

Social capital

Concept & development



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General definition of social capital

Social Capital –

Resources embedded in the social relations through which individuals can access to obtain private and public goods

or

A features of social structure that facilitates action

Why is social capital important?

- For private goods
 - Utilize capitals owned by others (Bourdieu, 1986)
- For public goods
 - Facilitate transactions e.g. social capital serves as insurance in the diamond trade in Jewish community (Coleman, 1988)
 - Achieve economic and political performances of society by solving the problem of collective action e.g. study of regional governments in Italy (Putnam, 1993)



Historical development of the concept

- The fundamental idea can be traced back to Hanifan (1916), Jacobs (1961) and Loury (1977)
- Bourdieu (1986) who coined the term 'social capital' to articulate the idea, foretelling the current meaning of the term
- Coleman (1988) carried out the first systematic conceptualization of social capital and thereafter the subject has received recognition and significant theoretical developments have been made
- In 1993, Putnam's study of the Italian regional governments, which drew a connection between social capital and governmental performance, offered insight into how important social capital played as a role in contributing to societal well-being and thus has unleashed social capital research into its substantial body of scholarship across disciplines at present

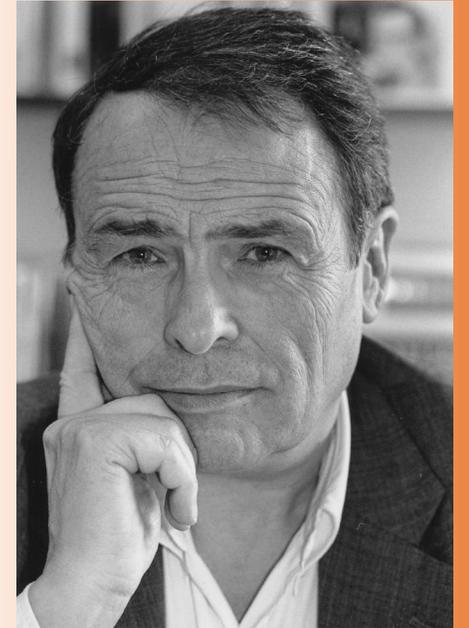
Bourdieu's social capital

- **Concern:**
 - Addressed the issue of educational inequality by introducing non-economic forms of capital (i.e. cultural capital and social capital)
- **How can social capital be produced?**
 1. Closed network: membership is only possible based on distinguishing from outsiders
 2. Social capital is dependent on economic capital for material and symbolic exchanges to secure membership
- **What does social capital bring about?**
 - Reproduction of capital e.g. economic capital to social capital (or vice versa) leads to class reproduction/ inequality that is difficult to break



Definition:

“Social capital is 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.”



Coleman's social capital (1)

- **Concern:**

1. Investigated how the economic principle of rational action (i.e. one utilizes capital for self-interests) in conjunction with social contexts (i.e. influence of environment) can account for the actions of individuals
2. Examined how social capital functions as a resource for social action

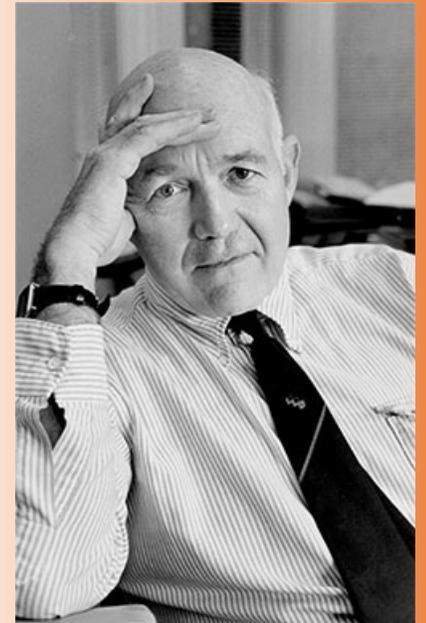
- **How can social capital be produced?**

1. Closed network for norms and effective sanctions: knowing each other so as to form effective norms and perform collective sanctions
2. Closed network for trustworthiness of structures: knowing each other to form a reputation system within the group which creates the high degree of trustworthiness within group



Definition:

“Social capital is defined by its function. It is not a single entity but a variety of different entities, with two elements in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors - whether persons or corporate actors - within the structure.”



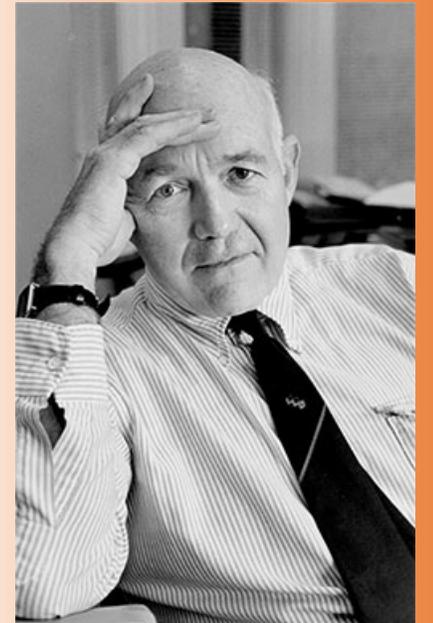
Coleman's social capital (2)

- What does social capital bring about?
 1. Reduction of transaction cost:
The Jewish community trades diamonds based on high degree of trustworthiness replacing the insurance devices
 2. As rational actors act for egoistic reasons, social capital for public good should be considered as a by-product of self-pursuit



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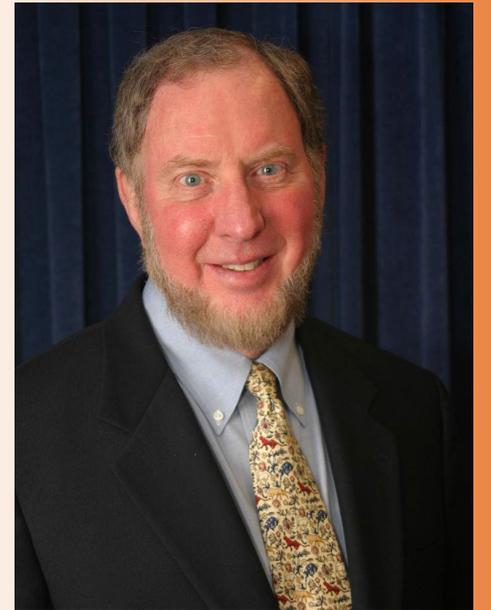
Putnam's social capital (1)

- **Concern:**
 - Explored the factors leading to stark differences in the quality of governance and economic progress among the Italian regional governments
- **How can social capital be produced?**
 1. Social capital is a by-product of other social activities
 2. Closed network for trust: Dense social ties facilitate gossip and cultivate reputation as essential foundation for trust
 3. Networks, norms, and trust tend to be self-reinforcing and cumulative



Definition:

“Social capital refers to features of social organization, such as networks, norms, and trust, that facilitate coordination and cooperation for mutual benefit.”



Putnam's social capital (2)

- What does social capital bring about?

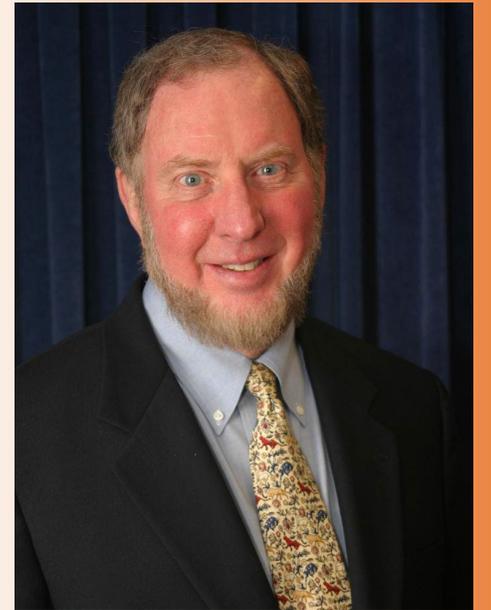
Social capital seems to be a precondition for economic development and effective government:

1. Active civic participation: Citizen trusts one another to act fairly and obey the law
2. Lack of active civic participation: Citizen distrusts one another and demands sterner discipline -> burdens the governance



Definition:

“Social capital refers to features of social organization, such as networks, norms, and trust, that facilitate coordination and cooperation for mutual benefit.”



The dynamics of social capital (How is it produced?)

- **Social relation** is the **precondition** for but does not necessarily produce social capital

	Social relation		Dynamics		Social capital		Ends
Bourdieu (1986)	Social connection	→	Exchange of gifts, words, etc.	→	Recognition of membership	→	Private goods
Coleman (1988)	Social structure	→	Closure of social networks	→	Effective norms, possible sanctions & trustworthiness	→	Private /public actions
Putnam (1993, 2000)	Social organization	→	Social participation & civic participation	→	Trust, norms & networks	→	Mutual coordination to obtain public goods

The network approach

- Defines social capital in terms of the resources (e.g. social support, information channels, social credentials) – that are embedded within an individual's social networks (Lin, 1999)
- Focus on the network characteristic:
- Granovetter (1973): Weak ties
 - Weak ties connect distant parts of network serves as an information channel for diverse information
- Burt (1992): Structural holes
 - A structural hole is a relationship of non-redundancy between two contacts. (...) As a result of the hole between them, the two contacts provide network benefits that are in some degree additive rather than overlapping

The cohesion approach

- Social capital is conceptualized as a group attribute, (i.e. as a property of the organization or the community, as opposed to a description of the individual members who belong to the group.) (Kawachi, Subramanian, & Kim, 2008)
- It has been conceptualized as the resources – e.g. trust, norms, and the exercise of sanctions – available to members of social groups.
- E.g. Putnam (1993, 2000) & Coleman (1988)

Dimensions of social capital

- Bonding / bridging / linking social capital

	Bonding Social Capital Putnam (2001)	Bridging Social Capital Putnam (2001)	Linking Social Capital Szreter & Woolcock (2004)
Definition	Social networks that share high level of similarity e.g. family and friends	Social networks that link people across a cleavage e.g. race, class and religion	Social networks that link people across a hierarchy where power is unequal e.g. the rich and poor
Characteristic	Primarily exclusive and inward-looking	Primarily inclusive and outward-looking	
Functions	Access to favours and emotional support	Potential access to information and resources beyond one's immediate network	The case of development work, where a range of external agency functions as linking social capital transferring the resources from top to bottom

Dimensions of social capital

- Structural/cognitive/relational social capital (Nahapiet & Ghoshal, 1998)

	Structural Social Capital	Cognitive Social Capital	Relational Social Capital
Definition	The overall pattern of connections between actors—that is, who you reach and how you reach them	The resources providing shared representations, interpretations, and systems of meaning among parties	The nature and quality of the relationships that have developed through a history of interactions that influence actors' behaviour
Example	The density, connectivity, hierarchy and the network of relationships in any given context such as a group, organization, or community	Shared language and codes, shared narratives	Trust and trustworthiness, norms and sanctions, obligations and expectations, and identity and identification

Dark sides of social capital

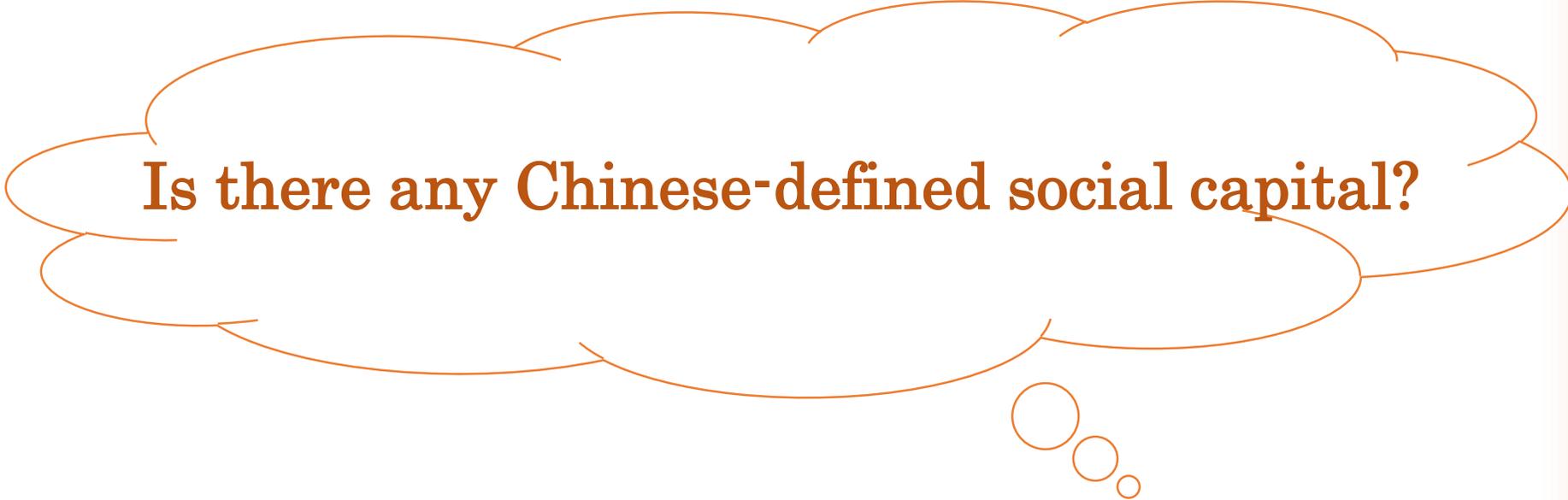
- Higher social capital can involve excessive demands being placed on group members to provide support for others (Portes, 1998)
- Strong bonding capital can be used to breed bias and exclude out-group members (Putnam, 2000)
- Strong linking capital may serve as possible mechanism for insider-trading and political favouritism (Grootaert et al., 2003)

Problems of defining social capital

- The social capital concept is plagued by theoretical vagueness and conceptual weakness and its practical value has been challenged on various grounds:
 - There is no broadly accepted definition of social capital, and therefore no commonly accepted standard for measuring it (Fukuyama, 2002)
 - The cause, function, and consequences of social capital are often conflated in a circular argument. (Mayer, 2003)
- Castle (1998) said that unless the social capital concept is used with some degree of precision and in a comparable manner, it will come to have little value as an analytical construct.

Social capital in the Chinese context

- Social capital is originally coined by western scholars i.e. Bourdieu, Coleman and Putnam
- Most of the empirical studies of social capital on **China directly deploys the Western concept of social capital**



Is there any Chinese-defined social capital?



Social capital in the Chinese context

- Guanxi (關係) is considered as “a variant form of social capital” in the Chinese context (Qi, 2013) / “social capital with Chinese characteristics” (Inkpen & Tsang, 2016)
- **Guanxi refers to personal relationships, connections or networks based on Chinese culture, which can be utilised or potentially utilised to acquire resources in informal and interpersonal forms (Ruan, 2016)**
- Guanxi provides particular rather than general access to resources and operates through informal personal relations rather than formal structures
- Guanxi exchange can only take place between two parties who have established in one way or another a basis of familiarity (Yang 1994 , p. 111).

Social capital in the Chinese context

- Guanxi is not a useful general analytic concept in the study of ordinary people's personalised relationships and reciprocity
- Chang (2010) argues that guanxi merely means personal relationships or networks, which have to be based on other traditional concepts like:
 - Ganqing (感情, emotional feeling and affection);
 - Renqing (人情, reciprocal obligation and indebtedness); and
 - Face (面子, mianzi: a combination of a sense of moral imperatives, social honour, and self-respect)
- Guanxi as network seems to be **one of the components of social capital rather than social capital itself**, since social networks, norms (obligation, reciprocity, etc.) and sanctions are three components of social capital (Ruan, 2016)

Social capital in Hong Kong

- Social capital building initiative in Hong Kong:
 - Community Investment and Inclusion Fund (CIIF) was set up by the HKSAR Government in 2002 to build social capital by implementing diversified social capital development projects in Hong Kong
 - It has funded nearly 500 community projects until 2022

Social capital in Hong Kong

- Social capital research in Hong Kong has began from 2000:
 - **There is a growing number of research covering variety of study population and community:**

Target groups	Community	Type of article
<ul style="list-style-type: none">• Poverty (Hung, 2004; 2006)• Migrant (Hung & Fung, 2016)• Unemployed population (Yan & Lam, 2009)• Youth (Spires & Cox, 2016; Yan & Lam, 2009),• Ethnic minorities (Gao, 2018)• Older people (Lu, Lum, & Lou, 2016)	<ul style="list-style-type: none">• Tai O (黃洪, 2012)• Shum Shui Po (吳啟漢,黃洪, 2012)• Tin Shui Wai (Fung & Hung, 2014; Ting, 2012)• Internet (e.g., Facebook and Instagram – since 2016) (Su, & Chan, 2017; Tian, 2016; Yuen, & Tang, 2021)	<ul style="list-style-type: none">• Evaluation reports (CIIF-funded projects)• Intervention studies• Scale development studies• Academic research papers

Social capital in Hong Kong

- Local studies mainly adopted the Western concepts and measurements of social capital
- Most of the local studies aggregate individual level social capital to community level social capital, which may lead to ecological fallacy
- Most of the intervention studies in Hong Kong focused on social capital cultivation but less attention has been put on its sustainability

Conclusion

- Social capital is a concept developed in the West
- There is no broadly accepted definition of social capital, and therefore no commonly accepted standard for measuring it
- It is a context-specific and culturally sensitive concept
 - Social capital studies in Hong Kong mainly adopted the Western conceptualization of social capital
 - Guanxi (關係) should be one of the components of social capital rather than social capital itself

More study is needed to explore the conceptualization and measurement of social capital especially in the Chinese/Asian context



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