Chapter XXIV
Social Capital Theory

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ABSTRACT

Social capital represents resources or assets rooted in an individual's or in a group's network of social relations. It is a multidimensional and multilevel concept which has been characterized by a diversity of definitions and conceptualizations which focus on the structure and/or on the content of the social relations. A common conceptualization of social capital in information systems research consists of a structural, relational and cognitive dimension. The structural dimension represents the configuration of the social network and the characteristics of its ties. The relational dimension represents assets embedded in the social relations such as trust, obligations, and norms of reciprocity. The cognitive dimension represents a shared context which facilitates interactions and is created by shared codes, language and narratives. For a single or multiple members of a network, social capital can be a source of solidarity, information, cooperation, collaboration and influence. Social capital has been and remains a sound theory to study information systems in research areas affected by social relations and the assets embedded in them.

INTRODUCTION

Social capital which represents in a sense the goodwill, such as sympathy, trust and forgiveness, engendered by the fabric of social relations and which could facilitate action, has gained increasing attention from researchers in sociology, political science, economics and organizational science (Adler & Kwon, 2002). This chapter looks at the different and diverse perspectives used to define social capital and its value, sources and characteristics. A popular multi-dimensional model of social capital developed by Nahapiet and Ghoshal (1998) is then explored, followed by a summary of its use in information systems research. This chapter then addresses the issue of social capital levels of analysis and the general benefits and risks social capital can carry along with its potential for future information systems research.

BACKGROUND

The term "Social Capital" originated from the areas of sociology and political science and originally appeared in Hanifan (1916) study of rural schools community centers. It appeared later in community studies where networks of strong personal relationships provided the basis for trust, cooperation and collective action which were key for the survival and functioning of city neighborhoods (Jacobs, 1965). Then at the individual level, Loury (1977) studied the resources intrinsic in family relations and community social structure and their role in the development of young children. The concept was then applied to a wide range of social phenomena such as the development of human capital, economic performance of firms, geographic regions, and nations (Nahapiet & Ghoshal, 1998). Now it can be found in a wide range of social science disciplines, such as sociology, political science, and economy (Adler and Kwon, 2002), in addition to organizational and management sciences (Huysman & Wulf, 2004).

Definitions

Social capital is used to describe relational resources embedded in personal ties, which are useful in the development of individuals in community social organizations and has been conceptualized either as a set of social resources embedded in relationships or more broadly as including, in addition to social relationships, the norms and values associated with them (Tsai & Ghoshal, 1998). An example of definitions which focused on the social resources embedded in relationships is Burt's (1992) who defined social capital as "*friends, colleagues, and more general contacts through whom you receive opportunities to use your financial and human capital*" (p. 9). An example of definition which focused on the norms and values associated with the social relations is Woolcock's (1998) who defined it as "*the information, trust and norms of reciprocity inherent in one's social network*" (p.153).

Adler and Kwon (2002) compiled a list of twenty different definitions for social capital in the key literature, highlighting the diversity in its streams of research. These definitions focus either on the relations an actor maintains with other actors and/or on the structure of relations among actors in a collectivity. They also focus on the social ties and relationships and /or on the characteristics and content of those ties and the assets they represent. Examples of such definitions of social capital include:

- *the ability of actors to secure benefits by virtue of membership in social networks or other social structures* (Portes, 1998, pp.6)
- *features of social organization such as network, norms and social trust that facilitate coordination and cooperation for mutual benefits* (Putnam, 1995, pp.67)
- *the sum of the resources, actual or virtual, that accrues to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition* (Bourdieu & Wacquant, 1992, pp.119)
- *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, 1988, pp.S98).

The diverse definitions can be synthesized into: "*Social capital is the goodwill available to individuals or groups. Its source lies in the structure and content of the actor's social relations. Its effects flow from the information, influence, and solidarity it makes available to the actor*" (Adler & Kwon, 2002, pp.23).

Despite that most authors agree that the main proposition of social capital theory is that networks of relationships are a valuable resource for social action, social capital does not have a precise and

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