

Social Capital –A Dynamic View

Abhijit Ghosh
Concordia College

Rajiv Nag
Drexel University

We argue for the need to adopt a dynamic approach towards the understanding of social capital that can provide insights on how social capital can be leveraged as a response to shifting contextual exigencies. Our paper offers a unifying typology of social capital along four dimensions – autonomous, constrained, formative and normative. We develop the following four views of social capital – normative-constrained, normative-autonomous, formative-constrained, formative-autonomous. Furthermore, we draw on an empirical study in an agricultural cooperative to illustrate these four views and the varying sources of social capital manifested therein. It is this variation in use that undergirds our understanding of a dynamic conception of social capital.

INTRODUCTION

Problems of collective action in societies and how to resolve them engage social scientists from many different domains (Muthuri et al., 2009; Putnam, 2000, Woolcock, 2010). While neo-classical economists take an over rational, under-socialized view of the world infested with utility maximizing actors (Battilana and D’ aunno, 2009), sociological research with a ‘determinist orientation’ on the other hand assumes that actors are so constrained by norms and accompanying sanctions that they play out their roles like mechanical robots (Granovetter, 1985). There is little or no room for agency in these accounts. To resolve these sharp extremities, some have recognized the need to describe the world of social relations in which behavior of actors is embedded (Granovetter, 1985; Woolcock, 2010). This recognition led to the actuation and routinized use of the concept of social capital in especially as it pertains to issues of “collective action, economic development and democratic governance” (Woolcock, 2010, p 6).

The concept of social capital became prominent through the work of sociologists such as Bourdieu (1986) and Coleman (1988) and political scientists like Putnam (2000) and Fukuyama (1995). Its use helps social scientists understand the role of social relations in shaping action, and in appreciating how action in turn affects the existing structure of relations. Organizational researchers have associated higher levels of social capital with a variety of benefits at multiple levels of analysis (Pillai et al., 2017). These include greater career mobility and compensation (Burt, 1992; Podolny & Baron, 1997; Belliveau et al. 1996), access to jobs (Granovetter, 1973, 1995), creation of intellectual capital (Nahapiet and Ghoshal, 1998), better sales performance (Moran, 2005), knowledge access, inter-unit resource exchange and product innovation (Huggins 2010; Maurer et al. 2011; Rodriguez et al., 2014; Zheng 2010), effectiveness

of groups (Oh, Labianca and Chung, 2006), increased organizational performance (Acquaah 2007; Batjargal 2003), the formation of start-ups and the ability to capture opportunities (Li, Chen, Liu and Peng, 2014; Walker, Kogut, & Shan, 1997). Notwithstanding this immense contribution, we believe that the field can benefit from a unifying framework that can help better classify and categorize these contributions. We use our understanding of the diverse debates in the field to proffer a unifying typology of social capital that emerges from our revealing classification of the debate along four dimensions – *autonomous*, *constrained*, *formative* and *normative*. We use the typology to argue for a dynamic conception of social capital (Schuller, 2007; Woolcock, 1998), one that takes into account how changing situational exigencies, practical opportunities, and constraints guide changes in the sources of such capital over time.

The paper is organized as follows. We first take a brief look at the major strands of thought guiding the literature on social capital. Next, we develop a typology of social capital as it inheres in its various forms. We then report the findings from an historical case study of a large agri-cooperative to illustrate the typology. We end the paper by discussing the implications of a dynamic view of social capital and explore avenues for future research.

SOCIAL CAPITAL – AN AMORPHOUS CONCEPT

Many definitions of social capital have been suggested by various scholars and not one has received unanimous support. Nahapiet and Ghoshal (1998) define social capital as the sum of the actual and potential resources embedded within, available through and derived from the networks of relationships by an individual or social unit. Increasingly organizational scholars have come to recognize that social capital is a valuable asset whose value derives from the access it provides to a variety of resources through actor's networks of social relationships (Moran, 2005; Rodríguez et al., 2014). Essentially *capital* of all types are means to an end. Seen in this way, the notion of capital is instrumental. Through investments in building their network of *external* relations (Lin, Cook and Burt, 2017), actors can augment their social capital and thereby gain benefits in the form of superior access to information, power and solidarity and by investing in the development of their *internal* relations, collective actors can strengthen their collective identity and augment their capacity for collective action (Adler & Kwon, 2002; Rodríguez et al., 2014). Just as physical capital is created by *changes in materials* to form tools that facilitate production, and human capital is created by *changes in persons* that bring about skills and capabilities making them able to act in new ways, so is social capital created by *changes in relations* among persons that facilitate action (Lin, Cook and Burt, 2017; Coleman, 1988).

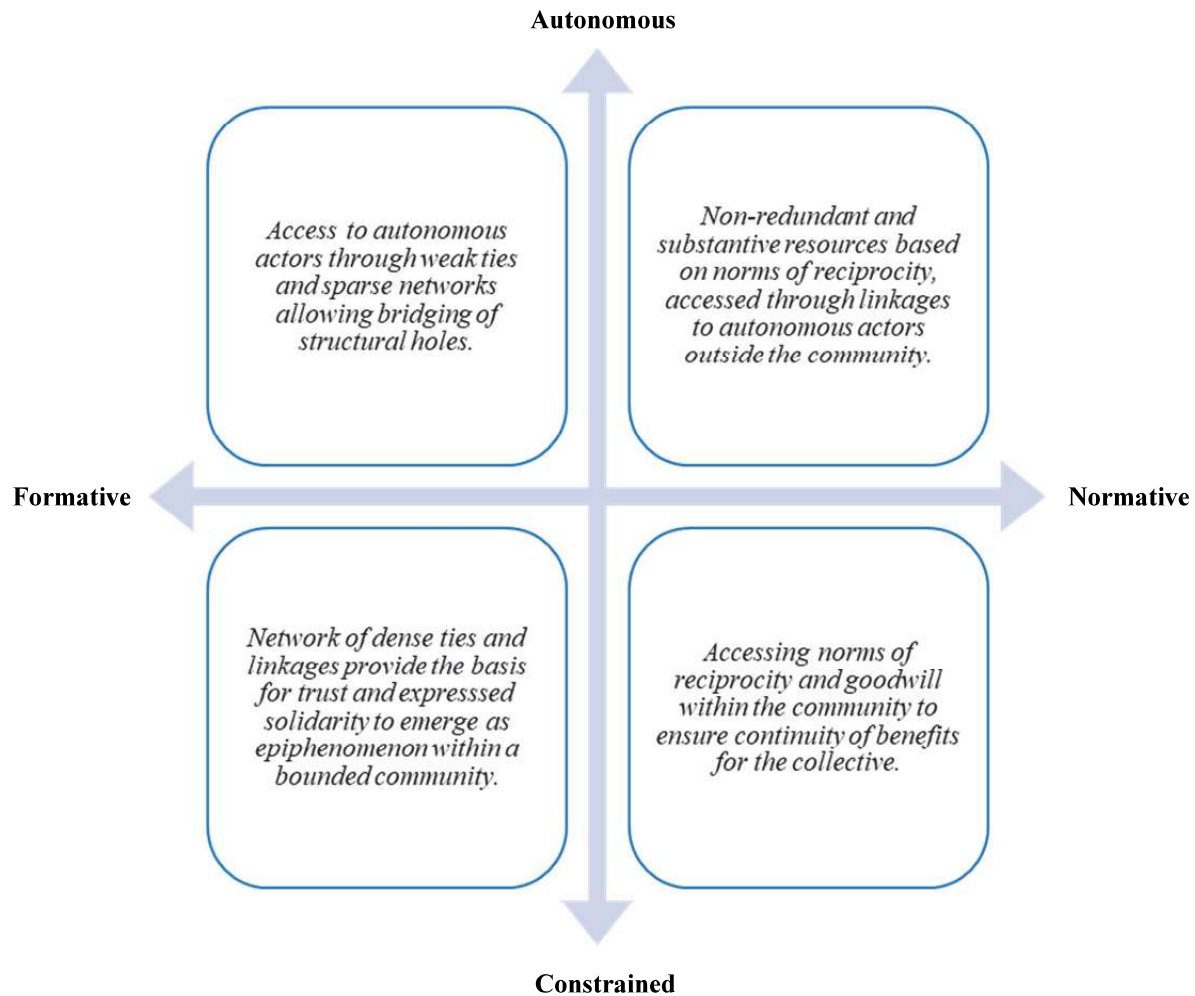
Putnam defines social capital as “features of social organization, such as networks, norms and trust that facilitate coordination and cooperation for mutual benefit” (pp: 1, 1993). The salience of social capital is born out of its relative intangibility when compared to other forms. Like other forms of capital, social capital is appropriable, (Coleman, 1988) fungible and convertible (Bourdieu, 1985). The advantage conferred by one's social status (or network position) is convertible to an economic advantage (Burt 2004). Moreover, social capital complements other forms of capital by reducing transaction costs (Fussell et al., 2006; Lazerson, 1995; Uzzi, 1999).

Insofar as the *social* aspect of social capital is concerned, there seems to be a growing agreement that *social* capital is known as such because it is not embodied in something (like machinery) or someone (like a person's head). On the contrary, it is *relational* and held as common stock among and between people. Schuller (2007) notes that the concept of social capital “shifts the focus of analysis from the behavior of individual agents to the pattern of relations between agents”. Unlike other forms of capital, it inheres in the structure of relations between actors and among actors (Rodríguez et al., 2014; Lin, Cook and Burt, 2017). If physical capital is observable in tangible embodied form and human capital is less tangible embedded as skills and education in human beings, social capital is even less tangible for it exists in relations among persons (Rodríguez et al., 2014; Coleman, 1988). Likewise, for Putnam (2000), social capital is about social connections and civic engagement that allow participants to pursue shared objectives (Woolcock, 2010). Social capital's intangibility and non-exclusivity through its existence in

relations, make it valuable, rare, costly to imitate and non-substitutable thereby providing a basis for competitive advantage (Arregle, Hitt, Simon and Very, 2007).

Although social capital remains an essentially contested concept (Woolcock, 2010), the ongoing debate on the definition of social capital brings out the contested value-orientations of the researchers - whether they value cooperation over competition, or altruism over rent seeking, and how they conceptualize social relations at large – rational, instrumental, altruistic etc. (Woolcock, 2010). For this study, we define social capital as a resource that inheres in social relations that may be called upon for achieving individual ends or collective goals depending on the situation-at-hand. We see social capital as “resources-in-actuation” rather than as ultimate benefits. Our definition draws attention to its temporal, ever-changing aspect since “capturing the dynamics is crucial given that social capital is...context dependent” (Schuller, 2007). The analysis of the extant literature on social capital can be better understood by creating a typology of the extant literature. We do this by dividing the scholarly work into four major quadrants created by formative, normative, constrained and autonomous dimensions as seen in the figure-1. A development of this typology follows.

**FIGURE 1
SOCIAL CAPITAL TYPOLOGY**



TOWARD A TYPOLOGY

We apprehend the extant literature on social capital along two continuums that furnish four distinct dimensions. The two continuums are formative-normative and constrained-autonomous. The formative-normative continuum in our typology corresponds to the distinction first made between “structural” (i.e. the network connections between actors) and “relational” (i.e. the nature and the quality of connections) dimensions of social capital (Arregle, Hitt, Simon and Very, 2007; Nahapiet and Ghoshal, 1998). Social capital is both the “infrastructure or the content of social relations, the ‘‘medium,’’ as it were, or the ‘‘message.’’” (Woolcock (1998).

The “**formative**” dimension is espoused by network sociologists like Burt (2005) who argue that social capital accrues primarily through an agents’ location/position in a structure of network relations. Network-oriented scholars (Brass, Galaskiewicz, Greve and Tsai 2004; Davis and Greve, 1997; Padgett and Ansell, 1993; Powell, Koput, & Smith-Doerr, 1996; Burt, 2005) and are mostly pre-occupied with structural mechanisms like network position, tie strength, density or centrality through which benefits accrue to agents at the expense of ignoring substantive content such as shared norms, expectations, trust and values. This reflects the “primary place given to networks over other components” (Schuller, 2007, p13). Here what matters is “how” you connect and not so much, “who” you connect with, so that structure (mostly devoid of substance) produces the benefits. In addition, we identify Coleman (1988) as belonging to the formative end of the continuum despite his frequent references to norms of reciprocity. In our discussion, what concerns us is the source that he believes explains the existence of social capital. As per Coleman, it is *network closure* that supports the existence of norms and values. Thus, “*closure creates trustworthiness* in a social structure” (1988, p S108 italics added). Note Coleman’s claim that closure *creates* trustworthiness and the precedence given to *structure* (or form) as the source that explains the existence of *substance*. Despite their similar emphasis on the structure, we argue later that the conceptualizations of Burt and Coleman are nuanced along another dimensional continuum that we describe as *constrained- autonomous*.

At the other end of the formative-normative continuum is the “**normative**” dimension, which focuses attention on the substance or content of relations, that is, who you know and reach as opposed to how the relations are structured (Moran, 2005). Rodriguez et al., (2014) note that benefits like product innovation depend not only on structural characteristics like density, connectivity and hierarchy of relations between people, but also on the quality of such relationships. The mechanism for emergence of social capital is either based on strong internal values of “civic engagement” or “generalized trust” which can be appropriated to larger aggregates. Woolcock (1998) notes that social capital in the form of trust is created as a by-product of other collective endeavors such as participation in civic associations. Putnam’s (2000) accent on social capital as the “norms of civic solidarity” within a region or community finds parallel with Fukuyama (2002) who defines social capital in terms of generalized trust that promotes social cooperation. Both these scholars conceive of social capital as more *substantive* (norm-based). Some researchers have further argued that the substance rather than structure of relations is a better predictor of collective benefits like innovation (Rodriguez et al., 2014).

The second continuum that we identify is the “**autonomous-constrained**” continuum. This continuum concerns the mechanisms that underlie how the benefits of social capital are accessed and shared. According to Woolcock (1998), scholars in the domain of ethnic entrepreneurship have “identified embedded and autonomous social relations as distinct forms of social capital”. Based on this distinction, on one end of our continuum is the “autonomous” dimension. This corresponds to Woolcock’s (1998) conception of autonomy which he terms “linkage” and defines as ties to extra-community networks. This also corresponds to what Granovetter (1973) calls “weak ties” that connect a focal community to another community or network. This dimension recognizes the need to overcome the redundant constraints that typify closed groups. Woolcock & Narayan (2000) point out that economic development takes place through a mechanism that allows individuals to draw initially on the “benefits of close community membership” but that also enables them to acquire the resources to participate in networks that transcend their community. The **autonomous** dimension concerns the availability of remote

benefits to individuals (or communities) through accessing dissimilar alters through indirect linkages. Opportunity arises from the possibility of accessing diverse sources of information through linkage to autonomous sources that an individual or community may not be able to draw upon from within the community (Lin, 2008).

The other end of this continuum is what Woolcock (1998) refers to as “integration” or intra-community ties, but that we refer to as the “**constrained**” dimension that is held by constituents of a collectivity say a church, a commune, etc. This dimension mostly argues that collective action can occur within actors who are homogenous i.e. between similar others. These intra-community ties would be strong due to frequent association. The benefits that accrue would likely be realized primarily by the community and residually to the individual. The argument rests on a fundamental premise posited by Bourdieu (1985) that relations are more likely to be formed between similar agents of a given status group or class because of their cultural and social homogeneity and shared experience. This observation is supported by other empirical studies (Johnson, Schnatterly, Bolton and Tuggle, 2011; Levin, Federico, Sidanius, and Rabinowitz, 2002). Egos are likely to be connected to similar alters. Woolcock (1998) notes that strong intra-community ties can be “positive” in that it gives group members access to privileged, “flexible” resources and psychological support while lowering the risks of malfeasance and transactions costs” (p 165). He notes that, “Without a strong community group to provide initial financial resources, small businesses fail to get started or go bankrupt in the early stages” (p 174). However, he also notes the negative aspects in terms of “constraints” that strong intra-community ties might manifest. Specifically he argues, that, “The high degree of density and closure characterizing the social relations....could in fact impose considerable constraints on successful members of these communities as they attempted to make the transition to membership in the larger, more extensive, and sophisticated exchange networks”. (p 163). Further, it has been argued that scholars seem to pay much less attention to the “negative effects of social capital” which includes the possibility of stagnation, insularity, group think, closed mindedness and uniformity pressures that may result from not being able to, or not making the effort to access extra-communal (linkage) resources (Pillai et al., 2017).

Having developed these descriptive dimensions, we proceed to categorize the literature on social capital along their binary combinations. Over time, social scientists seem to have arrived at a consensus that it is not one (autonomy) or the other (constraint) that determines success. Integration or “constraint” through solidary networks can be highly beneficial when combined with linkage or “autonomy”. They need to be appropriated in optimal combinations depending on the purpose at hand. For expressive actions that seek solidarity and preserve identity for individuals or the collectivity, binding (constraining) relations or dense networks benefits the sharing and mobilizing of resources, while for instrumental actions linkages – a more spatially diverse set of ties – enhances economic opportunities (Lin, 2008; Woolcock, 2010). Emphasizing this continuum of “constraint”, researchers point out that the degree of embeddedness in an exchange relationship is variable, and can be characterized as either embedded (i.e. constrained) or arm’s length (i.e. autonomous) (Dacin et al., 1999; Uzzi and Lancaster, 2003). Tiwana (2008) points to the idea of complementarity between bridging ties and bonding ties with the former providing access to diverse perspectives with the potential to stimulate innovation and the latter helping integrate these perspectives.

Normative-autonomous View

This view of social capital focuses more on the resources embedded in the relationships rather than the underlying mechanisms of the relationships. This view can be attributed to Portes (1998) and to some extent Lin (2002) who hold that social resources are held by collective for collective and individual benefits. Portes (1998) for instance notes that social capital in the form of bounded solidarity, enforceable trust and reciprocity have consummatory and instrumental motivations attached to them. Thus, the sources that comprise social capital are substantive or normative. The benefits from the use of such normative sources accrue from connections to autonomous actors i.e. from extra-communal linkages. Thus “bridging” of the community to autonomous actors allows the community to benefit as well as autonomous actors to benefit from non-redundancy (Adler and Kwon, 2002; Kwon and Adler, 2014).

Portes and Landolt (1996) who are also credited for first bringing to notice the possible downsides of social capital epitomize the normative-autonomous view that propounds that social capital available as resource within a collective can become a liability in various senses.

Normative-constrained View

This view is espoused by those social scientists for whom social capital is an attribute that is internally held by a collectivity and its benefits extends primarily to the collectivity by way of solidarity and internalized norms and values and is only secondarily appropriated by individuals. The unstated operating principle is “collective social capital for collective benefits”. This socio-centric view is largely held by scholars like Putnam, and Fukuyama who argue that social capital is collectively held by communities, societies or nations. A salient feature of Putnam’s (1993) argument on social capital includes the “norms of civic solidarity” that were found in Northern Italy but were absent in the South. These norms of civic engagement in churches, schools and other local associations were appropriated to public life in the North. Networks of civic engagement at local levels determined what transpired at the higher regional governmental levels in terms of their performance and attention to public good. Fukuyama (1995) whose argument about social capital is based on “virtues of trust”, reckons that *generalized trust* found in USA and Japan as opposed to *familial trust* found in China allows people to come together and form large successful enterprises. Woolcock (2010) asserts that the language of social capital focuses “attention on groups and communities and on both the intrinsic and instrumental importance of social identities, norms, and relationships”. Clearly, the focus is on the “substance” that inheres within relations and on how these are used to derive benefits of collective action and solidarity within “closed” structures such as communities. The central role of trust and norms of engagement is noteworthy in the normative-constrained view.

Formative-constrained View

This view of social capital is epitomized by Coleman (1990). Coleman’s two most important contributions to social capital literature are his discussion of the role of *network closure* and resultant multiplex ties and his discussion of *appropriation* of ties from one context to another to facilitate attainment of goals. Coleman (1988) argues in his paper that closure of dense networks leads to emergence of attributes like trust and norms of reciprocity. Thus even though trust and norms of reciprocity are important, the primordial seed, so to say, is *network closure*. Therefore, Coleman’s views can rightly be described as *formative* considering the sources that underlie social capital. His argument by definition is also constrained because the benefits of “closure” accrue primarily to members of a closed community. This is evident in his discussion of how strong ties in closed networks lead to creation of trust (due to monitoring presence of the common third party) and emergence of strong norms. Even though Coleman’s view is the most highly accepted as reflecting social capital, his discussion neglects autonomous or weak ties and their dynamic role in integrating otherwise tightly knit but isolated clusters. Similarly, Bourdieu (1985) states that social relations between agents presuppose a minimum of objective homogeneity in terms of economic, cultural and social capital possessed. Thus, relations are more likely to be formed between similar agents. Egos are likely to be connected to similar alters. Like Coleman, this is an argument in favor of strong ties and closure because strength of ties necessarily assumes greater interaction between similar agents. Echoing this view is a study by (Xiao and Tsui, 2007) who in their study of four high-tech companies in China test the effect of structural holes and assess benefits to individuals occupying ‘brokering position in a career network’. They find that benefits to individuals of structural holes are likely to be fewer in an organization that possesses a ‘high commitment culture’ i.e. an organization that ‘values cooperation and rewards group performance’. In such organizations, it is network closure (formative) that will bring advantages to the actors, by facilitating trust, reciprocity, and reputation, in a high-commitment organization with a strong cohesive culture. Further, they underscore the ‘constrained’ nature of benefit sharing. Collectivists are more likely to attribute successes to the group than to individuals’ (ibid, p8).

Formative-autonomous View

This view on social capital is epitomized by Burt (2004). In this view held by network theorists, social capital is a function of the position that the actor occupies in the network and the network configuration (Burt, Kilduff and Tasselli, 2013; Brass, Galaskiewicz, Greve and Tsai 2004). Burt's formulation of information benefits is elegantly structural and gives little consideration to the content of relationships – for instance, whether trust is necessary for the sharing of sensitive information (Sandefur & Laumann, 1988).

In addition to the primacy of structure, the formative-autonomous view also underscores the nature of the network – sparse and open – from which non-redundant information and control benefits accrue. Lin, Cook and Burt (2017) argue that benefits result from *lack of network constraints* (or autonomy). Network constraint depends on three dimensions: size, density and hierarchy of a particular network, the premise being that smaller networks, dense networks and hierarchical networks are more constraining (Burt, 1997). In other words, network theorists also contend that structural holes between disconnected actors present significant opportunities for brokerage and value addition. Brokerage across structural holes confers upon the broker – usually autonomous individuals (not constrained by closure) the ability to access non-redundant information, control its flow and decide in whose favor the information should be used in a strategic sense. Xiao and Tsui (2007) note that the “individualistic undertone of structural holes theory” with “self-seeking and egocentric agents with little sense of obligation to others” (Adler and Kwon, 2002) is evident from the control function attributed to agents who bridge structural holes and realize maximum benefits. From an entrepreneurial standpoint this implies that the social capital a firm derives from embeddedness in networks, specifically through its central position in the network (Brass, Galaskiewicz, Greve, & Tsai, 2004) or from the availability of bridging ties might impact performance (Stam and Elfring, 2008; Perry-Smith & Shalley, 2003).

There are however, issues in Burt's theory that have not been resolved completely. One is how can people in a network trust the broker with information (especially one that is very private and performance sensitive). Trust is often presumed in the structural hole argument. Brokerage might explain the variety in information sources – that is, diversity but not necessarily information richness – as indicated by the quality of connections or information that is accessed (Moran, 2005). Also, brokerage might not always result in optimal outcomes as is evidenced in the study of lawyer misconduct by Arnold & Kay (1995) who posit that solo practitioners (who are in some sense external and autonomous) found their lack of social capital caused their downfall in terms of greater probability of their being accused and implicated in frauds due to lack of norms to guide their behavior. Xiao and Tsui (2007) in their study of four high-tech companies in China find that benefits to individuals spanning structural holes are likely to be fewer in an organization that possesses a ‘high commitment culture’ i.e. an organization that ‘values cooperation and rewards group performance’. Uzzi (1999) based on his ethnographic research of mid-banks found that firms that embed their economic transaction in social attachments with their bankers get better prices on their loans. This is so because the embedded nature of their transaction allows the firms to transfer rich and fine-grained information to their partner banks which in turn allow the banks to provide their clients with lower prices which would not be possible in autonomous arms-length relationships of Burt-ian brokerage. Brokerage may therefore allow access to varied information especially, coarse-grained, and restricted to price and/or interest rates, but may not lead to the optimal outcome of reducing cost of credit.

The bone of contention between Coleman and Burt is easy to see when one recognizes that Coleman argues in favor of closed embedded structures while Burt argue in favor of open autonomous structures. While the former looks at the “internal solidarity” benefits through shared identity, trust and structural homogeneity the latter looks at “external opportunity” benefits to actors through access to diverse information through structural heterogeneity. What unites them however is their structural primacy.

TOWARD A DYNAMIC VIEW

Emerging from the confusion surrounding the various interpretations of the term social capital and its multi-faceted operationalization is the realization that such ambiguities need to be embraced and imbued into a more dynamic understanding of the concept (Schuller, 2007). Scholars like Woolcock (1998) have tried to reconcile the apparent differences in perspective presented by the various theoretical approaches by taking into account the well-established distinction between bridging and bonding social capital. In his conception, actors are neither totally altruistic (subservient to norms) nor totally self-seeking and atomistic (guided by utilitarian self-interest). His definition and subsequent discussion incorporates the possibility of subtle shifts and evolution over time of network constraints. He recognizes that units of analysis can shift over time from micro to macro and while solidarity and cohesiveness within are important so are extra-communal ties and linkages (Woolcock, 2010). Schuller (2007) and Woolcock (1998) introduce “bonding and bridging” social capital as two dimensions that overlap with the classical thoughts of embeddedness (integration) and autonomy (linkage). Research in this tradition has focused on egocentric networks of top management, especially CEO’s and the effect their “bonding and bridging capital” has on CEO’s compensation, firm’s performance and its entrepreneurial orientation (Cao, Simsek and Jansen, 2015; Geletkanycz and Boyd, 2011; McDonald, Khanna and Westphal, 2008; Peng and Luo, 2000).

Schuller (2007) notes that “the effect of social capital can be better understood if there is a clear focus not just on these different forms, but on the interaction between them and on how this interaction changes over time” (p 15). It has been repeatedly noted that the forms of social capital valuable to one type of activity, or to the attainment of one goal, may be ineffective or detrimental to the attainment of other goals (Coleman, 1988; Lin, 2008; Portes & Sensenbrenner, 1993; Sandefur & Laumann, 1988; Woolcock, 2010), thereby suggesting that different sources of social capital have to be drawn upon depending on the situational exigencies.

In the dynamic view, time and space are important contextual influences (Schuller, 2007) that might determine what obtains and when to “satisficing actors”. In relationships, long-term value considerations might often efface short-term economic optimization of benefits so that the resultant economic behavior might appear irrational to neo-classical economists. The logic of embeddedness might therefore appear contra-rational to maximizers who are obsessed with the idea of opportunism and pay short shrift to relations and trust in determining behavior. We argue that dynamism in social capital obtains from satisficing and not maximizing. Satisficing trades off short term for the long term and makes the most of the current context – that which is available- thereby recognizing that the structure can both enable and constrain action while also keeping an eye on specific situational and potential symbolic contingencies (Adler & Kwon, 2002; Kwon and Adler, 2014).

A dynamic view of social capital attempts to elucidate the processes underlying the actual creation, reproduction, and transformation of social capital in terms of both its formative and normative constituents. We take seriously Emirbayer and Goodwin’s (1994) observation that an explanatory model for understanding dynamics of social processes must “adequately conceptualize the crucial dimensions of subjective meaning and motivation – including the normative commitments of actors - to show how intentional creative human action serves in part to constitute those very social networks that so powerfully constrain actors in turn.” Drawing on their thesis, we understand the criticality of acknowledging the significance of both human agency as well as cultural formations, including, but not limited to, values, beliefs, ideals, and identities in the production, reproduction, and transformation of social capital for it to be understood as a dynamic concept. We contend that the structural manifestation of social capital (understood as the hardware of network ties) is inter-penetrated by its cultural essence – its meaning and substance. “Cultural and social structures do not”, “by themselves bring about or somehow “cause” historical change”. Cultural formations are grounded in “specific concrete settings” and are enacted in “concrete situations” by actors to facilitate social action and through it change the very structure in which agency is embedded. Thus, cultural formations (beliefs, values, and normative commitments) “invoked” by actors in the course of social action, and which have an existence quite separate from social structural

links, are the “driving mechanisms” behind the transformation of the constituents of social capital. As Emirbayer and Goodwin (1994) put it “any empirical instance of action is structured *simultaneously* by the dynamics of societal as well as cultural structures”.

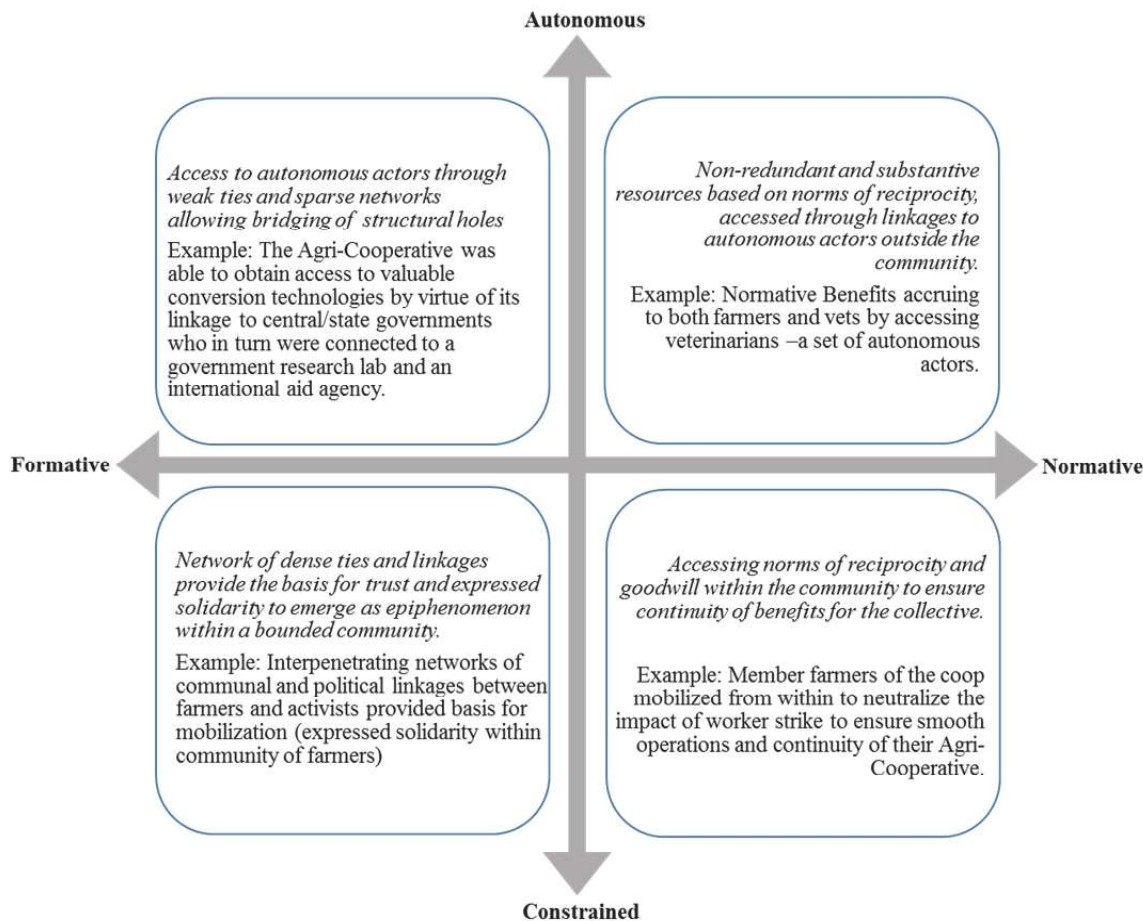
In the ensuing sections, we present an illustrative case study of an agro-cooperative to highlight the dynamic view of social capital by tracing its evolution over a period spanning six decades.

AN ILLUSTRATIVE CASE

The organization that we describe hereunder is an agro-cooperative that was studied by the first author during his 9-month intensive fieldwork. We call this organization AGCOOP¹. AGCOOP is a cooperative in a developing country and was formed in the 1940s by a group of farmers who decided to challenge the hegemony of an institutionalized private monopolistic system of milk procurement and marketing. Since its formation, AGCOOP has steadily increased its area of operation to include in its fold a large number of members and it currently serves more than 1100 primary village cooperative societies (VCS) spread out in the hinterland of the district town (GREEN) where it is situated. It faced many an obstacle along the way, but met these challenges head on with the help of the milk producers, a committed group of technocrats and a visionary social activist leader (the Chairman of AGCOOP and himself a farmer) motivated by the single-minded drive to serve the district’s fellow farmers and improve their lives for the better.

Based on a three-tier system, the VCSs procure the milk from dairy producers in their respective villages, check the milk for its quality and make payments to the members on a daily basis. They also provide additional services like artificial insemination and cattle feed locally. The milk from the VCSs is transported to the dairy plant where it is pasteurized and either marketed as liquid milk or converted into a variety of products for marketing by the state level marketing federation (AGFED) to which AGCOOP and other district Unions are federated. The AGCOOP assures guaranteed milk collection to the members irrespective of the quantity they produce. Collectively, the marketing federation’s turnover is over two billion dollars and it helps market a whole range of milk products. The discussion that follows draws on the empirical data obtained from primary fieldwork by the first author to identify and categorize four significant events during the evolution of AGCOOP into the four corresponding quadrants of social capital that we have identified earlier. Please refer to Figure 2 below:

FIGURE 2
SOCIAL CAPITAL – A DYNAMIC VIEW



Social Capital from Normative-autonomous Perspective

To appreciate this particular view, we draw on a specific example (event) in AGCOOP’s history where the organization in the early 1960s decided to appoint a few professional veterinarians to “serve the farmer”. A profession such as “human medicine” or “veterinary science” may typically be viewed as *autonomous* in the sense that professionals often have a greater loyalty to their chosen profession compared to the organization they work for. The vets represented a different social world and can be seen as autonomous in the sense that they were not from the community of farmers. The appointment of a few such professionals therefore constitutes the beginnings of AGCOOP’s popular veterinary service provided at very reasonable prices to the members.

The lack of accessible veterinary services in the hinterland often meant that the farmers would have to travel very long distances to get their milch animals treated. Lack of proper transportation facilities in those days compounded the problem. Many of these farmers relied on quacks to cure their animals often resulting in the death of the milch animal. The lack of accessible animal healthcare provided AGCOOP the opportunity to bridge this gap using the services of well-trained veterinary professionals. The professionals employed a strategy of providing the farmers free ‘mobile veterinary’ visits scheduled once a week for each VCS and making themselves available on call at farmers’ doorsteps through emergency visits. Dairy farmers in those times were tradition bound and not used to the idea of “veterinarians” (and certainly not to the idea of vets at their doorstep) initially resisted them. However, their regular face-to-face contact with the vets through these services and the extraordinary zeal that the vets displayed both

for their profession and in serving the dairy farmers (in the most treacherous conditions – inclement weather, bad roads etc.) led to a change in the attitude of farmers as they started relying on the vets. The producers looked up to the vets not only to cure their animals, but also to get their advice on animal husbandry, their children’s education, and even to resolve long-standing disputes concerning their own VCSs (Interview). It is the vets’ empathy for the farmers’ welfare through their day-to-day activities, which led to the development of familial norms of trust and reciprocity (normative) between them. The vets through their day-to-day service and interactions created in the minds of farmers an almost blind faith and trust toward them (Interview). The farmers reciprocated by listening to the advice of these dedicated vets and being loyal to their organizations, thereby giving the vets a special sense of fulfillment and passion. What is important to note here is that there were no social ties to begin with between the vets and the producer members. Normative benefits were accessed by accessing autonomous actors (vets) not previously embedded within the farmer community.

Social Capital from Normative-constrained Perspective

In the mid-80s, AGCOOP faced the threat of ‘strike’ by its workers in the milk processing plant. The workers, motivated by a labor leader belonging to the political party XYZ (which was at that time the party in opposition) called for a change in their status from “contractual” to “full time” (INTERVIEW). AGCOOP became the battleground of contentious politics being fought between the party in power – ABC and the opposition party XYZ although AGCOOP being largely controlled by ABC-affiliated directors at the time. This presented a serious situation to the farmers. With the workers calling a strike, the dairy plant was shut down for almost two weeks with no milk being accepted from the farmers (INTERVIEW). The farmers got increasingly vocal and restless, concerned that their organization was coming to an end. It was decided that the only way to have AGCOOP work smoothly was by getting the members to work on the shop floor of the plant. While the managers asked for 800 members from the villages of GREEN, more than 1200 showed up to help run “their own AGCOOP” (INTERVIEW). The farmers were immediately trained to do some routine operations by AGCOOP’s managers and they ran the dairy successfully for 15 days until AGCOOP’s workers called off the strike (INTERVIEW).

The social capital put to use here was one derived from “goodwill” and norms of “reciprocity” among farmers which was limited to, and among farmers themselves, and not so much drawing on the resources of an autonomous third party (as in the previous case).

Social Capital from Formative-constrained Perspective

To illustrate this angle we go back to the time before the formation of AGCOOP in the 1940s. In this case, the milk producers of GREEN district, earlier sold their milk to a private firm and its locally hired middlemen who exploited them by resorting to various kinds of malpractices (INTERVIEW). A section of the milk producers from the most fertile region of this district were mobilized by socially concerned activists of the district committee of a nationalist political party. These political activists mobilized the milk producers after some of them expressed their grievances about increased exploitation following an executive order that the private firm was able to get from the state government in its favor (INTERVIEW). This executive order not only gave the private firm total monopoly for supplying milk to the metropolis close by, but it also prevented alternative sale of milk to other traders thereby enhancing the private firm’s stranglehold on the farmers.

The pre-existing political and social linkages that these farmer-producers had to the activists through their closed communal and kinship networks formed the basis of their interpersonal trust and norms of solidarity. It is these strong, inter-penetrating and dense networks of interpersonal linkage that provided the basis for the movement, which brought the producers together to express their solidarity and shared values of freedom (from exploitation). A strike was called by the community of producers of GREEN district which contributed most milk to the private monopoly (INTERVIEW). The private monopoly could not collect any milk and an agreement was finally reached between the state government (that had passed the unjust order) and the milk producers of GREEN district. The agreement allowed the producers to come together to form a cooperative and to directly supply milk to the metropolis without requiring

them to sell to the hitherto intermediating private firm (INTERVIEW). In this case, it was the network of communal and political linkages (formative) between the farmers of the GREEN district and the activists at the district level that provided the basis for trust and expressed solidarity within the community of farmers (constrained in that sense) as evidenced through their successful strike, which eventually led to the formation of AGCOOP.

Social Capital from Formative-autonomous Perspective

The event we describe here is one where AGCOOP was faced with a situation of declining milk demand from the state monopsony to which it supplied the bulk of its milk. The state monopsony decreased its purchases of milk from AGCOOP because they decided to purchase a major share of their milk from MILKPVT – a competitor that was proximally located to the state monopsony. Shortfalls in collection, if any, were met through imports of milk powder from a foreign country (INTERVIEW). This situation demanded that AGCOOP move into product manufacturing to conserve its surplus milk (INTERVIEW). Meanwhile, in a providential development, an international agency offered the developing country help in tackling the problem of malnutrition among children. The international agency proposed to the government that they would be willing to provide machinery (as aid) to manufacture milk powder should the AGCOOP agree to distribute milk powder worth 1.5 times the value of machinery to malnourished children (INTERVIEW). The international agency was directed by the state government to help AGCOOP set up a factory to manufacture milk powder and related dairy products. Moreover, AGCOOP was able to indirectly access a publicly funded government research laboratory - through its bridging linkages to the central government of the country. This allowed them access to technology which AGCOOP improvised upon and then scaled up enabling it to convert their milk into less perishable products. This event shows that ties and the *form* or structure of the network (indirect ties to the international agency and research laboratory through the government) turned out to be crucial instead of trust or norms of solidarity within farmer community. The ties allowed AGCOOP access to *autonomous* actors like the agency and the laboratory through non-redundant structural linkages, which enabled it to face the challenges of product innovation and conversion.

These four events present a picture of a dynamic conception of social capital as an organization evolves over a period of time. At different stages in AGCOOP's history, the character and underlying mechanisms of social capital changed and these variations help illustrate the need for conceiving social capital as a multi-dimensional and multi-faceted concept. In the next section, we explore the ramifications of this view on extant and future research.

DISCUSSION

In this paper, we attempt to chart a dynamic conception of social capital that on one level bridges the dualism between form and substance and on the other overcomes the schisms between the individual and common good. An important outcome of this endeavor is that attempts to understand when social capital is useful to individuals and collectives must take into consideration the situational demands and the creative acts of actors as they make sense of the emergent contexts. Furthermore, we highlight the centrality of a situated/emergent aspect of social capital. Without considering the situational affordances, it is hard to imagine, in concrete terms, how an agent might bring to bear symbolic and/or political discourse in trying to maintain or overhaul the current configuration of social capital. Therefore the dynamic characteristic of social capital can be conceptualized only by presupposing the significance of situations (“historical events”) in/during which these formations may be enacted by relevant actors.

As McAdam (1988) puts it “people commit themselves to movements in stages, each activity preparing the way for the next”. This underscores the constraints exercised by cultural formations on agency which in a sense also enables historical actors through “reduction of complexity” (Emirbayer and Goodwin, 1994). What may not however be known is when and how these steps will occur introducing a measure of unpredictability in what might upfront look predictable. Be as it may, what is more important

is that the series of tasks so undertaken might in turn shape the identity of collective actors in complex ways.

Questions for Consideration

Our study raises several potential questions for further exploration. Connecting the work on social capital and boundary spanners, one may surmise that an organizations' total social capital would be exponentially related to the number of boundary spanners it has available who simultaneously belong to many overlapping networks. The more boundary spanners a firm dedicates (controlling for firm size) to its dealings with firms outside its industry, the better the absorption of extramural knowledge. Boundary spanners (compared to others) in organizations would have more social capital available to them both from the embedded networks to which they belong and from the disconnected alters to whom they are connected.

One might ask if structural benefits (number of connections, network topology and redundancies) alone are sufficient to characterize social capital. If not, can substantive benefits (trust, norms of reciprocity and goodwill in relationships) account for the remaining differences or variations? Can structural holes within an organization be a liability when it comes to absorption of complex bodies of knowledge? Can they hinder collective coordination of key knowledge acquired by various units of an organization? Is it sufficient to be concerned about "how you connect" rather than "who you connect"? How important is the "who" when it comes to sharing strategic information across firm boundaries? How do brokers (go-betweens) structure their ties? Is this structuring deliberate that is, brokers purposively seeking non-redundant disconnected alters? Is it emergent and guided by task, time and space contingencies? The insights from AGCOOP also raise questions such as how are successful communities different from the not-so-successful ones. We can also formulate a life-cycle contingency hypothesis for formation of ties by hypothesizing that ultimately the nature of ties an organization or collective seeks would be contingent on priority of tasks or goals facing the collective – collective action and coordination v/s diverse search and exploration over time. It would also depend on the growth aspirations of key actors in the collective and its existing position in the network.

CONCLUSION

This paper not only summarizes a range of research on social capital – both empirical and theoretical but also pushes new ground in positing a framework to help us better situate ourselves in the mire of this burgeoning literature. We endeavor to bring rich insights that might be drawn from churning the classics and provide what is a synthesized view of this literature. A social capital lens provides an interesting lens to better understand organizational phenomenon and collective action, which might otherwise be difficult to appreciate when abstracted out of social context.

Most social scientists argue that social relations can be used to access resources such as information or to get strategic control benefits. Like other types of capital, social capital can be used productively to attain certain goals, which would otherwise not be attainable. How these goals are attained – whether normatively or formatively, whether through closed or sparse/open structures, whether through communitarian or institutional processes is a point of contention that characterizes much of the social capital literature, which we attempt to resolve through this paper.

ENDNOTE

1. All names are assumed for reasons of anonymity.

REFERENCES

- Adler, P., & Kwon, S.W. (2002). Social Capital: Prospects for a New Concept, *Academy of Management Review*, 27(1), 17-40.
- Acquaah, M. (2007). Managerial social capital, strategic orientation, and organizational performance in an emerging economy. *Strategic management journal*, 28(12), 1235-1255.
- Arnold, B., & Kay, F. (1995). Social Capital, Violations of Trust and the Vulnerability of Isolates: The Social Organization of Law Practice and Self-regulation. *International Journal of the Sociology of Law*, 23, 321-346.
- Arregle, J. L., Hitt, M. A., Sirmon, D. G., & Very, P. (2007). The development of organizational social capital: Attributes of family firms. *Journal of management studies*, 44(1), 73-95.
- Batjargal, B. (2003). Social capital and entrepreneurial performance in Russia: A longitudinal study. *Organization studies*, 24(4), 535-556.
- Battilana, J., & D'auanno, T. (2009). Institutional work and the paradox of embedded agency. *Institutional work: Actors and agency in institutional studies of organizations*, 31, 58.
- Belliveau, M. A., O'Reilly III, C. A., & Wade, J. B. (1996). Social capital at the top: Effects of social similarity and status on CEO compensation. *Academy of management Journal*, 39(6), 1568-1593.
- Bourdieu, P. (1985). *The Forms of capital*. In Handbook of Theory and Research for the Sociology of Education., ed. J.G. Richardson, pp.241-58, NY: Greenwood.
- Brass, D. J., Galaskiewicz, J., Greve, H. R., & Tsai, W. (2004). Taking stock of networks and organizations: A multilevel perspective. *Academy of management journal*, 47(6), 795-817.
- Burt, R. (1992). *Structural Holes*. Cambridge, MA: Harvard University Press
- Burt, R. (1997) The Contingent Value of Social Capital. *Administrative Science Quarterly*, 42(2), 339-365.
- Burt, R. (2000) The Network Structure of Social Capital. *Research in Organizational Behavior*, 22, 1-93
- Burt, R. S. (2004). Structural holes and good ideas. *American journal of sociology*, 110(2), 349-399.
- Burt, R. S. (2005). *Brokerage and closure: An introduction to social capital*. Oxford university press.
- Burt, R. S., Kilduff, M., & Tasselli, S. (2013). Social network analysis: Foundations and frontiers on advantage. *Annual review of psychology*, 64, 527-547.
- Cao, Q., Simsek, Z., & Jansen, J. J. (2015). CEO social capital and entrepreneurial orientation of the firm: Bonding and bridging effects. *Journal of Management*, 41(7), 1957-1981.
- Coleman, J. (1988) Social Capital in the Creation of Human Capital. *American Journal of Sociology*, 94, S95-121
- Coleman, J. (1990). *Foundations of Social Theory*. Cambridge: Belknap Press of Harvard University Press.
- Dacin, M. T., Beal, B. D., & Ventresca, M. J. (1999). The embeddedness of organizations: Dialogue & directions. *Journal of management*, 25(3), 317-356.
- Davis, G. F., & Greve, H. R. (1997). Corporate elite networks and governance changes in the 1980s. *American journal of sociology*, 103(1), 1-37.
- Emirbayer, M. & Goodwin, J. (1994). Network Analysis, Culture, and the problem of agency. *American Journal of Sociology*, 99(6), 1411-1454
- Fussell, H., Harrison-Rexrode, J., Kennan, W. R., & Hazleton, V. (2006). The relationship between social capital, transaction costs, and organizational outcomes: A case study. *Corporate Communications: An International Journal*, 11(2), 148-161.
- Fukuyama, F. (1995). Social Capital and the Global Economy. *Foreign Affairs*, 74(5), 89-103.
- Fukuyama, F. (2000). Social Capital and Civil Society. *IMF Working Paper*, WP/00/74, 1-18.
- Fukuyama, F. (2002). Social Capital and Development: The Coming Agenda. *SAIS Review*, 22(1), 1-15.
- Geletkanyecz, M. A., & Boyd, B. K. (2011). CEO outside directorships and firm performance: A reconciliation of agency and embeddedness views. *Academy of Management Journal*, 54(2), 335-352.

- Granovetter, M. (1985) Economic Action and Social Structure: The Problem of Embeddedness, *American Journal of Sociology*, 91(3), 481-510.
- Huggins, R. (2010). Forms of network resource: knowledge access and the role of inter-firm networks. *International Journal of Management Reviews*, 12(3), 335-352.
- Johnson, S., Schnatterly, K., Bolton, J., & Tuggle, C. (2011). Antecedents of new director social capital. *Journal of Management Studies*, 48(8), 1782-1803.
- Kwon, S., & Adler, P. S. (2014). Social capital: Maturation of a field of research. *Academy of Management Review*, 39, 412-422.
- Lazerson, M. (1995). A new phoenix: Modern putting-out in the Modena knitwear industry. *Administrative Science Quarterly*, 40, 34-59.
- Levin, S., Federico, C. M., Sidanius, J., & Rabinowitz, J. L. (2002). Social dominance orientation and intergroup bias: The legitimation of favoritism for high-status groups. *Personality and Social Psychology Bulletin*, 28(2), 144-157.
- Li, Y., Chen, H., Liu, Y., & Peng, M. W. (2014). Managerial ties, organizational learning, and opportunity capture: A social capital perspective. *Asia Pacific Journal of Management*, 31(1), 271-291.
- Lin, N. (2002). *Social Capital: A Theory of social structure and action*. New York: Cambridge University Press.
- Lin, N. (2008). A network theory of social capital. *The Handbook of Social Capital*, 50(1), 69.
- Lin N., Cook K., & Burt R. (2017). *Social Capital: Theory and Research*. New York: Aldine de Gruyter.
- McDonald, M. L., Khanna, P., & Westphal, J. D. (2008). Getting them to think outside the circle: Corporate governance, CEOs' external advice networks, and firm performance. *Academy of Management Journal*, 51(3), 453-475.
- Maurer, I., Bartsch, V., & Ebers, M. 2011. The value of intraorganizational social capital: How it fosters knowledge transfer, innovation performance, and growth. *Organization Studies*, 32, 157-185.
- McAdam, D. (1988). *Freedom Summer*. New York: Oxford University Press.
- Meyerson, E. (1994). Human capital, social capital and compensation: The relative contribution of social contacts to managers' incomes. *Acta Sociologica*, 37, 383-399.
- Moran, P. (2005). Structural vs. relational embeddedness: Social capital and managerial performance. *Strategic management journal*, 26(12), 1129-1151.
- Muthuri, J. N., Matten, D., & Moon, J. (2009). Employee volunteering and social capital: Contributions to corporate social responsibility. *British Journal of Management*, 20(1), 75-89.
- Nahapiet, J., & Ghoshal, S. 1998. Social capital, intellectual capital, and the organizational advantage. *Academy of Management Review*, 23, 242-266.
- Oh, H., Labianca, G., & Chung, M. H. (2006). A multilevel model of group social capital. *Academy of management review*, 31(3), 569-582.
- Padgett, J. F., & Ansell, C. K. (1993). Robust Action and the Rise of the Medici, 1400-1434. *American journal of sociology*, 98(6), 1259-1319.
- Peng, M. W., & Luo, Y. (2000). Managerial ties and firm performance in a transition economy: The nature of a micro-macro link. *Academy of management journal*, 43(3), 486-501.
- Perry-Smith, J. E., & Shalley, C. E. (2003). The social side of creativity: A static and dynamic social network perspective. *Academy of management review*, 28(1), 89-106.
- Pillai, K. G., Hodgkinson, G. P., Kalyanaram, G., & Nair, S. R. (2017). The negative effects of social capital in organizations: A review and extension. *International Journal of Management Reviews*, 19(1), 97-124.
- Podolny, J. M., & Baron, J. N. (1997). Resources and relationships: Social networks and mobility in the workplace. *American sociological review*, 673-693.
- Portes, A., & Landolt, P. (1996) The downside of social capital, *The American Prospect*, 26, 18-22
- Portes, A. & Sensenbrenner, J. (1993) Emebeddedness and immigration: notes on the social determinants of economic action. *American Journal of Sociology*, 98, 1320-1350.

- Portes, A. (1998) Social Capital: Its Origins and Applications in Modern Sociology, *Annual Review of Sociology*, 24, 1-24
- Powell, W. W., Koput, K. W., & Smith-Doerr, L. (1996). Interorganizational collaboration and the locus of innovation: Networks of learning in biotechnology. *Administrative science quarterly*, 116-145.
- Putnam, R. (1993). The prosperous community: social capital and public life. *The American Prospect*, 4(13).
- Putnam, R. (2000). *Bowling Alone: The decline and revival of civic American*. New York: Simon & Schuster.
- Rodríguez, G., Cabello-Medina, C., & Carmona-Lavado, A. (2014). Internal and external social capital for radical product innovation: do they always work well together? *British Journal of Management*, 25(2), 266-284.
- Sandefur, R., & Laumann, E. (1988). A Paradigm for Social Capital, *Rationality & Society*, 10(4), 481-501.
- Schuller, T. (2007). Reflections on the use of social capital. *Review of Social Economy*, 65(1), 11-28.
- Stam, W., & Elfring, T. (2008). Entrepreneurial orientation and new venture performance: The moderating role of intra-and extra industry social capital. *Academy of Management Journal*, 51(1), 97-111.
- Tiwana, A. (2008). Do bridging ties complement strong ties? An empirical examination of alliance ambidexterity. *Strategic management journal*, 29(3), 251-272.
- Uzzi, B. (1999) Embeddedness in the Making of Financial Capital: How Social Relations and Networks benefit firms seeking financing, *American Sociological Review*, 64, 481-505.
- Uzzi, B., Lancaster, R., 2003. Relational embeddedness and learning: the case of bank loan managers and their clients. *Management Science*, 49, 383-399.
- Walker, G., Kogut, B., & Shan, W. 1997. Social capital, structural holes and the formation of an industry network. *Organization Science*, 8, 109-125.
- Woolcock, M., & Narayan, D. (2000). Social Capital: Implications for Development Theory, Research and Policy, *World Bank Research Observer*, 15(2), 225-249.
- Woolcock, M. (1998) Social Capital and Economic Development: Toward a Theoretical Synthesis and Policy Framework. *Theory & Society*, 27(2), 151-208.
- Woolcock, M. (2010). The rise and routinization of social capital, 1988–2008. *Annual review of political science*, 13, 469-487.
- Xiao, Z., & Tsui, A. S. (2007). When brokers may not work: The cultural contingency of social capital in Chinese high-tech firms. *Administrative Science Quarterly*, 52(1), 1-31.
- Zheng, W. (2010). A social capital perspective of innovation from individuals to nations: where is empirical literature directing us? *International Journal of Management Reviews*, 12(2), 151-183.