

Chapter 12

Rethinking Social Capital Measurement

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ABSTRACT

Social capital is decisive to many of strategic objectives of organizations. Although it has been extensively defined in the literature, social capital continues to be discussed in particular concerning its measurement. What is the usability of the existing indicators of social capital? How do managers decide which one they would prefer? An overview of the literature reveals that there are very few measurements of social capital and those which have already developed are very complex. Direct measurements appear to provide a better understanding of the complexity of relationships than aggregated measurements. Yet, we show that they are of unsatisfactory quality. Using simple counter-examples, we advance that they give rise to contradictions. From this discussion and using Graph Theory, we propose two complementary indicators of social capital which we call “relational strength” and “relational potential”. These operational indicators can be handled by any actors to position themselves within their social sphere.

INTRODUCTION

For several decades, sociologists and political scientists have written huge amounts of literature on sociability and social capital, first in the United States and then in Europe (for recent researches, see for example Häuberer, 2011; Tzanakis, 2013; Villalonga-Olives and Kawachia, 2015; Wincent et al., 2016). The ideas put forward have also attracted economists and managers. Is this just a trend or is there real interest in reading about the economic and managerial issues covered in these works? Could such a concept make a significant contribution to the comparative study of new theoretical approaches and the emergence of

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a new measurement useful to researchers and managers alike? To what extent can social capital justify certain strategic objectives within a company? How much can an entity (group, company, alliance) rely on its members' social capital to create new momentum or remain prosperous? The authors see these as important questions which emphasise that the link between social capital and strategic behaviour is not incongruous. Nevertheless, it must be channelled if the authors want to move the debate forward and show the relationship's influence on performance. This is the topic covered herein.

The chapter has two aims: review current arguments over the notion of social capital and, more specifically, its measurement; and show that researchers and managers can be given an open-source operational tool that allows them to measure social capital more accurately. A kind of "actionable knowledge" as Argyris puts it (1995, p. 257): "knowledge that is both valid and can be put into action in everyday life".

The chapter is structured as follows. The authors first describe the issues surrounding social capital in the light of economic and managerial problems, and discuss available indicators while stressing their limitations. They then discuss existing ways of measuring social capital. On this basis, the authors propose an operational measure, articulated around two notions, which they call "relational strength" and "relational potential". This measurement system is helpful to analyse how actors position themselves within their social universe.

BACKGROUND: THE SCOPE OF SOCIAL CAPITAL

Elements of the Debate

According to Ponthieux (2004, p. 5), social capital has a multi-dimensional nature. It is a "mix of a structure's attributes, participants' perceptions and the benefits derived from the two". It is this distinctive trait that explains why it is so often used "as much in academic circles as in social management and intervention" (Lévesque and White, 1999) and why it is so hard to measure. A bibliometric search of different science databases (the main results of which are shown in table 1 below) for "social capital" and "social capital measure" sheds some interesting light on the scale of this research topic.

The plethora of scientific work on social capital has resulted in different theoretic starting points and ways of thinking, the reality of which varies greatly. However, there seems to be a consensus that social capital is a solution to numerous socio-economic, demographic and even geographic problems. It was against this backdrop that Coleman (1998) took a functional approach to social capital in 1988, defining it according to its function and referring to three forms: meeting obligations and expectations; the potential value of the information conveyed; standards and effective sanctions in communities (Levesque and White, 1999). Seeing the limits of this approach, a second group of researchers defined

Table 1. Bibliometric analysis

Database Keywords	Econlit	Science Direct	Wiley Blackwell	Business Source Complete
Social Capital	3449	14882	25517	5280
Social Capital Measure	388	325	263	427

Note: The search was carried out on 27/09/2015. In each of these databases we searched for the following terms: (i) "social capital" and (ii) "social capital measure".

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