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Social Capital

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SOCIAL CAPITAL

The term "social capital" refers either to the capacity of an individual to obtain valued material or symbolic goods by virtue of her social relationships and group memberships, or to the capacity of a plurality of persons to enjoy the benefits of collective action by virtue of their own social participation, trust in institutions, or commitment to established ways of doing things. The former capacity has been called "relational social capital" and the latter "institutional social capital" (Krishna 2000). The common element underlying both types of social capital is social embeddedness. Individual and collective action alike are enabled and constrained by the resources that actors can leverage within and between levels of social structure.

Like the complementary concept of "human capital" (the knowledge, skill, and understanding acquired by persons through training and experience), the concept of social capital stems from an analogy to physical and financial capital. Capital in general refers to finite assets available for purposive deployment in the satisfaction of future wants (rather than present consumption). Capital assets accumulate as stocks. Put to productive use, they generate flows of benefits for the asset-holder and his exchange partners. Capital assets are said to be "fungible" (interchangeable), "transferable" (conveyable from one place or situation to another), and "alienable" (transferable in ownership). Since social capital is only slightly fungible, mildly transferable, and inalienable, some economists—e.g., Kenneth Arrow—reject the analogy to capital theory. However stretched the analogy may be, the concept of social capital captures something that most sociologists consider an elemental truth—that the resources embedded in social structures facilitate individual and collective action, and generate flows of benefits for persons, groups, and communities.

No one knows who first used the term social capital in the ways defined above. Robert D. Putnam nominates L. Judson Hanifan on the basis of the Progressive educator's 1916 essay on community centers. "The individual is

helpless socially, if left to himself," Hanifan (1916, 130) observed of the rural poor in West Virginia. "If he comes into contact with his neighbors, and they with other neighbors, there will be an accumulation of social capital, which may immediately satisfy his social needs and which may bear a social potentiality sufficient to the substantial improvement of living conditions in the whole community." The core elements of the concept are clearly present in this quotation: agential capacitation through relationship formation, interdependent asset cumulation, and "social potentiality," the facilitation of collective ends.

Two contemporary social theorists who developed the concept's theoretical potential are Pierre Bourdieu and James S. Coleman. Bourdieu arrived at the concept independently, while Coleman built upon economist and policy analyst Glenn Loury's use of the term to designate all the family, class, and neighborhood characteristics that affect actors' investments in human capital. Bourdieu and Wacquant (1992, 119) define social capital as the actual or potential resources at play in the "field of the social," i.e., in the sphere of "mutual acquaintance and recognition." For Bourdieu, modern society is an ensemble of relatively autonomous fields—e.g., the religious field, the linguistic field, the economic field, each with its own strategic logic and specific form of capital—religious capital, linguistic capital, economic capital, etc. Of these the most important, the one which exerts the greatest force on the other fields, is the economic. Having limited social capital to the sphere of direct social relations, Bourdieu devoted his prodigious research efforts to the study of other forms of capital, particularly cultural capital.

Coleman derived the concept of social capital from the premises of rational choice theory. Starting out from the spare premises of utility-maximizing, resource-bearing actors, each controlling assets of differential value to others, Coleman erected an impressive theoretical ediface extending to interdependent corporate groups ("corporate society"). These premises required him to see social capital as an unintended, emergent phenomenon chiefly found in social structures characterized by "closure." The effective monitoring and sanctioning of behavior that closure provides builds interpersonal trust, generates the authority required

for collective action, and allows actors to pool their resources for new projects and endeavors.

Two other theorists of social capital working within the rational choice framework are Nan Lin and Ronald S. Burt. Both emphasize actors' self-conscious investments in social structural arrangements that yield high flows of benefits for themselves and others. Lin's research centers on the ways that social capital facilitates status attainment. In *Social Capital* (2001), he crafted a set of twelve postulates and propositions to integrate the literature in this area. Burt concentrates on the network configurations that confer structural autonomy on strategically-located nodes, allowing the occupants of such positions to broker information and control the flow of resources. Burt (2002) theoretically derived four mechanisms (contagion, prominence, closure, and brokerage) that differentially affect the social capitals of actors situated at different nodes. Seamlessly integrating the concept of social capital into his theory of structural holes, Burt advances the proposition that high social capital accrues to positions that span structural holes (defined as weak ties between social networks or subnetworks).

In contrast to the above uses of the term, which concentrate on the empowerment of persons' strategic or instrumental action, political scientist Robert D. Putnam steered social capital research in a decidedly institutional, even communitarian direction. In *Making Democracy Work* (1993), he and his co-workers examined the effectiveness of twenty new regional governments established in Italy in 1970. Some of these new governments failed miserably, while others established successful participatory programs and spurred economic development. After controlling for political ideology, tax revenues, and other conditions, Putnam determined that the best predictor of governmental performance was a strong local tradition of civic engagement, which he measured by a host of social capital indicators such as membership in voluntary associations and voter participation in elections. In *Bowling Alone* (2000), Putnam applied the same analysis to American communities and states. He found that, overall, social capital had declined significantly since 1960. States and localities that maintained

relatively higher levels of social capital, however, were more likely to experience safer and more productive neighborhoods, better student test scores, lower levels of tax evasion, and higher levels of inter-group tolerance.

As in Putnam's work, empirical studies employing the concept of social capital typically involve dependent variables of performance or outcome, indicators of social capital at the relational or institutional level (or both), and various controls. Persons advantaged by higher social capital find better jobs more easily, organize more effective protests, and influence public opinion more decisively. The mechanisms of relational social capital include: access to information, organizations, or public officials; the promulgation of effective norms; the cashing in of outstanding interpersonal obligations ("credit slips"); and being in a position to understand conflicting interests or perceptions and thus to broker solutions acceptable to different parties.

In communities where higher levels of trust, cooperation, and participation prevail, common outcome variables include institutional effectiveness and smoother adaptations to changing macroeconomic conditions. The mechanisms of institutional social capital include: vertical linkages between levels of social structure; horizontal linkages ("bridges") between local social networks; and the support of outside agencies in devising positive-sum solutions to collective action problems.

During the 1990s, social capital explanations blossomed in the fields of developmental economics, community development, criminology, social welfare, and poverty amelioration. Many of these fields saw the failures of both market-centered and government-centered programs to solve pressing social problems. For many policy-oriented researchers, social capital represents a liberating perspective.

As important as the concept of social capital appears to be for both theoretical and applied sociology, it has no shortage of critics. Many economists reject the analogy to capital theory and doubt whether social capital rises to a factor of production. Methodologists worry that that too many diverse mechanisms underlay the concept's effects, that too many diverse indicators

measure it, and that its effects are distributed over too many levels of social organization. They consider the concept "fuzzy" (analytically imprecise). Some theorists reject in principle the distinction between social capital and cultural capital. They insist on a joint conceptual construction or on the epistemological priority of cultural capital. Theorists inclined toward rational choice or network explanations lament the concept's extension into the macro realms of institutional social capital. Critical theorists consider the multiplying analogies to capital to be symptomatic of the social sciences' intellectual subordination to bourgeois ideology.

Social theorists long understood that the resources embedded in social structures empower actors (whether persons or collectivities) to conceive and achieve their projects. In social capital they found a concept that focuses like a laser on precisely that idea.

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Further Readings and References

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