Chapter 10

The Fundamentals of Social Capital

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ABSTRACT

This chapter explains the overview of social capital (SC); the dimensions of SC; SC, culture, and architecture; SC and economic growth; SC and knowledge management (KM); SC and social networking sites (SNSs); SC and health perspectives; and the significance of SC in the digital age. SC refers to the institutions, relationships, and norms that shape the quality and quantity of a society’s social interactions. SC involves establishing trust, norm, and network. SC is a quality derived from the structure of an individual’s network relationships in the community, and relates to architectural design, culture, belief, economic growth, and business success. SC provides the relationships through which an entrepreneur receives opportunities to utilize human capital and financial capital in global business. The chapter argues that promoting SC has the potential to improve business performance and gain sustainable competitive advantage in global business.

INTRODUCTION

Social capital (SC) has received substantive attention from scholars across a variety of disciplines (Villalonga-Olives & Kawachi, 2015). SC covers different characteristics, such as social networks, social participation, social support, and trust (Nyqvist, Pape, Pellfolk, Forsman, & Wahlbeck, 2014). SC is recognized as a combination

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of social and economic perspectives (Andrews, 2010). SC has the value of social relationships to generate the positive outcomes, both for the key parties involved and for wider society (Ayios, Jeurissen, Manning, & Spence, 2014). SC arises in the daily relationships of individuals with their friends and acquaintances (Chung, Nam, & Koo, 2016). Relationship of SC with population happiness, health, income, economic growth, and human development has been researched by several scholars (Ram, 2013).

Leader effectiveness involves building SC that benefits individuals in the organization, thus extending the social networks of subordinates to facilitate career advancement (Kasemsap, 2016a). SC is the whole set of shared norms, values, attitudes, and beliefs that promote cooperation among individuals within the community and that has proved to be a key factor in explaining development processes (Gómez-Limón, Vera-Toscano, & Garrido-Fernández, 2014). SC can be conceptualized as an individual resource residing in relationships between individuals or as a collective resource produced through interactions in the larger social structures (e.g., civic engagement) (Zhang & Kaufman, 2015). SC has been utilized in organizational research to explain a broad range of management phenomena, such as career success (Seibert, Kraimer, & Liden, 2001), knowledge sharing (Maurer, Bartsch, & Ebers, 2011), and entrepreneurship (Khoury, Junkunc, & Deeds, 2013).

This chapter aims to bridge the gap in the literature on the thorough literature consolidation of SC. The extensive literature of SC provides a contribution to practitioners and researchers by describing the issues and trends of SC in order to maximize the business impact of SC in global business.

BACKGROUND

The concept of SC was originally developed to describe the relational resources in the community of social organizations (Tsai & Ghoshal, 1998). The concept of SC was later introduced into the research area related to information and KM (Li, Guo, Chen, & Luo, 2015). The concept of SC is common to the social sciences (Bjørnskov & Sønderskov, 2013) and community psychology (Neal, 2015). According to Putnam (2000), two types of SC are most recognized: bridging and bonding. Oztok et al. (2015) stated that bridging SC refers to the relationships with people from various communities, cultures, and socioeconomic backgrounds. Bridging SC provides a foundation for collective action (Pigg & Crank, 2004). Bonding SC refers to the strong ties of attachment between relatively homogeneous individuals (Oztok et al., 2015).

Barnes-Mauthe et al. (2015) indicated that social networks and the patterns of relationships between individuals and groups are tied to the notion of SC. Bridging
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