

Social Capital: Theory and Research

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The Center for Social Capital Studies, Senshu University
2009 Symposium

**Exploring Social Capital
towards Sustainable Development in East Asia**

December 19, 2009
Kanda campus, Senshu University (Tokyo, Japan)

Programme

Morning session

Project's aims and work-in-progress reports

Presented by Professor Hiroo HARADA (Chair)
Professor Satoshi KAMBARA ("Community" Group chief)
Professor Kazuo UEDA ("Security" Group chief)
Professor Shunsuke MURAKAMI ("Civil Society" Group chief)

Afternoon session

Welcome Remarks by Professor Yoshihiro HIDAHA (President, Senshu University)

Opening Remarks by Professor Hiroo HARADA

Keynote Lecture 1

Professor Nan LIN (Professor of Sociology, Duke University)

Social Capital: Theory and Research

Keynote Lecture 2

Dr. Tarisa WATANAGASE (Governor, The Bank of Thailand)

Social Capital for the Sustainable Growth: Thailand's Perspectives

Panel discussion

Joined also by Professor Katsumi SHIMANE, and Dr. Takeko IINUMA

Social Capital: Theory and Research*

Nan LIN†

I would like to thank Professor Harada, first of all, for inviting me to come to this conference on social capital. I would also like to congratulate Senshu University for the establishment of this very important Center for Social Capital Studies. And I hope that it will continue to establish a very distinguished position in the study of social capital in Japan and East Asia.

I have chosen to talk about social capital in general, but from a theoretical perspective. So it is somewhat different from the presentations you have heard this morning. Most of the presentations this morning come from what we call a macro perspective of social capital. That is, it studies the societal or community level of social capital, whereas my work is primarily focusing on the micro level.

I will hopefully show you why I choose this approach and eventually, later this afternoon, will have the opportunity to talk about the linkage between my micro approach and the general macro approach. And hopefully I will convince you that in fact they can be linked.

What I will do this afternoon is to address the following topics [POWERPOINT SCREEN/2].

I will define social capital, from my perspective. I will also discuss what is not social capital. The reason why this is important is that social capital has become such a popular term that many people use it for different purposes. And therefore, it is becoming very difficult to determine what is not social capital. The third topic is the measurement. It is an area that has drawn a lot of confusion, because there are many, many different ways of measuring social capital. My approach is that the measurement has to be consistent with the theory itself, and so that we have to develop a very rigorous, definitive measurement of social capital, rather than drawing from a variety of possible measurements. And finally I will describe generally some of the research projects that I've been involved in and that are currently ongoing.

First of all, we need to define what is capital in general, other than social capital [POWERPOINT SCREEN/3]. What is capital? Well, capital simply represents the resources valued in a society. So it can be a variety of things. And usually we think of resources that are of three

* The keynote lecture given at the symposium 'Exploring social capital towards sustainable development in East Asia', December 19, 2009, organized by the Center for Social Capital Studies, Senshu University.

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types. In every society, you could identify these three types of resources. The first one, of course, is wealth. And it's sort of the economic resources. The second aspect is power or control, which represent the political resources or political capital. And the third aspect is social -- reputations, recognitions, and status. These are also resources in most societies. Each society finds a way of measuring each of these types of resources. But in general, these are three types of resources that carry value in all societies.

So, once we've defined capital, then the question is how do we theorize capital? [POWERPOINT SCREEN/5] Namely, how do you generate capital and reproduce capital, or accumulate capital? Once I've said this, of course you will say "Ah, that sounds like Marx." Well, indeed, Marx was one of the first social scientists that formulate an initial theory of capital. So I call it the classical theory, according to Marx. Marx to me is a sociologist, rather than an economist or a political scientist, because his focus was on the relationship between different kinds of individuals and how they exchange. Through this exchange process, certain capital or surplus value is produced. But it is captured by a particular group of individuals. We call them capitalists. And they reinvest, and therefore reproduce the capital. So that is a very traditional, but also very up-to-date definition and theory of capital.

I drew this little chart to reflect the Marxist theory of capital [POWERPOINT SCREEN/6]. So here's mainly these two classes, the capitalists and the laborers. So through the exchange and the minimum pay, the capitalists generate value out of a certain product and then, of course, the capitalists move this product through a series of selling and consuming, marketing processes, and therefore generate a surplus value. The surplus value is then reinvested by the capitalists to generate more resources. So there's a continuing reproduction and accumulation of capital by the capitalists. And therefore, Marx drew the conclusion that eventually there will be a break between these two classes and he hoped there would be a revolution.

Now this is the classical theory of capital. But the interesting thing of course is that in most cases, the predicted revolution by Marxists -- especially in wealthy states -- seldom occurs. And the reason is that in fact, a new set of theories of capital have been developed, which in a sense overturned the original Marx theory and therefore, the possibility of no revolution.

The first such theory is called human capital [POWERPOINT SCREEN/7]. So, among the economists here, you immediately realize what human capital is. Usually we say they are dealing with skills and knowledge so the human capital says even the laborers can generate resources, man-made skills and knowledge. And as a result, they can negotiate with the capitalists. Rather than minimum salary or payment, they could say, "Well, because I have skills and knowledge, therefore I deserve a higher wage, because my work is probably the equivalent of four other workers. So if you pay me just twice as much, or three times as much, then you get the same kind of results, but I will save you money." So through this negotiation process, individuals become capitalists. So in fact the laborers also accumulate surplus values from their pay, and therefore they become capitalists.

So once this gap is reduced or merged, it becomes what we call a stratified society, rather than a two-class, dichotomous society. As a result of that, most of the western capitalist states

have avoided revolution because everybody wants to be a capitalist and has an opportunity to become a capitalist.

This is interesting because we have not changed the definition of capital. Capital remains the production, reproduction, and accumulation of capital. What has been changed is a new type of theory. I call them new capital theories. Namely that you break the two-class structure so that a large number of individuals at least have the capability of generating capital and therefore reduce the potential for conflict, tension, and revolution.

But human capital theory is not the only new capital theory. Later on, there are other types of capital theories. So the other well-known theory of course is cultural capital. The name is associated with another sociologist, French, Pierre Bourdieu. And his argument, of course, is that what we learn, for example, and acquire is not skills or knowledge, but the way we behave - the practice. So that through acquiring certain normative expectations in schools, we learn how to behave, we learn how to treat others, we learn how to eat the right food, we learn how to listen to the right music. So we acquire cultural capital because in every society, we value, according to Bourdieu, just as much how we behave, whether we are behaving consistently with certain norms, and therefore get rewarded. So again, capital is the same. You accumulate certain ways of practices, and you get rewards. You accumulate and you acquire better food, buy better wines, and so forth. And you keep accumulating your capital, and therefore you advance in your society. This is another way of getting ahead in society. Slightly different theory, but again (this is my interpretation, Bourdieu didn't say that) it is possible for everyone to assume, acquire such practices and so forth, and therefore it belongs in this new category.

Now I come to the topic of our discussion today. What is social capital? [POWERPOINT SCREEN/8] Social capital is slightly different from human capital and cultural capital in the sense that both human capital and cultural capital are possessed by ourselves. So I acquire knowledge, I acquire skills, I learn how to behave, and so forth. These are becoming my characteristics. Social capital is the resources that you gain through your relationships with others. And a typical example I give about social capital is that if I want to go to some other place, but I don't have a car and I don't want to pay for the train or metro or it's out of the way, then I can find out if one of my friends has a car. Depending on the relationship between me and the friend, and whether the friend possesses that resource, I might be able to borrow his or her car and go to where I want to go and accomplish my goal. And I come back, return the car to my friend. So this car, in a sense, represents social capital.

It has two components. The initial condition is that I have to have a good relationship with this person. Two is this person has to have this resource. So therefore, in the study of social capital, there are two elements. Networks are important. We need to find out what kind of network a person has. Two is what resources are embedded in the network. Now, the interesting thing is that I don't have to have a friend that has a car if the friend has another friend who has a car; then I may be able to go through this friend and find the other person and borrow the car. Now you can imagine that things get complicated, because now I have to go two steps. So the relationship may retain its strength. If I'm a good friend of this person, and

this person happens to be also a good friend of that person, then I'm able to leverage the indirect relationship and borrow the third person's car. But if the second link is weak, then I may not be able to pull the leverage.

Therefore, the analysis becomes rather complicated. But the logic is very consistent. It's that social capital is something (resources) embedded in our relationship in the network that I may be able to access and mobilize for my purposes. So that's the definition, all right? Social capital, what is it? You say it's the resources embedded in networks. Now, I usually use a simplified term. I say embedded resources.

But what is the theory? The theory therefore is, first of all, of course we know, that you have to invest in the relationship. Social networks, interesting enough, need investment. You cannot just sit there. You have to maintain the relationship, promote the relationship, in order what? In order that it provides some leverage, for an expected return. Because you hope through these ties, you may be able to access resources and that would accomplish your goals.

What kind of resources are we talking about? Well, again, generally in our society, we either need wealth, we need power, or we need social things. A little more complicated than that. So these are other kinds of things we get through the use of social capital. One is information. We'll find out what's going on outside the world. All the markets are incomplete. Information is fragmented, so that if I know the right persons I may be able to access information ahead of others. Information becomes a very important resource. So if we deal with the stock market, if you're hurt, if someone has inside information, that is a tremendous advantage.

Information leads to other resources gained. Again, that is you can acquire wealth, power, status. Another type of social capital is social credibility. We are known not only because I have a college degree or I'm wealthy, but also because I know certain people. So if a student knows the president of the university, or even mentions that I've had lunch with the president, the friend says, "Oh, there's a connection." So in a sense, what is implied is that the person may be able to trigger that relationship and gain advantage in finding the resources. So, that is, it enhances our credentials. We do that all the time. We casually drop information, "Oh, I had lunch with so-and-so the other day." Or "Oh, I know so-and-so's daughter or son." So that in a sense, even you don't need to prove, but the fact is that there is an implied relationship that enhances our credentials.

The other interesting thing is, of course, that it enhances our identity. So we feel good. Psychologically feeling good. I know I'm in a group that will support me. So I know that if I have a need, I have friends and so forth that I can seek to give me support and help. So I feel good. So it enhances my identity.

Finally, it has a collective consequence. If a group of people who form a network and have a variety of resources, then the group is much more powerful. A group may also be very well connected may not have the right kind of resources or similar kind of resources. This point is very important. The reason why I think this is very important is shown later on, when we think of generalizing from individual actors to group, collectivities, for example when we consider about voluntary associations, why it is important to consider the resources different

associations possess or how different associations may access different resources through connections.

Now what this reminds us is not all voluntary associations are useful. Some voluntary organizations draw a variety of members; therefore, their resources are diverse and rich, and therefore the group is powerful. Some other groups, they also form groups but they have poor resources, or they have similar resources. Then the group becomes less useful. So the immediate lesson here for the macro-analysis of social capital is that it's not enough to just look how the groups, or how many groups, and how many participants, but rather the resources embedded in associations or organizations and what resources they may access through connections.

I study social capital. If you ask me, well, which is more important, social capital or human capital? And of course you can see that I'm biased. I think social capital is more useful than human capital. I think I can justify this. One is that the resource acquired by myself is extremely limited. So the accumulation is additive. So, you go to one year of school, you go to another year of school, it's very slow adding your education, or your training or so forth. So, it is growing, of course, but it is growing very steadily and slowly.

But social capital can really jump, depending on your connections. If you have the right connections, diverse resources increase immediately. Or if you invest in relationships and the resources are diverse, then you can imagine, a person can be very wealthy in terms of social connections and therefore resources.

So it is conceivable – as you may see in this is a theoretical graph [POWERPOINT SCREEN/10] – that in fact, resources may accelerate exponentially it could accelerate depending on through your connections, the right kind of diverse connections, going up. Of course, there's a limit. The reason why there's a limit is because we have only so much time to create and maintain my networks. So there's an energy limitation. Typically, for example, we all know that we use e-mails or text messaging or twitter, and by the way I have limited capacity. When I see 20 e-mails I receive, I selectively decide, OK, these two I need to immediately reply. That means what? I need to reinforce the relationship. But for the 5 others maybe I'll give it a day or two, and I'll think about responding. And maybe another 10 or so, I just dropped in the garbage can. So it is an investment because of the limitation. Eventually we all will reach a limitation.

So how do we invest? And this is why, in my theory of social capital, I stress simultaneously structure and action. Because you invest in connections, it could be a very close relationship, it could be a very weak, distant relationship. Now strong relationships may not need to invest as much, but weak relationships need a lot of investment, take a lot of effort and energy.

Secondly, we have to be cognitive of the resources embedded. And it is not true every one of us is aware of what is available in the social network. Those people who are sensitive, who can recognize what's in a network because it involves indirect as well as direct relationships, of course, have advantage. And therefore we say that you need to make some investments.

All right, how do we study social capital? Given the kind of theory I mentioned, there are two ways you study social capital [POWERPOINT SCREEN/12]. One is you study the capacity.

The capacity refers to how large a person's network is, what kind of resources are embedded in the network. It sounds very abstract. Maybe a network is easy to measure. For example, I can ask who are your friends? And your friends and their friends, and so forth. Well, how do I know what kind of resources? I will talk about that later.

The other aspect of social capital is we need to know how people activate the resources, or activate the social capital. So I may have 100 friends, but how do I decide which particular friend I would use for a particular purpose. So to choose is not that easy, and many times we make a wrong choice. So if you make the right choices, then you can access the good resources, but if you don't, you may not get it.

So the note here is that all these aspects can be elevated to the group level. So when I talk about actors, actors can be individuals. And my examples, most of the time I give, are individuals, because it's clearer. But in fact, think of social groups, organizations, enterprises, voluntary associations, as actors, then you realize that you will need to do the same thing. Namely what? What is the group's connections? And through these connections, what does the group access in terms of resources? So the same theory then is applied to the macro, or larger, social group levels.

There are two interesting aspects that are very critical in the analysis of social networks and the resources we reach [POWERPOINT SCREEN/13]. The two terms are called homophily and heterophily. So if you're not a sociologist, if you don't know anything about sociology, you need to know homophily and heterophily. Homophily is exchanges and interaction among people who share similar characteristics or values. And it is the typical way that social networks are formed. So if you think of your friends, most of them probably share similar characteristics of some sort. Either education, gender, belief systems, etc. In different societies, there are different values that people are homophilous of. So in some societies, for example, religion is ultimately important. Are you a Muslim? Are you a Christian? That pretty much decides whether I consider you as a friend or not. But in other societies, religion is not so important, so there are other factors. So you have to study different societies. But once you learn the important values attached to certain resources, then you can study the homophilous patterns.

The shocking thing is that all interactions are largely based on homophilous patterns. So sometimes I discuss sociological work with others in different disciplines -- economists and political scientists, and so forth. They all have their theories, and say well, what's so great about sociology? So I say, have you heard of homophily? It's the ultimate theory. It applies to all societies. It's amazing. What does that do? It generates recognition. So I'm a member of this group. So immediately the homophily identifies me as being a member or not a member. Two, it promotes solidarity and cohesion. So a group becomes functional because we share certain values, so that we're willing to contribute to that collectivity.

Sometimes we wonder why in some societies, people join certain voluntary associations? In other societies, they don't. So, Tocqueville, this French political scientist, who visited the United States in the 19th century, says how is the United States different from European societies? And he says, "Ah, because Americans love to join associations." So this argument

for civic engagement and civil society has been popularized. Later on, Putnam says, well, maybe the Americans are not so engaged anymore. There's a decline in civic engagement, and so forth.

Do you know why Americans join groups, voluntary associations? Very selective. Inevitably, it's based on religion. Churches. So recently I'm doing a study comparing social capital in the United States, Taiwan, and China. And I clustered the voluntary associations people join in different societies. Americans, especially the white Americans, the core is the church. Then the other associations are almost sort of marginal, affiliated with the church. So if you go into a church, so therefore you join some activities that provide social services, you have attachments to schools and so forth. So the core association for the Americans, white Americans, is in fact religious. And religion has not declined in the United States. So the conclusion is wrong. If you study in general, Americans may be less likely to participate in voluntary associations. But they have a very strong attachment to church. I'm sure that if you have visited the United States, you observe that they all go to church on Sundays. I shouldn't say they all, but mostly. And the belief system is very strong. What does that create? That creates a cohesive, solidified society.

In another society, it may be something else. So you need to go to different societies. Before you study civic engagement, you need to find out, what are the core values of the society? Therefore, on the homophily principle, you expect the core to form the basis of voluntary associations. Otherwise, you could be wrong.

Now, once we talk about homophily, then it sounds like it's good if you belong to that group, you have the characteristics. But if you don't, then you're out. So you become an outsider. Then the society becomes very fragmented and there's a danger of tension.

So there is a second principle that we talk about—heterophily. Heterophily is the principle that when people interact with others who are dissimilar with themselves – so for example, American is primarily a Christian-Judaic society. But there are individuals who are willing to interact with Buddhists, with Moslems, and so forth. So why is that? That's very interesting. That is the principle of heterophily. Heterophily is much more difficult because it is not so comfortable for us to interact with others who are not like ourselves. It makes us make an effort to do that.

But the health of society depends to a certain degree on heterophily. If there is very minimal heterophily, then this society becomes sterilized and therefore it creates an inside and outside group, eventually it will be conflict. Heterophily promotes mobility and diffusion. So it allows people to move and the information to diffuse from one group to another. In the end, this is very healthy to society.

So when we study social capital, we not only study the homophily principle, we wanted to know how much heterophily there is in a network. Heterophily meaning, therefore, weaker ties, not necessarily strong ties, diverse resources rather than homophilous resources. So in fact, the argument is that in general, we know the effect of homophily, which is good if you are a member. But for the society as a whole, especially if you have a diverse, different kinds of populations, then the practice of heterophily is important. But that takes effort.

In general then, we establish a model to study social capital [POWERPOINT SCREEN/14]. We study how is social capital created. So on the left side of this slide are the possible causes or factors that contribute to the production of social capital. On the right margin are the consequences or the effect of social capital, what we call the returns of social capital. So in a good comprehensive research program of social capital, you need to study three aspects.

You need to find out the capacity, so you study the networks for individuals, for groups, and so forth. And to see which aspects tend to be activated for certain actions. So that's the sort of internal structure of social capital. Then you study what contributes to the capacity. And I've identified several possibilities. These are what I call investment. So there is a structural element, where your positions are in a society, such as your occupation, your education, power, authority and so forth. Another element is the network. What kind of network? Where are you in the network? So we study not only the network but your positioning in the network. There are certain actors, or organizations, who are key to the network. When I say "key", they may not be the center of the network, they can be on the margin of the network, because they become bridges to other groups. All right, so they serve a very important heterophilous link of a particular group, to outside groups. I can only mention them generally today. We don't have time to go into details.

The third element is what I have. Social capital and human capital are reciprocally affected. So if you have good human capital, you generate well-positioned friends. But while you generate well-positioned friends, you also promote your opportunities to get more human capital. So human capital is another aspect that's important.

And finally what do you use the social capital for? This is something that we are aware of but theoretically we need to differentiate. Why? We can see two consequences. One is what I call the instrumental returns. These are returns when I want to gain additional resources. I strive to gain resources, either quantity or different types of resources. For example, I want to change a job. I need a promotion. These are instrumental. I want to do better.

But equally important is the expressive returns. I want to feel better, both mentally and physically. And as it turns out, that the capacity and how I activate my ties can either be very useful to promote my well-being or detrimental, if I went to the wrong person for help. So, depending on the purpose of your use of social capital, you may find that different types of networks and the different kinds of resources become more important and useful.

So I hope by now I've convinced you social capital is very interesting and very complicated. It's not just a term, and it's not just a sort of counting, but rather you have to have a theory in order for you to appreciate it.

How do we measure social capital? [POWERPOINT SCREEN/15] So I know there are two things. I need to measure capacity, and I need to study activations. So in studies, we can actually try to measure the social capital capacity of an individual, as I mentioned. You need to find the networks. And you'll want to see what's embedded in the network. In other words, it's very complicated. I want to know who you know, and I want to know that person, his wealth, her status, her power, or the kind of information they possess. So it's a two-stage approach in order

to capture social capital. Complicated, all right? But you have to do that in order to understand what social capital capacity a person has.

Activation is also complicated. Take an example. Seeking jobs, I do a lot of work on job-seeking. How do you seek jobs? So you ask them, as it turns out that personal connection is very important. So I have the qualifications. I take an exam, and everything else, but it would be nice if someone could speak a good word for me. Because if you have two similarly qualified applicants to you as a supervisor, which one do you take? You probably would take someone who comes to you with a good recommendation from a reliable source. Because usually I need a worker that is reliable, that is social, with all these characteristics that you will not find in their resume or in an examination. That's why for a good organization, when they recruit, they will pay attention to the social capacities.

I have just done a study in China. I looked how enterprises recruited people. And many of you probably know that organizations recruit based on "human resources criteria." Do you know what human resources are? They're human capital. They look at the skills, knowledge, experiences, schools they went to, and so forth. But they never ask you, "How good are you as a social being?" But it turns out to be critical for most of organizations, whether it's voluntary or profit-making organizations.

So I usually give a good example, which is "Who should be the president of a good university?" Based on human capital arguments, it's the best scholar. Then I can tell you, in most cases he'll fail. A university president is someone who can deal with alumni, with the community, with parents, know how to find money, and so forth. Networking with organizations and social groups. If you look at American universities, all the top universities, their presidents, they're all very skillful in social skills. Business schools, American business schools, many of the business school deans are recruited from the industry, and have almost minimum scholarly achievement. Why do they do that? Because they have connections, to the enterprises, and therefore they promote the business schools. So you can see that it's very interesting.

Now, the other very interesting is there are invisible activation. Sometimes, we ask people, "Do you ask people to help you to find a job?" They just "No, no, no. I never ask anyone." So you give them the question out of your field that they skip. There's a no. But as it turns out, then you ask them, you say "OK, did people casually mention job opportunities to you in conversations?" They say, yes. So in other words, they see this process as an informal process; during routine conversations, their friends say, "Hey, so-and-so, I heard that there's a job at this organization. Would you be interested?" So when you ask this person, they say, "No, no, no, I don't ask. They ask me." So the invisible hand of social capital becomes very important. Very difficult to study, but it is a very important component.

So we need to construct indices that quantify the network size, resources and we also need to see the quality of the networks, so for those of you who study sociology because you know when you use the terms, it's whether the network is open or closed, bridges, where the resources accessed are heterogeneous or homogenous [POWERPOINT SCREEN/16]. And there, I don't have time again to go into detail, but you can see that you need to have this information

in order to really access the capacity of social capital. Similarly for activation, you have to ask for details.

So what is not social capital? [POWERPOINT SCREEN/18] I wanted to mention three types of measurements that are usually I associate with social capital. I'd say they are close but they are not the same. The first one is social networks, per se. A lot of the network studies that say, OK, social network itself is social capital. That's wrong. Because hopefully by now, I've convinced you, you need to know what resources are embedded in networks. So two, almost identical-looking networks, one is rich in resources, the other one is not rich, then they are not the same. Trust is not the problem social capital per se. What is trust? I was planning to say more about trust. The different types of trust, from one type of trust is interpersonal trust. Of course I trust my mother, I trust a close friend, but I don't trust any strangers. But you know how we usually ask trust questions in surveys? We say, "Do you think people can be trusted?" Terrible question. It is supposed to measure generalized trust. But it is a terrible question.

So if you go to a society and say, "Do you think people can be trusted?" If they go, "What do you mean by people?" Is it that everybody in the streets, or people I know, or really close to me? A general trust question does not really deal with the issue -- that is, the connection and the resources. So my advice is, yes, trust may overlap with social capital, but it's not quite the same.

The other concern I have about trust is sometimes people use trust as a norm. For example, Fukuyama used to say, not any more, that Japanese, German or the US is a trusting society. And the Chinese and French are not. Because he did this study in the 80s, he said "See, that's why Japan is doing very well. And China and France are not doing so well." Well, unfortunately, things have changed a little bit. So now that both France and China are doing very well, are you saying that they've changed from untrustworthy to trustworthy societies? No, I don't think so. If you study China, there are still a lot of people who are not trusting each other.

Some scholars also treat participation in organizations as social capital. By now I hope I have convinced you, it's not just the participation or voluntary association. You need to find out the resources embedded in the organizations and the networks they have in order to judge whether in fact the participation in the voluntary is useful or not. So I'm not going to spend time on this because we're running short.

So far I've introduced to you what I consider as the micro foundation [POWERPOINT SCREEN/21]. I look at social capital in terms of interactions, networks, and resources. But it turns out that micro dynamics is fundamental, because all capital theories are based on micro relationships. Even Marx, he's talking about the capitalist and the laborer. So there are very clear social relationships, one-on-one. All the other capitals, human capital, cultural capital, are measured at the individual level. Even the so-called macro analysis of social capital -- if you look at all the work that Putnam has done, it's individual data-based. He simply aggregates them before analyzing the details. So there is something missing there, but it's there. In a sense, the micro foundation is there. I think that is critical.

Let us take a look at the model, the process of capitalization. I have shown you one such

model. So you can see how capital is produced, processed, and generates returns. I'm not going to repeat some of this. So how do we study social capital in larger societies? Well, I'll give you one example. You study churches. You look at the participants in a church and you assess who are the participants, their resources they bring to the church. So, there are two large churches. One consists only of poor people. They don't have money, they don't have power, and they don't have social status. In comparison another church that has a lot of powerful, wealthy, and socially recognized individuals. Obviously you know which organization is going to be more powerful than the other. So that's what I call the internal assessment of social capital for organizations [POWERPOINT SCREEN/23].

Then you do an external assessment - the organization's network. The organization becomes the unit of analysis. It's very interesting. For example, for a voluntary organization. Do you have to have relations with other voluntary organizations, or do you prefer to have relationship with government agencies? With what other groups? All right, so the diversity of networks of the organization in fact determines how useful the social capacity is for the particular organization. So in other words, is it possible to generalize from the micro level to macro level? Slightly complicated, because now you have two levels of analysis. You have to assess the internal capacity, and then the external capacity. How does an organization activate social capital? How does it activate within the organizations – mobilizing resources from the members. How does an organization activate its ties to other organizations in order to access their resources – mobilizing resources through connections? So in a sense, you have a theoretical consistency. Both from the macro and micro levels.

Measurement is a very important topic, but I'm running out of time, really bad. So how do I measure capacity? I've developed a measurement called position generator [POWERPOINT SCREEN/25]. Position generator is now being quite widely used. Professor Petr Matous here has used it. He's a geographer from Tokyo University. And so you use this for a variety of purposes, and you use this to access, to assess the capacity. In a sense, what you need to do is, as shown in this graph, given a person here, and you want to access how many positions the person can access in this hierarchical system. How many, how far, how higher up? How much variety of positions the person can access. From this information you can generate indices. And I'm not going to talk about it, but it's in your handout, you may want to take a look.

I've used this theory and this methodology, and I've done a lot of studies. I've studied job search in the United States, in China, in Europe, and I find cultural differences. Unfortunately I don't have time, let me just mention that culture is an important determinant in terms of different patterns. And I've studied how organizations recruit and deploy social capital in organizations in China. So you can see it's not only the supply side but the demand side of our society where social capital is needed.

So they're giving me a little more time. I know that there are several groups in Japan that have done this work, using this theory, using this measurement in political science and in other capacities (for example, Professors Ken'ichi Ikeda, Kakuko Miyata and Petr Matous). But still not very much has been done using this strategy. I know there's lot of studies done with

civic engagement. But my suggestion is that, please, try this approach. You'll be ahead of the game. You'll do better. And it's not that difficult, once you learn the skills how to do it. You can do it on a case-basis, you can do surveys, etc. So it gives you good help.

And also, don't worry and think that everybody else in other countries has done so much. What else is left for me? There's a lot of interesting issues. So for example, all these have variations. Social capital capacity is different between men and women. It's not that women do not have social connections. In fact, in most societies the women have just as many social networks and social ties as men, but it is the resources embedded in their networks, that's very different. Men's are much more diverse. Why? Because we are a gendered structure. The men occupy higher status positions, so they have more access to the resources. So in general, according to the homophily principle, women tend to interact with other women, and that's a disadvantage. But if they would learn how to interact with men, then they would have the opportunity to get access to better resources. So you study not only the discrimination, for example, in a society, but also how to overcome the discrimination. Why certain women can go ahead in a man-dominated society whereas other women cannot? So there's an interesting topic. In the United States, of course, race/gender is a big issue. And also remember that social capital is powerful because it has both visible and invisible dimensions you need to study.

There are many issues that remain to be studied. And so, I'm saying, please join us. It can be applied to almost any arena -- political science, economists, sociologists of course, psychologists -- interesting, business schools in the United States, almost every business school has someone studying social capital using this network approach. So, what we have not seen is this kind of strategy used in the study of, for example, social development, which of course is your strong suit. You should immediately capture this theoretical orientation and take advantage of it.

A related topic, since I have been given a couple of extra minutes. The interesting thing is that we are very interested in social capital versus economic activities. And since the mid-80s, we know that if you study economic activities, you need to look at social relations. Mark Granovetter's argument is that in all economic activities, social relations are implicated. So if you don't study social relations, you really don't know how the economic activities are being carried out.

But the recent phenomenon of the Internet creates a totally different picture. That is, many websites you know, in Japan as well, there are so-called social network sites. Facebook, for example. I don't know whether there are Facebooks in Japan or the equivalent. And MySpace and many other types. They all provide a platform for interactions. For a long time, Facebook did not make any money. AOL was an earlier model. So the goal is what? To create rich, diverse social networks, and then money will come. Because advertisers will follow the networks. It used to be or we thought the economic activities would generate social activities. So now we have it reversed. The social activities dictate economic activities. So that in a sense it creates a fantastic avenue of studies. That is, you generate the social capital capacity first, and then think of the economic returns. It's just unlike the bookstores or supermarket where economic activity

comes first. But in the Internet you see that in fact, you form the networks first, and then hope eventually the economic activity will have to come. You will make a lot of money, one way or the other.

So this is the argument that I've made, using the term the development of cybernetworks. Have you heard of cyber networks before? Probably not. Because I invented it. In my book in 2001, if you will see the last chapter, it's called cyber networks. I invented the term. So I'm very proud of it. Anyhow, so there are other, many, many issues I will not talk about.

Conclusions [POWERPOINT SCREEN/40]. Social capital is very rich in theory. We have to pay attention to theory, because it captures both structure and action. It tells us what is the relationship between embedded resources and homophily and heterophily. Two, it is one of the theories that can flow between micro and macro. You don't have to stay at one level. The theory penetrates both levels. Institutions and cultures make a difference. So I study social networks and social capital in China, in Taiwan and in the United States. The effects or returns of social capital in fact are the same in China as in the United States, but the networks are very different. For example, in China as you can imagine, the kin structure is the core. So they always access outside through a kin first. In the United States they don't, they really jump out. Two, the Chinese define friendship in terms of other relationships. So they introduce a friend, "This is my friend, so-and-so, who is my coworker." So there is a relationship. And "this is my friend, because he's..." So there's always another aspect of social activities attached to the definition of friend. I don't know how Japanese do it. I'd love to see, I don't know, whether you introduce and say this is my friend or he's my coworker, or he goes to the same church as mine, so forth. But in America, they don't. They never mention other than "This is my friend." So the concept of friendship is very different across different cultures. You need to understand that in order to assess what kind of friends are useful. The institutional arrangements are important.

Also you can do both quantitative and qualitative research. You can do both surveys and case studies. Just as interesting.

And don't forget, social capital can be bad. Many times, people say, why is social capital always good? I say NO, if you look at the mafia group, the black market, the underground societies, etc. -- they're very rich in social capital. But is it good or bad? Well, if you're a member of the mafia, it's good. But if you are outside the mafia, it's bad because they'd appropriate your resources. So the reality of social capital is depending on where or who you are, and you can be disadvantaged and you can be deprived of social capital. And so we need to take that into consideration.

Finally, I'm very proud of this cover of my Japanese version of this book [POWERPOINT SCREEN/42]. It's very interesting. And there are other recent publications that are listed in your outline [POWERPOINT SCREEN/43]. Thank you very much.

Social Capital: Theory and Research

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12.2009

1

Presentation Topics

1. What is social capital?
2. What is not social capital?
3. Measurement
4. Some research topics

2

Definition of Capital

Resources valued in a society

Typical valued resources

Economic: Wealth

Political: Power/control

Social: Status, Reputation

3

Theorization of capital

Production, reproduction and accumulation of capital

4

“Capital” Theories

1. Classical Theory: Marx

Social Relations:

Capitalists:

Labor:

Surplus value:

Capital

Investment, Re-investment

5

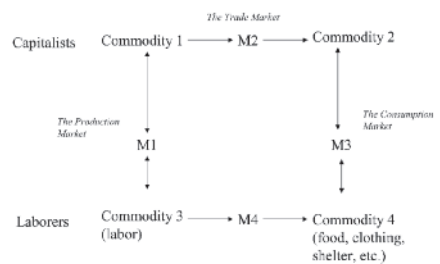


Figure 1. Rendition of Marx' Thesis on Production and Consumption Relations

6

2. Neo-Capital Theories

Human Capital: skills, knowledge

Neo-classical economic theory

Cultural Capital: "Mis-recognition of institutions and normative behaviors."

7

Definition of Social Capital

Resources embedded in social networks.

Theory of social capital

Investment in social relations for expected returns.

8

Justification for Social Capital

Anticipated effects of social relations and embedded resources :

Information

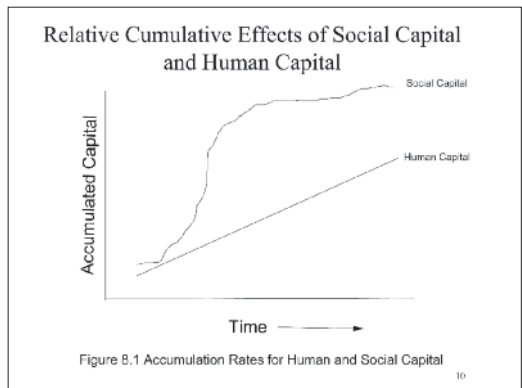
Resources gained: wealth, power, status

Social credentials

Identity: recognition

Social integration

9



Investments:

social *connections*

embedded *resources*

11

Investing Behavior Indicators

Capacity, Coverage:

capability, access

Social connections, social networks

Activation

Use of connection:

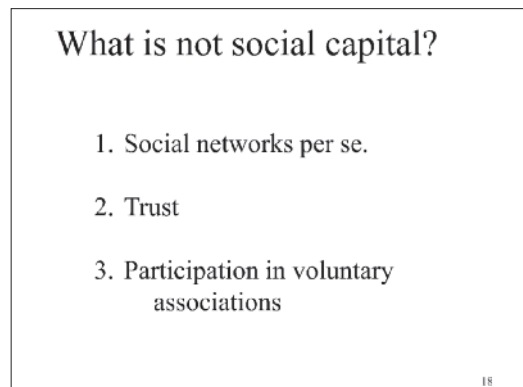
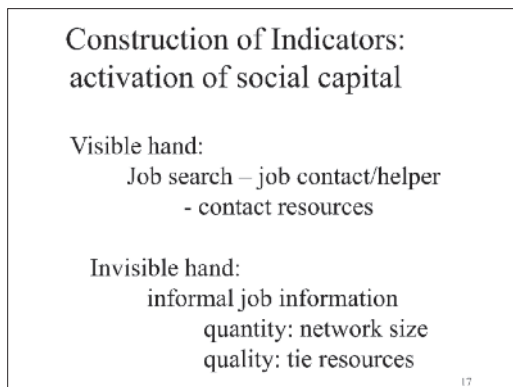
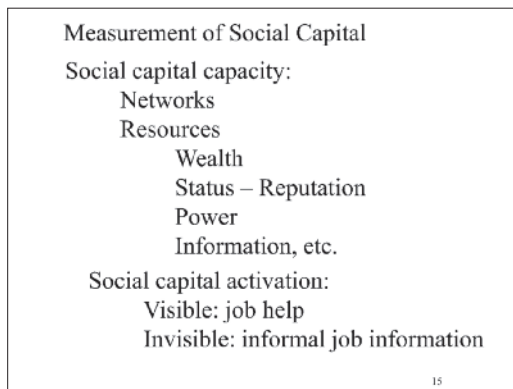
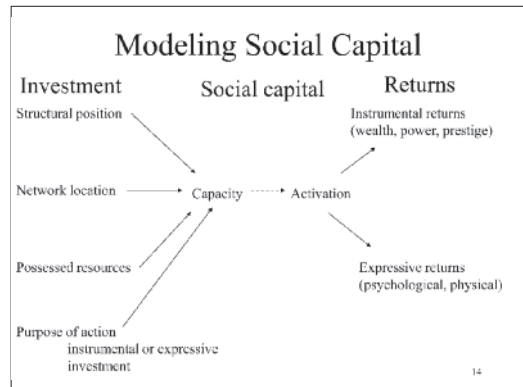
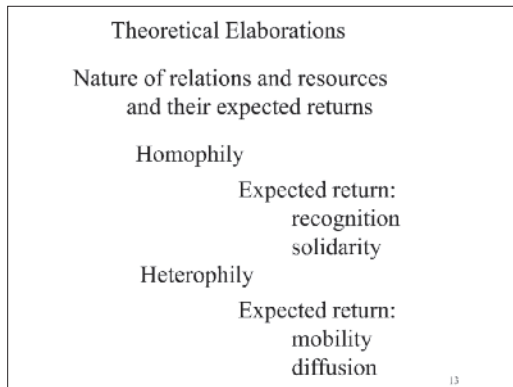
Informal job information

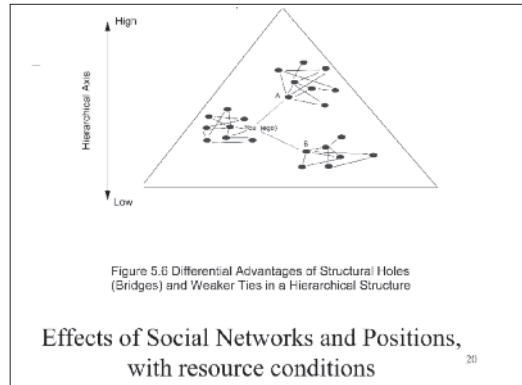
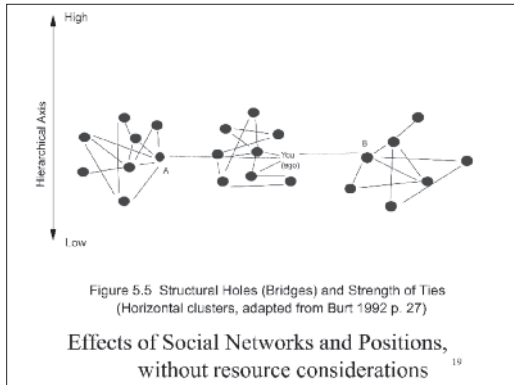
Extension to Macro-level:

Group participation:

Specific social networks

12





Micro-foundation

Micro-dynamics is fundamental:

- Consistency across all capital theories
- Process of capitalization explicit
- Modeling the production and returns to social capital

²¹

Extending Social Capital to the Macro-Level: Problematic

1. Articulation:
Coleman, Putnam
2. Confusion:
Causal relation
Macro-micro link
Multiple concepts
Multiple measurements
3. Research confusions

²²

Macro-extension of social capital: social capital in organizations

Internal Social Capital:

- Collective resources of members
- Resources embedded in positions

External Social Capital:

- Networks of the organization
- Embedded resources in connected organizations

²³

Trust and Social Capital

1. Types of trust:
interpersonal trust
generalized trust
institutional trust
2. Theoretical foundations of trust:
Networks, trust, resources, and participation
3. The social nature of trust

²⁴

Measuring Social Capital Capacity

Objective: accessed resources through ties:

Position Generator:

1. Sampling of social positions
2. Topic neutral
3. Relations neutral

Name Generator:

25

Key Question

Among your relatives, friends and acquaintances, does anyone have the following job?

If so, what is your relation?

26

High school teacher (60)	Police (40)
Electrician (36)	Provincial/city office manager (55)
Manager of a small firm (48)	Housemaid (22)
Nurse (54)	Reporter (55)
Provincial/city assemblyman (69)	Owner of a big firm (70)
Truck driver (31)	Lawyer (73)
Physician (78)	Guard (26)
Manager of a big firm (62)	

Sampled Positions

27

Index Construction:

Extensity

Upper reachability

Range

28

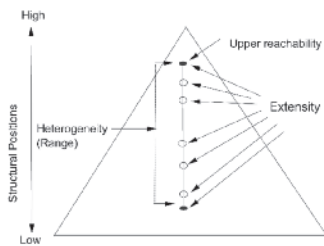


Figure 5.2 Measures of Social Capital

Social Capital Capacity Indicators

29

Position Occupant Characteristics

Gender
Race/ethnicity
Education
Relation (direct, indirect)
Familiarity
Length of acquaintance
Etc.

30

Extension of measurement

1. Resource generator.
2. Gendered position generator.

31

Activation of Social Capital

Social Capital in the labor market:

Job search: Supply

Activation of contact

Contact status as social capital

Routine job information:

Casual contacts and conversation

Recruitment and deployment: Demand

Social capital and positions

Market environment

32

Sampled Studies

1. Labor Market

Job search:

Embedded resources

Mobilized relation

Routine job information

Studies in US, Europe, China,
Taiwan, Hong Kong, etc.

33

Recruitment:

Organization

Position in organization

Market

Political, economic
institutions

Study sites: China, Taiwan, US

34

Extension of Research:

1. Opportunity structures:
gender, race/ethnicity, classes
industries
2. Visible and invisible hand
3. Marketization, social institutions,
and social capital
4. Social networks and
social capital

35

Social Networks, Social Capital and Economic Activities

Economic activities embedding
social relations;

Social relations embedding
economic activities;

Guanxi in Chinese culture;

Cybernetworks:

36

Transactional and Relational Rationality

Exchange:

Transactions
Relations

Returns:

Economic standing: wealth
Social standing: reputation

37

Guanxi

Utility of social relations:

Sentiment
Reciprocity
Investment

Return:

Reputation
Wealth
Capital building

38

Conceptual analysis

Layers of social relations and resources:

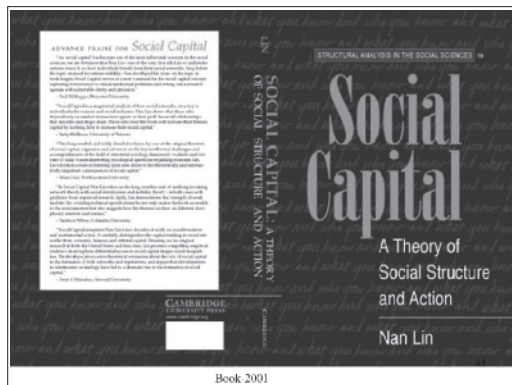
1. Binding relations: dense network homophilous resources.
2. Bonding relations: mixed networks interactive
3. Belonging relations: sparse networks and heterophilous resources one-to-many

39

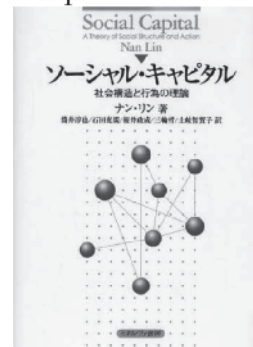
Conclusions

1. Theory:
 - Structure and action
 - Resource homophily, heterophily
2. Integration of macro- and micro-perspectives
3. Effects of institutions and culture
4. Quantitative and qualitative research
5. Reality of social capital:
 - Inequality, disadvantaged social groups

40



Japanese edition



Recent Syntheses

- Lin, Nan; Cook, Karen; Burt, Ronald S., editors. *Social Capital: Theory and Research*. Aldine de Gruyter. 2001.
- Lin, Nan; Erickson, Bonne., editors. *Social Capital: An International Research Program*. Oxford University Press. 2008.
- Lin, Nan, editor. *Social Capital: Critical Concepts in the Social Sciences*. Routledge. 2010. (4-volume set)
- Lin, Nan. "A Network Theory of Social Capital," *Handbook on Social Capital*, edited by Dario Castiglione, Jan van Deth and Guglielmo Wolleb, Oxford University Press. 2006
- Lin, Nan. "Social Capital," *Encyclopedia of Economic Sociology*, edited by Jens Beckert and Milan Zagiroski, Rutlege Ltd. 2005.

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