

# Social Capital in Management Information Systems Literature

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## ABSTRACT

*Social capital represents resources or assets rooted in an individual's or group's network of social relations. It is a multidimensional and multilevel concept characterized by diverse definitions and conceptualizations, all of 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 epitomizes the configuration of the social network and the characteristics of its ties. The relational dimension epitomizes assets embedded in the social relations, such as trust, obligations, and norms of reciprocity. The cognitive dimension is created by common codes, languages and narratives, and represents a shared context that facilitates interaction. To singular or collective network members, social capital can be a source of solidarity, information, cooperation, collaboration and influence. Ultimately, social capital has been and will remain sound theoretical grounding upon which to study information systems affected by social relationships and their embedded assets.*

*Keywords:* Cognitive Dimension, Information Systems Research, Social Capital, Social Network, Structural Dimension

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## INTRODUCTION

Social capital that facilitates individual and collective action and represents the type of goodwill engendered by the fabric of social relations, including sympathy, trust and forgiveness, has gained increased attention from researchers in sociology, political science, economics and organizational science disciplines (Adler & Kwon, 2002). Its deployment in literature has dramatically increased by a hundred fold since the late 1980s (Woolcock, 2010). This paper focuses on the unique perspectives used to define social capital and the concept's overall value, sources and characteristics. A popular multi-dimensional model of social capital

developed by Nahapiet and Ghoshal (1998) is explored, followed by a summary of its use in information systems research. This paper then addresses how social capital has been surveyed, sometimes problematically, at different organizational and communal levels. Finally, the general benefits and risks of social capital are outlined, alongside its potential avenues for future information systems research.

## ORIGINS

The term "social capital" emerged from sociology and political science discourse, and originally appeared in Hanifan's (1916) study

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of rural schools community centers. The term later appeared in community studies focused on instances where networks of strong personal relationships provided the basis of trust, cooperation and collective action necessary for the survival and functioning of city neighborhoods (Jacobs, 1965). Next, at the individual level, Loury (1977) studied the resources intrinsic in family relations and community social structures and their role in the development of young children. The concept of social capital was subsequently applied to a broader range of social phenomena, including the development of human capital, and economic performance of firms, geographic regions, and nations (Nahapiet & Ghoshal, 1998). Currently, the concept of social capital is found in a wide range of social science disciplines, including sociology, political science, and economics (Adler & Kwon, 2002), as well as organizational and management sciences (Huysman & Wulf, 2004).

## DEFINITIONS

Social capital is used to describe relational resources embedded in personal ties, which are helpful in the personal development of individuals in community social organizations. Social capital has been defined as a set of social resources embedded in relationships, or more broadly as the norms and values associated with these social relationships (Tsai & Ghoshal, 1998). An example of a scholar who focused on the social resources embedded in relationships is Burt (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). Woolcock (1998) provided further support for characterizing social capital by reference to the norms and value associated with social relations, defining the concept as “the information, trust and norms of reciprocity inherent in one’s social network” (p.153).

Adler and Kwon’s (2002) compilation of twenty social capital definitions gathered from relevant literature highlights the term’s conceptual diversity. The gathered definitions focus

either on the relations an actor maintains with other actors and/or on the structure of relations among actors in a collectivity. Additionally, they 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).

These diverse characterizations can be synthesized into the following definition: “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).

Although most authors agree the main tenant of social capital theory is that relational networks are valuable resources for social action, social capital ultimately lacks a precise and universally accepted definition. This fact indicates that social capital is not a uni-dimensional concept (Putnam, 1995). Nahapiet and Ghoshal (1998) emphasized this notion, defining social capital “as the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit”

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