

Social Capital

Nan Lin

Duke University
nanlin@duke.edu

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Social capital has gained currency in the social sciences in the past decade as a paradigm to capture the contributions of social elements in explaining a wide variety of individual and collective behaviors. It has been used to examine topics ranging from status attainment and social mobility, competitive advantage in economic organizations, and political participation, to psychological and physical well-being (see recent reviews in Portes 1998; Lin 1999; Lin 2001a; Burt 2000). Its research saliency reflects the recognition by many social scientists that collective and individual actions significantly depend on the social context in which such actions are embedded. It also reflects the sense that, as a type of capital, the term shares an affinity with other forms of capital, such as human capital and cultural capital, which have been formulated to understand the utility of resources in affecting life chances. It seems logical to argue that social elements may constitute capital as well.

However, as research expands into numerous arenas and applications, both the conception and operationalization of social capital have become diverse and multi-dimensional. There looms an increasing danger that the term will become a handy catch-all, for-all, and cure-all sociological term. This danger may have emanated from conceptual generality in its formative development. For example, Coleman has proposed conceiving social capital as “these social-structural resources” and consisting “a variety of different entities having two characteristics in common: They all consist of some aspect of a social structure, and they facilitate certain actions of individuals who are within the structure” (Coleman 1990, p. 302). As such, any and all elements of the social structure are candidates, and any of them become social capital when they work for a particular outcome in a particular context for a particular actor – a tautological argument. When interpreted liberally, little theory is implicated or needs to be evoked, and falsification becomes impossible (Portes 1998; Lin 2001a). In order to sustain the theoretical and empirical credibility of social capital, it is critical to clarify and consolidate its conceptual rigor and measurement precision.

This essay will attempt to clarify the concept of social capital and place it in a theoretical framework. The principles guiding this integration are three-fold: (1) a distinctive definition of social capital, independent of its possible causal or effectual factors, should be conceived; (2) its affinity with social relations and networks must be affirmed and specified; and (3) its utilities or returns must be conceptualized and specified. The first principle affirms the general understanding that social capital contains social elements but delineates specifications of the “elements” to resolve the potential catch-all tautological fallacy mentioned above. The second principle tightly links social capital, as a concept, with its social basis, social relations and networks,

but demands that a theoretical distinction be made between the two; namely, social capital is *not* social relations or social networks per se. The third principle promotes a conceptual organization of types of expected returns of social capital, rather than the haphazard approaches witnessed in the literature.

Integration guided by these principles, I argue, will advance the definition of social capital and place it in a theoretical framework so that causal propositions can be formulated, better measurements devised, and systematic investigations carried out. In this conjunction, it should also help clarify how prevailing research traditions – social resources, civic engagement, and trust – may be theoretically evaluated and operations refined so as to better represent social capital in empirical research.

DEFINITION: SOCIAL CAPITAL AS DIVERSITY OF EMBEDDED RESOURCES.

A definition of social capital necessarily needs to follow some conceptualizations offered by previous efforts. The most general requirement, as offered by Coleman, is that they are elements of social structure. There is not or should not be any dispute that social capital *is rooted precisely at the juncture between individuals and their relations; and is contained in the meso-level structure or in social networks*. That is, individual actors and their relations form the basis of social capital, which have micro-consequences for the individuals as well as macro-consequences for the collectivity. A much more precise definition was offered by Lin, who argues that social capital should be defined as resources embedded in social networks (1982, 1999a, 2001b) – social resources. They are not possessed goods of the individual. Rather, they are resources accessible through one's direct and indirect ties." (1982, p. 132). He also suggests that access to and use of social resources need to be examined in research. This definition and operationalization are consistent with the notion of social capital independently offered at about the same time by Bourdieu (1983/1986). He defines it as "the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition" (p. 248), and conceives it operationally as "the sum of resources, actual or virtual, that accrue to an individual or group by virtue of possessing a durable network or more or less institutionalized relationships of mutual acquaintance and recognition." In this conceptualization, social capital is, first of all, resources, and secondly, linked to relationships – that is, resources embedded in social networks. Operationally, it may be measured as a sum of resources, actual (i.e., mobilized) or virtual (e.g., perceived or accessed), embedded in enduring networks.

However, it is operationally insufficient to employ “embedded resources” as a concept, because it would offer no precise sense of variation for analysis or testing. Again, scholars have provided several suggestions. Bourdieu suggests a simple count or quantity of resources embedded in one’s networks. Lin, on the other hand, focuses on the value or quality of resources accessed or used. This “quality,” he suggests, may be reflected in the value of the resources consensually perceived in a social hierarchy (i.e., representing class, status, or power). In combination, therefore, social capital can be measured by the count or quantity of resources embedded in one’s social networks, weighted by their socially accepted values. An implementation of this definition and operationalization is the diversity (i.e. variation in the types of resources) of the embedded resources. Thus, we offer the formal definition of social capital as follows:

Definition: Social capital is the extent of diversity of resources embedded in one’s social networks.

It should be noted that it is not advocated here that the presence of diverse embedded resources is intrinsically “better” than the absence of such resources. As will be seen later, it is possible to argue that less diverse embedded resources may be “better” social capital. It simply represents a dimension that has a continuum, from diverse resources to not-so-diverse resources. The merit of a particular value along the continuum depends on the specification of their relative utility for a particular return, an issue to be addressed shortly.

This definition, I argue, captures both the “capital” and the “social” elements in social capital, in that embedded resources are seen as capital and distribution or diversity of such embedded resources among social ties or members in groups inevitably implicate social relations. At the same time, it dispels the usual confounding conceptions of social capital with social networks (its causing agents) or with its functions (its expected returns). It can and should be measured independent of these other notions.

DENSITY OF SOCIAL NETWORKS AS THE EXOGENOUS FACTOR.

While it is clear in the theoretical formulations that social networks are the basis for, but not social capital themselves (Bourdieu 1983/1986; Lin 1982), subsequent statements have blurred the distinctions. Coleman states that “social capital inheres in the structure of relations between persons and among persons. It is lodged neither in individuals nor in physical implements of production” (1988; 1990, p. 302). Putnam (2000) equates social capital to features of social organization – “such as networks, norms, and trust -- that

facilitate coordination and cooperation for mutual benefit.” In his conceptual synthesis, Portes (1998) argues that social networks must be considered as the core of the concept.

A major reason for this confusion or lack of distinction is that previous statements regarding resources embedded in social networks were sufficiently vague as to pose the possibility that networks themselves constitute resources. Social networks and social capital are intimately related; however, their relationship should be propositional rather than constitutive – certain features of social networks are likely to increase or decrease diversity of embedded resources.

Just as diversity of embedded resources is seen as the constitutive element of social capital, we need to specify variation in social networks that may be conducive to producing or reducing diversity of embedded resources. As it turns out, this variation is amply discussed in the literature. The singular feature of social networks evoked in the discussion of social capital has consistently been density/closure versus openness/expansiveness of the social networks: the extent to which social ties in networks are connected to one another. The utility of dense networks has long formed the basis for sociological theorizing. Homans (1950) postulates a positive and reciprocal relationship between interaction and sentiment. Thus, Coleman (1990, pp. 302-304) suggests that dense or reciprocal relations create norms of reciprocity, which promote a collective organization offering protection or benefit to its members. Following Coleman’s lead, Putnam states, “Social capital refers to connections among individuals -- social networks and the norms of reciprocity and trustworthiness that arise from them. In that sense social capital is closely related to what some have called “civic virtue.” The difference is that “social capital” calls attention to the fact that civic virtue is most powerful when embedded in a dense network of reciprocal social relations. A society of many virtuous but isolated individuals is not necessarily rich in social capital (Putnam 2000, p. 19). Thus, density of social networks is seen as protective or beneficial to network members (Bian 1997).

On the other hand, less dense networks have also been conceived as beneficial to individuals in other conceptualizations. Granovetter (1973) suggests that weaker rather than stronger ties are more likely to create opportunities for accessing novel information. Lin brings this argument into his formulation of the social resources theory by suggesting that open or expansive networks are more likely to bring about diversity of embedded resources (1982; 2001a). Likewise, Burt (1992, 2001a) argues that structural holes or bridges are beneficial not only to those at these locations but bring benefit to other members of the social group as well. Through such bridges and wider reaches, different and presumably better resources might be

located and accessed, which in turn, bring benefits to the actors.

As Burt (2001a) summarizes, there has been substantial debate about the relative merits of density or closeness versus sparsity or openness of social networks. However, there is little argument that the dimension of social network density is probably the most relevant and important network foundation for social capital. How, then, do we resolve the seemingly contradictory postulates? In fact, the different postulates are based on the differential utility of social capital conceived. For Coleman, Putnam, and others, closeness or dense social networks promote interactions and shared interests. This follows Homans, and later, Merton (Lazarsfeld and Merton 1954), who suggests that interaction and sentiment also promote shared characteristics and vice versa – the homophily principle. Stronger ties or friends have been found to share similar characteristics and lifestyles. Thus, theoretically, it can be anticipated that closed or dense networks should be associated with homogenous embedded resources. In contrast, sparse or expansive networks are associated with heterogeneous embedded resources. We may summarize the linkages between density of networks and diversity in embedded resources as the following propositions:

Proposition 1a: Less dense networks are associated with the likelihood of reaching more diverse embedded resources.

Proposition 1b: Denser networks are associated with the likelihood of reaching less diverse embedded resources.

Propositions 1a and 1b can be seen as a single proposition: that density in social networks is positively associated with less diversity of embedded resources. However, at this point, they will be treated as separate propositions, since the refutation of one does not necessarily suggest the confirmation of the other. It is also necessary, as shall be seen, to pursue the parallel theoretical arguments forward in the analysis of social capital.

The next logical question, then, is why are dense networks seen as beneficial to some scholars while sparse networks to others in the analysis of social capital? Or, more appropriately here, following the deductions in Propositions 1a and 1b, why is more diverse or less diverse embedded resources better social capital?

MARKET COMPETITION AND SOCIAL SOLIDARITY AS RETURNS

The key to the question above lies in the expected returns to social capital, as different types of

returns have been envisioned. For those advocating open networks and diversity in embedded resources, the returns specified tend to be competitive advantage in the marketplace. For those interested in dense networks and less diverse resources, the returns specified are geared toward benefits and advantages offered by group cohesion and identification – social solidarity.

Market competition represents instrumental returns expected of social capital; whereas social solidarity reflects expressive returns. For those working with the open networks and social resources, social capital is expected to yield better information (Granovetter 1973; Burt 1992), better control (Burt 1992) or more influence (Lin 1982) so as to gain relative advantages in the job market (Flap 1991; Erickson 2001), and promotions and benefits in economic organizations (see review in Burt 2000). The association between social capital and instrumental returns is clear and explicit (Lin 2001b; Lin 1982).

For those advocating dense or closed networks for social capital, the focus is the advantage cohesive groups (Coleman, 1990; Putnam 2000) bring to both individuals and the group. There has been considerable discussion about trust, support, help, or reciprocal exchanges among group members. In such contexts, social capital is linked to social solidarity, and is expected to produce expressive returns.

No doubt this distinction is not entirely an either-or conceptualization. Analysis of social resources (Lin 2001b) has been extended to conjectures as to its effects on expressive returns such as mental health or well-being. Social solidarity may also bring economic or other advantages to individuals (e.g., the merchants in Cairo, or the mother who moved her family to Jerusalem, in Coleman 1990, p.303). Nevertheless, it is clear that the primary returns of social capital conceived differ for the two theoretical perspectives: market competition for one and social solidarity for the other. We may offer the following propositions:

Proposition 2a: More diverse embedded resources increase market competition.

Proposition 2b: Less diverse embedded resources enhance social solidarity.

The parallel theoretical propositions are depicted in Figure 1. The next task is to explore whether and the extent to which research that has been carried out in social capital can be derived from these propositions. This articulation will also point to areas where further specifications or clarifications are needed.

(Figure 1 about here)

ARTICULATIONS WITH RESEARCH TRADITIONS

In the past two decades, three principal research traditions have emerged for social capital: (1) social resources; (2) civic engagement; and (3) trust. Each is mentioned in the literature as a possible way of conceptualizing and operationalizing social capital; and each has generated an extensive research literature. Do these research traditions represent empirical derivations from the two parallel theoretical developments specified earlier? I argue that while most empirical works may not capture all processes dictated by the theory, and some rely on indirect or surrogate measures rather than directly derivable measures, the conceptual intent of the empirical studies, to a great extent, does reflect the specified theory above. In the following, I will show the theoretical correspondence and empirical derivations for these research traditions, and point to areas where further clarifications and empirical work are needed.

The social resources tradition is most straightforward in its formulations as derivable from the openness-of-networks to diversity-in-embedded-resources to market-competition propositions. Research (Lin 1999; Marsden and Gorman 2001; Lin, Cook and Burt 2001) focuses on the linkage between diversity of embedded resources and instrumental returns, such as socioeconomic status attainment. However, the few studies exploring the relationships between open or expansive social networks and the diversity of embedded resources have yielded ambiguous results (see review in Lin 1999). Further verification for the linkage between network density and diversity in embedded resources is needed.

The research tradition of civic engagement also holds theoretical allegiance to the linkages among density of networks, social capital, and group solidarity. Putnam, its principal advocate and contributor (2000), makes clear its derivation from Coleman's arguments on closeness of networks and group cohesion. From this derivation then, civic engagement, or its operational measures with participation in voluntary associations and groups, should be expected to be associated with less diverse embedded resources. It would require making explicit certain assumptions, largely absent so far in the discussion: (1) that voluntary associations bring together individuals who share certain interests and lifestyles, (2) that these entities would capture shared resources brought in by these like-minded participants, and (3) that the participation in these entities affords access and mobilization of shared resources, and provides benefits to its members and the collectivities. If these assumptions hold true, then, we should hypothesize that shared or less diverse embedded resources in networks are linked to less diverse or more similar shared resources in associations. Greater similarity of shared resources may be indicated by the greater homophily among members. It is no surprise; therefore, that many discussions of civic engagement also link it to trust (Putnam 2000). That is,

denser networks promote engagement in certain social groups and develop trust because such networks increase the likelihood for individuals of similar characteristics and life styles to engage one another. Such like-minded engagement, perhaps through reciprocal trust, affords mobilization of resources from participating individuals and the collectivity, which in turn, generate certain returns to the individual members and the collectivity. These returns principally involve the preservation and promotion of the collectivity – social solidarity.

However, do voluntary associations only exist in bringing individuals with similar interests and resources and in achieving social cohesion or solidarity? Consider the flip side of the above hypothesis: *more diverse embedded resources in networks are linked to more diverse or less similar shared resources in associations*. Here, *less similarity of shared resources may be indicated by the greater heterophily among members*. That is, is it credible to speculate that certain associations bring individuals together for a shared interest, but with diverse characteristics and lifestyles? Such diversity affords the individuals or the collectivity to attain goals such as competition rather than cooperation?

In fact, not all associations facilitate and value trust, or merely promote cohesion and solidarity. For example, while some associations may intend to preserve existing resources (such as neighborhood watch, environmental protection, or restrictions for zoning, housing development, or land use), others seek resources (ranging from petitions for more support for schools and teachers to greater health services, and seeking more information and support for scientific research). In the former cases, trust and reciprocity may be the desirable capital, since successful action may depend on unified voices and behaviors. In the latter cases, however, the association's success and utility may capitalize on diversity in memberships so as to facilitate linkage to other associations and organizations, and to find leverage in acquiring resources sought. Research on for-profit organizations (e.g., economic organizations) and markets shows that diverse inter-organizational ties and interpersonal ties accrue competitive advantage for both the organization itself and the engaging members (see review in Burt 2000). Scholars working on civic engagement have noticed the possibility that bridging may be useful. Putnam (2000), for example, mentioned that social capital may be either “bonding” or “bridging.” However, bridging demands open networks. Therefore, it points to the need to modify the current conceptualization of civic engagement.

Two alternative formulations are possible. One is to argue that for most or all voluntary associations, members share certain characteristics but differ on others. Shared characteristics afford them to engage in

intense and reciprocal interactions, while dissimilar characteristics afford some members to serve as bridges to others outside the association. This formulation may predict that some parts of the networks in the association is dense while others parts may be sparse. The expectation, then, is that civic engagement, undifferentiated in terms of specific groups or associations, may bring about advantages to voluntary organizations in the market place (competition for resources) and group solidarity (preservation of resources). This undifferentiated view of voluntary associations suggests that each association may be bonding and bridging.

The other alternative formulation would suggest that there are different types of associations and organizations, and they differ in terms of functions or goals (expected returns). In accordance with the theory presented above, we would then expect two types of networks and embedded resources as well. In associations striving for resources, density of networks may not be important, and heterophilous memberships should be more beneficial. In associations attempting to preserve resources, density of networks and homophilous memberships should yield greater social solidarity. For the former, bridging is produced, and competition in the market is the expected return. For the latter, bonding is produced and social solidarity is the expected return.

It should then be possible to put the two alternatives, differentiated or undifferentiated associations, to empirical examinations. If civic engagement, or participation in associations, produces both instrumental (market competition) and expressive (social solidarity) returns, then the undifferentiated argument holds. If some associations tend to produce instrumental outcomes and others expressive returns, then the differentiated argument holds. Empirical verification of either of the alternative arguments may be seen as a confirmation that civic engagement is a component of social capital.

Still another theoretical possibility is that the linkage between diversity in resources embedded in social networks and different types of associations may be a causal one. *In this formulation, civic engagement is seen as a consequence of social capital rather than as its component.* Or, civic engagement is a mediating force between social capital and expected returns. Social capital enhances participation in certain types of associations, which in turn, through its mobilized resources or reciprocal trust, increase the likelihood of generating certain returns. This theoretical possibility also deserves empirical examination.

*Trust or trustworthiness is generally defined as the extent of expectation or confidence that an alter

(actor) will take ego's interests into account (Misztal 1996). For many sociologists and most working on social capital, its production is seen as dependent on stable social relations and obligations. Thus, the linkage between trust to network density and homophilous embedded resources can be articulated. The homophily principle makes it a theoretical imperative that trust, interaction, and homophilous resources are associated. Thus, at the micro-level, trust can be seen as based on interpersonal relations and exchanges – interpersonal trust.

However, trust can also be conceived as an associative or generalized exchange. As Simmel stated (1978), “One of the most important conditions of exchange is trust...Without the general trust people have in each other, society itself would disintegrate, for very few relationships are based entirely upon what is known with certainty about another person, and very few relationships would endure if trust were not as strong as, or stronger than, rational proof or personal observation” (pp. 178-9). In this context, trust, or generalized trust, or trust of others undifferentiated in the community or society, may be a public good, thus a macro-level attribute. It is the foundation of collective action.

But what is the connection between interpersonal trust and generalized trust? It is generally acknowledged that interpersonal trust is the foundation of generalized trust. Thus, “seeing trust from this perspective makes it possible to show how building trust on micro-level contributes to the more abstract trust on the macro-level” (Luhmann 1988). For example, “positive contact with our local doctor may gradually increase our confidence in the medical system” (Misztal, 1996, pp. 14-15). Unfortunately, much of the research on trust in the context of social capital has relied on rudimentary measures (e.g., “Do you think others can be trusted?” Yes or No?) and provides no demonstration of its social production or underpinning.

The theoretical schema discussed earlier and presented in Figure 1 suggest the need to refine the measurement of trust or trustworthiness. First, at the micro-level, interpersonal trust rather than generalized trust should be measured, since the relational foundation of trust needs to be built into the measurement. Thus, trustworthiness of others in the ego's social environment would be a good place to start. Secondly, it needs to be resolved as to whether interpersonal trust is a component of social capital or consequence of social capital. In either case, it should be tested that interpersonal trust is associated with network density. Then, it would be necessary to demonstrate that interpersonal trust is associated with diversity of social resources and civic engagement (or engagement in certain types of associations), the other components of social capital. Third, as expected in the theory, interpersonal trust should be associated with indicators of social

solidarity. Fourth, the alternative causal models, either treating interpersonal trust as a component of social capital or its consequence (but mediating between social capital and social solidarity), should be examined. Finally, the connection between interpersonal trust and generalized trust needs to be explored – does one lead to another, or can they be conceived as indicators of a general notion, trust? These design requirements would help resolve some key issues concerning the social nature of trust in the social capital theory.

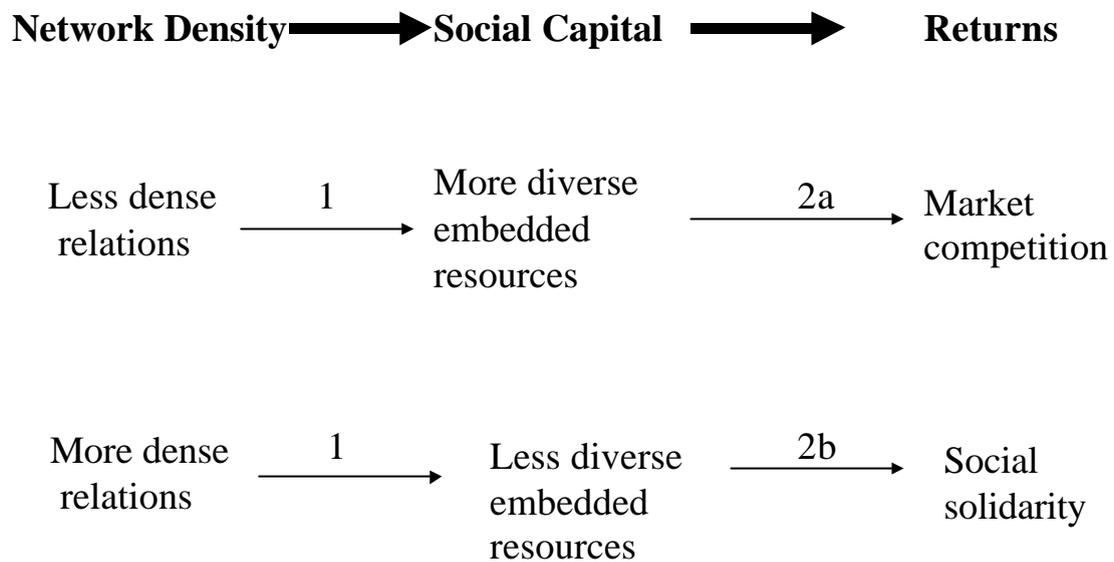


Figure 1. The Parallel Theoretical Models and Propositions Of Social Capital

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