound our investigation. An example is trust, which is commonly seen as a component of social capital. Some authors equate trust with social capital (Fukuyama 1995, 1997), some see trust as a source of social capital (Putnam, Leonardi, and Nanetti 1993), some see it as a form of social capital (Coleman 1988), and some see it as a collective asset resulting from social capital construed as a relational asset (Lin, Cook, and Burt 2001).

We also need to understand that the causality between the determinants, dimensions and manifestations of social capital are highly context specific. For example, membership does not necessarily result in the development of norms of trust and reciprocity, and high levels of trust does not necessarily result in innovation (believed to be an outcome of social capital).

Social capital is *mostly* the result of social interaction: when people interact they develop relationships that *can* result in trust and norms that *can* have productive outcomes. I say “mostly” because there are other factors that can bring about social capital without social interaction – I’ll deal with these later. I also use the word “can”, twice. This is because social interaction does not always result in the development of trust or productive norms. Sometimes people disagree or are uncooperative. Even where trust and norms are established, the outcomes may not be positive, depending on your perspective. The same trust and norms that can facilitate innovation can also facilitate collusion, fraud, or corruption. This is another of the key challenges of social capital theory: the same social capital form can have productive or perverse outcomes depending on the context (refer to Figure 1).

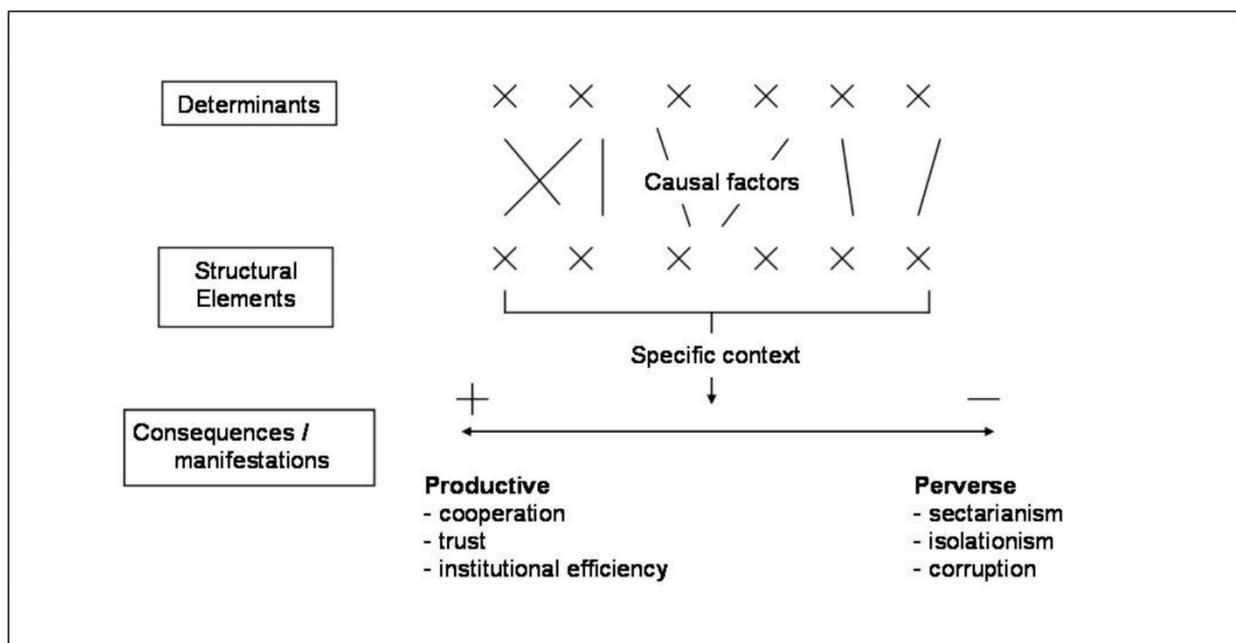


Figure 3. Links between determinants, dimensions and consequences or manifestations (adapted from Claridge, 2004)

As I mentioned earlier, social capital is not only the result of social interaction. It is also the result of the various constructs of society that provide the background context for interaction (Portes 1998). Therefore, it is possible for social capital to exist among individuals who don't know each other and who have never interacted in any way. This is a contentious issue in the literature with many authors contradicting this view (see Anderson et al. 2007). Authors who see social capital as social connections or embedded in social relations fail to account for the powerful influence of the wider societal context.

It may seem too inclusive or too abstract to include the wider social context, but oversimplification of the concept is equally damaging to the future potential of the theory.

Societal constructs are created to organise, regulate, and coordinate groups of people. The term *institution* seems appropriate to denote the way that people are organised in order to face

fundamental problems of coordinating their activities. Basic problems include securing resources from the environment, reproducing the species, coordinating activities, defending against enemies, maintaining social control, and many more. There are five basic institutional spheres that each have different influence on social capital: kinship, religion, economy, polity, and law (Turner 1999). Institutions create distinctive sets of beliefs, ideologies, myths, linguistic styles, and norms that facilitate actions and transactions. This background context helps to link the general values of society as a whole to face-to-face encounters which provides a means of exchange for individuals and groups.

Examples of these societal constructs include government, corporations, and various other institutions that result in rules, laws, and norms that guide behaviour. They provide the background context for interaction and are woven into the fabric of society. This aspect of social capital is rooted in history and tradition (Adler and Kwon 2002). Some authors call this cultural capital although it is closely related to, and part of, social capital (Claridge 2004).

Modern societies have large, impersonal bureaucratic organisations operating according to the rule of law. This relative stability and predictability is a source of social capital due to the way it provides context for exchange and interaction. Similarly, the way government systems consolidate power is a source of social capital (Turner 1999). The resulting social and political environment shapes social structure that guides individual behaviour (Serageldin and Grootaert 1999).

4 What are the dimensions of social capital

The distinction between structural, cognitive, and relational social capital was created by Janine Nahapiet and Sumantra Ghoshal and is the most widely used and accepted framework for understanding social capital. These dimensions are conceptual distinctions that are useful for analytic convenience but in practice social capital involves complex interrelations between the three dimensions.

Structural social capital indicates the presence of a network of access to people and resources, while relational and cognitive social capital reflect the capability for resource exchange (Andrews 2010). Cognitive and relational social capital may seem similar however cognitive relates to the subjective interpretations of shared understandings whereas relational is feelings of trust that are shared by the many actors within the social context (group, organisation, community). Thus, a simplified view of high levels of social capital would be strong connections, high levels of trust and a shared sense of mission. Or put another way we can understand social capital by the level of interconnectedness, quality and nature of these connections, and extent of common shared vision (Akram et al. 2016). This relates to social capital as structural (connections among actors), relational (trust between actors) and cognitive (shared goals and values among actors) dimensions.

Structural	Cognitive	Relational
Social structure	Shared understandings	Nature and quality of relationships
<ul style="list-style-type: none"> • Network ties and configuration • Roles, rules, precedents, and procedures 	<ul style="list-style-type: none"> • Shared language, codes, and narratives • Shared values, attitudes, and beliefs 	<ul style="list-style-type: none"> • Trust and trustworthiness • Norms and sanctions • Obligations and expectations • Identity and identification

Table 2. Distinctions between structural, cognitive, and relational social capital

The structural/cognitive/relational distinction builds on Granovetter's (1992) discussion of structural and relational embeddedness. It conforms to the prevailing view that social capital constitutes aspects of social structure, and the nature of social relationships, especially norms. Thus 'structural' and 'relational' social capital.

Structural social capital is tangible and can be readily observed by the existence of network ties (ie who knows who) as well as roles, rules, precedents, and procedures. The relational dimension however is intangible since it is what and how people think and feel. It is therefore 'cognitive' since it is a function of people's cognition and has regularly been termed as such. It is common in the literature to find reference to two dimensions: structural and cognitive eg (van Bastelaer 2001; Chou, Yuan 2006; Grootaert et al. 2003; Krishna and Shrader 1999; Uphoff 1999). Since approximately 2004 it has become much more common to find reference to the three dimensions, structural, cognitive, and relational, and this is now the mostly widely used and accepted framework.

4.1 Structural social capital

Structural social capital is a dimension of social capital that relates to the properties of the social system and of the network of relations as a whole (Nahapiet and Ghoshal 1998). The term describes the impersonal configuration of linkages between people or units. It is the configuration and pattern of connections between people and includes the roles, rules, precedents, and procedures that are expressions of this configuration (Uphoff and Wijayarathna 2000). Structural social capital is tangible and can be more easily observed than the other dimensions of social capital.

Structural social capital is the network of people who an individual knows and upon whom she can draw for benefits such as information and assistance. It is typically considered the density, connectivity, hierarchy and appropriability of the network of relationships in any given context such as a group, organisation, or community (Davenport and Daellenbach 2011). Important aspects of structural social capital are the number of ties a person has, with whom and how strong the tie is (Taylor 2007)

Structural social capital is normally studied using a network approach. In research using the network approach the frequency of contact and resulting social distance among actors in a particular firm or organizational field are plotted to form a web-like diagram illustrating actor interaction patterns (Edelman et al. 2002). It has been analysed from different perspectives that include tie strength and centrality, network stability and size (Lefebvre et al. 2016).

The structural dimension of social capital relates to the properties of the social system, the various forms of social organisation that make up society. It is the network relationships but not the quality of these relationships since the quality of relationships is the relational dimension.

Within the context of structural social capital many scholars have identified the distinction between bonding, bridging, and linking social capital (for example Putnam, 1995; Svendsen and Svendsen, 2003) to describe different types of network ties (Lee and Jones 2008).

Structural social capital facilitates conditions of accessibility to various parties for exchanging and transferring knowledge, and for increasing the exchange opportunity (Ansari, Munir, and Gregg 2012). It provides opportunities for people to gain access to relevant peers with desired sets of knowledge or expertise (Andrews 2010). It makes it easier for people to engage in mutually beneficial collective action by lowering transaction costs and improving social learning (Uphoff and Wijayaratra 2000).

4.2 Cognitive social capital

Cognitive social capital is a dimension of social capital that relates resources providing shared representations, interpretations, and systems of meaning among parties (Nahapiet and Ghoshal 1998). It is the cognitive schemes and systems of meaning as exhibited in common vocabulary and narratives (Davenport and Daellenbach 2011). Cognitive social capital is the shared language and codes that provide the foundation for communication (Gooderham 2007).

Nahapiet and Ghoshal (1998) had originally related cognitive social capital to shared language and shared narratives, but other authors have described it also through shared goals or vision, and shared culture (Inkpen and Tsang 2005; Tsai and Ghoshal 1998)

While the structural dimension can be observed in tangible relationships, roles, rules, and procedures the cognitive dimension is intangible as it relates to interpretations of a shared reality. It relates to Bourdieu's theory of habitus (Bourdieu 1986) – a set of dispositions, reflexes and forms of behaviour people acquire through acting in society. Or it relates to Habermas' theory of lifeworld (Sitton 2003) – the “background” environment of competencies, practices, and attitudes representable in terms of one's cognitive horizon.

Cognitive social capital is often manifested in the use of specific language and codes. For example, certain words within an organisation may have different, or no, meaning outside the organisation (Ansari et al. 2012).

Some authors conceptualise two (structural and cognitive) rather than three dimensions (structural, cognitive, and relational), for example (van Bastelaer 2001; Chou, Yuan 2006; Grootaert et al. 2003; Krishna and Shrader 1999; Uphoff 1999). These authors do not distinguish between cognitive and relational social capital and may use the term cognitive or relational. This has led to additional confusion in the literature about what is included in cognitive and what is relational social capital.

For example, Normal Uphoff (1999) stated that norms of trust and reciprocity are forms of cognitive social capital. However, he conceptualised social capital as only two dimensions: structural and cognitive. So, this may result in unwitting readers includes these factors as cognitive social capital even though under a three-way distinction these factors would be relational social capital.

This confusion is exacerbated by the similarity and overlap of cognitive and relational dimensions. Both forms arise from the mental rather than the material realm, so both are ultimately cognitive. The distinction between the two dimensions is that the characteristics of the *relational* dimension they are embedded in, or relate specifically to, social relationships. This is somewhat different from *cognitive* social capital that describes the wider social context rather than being a characteristic of specific relationships.

Shared understanding within a group, organisation, or community is *cognitive*, whereas trust and norms of reciprocity is *relational* as it describes the quality of, or is embedded within, social relationships.

Cognitive social capital is shared values or paradigms that allow a common understanding of appropriate ways of acting. Thus, cognitive social capital provides a set of norms of acceptable behaviour (Anderson and Jack 2002).

4.3 Relational social capital

Relational social capital is a dimension of social capital that relates to the characteristics and qualities of personal relationships such as trust, obligations, respect and even friendship (Gooderham 2007). The key aspects of the relational dimension of social capital are trust and trustworthiness, norms and sanctions, obligations and expectations, and identity and identification (Nahapiet and Ghoshal 1998).

The relational dimension of social capital refers to the nature and quality of the relationships that have developed through a history of interaction (Lefebvre et al. 2016) and plays out in behavioural attributes such as trustworthiness, shared group norms, obligations and identification (Davenport and Daellenbach 2011).

Relational social capital is the affective part as it describes relationships in terms of interpersonal trust, existence of shared norms and identification with other individuals. The relational dimension deals with the nature or quality of networks or relationships (Cabrera and Cabrera 2005).

Nahapiet and Ghoshal (1998) identified that the key aspects of relational social capital are trust and trustworthiness (Fukuyama 1995; Putnam 1995), norms and sanctions (Coleman 1990; Putnam 1995), obligations and expectations (Burt 1992; Coleman 1990; Granovetter 1985), and identity and identification (Hakansson and Snehota 1995; Merton 1968).

The relational dimension encourages normative behaviour based on trust, reciprocity, obligations and expectations (Lee and Jones 2008). A core facet of relational social capital is associability - the willingness to subordinate individual goals to collective goals (Lazarova and Taylor 2009).

There is overlap between cognitive and relational social capital and this can cause confusion for some people. For example, trust and trustworthiness are typically described as parts of the relational dimension. Trust can be is an attribute of a relationship, but trustworthiness remains an attribute of the actors involved (Anderson and Jack 2002) so may be more appropriately conceptualised as cognitive social capital. Both cognitive and relational social capital are intangible and stem from observation, perception, and opinion so are highly subjective and variable between individuals and contexts. Both forms arise from the mental rather than the material realm, so both are ultimately cognitive, leading some authors to conceptualise both dimensions together resulting in only two dimensions of social capital: structural and cognitive.

4.4 Functions of social capital – bonding, bridging, linking

The difference between bonding and bridging social capital relates to the nature of the relationships or associations in the social group or community. Bonding social capital is *within* a group or community whereas bridging social capital is *between* social groups, social class, race, religion or other important sociodemographic or socioeconomic characteristics. The bonding/bridging distinction can be made in relation to a range of relationship and network characteristics. The table below summarises the main features of each.

Bonding social capital	Bridging social capital
Within	Between
Intra	Inter
Exclusive	Inclusive
Closed	Open
Inward looking	Outward looking
“Getting by”	“Getting ahead”
Horizontal	Vertical ¹
Integration	Linkage
Strong ties	Weak ties
People who are alike	People who are different
Thick trust	Thin trust
Network closure	Structural holes
Public-good model	Private-good model

Table 3. Distinctions between bonding and bridging social capital

Robert Putman in his book *Bowling Alone* discussed bonding social capital is good for "getting by" and bridging is crucial for "getting ahead" (Putnam 2000). Putnam credit these terms to Ross Gittel and Avis Vidal (Gittel and Vidal 1998).

Scholars at the World Bank are credited with adding the concept of linking social capital to describe relationships among people or institutions at different levels of societal power hierarchy (Woolcock, 2001; Szreter and Woolcock, 2004). Some authors include linking to make the three-way distinction between bonding, bridging, and linking social capital.

The distinction between bonding and bridging social capital builds on the seminal work of Mark Granovetter (Granovetter 1973, 1985, 2000) on embeddedness. This line to social capital theory is call the *network approach* and is most commonly used by researchers approaching social capital from economics. Key authors in this theoretical tradition can be traced from James Coleman

¹ In practice bridging social capital can be horizontal or vertical. See section on linking social capital for further discussion.

(Coleman 1988, 1990) to Ronald Burt (Burt 1982, 1997, 2000; Lin et al. 2001), Nan Lin (Lin 2001; Lin et al. 2001; Marsden and Lin 1982), and Alejandro Portes (Portes 1998, 2000, Portes and Landolt 1996, 2000; Portes and Sensenbrenner 1993).

The concepts of bonding and bridging social capital are associated with the network theories of structural holes and network closure (Adler and Kwon 2002). The social network theories provide a rich tradition of research that social capital theorists find highly applicable.

The taxonomic refinement of bonding and bridging has been described as *types* of social capital (Ramos-Pinto 2012), as *forms* of social capital (Gooderham, Minbaeva, and Pedersen 2011; Widén-Wulff et al. 2008; Woolcock and Narayan 2000), as *dimensions* of social capital (Woolcock and Narayan 2000), and as *functions* of social capital (Seferiadis et al. 2015). These terms are often used interchangeably, even by the same author in a single publication.

Some authors have conceptualised the difference between bonding and bridging social capital as different types of trust. Bridging social capital could be conceptualised as generalized trust (earned trust) and bonding social capital as ascribed trust (van Staveren and Knorringa 2007).

In practice the distinction between bonding, bridging and linking social capital is not easy given the multiple and overlapping relationships individuals have with others (Healy 2002). Although popular in academic literature the bonding/bridging distinction focuses on social structure so fails to reflect the multidimensional nature of social capital (Engbers, Thompson, and Slaper 2017). In the past some authors have taken one type, bonding or bridging, as the approach for their research. This is uncommon in recent years when researchers have preferred more comprehensive approaches.

4.4.1 Bonding social capital

Bonding social capital is a type of social capital that describes connections *within* a group or community characterised by high levels of similarity in demographic characteristics, attitudes, and available information and resources. Bonding social capital exists between 'people like us' who are 'in it together' and who typically have strong close relationships. Examples include family members, close friends, and neighbours.

Bonding social capital is described as the strong relationships that develop between people of similar background and interests, usually include family and friends, provide material and emotional support, and are more inward-looking and protective. Bonding social capital refers to networks with a high density of relationships between members, where most, if not all, individuals belonging to the network are interconnected because they know each other and interact frequently with each other.

Friendships are often considered to be bonding social capital, in that they are frequently formed between people who share common characteristics or interests. Friends are people that we turn to when we are in a crisis, and with whom we feel close. However, friendships may also act as bridging relations, in that they may be between people of different cultural backgrounds, socioeconomic backgrounds, or ages, who may in turn provide access to information and other groups or individuals not previously known to the other.

4.4.2 Bridging social capital

Bridging social capital is a type of social capital that describes connections that link people across a cleavage that typically divides society (such as race, or class, or religion). It is associations that 'bridge' *between* communities, groups, or organisations.

Bridging social capital is different from bonding social capital which is *within* social groups and is characterised by dense networks with people feeling a sense of shared identity and belonging. The bonding/bridging distinction can be made in relation to a range of relationship and network characteristics. The table below summarises the main features of each.

Bridging describes social relationships of exchange, often of associations between people with shared interests or goals but contrasting social identity (Pelling and High 2005).

Although friends are normally considered bonding social capital, friendships may also act as bridging relations, in that they may be between people of different cultural backgrounds, socioeconomic backgrounds, or ages, who may in turn provide access to information and other groups or individuals not previously known to the other (Edwards 2004).

4.4.3 Linking Social Capital

Linking social capital is a type of social capital that describes norms of respect and networks of trusting relationships between people who are interacting *across* explicit, formal or institutionalized *power or authority* gradients in society (Szreter and Woolcock 2004). These relationships are described as 'vertical' and the key feature is differences in social position or power. An example could be relationships between a community-based organisation and government or other funders.

Linking social capital is the third type of social capital that extends the common bonding/bridging distinction that is popular in the network theory approach to social capital. Linking social capital may be viewed as an extension of bridging social capital involving networks and ties with individuals, groups or corporate actors represented in public agencies, schools, business interests, legal institutions and religious/political groups (Healy 2002).

Scholars at the World Bank are credited with adding the concept of linking social capital to describe relationships among people or institutions at different levels of societal power hierarchy. Linking social capital differs from bridging social capital because the power differences between partners are a conscious part of the relationship. While bridging social capital develops horizontal trust among unlike groups, linking social capital involves classic patron/client or mentor/mentee relationships (Schneider 2006).

Linking social capital refers to relations between individuals and groups in different social strata in a hierarchy where power, social status and wealth are accessed by different groups (Healy and Cote 2001). As such it is the extent to which individuals build relationships with institutions and individuals who have relative power over them (e.g. to provide access to services, jobs or resources) (Woolcock, 2001; Szreter and Woolcock, 2004). Linking relationships also involve reciprocity. For example, funders expect effective, quality services for their grants and mentors hope that the people they work with will reflect well on them by doing well in their lives or providing the same assistance to others (Schneider 2006).

4.4.4 Approaches to conceptualising bonding/bridging social capital

Although the distinction between bonding social capital and bridging social capital may immediately seem straightforward, there is an underlying conceptual ambiguity plaguing the current theoretical literature. I have discussed bonding social capital as networks of people who are similar in some important way, and networks of people who typically associate together. This represents two different ways of conceptualising bonding/bridging:

- *Internal* - bridging and bonding via socio-economic heterogeneity of *within* organizations

- *External* - bridging and bonding through interconnections between associations - bridging socio-economic divides might predominantly result from overlapping networks *between* organizations

Evaluation of the *internal* bridging nature of associations involves comparing membership composition of each association to the composition of the overall population on a large number of socio-economic dimensions, for example age, gender, education, income, religion, race, housing status, professional status, occupational classification, marital status, whether one has children.

Assessment of the *external* bridging potential relies on counting interconnections between associations and correcting this number for the relative size of each association. This gives information about the extent of overlap in networks with a higher degree of overlap representing more bonding social capital.

Let's explore an example to illustrate the differences. A local Sheffield (UK) cricket team may have players who are socioeconomically similar – they may all work for local steel works, be predominantly white males between 18 and 40 years of age, have similar levels of education and income, and the dominant religion may be Christian. Many of the players may know each other outside of the cricket team, and many may also know other members of their families. They would likely live near each other and have gone to the same schools, attended the same churches, and been members of the same groups or clubs.

This represents a high level of bonding social capital by both approaches.

Contrast this to a local cricket team in Brisbane (Australia) where players would likely come from diverse backgrounds. Some may be university students, others may work in a variety of white and blue-collar professions, and some may be unemployed. They may include a variety of ethnic backgrounds and have vastly different socioeconomic characteristics. They would be less likely to know each other outside of the team, and although they may live in the same area higher levels of mobility may mean few of them went to the same school, attended the same church, or were members of the same groups or clubs.

This represents a low level of bonding social capital by both approaches.

In both examples above the result was the same regardless of the methodological approach used to define bonding and bridging social capital. This is because often heterogeneity of membership and interconnection between associations is related. Likeness of members is often related to the likeness of their associational memberships.

5 What are the main approaches to social capital measurement

There is almost universal agreement that social capital is difficult to measure with a high degree of validity. Demand for relevant empirical measures has continued to outstrip supply. This section will help, but unfortunately there is no silver bullet; no perfect tool for social capital measurement.

Social capital cannot be measured directly but can be inferred from its determinants or manifestations. The determinants are factors that have an impact on social interactions and therefore allow social capital to come about. Manifestations are the outcomes of social capital for example lower crime rates. We measure social capital by using indicators or “proxies” that are theoretically linked to social capital.

5.1 Network perspective to measurement

Bonding – social ties between individuals within the same social group or with others who are primarily like them. Read more about bonding social capital.

Bridging – social ties that link people together with others across a cleavage that typically divides society (like race, or class, or religion). Read more about bridging social capital.

Linking – social tie (often a bridging social tie) to those with power that provides one with the capacity to gain access to resources, ideas and information from formal institutions beyond the community. Read more about linking social capital.

The table below shows examples of different types of ties of different strengths.

Strong Ties	Weak Ties
Bonding (horizontal) ties e.g. social class or religion voluntary associations	Close friends or immediate family with similar social characteristics, Members with similar interests or social characteristics within voluntary associations
Bridging (horizontal) ties characteristics, e.g. age, gender or ethnicity	Close friends or immediate family with different social Acquaintances and members with different social characteristics within voluntary associations
Linking (Vertical) ties	Close work colleagues with different hierarchical positions Distant colleagues with different hierarchical positions and ties between citizens and civil servants

5.2 Social structure perspective to measurement

Structural – elements of social structure that create opportunities for the social realisation of productive ends.

Cognitive – includes shared norms, values, attitudes, and beliefs, predisposes people towards mutually beneficial collective action.

Relational – is based on the characteristics of social relationships between individuals and is commonly described as including trust and trustworthiness.

This theoretical perspective could be expanded to include potential indicators for each type of social capital.

Most investigators tend to summarise the components of social capital into four broad categories:

- Networks, relationships and connections
- Trust
- Civic engagement and voluntary activities (including cooperation, political participation, social participation, associational memberships, community volunteerism, etc.)
- Civic norms, shared norms and values

The OECD concluded that there is convergence around a number of key dimensions:

- Political participation
- Community involvement
- Informal networks/sociability
- Trust, norms and sanctions

The important point here is that the instrument of measurement must be closely related to the theoretical understanding of social capital.

5.3 Social capital measurement considerations

5.3.1 Level of analysis

Measurement of social capital depends on the level of analysis (individual, group and organisational, community and national), and also on the interests of researchers – whether they are interested in the source, form or consequences of social capital.

Measures at the national level may be of little or no relevance at the organisational level so care needs to be taken to ensure the measure is appropriate for the level of analysis.

For example we may measure membership in associations as an indicator of civic engagement which is thought to be a dimension of social capital (at the macro level), but could also be an outcome of social capital. This can be somewhat resolved by clarifying the focus of the analysis.

Level of analysis defines the measurement instrument

The type of measurement will depend on the scale of interest. Generally there are three different levels:

- Macro – community or national
- Meso – groups or organisations
- Micro – individual

5.3.2 Community and National (Country) Level Measures

At this level social capital is a community level resource or ‘collectively-owned capital’. Due to the challenges of data availability measures at the macro level often use secondary analysis of existing datasets not collected specifically to measure social capital. These datasets could include country level census data, or the World Values Survey, the European Values Survey, the General Social Survey, and the Index of National Civic Health in the US.

Because the data was often not collected with the intent to investigate social capital the indexes are often “best fit” and often not rigorously related to the theory.

The items in the indexes have been primarily from the structural dimension and have included trust (general and institutional), trustworthiness, network structural characteristics (e.g. network density, strong ties, weak ties, intra-community ties, etc.), association membership and community

engagement, and voluntary activities (e.g. community volunteerism, civic engagement, social and political participation, etc.). Measures used to describe relational social capital have focused on social relationships, social cohesion, and social interactions. Measures used for cognitive social capital have emphasised civic norms, reciprocity, trust, social support, affective bonds and collective goals.

Examples of macro level indexes used to measure social capital:

- World Values Survey (WVS) (Includes the European Values Survey)
- Tinglehart (1997) <http://www.worldvaluessurvey.org>
- Putnam's Social Capital Index Instrument
- Putnam (2000)
- General Social Survey (GSS)
- National Opinion Research Center, University of Chicago (Biennial Survey)
- Global Social Capital Survey
- Narayan and Cassidy (2001)
- New South Wales Study
- Onyx and Bullen (2000)
- The Barometer of Social Capital
- Sudarsky (1999)
- Index of National Civic Health in the US
- National Commission on Civic Renewal (1996)
- Aspects of Social Capital
- Harpham (2003)
- University of Minnesota Scale
- Scheffert, Horntvedt, and Chazdon (2009)
- World Bank's Social Capital Assessment Tool (SOCAT)
- Grootaert and Van Bastelaer (2002)
- Adapted Social Capital Assessment Tool (A-SCAT)
- Harpham, Grant and Thomas (2002)
- World Bank Integrated Questionnaire for the Measurement of Social Capital (SC-IQ)
- Grootaert, Narayan, Jones, and Woolcock (2004)
- Social Capital Measurement Tool (SCMT)
- Kitchen, Williams and Simone (2012)
- Social Relationship Index
- Wilson (2006)
- The UK Social Capital Measurement Framework
- Harper and Kelly (2003)

5.3.3 Group and Organisation Level Measures

It is very important for investigation of social capital at the group level to take into account the context of the group. Because of the hierarchical structure of most groups or organisations the role of executive leadership in creating "culture" should be taken into account. This culture is the cognitive dimension of social capital.

Unfortunately, many of the previous studies at this level looked primarily at the structural and relational dimensions of social capital. They have missed the very important cognitive dimensions that influence individual actions that have productive outcomes.

The structural dimensions include:

- network structural characteristics (e.g. network links, network centrality, network density, network diversity, network size, network frequency, network redundancy, institutional network, etc.)
- network ties (strong ties, weak ties, government officials ties, tie strength, bonding ties, bridging ties, linking ties, structural holes, etc.)
- association membership and institutional links
- trust

The relational dimensions include:

- social connections and ties with
- close acquaintances (e.g. family members, and colleagues at work), and
- various external stakeholders (e.g. executives from other businesses, board members, political leaders, government bureaucratic officials, and community leaders);
- interpersonal trust
- trust

Where cognitive social capital has been investigated it is mostly attitudinal and value-based and include:

- shared norms, values and obligations
- reciprocity
- shared goals and mission
- attitudes and beliefs

A generic social capital measurement tool may ask about the relationship with suppliers, but this will not be relevant to all organisations. The nature of the group, its activities and purpose will determine the aspects of social capital that are important and therefore what data is relevant.

5.3.4 Individual Level Measures

At the individual level, social capital is usually measured by questionnaire surveys using indicators that tap into social connections, social networks and social support.

The structural dimension includes:

- degree of trust,
- social network structure and position (e.g. network centrality, network size, network density, betweenness centrality, network homogeneity/heterogeneity, homophily/heterophily, network constraint, tie strength, structural holes, etc.),
- number of network memberships,
- association memberships and social participation,
- social connections and relationships (e.g. bonding ties, bridging ties, linking ties, connectivity, etc.), and
- the quantity or volume of social resources

The relational dimension includes:

- social interactions,
- social relationships,
- social networking,
- social support,
- social cohesion, and
- associability.

Cognitive social capital includes:

- general and interpersonal trust,
- shared goals,
- shared culture,
- reciprocity,
- feelings of safety, and
- views of multiculturalism to gauge the individual's tolerance of diversity.

Measurement of social capital is less problematic at the individual level given greater specificity of the indicators, which are derived from social network research.

5.4 Social capital measurement problems

Given the lack of agreed methods for measurements, researchers tend to identify the important elements or factors that suit their research context and develop their own instrument.

We must be critical of the relationship between the instrument and theory, and any assumptions about causality.

This is very effective in most cases as long as the researcher has sufficient understanding to develop an instrument informed by theory, and the ability to be critical of the potential for the instrument to make assumptions about the connection between the proxies being investigated and the elements of social capital.

There are now many different measurement tools available that may be utilised or modified to suit the context of interest. Care must be taken to ensure that the instrument is rigorously linked to the relevant theoretical understanding of social capital.

We need to be aware that much of the data we use to measure social capital is subjectively derived. Much of it tends to be opinion, feeling or belief that is heavily influenced by the way in which it is collected.

Even the wording of a question can significantly influence the response so care must be taken to ensure that social capital measurement is not self-fulfilling – ie that we don't find exactly what we set out to find without questioning the means.

Most of the cognitive dimensions of social capital are "pre-reflective", often requiring some reflection for us to be able to articulate their nature. The amount of reflection may affect the response because an initial belief may be different to an eventual conclusion after deep reflection of the situation.

Often the method of our data collection limits the opportunity (time constraints) or willingness (not understanding the reason or importance) for reflection. This can result in widely varied responses that create noise in the data making it more difficult to identify patterns with statistical confidence. It can even result in inaccuracy.

6 Criticisms of social capital theory

Social capital has been perceived as a miracle concept that is able to provide answers to a range of phenomenon beyond an economic lens (Poder 2011). Its rapid and wide application has made it one of the most popular concepts in the social sciences yet people using the term do not always mean the same thing. Social capital is ill-defined, with different authors attributing different meanings to the concept (Durlauf 1999). Scratch beneath the surface of social capital and things get complicated rather quickly (Lynch et al. 2000). Social capital is so complicated that entire books are devoted to exploring the conceptual and theoretical underpinnings. I have personally spent many hours, or even days, weeks, and months, analysing and synthesising the seemingly disparate literature on social capital in an attempt to gain a coherent understanding of the concept. This has been a gargantuan task over many years that has been regularly marked by moments of exasperation at the crass scholarship and cavalier application of the concept. Social capital is far from a unified theory; there is little agreement about definition, dimensions, measurement, or building.

Social capital has been widely criticised, mostly for its ambiguity and variability. I believe that discussing the criticisms of the concept is very important since it allows us to focus our attention on the potential weaknesses of the concept and our application of it. This allows the opportunity to improve our practice and the validity or effectiveness of our projects involving social capital. Many of the criticisms are valid and failing to account for them could result in social capital projects being suboptimal, open to scrutiny, and even collapse under the weight of contradiction and assumption.

Social capital is a metaphor that highlights the positive and productive aspects of sociability. However, it falls short of being a form of capital, and it is also widely accepted that social capital can have positive and negative consequences. This makes the term rather inappropriate and confusing. Economists can object to the inclusion of social with capital, and sociologists can take issue with the inclusion of capital with social. Yet despite these problems the concept of social capital has been widely applied to a seemingly ever-widening range of contexts.

The main criticisms of social capital theory are that it is not social, not capital, and not a theory. This doesn't leave the concept with much of substance, leading some authors to describe the concept as "fundamentally flawed" (Fine 2002b). In addition it has been claimed that it is impossible to measure, that problems of circularity make it a tautology, and that the possibility for positive or negative outcomes make it context dependent (Haynes 2009). Some aspects are objective, but others are subjective² (Bourdieu 1986; McShane et al. 2016). Some are cognitive, but others are pre-cognitive³ (Bourdieu 1986). Social capital can be rational, pre-rational, or even non-rational (Woolcock 1998). This suggests social capital is more of an umbrella concept than a functioning theory (Haynes 2009). Yet these damning criticisms have not halted the use and application of the concept. Quite the opposite is true, with widespread and often cavalier use of the concept pervading much of the literature on social capital (McKeever, Anderson, and Jack 2014).

Social capital seems almost immune to criticism. Its theoretical ambiguity and variability remains a problem for its rigorous application but also acts as an antidote to criticism. It renders most critiques both valid and invalid depending on theoretical perspective. For example, take the criticism that

² Aspects such as social networks, roles, and rules are objective, but aspects such as norms, trust, and shared understanding are subjective.

³ The background context for knowing and acting in social settings is partly pre-reflective and therefore pre-cognitive.

social capital is not social (Fine 1999, 2002a; Haynes 2009); while I can see that this could be true in the way some authors conceptualise social capital, it is most certainly not true from the way I and many other authors conceptualise it.

This stifles intellectual debate because discussions of social capital often become conditional on theoretical perspective. There is potential for confusion with authors weighing in on discussions without appreciating the theoretical context. Someone may think they know what social capital is because they read *Bowling Alone*⁴ and so feel confident to comment or critique. But often comments about social capital apply only to a particular perspective on the concept (Huber 2009). People who don't know this can cause confusion and authors who do know will often not be confident enough of the context to contribute. And so, the popularity and widespread application of social capital continues, picking up speed as assumption and contradiction confounds future application of the concept.

This can even be seen in the peer-reviewed literature. There are numerous examples of publications that demonstrate poor connection to theory, or as Ben Fine (Fine 2002a) has put it "vulgar scholarship", that have been published in reputable journals. I can't surmise exactly how this has happened, but one explanation is that they based their work on previous literature that was equally poor. Another possibility is that reviewers didn't have the confidence to reject the work, either because they were not sure of the appropriateness of the theoretical perspective or because it was consistent with precedent. It would be great if there was a way to unpublish this work to prevent the continuation of poor social capital research. Since that is not possible another solution would be for this work to be discredited. But who is to say what is and is not rigorous research or good scholarship. This is especially difficult considering the variety of theoretical perspectives.

The current situation is that researchers and practitioners approaching social capital for the first time must read widely to gain a thorough understanding of the concept from different perspectives. They need to evaluate the options and select an appropriate approach. In the past this has led to many people creating their own definition of social capital, and this has added to the current definitional difficulties. People who do not read widely run the risk of selecting a narrow perspective that is not sufficiently related to underlying theory. This leaves their work open to criticisms of circularity, tautology, exaggeration, assumption, and confusion.

For someone approaching social capital theory for the first time the challenge can seem immense. There are numerous definitions, different levels of analysis, and different terminology that is often used interchangeably. Some authors refer to dimensions, but other authors use other terminology such as types, forms, or functions. These terms are even used interchangeably with the precise meaning remaining unclear. When reading literature on social capital one tends to find ambiguity, variability, inconsistencies, and contradiction. Unfortunately, the social capital literature is marred by 'vulgar scholarship' (Fine 2002a) where authors have used the concept without sufficient consideration of its theory and have failed to understand and account for its inherent complexity.

The complexity partly stems from the broad nature of the concept since it relates to any aspect of sociability that has potential productive or perverse outcomes. This makes it virtually impossible for any project to take a comprehensive approach that includes all dimensions and levels. Therefore, researchers tend to narrow their scope to a particular area of interest, in the process they omit

⁴ Putnam 1995

dimensions, aspects, or levels of analysis. This is not a criticism *per se*, but the way in which this is typically done has little bearing on our theoretical understanding of the concept.

From another perspective the broad nature of social capital has made it applicable to almost any area of human endeavour. As such it has been described as a catch-all, for-all, cure-all term (Huber 2009; Lin and Erickson 2010) or an umbrella concept (Haynes 2009). Since it relates to human sociability it encompasses almost any concept related to social structure, social organisation, or social action. Social capital is a new term for an old concept. Issues related to the core themes of social capital have been investigated and discussed in the social sciences for hundreds of years. This means that there is an approximately similar term, or series of terms, to be found in every discipline of the social sciences. Table 11 includes a small sample of relevant terms, some are approximately equivalent to the concept of social capital while others are a subset or dimension of social capital.

embeddedness	group-based identification	collective action
social support	group dynamics	social norms and sanctions
social cohesion	social investment	reciprocity
social inclusion or exclusion	prosocial behaviour	trust
social equality	social solidarity	culture

Table 4. Terms related to social capital – this is not an exhaustive list

The popularity of the term social capital has resulted in many authors using the term when it would be more appropriate to use a related term that has a more relevant meaning. Claude Fischer (2005) believed that the term social capital is unnecessary as other clearer and simpler terms, such as membership, sociability, and trust serve perfectly well (Haynes 2009). For example, an author may use the term social capital when their interest is social inclusion. They cherry-pick social capital theory for aspects that are relevant to social inclusion and discard the aspects that are not relevant. This causes several problems, not least is a failure to connect with existing literature on social inclusion and the resulting pollution of the social capital literature.

Another example is an author interested in trust who instead uses the term social capital. They then equate social capital as trust, thereby ignoring the other dimensions of social capital. This is another example of cherry-picking social capital theory to suit an inappropriate application.

In some cases, the popularity of the term social capital has led to authors using the term in the title of an article, but make little, if any, reference to the term in the body of the article. The term may be added without explanation or discussion in a way that can leave the reader unclear about what, how, or in what way the topic is relevant to social capital. It's like reading an undergraduate student's essay that employs a declarative conclusion such as "... and therefore social capital." without discussion of how and why. While this may not cause further problems for the theory it demonstrates how the concept has become a catch-all term.

The following sections deal with some of the common criticisms of social capital as a concept and theory. While some of these criticisms are applicable to social capital generally, many of them are applicable only when social capital is defined or used in a certain way. This means criticisms tend to relate to a theoretical perspective on social capital rather than social capital generally. It can be difficult to identify which comments relate to which perspective. That is, under what conceptual and theoretical approach does the critique hold true and when is the critique not relevant? This makes any critique complicated. Where possible I will identify when the criticisms are or are not relevant.

6.1 Social capital is not social

Many conceptualisations of social capital simplify, reduce, and abstract the concept to the extent that it almost ceases to be social. While many authors perceive social capital as a means to give social issues prominence in analysis and decision making it is often used for the opposite purpose. It gives economists the opportunity to 'colonise' sociological territory with fundamentally economic notions (Fine and Green 2000; Haynes 2009). This is not a criticism levelled at all economists, but is relevant to any researcher who imports methodological individualism and reductionism that restrict social capital to economic rationality on the part of individuals (Antcliff, Saundry, and Stuart 2007). Where this happens, social capital could be accurately described as not social.

Social capital also tends to be abstracted because many aspects cannot be observed directly. Since they cannot be observed directly researchers tend to use indicators that can be measured and that are believed to have a causal relationship with the aspects of social capital being measured. This means that what is being measured 'indicates' the existence of social capital. Social capital is said to be measured by proxies because the proxies 'stand in' for the aspects of social capital we hope to measure. The quality of these proxies varies enormously depending on the theoretical and practical relationship to the aspect of social capital we are attempting to measure. Some proxies are merely correlational, such as the use of crime rates to measure trust, others are more widely accepted and theoretically robust, such as the use of group memberships to account for the size or nature of a person's social network (Engbers et al. 2017). Therefore, to measure social capital the 'social' is often reified and reduced to characteristics of something else.

The reifying of the social may not be immediately evident but it is most problematic when there is a lack of connection between the theory and measurement practices. For example, measurement approaches often look at the behavioural manifestations of social capital, such as membership in associations as a proxy for trust. This is an oversimplification that contains assumptions and confusion over correlation and direction of causality between the aspect of social capital being measured and the proxy that is used.

Trust is a good example of an aspect of social capital that cannot be observed directly. Many of the results of trust can be readily observed and measured, however this may or may not relate directly to the trust we are attempting to measure. The existence of trust could be inferred from the actions of individuals and often a lack of available data forces researchers to use an indicator of trust, such as crime rates as discussed above.

By its nature the 'social' is highly complex and abstract. It relates to feelings, beliefs, and perceptions that are largely cognitive and pre-cognitive. So, to operationalise social capital we need to 'flesh it out' to make it more tangible or concrete. This is typically done by some degree of simplification, reduction, and assumption that distorts the essence of social capital (Markowska-Przybyła 2012). By trying to explain the operation of highly complex systems in terms of the properties of their constituent parts many authors may fall into the trap of 'explanatory reductionism' (Mayer 2003).

Indeed, social capital tends to be a reductionist concept, particularly where the focus is on the individual level. Ben Fine and Francis Green argued that the concept is "reductionist across a number of dimensions: to the individual, to utility maximisation and to universal categories" (Fine and Green 2000: 91). This is not surprising considering reductionism is the dominant paradigm of many disciplines. It is very difficult to conceptualise particularly the relational and cognitive dimensions of social capital from a reductionist perspective. Methodological reductionism inevitably results in a

focus on the individual, which diminishes the importance of the social setting in understanding human behaviour. The concern is that this makes the analysis of social capital less social.

6.2 Social capital is not capital

The most obvious criticism of social capital is the term itself and the question of whether it is 'capital'. This is a common debate that has pervaded the literature on social capital. It stems from the unfortunate analogy that the term social capital attempts to make. Not only does social capital fail to meet the traditional definition of capital, the fact that it can have both positive and negative consequences make it incongruent with the term capital.

There are numerous critics of the inclusion of capital in social capital, including notable economists such as Kenneth J. Arrow, Robert M. Solow, and Samuel S. Bowles. For many economists' social capital is an affront to their discipline due to the erosion of the concept of capital. Attaching the adjective 'social' to the economic term 'capital' is an attempt to modify 'capital' as 'social' (Mayer 2003). To most economists this is both unnecessary and inappropriate.

Robert M. Solow has been critical of the use of the term capital in social capital. He stated, "it is an attempt to gain conviction from a bad analogy" (Solow 1999: 6). He also stated that "I do not see how dressing this set of issues in the language and apparatus of capital theory helps much one way or the other" (Solow 1999: 9).

Kenneth Arrow (1999) found that social capital failed to meet the three important characteristics of capital: (a) capital has a time dimension; (b) it requires deliberate sacrifice of the present for future benefit; and (c) it is "alienable"—that is, its ownership can be transferred from one person to another (Quibria 2003). Although he did find that (a) above may hold in part where building a reputation or a trusting relation (Arrow 1999). His overall conclusion was that social capital should not be added to the other forms of capital (Arrow 1999).

The American economist Samuel Bowles discussed the issue of ownership of social capital:

"'Capital' refers to a thing possessed by individuals; even a social isolate like Robinson Crusoe had an axe and a fishing net. By contrast, the attributes said to make up social capital—such as trust, commitment to others, adhering to social norms and punishing those who violate them—describe relationships among people". (Bowles 1999: 6)

This suggests that because social capital cannot be owned by an individual and therefore cannot be traded it doesn't meet the traditional definition of capital.

I remain dissatisfied with the term and I generally agree with many of the criticisms above. I find the inclusion of the word capital most problematic when discussing the negative outcomes of social capital. That said, the term now has a history, albeit a chequered one, that gives meaning and significance to discussions. To start again with a new term would likely lead to further complication and confusion. So, I believe we are stuck with the term and for better or worse it's here to stay.

It should be noted that not everyone disagrees with the use of capital in the term social capital. There is considerable controversy in the literature (Falk and Kilpatrick 1999; Hofferth et al. 1999; Inkeles 2000; Lake and Huckfeldt 1998; Schmid 2000; Smith and Kulynych 2002). Portes (1998) suggested the location of capital in relation to other forms of capital:

*‘whereas economic capital is in people’s bank accounts and human capital is inside their heads, social capital inheres in the structure of their relationships’
(Portes 1998, p. 7).*

This doesn’t add much conviction to the appropriateness of capital in social capital, but other authors have identified similarities to other forms of capital. Social capital is similar to other forms of capital in that it can be invested with the expectation of future returns (Adler and Kwon 1999), is appropriable (Coleman 1988), is convertible (Bourdieu 1986), and requires maintenance (Gant et al. 2002). There are significant differences in that it resides in social relationships whereas other forms of capital can reside in the individual (Robison et al. 2002). Further, social capital cannot be traded by individuals on an open market like other forms of capital but is instead embedded within a group (Gant et al. 2002; Glaeser et al. 2002). It is clear from the literature that social capital has both similarities and dissimilarities with neocapital theories and is certainly quite dissimilar from a classical theory of capital.

To discuss this in more detail it is necessary to further identify the characteristics of ‘capital’. Schmid (2000) identified that capital is not immediately used up in production but rather its’ services extend over time. The capital stock is subject to investment for future production and depreciation and decay from both use and non-use. Piazza-Georgi (2002) stated that capital produces income and encompasses the non-consumable, but depreciating, inputs into the production process. The author supported Schmid (2000a) stating that capital is a productive resource that is the result of investment (Piazza-Georgi 2002). Castle (2002) added that other characteristics of capital are usefulness and durability.

If social capital is adherence to a norm and not affected by individual action as Fukuyama (1995) suggests, then it is not capital in the above sense. The main difference is that more than one person benefits from social capital (Schmid 2002; Schmid 2000). Smith and Kulynych (2002) believed that the word capital has a too broad, pervasive and honorific meaning and that the term blurs many distinctions which adversely affects the scholarly inquiry, whatever its implicit or explicit normative concerns. Inkeles (2000, p. 20) suggested that the term capital is too limiting and would rather use the term social or communal resources. The author argued this on the basis of:

‘capital being an element of production, in particular the production of goods, but also services. We want not only goods and serves but also social support, physical and social security, freedom of expression, opportunities to develop ourselves and a host of these outcomes not captured by the idea of goods and services’.

Hofferth, Boisjoly *et al* (1999) suggested that social capital is the result of altruism and therefore not capital as capital is a resource that is built up through investment and can be drawn upon when needed. Lin, Cook *et al* (2001) disagreed by identifying that social capital shares commonalities with other forms of capital, notably human capital. SCIG (2000) supported Lin, concluding that the consequences of social capital are capital in nature because capital suggests something that is durable or long lasting and suggests something that retains its identity even after repeated use, something that can be used up, destroyed, maintained, or improved.

Many authors identify that both forms of social capital, structural and cognitive, qualify as capital because they both require some investment – of time and effort if not always of money (Grootaert 2001; Grootaert and Van Bastelaer 2002b; Krishna and Uphoff 2002). It can be concluded that social

capital is unlike other forms of capital but also not sufficiently dissimilar to warrant a different term. Certainly, it is the use of the term capital that makes the concept attractive to such a wide range of people given the bringing together of sociology and economics (Adam and Roncevic 2003). Perhaps a more appropriate term may be social solidarity as the notion connotes relations of trust, co-operation, and reciprocity just as much as social capital and might be used in place of it to overcome the problem identified above with using the term capital.

It is interesting that the term capital should be used with social, considering capital is already a social relation. In the original sense of the word capital, an object is only capital under particular social conditions. In the same way the sources of social capital are only capital under particular social conditions. For example, a favor owed is only capital under certain, not necessarily favorable conditions. This idea brings in the notion of negative or perverse social capital.

6.3 Social capital theory is not a theory

The word 'theory' can mean different things in different fields of research, however it generally means an explanation or descriptive assertion related to specific events (Haynes 2009). Many approaches to social capital theory make significant generalisations to simplify the complex social environment with the aim of making measurement more practical and achievable. Unfortunately, by doing so they lose much of the explanatory power of the processes that make up social capital. Some authors even treat the concept as a coherent whole without explaining how meaning is derived from the various mechanisms that make up the concept. The opposite also causes problems. By attempting to distil social capital to simple discrete elements the essential meanings tend to be lost in the inherent assumptions that are typically involved. An example is the distinctions between bonding, bridging, and linking social capital. These typologies amalgamate a variety of contradictory aspects of both networks and norms into single categories, creating methodological blind spots that decrease the use-value of the concept (Ramos-Pinto 2012).

An example of this generalisation is how trust is typically treated in social capital measurement where trust is commonly equated with social capital. It tends to be measured by questions such as "Would you say most people can be trusted?". This assumes that trust has no meaning independent of its ability to facilitate social relationships. A richer picture of trust suggests it is a psychological disposition independent of the relationship context (Engbers et al. 2017). Other theoretical analyses suggest trust is a highly contextualised decision regarding the trustworthiness of potential partners, largely independent of the elements that are said to be part of social capital (Hardin 2002; Ramos-Pinto 2012). A further problem with this approach is that trust tends to be pre-reflective so not fully known and understood by the person answering the question, but rather part of the background context of knowing and acting (Bolton 2006). If they have the time and motivation to reflect on this question their answer may be different to their immediate response. Responses are also influenced by a range of factors including personality, mood, and how they understand the question and its context. Experimental work suggested that social trust questionnaires may be conflating trust with caution (Miller and Mitamura 2003). This discussion suggests that the way trust is typically included in social capital theory results in the loss of meaning.

Social capital is a renaming and collecting together of a wide variety of sociological concepts and processes (Borgatti and Foster 2003). Calling the encompassed processes 'social capital' is just a means of presenting them in a more appealing conceptual garb (Portes 1998), but by doing so it becomes a sack of analytical potatoes, merely a metaphor or a heuristic device rather than a robust and coherent theory (Fine 2002a). I can see how in this respect social capital has become a catch-all

concept which allows each author to see what they want (Poder 2011). Adler and Kwon (2002) made the point that social capital is "a wonderfully elastic term" (Lappe & Du Bois, 1997: 119), a notion that means "many things to many people" (Narayan & Pritchett, 1997: 2), and that it has taken on "a circus-tent quality" (De Souza Briggs, 1997: 111).

The inclusion of the word "social" makes social capital incredibly general and widely applicable to virtually any area of human endeavour. The word "social" is one of the most widely and broadly used adjectives in the English language yet the realm of what is "social" is extremely complex (Uphoff 1999). It is not clear what is assembled under the umbrella of social and what is the precise composition of the social domain. The use of the word social gives social capital enormous generality as well as ambiguity. When the concept is defined so broadly it seems to cover any social phenomenon which could have potential effects on social and economic outcomes and therefore it lacks specificity and substance (Huber 2009). When conceptualised as an undifferentiated mixture of multiple independent social dimensions the causal mechanisms of specific dimensions remain nebulous (Hauser, Tappeiner, and Walde 2007). A further result of this approach is the tendency for social capital theory to gloss over the multi-dimensional and conflictual nature of social stratification, especially where social capital ignores divisions of class, race, ethnicity, gender, age, etc. (Fine 2002a). The result is that social capital as a concept lies somewhere between grand systemic theory and mere description.

It is often a heuristic since it is often not an optimal approach. Despite this, many consider it sufficient for their immediate goals. This adds validity to the claims that it is little more than a metaphor and heuristic device. As discussed previously, social capital encompasses a range of processes that have been subject to scholarly investigation in a range of disciplines. By combining these processes in a single concept the result is to reduce and homogenise the content of earlier diverse analyses (Fine 2002a). As such using the social capital concept is often not the ideal approach since in many circumstances a different concept would be more relevant and appropriate. However, the popularity and appeal of the concept has resulted in it being used in the place of other more suitable terms. When this happens often the author will cut and trim social capital to make it suit. This further reduces the explanatory power of the 'theory', especially compared to the established concept that should have been used instead of social capital.

Other reasons why social capital has been criticised for not being a theory relate to the multitude of problems with conceptualisation and operationalisation. Social capital theory application tends to be flawed in view of model specification, multicollinearity, omitted variables, multiple equilibria, cross-section as representative of time series, and so on. The biggest problem tends to be confusion of the cause, function, and consequences of social capital (Healy and Cote 2001). Following from Putnam (1995) and Coleman (1988, 1990) many authors do not really distinguish social capital from its product (Poder 2011). Authors tend to confuse the existence of social capital with its functions and its causes with its effects (Sobel 2002). That is, they don't differentiate between the identification of social capital and the resources obtained from or through it (Mayer 2003). This can result in researchers finding exactly what they set out to find since the dependent variables and independent variables measure the same thing. Mayer (2003: 111) suggested that the cause, function, and consequences of social capital are often conflated in a circular argument. Often outcome variables and the underlying causal variables are not satisfactorily differentiated and possible alternative causal factors are not controlled for (Huber 2009).

The lack of distinction between source, form, and consequences of social capital has other problems. When social capital is defined in terms of the presence of desirable outcomes then researchers will logically find exactly what they are looking for. In this respect many authors treat social capital as an unalloyed virtue (Durlauf 1999). Yet we know that this is not the case. The same social processes that result in benefits can produce undesirable outcomes, depending on perspective. Thus social capital research must deal with how socially desirable versus socially undesirable behaviours are selected (Durlauf 1999). Ben Fine (2002a) believed that the fact that social capital can also result in perverse outcomes depending on circumstances renders it unacceptable and subject to collapse under the weight of its own contradictions and inconsistencies. Further discussion on the problems of social capital measurement can be found in the chapter on measurement.

6.4 Lessons from criticisms of social capital theory

The criticisms of social capital may seem damning. After considering the problems with the concept one may be inclined to dismiss it entirely as fundamentally flawed and beyond salvage. But as an optimist I see the criticisms as an opportunity to learn and improve our practice in relation to social capital. Many of the problems with the use of social capital would be avoided if there wasn't cavalier use of the concept. This can happen under several different circumstances. For example, where people use the term where a different term would be more appropriate, where people use the term without understanding or explaining how it is relevant, where people tailor it to suit their purpose by omitting or aggregating certain aspects, and where people use it with poor scholarship.

It's not clear exactly how to avoid making these mistakes given that every context is different and there are many different theoretical approaches to social capital. There are however several lessons that we can take from the above discussion:

- Don't lose the social by allowing rationalism, individualism, and reductionism to reify the 'social'
- Don't treat social capital as capital, it's not capital in the traditional sense, it's more appropriately a glue, lubricant, or catalyst
- Don't use social capital if a more appropriate term exists
- Don't perpetuate the existing vulgar scholarship by oversimplifying or inappropriately aggregating aspects
- Don't get caught in a circular argument - be very clear about what is source, form, consequence
- Don't make assumptions about the indicators of social capital, particularly how the data is collected and what its significance is for the aspects of social capital being investigated
- Don't ignore the context where social capital is being used or investigated and be clear about the scope of interest or relevance
- Don't confuse or ignore the different levels at which social capital exists
- Don't create your own definition or instrument where an existing one would suit

The application of social capital requires careful thought and consideration. In general, the best approaches tend to be those that maintain and embrace the specific context being investigated and those that allow for complexity to be maintained rather than simplification and aggregation that often involves assumption and confusion of causality. As such, qualitative approaches tend to achieve the best results, especially methodologies such as ethnography that allow understanding to

emerge. Mixed methods also tend to be very popular due to the desire to collect data from a larger sample and this approach can have success.

7 How to use social capital theory in your research or project

Social capital is highly applicable to a wide range of phenomenon. It can provide a suitable framework for analysis of social context, thereby elevating the importance of social factors that may otherwise be overlooked or underestimated. However, social capital is not yet a unified or mature theory that can be readily and rigorously applied. Special care must be taken to follow scholarly practices to avoid theoretical or methodological mistakes.

This section identifies and discusses some of the key factors you should take into account when using social capital theory.

7.1 Define what is and is not relevant to your research context

Social capital can be applied to such a wide range of contexts that it is important to clearly identify your context and what is, and is not, important or relevant for your project.

Social capital can be applied to individuals, groups, organisations, and communities. Some studies may seek an understanding of the role or importance of social capital in a given context, others may investigate how to build or improve social capital, while others may focus on the cause or consequences of social capital on a particular phenomenon.

Consider what is relevant to your research context.

In your context:

- Is your focus on the outcomes for individuals, groups, or the whole community or society?
- Are you interested in social capital internally within a group, or externally to the group?
- Is social capital a public good, private good, or both public and private?

7.2 Identify a theoretical perspective or research tradition

It is vital to review the different theoretical perspectives and identify the perspective that you will use for your research. This will allow you to focus on only those approaches and factors that are appropriate for your chosen perspective. When reviewing literature on social capital you need to be able to identify the theoretical perspective being used, so that you can identify literature that is not relevant to your project. This can often be done by observing the definition being used, or by the discipline of the author/s.

To help identify a suitable theoretical perspective consider whether social capital for your discipline and application is considered a public good or private good (or both).

7.3 Identify a suitable definition

Once you have identified your theoretical perspective you must choose a suitable definition for your study. I would strongly discourage you from creating your own definition since this will add to the existing definitional problems. As identified previously, the definition most commonly cited is either Adler and Kwon (2002 p.23) or Nahapiet and Ghoshal (1998 p.243).

7.4 Identify a suitable methodology

To date social capital studies using quantitative methodologies have been susceptible to criticism for overgeneralisation and tautology. There are several quantitative instruments that show promise where they are rigorously linked to the theoretical understanding of the concept.

Examination of social capital using Bourdieu's definition of social capital requires more qualitative methodologies since Bourdieu's theory treats social relations as highly complex. Social capital cannot be quantified simply by using individual indicators because they are not merely the property of individuals. As such, if you choose to follow Bourdieu's conceptualisation of social capital you should use qualitative methodologies.

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